



Life Enhancement Of Industrial Components



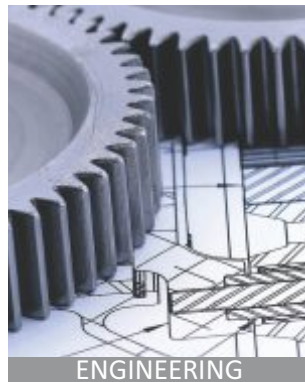
CEMENT



STEEL



POWER



ENGINEERING



RAILWAYS

42nd ANNUAL REPORT
2016-17



Left to right

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

Left to right

BOARD OF DIRECTORS

The Board of Directors

| | |
|-------------------------|----------------------|
| 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 |

Company Secretary

Ms. Geetha D

Management Team

Mr. A T Malkani
 Mr. H P Ledwani
 Mr. Deep A Lalvani
 Mr. P Viswanathan
 Mr. Melville Ferns
 Mr. R Krishnakumar
 Mr. Rajesh V Joshi
 Mr. S V Puntambekar
 Mr. P Gopa Kumar
 Mr. S S Mohiuddin
 Mr. Palgun Vembar

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: investorservice@adorfon.com

Manufacturing Units**Manufacturing Plant I**

486 B-1 14th Cross 3rd Main 4th Phase Peenya Industrial Estate Bengaluru-58

Manufacturing Plant II

A-288 6th Main 2nd Stage Peenya Industrial Estate Bengaluru-58

Reclamation Centre

S-60-61 MIDC Hingna Industrial Estate Nagpur-16

Share Transfer Agent**Integrated Registry Management Services Private Limited**

CIN: U74900TN2015PTC101466

30 Ramana Residency Sampige Road Malleswaram Bengaluru-03

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-17

Banker**HDFC Bank Limited**

8/24 Salco Centre Richmond Road Bengaluru-25

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NOTICE

Notice is hereby given that the 42nd 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 2, 2017 at 11.30 hours to transact the following business:

ORDINARY BUSINESS

1. Adoption of accounts

To consider and adopt the audited financial statements (Standalone and Consolidated) of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors ('the Board') and Auditors thereon.

2. Declaration of dividend

To declare dividend of ₹ 3/- (Rupees three only) per equity share for the financial year ended March 31, 2017.

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 Statutory Auditors

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

RESOLVED THAT pursuant to the proposal of the Audit Committee, approval of the Board and subject to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made there under (as amended from time to time), M/s. Srinivas and Subbalakshmi, Chartered Accountants (Firm registration no. 011350S), be and are hereby appointed as the Statutory Auditors of the Company, to hold office for a period of five consecutive years commencing from the financial year 2017-18, (subject to year on year ratification), on a remuneration that may be determined by the Audit Committee in consultation with the Auditors and that such remuneration may be paid on a progressive billing basis. RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to undertake all necessary steps, including delegation to facilitate such acts, deeds, matters and things as may be deemed necessary in this regard.

Explanation: The Companies Act, 2013 ('the Act') was notified effective April 1, 2014. Section 139 of the Act lays down criteria for appointment and mandatory rotation of Statutory Auditors. Pursuant to Section 139 of the Act and the rules made there under (including any statutory modification or re-enactment thereof), it is mandatory to rotate the Statutory Auditors on completion of two terms of five consecutive years. The rules also lay down transitional period that can be served by the existing Auditors depending on the number of consecutive years for which an audit firm has been functioning as Auditors in the same company. M/s. Amarnath Kamath and Associates, Chartered Accountants (Firm registration no. 000099S) have served the Company for over ten years before the Act was notified and will be completing maximum number of transitional period (three years) at the ensuing Annual General Meeting.

Based on the proposal of the Audit Committee, the Board has recommended appointment of M/s. Srinivas and Subbalakshmi, Chartered Accountants (Firm registration no. 011350S) as the Statutory Auditors to hold office for a period of five consecutive years beginning from the conclusion of the 42nd Annual General Meeting (AGM) till the conclusion of the 47th AGM of the Company, to be held in 2022.

SPECIAL BUSINESS

5. Re-Appointment of Mr. A T Malkani as 'Executive Chairman'

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

RESOLVED THAT pursuant to the recommendation of the Management Development, Nomination and Remuneration Committee; Approval of the Board; Provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 including Rules and Schedules there under; Securities and Exchange Board of India Regulations (particularly SEBI (LODR) Regulations); Listing agreement with the Stock Exchange besides all other applicable legislations including statutory modification(s) or re-enactment(s) thereof as may become applicable from time to time and in terms of the Memorandum and Articles of Association of the Company; approval of Members be and is hereby accorded to the re-appointment of Mr. A T Malkani (DIN 01585637) for a term of three years, as a Whole time Director designated as 'Executive Chairman'.

RESOLVED FURTHER THAT the terms and conditions of appointment/re-appointment including payment of salary, perquisite, incentive/commission (hereinafter referred to as 'remuneration') be effected as per the provisions of the Companies Act, Rules and Schedules there under (including applicable specifications of earlier enactment, transition to the current and future requirements as may be modified from time to time) and in terms of the explanatory statement(s), be and are hereby approved and ratified irrevocably, without further recourse to the Members, provided such amendment(s), if any, being taken cognizance by the Board for necessary implementation.

RESOLVED FURTHER THAT the Board be authorised to seek approval(s) from Statutory/ Regulatory Authorities, if any, that may be required/ deemed to be required at any point in time during the tenure of employment and generally be empowered to do all acts, deeds and things, including execution of necessary documents, instruments, writings, affixation of common seal and make representations/compromise/arbitrate, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director or to the Company Secretary or duly authorised & constituted representative(s), who may do needful, to give effect to the aforesaid resolution.

6. Re-Appointment of Mr. H P Ledwani as 'Managing Director'

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

RESOLVED THAT pursuant to the recommendation of the Management Development, Nomination and Remuneration Committee; Approval of the Board; Provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 including Rules and Schedules there under; Securities and Exchange Board of India Regulations (particularly SEBI (LODR) Regulations); Listing agreement with the Stock Exchange besides all other applicable legislations including statutory modification(s) or re-enactment(s) thereof as may become applicable from time to time and in terms of the Memorandum and Articles of Association of the Company; approval of Members be and is hereby accorded to the re-appointment of Mr. H P Ledwani (DIN 00040629) for a term of three years, as a Whole time Director designated as 'Managing Director'.

RESOLVED FURTHER THAT the terms and conditions of appointment/re-appointment including payment of salary, perquisite, incentive/commission (hereinafter referred to as 'remuneration') be effected as per the provisions of the Companies Act, Rules and Schedules there under (including applicable specifications of earlier enactment, transition to the current and future requirements as may be modified from time to time) and in terms of the explanatory statement(s), be and are hereby approved and ratified irrevocably, without further recourse to the Members, provided such amendment(s), if any, being taken cognizance by the Board for necessary implementation.

RESOLVED FURTHER THAT the Board be authorised to seek approval(s) from Statutory/Regulatory Authorities, if any, that may be required/ deemed to be required at any point in time during the tenure of employment and generally be empowered to do all acts, deeds and things, including execution of necessary documents, instruments, writings, affixation of common seal and make representations/ compromise/arbitrate, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director or to the Company Secretary or duly authorised and constituted representative(s), who may do needful, to give effect to the aforesaid resolution.

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) 139, 143 and other applicable provisions of the Companies Act, 2013 read with rules made there under, the accounts for the year ending March 31, 2018 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 and to fix their remuneration as also the terms and conditions of appointment.

8. Cost Auditors and their remuneration

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 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Company (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, appointment of M/s. Rao, Murthy and Associates (Firm registration no. 000065) and payment of rupees one lakh and twenty five thousand only as remuneration plus applicable taxes thereon for the conduct of Cost Audit of the Company, for the financial year 2017-18 be and is hereby approved and ratified.

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. A person can act as proxy on behalf of a maximum of 50 Members and holding in aggregate not more than 10% of the total share capital of the Company. A Member holding more than 10% of the total share capital of the Company and carrying voting rights may appoint a single person as proxy, provided that the person does not act as proxy, for any other person or shareholder.
2. Corporate members intending to send their authorised representatives to attend are requested to send a certified copy of the Board resolution to the Company or upload it on the e-Voting portal, authorising their representative to attend and vote on their behalf at the meeting.
3. Instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
4. Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the meeting is annexed hereto.
5. Register of Members and Share Transfer Books will remain closed from July 27, 2017 to August 2, 2017 (both days inclusive). Record date will be July 26, 2017 for the purpose of reckoning dividend, if declared, at the Annual General Meeting.

6. 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.
7. 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 to check for their unclaimed dividend(s), if any.
8. Amount of unclaimed dividend as at March 31, 2017 for the years 2009-10 to 2015-16 aggregate to ₹ 108 lakhs (previous year ₹ 99 lakhs).
9. 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).
10. Member(s) are requested to send all share transfer lodgements (physical mode) to Integrated Registry Management Services Private Limited, marking on the envelope-Unit-Ador Fontech Limited.
11. 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.
12. Copies of Annual Report 2016-17 including Notice to the 42nd 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.
13. Members may also note that the Notice to the 42nd Annual General Meeting and Annual Report 2016-17 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.
14. The Company has provided e-Voting as an option. E-Voting will commence from July 30, 2017 at 9:00 hours and end on August 1, 2017 at 17:00 hours. Instructions for the same have 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 July 26, 2017. 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., July 26, 2017 may obtain Login Id & Password by sending a request to NSDL-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.

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

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.

NOTICE

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 Managerial 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.

Item no. 4

The term of current Statutory Auditors ceases with the conclusion of the ensuing AGM. Hence, it is imminent to appoint new Auditors. M/s. Srinivas and Subbalakshmi, Chartered Accountants, (Firm registration no.011350S) have consented to take on the assignment and confirmed that if appointment is made, it will be within the limits specified under the Companies Act, 2013.

The Board recommends the resolution set out at item no. 4 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 Managerial 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) & (b) is concerned or interested in the resolution.

Item no. 5

The term of appointment of Mr. A T Malkani ceased w.e.f. March 31, 2017. Before cessation and based on the recommendation of the Management Development, Nomination and Remuneration Committee; the Board at its meeting held on January 30, 2017 has approved his re-appointment, subject to the consent of Members. Brief profile of Mr. A T Malkani has been provided as part of the Annual Report.

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. A T Malkani as it pertains to his appointment. (b) None of the Key Managerial Personnel (KMP) of the Company is concerned or interested in the resolution. (c) Other than relatives mentioned in sub clause (a) above, comprising Mrs. Rajbir T 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.

Item no. 6

The term of appointment of Mr. H P Ledwani ceased w.e.f March 31, 2017. Before cessation & based on the recommendation of the Management Development, Nomination and Remuneration Committee; the Board at its meeting held on January 30, 2017 has approved his re-appointment, subject to the consent of Members. Brief profile of Mr. H P Ledwani has been provided as part of the Annual Report.

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 except Mr. H P Ledwani as it pertains to his appointment. (b) None of the Key Managerial Personnel (KMP) of the Company is concerned or interested in the resolution. (c) Other than relatives of persons mentioned in sub-clause (a) above, comprising Mrs. Sunila H Ledwani and Mr. Niranjana P Ledwani (holding shares in Ador Fontech Limited) none of the relatives of KMP and other Director(s) is/are concerned 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, 2018 and 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:

(a) No Director of the Company is concerned or interested in the said resolution. (b) None of the Key Managerial 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. 8

Keeping in line the best practices of Corporate Governance, the Board appointed M/s. Rao, Murthy and Associates (Firm registration no. 000065) as Cost Auditors for the financial year 2017-18 and finalised their remuneration. The same is placed for ratification of the Members.

The Board recommends the resolution set out at item no. 8 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 Managerial 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

- Nature of industry:** Life enhancement of industrial components/ Repairs & refurbishment (Genesis – Welding and allied applications).
- Date of commencement of commercial production:** The Company was incorporated on August 22, 1974 and commercial production is on going, both in Peenya and Nagpur factories.
- Expected date of commencement of projects as approved by the financial institutions:** Not applicable
- Financial performance based on given indicators:** Detailed financial statements (including notes to the accounts) and comparative analysis (for last five years) form part of the Annual Report. As per the Companies Act, 2013 read with Rules and Schedules there under, details as at March 31, 2017: (i) Profit reckoned as per Section 198 for the purpose of managerial remuneration is ₹ 1,546 lakhs (ii) Net worth is ₹ 9,462 lakhs (iii) Effective capital is ₹ 8,290 lakhs (iv) The Company has been paying dividend right from its inception and has not defaulted in payments to any of its Stakeholders and is debt-free.
- Foreign exchange investments and/or collaborations:** The Company has made investment in Dualrank Fontech (M) Sdn.Bhd., a Malaysian venture, to the extent of forty eight percent of the equity, besides providing working capital loan.
- Information about the appointee(s)**

Mrs. N Malkani Nagpal (DIN 00031985)

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 nearly twenty years of experience with Ador Group of Companies.

Job profile and suitability: Mrs. N Malkani Nagpal will oversee general business 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 award, the organisations where she has been associated, have been bestowed with awards by industrial confederations.

Remuneration: She will be entitled to sitting fees for attending Board and Committee meetings.

General

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

Mr. A T Malkani (DIN 01585637)

Background details: Mr. A T Malkani is a graduate in Economics from the Oberlin college, Mumbai and has done his masters in Business Administration from the Indian School of Business (ISB). He started his career with J B Advani & Company and moved over to Ador Welding Limited as 'Manager' for international operations.

Job profile and suitability: Mr. A T Malkani has been associated as Director of Ador Fontech Limited for the last ten years. In his current term, he will in particular drive strategic initiatives in all spheres of business operations.

Recognition and awards: Mr. A T Malkani heads Ador Fontech Limited, which has twice been the recipient of 'Forbes Asia Award' under the category of 'Best under a billion dollar company'.

General

- a. **Date of Birth:** August 26, 1980
- b. **Specific areas of Expertise:** Strategy & Operational Management
- c. **Directorship in Companies (other than Ador Fontech)**
Public Limited Company: Ador Welding Limited
Private Limited Companies
 J B Advani & Company Pvt. Ltd., Ador Green Energy Pvt. Ltd.,
 3 D Future Technologies Pvt. Ltd. and NAP Apps Pvt. Ltd.
- d. **Member of Board Committees (other than Ador Fontech):** Nil
- e. **Chairman of Board Committees (other than Ador Fontech):** Nil
- f. **Date of first Appointment:** July 07, 2007
- g. **Number of shares held in the Company:** 5,15,113
- h. **Remuneration:** As per Annexure 1.

Mr. H P Ledwani (DIN 00040629)

Background details: Mr. H P Ledwani is a science graduate and qualified in administrative management from the Jamnalal Bajaj Institute, Mumbai. He has attended several management studies and programmes of premier institutions like Indian School of Business (ISB), Indian Institute of Management (IIM) and Stanford University (USA).

Job profile and suitability: Mr. H P Ledwani has been associated with welding industry for over four decades and has been instrumental in the growth of the organisation right from its inception. In his current role, he will facilitate the organisation's growth and development.

Recognition and awards

In recognition of both 'Leadership and Individual abilities', Mr. H P Ledwani has been bestowed with the following awards:

- a. Udyog Rattan Award by the Institute of Economics Studies
- b. Global Achievers Award for CEO (2012 & 2013) by the Economics Development Forum

General

- a. **Date of Birth:** October 29, 1953
- b. **Specific areas of Expertise:** Organisation & Business development
- c. **Directorship in Companies (other than Ador Fontech)**
Private Limited Company: 3D Future Technologies Pvt. Ltd.
- d. **Member of Board Committees (other than Ador Fontech):** Nil
- e. **Chairman of Board Committees (other than Ador Fontech):** Nil
- f. **Date of first Appointment:** April 23, 1998
- g. **Number of shares held in the Company:** 50,885
- h. **Remuneration:** As per Annexure 2.

OTHERS

1. **Reasons for loss or inadequate profits:** Stagflation in external business environment, particularly in respect of repair welding segment.
2. **Steps taken or proposed to be taken for improvement**
 The Company is endeavouring to align resources and lower overheads.
3. **Expected increase in productivity and profits in measurable terms**
 The Company is targeting increase in manpower productivity in two tranches (i) ₹ 1.5 crores and then (ii) ₹ 2 crores per annum/per sales person by 2020 with a profitability target of 12-15% on revenues. Much depends on the economy, industrial growth and the organisation's leverage in respect of the same.
4. **Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel, if any.**
 Mr. A T Malkani and Mrs. N Malkani Nagpal hold 5,15,113 and 27,350 equity shares in Ador Fontech Ltd. as at March 31, 2017. Both of them belong to the Promoter Group. As Members and Directors of J B Advani and Company Pvt. Ltd. (JBA), besides remuneration/ sitting fees, they hold beneficial interest in Ador Fontech Ltd. along with other Members and Directors of JBA. On the other hand, Mr. H P Ledwani holds 50,885 equity shares. Besides remuneration he does not have any pecuniary relationship either with the Company or with any of its KMP.
5. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person**
 Remuneration to the whole time Directors are comparable with general industrial standards. In companies of similar size, extrapolated in aggregate, remuneration ranges between rupees one hundred and fifty to two hundred lakhs. The Directors qualifications, experience and expertise largely substantiates their compensation package(s).
6. **Compliance:** In terms of the Companies Act, 2013 and as per the terms of employment, any payments/reimbursements, in excess of Statutory limits/regulations/permissions (if any), will at all times, be subject to reimbursement by the Director(s).

Annexure 1 - Terms and conditions of appointment of 'Executive Chairman'**1. Appointment and term**

The Board vide its meeting dated January 30, 2017 appointed/re-appointed Mr. A T Malkani as whole time Director designated as 'Executive Chairman' subject to the approval of the Members at the Annual General Meeting and in compliance of Statutory regulations. The current term shall be for a period of three years, in consonance with the Companies Act, 2013 read with Schedule 'V' including updated notifications/regulations, as may become applicable.

The Chairman shall unless prevented by ill health, throughout the said term continue to devote his full time, attention & abilities to the business of the Company & shall well and faithfully serve the Organisation.

2. Remuneration

The terms of remuneration proposed/payable to Mr. A T Malkani during his tenure as Executive Chairman shall be as follows:

NOTICE

- 2.1 **Salary:** ₹ 3,82,000 (Rupees three lakhs and eighty two thousand only) per month. On a time scale basis: With annual increments in multiples of ₹ 10,000 as may be decided by the Board, reckoned from the financial year 2017-18.
- 2.2 **Housing:** The Company shall provide furnished residential accommodation along with all amenities & facilities or in case no accommodation is provided, the Company shall pay house rent allowance equivalent to sixty percent of the basic salary.
- 2.3 **Medical:** The Company shall reimburse all expenses incurred in India and/or abroad, including payment of mediclaim premium on account of self and family. (Note: Family means 'spouse, dependent children and parents').
- 2.4 **Leave travel concession:** The Company shall pay leave travel concession for self and family, once a year to any destination in India/abroad, as per the rules of the Company, not exceeding an amount equivalent to one and half month's basic salary.
- 2.5 **Club fees:** The Company shall pay fees of clubs (maximum two clubs) including admission and life membership fees.
- 2.6 **Personal accident insurance:** The Company shall pay premium for personal accident insurance policy of a suitable amount.
- 2.7 **Use of vehicle:** The Company shall provide vehicle for official purpose, the expenditure on which will not be considered as perquisite.
- 2.8 **Communication facility at residence:** The Company shall reimburse telephone and other communication facilities, the expenditure on which will not be considered as perquisite.
- 2.9 **Entertainment:** Entertainment on account of Company's business on actual reimbursement basis shall not be considered as perquisite.
- 2.10 **Contribution to life insurance policies:** The Company shall defray premium on life insurance policy taken in the name of the Director, as per general applicable policies of the Company from time to time.
- 2.11 **Provident fund:** The Company shall contribute to provident fund as per the rules of the Company not exceeding 12% of the salary and be subject to the provisions of the Income tax Act and Rules thereunder (as may be amended by the Govt. from time to time).
- 2.12 **Superannuation fund:** The Company shall contribute to superannuation fund as per the rules of the Company subject to the condition that such contribution together with provident fund shall not exceed 27% of the salary as prescribed under the Income tax Act and Rules there under (as may be amended by the Government from time to time).
- 2.13 **Gratuity:** Payable as per rules applicable to the Executives of the Company (subject to such modifications as may be notified by the Govt. from time to time) on cessation of employment.
- 2.14 **Earned/Privilege leave:** Eligible for leave as per the rules of the Company, being one day for every twenty work days. Encashment of unavailed leave, if any, shall be subject to the rules, as are applicable to the employees of the Company.
- 2.15 **Minimum remuneration:** Notwithstanding anything contained in the Companies Act, 2013, where in any financial year, during the currency of tenure as Chairman, the Company has no profits or its profits are inadequate, the Company may pay remuneration either by way of (i) Salary, performance bonus/commission, perquisites and any other allowances not exceeding the limits specified in the Companies Act, 2013 and Schedules therein or in the alternate (ii) Seek approval from Government and such authorities for enhanced payment of remuneration and abide by the terms and conditions of approval thereof.

2.16 **Sitting fees:** No sitting fees will be payable for attending meetings of the Board of Directors or Committee thereof.

2.17 **Extensions:** The duration of appointment with due compliance of statutory/legal requirements, will be subject to extension(s) on approval/ratification by the Board.

3. **Past remuneration:** Guided by the terms and conditions of appointment vide Special resolution passed by the Members of Ador Fontech Limited at the 37th Annual General Meeting held on July 17, 2012 and in terms of the Companies Act, 1956 read with schedules. The same was transitioned to be in compliance (particularly with respect to remuneration) under the Companies Act, 2013 and Schedules there under, including Schedule V as amended vide notification no. S.O.2922E dated 12.09.2016 for the financial year 2016-17.

4. **Stock option:** No stock option or ESOP during the current tenure of employment.

5. Loss of office/termination

The Chairman shall be remunerated for loss of his office (including termination) for the remaining period of his contract except in case where there is no profit or profits are inadequate (reckoned for the purpose of computation of remuneration as at the end of the previous financial year). In case he resigns, he shall give the Company a notice period of six (6) months. The Board of Directors is empowered to act suitably in case of such eventualities.

6. Undertaking

The Chairman shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.

7. Supersession

This agreement supersedes all previous agreements (including amendments thereto) entered in to between the Company and Mr. A T Malkani.

Annexure 2 - Terms and conditions of appointment of 'Managing Director'

1. Appointment

Mr. H P Ledwani has been appointed as the 'Managing Director' of the Company for a period of three years with effect from April 1, 2017 by the Board, subject to the approval of the Members at the AGM.

The Managing Director shall unless prevented by ill health, throughout the said term continue to devote his full time, attention and abilities to the business of the Company and shall well and faithfully serve the Organisation.

2. Remuneration

The terms of remuneration proposed/payable to Mr. H P Ledwani during his tenure as Managing Director shall be as under:

2.1 **Salary:** ₹ 6,60,000 (Rupees six lakhs & sixty thousand only) per month. On a time scale basis: With annual increments in multiples of ₹ 10,000 as may be decided by the Board, reckoned from the financial year 2017-18.

2.2 **Housing:** The Company shall provide furnished residential accommodation along with all amenities & facilities or in case no accommodation is provided, the Company shall pay house rent allowance equivalent to sixty percent of the basic salary.

2.3 Performance Bonus/Incentives

| Criteria based on profits | Percent |
|-------------------------------|---------------------|
| For profits up to ₹ 20 crores | 0.75% of the profit |
| ₹ 20.1 crores to ₹ 35 crores | 1.00% of the profit |
| ₹ 35.01 crores and above | 1.25% of the profit |

Note: Profits implies profits before tax.

- 2.4 Educational allowance:** The Company shall pay an amount equivalent to ₹ 10,000 (rupees ten thousand only) per month.
- 2.5 Medical:** The Company shall reimburse all expenses incurred in India and/or abroad including payment of mediclaim premium on account of self and family. (Note: Family means 'spouse, dependent children and parents').
- 2.6 Leave travel concession:** The Company shall pay leave travel concession for self and family, once a year to any destination in India/abroad, as per the rules of the Company, not exceeding an amount equivalent to one and half month's basic salary.
- 2.7 Club fees:** The Company shall pay fees of clubs (maximum two clubs) including admission and life membership fees.
- 2.8 Personal accident insurance:** The Company shall pay premium for personal accident insurance policy of a suitable amount.
- 2.9 Use of vehicle:** The Company shall provide vehicle for official purpose, the expenditure on which will not be considered as perquisite.
- 2.10 Communication facility at residence:** The Company shall reimburse telephone and other communication facilities, the expenditure on which will not be considered as perquisite.
- 2.11 Entertainment:** Entertainment on account of Company's business on actual reimbursement basis shall not be considered as perquisite.
- 2.12 Contribution to life insurance policies:** The Company shall defray premium on life insurance policy taken in the name of the Director, as per general applicable policies of the Company from time to time.
- 2.13 Provident fund:** The Company shall contribute to provident fund as per the rules of the Company not exceeding 12% of the salary and be subject to the provisions of the Income tax Act and Rules thereunder (as may be amended by the Govt. from time to time).
- 2.14 Superannuation fund:** The Company shall contribute to superannuation fund as per the rules of the Company subject to the condition that such contribution together with provident fund shall not exceed 27% of the salary as prescribed under the Income tax Act and Rules there under (as may be amended by the Government from time to time).
- 2.15 Gratuity:** Payable as per rules applicable to the Executives of the Company (subject to such modifications as may be notified by the Govt. from time to time) on cessation of employment.
- 2.16 Earned/Privilege leave:** Eligible for leave as per the rules of the Company, being one day for every twenty work days. Encashment of unavailed leave, if any, shall be subject to the rules, as are applicable to the employees of the Company.
- 2.17 Minimum remuneration:** Mr. H P Ledwani's shareholding is less than 0.5% of the paid up share capital of the Company and he functions in a professional capacity. He is not related to any of the Director(s) or Promoter(s). In case of no profits or inadequate profits, his remuneration will be reckoned as per the provisions of the Companies Act, 2013 read with Schedule V-Clause A & B (in particular) and amendments thereof or shall be subject to the approval of requisite Authorities/Central Government.
- 2.18 Sitting fees:** No sitting fees will be payable for attending meetings of the Board of Directors or Committee thereof.
- 3. Past remuneration:** Guided by the terms and conditions of appointment vide Special resolution passed by the Members of Ador Fontech Limited at the 37th Annual General Meeting held on July 17, 2012 and in terms of the Companies Act, 1956 read with schedules. The same was transitioned to be in compliance (particularly with respect to

remuneration) under the Companies Act, 2013 and Schedules there under, including Schedule V as amended vide notification no. S.O.2922E dated 12.09.2016 for the financial year 2016-17.

- 4. Stock option:** No stock option or ESOP during the current tenure of employment.
- 5. Loss of office/termination**
The Managing Director shall be remunerated for loss of his office (including termination) for the remaining period of his contract except in case where there is no profit or profits are inadequate (reckoned for the purpose of computation of remuneration as at the end of the previous financial year). In case he resigns, he shall give the Company a notice period of six (6) months. The Board of Directors is empowered to act suitably in case of such eventualities.
- 6. Undertaking**
The Managing Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.
- 7. Supersession**
This agreement supersedes all previous agreements entered in to between the Company and Mr. H P Ledwani.

By order of the Board
For Ador Fontech Limited
Geetha D
Company Secretary

Mumbai
May 08, 2017
CIN: L31909KA1974PLC020010
Regd. Office: Belview 7 Haudin Road Bengaluru-42; Tel: (080) 25596045/73
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 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 2016-17.

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 details have been uploaded on the website of the Company (www.adorfon.com).

For Ador Fontech Limited
H P Ledwani

Mumbai
May 08, 2017
Managing Director
DIN: 00040629

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 Independent Directors and the Company.

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 08, 2017

DIRECTORS' REPORT

To the Members,

The Directors hereby present the 42nd Annual Report on the business operations of the Company and the financial statements for the year ended March 31, 2017.

1. Financial highlights (₹ in lakhs)

| Details | Standalone | | Consolidated | |
|-----------------------|------------|---------|--------------|---------|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Revenue | 14,890 | 14,707 | 14,922 | 14,713 |
| EBITDA* | 1,635 | 1,956 | 1,413 | 1,860 |
| Finance cost/Interest | – | – | 12 | 2 |
| Depreciation | 326 | 312 | 376 | 316 |
| Profit before tax | 1,309 | 1,644 | 1,025 | 1,542 |

*EBITDA- Earnings before interest, tax, depreciation & amortisation.

2. Dividend

The Directors are happy to recommend a dividend of ₹ 3/- (Rupees three only) per share (one hundred and fifty percent).

3. Reserves and surplus

The Directors propose to transfer Rupees one crore (Previous year- Rupees two crores) to the General Reserve. Further, an approximate amount of Rupees twenty three crores (Previous year- Rupees twenty one crores) is proposed to be retained in the Surplus.

4. Review of business operations

Standalone: During the year 2016-17, there were three significant impacts (i) Slow growth (ii) Demonetisation and (iii) Preparedness towards introduction of goods and service tax (GST). To a great extent these may have impacted majority of business organisations, including Ador Fontech Limited, although demonetisation remained a temporary phenomena. In-spite, you will be glad to know that the Company registered increase in revenue. Going forward all efforts are being channelised to boost the performance of the Company, through incremental operational efficiencies with Information technology (IT) as a vital enabler besides thrust on human resources, particularly rationalisation of teams with focus on productivity. While it is essential to scale higher, it is all the more essential to ensure that the basic tenets of business remains well insulated.

Consolidated: During the financial year, the Board vide its meeting dated January 30, 2017 decided to exit from the Malaysian venture, due to consistent non-viability and to better channelise efforts in the local Indian market. Hence financial statements consolidated pertain to only Ador Fontech Limited and 3D Future Technologies Private Limited. The latter is still at its nascent stage and has a capital base of rupees four crores. Import of equipment – capital intensive and deployment of manpower – labour intensive, have both been the necessary payouts in the initial phase of business formation.

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 Executives 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 2016-17.

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.

6. Directors' responsibility statement

Pursuant to Section 134(5) of the Companies Act, 2013 the Directors affirm the following:

- 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 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 have been 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. To familiarise Independent Directors for an hands-on experience, particularly of 'LE-Services' (Life enhancement-of industrial components/Repairs and refurbishment), the Board meetings of October and January were conducted at the Nagpur factory. Further, as part of work ethos, Senior management personnel generally make presentations about the Company's strategy, operations, service offerings, organisation structure, finance, human resources, etc. at the Board, Committee and other Review meetings.

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

There were no changes in the Board during the financial year 2016-17 except, renewal of employment contract of the Chairman and Managing Director, being placed for the approval of Members.

Mr. P Viswanathan, who was the Vice President of the Company has been elevated at the 'Chief Operating Officer (COO)' and will be responsible for Company-wide-achievement of targeted revenue and profits. Sales and Marketing functions spanning the whole of India is divided in to two Strategic Business Units (SBUs) (i) North, Central and West (ii) South I, South II and East. They will be headed by Mr. Melville Ferns and Mr. R Krishnakumar, both of them well experienced in the industry and Vice Presidents of the Organisation. Further, Mr. S V Puntambekar, Vice President will head the group of LE-Services (Repairs & Refurbishment). Mr. S S Mohiuddin and Mr. P Gopa Kumar, Senior General Manager(s), will be in charge of the plant/factory and accounting operations, respectively.

It may be pertinent to state that an organisation's growth is largely chartered by Strategy and New business initiatives, driven by Information Technology. Mr. Rajesh V Joshi, Vice President who has been with the organisation for over two and half decades will head this group, with Mr. Palgun Vembar as his team member, besides the business vertical of thermal spray products and will report to the Managing Director.