

41st Annual Report 2015-16

*Life Enhancement
of Industrial
Components*

Reclamation services



Infrastructure



Innovation



Partners in progress



Ador Fontech Limited

Mr. A T Malkani
Chairman



Mr. H P Ledwani
Managing Director



Mrs. N Malkani Nagpal
Promoter Director



Mr. N S Marshall
Independent Director



Mr. Santosh Janakiram
Independent Director



Mr. Rafique Abdul Malik
Independent Director



Board Of Directors

The Board of Directors

Mr. A T Malkani Chairman	Mr. N S Marshall Independent Director
Mr. H P Ledwani Managing Director	Mr. Santosh Janakiram Independent Director
Mrs. N Malkani Nagpal Promoter Director	Mr. Rafique Abdul Malik Independent Director

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Mr. A T Malkani	Mr. Melville Ferns
Mr. H P Ledwani	Mr. Rajesh V Joshi
Mr. Deep A Lalvani	Mr. R Krishna Kumar
Mr. Muneesh Narain	Mr. S V Puntambekar
Mr. P Vishwanathan	

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Ms. Geetha D

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CIN: L31909KA1974PLC020010

Belview 7 Haudin Road Bengaluru 560 042

Tel: (080) 25596045 / 73 Fax: (080) 25597085 Web: www.adorfon.com

E-mail: investorservice@adorfon.com

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Bengaluru 560 058Notes to the Financial Statements (Standalone) **27-40****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

Auditors' Report (Consolidated) **41-42****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

Balance Sheet (Consolidated) **43****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 017Statement of Profit and Loss (Consolidated) **44**Cash Flow Statement (Consolidated) **45****Banker****HDFC Bank Limited**

8/24 Salco Centre Richmond Road Bengaluru 560 025

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NOTICE

Notice is hereby given that the 41st 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 Thursday, August 04, 2016 at 11.30 hours to transact the following business:

ORDINARY BUSINESS

1. Adoption of accounts

To consider and adopt the audited financial statements (including the consolidated statements) of the Company for the financial year ended March 31, 2016 and 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, 2016.

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 and 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 (AGM) held on August 20, 2014, the appointment of M/s. Amarnath Kamath and Associates, Chartered Accountants (Firm Registration No. 13124) as Statutory Auditors of the Company to hold office till the conclusion of the next AGM 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, 2017 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 Branch Auditors

To consider & 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 and other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, the accounts for the year ending March 31, 2017 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."

NOTES

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a Member of the Company. Instrument appointing proxy should, however be deposited at the Registered Office of the Company not less than forty-eight-hours before the commencement of the meeting.

2. A person can act as proxy on behalf of Members not exceeding fifty and holding in 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 Shareholder.

Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorising their representatives to attend and vote on their behalf at the meeting.

During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a Member would be entitled to inspect proxies lodged, at any time during business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

3. Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the meeting is annexed hereto.
4. Register of Members and Share Transfer Books will remain closed from July 26, 2016 to August 04, 2016 (both days inclusive) for the purpose of payment of final dividend.
5. 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.
6. 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.
7. Amount of unclaimed dividend as at March 31, 2016 for the years 2008-09 to 2014-15 aggregate to ₹ 99 lakhs (Rupees ninety nine lakhs).
8. 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).
9. 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.
10. 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.
11. The Company is concerned about the environment and natural resources in a sustainable way. The Companies Act, 2013 and SEBI (LODR) Regulations have enabled companies to send official documents to the Shareholders by electronic mode. 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 & other documents reach you on your preferred e-mail account. In case you hold physical shares, kindly send letter duly signed, quoting your folio reference number to the Registrar and Share Transfer Agent, providing your e-mail address for updation.

12. Copies of Annual Report 2015-16 including Notice to the 41st 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, physical copies of Annual Report are being sent by the permitted mode.
13. Members may also note that the Notice to the 41st Annual General Meeting and Annual Report 2015-16 will be available on the Company's website 'www.adorfon.com'. Physical copies of the aforesaid documents will be available at the Company's Registered Office during normal business hours on all working days.
14. 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.
15. In compliance with Section 108 of the Companies Act, 2013; Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements-LODR) Regulations, 2015, the Company has provided facility to the Members to exercise their votes electronically from **9:00 hours of August 1, 2016 (Monday) to 17 hours of August 3, 2016 (Wednesday)** through electronic voting facility organised by National Securities Depository Limited (NSDL). Voting rights will be reckoned on the paid-up-value of shares registered in the name of the Member(s) as on July 29, 2016. **Any person who acquires shares & becomes a Member of the Company after dispatch of Notice & holding shares as on the cut-off date i.e., July 29, 2016, may obtain 'Login Id & Password' by sending request to NSDL-evoting@nsdl.co.in.** The facility for voting through ballot paper will also be made available at the AGM and Members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.
16. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements-LODR) Regulations, 2015, in respect of Directors seeking appointment/re-appointment at the AGM, is furnished as annexure to the Notice. The Director has furnished consent/declaration as regards appointment/ re-appointment under the Companies Act, 2013 & the Rules thereunder.
17. Shareholder(s) need to furnish printed attendance slip along with valid identity proof such as PAN card, Passport, Aadhar or Driving license to enter the AGM hall.

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 (i) Her Director identification number as 00031985 and (ii) 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

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, 2017 and fix their remuneration.

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.
- 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 FOR ITEM NO. 3 PURSUANT TO SCHEDULE V OF THE COMPANIES ACT, 2013

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)**

Mrs. N Malkani Nagpal

Background details: Mrs. N Malkani Nagpal is a graduate in Commerce with 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 general business and financial functions. As Chairman of Corporate Social Responsibility Committee, she will be responsible for CSR activities. 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(s), the organisations where she has been associated have been bestowed with awards by industrial confederations.

NOTICE

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

- a. **Date of Birth:** July 6, 1971
- b. **Specific area of Expertise:** Finance
- c. **Directorship in Companies (other than Ador Fontech) Public Limited Companies**
Ador Welding Limited, Piem Hotels Limited and Ador Multiproducts Limited.
Private Limited Companies
J B Advani and Company Private Limited, Ador Green Energy Private Limited, 3D Future Technologies Private Limited and 1908 E-Ventures Private Limited.
- d. **Member of Board Committees (other than Ador Fontech Limited):** Three
- e. **Chairman of Board Committees (other than Ador Fontech Limited):** Nil
- f. **Date of first appointment:** July 27, 2006
- g. **Number of shares held in the Company:** 27,350

Others

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

By order of the Board
For **Ador Fontech Limited**

Mumbai
May 09, 2016

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

ANNUAL CERTIFICATIONS

**Declaration pursuant to SEBI (LODR) Regulations, 2015
Regulation 34(3) read with Schedule V (D)**

As the Managing Director of Ador Fontech Limited, I hereby declare and

certify that all 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 2015-16.

**Compliance Certificate pursuant to SEBI (LODR) Regulations, 2015
Regulation 17 (7) and 17(8) read with Schedule II**

Information to be placed before the Board and Compliance certificate have been duly furnished.

**Disclosure pursuant to SEBI (LODR) Regulations, 2015
Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2)**

The Company has complied with disclosure requirements of Corporate Governance and has made submissions to the BSE, besides upload on the website of the Company (www.adorfon.com).

For **Ador Fontech Limited**

HP Ledwani

Managing Director
DIN: 00040629

Mumbai
May 09, 2016

**Declaration pursuant to SEBI (LODR) Regulations, 2015
Regulation 34(3) read with Schedule V (C) (5) (a)**

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

**Declaration pursuant to SEBI (LODR) Regulations, 2015
Regulation 34(3) and 36(3)(C) read with Schedule V (C) (2) (e)**

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

By order of the Board
For **Ador Fontech Limited**

Geetha D

Company Secretary

Mumbai
May 09, 2016

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.

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 dividends, if any, to the following e-mail addresses:

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

Enclosures

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

To the Members,

The Directors have pleasure in presenting the 41st Annual Report and the Audited Statement of Accounts for the year ended March 31, 2016.

1. Financial highlights (₹ in lakhs)

Details	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Revenue	14,707	14,156	14,893	14,342
EBITDA	1,956	2,360	1,822	2,342
Depreciation	312	355	325	363
Profit before tax	1,644	2,005	1,497	1,979
Provision for tax	607	670	612	670
Profit after tax	1,037	1,335	885	1,309

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 (Previous year- Rupees four crores) to the General Reserve. Correspondingly, an approximate amount of Rupees twenty one crores (Previous year - Rupees twenty crores) would be retained in the Surplus.

4. Review of business operations

Performance highlights: During the year, the Company established a state-of-the art 'Thermal Spray Coating' services/facilities at Nagpur. This will enable the Company to provide turnkey solutions to thermal spray coating challenges. The capex involved was rupees two and half crores, entirely funded through internal accruals.

Standalone: In spite of tough economic and market conditions, the Company registered growth in revenue. Going forward, if the performance of the core sector industries significantly improves, it will surely enable the Company to rebound with quantum leap in all parameters of business operations.

Consolidated: Consolidated Financial Statements pertain to Ador Fontech Ltd., Dualrank Fontech (M) Sdn. Bhd. (Joint venture) and 3D Future Technologies Pvt. Ltd. (3DFT-Wholly owned subsidiary). As far as 3DFT is concerned, it commenced operations in the middle of the calendar year 2015 with focus on medical products. Infrastructure requirements have been established, an initial team of ten employees have come on board and the first 3D printer has been installed in Mumbai. The dental range of 3D printed products, will be sold under the brand name 'Flash' and is expected to enter the market by August 2016. 3DFT will strive to achieve break even position within the next two years.

5. Board and its composition

The Company recognises the importance of diverse Board with Members possessing different perspectives, 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 2015-16.

6. 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 and 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 frauds and other irregularities.
- The Directors have prepared 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.

7. Directors

Mrs. N Malkani Nagpal will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. 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 and comply with Regulation 25 of SEBI (LODR).

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

There were no changes in the appointment or resignation of the Board and Key Managerial Personnel. In the Board meeting held on Oct 30, 2015 Mr. A T Malkani took over as the Chairman. Further, the Board placed on record the exemplary work of Mrs. N Malkani Nagpal.

9. Board evaluation

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

10. Audits

Statutory Audit: In respect of the financial year 2015-16, 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 forms part of the Directors' Report & there are no adverse remarks expressed therein.

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 threshold limits. Nonetheless, as per best practice, the Company maintains cost accounting records and has cost control measures in place, besides ensuring conduct of cost audits by external qualified Cost Auditors, year on year.

Internal Financial Controls: In house quarterly audits and annual external audits are conducted to ensure that internal financial controls are adhered and function effectively.

DIRECTORS' REPORT

11. Auditors

Statutory Audit: 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 Audit: The Board has appointed Ms. Manjula Narayan (ACS Membership No. 28374 & CP No.10150), Practicing Company Secretary having office at No. 22/A, 4th Cross, Devasandra, Krishnarajapuram, Bengaluru-36 as Secretarial Auditor for 2016-17.

Cost Audit: M/s. Rao, Murthy and Associates (Firm Registration No. 000065) having office at 23/33 Surveyor's Street, Basavanagudi, Bengaluru-04, have been appointed as Cost Auditors for 2016-17.

12. Joint venture and subsidiary

Wholly owned subsidiary – 3D Future Technologies Private Limited

The Company had infused additional investment of rupees one crore during the financial year 2015-16 in 3DFT aggregating its capital contribution to rupees two crores. The wholly owned subsidiary has utilised the same towards purchase of fixed asset, primarily an imported 3D printer which is a pre-requisite for its functioning. Further, the Company has also provided lien on its mutual fund investments as security to enable 3DFT to meet its working capital requirements. The rationale is to support 3DFT at its nascent stage, but at the same time external funding and servicing of debt will ensure that 3DFT maintains financial prudence and discipline, with mandated prior approval(s) from the parent company at each threshold limits of rupees fifty lakhs over and above an initial utilisation of rupees two crores. The Company has filed requisite documents in this regard with the Registrar of Companies. The current utilisation of overdraft facility by 3DFT as on March 31, 2016 is rupees eighty six lakhs.

Joint venture-Dualrank Fontech (M) Sdn. Bhd.

The Company has made provision for diminution in the value of investment of rupees seventy six lakhs as a matter of conservative approach and to take care of any contingencies, as the Malaysian Auditors' have expressed reservations on the going concern status of the venture. With initial gestation period of five years complete, the Company is closely monitoring and evaluating the functioning of the joint venture in terms of project viabilities and future sustenance.

13. Products

The Company's products are manufactured to international standards and marketed under registered trade-marks.

14. Fixed deposits

The Company did not accept fixed deposits during the year.

15. Liquidity

While the Company continues to be debt-free, working capital of the Company has been on an increase in the recent. Concerted efforts are being made to reduce enhanced cycle time from procurement of raw materials to debtor's collection. As in the past, amount requisite for payment towards employees compensation, creditors and dividend are being maintained in the form of investments/bank deposits to suffice one financial year's requirement.

16. 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, 2016. Further, the Company had also provided loans in tranches during the year, to Dualrank Fontech (M) Sdn. Bhd. amounting to ₹ 25 lakhs to tide over its working capital requirements, with an approximate equivalent contribution coming in from Dualrank (M) Sdn. Bhd.

17. Transactions with related parties

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

18. 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 the Company's operations in the future.

19. 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 of the top Management team. The Board further states that there are no elements of risks which threaten the existence of the Company.

20. Insurance

The Company has sufficient insurance coverage on all its assets. They are renewed on time.

21. 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/Committees in place to prevent harassment and redress grievances, if any.

22. Disclosures

The following reports have been annexed/appended and forms part of the Directors' Report. (i) Management discussion and analysis report (ii) Corporate governance report. (iii) Report on CSR activities including policy, amounts spent & reasons for shortfall in spend. (iv) Nomination and remuneration policy. (v) Extract of annual return. (vi) Conservation of energy, technology absorption, foreign exchange earnings and outgo. (vii) Particulars of arrangements made with related parties. (viii) Particular of employees. (ix) Secretarial audit report.

23. 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 special appreciation to the contribution made by employees at all levels.

On behalf of the Board
For Ador Fontech Limited

A T Malkani

Chairman

DIN: 01585637

Mumbai
May 09, 2016

ANNEXURE 1: MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. The economy

While India may be better in comparison to other world economies, nonetheless the year 2015-16 was not very buoyant even in this sub-continent. The silver lining is, many of the State Governments have held 'Global Investors Meet' and have signed multi-lateral and bi-lateral agreements. Further, the Government is also contemplating disinvestment. These initiatives may take time to materialise. When this gets done, growth will certainly take a big leap forward.

2. Industry structure and development

Welding joins materials by applying heat and sometimes pressure, with or without the use of filler metal. The most common technique is the shielded metal-arc welding, which uses an electric arc to quickly weld a point. Cold welding, a more specialised technique, uses pressure alone to join metals without any heat. Explosion welding uses a controlled blast to pressure two metals. Other welding techniques include: diffusion which uses heat and pressure; laser-beam; ultra-sonic which uses high-frequency vibration etc. Although this industry grew from 1900 to 1980s, thereafter it remained stagnated. In India unlike in other countries repair welding assumed importance & provided impetus to reclaim non renewable minerals. Of late, industrial firms have started to undertake general repairs in their own shops on welded items, such as automotive industry. Further, development of new welding techniques have increased durability of components and is seen as one of the reason for decline in repair works, besides organisation's are increasing utilisation of unused excess capacity to the maximum, as a resultant factor to defer expenditures given the tight financial position.

3. Current year outlook

For reasons stated in industry structure and development, last couple of years have been quite challenging coupled with slow economic growth. This is expected to continue for another year or two. Thereafter growth in core sector industries will drive both fabrication and repair welding. Unlike in the past where these two sectors remained mutually exclusive, of late they seem to be moving in congruence & complimenting, with the latter following the former.

4. Performance

The Company has maintained its revenue and market share. This has ensured boosting of employees morale and confidence for better operational results. Details on financials have been provided as part of the Account Statements including segment/product group reporting.

5. Opportunities

In the long run, opportunities exist in the service sector besides automation. Vital in automation will be to integrate best of components both for efficient performance and cost effectiveness. Commodity products will move on to e-marketing domain and business per se in the long run will be enabled through Information Technology (IT) platform.

6. Risk, threats and concerns

For mid-sized organisations, competition is one of the major factors to be reckoned both from the organised and un-organised sector. Amongst the organised sector, India as an emerging economy provides fertile terrain for organisations to establish business and at the same time the un-organised group with less capital intensity and cheap labour stand a better chance in competition. Coupled with sectoral competition, price war will be one of the major concerns.

7. Internal control system and its adequacy

The Company has several audits conducted by External and Internal agencies to ensure that systems and processes are effective and ensured. Besides, statutory audit, branch audits, internal audits, commercial audits, ISO audits, labour audits, tax audit, transfer pricing audit, cost audit, secretarial audit, the Company has geared itself towards Internal Financial Control System as per recent mandate by factoring and addressing: (i) Entity's risk assessment process (ii) Control activities (iii) Information system & communication (iv) Monitoring of controls.

8. Human resources development

There were 236 employees on the muster roll of the Company as on March 31, 2016. The Company has best endeavoured its thrust on learning to facilitate employee development & enhance productivity.

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 wellbeing 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 on the website: www.adorfon.com/investorinfo/investorsinfo.html.

2. Board of Directors

2.1 Role of the Board of Directors

The primary role of the Board is that of trusteeship to protect and enhance shareholders' value through strategic direction to the Company. The Board exercises its duties with care, skill, diligence and affirms compliance in terms of the Companies Act, 2013, SEBI (LODR) and other applicable legislations in the best possible manner, as regards functioning of the Board, its Committee's and the Organisation, in general.

2.2 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.
- Show cause, demand, prosecution and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences; any material effluent or pollution problems.
- Any material default in financial obligation by the Company/substantial non payment of goods sold by the Company.
- Details of any joint venture/collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order or strictures on the Company or any

ANNEXURE TO THE DIRECTORS' REPORT

adverse view regarding another enterprise that can have a negative impact on the Company.

- n. Significant labour problems & their proposed solution.
- o. Any significant development in human resources/ industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.
- p. Sale of material nature of investments, subsidiaries, assets etc. which are not in the normal course of business.
- q. Quarterly details of foreign exchange exposures and steps taken by the Management to limit the risk of adverse exchange rate movement.
- r. Non-compliance of any regulatory, statutory or listing requirements and shareholder services such as unclaimed dividends, delay in share transfers etc.
- s. Updates on the working of subsidiary and joint venture.

2.3 Composition of the Board

Name of the Director	Category of Directorship
Mr. A T Malkani	Promoter and Executive
Mrs. N Malkani Nagpal	Promoter and Non-Executive
Mr. H P Ledwani	Executive
Mr. N S Marshall	Non-Executive & Independent
Mr. Santosh Janakiram	Non-Executive & Independent
Mr. Rafique Abdul Malik	Non-Executive & Independent

2.4 Director's identification number (DIN)

Name of the Director	Identification numbers
Mr. A T Malkani	01585637
Mrs. N Malkani Nagpal	00031985
Mr. H P Ledwani	00040629
Mr. N S Marshall	00085754
Mr. Santosh Janakiram	06801226
Mr. Rafique Abdul Malik	00521563

2.5 Meetings

During the year 2015-16, four Board meetings were held on April 30, 2015; July 30, 2015; October 30, 2015 & February 10, 2016.

2.6 Attendance and directorships

Attendance at Board meetings, last Annual general meeting, number of directorships in other companies & memberships in committees across various companies:

Name of the Director	Financial year 2015-2016		As on March 31, 2016			
	Attendance at		Other Directorships			
	Board Meet-ings	Annual General Meeting 26.08.15	Nos.	Committee Positions		
				No. of Memb-ership	Chair man	ships
Mr. A T Malkani	Four	Present	One	One	–	
Mrs. N Malkani Nagpal	Four	Present	Three	Three	–	
Mr. H P Ledwani	Four	Present	One	–	–	
Mr. N S Marshall	Four	Present	Two	–	–	
Mr. Santosh Janakiram	Four	Present	–	–	–	
Mr. Rafique Abdul Malik	Two	Absent	Two	Three	Two	

Notes: (i) Directorship excludes Private Limited companies & alternate Directorship (ii) Directors have affirmed compliance w.r.t. the applicable number of Committee positions and Chairmanship as per Regulation 26 of SEBI (LODR).

3. Audit Committee

3.1 Broad terms of reference

- a. Review the Company's financial reporting process and its financial statements.
- b. Review the efficacy of internal control mechanism including financial controls and monitor risk management policies adopted by the Company.
- c. Review reports furnished by Internal/Statutory Auditors and ensure that suitable follow up action is taken.
- d. Examine accounting, taxation and disclosure aspects as stipulated under various legislations.
- e. Recommend appointment/re-appointment as also terms of appointment & remuneration of Auditors; solicit professional guidance & support, wherever required.
- f. Review & monitor Auditor's independence, performance and effectiveness of audit processes.
- g. Examination of financial statements and the Auditors' report thereon.
- h. Approval/ratification of transactions of the Company with related parties.
- i. Scrutiny of inter-corporate loans, investments & deposits.
- j. Soliciting professional and legal opinions, where ever required.
- k. All other applicable matters.

3.2 Meetings

During the year 2015-16, four Audit Committee Meetings were held on Apr 30, 2015; Jul 30, 2015; Oct 30, 2015 & Feb 10, 2016.

3.3 Composition and attendance

Name of the Director	Designation	Attendance
Mr. N S Marshall	Chairman	Four
Mrs. N Malkani Nagpal	Member	Four
Mr. Santosh Janakiram	Member	Four
Mr. Rafique Abdul Malik	Member	Two

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

3.4 Vigil mechanism/Whistle blower policy

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 and 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 grievances, if any. No person is denied access to the Audit Committee. Further, the Company has also constituted a Committee under 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaints were received by the Committee during the financial year 2015-16.

3.5 Risk and hedging

To a large extent changes in currency fluctuations are offset against premium on hedging and hence the Company has not chosen to hedge, except it holds & operates EEFC accounts.