



ADOR FONTECH LIMITED
25th Annual Report 1999-2000

ADOR FONTECH LIMITED

DIRECTORS

J.K. Chandna	Chairman
A.K. Bahl	Director
R.D. Kothare	Director
M.T. Sheth	Director
K.L. Hira	Director
V.D. Mansukhani	Director
H.P. Ledwani	Executive Director

GENERAL MANAGER - FINANCE & COMPANY SECRETARY

G. Ramasubramanian

CORPORATE MANAGEMENT COUNCIL

H.P. Ledwani
M.J. Kurian
D. Naronha
Muneesh Narain
P. Ramachandran
G. Ramasubramanian
P. Viswanathan
C. Bhavani Sankar
S. Gopalakrishnan
Ravi Magal
R. Krishnakumar
Rajesh Joshi

REGISTERED & CORPORATE OFFICE

Belview
7 Haudin Road
Bangalore - 560 042

AUDITORS

Amarnath Kamath & Associates.
Chartered Accountants
221 Raheja Chambers
12 Museum Road
Bangalore - 560 001

BANKERS

The ICICI Banking Corporation Limited
The Bank of Nova Scotia

SHARE TRANSFER AGENTS

Ador Finance Ltd
6, K. Dubash Marg
Mumbai

SECURITIES LISTED IN (STOCK EXCHANGES)

Bangalore
Mumbai
Ahmedabad

CONTENTS

	Page
Notice	1
Directors' Report	2
Annexure to Directors' Report	4
Five Years at a Glance	6
Auditors' Report	7
Balance Sheet	9
Profit & Loss Account	10
Schedules	11
Cash Flow Statement	22
Ador Group of Companies	25

NOTICE**ADOR FONTECH LIMITED***Registered Office : Belview 7 Haudin Road Bangalore - 560 042*

Notice is hereby given that the 25th Annual General Meeting of the members of the company will be held at Hotel Woodlands No.5, Raja Rammohan Roy Road, Bangalore - 560 025 on Thursday the 10th August, 2000 at 4-00 p.m. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance sheet as at 31st March, 2000 and the Profit and Loss account for the year ended as on that date, together with the Directors' Report and the Auditors' Report thereon.
2. To note the interim Dividend paid.
3. To appoint a Director in place of Mr.J.K.Chandna who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr.M.T.Sheth who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s.Amarnath Kamath & Associates as Statutory Auditors and to fix their remuneration as their terms of office expires at the conclusion of this Annual General Meeting. To authorise the Board to appoint Branch Auditors and to fix their

remuneration in consultation with the Statutory Auditors.

NOTES

- a. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

Proxy form to be valid must reach Company's Registered Office not later than 48 hours before the commencement of the meeting.

- b. The relative explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the special business set out above is annexed hereto.
- c. Members are requested to kindly bring their copies of the report and accounts of the meeting.
- d. The Register of Members and sharetransfer books of the Company will be closed on Thursday, August 10, 2000.

By the Order of the Board
For ADOR FONTECH LIMITED

Bangalore
15th June, 2000

G.Ramasubramanian
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 25th Annual report of your Company and the Audited Statement of Accounts for the year 31st March, 2000.

1.0 THE FINANCIAL HIGHLIGHTS

Rs. in Lakhs

	1999-2000	1998-99
Income	3668.73	3477.47
Operating Profit (PBIDT)	297.99	448.05
Interest	116.05	101.08
Depreciation	68.01	68.53
Profit Before Tax	113.93	278.44
Provision for Tax	31.00	94.00
Profit After Tax	82.93	184.44
Earning per share (Rs)	2.37	5.21
Appropriations		
Dividend Recommended (tax free)	52.50	105.00
Tax on Proposed Dividend	5.78	10.50
Transfer to General Reserve	50.00	50.00
Balance Carried to Balance Sheet	26.77	46.26

2.0 DIVIDEND

Your Directors recommend that the Interim tax-free dividend of 15% (previous year nil) on the equity shares of the Company be treated as Final dividend (previous year 30%).

3.0 OPERATIONS REVIEW

Total income was Rs.3669 lakhs against Rs. 3477 lakhs for the previous year. You will be glad to know that despite the overall downtrend in the welding industry, your company's sales increased by 5.5%. This was achieved through a strategic emphasis on new products.

The E.P.S , however, dropped to Rs. 2.37 from the previous year's figure of Rs. 5.21. Due to competitive pressures, cost of sales in the company's trading operations were considerably higher.

4.0 DIRECTORS

Pursuant to the provisions of Companies Act, 1956 and the Articles of Association of the Company Mr.J.K.Chandna and Mr. M.T.Sheth retire by rotation and being eligible offer themselves for reappointment.

5.0 EMPLOYEES

Productivity per employee was marginally higher. Your Directors recognise and appreciate that the right employees are our most important asset.

6.0 BANKERS

ICICI Banking Corporation & The Bank of Nova Scotia, our bankers have been supportive of our working capital needs. Our special thanks are, therefore, due to them.

DIRECTORS' REPORT**7.0 AUDITORS' REPORT**

The report of the Auditors and notes forming part of the accounts being self explanatory, no further comments are considered necessary.

8.0 AUDITORS

M/s. Amarnath Kamath & Associates who were appointed as Statutory Auditors at the 24th Annual General Meeting retire at the conclusion of the 25th Annual General Meeting and are eligible for reappointment.

You are requested to authorise the Board to approve their appointment and to fix their remuneration. You are also requested to authorise the Board to appoint Branch Auditors and to fix their remuneration for the current year in consultation with the Statutory Auditors of the Company.

9.0 PARTICULARS OF DISCLOSURE

The information required under the Companies Act (disclosure of particulars in the report of the Board of Directors) Rules, 1988 is enclosed.

10.0 CASH FLOW STATEMENT

As required by SEBI and as advised by the Stock Exchanges, the Company is required to furnish Cash Flow Statement as an Annexure to the Audited Balance Sheet, Profit and Loss Account and the Director's Report. This statement is also given in the prescribed format, as given by the Stock exchanges.

11.0 Y2K COMPLIANCE

The Company took adequate steps to ensure that all systems had a smooth transition to the year 2000

12.0 EMPLOYEES STOCK OPTION SCHEME (ESOP)

This scheme was approved by the share holders of the company at the last AGM. This will be implemented as soon as practically feasible.

13.0 BUY BACK OF SHARES

Due to cash flow pressures, this scheme could not be implemented during 1999-2000.

14.0 ACKNOWLEDGMENTS

Your Directors place on record their gratitude for the confidence, co-operation and assistance extended to your company by the End Users of our products, the Authorised Dealers, our Overseas Business Partners, our Inland Suppliers and the various Government Agencies.

Your Directors also wish to thank you - the share holders for your continued support.

For and on behalf of the Board
For ADOR FONTECH LIMITED

Bangalore
June 15' 2000

J.K. Chandna
Chairman

ANNEXURE TO DIRECTORS' REPORT

(UNDER SECTION 217 (1)(E) OF THE COMPANIES ACT, 1956)

Additional information in terms of notification 1029 of 31.12.1998 by the Department of Company Affairs.

A. 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.

B. Research and Development

- | | | |
|---|---|---|
| 1. Specific areas in which R&D carried out by the Company | : | Efforts are being continued to further improve the performance of products and the range. |
| 2. Benefits derived as a result of the above R&D | : | Conservation of basic raw materials since components are rebuilt from wornout/scrap parts to original size and shape. In some case they give much longer life compared to the original parts. |
| 3. Future Plan of Action | : | To make further progress on items 1&2 above |
| 4. Expenditure on R&D | | |
| a. Capital | : | Nil |
| b. Recurring | : | As of now, it is being maintained as on on-going part of production activities and separate head of account is not maintained |
| c. Total | : | N.A. in view of the above |
| d. Total R& D Expenditure as a percentage of total turnover | : | ----- Do ----- |

Technology Absorption, Adaption and Innovation

- | | | |
|---|---|---|
| 1. Efforts in brief, made towards technology, absorption, adaption and innovation | : | Locally available raw materials are continuously tried and used. |
| 2. Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, Product development, Import Substitution etc. | : | Reduced cost of final products and comparable Quality & Performance with the products produced with imported materials. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished | : | |
| a. Technology Imported | : | Nil |
| b. Year of Import | : | N.A. |
| c. Has technology been fully absorbed | : | N.A. |
| d. If not fully absorbed areas where this has not taken, give reasons therefore and future plans of action | : | N.A. |

C. Foreign Exchange Earnings and outgoings : As reported in S.Nos. 4,5,7, & 8 "NOTES FORMING PART OF ACCOUNTS" in Schedule-S.

ANNEXURE TO DIRECTORS' REPORT

(UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956)

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report.

Names of the employees who were employed throughout the year or part of the year and drawing remunerations of Rs. 6,00,000/- per annum or Rs. 50,000/- per month or more.

Sl. No.	Name (Age)	Designation	Gross Remuneration (Rs.)	Qualifications Experience(Yrs)	Date of Joining	Previous Employment
1.	Mr. H.P.Ledwani (46)	Executive Director	975570.00	B.Sc (Hons) DAM (Bom) DTMM (26)	01.12.79	Advani Oerlikon Limited

Notes :

- i) The nature of employment is contractual
- ii) The above employee is not related to any Directors of the Company
- iii) Gross remuneration includes salary, valuation of company provided accommodation, special bonus, leave encashment, salary, incentives, contribution to provident fund and superannuation fund.
- iv) Information about qualifications and last employment are based on particulars furnished by the employee
- v) Neither the employee himself or along with his spouse and dependant children holds 2% or more of the equity shares of the company.