

## **TRANSCRIPT OF THE 48<sup>TH</sup> ANNUAL GENERAL MEETING OF ADOR FONTECH LIMITED HELD ON AUGUST 11, 2023, THROUGH VIDEO CONFERENCE**

Ador Fontech-Bengaluru-Company Secretary-Ms.Geetha D: Good morning. Warm welcome to the 48th Annual General Meeting. This meeting has been organised through audio visual means as per the provisions of the Companies 2013 and the Securities and Exchange Board of India Regulations. Statutory registers are open for inspection. Corporate representation has been received for 92,13,311 number of equity shares. With the requisite quorum being present, I request the Chairman to commence the proceedings of today's meeting.

Ador Fontech-Mumbai-Chairman-Mr. A T Malkani: Good morning. I would like to introduce my colleagues. Mr. Harish Ledwani, Managing Director & CEO. He will be joining us from Bengaluru. Mrs. N Malkani Nagpal, Promoter Director will be joining us from Mumbai and the Independent Director, Mr. Santosh Janakiram will be joining from his office at Mumbai. In the panel we have today, Mr. Melville Ferns COO, Mr. Praveen of M/s. Praveen & Madan, Statutory Auditors, Mrs. Manjula Narayanan, Secretarial Auditor, and Mr. Kannan S, Company, Secretary in practice and Scrutiniser to today's meeting. Further, the Internal Auditors of the Company Mr. Sudhakar Prabhu and Mr. Narayanan have also joined us. Request Ms. Geetha to brief on the arrangements.

Ador Fontech-Bengaluru-Company Secretary- Ms.Geetha D:  
Pursuant to Section 108 of the Companies Act, 2013, Members have been provided facility to exercise their right to vote by electronic means. The e-Voting commenced on August 8, 2023, at 09:00 A.M. and ended on August 10, 2023 at 5:00 P.M. (concluded yesterday). However, Members who could not vote through remote e-Voting and are present here today, may kindly cast their votes through e-Voting. Voting lines will be open up to 15 minutes from the end of the session.

Mr. Kannan S Practicing Company Secretary, a senior Member of the Institute of Company Secretaries of India has been appointed as the Scrutinizer to scrutinize the e-voting and remote e-voting process in a fair and transparent manner. The results of voting on the resolutions will be announced within 48 hours on the website of the Company [www.adorfon.com](http://www.adorfon.com) as well as in the NSDL portal and will also be intimated to the Stock Exchange (BSE).

With this short briefing, I hand over it to Mr. Aditya.

Ador Fontech Limited – Mumbai – Chairman – Mr. A T Malkani: Thanks. Ladies and Gentlemen. The Notice convening the Annual General Meeting and a copy of the Annual Report for the financial year ended March 31, 2023, have been circulated to the Members of the Company electronically. With your permission, I wish to take them as read. The Auditors' report on the Standalone and Consolidated Financials and Secretarial Audit Report of do not contain any qualification(s)/reservation, adverse remark, or disclaimer. Accordingly, the same may be taken as read, as per the provisions of the Companies Act.

Ador Fontech Limited – Mumbai – Chairman – Mr. A T Malkani: Now, with your permission, I wish to provide a short speech about the Company during the last year – Extempore

I would like to start off by congratulating the Management team on a good solid year from the financial metrics perspective as well as from key business metrics. I think they have done it well. As always Mr. Ledwani is very particular about prudent financial management. We continue to see that in Ador Fontech. I think most importantly, we as Shareholders see tremendous benefit over the years due to this prudent financial management and the correct approach to business and hence, we are in a position to announce our largest ever dividend. The economy is strong. A little bit of ups and downs that come along the way. We are generally moving in a quite positive direction and the key focus areas of Ador Fontech is fairly well placed.

Our focus areas are now primarily getting streamlined into 3 or 4 areas. We have our product sale, which is driven by what we call low heat input alloys products. Thereafter, we have our cutting range of equipment, which is kind of strong as well. The third one is our services business, which is also moving from strength to strength. In fact, you have seen that order book pick up quite significantly in the last few months. Our focus remains specifically on this. In the other good news, our sister company Ador Welding has set up an international office and we are now focusing on the Ador Fon range, routing through them and going global as well. So that is another market area that we are looking at growing, which would give benefit both Ador Fontech and Ador Welding. Our Subsidiary is getting a little stronger, especially on the financials. We have done some reorganisation over there. Being a little cash conservative, we started to see it turn around and also register incremental sales. There has been significant reduction in cash burn losses. We should see a significant improvement going ahead. Further, the environment, competition, money raising not being as easy to be done, along with competitive landscape change and a lot of opportunities coming for this team, I am fairly optimistic that over a period of time, as you keep building on these blocks, there will definitely be value to the Shareholders of Ador Fontech, for their patience through this entire process.

The last two points that I want to cover is that we are in the midst of merger process. We remain very, very keen and believe this is the right move for Ador Fontech and Ador Welding, especially for Ador Fontech, in terms of scalability going forward. This allows us to reach and encourage all Shareholders to be positive and support us through this entire process. I think the value of accreditation has not only been in the last few months and years in the shareholding price, but you will see further, as you keep moving ahead, as the scale of the business continues to grow, and the Indian economy picks up accordingly.

Lastly, I would once again 'Thank' specially Mr. Ledwani for his dedication, hard work, and continuous efforts in bringing the Company from strength to strength, from where he has taken and to where it is today. It is a rock-solid-Company. I would obviously like to 'Thank' the supporting team as well. Geetha having so much work in setting up this and driving the financials correctly. Melville and everyone with lot more strength in taking the company forward. Rest of the team behind the scenes is working very hard as well, and have put in sincere, dedicated efforts, in the time that I worked with them. And I am really impressed with the things set up at Ador Fontech and the direction in which it is heading.

I would like to thank all our Shareholders, Partners, Vendors, everyone for their continuous support and congratulate the Company on some good CSR (Corporate Social Responsibility) work in spending at the right places over the last year. With that my speech is pretty much done. I will now pass it back to you, Geetha.

Ador Fontech Limited – Bengaluru – Company Secretary-Ms.Geetha D: Forum open for Question and Answers. I now request Mr. Muneesh Narayan to be placed in the meeting. Mr. Muneesh Narain – Kindly unmute, switch on your video, and ask your questions.

MUNEESH NARAIN: Good Morning. Grateful to you to have invited me to speak a few words about the company and my association. This Company was incorporated in 1974 and went on to do business towards the end of the decade 79-80. That is the time I joined the company. It was known it as Cosmics Fontech Limited. I have very nostalgic memories about the Company. I have been associated with the Company for last over 40 years -To be precise 43 years. We started this Company with a very niche business of industrial segment on the fundamentals of reclaim and not replace. We went on to teach the industry that it was not required to scrap the components and the machine parts, but we can reclaim them at a fractional cost, of maybe less than 10% and put them back into service, which lasts almost the same lifetime or more even after reconditioning, saving the industry, the nation and the global resource. We save millions of dollar's worth of energy resources and also the industry can save direct costs of not buying the new components and using the repaired components. We have been part of infrastructure, power sector, cement, shipping, mining and name any industry where Ador Fontech is not there...Our Engineers are located all over the Country which have helped the industry save those resources. Further, I find from my association that the strength of Ador Fontech has been with the development of human resources - nurturing human talent, training them, retraining them, hand holding them and putting them as ambassadors or as doctors in the industry, which is a very specialized area of working. And most industrial users or engineers would find Ador Fontech man coming to them as a helping hand and not as a selling man. He always goes there as Angels or as Ambassadors of goodwill to help the industry. Ador Fontech has gone from strength to strength over the years. I would say, if I remember

correctly all the years, we have been a dividend paying company and not even missed a year. Cheers! This year as the Chairman mentioned that it was the highest dividend ever paid by this Company of two hundred and fifty percent. Let me say you Sir. It has always been a very encouraging dividend. Year after year even in those difficult times also, dividends have been paid by the Company. I am nostalgic about it, because I consider myself as one of the one of the construction pillars of the Company.

I also like the new tagline of the company saying, 'Caring beyond Profits'. Wonderful creation. Of this tagline I would say, makes all the Stakeholders happy. I am not only an ex-employee. I am also a Shareholder. I am a very happy Shareholder also. I think we must be in that top one hundred companies in the country who would not be missing dividends and sharing profits with the Shareholders.

Further, I would say, Ador Fontech have been pioneer in several initiatives. There are several milestones which have been created by the Company. I think the Balance Sheet probably shows us all the milestones. And there have been various many things first, which have been done even from global perspective. Several things which have not been thought about, have been created by Ador Fontech.

I thank the Management, and I will not do my duty and justice if I do not mention the name of Mr. H P Ledwani, who has been my mentor and who has been one of the pillars of this organisation, the strongest pillar of the organisation. He has seen everything happen and he has built everything step by step, hand by hand. He has held every employee's hand to get the performance of what we have today- I am very happy to be part of Ador Fontech's team and Shareholder. Thank you very much.

Ador Fontech Limited – Mumbai-Chairman-Mr. A T Malkani: Thanks. Thanks. A lot. Very kind of you to say those words. Thank you. Let us go ahead.

Ador Fontech-Bengaluru-Company Secretary-Ms.Geetha D: The second speaker of today is Ms. Prakash G Shenoy. Ms. Prakash G Shenoy- You are on the panel. Request to kindly unmute and please ask your questions.

PRAKASHINI SHENOY: I am Prakashini Ganesha Shenoy from Mumbai. Respected Honourable Chairman, Other dignitaries on the Board and my fellow Shareholders. Good morning to all of you. I received the Annual Report well in time, which is colourful, informative, transparent and contains all the information. As for the corporate governance, I thank Geetha Madam, for the same. I should not forget to thank her once again for reminding me of today's meeting, without which I will not be in a position to speak. Thank you. Once again, Geetha.

The Chairman has given a beautiful picture regarding the Company in all parameters. Thank you, Chairman Sir. I am glad to know the company is doing robust performance during the year compared to last year. I am thankful to the Board for recommending dividend for FY 22-23.

I congratulate the Management for doing outstanding work in the field of CSR activities. Sir -I have few questions. My first question is (i) How do we adopt digital technology to increase productivity. My next question is (ii) How are we planning to increase revenue in the future? (iii) What percentage of total strength is women workforce in our Company? I wish the Company Good Luck. Last, but not the least, I honestly request the Chairman to please continue with the VC Meeting, so that people all over the world will have an opportunity to express their views. I wish the Company good luck for a bright future and pray God that the profit of the Company shall reach the peak in due course and Sir, I strongly and wholeheartedly support all the resolutions put forth in today's meeting. Thank you, Chairman Sir.

Ador Fontech Limited – Mumbai-Chairman- Mr A T Malkani: I will answer your questions at the end. Thank you for your points.

Ador Fontech-Bengaluru-Company Secretary-Ms.Geetha D: The third Speaker for today's session is Mr. Om Prakash Kejriwal. Mr. Om Prakash Kejriwal, you are placed in the meeting, kindly unmute, and ask your questions.

OM PRAKASH KEJRIWAL: Thank you. Good morning, Sir ji and good morning everybody attending this AGM. Myself – Om Prakash Kejriwal. I am an equity Shareholder from Kolkata.

Thank you, Sir Ji, for providing me the platform to speak something before you.

Thanks to our Secretarial department for helping me in registration as a Speaker Shareholder, especially 'Thanks' to our Secretary, Geetha Madam for calling me and taking my know how.

Sir Ji. This is my first AGM through virtual mode. I am your very old Shareholder. It is just an opportunity for me to join this AGM-Sitting in Kolkata. New technology Sir Ji. If possible, please follow this virtual AGM in the next year also, so that more and more Shareholders can join our AGM and express their views.

Sir Ji. Wow - What a result Sir Ji. Mind blowing performance. Congratulations to You, Board of Directors, and all Employees. On an equity of seven crores, our earning is rupees two hundred and eight crores, and our net profit is Rupees Twenty-three crores. Last year it was twenty-five crores and this year a little less. Our EPS is seven on a face of rupees two per equity share and dividend is five/last year is four. It means 71% distribution of net profit which means dividend of two hundred and fifty percent. More than excellent distribution. Many, many thanks, Sir Ji for such type of distribution.

Sir Ji- Every year your performance is good & earnings is very good. Every year your payout is excellent. So, I have no complaint with you.

Sir Ji - I have few queries and suggestions. (i) What is your business model (ii) In which product you are dealing and what is our future prospects in domestic as well as in export market? (iii) What is our Capex plan for next 2, 3 years. (iii) Sirji – Our share face value is Rs. 2/- Please split it 2:1 ratio so that more and more investor(s) can join our Company. More investor/more shareholder means, more popular company. (iv) Promoter holding is 39.23%. Is there any plan to increase promoter's holding? (v) Please let me know, Sir about the factory visit. I am your very old Shareholder. Pl organise a factory visit and invite us. We are very much interested to see our factories.

Maintain your smile and be cheerful. We are always with you as a longtime investor. Thank you. Thank you, Sir Ji.

Ador Fontech Limited – Mumbai-Chairman – Mr. A T Malkani: Thanks a lot. Thank you, Sir, very nice of you. Thank you. I will answer your questions at the end.

Ador Fontech-Bengaluru-Company Secretary-Ms.Geetha D: The next speaker is Mr. Vijay Kacharia. Sir-kindly unmute and ask your questions.

VIJAY KACHARIA: Congratulations for decent numbers and in such a challenging environment - to the Management Team. I just have two queries: (i) If you can just give some colour on the status of the merger and by when do we expect the whole process to be completed. (ii) Any colour you can give on the dental business. How do we see that from a long-term point of view. Business keeps losing money. In terms of strategy – the direction. What purpose does the business serve? And we think it is non-core. Then how are we looking at it? Say next one to two years, any perspective you can share. Thank you.

Ador Fontech-Bengaluru-Company Secretary-Ms.Geetha D: Sir – We have two more speakers who had registered Mr. Keshav Garg and Mr. Abhishek. They have not logged into the system. And hence, I request the Chairman to answer the questions.

Ador Fontech Limited–Mumbai–Chairman– Mr. A T Malkani: Okay, good. I think we have some questions that were provided earlier. So, we will go step by step and try to solve all of this as we can.

First from Mrs. Shenoy. (i) We had a question about adopting to digital technology. So, what we have been doing on the digital front is - ERP implementation. And now, as our business model evolves, we will have a lot of sales distributors. We are currently in the process of setting up a distributor portal where the login process will happen, and more digitization will also happen over the course of next one year or so and beyond. We will then move to CRM and all of that. So, digitization will come in more and more. (ii) Our increase in revenue is persistently based on just adding more and more clients and doing more and more products and services. So, we have the industry spectrum pretty much laid out. But that is the only way we can increase. It is by just being with the customer and doing more jobs with the customer. (iii) Our women workforce is unfortunately, not as high as it should be. It is something that we

will work towards in the future. I do not have the exact numbers, but I presume that it will be somewhere in the region of 5 to 8%. That might be slightly off and Geetha can correct me. That is my understanding. However, it is low, and we do intend to improve over time.

Ador Fontech Limited – Mumbai -Chairman- Mr. Aditya: Mr. Kejriwal, you asked a few questions. (i) Our business model is very simple. We are in the repair and maintenance business, where we supply products as well as we do job services either directly to a customer or via the distribution network. Approximately 60-70% of our sale happens through distributor network. Our products, as I said, are primarily metallisation related and help and aid in the build of more metallisation process for usage of wear and tear over time. As I said, we are an India focussed Company and that is because our core strength is here and along with other industries and as a group, we had the opportunity to expand in the Middle East to certain key segments, where cement, oil and gas might play a role. We are slowly, slowly, getting into that. But that is not a key focus area. I think the Indian market remains the growth and the profit driver for the business for a long time going forward. (ii) Capex is not very high. We have done quite a lot of it in the last few years and built ourselves up. I do not think in the future for the next one or two years either, we will have a very high capex plan per se. (iii) Bonus and split are always considered at the right time. Things can always be evaluated. Right now Merger process is on. (iv) As regards promoter holding will increase or not, I think, right now - Everything is status quo based on the outcome of the proposed merger and at that time the promoter body will take a decision on how to move forward. (v) Factory visit- Ms. Geetha will facilitate, as and when it is possible.

Mr. Kacharia - You asked me important questions (i) Regarding the merger. Where we are right now is in front of the Mumbai bench of the NCLT - application. Ador Welding was led to a vote yesterday. I do not know the outcome yet. It will be announced soon. On the 24th of August, the matter would hopefully be taken up at the NCLT for Ador Fontech. NCLT have a lot of backlogs. That is where the delay is. However, I am fairly optimistic we may see light there, which will then come to vote and hopefully Ador Fontech's Shareholders will also be along with us on this and if it gets passed through correctly, then we will go back to the NCLT and hopefully, in a few months we will get some clarity. I am optimistic and hopeful that by January we should see something. Beyond that a lot of things are beyond our control. So, we just have to wait and watch.

(ii) Dental business – It all started off just as an industrial 3D printing type of application business that eventually got evolved into where the market was in terms of dental. It has been losing some money as we build it all up, understandably. But that is the part of building of the business process especially when you look around today, the amount of money being expended by private equity. We still manage to keep a little bit grip on that.

Is it a strategic fit? It is not the time to answer yes or no. I think the next one year is about consolidating business and building it step by step and I think at that time the Board will seriously evaluate. Does it make sense? Has it built itself into something that can show return to the Shareholders via some other option? As of now given the market scenario and given the way things are right now and how money has dried up, especially when you are looking at consumer facing businesses, the idea is to keep heads down; keep your cash as conservative as you can and try to build step by step. We are very cognizant of the investment being made by the Ador Fontech Shareholders and we do understand. We just need a little more time to reach the position.

Ador Fontech Limited – Mumbai - Chairman: Geetha, do you want me to take those pre-sent questions as well.

Ador Fontech-Bengaluru-Company Secretary-Ms.Geetha D: Yes Sir. Mr. Abhishek is on the line, and he has raised his hand. I request Mr. Abhishek to kindly unmute and ask your questions.

Slight impasse.

Ador Fontech-Mumbai-Chairman- Mr. A T Malkani: Shall I go through them and in case we have missed we can take them.

By then Mr. Abhishek joined both through Audio and Visual means.

ABHISHEK: Greetings to the Shareholders of the Company. My DP ID and Client ID is 1203760000595093. First of all, I congratulate the Management on the AGM. Trust all is well with you and your family. In this challenging situation, our Company deserves much more respect than the current market cap. In fact, it has been there for more than a decade and maintained successful operation, profitability and has become one of the strongest brands in the respective segment. How many employees are there in our company? I came to know from the user, that the company follows a very good corporate governance. I really appreciate the Management for that. The Company Secretary is also always accessible. The Secretarial Department contacted me and sent me the link well in advance. Sir - Nothing much to ask. I have shared the questions. I will not repeat the same again in this platform. Hope to see you in the physical AGM next year.

I thank the Company Secretary and the entire team for sending me the link well in time. I wish the Company and the Board of Directors great success and prosperity in the coming years and Thank You for giving me the opportunity. Hope to see you in the next physical meeting.

Ador Fontech Limited – Mumbai -Chairman: Thank you very much.

Response by the Chairman on questions provided.

- (i) Number of employees: 160+/- 10
- (ii) On COVID-19: I do not think COVID-19 has much impact right now. Things are coming back in to mainstream position.
- (iii) Capacity utilisation: Our business is not related to capacity utilization. It is more related to adding value through the process. Across the product lines, the utilisation may be anywhere in the range of 30 to 60%. There is enough room to grow on that account.
- (iv) Innovations and new product launches: In industry like us, you do not really see tremendous, large-scale innovation that takes place. It is more of our incremental innovation.
- (v) Cost Cutting initiatives: It is a continuous process. I do not think there is anything drastic that we keep looking at or anything drastic that is needed at the moment. It is lean, as an organization and fairly profitable in terms of margins. So, I do not think there is room for massive cost-cutting, I think, on a regular basis we need to keep evaluating wherever it can be done.
- (vi) Working capital to sales: Ratio is very strong. The only thing that can keep improving is slight improvement in inventory management, which we are looking at all the time, but depending on the supply chain issues that you face. You must be a little bit aggressive over there.
- (vii) Efforts to improve the Company's image: We do quarterly/half yearly calls to reach out. We do like to interact with Members. I think as we do, we feel that the Company does have the right image; it is well respected in various fields. We do not like to shout beyond that too much but have it well balanced.
- (viii) Credentials of the Board: We have three independent Directors besides Mrs Ninotchka Nagpal, Promoter Director who had lot of value. We have Mr. Navroze Marshall, Managing Director of Simmonds Marshall; Mr. Rafique Malik who is the Chairman of Metro Shoes (which is a publicly listed company). Mr. Santosh Janakiram has tremendous legal experience. All three of them actually add lot of valuable inputs and we definitely take all of them into account.
- (ix) Dividend policy: Our policy for dividend will remain very similar going forward. I do not think there is going to be any major change. As has been said, we continue to be aggressive on our dividend policy.
- (x) Going forward any major changes in the next three years: As I said and as we all know and we have discussed many times. I think the big change required is the scalability factor, and therefore the need to merge and scale things up accordingly. Otherwise, as far as technology or application goes, we do not see any major changes.

I think the rest of the information has been provided quite clearly. I thank you so much for all your questions. Is there anything further from my side, or is I pass it back to you Geetha.

Ador Fontech-Bengaluru-Company Secretary-Ms.Geetha D: That is all Sir. I take this opportunity to Thank the Chairman, Management Team, Employees, and all Shareholders of this organisation. Wishes to everyone for good health, happiness, peace, and prosperity. Thank you and wish you all a very good day ahead. -Transcript as received from NSDL & online edited for English/Grammar/Spellings etc.