

37th *Annual Report 2011-12*

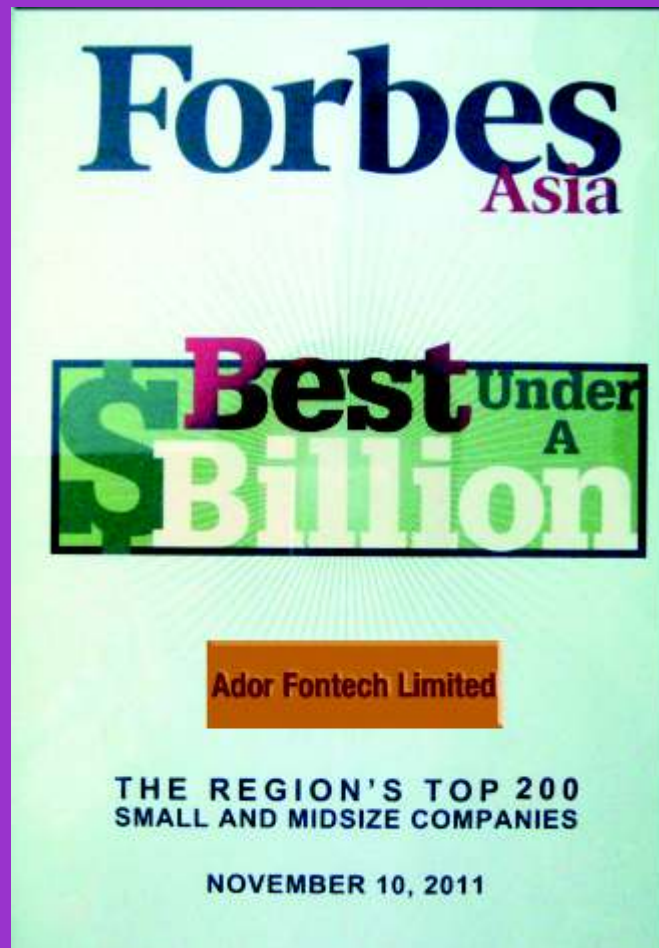


Ador Fontech Limited



Reclamation, Fusion
Surfacing, Spraying &
Environmental Solutions

Certificate of Honour



Mr. H P Ledwani, Managing Director, receiving Forbes Asia Award at "Hong Kong"

Ador Fontech Limited

Board of Directors

Mrs. N Malkani Nagpal Chairman
Mr. H P Ledwani Managing Director
Mr. A T Malkani
Mr. N Srinivasan
Mr. N S Marshall
Mr. Nayan B Pandya

Company Secretary

Ms. Geetha D

Management Team

Mr. H P Ledwani
Mr. M J Kurian
Mr. Muneesh Narain
Mr. P Vishwanathan
Mr. Rajesh V Joshi
Mr. SV Puntambekar
Mr. Melville Ferns
Mr. R Krishna Kumar

Registered and Corporate Office

Belview 7 Haudin Road Bangalore 560 042

Reclamation Centre

S-60-61 MIDC Hingna Industrial Estate Hingna Road Nagpur 440 016

Manufacturing Plant I

486 B-I 4th Cross 3rd Main 4th Phase Peenya Industrial Estate Bangalore 560 058

Manufacturing Plant II

A-288 6th Main 2nd Stage Peenya Industrial Estate Bangalore 560 058

Bankers

HDFC Bank Limited
8/24 Salco Centre Richmond Road Bangalore 560 025

The Bank of Nova Scotia
25/2 S N Towers M G Road Bangalore 560 001

Auditors

Amarnath Kamath and Associates
Chartered Accountants
Carewel House 6th Cross Muniswamappa Layout Opp. Kemp Fort Off HAL Airport Road Bangalore 560 017

Share Transfer Agent

Integrated Enterprises (India) Limited (Formerly Alpha Systems Private Limited)
30 Ramana Residency Sampige Road Malleswaram Bangalore 560 003

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NOTICE

Notice is hereby given that the 37th Annual General Meeting of the Members of the Company will be held at 'Woodlands Hotel Private Limited' # 5 Raja Ram Mohan Roy Road Bangalore 560 025 on Tuesday, July 17, 2012 at 11:30 hours to transact the following business:

ORDINARY BUSINESS

1. Adoption of Accounts

To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the Statement of profit and loss for the year ended on that date, together with the reports of the Directors and Auditors thereon.

2. Declaration of Dividend

To declare dividend for the financial year ended March 31, 2012.

3. Re-appointment of Mr. N Srinivasan as "Director"

To appoint a Director in place of Mr. N Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.

4. Appointment of Statutory Auditors

To appoint the retiring auditors, M/s. Amarnath Kamath and Associates, Chartered Accountants, as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be determined by the Board of Directors in consultation with the Auditors.

SPECIAL BUSINESS

5. 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 provisions of Sections 198, 268, 269, 309, 310, 311, 314 and other applicable provisions and schedules of the Companies Act, 1956, (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and subject to such sanctions and approvals as may be necessary including the Government, the Company hereby approves the re-appointment of Mr. H P Ledwani as a whole-time Director, not liable to retire by rotation, designated as "Managing Director" for a period of five years with effect from April 1, 2012 on the terms, conditions and remuneration as set out in the explanatory statement annexed hereto, with liberty to the Board of Directors to alter or vary any of the terms and conditions of the said appointment, including remuneration as may be agreed to between the Directors and Mr. H P Ledwani or otherwise to the intent that approval be and is hereby granted, irrevocably to the said appointment, by the express authority of this resolution".

6. Appointment of Mr. AT Malkani as "Director/Executive Director"

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

"RESOLVED THAT Mr. AT Malkani, in respect of whom the Company has received notice in writing from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.

FURTHER RESOLVED THAT pursuant to the provisions of Sections 198, 268, 269, 309, 310, 311, 314 and other applicable provisions and schedules of the Companies Act, 1956, (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and subject to such sanctions and approvals as may be necessary including the Government, the Company hereby approves the appointment of Mr. AT Malkani as a whole-time Director designated as "Executive Director" for a period of five years with effect from April 27, 2012 on the terms, conditions and remuneration as set out in the explanatory statement annexed hereto, with liberty to the Board of Directors to alter or vary any of the terms and conditions of the said appointment, including remuneration as may be agreed to between the Directors and Mr. AT Malkani or otherwise to the intent that approval be and is hereby granted, irrevocably to the said appointment, by the express authority of this 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 228 and other applicable provisions of the Companies Act, 1956, and amendments thereof, the accounts for the year ending March 31, 2013 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 226 of the Companies Act, 1956, and that the Board of Directors be and is hereby authorised to decide and appoint such Branch/Unit Auditors in consultation with the Company's Auditors".

NOTES

(a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON BEHALF OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxy form in order to be valid must be lodged at the Registered office of the Company, not later than forty eight hours before the commencement of the meeting.

(b) The 'Register of Members' and 'Share Transfer Books' will remain closed from July 9, 2012 to July 17, 2012 (both days inclusive).

NOTICE

- (c) Members are requested to notify immediately changes, if any, in their address/bank mandate to their respective Depository Participants (DPs) in respect of electronic share account and to the Registrar and Share Transfer Agents - Integrated Enterprises (India) Limited - with all necessary details, in respect of physical share folios.
- (d) Nomination facility is available as per the provisions of the Companies Act, 1956. Those who wish to avail themselves of this facility may send in their nomination forms (Form 2B) either to the Registrar or to the Company at its Registered office.
- (e) Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of seven years from the date of declaration would 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 year(s).
- (f) Amount of unclaimed dividend as at March 31, 2012 for the years 2004-05 to 2010-11 aggregate to ₹ 50,81,548 (Rupees fifty lakh, eighty one thousand, five hundred and forty eighty only).
- (g) To ensure prompt remittance of dividends, we recommend the shareholders to utilise the ECS scheme of the Reserve Bank of India. Kindly send photocopy of a cancelled cheque along with a request letter to the Registrar and Share Transfer Agent (Integrated Enterprises (India) Limited) or to the Depository Participant for shares held in physical and electronic form respectively.
- (h) Members are requested to send all share transfer lodgements (physical mode) to the Registrar and Share Transfer Agent, Integrated Enterprises (India) Limited, marking in the envelope "Unit - Ador Fontech Limited".

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 5

Mr. H P Ledwani started his career with Ador Welding Limited. He joined Ador Fontech Limited on 01.12.1979. He is one amongst the first batch of employees to join the Company. By dint of dedication and hard work, he rose to become the 'Executive Director' on April 23, 1998 and thereafter the "Managing Director". His term of appointment ended on March 31, 2012. As he has been instrumental in developing the Company since inception, the Board at its meeting held on January 20, 2012 recommended his re-appointment/extension of service for a further period of five years with effect from April 1, 2012.

Mr. H P Ledwani will be the 'Chief executive officer' in-charge of day to day operations of the Company.

The terms of remuneration payable to Mr. H P Ledwani during his tenure as "Managing Director" and subject to the provisions of the Companies Act, Statutory Legislations, Regulations and Enactments will be as follows:

1. Salary, allowances and perquisites

1.1 Basic: ₹ 5,20,000 (Rupees five lakh and twenty thousand only) per month.

1.2 On a time scale basis

₹ 5,20,000 with annual increments of ₹ 10,000 or more as may be decided by the Board annually.

1.3 Performance bonus

The Company shall pay to Mr. H P Ledwani performance bonus as may be decided by the Board.

1.4 Housing

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

1.5 Provident fund

Contribution to provident fund at 12% of the salary and subject to such modifications as may be notified by the Government from time to time.

1.6 Superannuation fund

Contribution 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 rules, 1962. (This ceiling may be modified as per applicable Government rules, from time to time).

1.7 Gratuity

Payable as per the rules applicable to the Executives of the Company and subject to such modifications as may be notified by the Government from time to time.

1.8 Earned/Privilege leave

One month's leave for every eleven months of service.

Encashment of unavailed leave, if any, shall be subject to the rules as applicable to the Executives of the Company.

The Managing Director will be entitled to encashment of privilege leave standing to his credit at the time of cessation of his service, provided the maximum days reckoned for encashment would be restricted to the number of days allowed under the Income tax act and rules, as may be in force.

1.9 Medical

The Company shall reimburse all expenses incurred in India and/or abroad (for payment of premium, medical expenses and hospitalisation expenses incurred) on account of self and family. (Note: Family means spouse, dependent children and parents).

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1.10 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.

1.11 Club fees

The Company shall pay fees of clubs (maximum two clubs) including admission and life membership fees.

1.12 Personal accident insurance

The Company shall pay premium for personal accident insurance policy of a suitable amount.

1.13 Use of vehicle

The Company shall provide vehicle for official purpose. (The expenditure on which will not be considered as perquisite).

1.14 Communication facility at residence

The Company shall provide telephone and other communication facilities. (The expenditure on which will not be considered as perquisite).

1.15 Entertainment

Entertainment on account of Company's business on actual reimbursement. (The expenditure on which will not be considered as perquisite).

1.16 Educational allowance

The Company shall pay an amount equivalent to ₹10,000 (Rupees ten thousand only) per month towards education.

1.17 Contribution to life insurance policies

The Company shall contribute to premia on life insurance policies taken in the name of the Managing Director. (As per general applicable policies of the Company from time to time).

1.18 Minimum remuneration

Notwithstanding anything contained in the Companies Act, 1956, where in any financial year, during the currency of tenure as Managing Director, the Company has no profits or its profits are inadequate, the Company may pay remuneration by way of salary, performance bonus/commission, perquisites and any other allowance not exceeding the limits specified in the Companies Act, 1956 and other applicable rules and regulations or as per Government notification that may be issued/amended from time to time.

1.19 Sitting fees

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

2.0 Loss of office/termination

The Managing Director shall be remunerated for loss of his office (including termination) for the remaining period of his contract. In case he resigns, he shall give the Company a notice of six (6) months. The Board of Directors is empowered to act suitably in case of such eventualities.

3.0 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.

4.0 Supersession

This agreement supersedes all previous agreements (including amendments thereto) entered in to between the Company and Mr. H P Ledwani.

5.0 General

The Managing Director will also be entitled towards travel expenditure (including reimbursements) of travel fare/board and lodging/daily allowance/per diem allowance (as may become applicable) to enable discharge of official duties. (The expenditure on which will not be considered as remuneration/perquisite).

The explanatory statement together with notice to be treated as an abstract of the terms and memorandum of interest of the Director under Section 302 of the Companies Act, 1956. Further, a copy of the agreement, detailing terms and conditions as above, is available for inspection to the Members at the Registered office of the Company during business hours on any working day up to the date of the Annual General Meeting.

The Board recommends the resolution set out at item no.5 for approval.

No Director of the Company is concerned or interested in the said resolution except Mr. H P Ledwani, as it pertains to his appointment.

Item no.6

Mr. AT Malkani is due to retire by rotation at the ensuing Annual General Meeting pursuant to the provisions of Companies Act, 1956. In the meantime, the Company received notice along with requisite deposit from a Member proposing the appointment/re-appointment of Mr. AT Malkani as a Director, not liable to retire by rotation.

Further, as the Company is positioned at the point of inflection, it becomes essential to strategise business modules keeping in view the long term growth requirement of the organisation. Mr. AT Malkani as part of the promoter group, evinces keen interest in the development of the

NOTICE

organisation and hence, the Board has recommended his appointment as “Executive Director” subject to the compliance with the provisions of the Companies Act, Statutory Legislations, Regulations and Enactments.

Mr. A T Malkani will be in charge of growth oriented strategic business management. The terms of remuneration payable to him during his tenure as “Executive Director” will be as follows:

I Salary, allowances and perquisites

I.1 Basic: ₹ 3,07,000 (Rupees three lakh and seven thousand only) per month.

I.2 On a time scale basis: ₹ 3,07,000 with annual increments of ₹ 5,000 or more as may be decided by the Board annually.

I.3 Housing

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

I.4 Provident fund

Contribution to provident fund at 12% of the salary and subject to such modifications as may be notified by the Government from time to time.

I.5 Superannuation fund

Contribution 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 rules, 1962. (This ceiling may be modified as per applicable Government rules, from time to time).

I.6 Gratuity

Payable as per the rules applicable to the Executives of the Company and subject to such modifications as may be notified by the Government from time to time.

I.7 Earned/Privilege leave

One month's leave for every eleven months of service.

Encashment of unavailed leave, if any, shall be subject to the rules as applicable to the Executives of the Company.

The Executive Director will be entitled to encashment of privilege leave standing to his credit at the time of cessation of his service, provided the maximum days reckoned for encashment would be restricted to the number of days allowed under the Income tax act and rules, as may be in force.

I.8 Medical

The Company shall reimburse all expenses incurred in India and/or abroad (for payment of premium, medical expenses and hospitalisation expenses incurred) on account of self and family. (Note: Family means “spouse, dependent children and parents”).

I.9 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.

I.10 Club fees

The Company shall pay fees of clubs (maximum two clubs) including admission and life membership fees.

I.11 Personal accident insurance

The Company shall pay premium for personal accident insurance policy of a suitable amount.

I.12 Use of vehicle

The Company shall provide vehicle for official purpose. (The expenditure on which will not be considered as perquisite).

I.13 Communication facility at residence

The Company shall provide telephone and other communication facilities. (The expenditure on which will not be considered as perquisite).

I.14 Entertainment

Entertainment on account of Company's business on actual reimbursement. (The expenditure on which will not be considered as perquisite).

I.15 Contribution to life insurance policies

The Company shall contribute to premia on life insurance policies taken in the name of the Executive Director. (As per general applicable policies of the Company from time to time).

I.16 Minimum remuneration

Notwithstanding anything contained in the Companies Act, 1956, where in any financial year, during the currency of tenure as Executive Director, the Company has no profits or its profits are inadequate, the Company may pay remuneration by way of salary, performance bonus/commission, perquisites and any other allowance not exceeding the limits specified in the Companies Act, 1956 and other applicable rules and regulations or as per Government notification that may be issued/amended from time to time.

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1.17 Sitting fees

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

2.0 Loss of office/termination

The Executive Director shall be remunerated for loss of his office (including termination) for the remaining period of his contract. In case he resigns, he shall give the Company a notice of six (6) months. The Board of Directors is empowered to act suitably in case of such eventualities.

3.0 Undertaking

The Executive 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.

4.0 Supersession

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

5.0 General

The Executive Director will also be entitled towards travel expenditure (including reimbursements) of travel fare/board and lodging/ daily allowance/per diem allowance (as may become applicable) to enable discharge of official duties. (The expenditure on which will not be considered as remuneration/perquisite).

The explanatory statement together with notice to be treated as an abstract of the terms and memorandum of interest of the Director under Section 302 of the Companies Act, 1956. Further, a copy of the agreement, detailing terms and conditions as above, is available for inspection to the Members at the Registered office of the Company during business hours on any working day up to the date of the Annual General Meeting.

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

No Director of the Company is concerned or interested in the said resolution except Mr. AT Malkani as it pertains to his appointment.

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 226 of the Companies Act, 1956, and amendments thereof, to audit the accounts, for the year ending March 31, 2013 and to fix their remuneration.

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

No Director of the Company is concerned or interested in the said resolution .

BRIEF PROFILE OF THE DIRECTORS

I. Mr. N Srinivasan

Mr. N Srinivasan is a Chartered Accountant. He was a senior partner of Deloitte Haskins and Sells/Fraser and Ross. He has served the Accounting and Auditing profession for over five decades. Besides, being a Board member of several well-known companies, he is associated with Associated Chambers of Commerce and Industry of India, Madras Chamber of Commerce and Industry, Indo Australian Chamber of Commerce and the Employees' Federation of Southern India as 'Managing Committee Member'.

(a) Specific areas of expertise

Accounts, Audit and Corporate Finance

(b) Directorship in Companies (other than Ador Fontech Limited)

Public Limited Companies

United Breweries (Holdings) Limited

McDowell Holdings Limited

UB Engineering Limited

Best and Crompton Engineering Limited

Essar Shipping Limited

GATI Limited

The India Cements Limited

India Cements Capital Limited

Redington (India) Limited

Tafe Motors and Tractors Limited

Tractors and Farm Equipment Limited

The United Nilgiri Tea Estates Company Limited

Private Limited Companies

Indair Carriers Private Limited

SCM Microsystems (India) Private Limited

UTWorldwide (India) Private Limited

SGP Exim Private Limited

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- (c) **Member of Board Committees (other than Ador Fontech): Ten**
 (d) **Chairman of Board Committees (other than Ador Fontech) : Five**
 (e) **Number of shares held in the Company: 1 000**
- 2. Mr. H P Ledwani**
 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).
- (a) **Specific areas of expertise**
 Planning, Marketing and General Administration
- (b) **Directorship in Companies (other than Ador Fontech Limited)**
Public Limited Company
 Ador Multiproducts Limited
- (c) **Member of Board Committees (other than Ador Fontech Limited): Nil**
 (d) **Chairman of Board Committees (other than Ador Fontech Limited): Nil**
 (e) **Number of shares held in the Company: 48,875**
- 3. Mr. AT Malkani**
 Mr. AT Malkani is a graduate in Economics and has done his masters in Business Administration. He is an industrialist and represents the second generation of promoter group in Ador Fontech Limited. He started his career with J B Advani and Company and moved over to Ador Welding Limited as 'Manager' for international operations.
- (a) **Specific areas of expertise**
 Strategic and Operational Management
- (b) **Directorship in Companies (other than Ador Fontech Limited)**
Public Limited Companies
 Ador Welding Limited
 Ador Multiproducts Limited
Private Limited Companies
 J B Advani and Company Private Limited
 Ador Green Energy Private Limited
- (c) **Member of Board Committees (other than Ador Fontech Limited): Two**
 (d) **Chairman of Board Committees (other than Ador Fontech Limited): Nil**
 (e) **Number of shares held in the Company: 3,03,166**

Mumbai
 April 27, 2012

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

Disclosure in terms of Clause 49 (IV)(G)(ia) of the Listing Agreement

There are no inter-se-relationship between the Board members.

Mumbai
 April 27, 2012

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

Annual Certification by the Managing Director pursuant to Clause 49 (I)(D)(ii) of the Listing Agreement

As the Managing Director of Ador Fontech Limited and as required pursuant to Clause 49 (I)(D)(ii) of the Listing Agreement, I hereby declare and certify that all the Board Members and Senior Management personnel of Ador Fontech Limited have affirmed compliance with the Code of Conduct adopted by the Company for the financial year 2011-12.

Mumbai
 April 27, 2012

For **Ador Fontech Limited**
H P Ledwani
 Managing Director

DIRECTORS' REPORT

To the Members,

We are delighted to present the Annual Report of the Company for the year ended March 31, 2012.

1. FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Details	2011-12	2010-11
Turnover	16,042	15,011
Operating profit	3,079	2,862
Interest	-	-
Depreciation	243	159
Profit before tax	2,836	2,703
Provision for tax	953	867
Profit after tax	1,883	1,836
Appropriations		
Transfer to general reserve	1,000	1,000
Proposed dividend including distribution tax	611	511
Balance carried forward	272	325

2. DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 3 per share (one hundred and fifty percent) as compared to the previous year of ₹ 2.50 (one hundred and twenty five percent).

3. REVIEW OF BUSINESS OPERATIONS

All over the world including India, major impacts which have affected business in general include:

- Regression in gross domestic product
- High inflation
- Escalation in forex rates
- Steep increase in input cost
- Deferral of infrastructural projects and capital expansion

Given this scenario, the Company has registered moderate growth and balanced its performance, both in terms of revenue and profitability. Going forward, the Company is gearing to meet existing and new challenges that it may have to constantly face and will strive to maintain consistency of business performance.

4. DIRECTORS' RESPONSIBILITY STATEMENT

In the preparation of financial statements, the Board of Directors of the Company has ensured that:

- The applicable accounting standards have been followed.
- The accounting policies are reasonable, prudent and are consistently followed to give a true and fair view of the state of affairs of the Company.
- Proper and sufficient care has been taken for maintenance of adequate accounting records, for safeguarding the assets of the Company and for preventing/detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

5. DIRECTORS

Mr. N Srinivasan retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends the appointment of Mr. N Srinivasan as "Director", Mr. H P Ledwani as "Managing Director" and Mr. A T Malkani as "Executive Director".

6. CORPORATE GOVERNANCE

The Corporate governance report and certificate obtained from the Auditors of the Company is attached to this report.

7. AUDITORS

M/s. Amarnath Kamath and Associates, the Statutory Auditors retire at the conclusion of the Annual General Meeting and being eligible offer themselves for re-appointment. The Branch Auditors will be appointed in consultation with the Statutory Auditors.

8. FIXED DEPOSITS

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

9. PRODUCTS AND SERVICES

The Company is an ISO certified organisation. Besides, some of the products manufactured have 'CE' marking which is a bench mark of European community standard. To further ensure a systemic approach to shop floor working, it has imbibed the culture of 'Lien management'.

DIRECTORS' REPORT

10. PARTICIPATION IN EXHIBITIONS

The Company has during the year participated in 'Weld India Exhibition' at Chennai, which was very well received.

11. AWARDS AND ACCOLADES

The Company was the recipient of "Forbes-Best under a billion dollar company award" at Hong Kong.

12. EMPLOYEES

As has been in the past, the industrial relations with the employees of the Company continue to be cordial. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this report and accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy of the said statement may write to the Company addressed to the Registered office and the same will be sent by post.

13. PARTICULARS OF DISCLOSURE

The information required under the Companies Act, 1956, and amendments thereof is enclosed.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Over the years, the Company has been associated with an upcoming school in a rural area basically catering to the girl children. It facilitated the building of a class room, maths and physics laboratories and has also developed a play park in the vicinity of the school. It has also sponsored programmes for creating general public awareness amongst people to help and support mentally challenged children and their family members. Further, medical support to the underprivileged are rendered from time to time. Last but not the least, traditional folklore and cultural programmes, which are by and large fading memories, are also sponsored to preserve the rich cultural heritage of the country.

15. 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 our appreciation to the contribution made by employees at all levels.

On behalf of the Board
For **Ador Fontech Limited**

N Malkani Nagpal

Chairman

Mumbai

April 27, 2012

ANNEXURE TO THE DIRECTORS' REPORT

Under Section 217 (1) (E) of the Companies Act, 1956

Additional information in terms of notification no. 1029 dated 31.12.1998 by the Department of Company affairs.

CONSERVATION OF ENERGY

Not given as the Company is not covered under the list of specified industries. However, efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.

RESEARCH AND DEVELOPMENT (R and D)

1. Specific areas in which R and D has been carried out:
Efforts are being made to develop special purpose flux-cored wires and electrodes to further improve the product range.
2. Benefits derived as a result of the above R and D:
 - (a) Conservation of basic raw materials coupled with low cost and longer life.
 - (b) Improvement in product quality.
3. Future plan of action:
To make further progress in areas enunciated at item nos. 1 and 2 above.
4. Expenditure on R and D

(a) Capital	: Nil
(b) Recurring	: As of now, it is being maintained as an ongoing part of production activities and a separate head of account is not maintained.
(c) Total	: Not applicable
(d) Total R and D expenditure as a percentage of total turnover	: Not applicable

TECHNOLOGY ABSORPTION AND INNOVATION

1. Efforts in brief made towards technology absorption and innovation: Locally available raw materials are utilised to gain maximum advantage and product development efforts are being made towards indigenisation of equipment.

ANNEXURE TO THE DIRECTORS' REPORT

2. Benefits derived as a result of the above efforts:
 - (a) Product improvement
 - (b) Reduced cost of final products
 - (c) Comparable quality and performance with products produced using imported materials.
3. Details of technology imported during the last five years reckoned from the beginning of the financial year:
 - (a) Technology imported : Nil
 - (b) Year of import : Not applicable
 - (c) Has technology been fully absorbed : Not applicable
 - (d) If not fully absorbed areas where this has not taken place. Give reasons for the same and explain future plan of action, if any : Not applicable
4. Foreign exchange earnings and outgoings: Please refer notes on financial statements - 2.34 to 2.37.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Repair services in welding are directed to conserve valuable resources, enhance safety, cut down operational costs and provide value added savings. Extension of component life through preventive repair is the key market driver with energy, construction (steel and cement), mining and metal fabrication industries continue as the key end users.

The challenges faced by the industry includes:

- (a) Need to locate service units strategically close to the end users.
- (b) Global presence.
- (c) Lack of adequate manpower.
- (d) Perception and sensing of repair needs. Even though Asia Pacific is said to remain the focal point for repair welding market, yet the expected growth forecast is moderately poised at a compounded annual growth rate of four percent.

OPPORTUNITIES

While performance, longevity and durability needs of different industries are expected to drive the market, opportunities would depend on:

- (a) Key competitive forces
Product quality, service, price, brand, reputation and technical support.
- (b) Key technologies
Improved deposition efficiency, coating and welding consumables for dissimilar repair of metals etc.
- (c) Key potential
Establishing local and regional distribution network which can tap potential and sub-serve business requirements.

THREATS

- (a) Global or world wide tie up of OEM's with End-users facilitate extension of operations in India, thereby restricting local business participation.
- (b) Overseas organisations establishing own branch networks.
- (c) Unorganised sector leveraging on cost.

RISKS AND CONCERNS

Concerns emanate from:

- (a) Lack of institutional tie up for repair and maintenance.
- (b) Low prevalence of preventive maintenance.
- (c) Reduction of capital expenditure.

CURRENT YEAR OUTLOOK

Research findings predict a slow pace particularly during the first half of the financial year 2012-13.

HUMAN RESOURCES

Repair welding organisations are largely driven by 'Manpower'. It therefore becomes essential to provide continual training to employees to enhance their skill levels. There is also the constant need to maintain congenial work atmosphere and blend professional work systems with humane approach.

There were 253 employees on the rolls of the Company as on March 31, 2012.

REPORT ON CORPORATE GOVERNANCE

Good governance is an integral part of corporate management. It is a process of building positive relationship with various stakeholders and involves conducting business in a fair and transparent manner. It also implies that, the management must be empowered to drive the enterprise forward without undue restraint and operate within the framework of applicable laws.

The detailed report on corporate governance as per guidelines prescribed by SEBI and incorporated in clause 49 of the Listing agreement is as follows:

1. COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE

The Company is committed to a system of good corporate governance. It firmly believes and consistently practices good business principles by increasing transparency and accountability to its stakeholders, maximising shareholders' value and working towards a motivated work force with updated knowledge.

2. BOARD OF DIRECTORS

2.1 Composition of the Board

Name of the Director	Category of Directorship
Mrs. N Malkani Nagpal	Promoter
Mr. AT Malkani	Promoter
Mr. H P Ledwani	Executive
Mr. N Srinivasan	Non-Executive and Independent
Mr. N S Marshall	Non-Executive and Independent
Mr. Nayan B Pandya	Non-Executive and Independent

2.2 Meetings

During the year 2011-12, four Board meetings were held on April 29, 2011; July 23, 2011; October 19, 2011 and January 20, 2012.

2.3 Attendance and Directorship

Attendance at Board Meetings and last Annual General Meeting, Number of Directorships in other Companies and Memberships in Committees across various Companies:

Name of the Director	Financial year 2011-2012 Attendance at		As on March 31, 2012		
	Board Meetings	Annual General Meeting held on 19.07.2011	Number	Other Directorships	
				Committee Positions	
				No. of Memberships	Chairman
Mrs. N Malkani Nagpal	Four	Present	Five	One	One
Mr. A T Malkani	Four	Absent	Four	Two	-
Mr. H P Ledwani	Four	Present	One	-	-
Mr. N Srinivasan	Four	Present	Sixteen	Ten	Five
Mr. N S Marshall	Four	Present	Ten	-	-
Mr. Nayan B Pandya	Two	Present	Five	-	-

Directorship includes private limited companies and alternate Directorship.

3. AUDIT COMMITTEE

During the year 2011-12, four Audit committee meetings were held on April 29, 2011; July 23, 2011; October 19, 2011 and January 20, 2012.

3.1 Broad terms of reference

Details
To review the Company's financial reporting process and its financial statements.
To review the efficacy of internal control mechanism and monitor risk management policies adopted by the Company.
To review reports furnished by Internal /Statutory Auditors and ensure suitable follow up action is taken.
To examine accounting, taxation and disclosure aspects as stipulated under various legislations.
Recommend appointment/re-appointment of Auditors and solicit professional guidance and support, wherever required.

3.2 Composition and attendance

The composition of the Audit Committee and attendance during 2011-12:

Name of the Director	Number of meetings attended
Mrs. N Malkani Nagpal	Four
Mr. N S Marshall	Four
Mr. Nayan B Pandya	Two

Mr. N Srinivasan and Mr. H P Ledwani are permanent invitees to the Audit committee meetings and were present at all four meetings.

REPORT ON CORPORATE GOVERNANCE

4. REMUNERATION TO DIRECTORS

The remuneration of the Executive Directors are recommended by the Board and approved by the Shareholders.

As regards Non-Executive Director's they are paid sitting fees for attending Board and Committee meetings. They will also be entitled to travel expenditure-not being remuneration/perquisite-of travel fare/board and lodging/ daily allowance/per diem allowance (as may become applicable) to enable discharge of official duties.

4.1 Details of sitting fees paid during 2011-12

Directors	Amount (₹)
Mrs. N Malkani Nagpal	68,000
Mr. AT Malkani	32,000
Mr. N Srinivasan	52,000
Mr. N S Marshall	52,000
Mr. Nayan B Pandya	34,000
Total	2,38,000

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

5.1 Functions of the committee

The Shareholders/Investors' Grievance Committee of the Board looks in to the redressal of Investor's complaints like non-receipt of annual report, dividend payments etc. and matters related to share transfers/transmission, issue of duplicate share certificates, dematerialisation/re-materialisation of shares, and other allied transactions. The Committee has delegated powers to the Executives of the Company, to facilitate ease in operation and quick response.

5.2 Composition and attendance

Name of the Director	Number of meetings attended
Mrs. N Malkani Nagpal	Four
Mr. Nayan B Pandya	Two

Mr. H P Ledwani is a permanent invitee to the committee meetings and was present at all four meetings.

5.3 Number of meetings

During the year 2011-12, four Shareholders' Committee meetings were held on April 29, 2011; July 23, 2011; October 19, 2011 and January 20, 2012.

5.4 Compliance officer

The Board has designated Ms. Geetha D, Company Secretary as the Compliance officer.

5.5 Transfer committee meetings

Twenty transfer committee meetings were held during the year 2011-12.

5.6 Statement of Director's shareholding as on March 31, 2012

Name of the Director	Number of shares
Mrs. N Malkani Nagpal	27,350
Mr. AT Malkani	3,03,166
Mr. H P Ledwani	48,875
Mr. N Srinivasan	1,000
Mr. N S Marshall	1,899
Mr. Nayan B Pandya	-

5.7 Details of Shareholders' complaints received/replied and pending share transfers

The total number of complaints received and replied to the satisfaction of the shareholders during the year 2011-12 were seven.

There were no outstanding complaints as on March 31, 2012. There are no pending share transfers in physical as well as in demat category. All requests received up to March 31, 2012 have been processed.

6. GENERAL BODY MEETINGS

6.1 Location and time, where the last three Annual General Meetings were held

Financial year	Date	Location of the Meeting	Time (hrs.)
2010-2011	19.07.2011	Hotel Ajantha, Bangalore	11.30
2009-2010	26.07.2010	Hotel Ajantha, Bangalore	11.30
2008-2009	16.07.2009	Hotel Ajantha, Bangalore	11.30

REPORT ON CORPORATE GOVERNANCE**6.2 Dividend history**

(₹ in lakhs)

Financial year	Dividend percent	Dividend outflow	Dividend tax outflow	Total amount
2010-11	One hundred and twenty five	438	73	511
2009-10	One hundred and twenty	420	70	490
2008-09	Fifty	175	30	205
2007-08	Fifty	175	30	205
2006-07	Fifty	175	30	205
2005-06	Forty	140	20	160
2004-05	Thirty five	123	17	140

7. DISCLOSURES**7.1 Materially significant related party transactions**

During the year 2011-12, there were no materially significant related party transactions with the Promoters, Directors or the Management, their subsidiaries or relatives etc. that had a potential conflict with the interest of the Company at large.

7.2 Compliances

The Company has complied with various rules and regulations prescribed by the Stock Exchange, Securities and Exchange Board of India and/or any other Statutory Authorities relating to capital markets during the last three years. No penalty or strictures have been imposed by them on the Company.

7.3 Affirmation

To the best of our knowledge, the Company has complied with all mandatory requirements pertaining to corporate governance.

8. PREVENTION OF INSIDER TRADING

The Company has adopted measures for prevention of Insider Trading. The same prohibits purchase/sale of shares of the Company by Insiders while in possession of unpublished price sensitive information.

9. MEANS OF COMMUNICATION

Particulars	Details
Half-yearly/quarterly financial results sent to each shareholders' residence	No
In which newspaper quarterly and half yearly results are normally published	English Business Standard Financial Express Kannada SanjayVani E-Sanjay
Website, where results or official news are displayed	www.adorfon.com
Presentations made to institutional investors or to analysts	Whenever required
Whether Management Discussion and Analysis Report is a part of the Annual Report	Yes

10. GENERAL SHAREHOLDERS' INFORMATION

- Annual General Meeting**

Date : July 17, 2012

Time : 11:30 hours

Venue : 'Woodlands Hotel Private Limited' # 5 Raja Ram Mohan Roy Road Bangalore 560 025

- Equity shares listed at**

Bombay Stock Exchange Limited, Mumbai

- Book closure dates**

July 9, 2012 to July 17, 2012 (both days inclusive)

- Dividend payment dates**

July 18, 2012 onwards

- ISIN**

INE853A01022

- Scrip code**

530431

REPORT ON CORPORATE GOVERNANCE

- Corporate office**
 Belview 7 Haudin Road Bangalore 560 042 Ph: (080)25596045, 25596073 Fax: (080) 25594601, 25597085
 E-mail : investorservice@adorfon.com
- Reclamation centre**
 S-60 and 6I MIDC Hingna Industrial Estate Hingna Road Nagpur 440 016 Ph:(07104) 237260 Fax:(07104) 236823
- Manufacturing plant I**
 486 B-I 14th Cross 3rd Main 4th Phase Peenya Industrial Area Bangalore 560 058
 Ph:(080) 28365751, 65600154 Fax:(080) 28365752
- Manufacturing plant II**
 A-288 6th Main 2nd Stage Peenya Industrial Estate Bangalore 560 058
- Share transfer agent**
 Integrated Enterprises (India) Limited (Formerly Alpha Systems Private Limited)
 30 Ramana Residency Sampige Road Malleswaram Bangalore 560 003 Ph:(080) 23460816-18 Fax:(080) 23460819
- Share transfer system**
 The transfer of shares in physical form is processed and completed by Integrated Enterprises (India) Limited. In case where shares are held in electronic form, transfers are processed by NSDL/CDSL.
- Distribution of Shareholding as on March 31, 2012**

Nominal value (₹)	Shareholders		Shares held	
	Number	Percent	Number	Percent
Up to 5,000	3,789	63.7	12,06,392	6.9
5,001-10,000	910	15.3	8,51,234	4.9
10,001-20,000	435	7.3	6,84,784	3.9
20,001-30,000	338	5.7	8,58,123	4.9
30,001-40,000	73	1.2	2,61,563	1.5
40,001-50,000	129	2.2	6,25,696	3.6
50,001-1,00,000	120	2.0	9,09,582	5.2
1,00,001 and above	155	2.6	1,21,02,626	69.1
Total	5,949	100.0	1,75,00,000	100.0

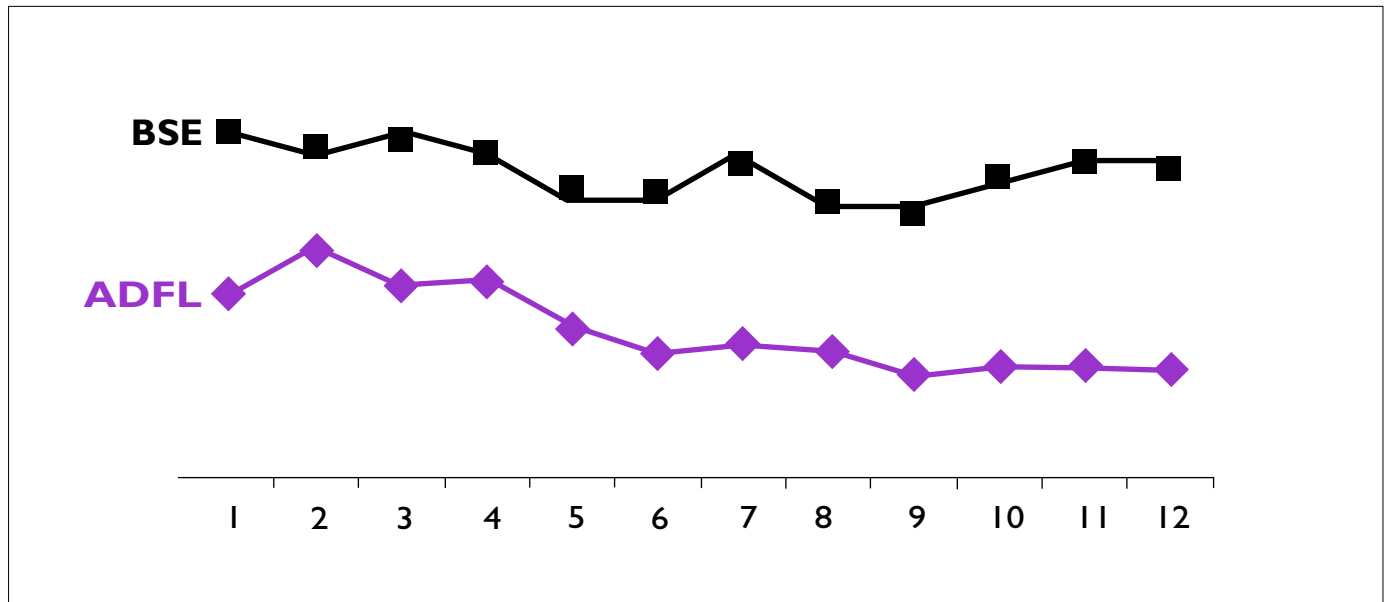
- Dematerialisation of shares and liquidity**
 Eighty eight percent of the paid up share capital of the Company stands dematerialised as on March 31, 2012.
- GDRs/ADRs/Convertible instruments**
 The Company has no outstanding ADRs/ADRs/Warrants or convertible instruments which are likely to have an impact on the Equity shares.
- Reconciliation of share capital**
 During the financial year 2011-12, audits were carried out at the end of every quarter by a qualified Practicing Company Secretary for reconciling the total admitted and listed capital with the total number of shares in physical form and dematerialised shares held with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Duly confirmed reports were submitted to the Stock exchange.
- Stock price data : The Stock Exchange, Mumbai** (Value in ₹)

Month	Open	High	Low	Close
April 2011	87.10	132.80	83.50	121.65
May 2011	120.00	144.00	98.10	141.70
June 2011	141.90	150.90	115.15	124.70
July 2011	124.95	137.90	119.05	127.15
August 2011	127.25	127.50	100.25	105.75
September 2011	108.00	112.95	93.35	95.60
October 2011	94.10	105.00	87.00	98.55
November 2011	98.00	102.50	91.00	96.50
December 2011	95.00	99.50	84.50	87.10
January 2012	86.95	96.90	84.10	89.95
February 2012	90.55	102.00	87.55	90.50
March 2012	94.20	96.90	85.00	89.25

REPORT ON CORPORATE GOVERNANCE

- **Share Price Movement:**

BSE Sensex and the Company's Quotation- a comparative sketch



Monthly closing price from April 2011 to March 2012

II. SHAREHOLDING PATTERN AS ON MARCH 31, 2012

Category	Number of shares	Percentage of shareholding
Promoters' Holding		
Indian Promoters	61,29,856	35.0
Others		
Private Corporate Bodies	6,91,460	4.0
Indian Public	1,06,78,684	61.0
Total	1,75,00,000	100.0

AUDITORS' REPORT

To the Members of Ador Fontech Limited

We have audited the attached Balance sheet of ADOR FONTECH LIMITED as at March 31, 2012 and also the Statement of profit and loss and the Cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches/units of the Company not visited by us. The Auditor's reports of those branches/units have been forwarded to us and have been appropriately dealt with;
3. The Balance sheet, Statement of profit and loss and Cash flow statement dealt with by this report, are in agreement with the books of account and with the audited returns from the branches/units;
4. In our opinion and to the best of our information and according to the explanations given to us, the Balance sheet, Statement of profit and loss and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
5. On the basis of a review of the written representations received from the Directors of the Company as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, and
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (b) In the case of Statement of profit and loss, of the profit for the year ended on that date and
 - (c) In the case of Cash flow statement, of the cash flows for the year ended on that date.

For Amarnath Kamath and Associates
Chartered Accountants
 Firm registration no. 000099S

Bangalore
 April 28, 2012

Amarnath Kamath
 Partner [Membership No. 13124]

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) A substantial portion of the fixed assets have been physically verified by the management during the year. According to the information and explanations given to us, there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
 - (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
2. (a) We are informed that inventories have been physically verified by the management during the year and also at the end of the year. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of account.

ANNEXURE TO THE AUDITORS' REPORT

3. In respect of loans, secured or unsecured, granted or taken by the Company from/to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - (a) The Company had made inter-corporate deposits to one of its group company which has been repaid during the year. Maximum amount outstanding at any time during the year was ₹ 500 lakhs and balance as at March 31, 2012 was Nil.
 - (b) In our opinion, the rate of interest and other terms and conditions of such deposits were not, prima facie prejudicial to the interest of the Company.
 - (c) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.
5. (a) According to the information and explanations given to us, we are of the opinion that transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
 - (b) In our opinion, and according to the information and explanations given to us, transactions made in pursuance of contracts and arrangements referred to in (5)(a) above and exceeding the value of rupees five lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of manufacture of welding electrodes, flux cored wires, bare rods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the records, information and explanations, provided to us, the Company is generally regular in depositing with appropriate authorities, undisputed amounts including Provident fund, Investor education and protection fund, Employees' state insurance, Income tax, Sales tax, Wealth tax, Custom duty, Excise duty, Cess, Service tax and other Statutory dues applicable to it and no undisputed amounts payable were outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.
 - (b) On the basis of our examination of the documents and other records, the following pertains to a disputed liability that has not been fully paid to the concerned authority

Name of the Statute	Details	Amount in ₹	Period to which the amount relates	Forum where dispute/objection raised is pending
Excise Duty	Levy of excise duty on traded imported goods	70,73,413	2002-06	CESTAT, Mumbai

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company did not have any outstanding debentures or any outstanding loans from financial institutions during the year.
12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit/nidhi/mutual benefit fund/society and therefore provisions of clause (xiii) of paragraph 4 of the order is not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. On the basis of the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company had not availed term loans from banks and financial institutions.
17. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.

ANNEXURE TO THE AUDITORS' REPORT

19. The Company did not have outstanding debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Amarnath Kamath and Associates**
Chartered Accountants

Firm registration no. 000099S

Amarnath Kamath

Partner [Membership No. 13124]

Bangalore
 April 28, 2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Ador Fontech Limited

We have examined the compliance of conditions of Corporate Governance by Ador Fontech Limited for the year ended March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the verification of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Amarnath Kamath and Associates**
Chartered Accountants

Firm registration no. 000099S

Amarnath Kamath

Partner [Membership No. 13124]

Bangalore
 April 28, 2012

GREEN INITIATIVE

The Ministry of Corporate Affairs (MCA) has taken up "Green Initiative Measure" as part of corporate governance by allowing paperless compliance by Companies vide circular no. 17/2011 dated 21/4/2011 stating that the Company would have complied with Section 53 of the Companies Act, 1956, if service is made through electronic mode.

To take part in the same, the Company wishes to send documents like Notice convening the General Meetings, Financial Statements, Annual Reports etc. in electronic form to the e-mail address of the Members available/registered with the Company. Further, the aforesaid documents will be uploaded in the website of the Company 'www.adorfon.com'.

In case, Members wish to update their new or changed e-mail identification, request to kindly intimate:

1. Registrar and share transfer agent

irg@integratedindia.in

alfint@vsnl.com

2. Company

investorservice@adorfon.com

The Shareholder(s) holding shares in electronic form are requested to update their e-mail id's with the Depository Participant, where de-mat accounts are held.

Note: For those Members who have not registered their e-mail address or have made specific request, the Company will provide physical copy of the annual report.

BALANCE SHEET

(₹ in lakhs)

Particulars	Note No.	As at 31.03.12	As at 31.03.11
EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	2.1	350	350
Reserves and surplus	2.2	6,072	4,800
Sub-total		6,422	5,150
2 Non-current liabilities			
Long-term liabilities	2.3	335	329
Long-term provisions	2.4	642	640
Sub-total		977	969
3 Current liabilities			
Trade payables	2.5	938	952
Other current liabilities	2.6	860	639
Short-term provisions	2.7	1,100	935
Sub-total		2,898	2,526
TOTAL - EQUITIES AND LIABILITIES		10,297	8,645
ASSETS			
1 Fixed assets			
Tangible assets	2.8	1,481	942
Intangible assets		42	-
Capital work-in-progress		226	461
Sub-total		1,749	1,403
2 Non-current assets			
Non-current investments	2.9	243	50
Deferred tax assets (net)	2.10	382	370
Long-term loans and advances	2.11	180	175
Sub-total		805	595
3 Current assets			
Current investments	2.12	105	100
Inventories	2.13	2,007	1,520
Trade receivables	2.14	2,044	1,480
Cash and cash equivalents	2.15	3,056	2,973
Short-term loans and advances	2.16	531	574
Sub-total		7,743	6,647
TOTAL - ASSETS		10,297	8,645
Significant accounting policies and notes on financial statements (Refer notes-I and 2)			

On behalf of the Board of Directors

N Malkani Nagpal

Chairman

H P LedwaniManaging Director
Mumbai, April 27, 2012**Geetha D**

Company Secretary

As per our report of even date attached

For Amarnath Kamath and Associates**Chartered Accountants**

Firm registration no. 000099S

Amarnath KamathPartner (Membership No. 13124)
Bangalore, April 28, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	Note No.	Year ended 31.03.12	Year ended 31.03.11
1 Revenue from operations (gross)	2.17	16,528	15,342
Less: Excise duty		760	593
Revenue from operations (net)		15,768	14,749
2 Other income	2.18	274	262
3 Total revenue		16,042	15,011
4 Expenses			
(a) Cost of materials consumed	2.19	3,759	2,724
(b) Purchase of traded goods		5,105	5,186
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.20	(378)	(137)
(d) Employee benefit expenses	2.21	1,806	1,729
(e) Depreciation and amortisation expenses		243	159
(f) Finance cost	2.22	4	4
(g) Other expenses	2.23	2,667	2,643
Total expenses		13,206	12,308
5 Profit before tax		2,836	2,703
6 Tax expense:			
(a) Current year		1,000	1,000
(b) Prior years		(35)	-
(c) Deferred tax		(12)	(133)
7 Profit after tax		1,883	1,836
8 Earnings per equity share:			
Basic and diluted	2.24	10.76	10.49
Significant accounting policies and notes on financial statements (Refer notes-I and 2)			

On behalf of the Board of Directors**N Malkani Nagpal**

Chairman

H P LedwaniManaging Director
Mumbai, April 27, 2012**Geetha D**

Company Secretary

As per our report of even date attached

For Amarnath Kamath and Associates**Chartered Accountants**

Firm registration no. 000099S

Amarnath KamathPartner (Membership No. 13124)
Bangalore, April 28, 2012

CASH FLOW STATEMENT

(₹ in lakhs)

Pursuant to clause 32 of the listing agreement with the Stock Exchange

Particulars	Year ended 31.03.12	Year ended 31.03.11
Cash flow from operating activities		
1 Net profit before tax as per Statement of profit and loss	2,836	2,703
Add/(less):		
Depreciation, amortisation and impairment	243	159
Interest expense on dealer deposits	4	4
Loss on sale of investments	-	(2)
Interest and dividend income	(231)	(155)
Bad debts/advances provided		
written-off-net of recovery/write back	(1)	1
Operating profit before changes in working capital	2,851	2,710
Adjustment for:		
Trade receivables	(564)	(219)
Inventories	(487)	(366)
Movement in loans, advances and other current assets	38	(281)
Trade payable	(14)	484
Movement in current liabilities and provisions	294	495
Cash generated from operations	2,118	2,823
Taxes paid	(965)	(1,076)
Net cash from operating activities (A)	1,153	1,747
2 Cash flow from investing activities		
Purchase of fixed assets	(626)	(789)
Sale of fixed assets	38	32
Purchase and sale of investments (net)	(198)	31
Interest and dividend income	231	155
Investment in fixed deposits with banks	17	(1,019)
Net cash from investing activities (B)	(538)	(1,590)
3. Cash flow from financing activities		
Dividend paid including tax	(511)	(490)
Interest expense on dealer deposits	(4)	(4)
Net cash from financing activities (C)	(515)	(494)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	100	(337)
Opening balance of cash and cash equivalents	77	414
Closing balance of cash and cash equivalents	177	77

On behalf of the Board of Directors

N Malkani Nagpal

Chairman

H P LedwaniManaging Director
Mumbai, April 27, 2012**Geetha D**

Company Secretary

As per our report of even date attached

For Amarnath Kamath and Associates
Chartered Accountants

Firm registration no. 000099S

Amarnath KamathPartner (Membership No. 13124)
Bangalore, April 28, 2012

SIGNIFICANT ACCOUNTING POLICIES

NOTE 1: Accounting policies adopted by the Company

Basis of preparation of financial statements

These financial statements are prepared under the historical cost basis of accounting and evaluated on a going concern basis, with revenues recognised and expenses accounted for on their accrual to comply in all material aspects with the applicable accounting principles and applicable Accounting Standards notified U/s. 211 (3C) of the Companies Act, 1956; other relevant provisions of the Companies Act, 1956 and the guidelines issued by the Securities and Exchange Board of India (SEBI).

Use of estimates

The preparation of financial statements require estimates and assumptions to be made that affect the reported balances of assets as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from these estimates. Appropriate changes in estimates are made as and when the Management becomes aware of the changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, their effects are disclosed in the notes to the financial statements.

The following significant accounting policies are adopted in the preparation and presentation of these financial statements:

1 Revenue recognition

- (a) Sales are recognised when goods are supplied and are recorded net of discounts. Sale revenues are presented net of value-added taxes in the Statement of profit and loss.
- (b) Income from conversion job is recognised on its completion and on its acceptance by the customers.
- (c) Dividend income is accounted for in the year in which the right to receive the same is established.
- (d) Interest income is recognised using the time-proportion method, based on rates implicit in the transaction.

2 Fixed assets

Tangible assets shown under gross block are valued at cost of acquisition inclusive of inward freight, duties, taxes and other incidental expenses related to its acquisition. All such direct costs are capitalised when the tangible fixed assets are ready for use.

Intangible assets relating to product development are recorded at actual cost incurred on development of products and are capitalised once the products receive approval from the relevant authorities and the same are carried at cost less accumulated depreciation.

3 Depreciation and amortisation

- (a) Depreciation on tangible assets has been calculated in accordance with the revised Schedule XIV of the Companies Act, 1956 as under:
 - (i) All assets except leasehold interest-on written down value basis.
 - (ii) On lease hold land-on straight line basis over the period of lease.
 - (iii) In case of intangible assets-over a period of four years.
- (b) Depreciation on additions to fixed assets during the current year are charged on a pro-rata basis, for the period of use.
- (c) Depreciation methods, useful lives and residual values of fixed assets are reviewed at each reporting date.

4 Impairment of assets

An impairment loss is charged to the Statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

5 Investments

Valued at cost, inclusive of dividend reinvested thereon.

6 Inventories

- (a) Trading goods -At cost or net realisable value, whichever is lower.
- (b) Raw materials and packing materials -At cost or net realisable value.
- (c) Process stock -At cost or estimated realisable value, whichever is lower and
- (d) Finished goods -At cost or net realisable value, whichever is lower and are inclusive of cenvat thereon.

Note: Cost is determined on a weighted average basis.

7 Employee benefits

- (a) Gratuity: The Company has computed its liability towards future payments of gratuity to employees, on actuarial basis and the charge for the current year is debited to the Statement of profit and loss.
- (b) Superannuation: The Company contributes towards its employees' superannuation fund, for future payment of retirement benefits to employees. The contributions accruing during each year are charged to the Statement of profit and loss.
- (c) Leave encashment: Liabilities are determined by actuarial valuation done at the end of the year and the charge for current year is debited to the Statement of profit and loss.
- (d) Provident fund: Employer's contribution to provident fund is charged to the Statement of profit and loss.

SIGNIFICANT ACCOUNTING POLICIES

8 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate on the date of transaction. Any income or expense on account of exchange difference, either on settlement or on translation, is recognised in the Statement of profit and loss. Liabilities payable in foreign currency are restated at the year-end exchange rates.

9 Leases

Lease rental payments under operating leases are recognised as an expense on a straight line basis in the Statement of profit and loss over the lease term.

10 Taxes on income

(a) Current tax

Provision for current tax is made based on tax liability computed after considering tax allowances and exemptions.

(b) Deferred tax

Provision for deferred tax is made using the applicable rate of taxation, for all timing differences which arise during the year and are reversed in subsequent periods.

11 Provisions and contingent liabilities

Based on the best estimate of the Management, provisions are determined of the outflow of economic benefits which are required to settle the obligation as at the reporting date. Where no reliable estimate can be made, disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation that may, but probably will not, require an outflow of the Company's resources.

12 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

NOTES ON FINANCIAL STATEMENTS

The financial statements for the year ended March 31, 2011 was prepared as per the then-applicable pre-revised Schedule VI of the Companies Act, 1956. Consequent to the notification of the revised schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per the revised schedule VI. Accordingly, the previous year's figures have also been re-classified to conform to this year's classification. The adoption of revised schedule VI for the previous year's figures does not impact recognition and measurement principles followed for the preparation of these financial statements.

NOTE2: Notes on accounts as per revised schedule VI

Shareholders' Fund

The Company has only one class of shares, referred to as equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share and dividend as may be declared at the Annual General Meeting. The right of the shareholders is governed by the Articles of Association and the Companies Act.

2.1 Share capital

Particulars	As at 31.03.12		As at 31.03.11	
	Number	₹ in lakhs	Number	₹ in lakhs
Authorised				
Equity shares of ₹ 2/- each	25000000	500	25000000	500
Issued				
Equity shares of ₹ 2/-each	17500000	350	17500000	350
Subscribed and paid up				
Equity shares of ₹ 2/-each	17500000	350	17500000	350
Subscribed but not fully paid up				
Equity shares of ₹ 2/-each	-	-	-	-
Calls unpaid				
	-	-	-	-
Par value per equity share	2/-	2/-	2/-	2/-

(a) Reconciliation of number of equity shares

Particulars	As at 31.03.12		As at 31.03.11	
	Number	₹ in lakhs	Number	₹ in lakhs
Equity Shares				
Shares outstanding at the beginning of the year	17500000	350	17500000	350
Shares issued during the year/period	-	-	-	-
Shares outstanding at the end of the year	17500000	350	17500000	350

NOTES ON FINANCIAL STATEMENTS

(b) Details of shareholding of more than 5% shares are set out below

Particulars	As at 31.03.12		As at 31.03.11	
	No. of Shares held	% of share holding	No. of shares held	% of share holding
J BAdvani and Company Private Limited	4561045	26.06	4465265	25.52

(c) (i) As on the Balance sheet date (a) The Company did not issue any equity shares as fully paid pursuant to contracts, without payment being received in cash (b) The Company did not issue any fully paid bonus shares.

(ii) The Company also did not buy back any equity shares as on the date of the Balance sheet.

(d) Issue/conversion of equity shares:

As on the date of the Balance sheet, the Company has not issued any securities like convertible preference shares, convertible debentures etc., which are convertible in to equity/preference shares.

2.2 Reserves and surplus

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Capital reserve		
Opening balance	12	12
Additions during the year	-	-
Closing balance	12	12
Securities premium account		
Opening balance	172	172
Add: Received during the year	-	-
Closing balance	172	172
General reserve		
Opening balance	3,800	2,800
Add: For the year	1,000	1,000
Closing balance	4,800	3,800
Surplus in the Statement of profit and loss		
Opening balance	816	491
Add: Profit for the year	1,883	1,836
Less: Transfer to general reserve	1,000	1,000
Proposed dividend on equity shares	525	438
Dividend distribution tax	86	73
Closing balance	1,088	816
Total	6,072	4,800

2.3 Long-term liabilities

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Deferred liabilities	164	157
Deposits from dealers	171	172
Total	335	329

2.4 Long-term provisions

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Provision for warranties	642	640
Total	642	640

2.5 Trade payables

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Sundry creditors for materials	412	419
Sundry creditors for expenses	526	533
Total	938	952

NOTES ON FINANCIAL STATEMENTS

2.6 Other current liabilities

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Advance from customers	61	105
Advance from others	406	152
Statutory liabilities	106	96
Unclaimed dividends	51	39
Others	236	247
Total	860	639

2.7 Short-term provisions

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Provision for employee benefits		
Provision for bonus to employees	12	11
Provision for compensated absences	477	406
Sub-total	489	417
Provisions-others		
Provision for proposed equity dividend	525	438
Dividend distribution tax	86	73
Provision for tax (net of taxes paid)	-	7
Sub-total	611	518
Total	1,100	935

2.8 Fixed assets

(₹ in lakhs)

Particulars	Gross block					Depreciation						Net Block	
	As at 01.04.11	Additions	Disposals	Re-classified as held for sale	Balance as at 31.03.12	As at 01.04.11	For the year	Eliminated on disposal of assets	Impairment losses	Other adjustments	Balance as at 31.03.12	As at 31.03.12	As at 31.03.11
Tangibles													
Freehold	77	-	-	-	77	-	-	-	-	-	-	77	77
Leasehold	7	-	-	-	7	1	-	-	-	-	1	6	6
Buildings	150	479	-	-	629	91	49	-	-	-	140	489	59
Office premises	110	-	-	-	110	58	3	-	-	-	61	49	51
Plant & machinery	707	147	4	5	845	332	68	4	2	3	391	454	375
Electrical equipment	24	17	-	-	41	6	4	-	-	-	10	31	19
Computers	115	62	33	-	144	75	31	27	-	-	79	65	41
Furniture & fixtures	82	27	-	1	108	60	8	-	-	1	67	41	22
Vehicles	475	75	88	-	462	213	71	59	-	-	225	237	260
Office equipment	57	9	5	2	59	26	6	4	1	-	27	32	32
Sub-total	1,804	816	130	8	2,482	862	240	94	3	4	1,001	1,481	942
Intangibles													
Product cost	-	45	-	-	45	-	3	-	-	-	3	42	-
Total	1,804	861	130	8	2,527	862	243	94	3	4	1,004	1,523	942
Previous year	1,607	328	131	-	1,804	802	159	99	-	-	862	942	-

NOTES ON FINANCIAL STATEMENTS

2.9 Non-current investments

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Trade investments (un-quoted)		
Investment in overseas body corporate (Refer note 2.42)	43	-
Non - trade investments (mutual funds, quoted)		
HDFC FMP 370 D fund (500000 units of ₹10 each redeemed during the year)	-	50
HDFC FMP 390 D growth fund (1000000 units of ₹10 each)	100	-
LIC Nomura growth fund (999985 units of ₹10 each)	100	-
Total	243	50
Market value of quoted investments	200	53

2.10 Deferred tax

Deferred tax is recognised subject to consideration of prudence on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and deferred tax liabilities are offset when there is a legal enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(41)	(39)
Tax effect of items constituting deferred tax assets		
Provision for compensated absences	155	135
Provision for warranties	208	213
Provision for indirect tax not acknowledged as debt	60	61
Net deferred tax asset	382	370

2.11 Long-term loans and advances

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Rent deposits	19	24
Security deposits, retention monies, etc.	91	83
Earnest monies deposits	70	68
Total	180	175

2.12 Current investments

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Non-trade investments (mutual funds, quoted)		
HDFC quarterly interval fund (999470.28 units of ₹10 each redeemed during the year)	-	100
HDFC CMF treasury advantage fund (1044566.894 units of ₹10 each)	105	-
Total	105	100
Market value of quoted investments	105	100

2.13 Inventories

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Raw materials	691	583
Stock-in-trade	1,088	762
Work-in-progress	12	15
Finished goods	175	120
Packing materials	28	16
Stores, spares and consumables	13	24
Total	2,007	1,520

NOTES ON FINANCIAL STATEMENTS

2.14 Trade receivables

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured-considered good	40	38
Other trade receivables		
Secured-considered good	59	-
Unsecured-considered good	1,945	1,442
Total	2,044	1,480

2.15 Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Cash in hand	1	1
Cheques, drafts on hand	86	33
Balances with banks in current/EEFC accounts	39	4
Fixed deposit with banks	2,879	2,896
Unclaimed dividend account	51	39
Total	3,056	2,973

Fixed deposits with banks include deposits of ₹ 2,768 lakhs (previous year ₹ 2,834 lakhs) with maturity of more than 12 months.

2.16 Short-term loans and advances

(₹ in lakhs)

Particulars	As at 31.03.12	As at 31.03.11
Taxes, duties, input credits, refund due	429	240
Inter-corporate deposits	-	120
Advance to suppliers	17	82
Security deposit-Secured, considered good	20	14
Loans and advances to employees-Unsecured, considered good	47	76
Prepaid expenses and receivables	18	42
Total	531	574

2.17 Revenue from operations

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Manufactured goods	7,784	6,210
Scrap sales	10	20
Less: Excise duty	760	593
Traded goods	7,220	8,000
Sale of services	1,514	1,112
Total	15,768	14,749

2.18 Other income

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Interest and dividend income	231	155
Net gain-on sale of current investments	-	2
Net gain-foreign currency transactions	5	5
Other non-operating income	38	100
Total	274	262

2.19 Raw materials consumed

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Opening inventory	599	381
Add: Purchases	3,879	2,942
Less: Closing stock	719	599
Total	3,759	2,724

NOTES ON FINANCIAL STATEMENTS

2.20 Changes in inventories

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Inventories at the end of the year		
Finished goods	175	120
Work-in-progress	12	15
Stock-in-trade	1,088	762
Sub-total	1,275	897
Inventories at the beginning of the year		
Finished goods	120	164
Work-in-progress	15	10
Stock- in-trade	762	586
Sub-total	897	760
Net (Increase)/decrease	(378)	(137)

2.21 Employee benefit expenses

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Salaries, allowances and other benefits	1,453	1,293
Contribution to provident and other funds	210	269
Staff welfare	143	167
Total	1,806	1,729

2.22 Finance cost

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Interest expense on dealer deposits	4	4
Total	4	4

2.23 Other expenses

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Rent, rates, taxes and insurance	157	139
Consumables, stores and utilities	134	104
Sub contracting of job works	655	510
Stationery, printing and communication	97	91
Repairs to buildings	35	19
Repairs to machinery	15	12
Others repairs and maintenance	102	61
Professional fees	69	76
Travelling and conveyance	514	427
Freight and forwarding	195	184
Sales commission	289	420
Business promotion	172	116
Provision for warranties	31	284
Payment to Auditors (Refer note 2.38)	11	9
Bank and other charges	27	11
General expenses	164	180
Total	2,667	2,643

2.24 Earnings per share

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Net profit after tax	1,883	1,836
Number of equity shares issued	17500000	17500000
Basic earnings per share of ₹ 2/-each	10.76	10.49

The Company does not have any outstanding dilutive potential equity shares as at March 31, 2012. Consequently, the basic and diluted earnings per share of the Company remain the same.

NOTES ON FINANCIAL STATEMENTS

2.25 Disclosures relating to contingent liabilities and commitments

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Guarantees (bank and corporate)	226	362
Capital commitments	132	73
Disputed excise duty-demand under appeal	71	71

2.26 Operating lease

The Company has entered in to cancellable operating lease with an option to renew in respect of certain godowns, offices and residential premises. The expenditure incurred thereon amounting to ₹ 62,21,948 (Previous year ₹ 72,96,013) has been charged to the Statement of profit and loss.

2.27 Details of sales

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Manufactured goods		
Welding consumables and refurbishment products	7,034	5,637
Traded goods		
Welding consumables	3,020	3,249
Equipment, spares and accessories	4,200	4,751
Services	1,514	1,112
Total	15,768	14,749

2.28 Details of raw materials consumed

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Metallic products	3,108	2,333
Equipment parts and spares	307	-
Others	286	331
Sub-total	3,701	2,664
Packing materials	58	60
Total	3,759	2,724

2.29 Value and percentage of imported and indigenous raw materials, spares and stores consumed

Particulars	Year ended 31.03.12		Year ended 31.03.11	
	Percent	₹ in lakhs	Percent	₹ in lakhs
Raw materials				
Imported	16.60	624	4.60	123
Indigenous	83.40	3,135	95.40	2,601
Total	100.00	3,759	100.00	2,724
Stores and spares				
Imported	-	-	-	-
Indigenous	100.00	93	100.00	65
Total	100.00	93	100.00	65

2.30 Composition of traded goods

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Indigenous	2,015	1,757
Imported	3,090	3,429
Total	5,105	5,186

2.31 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any information from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006. Nonetheless, there are no amounts outstanding for a period beyond the stipulated period as specified under Micro, Small and Medium Enterprises Development Act, 2006.

2.32 Defined contribution scheme

Superannuation: The amounts are determined and defrayed to a trust fund year on year and hence no further liability accrues to the Company on this account as on the date of the Balance sheet.

NOTES ON FINANCIAL STATEMENTS

2.33 Defined benefit obligation

Leave Encashment: Defined benefit obligation of compensated absence (unfunded) amounts to ₹ 477 lakh (Rupees four hundred and seventy seven lakh) as per actuarial valuation. The same has been provided for in the books of account.

2.34 Receipts/earnings in foreign currencies

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Technical fees	81	140
Total	81	140

2.35 Expenditure in foreign currencies

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Travelling expenses	53	47
Conferences	28	22
Total	81	69

2.36 CIF value of imports

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Raw materials	443	238
Traded goods-Equipment, spares and refurbishment products	2,215	2,036
Traded goods-Welding consumables	875	1,393
Plant and machinery	8	48
Total	3,541	3,715

2.37 Particulars of unhedged foreign currency exposures as on the date of the Balance sheet

(₹ in lakhs)

Particulars	As at 31.03.12		As at 31.03.11	
	Foreign currency	Indian currency	Foreign currency	Indian currency
US Dollar	2	112	5	224
Euro	1	75	1	69
Swiss Franc	-	-	1	10

2.38 Payment to auditors

(₹ in lakhs)

Particulars	Year ended 31.03.12	Year ended 31.03.11
Statutory audit	7	5
Taxation	2	2
Other services	2	2
Total	11	9

2.39 Defined benefit obligation: Gratuity (As certified by the Actuary)

(₹ in lakhs)

Particulars	2011-12
1. Changes in defined benefit obligation	
Obligation at the beginning of the year	121
Interest cost	10
Service cost	10
Actuarial (gain)/ loss	9
Past service cost	78
Benefits paid	(1)
Obligation at the end of the year	227
2. Changes in the fair value of assets	
Opening fair value of plan assets	116
Expected return on plan assets	9
Actuarial gain/(losses)	5
Contribution made by Employer	45
Benefits paid	(1)

NOTES ON FINANCIAL STATEMENTS

2.39 Defined benefit obligation: Gratuity-continued

(₹ in lakhs)

Particulars	2011-12
Closing fair value of plan assets	174
3. Liability recognised in the Balance sheet	
Present value of funded obligations	227
Fair value of plan assets	(174)
Net liability	53
4. Expenses recognised in the Statement of profit and loss	
Service cost	10
Interest cost	11
Expected return on plan assets	(9)
Actuarial (gain)/ loss	3
Past service cost	78
Total expenses included in employee benefit expenses	93
Assumptions	
Discount factor	8.15%
Estimated rate of return on plan assets	7.50%
Salary increase	7.00%
Attrition rate	
21-44 years	2%
45-57 years	1%
Retirement age	58 years

2.40 Related party transactions

(a) Names of related parties and description of relationship with the Company

- (i) Associate companies : J B Advani and Company Private Limited, Ador Welding Limited, Ador Multiproducts Limited and Ador Powertron Limited
- (ii) Key managerial personnel : Mr. H P Ledwani
- (iii) Relatives of key managerial personnel : Mrs. Sunila H Ledwani

(b) Nature of transactions with related parties

(₹ in lakhs)

Particulars	J B Advani & Company	Ador Welding Limited	Ador Multiproducts Limited	Ador Powertron Limited	Key Management Personnel	Relatives of Key Management Personnel
Purchase of traded goods	37 (65)	197 (283)	- (-)	15 (-)	- (-)	- (-)
Rent paid	- (-)	5 (-)	- (-)	- (-)	- (-)	18 (15)
Royalty payment	- (-)	3 (3)	- (-)	- (-)	- (-)	- (-)
Sale of manufactured goods	- (-)	2 (4)	1 (-)	12 (-)	- (-)	- (-)
Remuneration	- (-)	- (-)	- (-)	- (-)	126 (108)	- (-)
Lease rental deposits and other charges	- (-)	- (-)	- (-)	4 (-)	10 (10)	- (-)
Transfer of research/product cost	- (-)	- (-)	- (-)	45 (2)	- (-)	- (-)
*ICD	- (-)	- (-)	- (-)	380 (120)	- (-)	- (-)
Interest on ICD	- (-)	- (-)	- (-)	32 (10)	- (-)	- (-)

NOTES ON FINANCIAL STATEMENTS

- (a) *Inter-corporate-deposit provided by Ador Fontech Limited to Ador Powertron Limited has been repaid in full during the year.
 (b) As regards related parties there are no balances due or outstanding as at March 31, 2012.
 (c) Previous year's data have been reflected in brackets.

2.41 Disclosure under clause 32 of the listing agreement

(₹ in lakhs)

Particulars	Year ended 31.03.12		Year ended 31.03.11	
	Outstanding	Max. outstanding	Outstanding	Max. outstanding
*Inter-corporate-deposit (ICD)				
Ador Powertron Limited	Nil	500	120	120

2.42 Investment in joint venture

Name of the Joint Venture : Dualrank Fontech (M) Sdn. Bhd.

Company registration number : 905260-H

Country of incorporation : Malaysia

Authorised share capital : 10,00,000 ordinary shares of Malaysian ringgit one each.

Issued and paid up share capital : 6,00,000 ordinary shares of Malaysian ringgit one each.

Percentage of ownership interest : Forty eight percent-Current holding-2,88,000 ordinary shares of Malaysian ringgit one each.

The financial year of the joint venture company ends on June 30, 2012 and hence the Company's share of profit or loss will be considered in the accounts of subsequent years.

2.43 Segment reporting

- (a) Segment policies: Revenues and identifiable operating expenses in relation to the segments are categorised based on items that are individually identifiable to that segment. In cases where the management believes it is not practical to provide disclosure relating to some expenses, then these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company.
- (b) Business segments: For Management reporting purposes, the Company is organised in to two major operating segments:
 (i) Products
 (ii) Services
 The above segments have been identified taking in to account the organisation structure as well as the differing risks and returns of these segments.
- (c) The accounting policies adopted for segment reporting are in line with the accounting policies adopted by the Company for the purpose of these financial statements.

(₹ in lakhs)

Particulars	Financial year 2011-12			Financial year 2010-11		
	Products	Services	Total	Products	Services	Total
Segment revenue from operations	14,254	1,514	15,768	13,637	1,112	14,749
Segment results	2,173	488	2,661	2,177	344	2,521
Unallocated expenses	-	-	109	-	-	100
Operating income	-	-	10	-	-	20
Other income	-	-	274	-	-	262
Profit before tax	-	-	2,836	-	-	2,703
Capital employed						
Segment assets	8,576	990	9,566	7,270	855	8,125
Segment liabilities	3,552	321	3,873	3,150	345	3,495
Net capital employed	5,024	669	5,693	4,120	510	4,630
Unallocable assets	-	-	729	-	-	520
Total capital employed	-	-	6,422	-	-	5,150
Capital expenditure	-	-	861	-	-	328
Depreciation and amortisation	-	-	243	-	-	159

2.44 Realisations

In the opinion of the Board and to the best of its knowledge and belief, the value on realisation of current assets, loans and advances, will in the ordinary course of business be not less than the amounts at which they are stated in the Balance sheet.

2.45 Contractual liabilities

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

2.46 Amounts in the financial statements

Amounts in the financial statements are rounded off to rupees in lakhs.

BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I Registration details	
- Registration/CIN	L31909KA1974PLC020010
- State code	08
- Balance sheet date	31.03.2012
II Capital raised during the year	
- Public/fresh issue	-
- Rights issue	-
- Bonus issue	-
- Private placement	
	(₹ in lakhs)
III. Position of mobilisation and deployment of funds	
- Equities and liabilities	10,297
- Assets	10,297
Sources of funds	
- Share capital	350
- Reserves and surplus	6,072
- Long-term liabilities	335
- Long-term provisions	642
- Trade payables	938
- Other current liabilities	860
- Short-term provisions	1,100
Application of funds	
- Net fixed assets (including capital work-in-progress)	1,749
- Non-current investments	243
- Deferred tax assets (net)	382
- Long-term loans and advances	180
- Current investments	105
- Inventories	2,007
- Trade receivables	2,044
- Cash and cash equivalents	3,056
- Short-term loans and advances	531
IV. Performance of the Company	
- Turnover and other income	16,042
- Total expenditure	13,206
- Profit before tax	2,836
- Profit after tax	1,883
- Net earnings per share	10.76
- Dividend rate (percent)	150
V Generic names of principle products/service, of the Company	
Item code no. : 83111000	
Product description : Welding electrodes (low heat)	
Item code no. : 83112000	
Product description : Flux cored arc welding consumables	

On behalf of the Board of Directors

N Malkani Nagpal
Chairman

H P Ledwani
Managing Director
Mumbai, April 27, 2012

Geetha D
Company Secretary

As per our report of even date attached

For Amarnath Kamath and Associates
Chartered Accountants

Firm registration no. 000099S

Amarnath Kamath
Partner (Membership No. 13124)
Bangalore, April 28, 2012

ADOR FONTECH LIMITED

Registered Office: Belview 7 Haudin Road Bangalore 560 042

PROXY FORM

I/We of being a Member /Member(s) of the above named Company hereby appoint of or failing him/her. of as my/our proxy to attend and vote for me/us on my/our behalf at the 37th Annual General Meeting of the Company to be held on Tuesday, July 17, 2012 at 11:30 hours at Hotel 'Woodlands Hotel Private Limited' # 5 Raja Ram Mohan Roy Road Bangalore 560 025 and at any adjournment thereof.

*I/We wish my/our above Proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
Adoption of Accounts and Reports		
Declaration of Dividend		
Re-appointment of Mr. N Srinivasan as "Director"		
Appointment of Statutory Auditors		
Re-appointment of Mr. H P Ledwani as "Managing Director"		
Appointment of Mr. A T Malkani as "Director/Executive Director"		
Appointment of Branch Auditors		

Signed this day of 2012. Signature.....

Reference Folio No./Client ID No..... Shares held

Notes:

1. Proxy form to be effective, should be deposited at the Registered office of the Company at Belview 7 Haudin Road Bangalore 560 042 not less than forty eight hours before the commencement of the aforesaid meeting.
2. A proxy need not be a Member of the Company.
3. This is only optional. Please mark "X" in the appropriate column against the resolutions indicated in the box. If you leave the "For" or "Against" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the meeting.

**ADOR FONTECH LIMITED**

Registered Office: Belview 7 Haudin Road Bangalore 560 042

ATTENDANCE SLIP

L F No **Number of shares**.....

DP ID **Client ID**.....

I hereby record my presence at the 37th Annual General Meeting of the Company on Tuesday, July 17, 2012 at 11:30 hours at 'Woodlands Hotel Private Limited' # 5 Raja Ram Mohan Roy Road Bangalore 560 025.

Name of the Shareholder (in block letters)

Signature of the Shareholder

Name of the Proxy (in block letters)

Signature of the Proxy

Notes:

1. You are requested to sign and hand over this slip at the entrance of the meeting venue.
2. This attendance is valid only in case shares are held as on the date of the meeting.

Weld India 2011

International Welding Technology Exhibition



GOVERNING PRINCIPLES

VISION

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

MISSION

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

SHARED VALUES

Delighting customers is first and foremost.

Employees who enjoy their work.

Living up to our shared values.

Innovateness and continuous improvements in all our work processes.

Growth is our way of life.

Honouring commitments top down.

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



ADFL BRANDS

HT-ARC[®] Welding, Cutting and Welder Safety Equipment

LHMATIC[®] Flux Cored Arc Welding Wires

LH-ALLOY[®] Low Heat Input Welding Alloys

LE-SERVICES[®] Life Enhancement Solutions and Services

ENDURAPLATE[®] Composite Wear Plates

FON NETWORK

CORPORATE OFFICE

Belview 7 Haudin Road Bangalore 560 042

E-mail: customerservice@adorfon.com Website: www.adorfon.com

NORTH DIVISIONAL OFFICE

C-116 Industrial Area Phase I Naraina New Delhi 110 028

E-mail: north@adorfon.com

EAST DIVISIONAL OFFICE

P-6 CIT Road 1st Floor Scheme 55 Moulali Kolkata 700 014

E-mail: east@adorfon.com

WEST DIVISIONAL OFFICE

208 2nd Floor Ashok Service Industrial Estate LBS Marg Bhandup (W) Mumbai 400 078

E-mail: west@adorfon.com

SOUTH DIVISIONAL OFFICE

3/3 2nd Floor Tower Block Unity Building J C Road Bangalore 560 002

E-mail: south@adorfon.com

MANUFACTURING PLANT 1

486 B-1 14th Cross 3rd Main 4th Phase Peenya Industrial Area Bangalore 560 058

plantbgl@adorfon.com

MANUFACTURING PLANT 2

A-288 2nd Stage Peenya Industrial Area Bangalore 560 058

plantbgl@adorfon.com

RECLAMATION SERVICE CENTRE

S-60-61 MIDC Hingna Industrial Estate Nagpur 440 016

E-mail: frs@adorfon.com

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080	25596045 25596073	25594601 25597085
011	25897133 25791683	25798007
033	22841537	22849585
022	25961351 25900240	25962035
080	22223805 22226682	22226279
080	28365751 65600154	28365752
080	28360988 41170483	28362805
07104	237260	236823



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