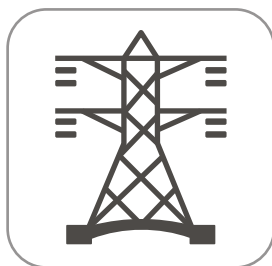
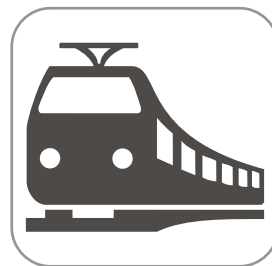


Ador Fontech Limited



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

H P 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 Dualrank (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		Other Directorships		
	Board Meet-ings	Annual General Meeting held on 19.07.13	Nos.	Committee Positions	
				No. of Memb-ership	Chair man 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.