

40th Annual Report
2014 - 15



Life Enhancement of Industrial Components



Ador Fontech Limited

OVERVIEW

Ador Fontech Limited was incorporated on August 22, 1974 and set its course on repair welding from December 1, 1979. Initially, it started functioning as a trading unit under the banner of 'Cosmics General Engineering'. Thereafter, a process was initiated to bring in the best of technology to India from across the globe. Through dint of application engineering, the Company enriched itself to become a manufacturing organisation and today, it is a total solution provider. The Company's maiden public issue was in the year 1995 and is currently listed on the Bombay Stock Exchange.

VISION

Our vision is to be considered as the partner of first choice by our customers.

MISSION

Our mission is to partner with our customers in implementing value-added reclamation, fusion, surfacing, spraying and environmental solutions.

SHARED VALUES

Delighting customers is the priority

Employees who enjoy their work

Living up to our shared values

Innovativeness and continuous improvements in all our work processes

Growth is our way of life

Honouring commitments top down

Technology will be a vital enabler in our day-to-day operations

BOARD OF DIRECTORS



Mrs. N Malkani Nagpal
Promoter Director



Mr. H P Ledwani
Managing Director



Mr. A T Malkani
Executive Director



Mr. N S Marshall
Independent Director



Mr. Santosh Janakiram Iyer
Independent Director



Mr. Rafique Abdul Malik
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
Mr. Rafique Abdul Malik	Independent Director

Company Secretary

Ms. Geetha D

Management Team

Mr. H P Ledwani
Mr. A T Malkani
Mr. Deep A Lavani
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 Bengaluru 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
Bengaluru 560 058

Manufacturing Plant II

A-288 6th Main 2nd Stage Peenya Industrial Estate Bengaluru 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 Bengaluru 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 Bengaluru 560 017

Banker

HDFC Bank Limited

8/24 Salco Centre Richmond Road Bengaluru 560 025

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NOTICE

Notice is hereby given that the 40th Annual General Meeting (AGM) of the Members of the Company will be held at Woodlands Hotel Private Limited No. 5 Raja Ram Mohan Roy Road Bengaluru 560 025 on Wednesday, August 26, 2015 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, 2015, including the audited Balance Sheet as at March 31, 2015, 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, 2015.

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

To appoint a Director in place of Mrs. N Malkani Nagpal (DIN 00031985), who retires by rotation and being eligible, offers herself for re-appointment.

4. Appointment of Auditors

To ratify the appointment of Auditors of the Company, fix their remuneration and to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section(s) 139, 142, other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder and pursuant to the resolution passed by the Members at the Annual general meeting held on August 20, 2014, the appointment of M/s. Amarnath Kamath and Associates, Chartered Accountants (Firm Registration No. 13124) as the Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017 be and is hereby ratified and that the Board of Directors be and is hereby authorised to fix remuneration payable to them for the financial year ending March 31, 2016 as may be determined by the Audit Committee in consultation with the Auditors and that such remuneration may be paid on a progressive billing basis."

SPECIAL BUSINESS

5. Appointment of Mr. Rafique Abdul Malik 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, Schedule IV and other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder and Clause 49 of Listing Agreement, Mr. Rafique Abdul Malik who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 30, 2015 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. Rafique Abdul Malik as a candidate for the office of the Director, be and is hereby appointed as an Independent Director of the Company up to August 25, 2020 and he shall not be liable to retire by rotation."

6. 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) 139, 143, other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, the accounts for the year ending March 31, 2016 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 is hereby authorised to appoint such Branch/Unit Auditors in consultation with the Company's Auditors, fix their remuneration as also the terms and conditions of appointment."

7. Adoption of new Articles of Association

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 14 and other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association (Table 'F') be and are hereby approved and adopted in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts as may be necessary, proper or expedient to give effect to this resolution."

NOTES

1. A Member entitled to attend and vote at the Annual general meeting (the 'meeting') is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a Member of the Company. The instrument appointing the proxy should, however be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.

A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Shareholder.

2. Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the meeting is annexed hereto.
3. Register of Members and Share Transfer Books will remain closed from August 20, 2015 to August 26, 2015 (both days inclusive) for the purpose of payment of final dividend.
4. Members are requested to note that dividend(s) 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.
5. In terms of the Investor Education and Protection Fund (IEPF-Rules 2012), the Company has posted requisite details of dividends on the

website of the Company 'www.adorfon.com' to enable Shareholders check for their unclaimed dividend(s), if any.

6. Amount of unclaimed dividend as at March 31, 2015 for the years 2007-08 to 2013-14 aggregate to ₹ 84 lakhs (Rupees eighty four lakhs).
7. Member(s) whose shareholding is/are in electronic mode are requested to direct change of address and update details of bank account with their respective Depository Participant(s).
8. 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.
9. 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.
10. 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 the 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.
11. Copies of Annual Report 2014-15 including Notice to the 40th Annual General Meeting are being sent by electronic mode to all the Members whose e-mail addresses are registered with the Company, 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.
12. Members may also note that the Notice to the 40th Annual General Meeting and Annual Report 2014-15 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 all working days.
13. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in the securities market. Members are therefore requested to submit self attested copy of PAN to the R and T Agent.
14. The Company has provided e-Voting as an option (from August 22, 2015 to August 25, 2015) and instructions for the same has been made available as part of addendum to this Annual Report. Further, voting rights will be reckoned on the paid-up value of shares registered in the name of the Member(s) as on August 19, 2015. Any person, who acquires shares and becomes a Member of the Company after dispatch of Notice and holding shares as on the cut-off date i.e., August 19, 2015 may obtain 'Login Id and Password' by sending a request to NDSL-evoting@nsdl.co.in.
15. 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.

RE-APPOINTMENT OF DIRECTOR

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 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:

- a. No Director of the Company is concerned or interested in the said resolution except Mrs. N Malkani Nagpal, as it pertains to her appointment.
- b. None of the Key Management Personnel (KMP) of the Company is concerned or interested in the resolution.
- c. Other than relatives of person mentioned in sub clause (a) above, comprising Mrs. Gulshan Gulu Malkani and Ms. Michelle Gulu Malkani (holding shares in Ador Fontech Limited), none of the relative(s) of KMP and other Director(s), is/are concerned or interested in the resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 5

Mr. Rafique Abdul Malik was appointed as an Additional Director by the Board of Directors on January 30, 2015. Further, the Company has received Notice along with requisite deposit of ₹ 1 lakh from a Member, proposing the appointment of Mr. Rafique Abdul Malik as a Director.

Mr. Rafique Abdul Malik has furnished (i) His Director identification number as 00521563 (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 (iii) 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 (iv) 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. Rafique Abdul Malik as an Independent Director of the Company up to August 25, 2020 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. Rafique Abdul Malik, 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:

- a. No Director of the Company is concerned or interested in the said resolution except Mr. Rafique Abdul Malik, as it pertains to his appointment.
- b. None of the Key Management Personnel (KMP) of the Company is concerned or interested in the resolution.
- c. None of the relative(s) of the persons mentioned in sub-clauses (a) and (b) is concerned or interested in the resolution.

NOTICE

Item no. 6

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, 2016 and fix their remuneration.

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

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

- a. No Director of the Company is concerned or interested in the said resolution.
- b. None of the Key Management Personnel (KMP) of the Company is concerned or interested in the resolution.
- c. None of the relative(s) of the persons mentioned in sub-clauses (a) and (b) is concerned or interested in the resolution.

Item no. 7

With the coming in to force of the new Companies Act, several regulations of the existing Articles of Association of the Company require alteration or deletions. Given this position, it is considered expedient to replace the same with Table 'F' of the Companies Act, 2013 which sets out the model Articles of Association for a Company limited by shares.

The proposed new draft of the Articles of Association has been uploaded on the Company's website for perusal by the Shareholders.

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

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

- a. No Director of the Company is concerned or interested in the said resolution.
- b. None of the Key Management Personnel (KMP) of the Company is concerned or interested in the resolution.
- c. None of the relative(s) of the persons mentioned in sub-clauses (a) and (b) is concerned or interested in the resolution.

ADDITIONAL INFORMATION

General

1. Nature of industry

Life enhancement of industrial components (Genesis – Welding and allied applications).

2. Date of commencement of commercial production

The Company was incorporated on August 22, 1974 and is already in commercial production.

3. Financial performance of the Company

Summarised statement forms part of the Directors' Report.

4. Foreign exchange earnings, investments or collaborations

Forms part of the Notes to the Accounts.

5. Information about the appointee(s)

a. Mrs. N Malkani Nagpal

Background details: Mrs. N Malkani Nagpal is a graduate in Commerce with a Master's degree in Business Administration from the Imperial College, UK. She has also attained BSC in Business and Economics from Lehigh University, PA, USA. Her career started with Alliance Capital Asset Management in New York and she has over eighteen years of experience in

Financial Management with Ador Group of Companies. At present, she is an industrialist and represents the second generation of promoter group in Ador Fontech Limited.

Job profile and her suitability: Mrs. N Malkani Nagpal will oversee key business functions and achievement parameters. Her educational qualifications will entail her to discharge her duties in the best possible manner.

Recognition and awards: While in particular she has not received any major award, the organisations where she has been associated have been bestowed with awards by industrial confederations.

Remuneration: In the past, she has been entitled to sitting fees for attending meetings of the Board and its Committees besides, reimbursement of travel/conveyance, board and lodging for attending business meetings and conferences. On her appointment at the ensuing meeting, she will continue to be entitled to the same.

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

Remuneration is compatible with general industrial standards and recommended by the Nomination and Remuneration Committee of the Company.

Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel, if any.

Mrs. N Malkani Nagpal belongs to the Promoter Group and holds 27,350 equity shares. Besides remuneration (as mentioned above), she does not hold any pecuniary relationship either with the Company or with any of its KMP.

General

- i. **Date of Birth:** July 6, 1971
- ii. **Specific area of Expertise:** Finance
- iii. **Directorship in Companies (other than Ador Fontech Limited)**
Public Limited Companies
Ador Welding Limited, Piem Hotels Limited and Ador Multiproducts Limited.
Private Limited Companies
J B Advani and Company Pvt. Ltd., Ador Green Energy Pvt. Ltd. and 3 D Future Technologies Pvt. Ltd.
- iv. **Member of Board Committees (other than Ador Fontech Limited):** Two
- v. **Chairman of Board Committees (other than Ador Fontech Limited):** Nil
- vi. **Date of first appointment:** July 27, 2006
- vii. **Number of shares held in the Company:** 27,350

b. Mr. Rafique Abdul Malik

Background details: Mr. Rafique Abdul Malik is a graduate in Commerce and holds President Management Program from Harvard. He is a national of the United States of America and currently holds the position of Chairman, Metro Shoes Limited.

Recognition and awards: Mr. Rafique Abdul Malik has received various awards and recognitions. Noted amongst them include (i) Life time achievement award by Franchise

India Small Business, 2010 (ii) Retail Entrepreneur of the year award by Star Retailers, 2011 (iii) Most admired footwear retail professional of the year award at Images Shoes and Accessories Forum, 2012.

Remuneration: Mr. Rafique Abdul Malik is entitled for sitting fees for attending meetings of the Board, its Committees and reimbursement of expenses for travel/conveyance, board and lodging. On his appointment at the ensuing meeting, he will continue to be entitled to the same.

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

Remuneration is compatible with general industrial standards and recommended by the Nomination and Remuneration Committee of the Company.

Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel, if any.

Mr. Rafique Abdul Malik is an Independent Director. He does not hold any pecuniary relationship either with the Company or with any of its Key Managerial Personnel.

General

- i. **Date of Birth:** October 31, 1950
- ii. **Specific area of Expertise**
Organisational development
- iii. **Directorship in Companies (other than Ador Fontech Limited)**
Public Limited Companies
Metro Shoes Limited and MIRC Electronics Limited.
Private Limited Companies
Metro House Pvt. Ltd., Metro Shopping Plaza Pvt. Ltd., Metro Shopping Arcade Pvt. Ltd., Metro Holdings and Securities Pvt. Ltd., Metmill Footwear Pvt. Ltd. and Mahindra Retail Pvt. Ltd.
- iv. **Member of Board Committees (other than Ador Fontech Limited):** Six
- v. **Chairman of Board Committees (other than Ador Fontech Limited):** Three
- vi. **Date of first appointment:** January 30, 2015
- vii. **Number of shares held in the Company:** Nil

Others

1. **Reasons for loss or inadequate profits:** Not applicable
2. **Steps taken or proposed to be taken for improvement**
The Company consistently endeavours at lowering overheads and aligning resources with current levels of operations.
3. **Expected increase in productivity and profits in measurable terms**
Management has adopted focused business strategies in all spheres of functions to improve sales and profitability.

By order of the Board
For Ador Fontech Limited

Mumbai
April 30, 2015

CIN: L31909KA1974PLC020010
Regd. Office: Belview 7 Haudin Road Bengaluru 560 042
Tel: (080) 25596045 / 73 Fax: (080) 25597085
Web: www.adorfon.com, E-mail: investorservice@adorfon.com

Geetha D
Company Secretary

ANNUAL CERTIFICATIONS

Declaration pursuant to Clause 49 (II) (E) (2) of the Listing Agreement

As the Managing Director of Ador Fontech Limited and as required pursuant to Clause 49(II)(E)(2) 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 2014-15.

For Ador Fontech Limited

H P Ledwani

Managing Director
DIN: 00040629

Mumbai
April 30, 2015

Disclosure in terms of Clause 49 (VIII)(C)(1) of the Listing Agreement

There has been no pecuniary relationship or transaction between the Non-Executive Directors and the Company.

By order of the Board
For Ador Fontech Limited

Mumbai
April 30, 2015

Geetha D
Company Secretary

Disclosure in terms of Clause 49 (VIII)(E)(2) of the Listing Agreement

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

By order of the Board
For Ador Fontech Limited

Mumbai
April 30, 2015

Geetha D
Company Secretary

Green initiative

Request to Shareholders who have not registered their e-mail address, to kindly provide the following details:

Name of the Company	Ador Fontech Limited
Name of the Shareholder(s)	
Folio number(s)	
Address	
E-mail*	
* E-mail id to which documents/notices may be served electronically.	

Scanned copy of physical share certificate(s) and PAN card to be attached.

The information may kindly be sent to the following e-mail addresses:

- a. Registrar and share transfer agent: alfint@vsnl.com
- b. Company: investorservice@adorfon.com

Shareholder(s) holding shares in electronic form are requested to update their preferred e-mail address and change of bank details, if any, with the Depository Participant, where de-materialised accounts are held.

Unclaimed dividends

Kindly send request letter (bearing signature) for encashment of unclaimed dividend, if any, to the following e-mail addresses:

- a. Registrar and share transfer agent: irg@integratedindia.in
- b. Company: surendrasingh@adorfon.com

Enclosure

Attendance slip, proxy form and instructions for e-voting.

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 40th Annual Report and the Audited Statement of Accounts for the year ended March 31, 2015.

1. Financial highlights (₹ in lakhs)

Details	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Revenue	14,156	14,211	14,342	14,333
EBITDA*	2,360	2,281	2,342	2,231
Interest	—	—	—	—
Depreciation	355	280	363	283
Profit before tax	2,005	2,001	1,979	1,948
Provision for tax	670	724	670	724
Profit after tax	1,335	1,277	1,309	1,224

* Earnings before interest, taxes, depreciation and amortisation

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 four crores (Previous Year- Rupees two crores) to the General Reserve. Further, an approximate amount of Rupees twenty crores (Previous Year - Rupees eighteen crores) is proposed to be retained in the Surplus.

4. Formation of wholly owned subsidiary

A wholly owned subsidiary called '3 D Future Technologies Private Limited' with an authorised share capital of rupees five crores and an initial paid up share capital of rupees one crore was formed during the financial year 2014-15. This company will initially cater to dental health care market in three dimensional technology. It will be managed by a small and separate team, comprising the Chief Executive Officer (CEO), professionals from the medical fraternity, besides marketing/sales and administrative personnel.

5. Review of business operations

Standalone: The Company had best endeavoured to counter slow growth in the economy, particularly amongst the core sector industries. Going forward there is an euphoria of optimism that business cycle may be expected to progress towards positive polarity, which in turn would have a beneficial impact on business organisations at large. It is a matter of time and the Company is gearing up its operations with a sense of quite confidence.

Consolidated: Financial statements consolidated pertain to Ador Fontech Limited, Dualrank Fontech (M) Sdn. Bhd. (Joint venture) and 3 D Future Technologies Private Limited (Wholly owned subsidiary - incorporated on Jan 19, 2015). Both the joint venture and subsidiary are at its nascent stage and will progress on strong and steady business fundamentals. It will however, requisite couple of years to transcend, to the next level of business operations.

6. Board and its composition

The Company recognises the importance of diverse Board with Members possessing different perspective, skills, knowledge, etc. Further, the current policy is to have an appropriate mix of Executive and Independent Directors, maintain independence of the Board and separate its functions of governance and management.

At present, there are six Members on the Board of whom two are Executive and four are Non-Executive Directors. Amongst the Non-Executive Directors, three of them are Independent. They represent varied fields of eminence including legal, marketing, technical, organisational development etc.

The Board and its Committees had met four times during the financial year 2014-15.

As required under the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, the Company has adopted policies for Director's appointment and remuneration.

7. Directors' responsibility statement

The Board of Directors of the Company hereby confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed, along with proper explanations 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 devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

8. Directors

Mrs. N Malkani Nagpal will retire by rotation at the ensuing Annual general meeting and is eligible for re-appointment.

Mr. Rafique Abdul Malik was appointed as an Additional Director on January 30, 2015. His expertise as an entrepreneur of a reputed business organisation and professionalism by virtue of being independent, would be of immense value addition, both to the Board and the Company. The Company has also received Notice nominating the candidature of Mr. Rafique Abdul Malik as an Independent Director. The same is being placed for the approval of Members.

Further, all three Independent Directors have provided declaration that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

9. Details of changes in Directors and/or Key Managerial Personnel

During the financial year 2014-15, Mr. Rafique Abdul Malik joined the Board. There were no other changes in the Board and Key Managerial Personnel of the Company.

10. Audit Committee recommendations

The Board has accepted all the recommendations of the Audit Committee and hence no further explanation has been provided for in this Report.

11. Performance evaluation

The Company has conducted a formal annual performance evaluation of the Board of its own performance including its Committees, Individual Directors and Senior Management Executives. Detailed manner of evaluation has been explained in the Corporate Governance Report.

12. Audits

Statutory Audit: In respect of the financial year 2014-15, 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.

Secretarial Audit: The Secretarial audit report for the financial year 2014-15 forms part of the Annual Report.

Cost Audit: As per regulations and confirmation by the erstwhile Cost Auditor, it is not mandatory for the Company to have cost audit undertaken as revenues from business segments warranting cost audits are within the threshold limits. Nonetheless, as per best practices, the Company had sought valuation of inventories as at March 31, 2015 from Cost Auditors, which has been factored in the financial statements. Further, the Company maintains cost accounting records and also has cost control measures in place.

Internal/Commercial Audit: Quarterly audits are conducted to ensure internal financial controls are adhered & function effectively.

13. Auditors

Statutory Auditors: At the Annual General Meeting held on August 20, 2014, M/s. Amarnath Kamath and Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Amarnath Kamath and Associates, as Statutory Auditors of the Company, is placed for ratification of the Shareholders. In this regard, the Company has received a certificate from the Auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

Secretarial Auditor: The Board has appointed Ms. Manjula Narayan (ACS Membership No. 28374 & CP No.10150), Practicing Company Secretary as the Secretarial Auditor of the Company for 2015-16.

Cost Auditor: As a matter of good governance, the Company shall undertake Cost Audit for the financial year 2015-16 and M/s. Rao, Murthy and Associates (Firm Registration No. 000065) having office at 23/33 Surveyor's Street, Basavanagudi, Bengaluru, Karnataka, will be appointed as the Cost Auditor at an acceptable remuneration.

14. Joint venture and subsidiary

The Company's investment in joint venture and subsidiary are strategic for business development in the long run and hence, no provision has been made for diminution in the value of investment, during the initial phase. Further, need based financial & operational support, duly evaluated will be rendered from time to time.

15. Fixed deposits

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

16. 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.

17. Liquidity

While the Company continues to be debt-free, it is our understanding that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business risks. The funds available with the Company have been deployed as deposits with banks, investments in mutual funds and tax free bonds to ensure a mixed blend of portfolio management.

Further, during the year 2014-15, Strategic financial planning and implementation has ensured, that the Company maintained at the close of the year (as a policy) funds sufficient to expend an year's personnel expenditure, maintenance of consistent dividend payout, management of capex and support working capital requirements.

Also, the new project (3 D Future Technology Pvt. Ltd.) scaled to organic germane growth (managed from internal accruals) and the business climate still far from being buoyant, the Company did not proceed with the issue of warrants to the Promoter, which stands elapsed as at March 31, 2015. It may also be pertinent to note that the Company is both cautious and conservative to choose the best of investment, in the interest of all stake holders, taking in to consideration the socio-economic-political-industrial relations and its impact on business organisations, with particular emphasis on the Company.

18. Particulars of loans, guarantee and investments

During the financial year, the Company had provided inter-corporate-deposits (ICD) to its Associate, Ador Powertron Limited. Prior to extending this facility, the Company had sought legal opinion that it shall be within the compliance of legislative provisions. The ICD including interest has been repaid in full as at March 31, 2015. Further, the Company had also provided loans in tranches during the year, to Dualrank Fontech (M) Sdn. Bhd. amounting to ₹ 64 lakhs (MYR 3,46,500) to tied over its working capital requirements, with an approximate equivalent contribution coming in from Dualrank (M) Sdn. Bhd. (Malaysian partner).

19. Transactions with related parties

Transactions with related parties are in the ordinary course of business and on arms length basis. The same is based on legal opinion(s), approval/ratification of the Audit Committee (on a quarterly basis) and subject to the compliance of transfer pricing regulation and audit.

20. Material changes, commitments and orders

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.

There were no significant orders passed against the Company, by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in the future.

21. Risk management

The Company has in place risk management framework, to analyse and manage various financial and non-financial risks. Most of the strategic policy decisions are facilitated through consultative process by the top Management team. The Board further states that there are no elements of risks which threaten the existence of the Company.

ANNEXURE TO THE DIRECTORS' REPORT

22. Insurance

The Company has sufficient insurance coverage on all its assets, including for transit of materials from Suppliers and to Customers. An insurance survey was also conducted by external agency to validate that the requirements of insurance are well met and safety norms are adhered. These insurance policies are renewed on time and on an year to year basis.

23. Employees

As has been in the past, the industrial relations with the employees of the Company continue to be harmonious and cordial. The Company has vigil mechanism in place to redress grievances, if any.

24. Disclosures

The following reports have been annexed/appended and forms part of the Directors' Report.

Annexure 1: Management discussion and analysis report.

Annexure 2: Corporate governance report.

Annexure 3: Report on CSR activities including policy and reasons for shortfall in spend.

Annexure 4: Nomination and remuneration policy.

Annexure 5: Extract of annual return.

Annexure 6: Conservation of energy, technology absorption, foreign exchange earnings and outgo.

Annexure 7: Particulars of arrangements made with related parties.

Annexure 8: Particulars of employees.

Annexure 9: Secretarial audit report.

25. 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
April 30, 2015

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 1: MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. The economy

Change in Government brought about an euphoria of optimism. Nonetheless, in reality for the Economy to raise, particularly for the core sector industries, seems longer than expected. The Government and the Apex Bank are trying their best to keep inflation under check and accelerate growth momentum. Once recovery takes off from the launch pad and is propelled to its orbital synchronisation in the chosen trajectory, growth will be ensured.

2. Industry structure and development

There has not been radical change in the Welding industry, which is the genesis for Maintenance and Repair welding. Lot of research and development are in the sphere of homogenising high end equipment & solutions, compatible to simplified mechanisation, for ease at work with emphasis on cost savings. Cross border transitions may continue to support technical indigenisation & India being favoured destination as an emerging market is expected to be a benefactor.

3. Current year outlook

While growth is expected to crawl back, the year may still remain moderate, where sustenance will be the hallmark.

4. Performance

The Company has made its best efforts to maintain parity both on sales and profitability. To a great extent, it is the latter which is going to provide a strong base for business to sustain and develop. Details on the financials form part of the accounting statements.

5. Opportunities

Opportunities exists both in terms of organic and inorganic growth, facilitated by geographical advantage, technical competence, thrust on providing value added products/services to customers, finding newer compatible domains for business expansions and more importantly retention of existing customers.

6. Risk, threats and concerns

While competition is a factor to be reckoned by all business entities as also new enterprises getting established, the vital risk in the long run, is the shortage of skilled welders and phobia of young generation to be drawn in to this domain. To mitigate, it is essential to undertake skill development programmes oriented in technology and bring about a radical change in the work environment akin to the IT sector, in the best possible manner.

7. Internal control system and its adequacy

The systems are adequate to cover (i) Financial propriety of business transactions. (ii) Efficient use of the Company's resources. (iii) Compliance with the Statutes. (iv) Adherence to established policies and guidelines of the Company. The Internal Auditors and Audit Committee review the functioning of internal control system at regular intervals.

8. Human resources development

There were 231 employees on the muster roll of the Company as on March 31, 2015. The Company has best endeavoured its thrust on learning to facilitate all round development of employees.

ANNEXURE 2: 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. Policies and documentation as part of Corporate Governance

In consonance with SEBI guidelines and Listing requirements, the Company has adopted various policies, which are uploaded in the website: www.adorfon.com/investorino/investorsinfo.html.

2. Board of Directors

2.1 Broad terms of reference and functions of the Board

The following are generally provided to the Board of Directors:

- Annual strategies and operating plans.
- Capital budgets and updates thereon.
- Quarterly and half yearly unaudited financial results of the Company, it's subsidiary and joint venture.
- Audited financial results of the Company.
- Minutes of the meetings of the Board Committees.
- Information on recruitment and remuneration of Senior Executives, just below the level of the Board.
- Risk mitigation plans and updates.