



Reclamation, Fusion
Surfacing & Spraying Solutions

Ador Fontech Limited

**36th
ANNUAL
REPORT**

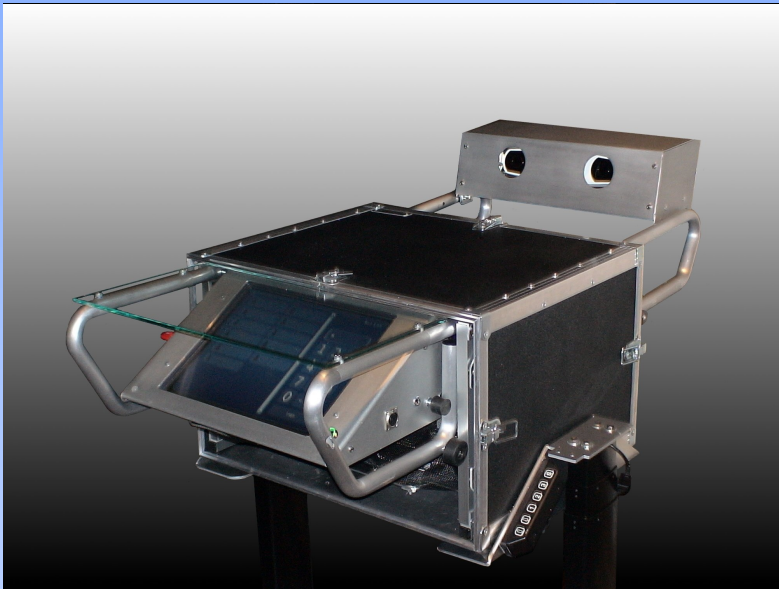
Towards Green Environment



*Life enhancement of
industrial components*

Welding Simulator

Beyond technology... Virtual reality in the welding industry!

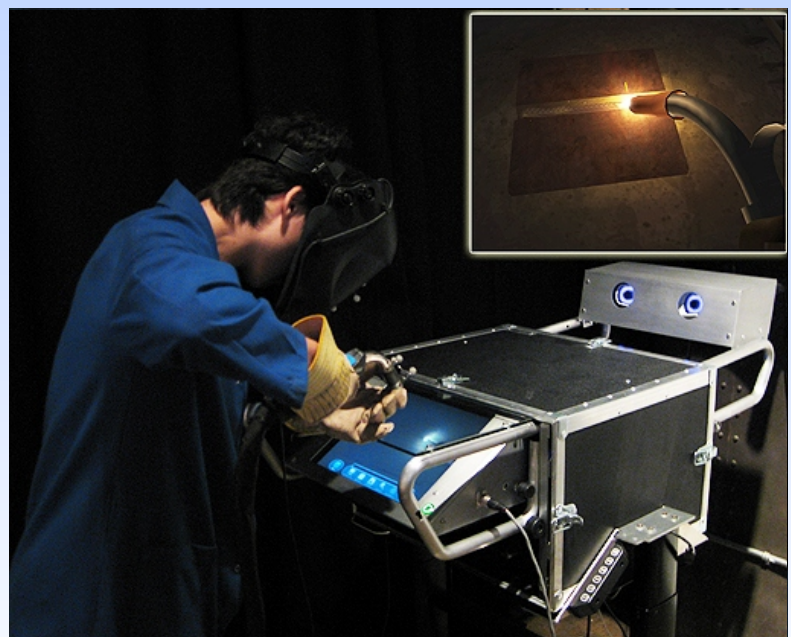


Equipment

- Adjustable platform
- 15" (38 cm) touch screen
- Motion tracking technology
- Welding mask with virtual reality components
- Universal adapters for real welding handles
- Portable and easy to set-up

Cost savings

- Estimated payback per unit of 6-12 months, based on savings in welding equipment, consumables, plate preparation and supervision
- Green friendly technology



Ador Fontech Limited

The 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. S V Puntambekar
Mr. Melville Ferns
Mr. R Krishna Kumar

Registered and Corporate Office

Belview 7 Haudin Road Bangalore 560 042

Manufacturing Plant

1. S-60-61 MIDC Hingna Industrial Estate
Nagpur 440 016
2. No. 486 B-1 14th Cross 3rd Main 4th Phase
Peenya Industrial Estate Bangalore 560 058
3. A-288 6th Main 2nd Stage Peenya Industrial
Estate Bangalore 560 058

Registrar and Share Transfer Agent

Integrated Enterprises (India) Limited
(Formerly Alpha Systems Private Limited)
No. 30 Ramana Residency Sampige Road
Malleswaram Bangalore 560 003

Auditors

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

Bankers

HDFC Bank Limited
The Bank of Nova Scotia

Contents

01

Notice

03

Directors' Report

04

Management Discussion and Analysis Report

05

Report on Corporate Governance

08

Auditors' Report

10

Balance Sheet

11

Profit and Loss Account

12

Schedules

17

Significant Accounting Policies

17

Notes to the Accounts

24

Cash Flow Statement

25

General Business Profile

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Members of the Company will be held at Hotel Ajantha 22-A Mahatma Gandhi Road Bangalore 560 001 on Tuesday July 19, 2011 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, 2011 and the Profit and Loss Account for the year ended on that date, together with the Report of the Directors and the Auditors thereon.

2. Declaration of Dividend

To declare dividend for the financial year ended March 31, 2011.

3. Reappointment of Mrs. N Malkani Nagpal

To appoint a Director in place of Mrs. N Malkani Nagpal, who retires by rotation and being eligible, offers herself for reappointment.

4. Reappointment of Mr. N S Marshall

To appoint a Director in place of Mr. N S Marshall, who retires by rotation and being eligible, offers himself for reappointment.

5. Appointment of Statutory Auditors

To appoint 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

6. Appointment of Mr. Nayan B Pandya

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

"RESOLVED THAT Mr. Nayan B Pandya, who was appointed as Additional Director of the Company and who holds office up to the date of the Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956, and Article 123 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

7. Appointment of Branch Auditors

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

"RESOLVED THAT pursuant to Section 228 and other applicable provisions of the Companies Act, 1956, and amendments thereof, the accounts for the year ending March 31, 2012 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.

Corporate Members are requested to send duly certified copy of the Board resolution, pursuant to Section 187 of the Companies Act, authorising the representative to attend and vote at the Annual General Meeting.

- b. The 'Register of Members' and 'Share Transfer Books' will remain closed from July 9, 2011 to July 19, 2011 (both days inclusive).
- c. Members are requested to notify 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 Agent - 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. 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, 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).
Members are advised that in terms of Section 205C of the Companies Act, no claim shall lie with respect to unclaimed dividend, after it is transferred to the 'IEPF' (Investor Education and Protection Fund).
- f. Amount of unclaimed dividends as at March 31, 2011 for the years 2003-04 to 2009-10 aggregate to ₹ 39,46,410/- (Rupees thirty nine lakh forty six thousand four hundred and ten 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.

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

Item no. 6

Mr. Nayan B Pandya was appointed as an Additional Director by the Board on April 29, 2011. Further, the Company has received notice along with requisite deposit from a Member under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Nayan B Pandya as a Director. Hence, the resolution is placed before the Shareholders for approval.

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. Nayan B Pandya, as it pertains to his appointment.

NOTICE

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, 2012 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

1. Mrs. N Malkani Nagpal

Mrs. N Malkani Nagpal is a graduate in Commerce with a master's degree in Business Administration. She is an industrialist by profession and represents the second generation of promoter group in Ador Fontech Limited.

a. Specific area of expertise:

Finance

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

(i) Public Limited Companies:

Ador Welding Limited

Ador Multiproducts Limited

Piem Hotels Limited

(ii) 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): Three

d. Chairman of Board Committees (other than Ador Fontech Limited): Two

e. Number of shares held in the Company: 27350

2. Mr. N S Marshall

Mr. N S Marshall is a British national of Indian origin. He holds a master's degree in Business Administration.

a. Specific areas of expertise:

Production, Planning and Leadership

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

(i) Public Limited Companies:

Simmonds Marshall Limited

(ii) Private Limited Companies:

J N Marshall Engineering Private Limited

Marshall Poultry Farm (India) Private Limited
Langford Estates Private Limited
S J Marshall Trading Company Private Limited
Powair Automation Equipments Private Limited
Jiji Marshall Trading Company Private Limited
J N Marshall Private Limited
Diamtools Private Limited
Desmet Ballestra India Private Limited

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: 5000

3. Mr. Nayan B Pandya

Mr. Nayan B Pandya is an engineer by profession with vast experience in the field of welding automation as well as in the design, manufacture, supply and commissioning of cryogenic storage equipment.

Mr. Pandya started his career in the late 1980s. He initially worked for Ador Welding Limited (Formerly Advani Oerlikon Limited) and later with Inox India Limited. In the mid 1990s, he decided to branch out on his own as an entrepreneur and is currently heading the Cryogas Equipment Group.

a. Specific area of expertise: Organisational development

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

Private Limited Companies:

IWI Cryogenic Vaporization Systems (India) Private Limited

Ultra Pure Gases (India) Private Limited

Cryofin India Private Limited

Cryonorm – IWI Cryogenic Private Limited

Cryogas Equipment Private Limited

c. Member of Board Committees (Other than Ador Fontech Limited): Nil

d. Chairman of Board Committees (Other than Ador Fontech Limited): Nil

e. Number of shares held in the Company: Nil

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

There are no inter-se relationships between the Board Members.

By order of the Board
For Ador Fontech Limited

Place: Mumbai
Date : April 29, 2011

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 2010-11.

For Ador Fontech Limited

Place: Mumbai
Date : April 29, 2011

H P Ledwani
Managing Director

DIRECTORS' REPORT

To the Members,

We are delighted to present the report on our business and operations for the year ended March 31, 2011.

1. FINANCIAL RESULTS

(₹ in lakhs)		
Details	2010-11	2009-10
Turnover	15010	12012
Operating profit	2862	2095
Interest	-	-
Depreciation	159	144
Profit before tax	2703	1951
Provision for taxation	867	676
Net profit for the year	1836	1275
Taxation relating to earlier years		(10)
Profit b/f from the previous year	490	315
Amount available for appropriation	2326	1580
Appropriations		
Transfer to General Reserve	1000	600
Proposed Dividend	438	420
Distribution tax thereon	72	70
Balance carried to the Balance Sheet	816	490

The Company has posted highest ever increase in EBIDAT, PBT and PAT.

2. DIVIDEND

The Board of Directors are happy to recommend a dividend of ₹ 2.50/- (Rupees two and paise fifty only) per share on the paid up share capital of the Company for the financial year ended March 31, 2011.

3. BUSINESS OPERATIONS

a. Record performance

Ador Fontech Limited registered its highest ever value growth since inception and an all time high revenue of "Rupees one hundred and fifty crores" during the financial year 2010-11.

b. Subdivision of Equity Shares

The Company subdivided its equity shares from ₹ 10/- to ₹ 2/- per share which was duly approved by the Members through postal ballot and thereafter by the BSE (Bombay Stock Exchange Limited) and Depositories. This was to improve the liquidity of the Company's scrip and to make it affordable to the small investors.

c. Infrastructural Development

The impetus on life enhancement of industrial components makes it essential to facilitate necessary long terms infra-structural development, particularly to provide for changes in the scale of operation and the capital work-in-progress has been expended in this direction.

d. Growth with Pleasure

While the thrust is on enhancing manpower productivity, it is equivalently essential for employees to work under stress free environment. This would enable them to develop their capabilities and deliver improved results from time to time. Various training programmes, both technical and non-technical are organised which enable employees to face competition with a quiet confidence.

4. DIRECTORS' RESPONSIBILITY STATEMENT

In the preparation of the 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 an on going concern basis.

5. DIRECTORS

Mrs. N Malkani Nagpal and Mr. N S Marshall retire at the ensuing Annual General Meeting and being eligible seek reappointment.

Mr. Nayan B Pandya was appointed as an Additional Director on April 29, 2011. The Company has received his nomination for appointment as a Director and the same is being placed before the Members for approval.

Mr. Sanjeet Thadani resigned during the financial year and the Board places on record their appreciation for his valuable contribution during his tenure as a Director of the Company.

6. CORPORATE GOVERNANCE

The Corporate Governance Report and Certificate obtained from the Auditors of the Company are attached to this report.

7. AUDITORS

M/s. Amarnath Kamath and Associates, the Statutory Auditors of the Company retire at the conclusion of the Annual General Meeting and being eligible offer themselves for reappointment. 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. ISO CERTIFICATION

The Organisation is ISO 9001:2008 certified and the same is due for renewal during 2011-12. Being quality conscious, the Company will undertake recertification process.

10. PARTICIPATION IN EXHIBITIONS/AWARDS

The Company has during the year successfully participated in the 'Naval Dockyard Technical Exhibition' and various other 'Welding Seminars' which together showcased the Company's proven capabilities.

11. EMPLOYEES

The industrial relations with the employees of the Company continue to be harmonious, cordial and peaceful.

Further, 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 Registered Office of the Company.

12. PARTICULARS OF DISCLOSURE

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

DIRECTORS' REPORT

13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company contributes to charitable endeavour in terms of providing medical relief, education, distribution of food items etc. to the under privileged.

14. 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 for the dedication and commitment of employees at all levels, which has continued to be a major strength.

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

N Malkani Nagpal
Chairman

Place: Mumbai

Date : April 29, 2011

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):

- 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.
- Benefits derived as a result of the above R and D:
 - Conservation of basic raw materials coupled with low cost and longer life.
 - Improvement in product quality.
- Future plan of action:
To make further progress on areas enunciated in item nos. 1 and 2 above.
- Expenditure on R and D:
 - Capital : Nil
 - Recurring : As of now, it is being maintained as an ongoing part of production activities and a separate head of account is not maintained.
 - Total : Not applicable
 - Total R and D expenditure as a percentage of total turnover : Not applicable

Technology absorption and innovation:

- Efforts in brief made towards technology absorption and innovation:
Locally available raw materials are utilised to gain maximum advantage.
- Benefits derived as a result of the above efforts:
 - Product improvement
 - Reduced cost of final products
 - Comparable quality and performance with products produced using imported materials
- Details of technology imported during the last five years reckoned from the beginning of the financial year:
 - Technology imported: Nil

- Year of import: Not applicable
- Has technology been fully absorbed : Not applicable
- 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

- Foreign exchange earnings and outgoings: As reported in serial numbers 3, 4 and 6 "Notes forming part of Accounts" Schedule - L.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

While both fabrication and repair welding cater to the core sector industry, innovation in the welding sector per se is not radical. This not only applies to India, but the world over. The rationale is that man has from time immemorial used metals and metallic properties have been duly researched. The variants are convenience of the power source with reduction in the weight of the equipment, ease for a welder to handle, input-output power load, cost etc. that provide options to the end-users to make a selective choice for effective purchase. Nonetheless, the concept of 'Green Environment' would largely determine the health impact of the welders to subscribe to protective systems like fume extraction and other safety devices. This would go a long way to establish welding as a sophisticated field of activity in years to come.

Opportunities

Opportunities are plenty, but in so far as repair welding is concerned a combination of factors like technical feasibility, financial viability, risk and reward parameters determine the choice to undertake a particular activity or project.

Threats

Threats emanate from (i) Overseas organisations setting up business ventures in India (ii) Unorganised sector (iii) Overlap between fabrication and repair services.

Risks and Concerns

Business itself has an underlying effect of risk. Further new projects and assignments in the repair and refurbishment sector, consistently pose challenges for perfect execution of jobs. The PDCA cycle (Plan, Do, Check and Act) will have to be scrupulously followed given the background of a strong technical expertise.

Further, competition is always here to stay with an underlying effect both on the quantity and price band. The sustenance of revenue and profits over a long period of time will be a challenging task irrespective of evincing operational controls.

Current Year Outlook

With most economies out of slowdown, current year outlook looks reasonably well poised.

Human Resources

Manpower is the most essential factor in the growth of any organisation particularly so, in repair welding where skill levels assume high importance. The corollary is scant attraction of talented employees in this field unlike the IT sector. It therefore becomes essential to provide support to develop and retain best of talents through continual training (both technical and non technical). The need is also to blend professional work systems with humane approach.

General

There were 248 employees on the muster roll of the Company as on March 31, 2011.

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:

Name of the Director	Category of Directorship
Mrs. N Malkani Nagpal	Promoter
Mr. A T 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 During the year 2010-11, four Board meetings were held on April 29, 2010; July 30, 2010; October 22, 2010 and January 22, 2011.

2.3 Attendance at the 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 2010-2011 Attendance At		As on March 31, 2011		
	Board Meetings	Annual General Meeting held on 26.07.2010	Number	Other Directorships	
				Committee Positions	
Mrs. N Malkani Nagpal	Four	Present	Five	Three	Two
Mr. A T Malkani	Four	Present	Four	Two	-
Mr. H P Ledwani	Four	Present	One	-	-
Mr. N Srinivasan	Two	Absent	Ten	Five	-
Mr. N S Marshall	Four	Present	Ten	-	-
Mr. Sanjeet Thadani*	One	Absent	Two	-	-
Mr. Nayan B Pandya**	-	-	Five	-	-

Directorship includes private limited companies and alternate Directorship.

*Till 22.10.2010

**Since 29.04.2011

3. Audit Committee

Broad terms of reference of the Audit Committee include

- 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 the Internal and Statutory Auditors and ensure that suitable follow up action is taken.
- To examine accounting, taxation and disclosure aspects as stipulated under various legislations.
- Recommend appointment/reappointment of Auditors and solicit professional guidance and support, wherever required.

3.1 Composition and attendance:

Name of the Director	Attendance during 2010-11
Mrs. N Malkani Nagpal	Four
Mr. N S Marshall	Four
Mr. Sanjeet Thadani*	One
Mr. Nayan B Pandya**	-

Mr. N Srinivasan and Mr. H P Ledwani are permanent invitees to the Audit committee meetings.

*Till 22.10.2010

**Since 29.04.2011

3.2 During the year 2010-11, four Audit Committee meetings were held on April 29, 2010; July 30, 2010; October 22, 2010 and January 22, 2011.

3.3 The Minutes of each of the Audit Committee Meeting are placed before the Board and discussed at the Board meetings.

4. Remuneration Committee

The Remuneration Committee recommends compensation payable to the Executive and Non-Executive Directors of the Company and the same is thereafter decided by the Board and subsequently approved by the Shareholders.

4.1 Remuneration to the Executive Director

The remuneration of the Whole-time/Executive Director/ Managing Director including annual increments is decided based on criteria such as industry benchmarks, the Company's performance and the track record of the Whole-time/Executive Director etc. It is subject to the approval of Shareholders at the Annual General Meeting.

4.2 Remuneration to the Non-Executive Directors

Details of Sitting fees:

Meeting	Amount (in ₹)
Board	8,000
Audit Committee	5,000
Shareholders'/Investor Grievance Committee	4,000

4.3 Sitting fees paid during 2010-11:

Directors	Amount (in ₹)
Mrs. N Malkani Nagpal	68,000
Mr. A T Malkani	32,000
Mr. N Srinivasan	26,000
Mr. N S Marshall	52,000
Mr. Sanjeet Thadani	17,000
Total	1,95,000

5. Shareholders /investors' Grievance Committee

The Shareholders/Investors' Grievance Committee of the Board looks in to the redressal of Investors' complaints like non-receipt of

REPORT ON CORPORATE GOVERNANCE

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.

5.1 Composition and attendance:

Name of the Director	Attendance during 2010-11
Mrs. N Malkani Nagpal	Four
Mr. H P Ledwani	Four
Mr. Sanjeet Thadani*	One
Mr. Nayan B Pandya**	-

* Till 22.10.2010

**Since 29.04.2011

5.2 During the year 2010-11, four Shareholders' Committee meetings were held on April 29, 2010; July 30, 2010; October 22, 2010 and January 22, 2011.

5.3 The Minutes of each of the Shareholders /Investors' Grievance Committee Meeting are placed before the Board and discussed at the Board Meetings.

5.4 Compliance officer

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

5.5 Transfer Committee meetings

Sixteen transfer committee meetings were held during the year 2010-11.

5.6 Statement of Directors shareholding as on March 31, 2011:

Name of the Director	Shareholding (in nos.)
Mrs. N Malkani Nagpal	27350
Mr. AT Malkani	291835
Mr. H P Ledwani	36025
Mr. N Srinivasan	1000
Mr. N S Marshall	5000
Mr. Nayan B Pandya	-

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

The total number of complaints received and replied to the satisfaction of the shareholders during the year 2010-11 were four.

There were no outstanding complaints as on March 31, 2011.

There are no pending share transfers in physical as well as in demat category. All the requests received up to March 31, 2011 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	Time (hrs.)
2009-10	26.07.10	Hotel Ajantha, B'lore	11.30
2008-09	16.07.09	Hotel Ajantha, B'lore	11.30
2007-08	24.06.08	Hotel Ajantha, B'lore	11.30

6.2 Dividend History:

(₹ in lakhs)

Financial year	Dividend percent	Dividend outflow	Dividend tax outflow	Total amount
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
2003-04	Twenty five	88	11	99

7. Disclosures

7.1 Materially significant related party transactions

During the year 2010-11, 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 Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Authority on any matter relating to capital markets during the last three years

The Company has complied with various rules and regulations prescribed by the Stock Exchange, Securities and Exchange Board of India or any other Statutory Authority 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
Newspaper in which quarterly and half yearly results are normally published	English: Financial Express Business Standard Kannada: Sanjay Vani Suryodhaya
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 Annual Report	Yes

10. General Shareholders' Information

● Annual General Meeting

Date July 19, 2011
Time 11:30 hours
Venue Hotel Ajantha 22-A M G Road
Bangalore 560 001

REPORT ON CORPORATE GOVERNANCE

- **Equity shares listed at**
Bombay Stock Exchange Limited (BSE), Mumbai
- **Book closure dates**
July 9, 2011 to July 19, 2011 (both days inclusive)
- **Dividend payment dates** July 20, 2011 onwards
- **ISIN** INE853A01022
- **Scrip code** 530431
- **Corporate office**
Belview 7 Haudin Road Bangalore 560042
Ph: (080)25596045 25596073
Fax: (080)25594601 25597085
E-mail: investorservice@adorfon.com
- **Manufacturing plant 1**
S-60 and 61 MIDC Hingna Industrial Estate Nagpur 440 016
Ph: (07104) 237260 Fax: (07104) 236823
- **Manufacturing plant 2**
No. 486 B-1 14th Cross 3rd Main 4th Phase Peenya Industrial Area Bangalore 560 058 Ph: (080) 28365751, 65600154
Fax: (080) 28365752
- **Manufacturing plant 3**
A-288 II Stage Peenya Industrial Estate Bangalore 560 058
Ph: (080) 28360988 Fax: (080) 28362805
- **Share transfer agent**
Integrated Enterprises (India) Limited
(Formerly Alpha Systems Private Limited)
No. 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, 2011

Nominal value (in ₹)	Shareholders		Shareholding	
	Number	Percent	Number	Percent
Up to 5000	5271	94.89	4496338	25.69
5001-10000	121	2.18	931560	5.32
10001-20000	64	1.15	898840	5.14
20001-30000	38	0.68	926717	5.30
30001-40000	12	0.22	414260	2.37
40001-50000	9	0.16	403860	2.31
50001-100000	20	0.36	1381810	7.90
100001 and above	20	0.36	8046615	45.97
Total	5555	100.00	17500000	100.00

- **Dematerialisation of shares and liquidity**

Eighty four percent of the paid up share capital of the Company stands dematerialised as on March 31, 2011.

- **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.

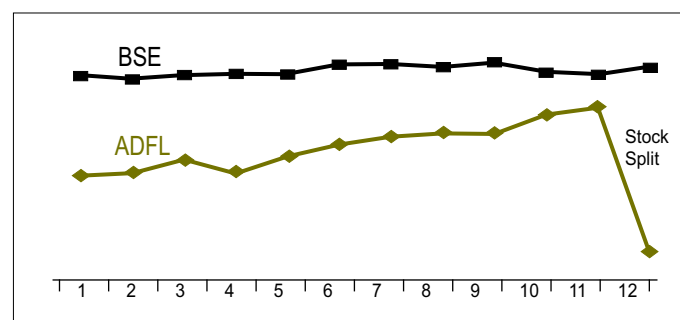
Stock price data : The Stock Exchange (BSE), Mumbai

(In ₹)

Period	Open	High	Low	Close
April 2010	173.45	259.85	173.45	256.80
May 2010	261.00	289.00	246.55	263.25
June 2010	263.90	296.90	253.10	291.15
July 2010	285.10	306.80	256.35	263.40
August 2010	269.25	321.00	266.75	298.05
September 2010	299.00	340.00	298.00	324.60
October 2010	320.35	351.75	320.00	341.95
November 2010	345.00	383.70	331.15	350.05
December 2010	355.00	365.00	327.00	348.10
January 2011	348.70	417.50	342.50	390.50
February 2011	394.15	414.95	360.00	407.05
March 2011	405.00	480.80	87.75	88.25

Share Price Movement

BSE Sensex and the Company's quotation



Monthly closing price from April 2010 to March 2011

11. Shareholding Pattern as on March 31, 2011

Category	No. of shares held	Percentage of Shareholding
Promoters' Holding		
Indian Promoters	6345500	36.3
Others		
Private Corporate Bodies	580911	3.3
Indian Public	10573589	60.4
Total	17500000	100.0

12. Internal Control Systems

The Company has an adequate system of internal control covering financial and operating functions. In general, the following aspects of business processes and reporting are covered.

- Financial propriety of business transactions.
- Accurate reporting of financial transactions as per applicable Accounting Standards.
- Efficient use and protection of the Company's resources.
- Compliance with established policies and guidelines of the Company.

AUDITORS' REPORT

To the Shareholders of Ador Fontech Limited

We have audited the attached Balance sheet of ADOR FONTECH LIMITED as at March 31, 2011 and also the Profit and loss account and 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, Profit and loss account 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, Profit and loss account 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 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 the Balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b. in the case of the Profit and loss account, 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
Firm registration no. 000099S
Chartered Accountants

Place: Bangalore
Date : April 30, 2011

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 the physical stocks and book records were not material and have been properly dealt with in the books of account.
3. a. The Company has made an inter-corporate-deposit to one of its group company. The deposit and year-end balance amounts to rupees one crore and twenty lakh. In our opinion, the rate of interest and other terms and conditions of such deposit are not, prima facie, prejudicial to the interest of the Company. In respect of the aforesaid deposit, there are no overdue amounts as on the date of Balance sheet.
- b. 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.

ANNEXURE TO THE AUDITORS' REPORT

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, the transactions made in pursuance of contracts and arrangements referred to in (v)(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 are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.
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, 2011 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 neither has accumulated losses at the end of the financial year nor has incurred cash losses during the year 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.
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. The Company is not a chit/nidhi/mutual benefit fund/society and clause 4(xiii) of the Order is not applicable.
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.
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**
Firm registration no. 000099S
Chartered Accountants

Place: Bangalore
Date : April 30, 2011

Amarnath Kamath
Partner [Membership No.13124]

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**To the Shareholders of Ador Fontech Limited**

We have examined the compliance of conditions of Corporate Governance by Ador Fontech Limited for the year ended March 31, 2011 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. 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, the Company has complied with the conditions of Corporate Governance as stipulated in the 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**
Firm registration no. 000099S
Chartered Accountants

Place: Bangalore
Date : April 30, 2011

Amarnath Kamath
Partner [Membership No.13124]

BALANCE SHEET

(In ₹)

	Schedules	As at 31.03.11	As at 31.03.10
SOURCES OF FUNDS:			
Shareholders' funds:			
Share capital	A	3,50,00,000	3,50,00,000
Reserves and surplus	B	<u>47,99,52,066</u>	<u>34,73,84,511</u>
		51,49,52,066	38,23,84,511
TOTAL		<u>51,49,52,066</u>	<u>38,23,84,511</u>
APPLICATION OF FUNDS:			
Fixed assets:			
Gross block	C	<u>18,04,41,860</u>	<u>16,06,95,829</u>
Less: Accumulated depreciation		<u>8,62,42,937</u>	<u>8,02,29,303</u>
Net block		<u>9,41,98,923</u>	<u>8,04,66,526</u>
Capital work-in-progress inclusive of advances		<u>4,61,34,772</u>	-
Total		14,03,33,695	8,04,66,526
Investments	D	1,50,00,000	1,78,44,020
Deferred tax asset (note 13)		3,69,94,335	2,37,25,471
Net current assets:			
Current assets, loans and advances	E	67,21,26,982	51,72,72,355
Less: Current liabilities and provisions	F	<u>34,95,02,946</u>	<u>25,69,23,861</u>
		32,26,24,036	26,03,48,494
TOTAL		<u>51,49,52,066</u>	<u>38,23,84,511</u>
Notes forming part of the accounts	L		

Schedules A to F and schedule L form an integral part of the Balance sheet

On behalf of the Board of Directors

N Malkani Nagpal
Chairman

H P Ledwani
Managing Director
Mumbai, April 29, 2011

Geetha D
Company Secretary

As per our report of even date attached

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

Amarnath Kamath
Partner (Membership No. 13124)
Bangalore, April 30, 2011

PROFIT AND LOSS ACCOUNT

(In ₹)

	Schedules	Current Year	Previous Year
I. INCOME:			
Sales and services (net)	G	1,46,13,87,147	1,17,88,43,607
Other income	H	3,96,75,326	2,23,35,492
TOTAL		1,50,10,62,473	1,20,11,79,099
II. EXPENDITURE:			
Cost of sales and services	I	83,87,21,858	67,69,75,976
Personnel cost	J	17,28,52,260	13,96,98,204
Other expenses	K	20,32,98,802	17,50,46,270
Depreciation		1,58,74,418	1,44,04,212
TOTAL		1,23,07,47,338	1,00,61,24,662
Profit before tax for the year		27,03,15,135	19,50,54,437
Less: Provision for tax			
Current tax		10,00,00,000	7,75,00,000
Deferred tax		(1,32,68,858)	(98,90,636)
Total		8,67,31,142	6,76,09,364
Net profit after tax for the year		18,35,83,993	12,74,45,073
Taxation relating to earlier years		-	(9,64,202)
Balance brought forward from the previous year		4,90,36,598	3,15,31,927
Amount available for appropriation		23,26,20,591	15,80,12,798
Appropriations:			
Transfer to General Reserve		10,00,00,000	6,00,00,000
Proposed Dividend		4,37,50,000	4,20,00,000
Tax on proposed dividend		72,66,438	69,76,200
Total		5,10,16,438	4,89,76,200
Balance carried forward		8,16,04,153	4,90,36,598
TOTAL		23,26,20,591	15,80,12,798
Basic and diluted earnings per share ('EPS')		10.47	36.21
Equity share of face value of ₹ 2/- each (Previous year of face value of ₹ 10/- each)			
Note: Proportionate EPS for the previous year (on equity share of ₹ 2/-) would be ₹ 7.24/-			
Notes forming part of the accounts	L		

Schedules G to L form an integral part of the Profit and loss account

On behalf of the Board of Directors

N Malkani Nagpal
Chairman

H P Ledwani
Managing Director
Mumbai, April 29, 2011

Geetha D
Company Secretary

As per our report of even date attached

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

Amarnath Kamath
Partner (Membership No. 13124)
Bangalore, April 30, 2011

SCHEDULES

(In ₹)

As at March 31, 2011

As at March 31, 2010

SCHEDULE: A - SHARE CAPITAL:**Authorised***

2,50,00,000 Equity shares of ₹ 2/- each

5,00,00,000

5,00,00,000

(Previous year 50,00,000 Equity shares of ₹ 10/- each)

Issued, subscribed and paid up*

1,75,00,000 Equity shares of ₹ 2/- each

3,50,00,000

3,50,00,000

(Previous year 35,00,000 Equity shares of ₹ 10/- each)

*Equity shares were subdivided from ₹ 10/-
per share to ₹ 2/- per share during the year.

SCHEDULE : B - RESERVES AND SURPLUS:**Capital reserve account:**

As per last Balance sheet

11,96,239

11,96,239

Share premium account:

As per last Balance sheet

1,71,51,674

1,71,51,674

General reserve account:

Balance brought forward

28,00,00,000

22,00,00,000

Add: Transferred from Profit and loss account

10,00,00,000

6,00,00,000

Total

38,00,00,000

28,00,00,000

Profit and loss account balance

8,16,04,153

4,90,36,598

TOTAL

47,99,52,066

34,73,84,511

SCHEDULE: C - FIXED ASSETS:

(In ₹)

PARTICULARS OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Tangible Assets	Cost as at 01.04.2010	Additions during the year	Sold/adjusted during the year	Cost as at 31.03.2011	As at 01.04.2010	Withdrawn on sales/ (adjustments)	For the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Freehold land	76,48,625	-	-	76,48,625	-	-	-	-	76,48,625	76,48,625
Leasehold land	7,20,284	-	-	7,20,284	1,45,424	-	7,924	1,53,348	5,66,936	5,74,860
Factory building	1,80,19,049	41,198	30,68,548	1,49,91,699	1,05,26,469	21,49,552	6,89,918	90,66,835	59,24,864	74,92,580
Office premises	1,09,24,885	-	-	1,09,24,885	55,63,495	-	2,68,069	58,31,564	50,93,321	53,61,390
Plant and machinery	5,64,16,240	1,57,03,493	14,17,959	7,07,01,774	2,97,00,751	11,34,535	46,21,764	3,31,87,980	3,75,13,794	2,67,15,489
Electrical installations	19,09,529	15,48,698	10,18,572	24,39,655	14,23,765	9,13,261	58,566	5,69,070	18,70,585	4,85,764
Computers	1,20,55,098	12,81,055	17,91,521	1,15,44,632	67,62,326	14,36,495	21,59,253	74,85,084	40,59,548	52,92,772
Office equipment	46,52,798	12,10,168	1,30,154	57,32,812	22,56,421	99,055	3,99,647	25,57,013	31,75,799	23,96,377
Furniture and fixtures	78,77,643	3,63,693	13,300	82,28,036	55,31,265	9,387	4,72,944	59,94,822	22,33,214	23,46,378
Vehicles	4,04,71,678	1,26,53,482	56,15,702	4,75,09,458	1,83,19,387	41,18,499	71,96,333	2,13,97,221	2,61,12,237	2,21,52,291
TOTAL	16,06,95,829	3,28,01,787	(1,30,55,756)	18,04,41,860	8,02,29,303	(98,60,784)	1,58,74,418	8,62,42,937	9,41,98,923	
Previous year	15,07,07,060	1,70,03,470	(70,14,701)	16,06,95,829	7,11,88,354	(53,63,263)	1,44,04,212	8,02,29,303		8,04,66,526

SCHEDULES

	As at March 31, 2011	As at March 31, 2010
(In ₹)		
SCHEDULE: D - INVESTMENTS:		
HDFC-CMF-Treasury Advantage Fund (1579426.75 units) of ₹ 10/- each (Redeemed during the year)		1,58,44,020
HDFC-MIP-Long Term Growth Fund (99609.53 units) of ₹ 10/- each (Redeemed during the year)		20,00,000
HDFC-Quarterly-Interval Fund (999470.28 units) of ₹ 10/- each	1,00,00,000	
HDFC-FMP-370 Days (500000.00 units) of ₹ 10/- each	<u>50,00,000</u>	
TOTAL	<u>1,50,00,000</u>	<u>1,78,44,020</u>
Market value of investments ₹ 1,52,65,932/- (Previous year ₹ 1,79,46,119/-)		
SCHEDULE: E - CURRENT ASSETS, LOANS AND ADVANCES:		
Current assets:		
Inventories: (Valued at lower of cost or realisable value)		
Raw materials	5,83,10,795	3,68,80,919
Work-in-process	15,41,682	10,13,445
Finished goods	1,20,09,982	1,64,07,481
Traded goods	7,61,51,817	5,85,95,584
Packing materials	15,45,880	11,76,791
Stores, spares and consumables	<u>23,95,299</u>	<u>12,52,521</u>
Total	15,19,55,455	11,53,26,741
Sundry debtors: (unsecured, considered good)		
Debts outstanding for more than six months	37,83,161	26,15,282
Others	<u>14,42,52,092</u>	<u>12,34,86,466</u>
Total	14,80,35,253	12,61,01,748
Cash and bank balances:		
Cash on hand	68,834	58,807
Balances with scheduled banks		
Current accounts (including unclaimed dividends)	76,80,942	4,13,43,790
Fixed deposits and margin monies account (inclusive of accrued interest thereon)	<u>28,95,32,007</u>	<u>18,76,64,970</u>
Total	29,72,81,783	22,90,67,567
Loans and advances: (unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	4,30,67,045	2,88,12,144
Deposits with Government departments	13,06,313	12,31,434
Inter-corporate-deposit (inclusive of accrued interest)	1,29,79,726	-
Other deposits	<u>1,75,01,407</u>	<u>1,67,32,721</u>
Total	7,48,54,491	4,67,76,299
TOTAL	<u>67,21,26,982</u>	<u>51,72,72,355</u>

SCHEDULES

(In ₹)

SCHEDULE: F - CURRENT LIABILITIES AND PROVISIONS:**Current liabilities:**

	As at March 31, 2011	As at March 31, 2010
Creditors for materials	6,50,49,885	3,76,28,053
Creditors for expenses	5,47,09,235	3,37,48,042
Advances from customers	1,04,91,547	97,72,184
Security deposit	1,72,39,192	1,74,81,324
Unclaimed dividends	39,46,410	29,10,563
Statutory liabilities	96,16,844	75,49,377
Other liabilities	<u>3,21,37,229</u>	<u>2,07,25,816</u>
Total	19,31,90,342	12,98,15,359

Provisions:

Proposed dividend	4,37,50,000	4,20,00,000
Dividend distribution tax thereon	72,66,438	69,76,200
For taxation:		
Provision for tax	<u>29,05,00,000</u>	<u>19,05,00,000</u>
Less: Advance tax payments/TDS	<u>28,98,61,159</u>	<u>18,22,29,924</u>
Net tax	6,38,841	82,70,076
Warranties	6,40,85,934	3,92,43,392
Employee benefits	<u>4,05,71,391</u>	<u>3,06,18,834</u>
Total	15,63,12,604	12,71,08,502

TOTAL

34,95,02,946 **25,69,23,861**

SCHEDULES

(In ₹)

	Current Year	Previous Year
SCHEDULE: G - SALES AND SERVICES :		
Manufactured goods	62,30,50,000	52,86,88,662
Less: Excise duty	<u>5,93,52,421</u>	<u>4,29,30,107</u>
Total	56,36,97,579	48,57,58,555
Traded goods	80,00,14,636	60,25,68,809
Job work revenues	9,76,74,932	9,05,16,243
TOTAL	<u>1,46,13,87,147</u>	<u>1,17,88,43,607</u>
SCHEDULE: H - OTHER INCOME:		
Technical fees	1,39,82,300	86,42,476
Interest	1,51,36,812	1,16,76,259
Dividend on mutual fund investments	3,10,845	2,39,041
Profit on redemption of investments	2,40,288	-
Profit on sale of assets	43,390	-
Sales/entry tax refund	65,38,102	6,13,835
Miscellaneous income	<u>34,23,589</u>	<u>11,63,881</u>
TOTAL	<u>3,96,75,326</u>	<u>2,23,35,492</u>
SCHEDULE: I - COST OF SALES AND SERVICES:		
Cost of traded goods sold	50,05,69,203	39,85,57,880
Raw materials and components consumed	26,68,87,362	21,94,36,123
Packing materials consumed	59,89,341	48,85,463
Variation between opening and closing values of work-in-process and finished goods:		
a. Work-in-process:		
Opening value	10,13,445	1,60,114
Less: Closing value	<u>15,41,682</u>	<u>10,13,445</u>
Total	(5,28,237)	(8,53,331)
b. Finished goods:		
Opening value	1,64,07,481	1,66,40,278
Less: Closing value	<u>1,20,09,982</u>	<u>1,64,07,481</u>
Total	43,97,499	2,32,797
Spares and stores consumed	65,33,279	54,30,591
Job work charges	5,10,41,295	4,56,73,006
Power and fuel	<u>38,32,116</u>	<u>36,13,447</u>
TOTAL	<u>83,87,21,858</u>	<u>67,69,75,976</u>
SCHEDULE: J - PERSONNEL COSTS:		
Salaries, wages and allowances	12,93,26,000	11,04,93,638
Contribution to provident and other funds	2,68,36,759	1,82,78,397
Staff welfare expenses	1,66,89,501	1,09,26,169
TOTAL	<u>17,28,52,260</u>	<u>13,96,98,204</u>

SCHEDULES

(In ₹)

SCHEDULE: K - OTHER EXPENSES:

	Current Year	Previous Year
Rent, rates and taxes	1,30,55,774	1,08,49,778
Travel and conveyance	4,27,22,425	3,48,22,450
Professional and retainer fees	75,75,983	70,21,333
Communication	64,37,389	62,65,805
Repairs:		
- on building	18,89,031	21,43,216
- on machinery	11,58,187	28,89,987
- others	<u>61,32,419</u>	<u>47,39,667</u>
Total	91,79,637	97,72,870
Cost of other utilities	14,07,005	16,84,193
Insurance charges	8,05,542	6,46,521
Printing and stationery	27,23,538	22,76,104
Taxes and duties	74,84,388	1,18,08,720
Warranties	2,84,14,303	3,10,47,429
Directors' fees	1,95,000	2,16,000
Advertising, publicity and promotion	31,75,329	34,46,932
Freight and forwarding	1,83,87,457	1,39,26,491
Irrecoverable bad debts/advances written off	1,42,232	13,49,617
Payments to auditors	9,10,000	9,02,000
Donations	7,08,501	10,19,601
Commission on sales	4,20,13,550	2,65,22,345
Bank charges	10,83,974	7,65,568
Miscellaneous expenses	1,68,76,775	1,07,02,513
TOTAL	<u>20,32,98,802</u>	<u>17,50,46,270</u>

SCHEDULES

SCHEDULE - L

Attached to and forming part of the Accounts for the Financial Year 2010-11

Significant accounting policies adopted by the Company as part of its corporate policies:

These accounts have been 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.

The financial statements have been prepared in conformity with the generally accepted accounting principles and accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

- a. Sale of manufactured items are net of excise duty and accounted for on despatch. Income from services is recognised on its completion and acceptance by the customers.
- b. Inventories : Inventories comprise costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Raw materials, work-in-progress, finished and traded goods are valued at lower of cost and net realisable value. Excise duty is included in the value of finished goods inventory. Cost is determined on a weighted average basis. Customs duty on goods where title has passed to the Company is included in the value of inventory. The net realisable value of work-in-progress is determined with reference to the estimated selling price less estimated cost of completion and costs necessary to make sale of related finished goods.
- c. Investments are valued at cost (including dividends re-invested).
- d. Fixed assets shown under gross block are valued at cost of acquisition inclusive of inward freight, duties, taxes and incidental expenses related to acquisition. They are shown at their historical value.
- e. Depreciation has been provided on fixed assets in accordance with the rates specified in Schedule XIV of the Companies Act, 1956, on written down value basis on all assets of the Company, except for leasehold land which is amortised over the period of lease.
- f. Expenditure incurred in foreign currencies have been recorded at the exchange rate current on the date when the relevant transaction(s) took place. Liabilities payable in foreign currencies are restated at the year end exchange rate(s). The gain or loss due to decrease/increase in rupee liability on account of fluctuations in the rate of exchange has been accounted in the Profit and loss account.
- g. Employee benefits:
 - (i) Gratuity: The Company contributes to the gratuity of its employees through Group Gratuity Fund Trust. The contributions have been computed on actuarial basis so as to cover the Company's liability.
 - (ii) Superannuation: The Company contributes through an employees' Superannuation Fund Trust for future payment of retirement benefits to its employees. The contributions accruing during each year are charged to the Profit and loss account.
 - (iii) Leave encashment liabilities are determined by actuarial valuation done at the end of the year and the current year's charge is debited to the Profit and loss account.
 - (iv) Contribution to Provident Fund is charged to the Profit and loss account.
 - (v) The Company contributes to premia on the Life Insurance Policies of its employees and the same is charged to the Profit and loss account.
- h. Commission and incentives paid to employees as part of pay for performance have been included under 'commission on sales'.
- i. Product development costs are charged as an expense in the year in which they are incurred.
- j. The carrying amounts of assets are reviewed at each Balance sheet date to ascertain any indication of impairment based on internal/external factors. An impairment loss is recognised based on estimation, if there would arise a significant variation, in the carrying amount of an asset over its estimated recoverable amount.
- k. Provision for deferred taxation is made using the applicable rate of taxation, for all timing differences which arise during the year and are reversed in subsequent periods.
- l. Provision for warranties for replacement of parts and rework of job works are based on past experience and are at a percentage of the sale value, as estimated by the Company's management. On a critical review of the warranty claims, reassessment has been made.

Notes to the accounts

1. Quantitative information as required under paragraphs 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

a. Capacity and production:

Class of goods	Unit	Licensed Capacity	Installed Capacity (per single shift)	Actual Production	
		As at 31.03.2011	As at 31.03.2011	Current Year	Previous Year
Low heat (LH) input welding alloys	M. Tonnes	800	500	428	361
Flux cored arc welding consumables	M. Tonnes	250	250	61	140
Bare rods	M. Tonnes	450	400	228	346

The installed capacity is the annual capacity and is computed based on the maximum utilisation of plant and machinery. Installed capacity is as certified by the management and relied upon by the Auditors.

SCHEDULES

Class of goods unit	Qty.	(In ₹)	
		As at March 31, 2011 Current Year	As at March 31, 2010 Previous Year
b. Stock of finished goods and work-in-process:			
(i) Finished goods:			
Welding electrodes	Kgs. 26,744	74,20,082	32,516 1,10,46,674
Filler wires	Kgs. 7,613	25,82,874	6,645 11,46,195
Flux cored wires	Kgs. 3,168	6,60,470	11,434 32,72,232
Others		13,46,556	9,42,380
Total		1,20,09,982	1,64,07,481
(ii) Work-in-process		15,41,682	10,13,445
c. Materials consumed:			
(i) Raw materials:			
Wires	Kgs. 2,26,458	8,33,63,070	2,43,349 6,38,22,078
Metal strips and fluxes	Kgs. 50,314	90,61,937	1,53,761 3,78,83,335
Coils and fluxes	Kgs. 4,69,295	10,25,97,512	4,10,619 7,37,95,114
Wear plates		3,87,94,275	2,35,23,651
Others		3,30,70,568	2,04,11,945
Total		26,68,87,362	21,94,36,123
(ii) Packing materials		59,89,341	48,85,463
Total		27,28,76,703	22,43,21,586
d. Sale of manufactured items (net of excise):			
Electrodes	Kgs. 6,70,890	45,95,33,297	5,84,363 39,13,65,148
Flux cored wires	Kgs. 70,002	1,85,97,366	1,18,923 4,56,82,111
Wear plates		3,81,68,790	3,09,44,805
Others		4,73,98,126	1,77,66,491
Total		56,36,97,579	48,57,58,555
2. Details of goods traded:			
a. Opening stock:			
Welding consumables		1,30,79,835	1,39,73,137
Equipment, spares and refurbishment products		4,55,15,749	4,24,58,672
Total		5,85,95,584	5,64,31,809
b. Purchases:			
Welding consumables		22,77,64,567	19,23,14,728
Equipment, spares and refurbishment products		29,03,60,869	20,84,06,927
Total		51,81,25,436	40,07,21,655
c. Cost of goods traded:			
Welding consumables		21,60,60,738	19,32,08,030
Equipment, spares and refurbishment products		28,45,08,465	20,53,49,850
Total		50,05,69,203	39,85,57,880
d. Sales:			
Welding consumables		32,49,14,722	28,08,97,356
Equipment, spares and refurbishment products		47,50,99,914	32,16,71,453
Total		80,00,14,636	60,25,68,809
e. Closing stock:			
Welding consumables		2,47,83,664	1,30,79,835
Equipment, spares and refurbishment products		5,13,68,153	4,55,15,749
Total		7,61,51,817	5,85,95,584

The Company deals with innumerable items of welding consumables, equipment spares and refurbishment products of various sizes and grades which are sold under various measures. Hence, it is impractical to submit relevant quantitative particulars of each such items traded by the Company.

SCHEDULES

Details	(In ₹)	
	Current Year	Previous Year
3. Expenditure in foreign currency:		
a. Travelling expenses	47,24,054	35,59,999
b. Conferences	21,95,597	21,72,469
4. Forex payments:		
a. C.I.F value of imports:		
(i) Raw materials	2,38,29,026	4,03,05,532
(ii) Equipment, spares and others	20,35,55,726	17,52,85,100
(iii) Traded goods	13,93,33,333	8,21,04,176
(iv) Plant and machinery	48,31,294	-
b. Particulars of unhedged foreign currency payables as on the date of Balance sheet:		

Details	Current Year		Previous Year	
	Foreign currency	Indian ₹	Foreign currency	Indian ₹
US Dollar	5,04,452	2,23,72,924	4,14,603	1,71,86,171
Euro	1,10,881	69,26,569	66,982	40,36,547
Swiss Franc	23,009	9,81,268	-	-

Unhedged payables include sundry creditors for expenses and capital goods.

5. a. Value of imported and indigenous raw materials, components consumed and their percentage to total consumption: (In ₹)

Details	Percent	Current Year	Percent	Previous Year
Imported	4.60	1,22,84,166	13.01	2,85,55,799
Indigenous	95.40	25,46,03,196	86.99	19,08,80,324
Total	100.00	26,68,87,362	100.00	21,94,36,123

- b. Value of imported and indigenous stores, spares, consumables consumed and their percentage to total consumption: (In ₹)

Details	Percent	Current Year	Percent	Previous Year
Imported	-	-	-	-
Indigenous	100.00	65,33,279	100.00	54,30,591
Total	100.00	65,33,279	100.00	54,30,591

6. Earnings in foreign currency:
- | | Current Year | Previous Year |
|---------------------------|--------------|---------------|
| Technical assistance fees | 1,39,82,300 | 86,42,476 |

7. Segment reporting under Accounting Standard 17:

- a. Primary business segments
- Revenue from products (manufacturing and trading activities)
 - Revenue from job works and other income

(In ₹)

Details	Current Year			Previous Year		
	Products and Others	Services	Total*	Products and Others	Services	Total*
Income	1,36,37,12,215	13,73,50,258	1,50,10,62,473	1,08,83,27,364	11,28,51,735	1,20,11,79,099
Segment results	22,60,91,554	6,00,93,388	28,61,84,942	15,73,92,194	5,25,24,124	20,99,16,318
Unallocated corporate expenses	-	-	99,96,334	-	-	94,80,811
Other depreciation	-	-	58,73,473	-	-	53,81,070
Profit before taxation	-	-	27,03,15,135	-	-	19,50,54,437
Current tax	-	-	10,00,00,000	-	-	7,75,00,000
Deferred tax	-	-	(1,32,68,858)	-	-	(98,90,636)
Net profit for the year	-	-	18,35,83,993	-	-	12,74,45,073
Segment assets	51,91,61,090	30,82,99,587	82,74,60,677	42,24,54,529	19,31,28,372	61,55,82,901
Unallocated segment assets	-	-	3,69,94,335	-	-	2,37,25,471
Total assets	-	-	86,44,55,012	-	-	63,93,08,372
Segment liabilities	33,38,95,800	1,56,07,146	34,95,02,946	25,56,22,883	13,00,978	25,69,23,861
Capital employed	18,52,65,290	29,26,92,441	51,49,52,066	16,68,31,646	19,18,27,394	38,23,84,511
Capital expenditure including capital work-in-progress	-	-	7,89,36,559	-	-	1,70,03,470
Depreciation for the year	-	-	1,58,74,418	-	-	1,44,04,212

* Includes figures pertaining to the Head Office

SCHEDULES

b. Secondary business segments- revenue by geographical regions: (In ₹)

Details	Current Year	Previous Year
India	1,48,70,80,173	1,19,25,36,623
Outside India	1,39,82,300	86,42,476
Total	1,50,10,62,473	1,20,11,79,099

8. Details of provisions for warranties: (In ₹)

Details	Current Year	Previous Year
Opening balance	3,92,43,392	1,37,75,556
Replacements/Provisions made during the current year	2,84,14,303	3,10,47,429
Less: Amount utilised out of provisions	35,71,761	55,79,593
Total	6,40,85,934	3,92,43,392

9. Related party disclosure under Accounting Standard 18:

- a. Holding Companies : Nil
- b. Subsidiary Companies : Nil
- c. Associate Companies : J B Advani and Company Private Limited (JBA)
Ador Welding Limited (AWL)
Ador Powertron Limited (APL)
- d. Key management personnel : Mr. H P Ledwani
- e. Relatives of key management personnel : Mrs. Sunila H Ledwani
(where transactions have taken place)
- f. Nature of transactions during the year :

(In ₹)

Details	Current Year					Previous Year			
	Directors	Relatives of key management personnel	Corporate entities			Directors	Relatives of key management personnel	Corporate entities	
			JBA	AWL	APL			JBA	AWL
Remuneration	1,07,68,383	-	-	-	-	86,31,462	-	-	-
Rent and other charges	14,58,000	14,58,000	-	9,91,349	-	11,70,000	11,70,000	-	4,62,000
Purchase of traded goods and machineries	-	-	64,87,296	2,83,05,333	-	-	-	58,08,640	3,13,97,294
Sale of traded goods	-	-	-	4,20,600	-	-	-	-	12,15,312
Royalty	-	-	-	2,95,000	-	-	-	-	2,29,580
Inter-corporate-deposit*	-	-	-	-	1,20,00,000	-	-	-	-
Accrued interest on ICD	-	-	-	-	9,79,726	-	-	-	-
Consultancy charges	-	-	-	-	2,40,000	-	-	-	-

*During the year, the Company made an inter-corporate-deposit (ICD) of ₹ 1,20,00,000/- (Rupees one crore and twenty lakh only) to Ador Powertron Limited. As a matter of abundant caution and in consonance with the best principles of corporate governance, application for approval was made to the Central Government as per the provisions of the Companies Act, 1956.

10. Directors' emoluments (excluding reimbursement of expenses at actuals):

a. Managing Director: (In ₹)

Details	Current Year	Previous Year
Salary and allowances	52,65,000	45,50,000
Contribution to provident fund	5,83,200	4,68,000
Performance incentive	28,10,538	20,39,362
Value of perquisites (evaluated as per Income tax rules, wherever applicable)	21,09,645	15,74,100
Total	1,07,68,383	86,31,462

Note: Directors' remuneration excludes contribution to group retirement benefit schemes.

SCHEDULES

b. Computation of Net profit in accordance with Section 198(1) of the Companies Act, 1956:

Details	Amount (in ₹)
Profit after tax	18,35,83,993
Add: Provision for taxation	8,67,31,142
(Profit)/Loss on sale of assets	(43,390)
(Profit)/Loss on sale of investments	(2,40,288)
Provision for wealth tax	2,54,000
Directors' remuneration	1,07,68,383
Net profit as per Section 198(1) of the Companies Act, 1956	28,10,53,840
Commission to Managing Director @ 1% as performance incentive	28,10,538

c. Non-whole time Directors: (In ₹)

Details	Current Year	Previous Year
Sitting fees	1,95,000	2,16,000

11. Disclosure for leases under Accounting Standard 19:

a. Financial Lease:

The net carrying amount of assets acquired under financial lease: Nil

b. 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 ₹ 72,96,014/- (Previous year ₹ 52,48,900/-) has been charged to the Profit and loss account.

12. Earnings per share: (In ₹)

Details	Current Year	Previous Year
Profit after tax as per Profit and loss account	18,35,83,993	12,74,45,073
Excess/(Short) provision of taxes in respect of earlier years (net)	-	(9,64,202)
Add/(Less): (Surplus)/deficit on sale of assets and investments (net of taxes)	(2,83,678)	2,50,293
Balance profit for the year for the purpose of 'EPS'	18,33,00,315	12,67,31,164
Number of Equity shares	1,75,00,000	35,00,000
Earnings per share of ₹ 2/- each (previous year of ₹ 10/- each)	10.47	36.21

The Company does not have any outstanding dilutive potential equity shares as at March 31, 2011. Consequently, the basic and diluted earnings per share of the Company remain the same. Further, the proportionate EPS for the previous year (on equity share of ₹ 2/-) would be ₹ 7.24/-.

13. Deferred tax:

Deferred tax liability and assets are attributable to the following items:

(In ₹)

Details	As at 31.03.2011	As at 31.03.2010
Liability:		
Depreciation	39,44,283	36,83,531
Assets:		
Provision for retirement benefits	1,34,77,816	1,31,69,916
Provision for warranties	2,12,89,350	1,04,07,342
Provision for service tax	61,71,452	38,31,744
Total	4,09,38,618	2,74,09,002
Net deferred tax asset	3,69,94,335	2,37,25,471

SCHEDULES

14. Employee benefits:

The Company has determined liability for Employee benefits as at March 31, 2011 in accordance with the Accounting Standard 15

a. Details of gratuity funded plan: Amount (in ₹)

(i) Expenses recognised in the statement of Profit and loss account for the year ended March 31, 2011.		
Current service cost		9,68,862
Interest on defined benefit obligation		10,55,695
Expected return on plan assets		(8,79,545)
Net actuarial losses/(gains) recognised during the year		3,33,494
Past service cost		78,34,862
Total amount included in the 'Employee benefit expenses'		93,13,368
(ii) Net Asset/(Liability) recognised in the Balance Sheet		
Present value of funded obligations		2,27,45,272
Fair value of the plan assets		1,73,96,449
Surplus/(Deficit)		(53,48,823)
Experience adjustment on plan liabilities		3,17,524
Experience adjustment on plan assets		5,83,688
(iii) Change in the defined benefit obligation		
Opening defined benefit obligation		1,21,07,473
Current service cost		9,68,862
Interest cost		10,55,695
Actuarial losses/(gain)		9,17,182
Past service cost		78,34,862
Benefits paid		(1,38,802)
Closing defined benefit obligation		2,27,45,272
(iv) Change in the fair value of assets		
Opening fair value of plan assets		1,15,60,171
Expected return on plan assets		8,79,545
Actuarial gain/(losses)		5,83,688
Contributions by the employer		45,11,847
Benefits paid		(1,38,802)
Closing fair value of plan assets		1,73,96,449

b. Defined benefit obligation of compensated absence (unfunded) amounts to ₹ 4,05,71,391/- (Rupees four crore five lakh seventy one thousand three hundred and ninety one only) as at March 31, 2011.

c. Principal actuarial assumptions:

Details	Year ended 31.03.11	Year ended 31.03.10
Discount rate (p.a.)	8.15%	8.45%
Expected rate of return on assets (p.a.)	7.50%	7.50%
Salary escalation rate (p.a.)	7.00%	7.00%
Leaving service 21-44 years	2%	2%
Leaving service 45-57 years	1%	1%

15. Purchase and sale/redemption of investments during the year:

a. Purchase:

Description	Opening		Acquisition		Closing	
	Nos.	Amount (in ₹)	Nos.	Amount (in ₹)	Nos.	Amount (in ₹)
HDFC-Quarterly-Interval Fund	-	-	999470.28	1,00,00,000	999470.28	1,00,00,000
HDFC-FMP-370 Days	-	-	500000.00	50,00,000	500000.00	50,00,000

b. Redemption:

Description	Opening		Redemption		Closing	
	Nos.	Amount (in ₹)	Nos.	Amount (in ₹)	Nos.	Amount (in ₹)
HDFC-CMF-Treasury Advantage Fund	1579426.75	1,58,44,020	1598102.00	1,60,31,364	-	-
HDFC-MIP-Growth Fund	99609.53	20,00,000	99609.53	22,40,288	-	-

SCHEDULES

16. Amount transferred to the Investor education and protection fund during the year was ₹ 2,62,452/- (Rupees two lakh sixty two thousand four hundred and fifty two only).
17. a. Working capital facilities from banks are secured by a charge on fixed assets, book debts and hypothecation of the Company's stock, both present and future.
- b. The charge on movable and immovable properties (both present and future) in favour of the Company's bankers also covers guarantees and letters of credit, if any, issued by them in the normal course of business.

18. Payment to auditors: (In ₹)

Details (including audit of branch/units)	Current Year	Previous Year
Audit fees	3,42,500	3,42,500
Tax audit	1,97,500	1,97,500
Certification and allied matters	3,70,000	3,62,000
Total	9,10,000	9,02,000

19. Contingent liabilities: (In ₹)

Details	As at 31.03.2011	As at 31.03.2010
Outstanding guarantees		
Guarantees (bank and corporate)	3,61,82,411	2,75,46,144
Capital commitment	73,49,231	-

20. Micro, Small and Medium Enterprises Development Act, 2006:

The Company has not received any intimation 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.

21. Figures in brackets indicate negative values.

22. Figures of the previous year have been regrouped/recast wherever necessary, to conform to the current period's classification.

N Malkani Nagpal
Chairman

On behalf of the Board of Directors

H P Ledwani
Managing Director
Mumbai, April 29, 2011

Geetha D
Company Secretary

As per our report of even date attached

For Amarnath Kamath and Associates

Firm registration no. 000099S
Chartered Accountants

Amarnath Kamath
Partner (Membership No. 13124)
Bangalore, April 30, 2011

CASH FLOW STATEMENT

Pursuant to clause 32 of the Listing Agreement with the Stock Exchange:

Amount (in ₹)

	2010-11	2009-10
1. Cash flow from operating activities		
Net profit before tax as per Profit and loss account	27,03,15,135	19,50,54,437
Adjusted for:		
- Depreciation	1,58,74,418	1,44,04,212
- (Profit)/Loss on sale of assets	(43,390)	2,50,293
- (Profit)/Loss on sale of investments	(2,40,288)	
- Dividend/interest income	(1,54,47,657)	(1,19,15,300)
- Bad debts/advances provided written-off net of recovery/write back	1,42,232	13,49,617
Total	2,85,315	40,88,822
Operating profit before changes in working capital	27,06,00,450	19,91,43,259
Adjusted for:		
- Trade and other receivables	(2,19,33,505)	(1,76,45,400)
- Inventories	(3,66,28,714)	(2,06,80,849)
- Trade payables	4,83,83,025	2,80,44,256
- Movement in loans, advances and other assets	(2,80,78,192)	(86,56,606)
- Movement in other current liabilities and provisions	4,96,44,819	5,67,27,621
Cash generated from operations	28,19,87,883	23,69,32,281
Taxes paid	(10,76,31,235)	(7,95,22,536)
Net cash from operating activities	17,43,56,648	15,74,09,745
2. Cash flow from investing activities		
Purchase of fixed assets	(7,89,36,559)	(1,70,03,470)
Sale of fixed assets	32,38,362	14,01,145
Purchase and sale of investments (net)	30,84,308	(1,77,39,040)
Dividend/interest income	1,54,47,657	1,19,15,300
Investment in fixed deposit with banks	(10,18,67,037)	(10,66,61,358)
Net cash used in investing activities	(15,90,33,269)	(12,80,87,423)
3. Cash flow from financing activities		
Secured loans	-	-
Dividends paid including tax	(4,89,76,200)	(2,05,13,385)
Net cash used in financing activities	(4,89,76,200)	(2,05,13,385)
Net (decrease)/ increase in cash and cash equivalents (1+2+3)	(3,36,52,821)	88,08,937
Opening balance of cash and cash equivalents	4,14,02,597	3,25,93,660
Closing balance of cash and cash equivalents	77,49,776	4,14,02,597

On behalf of the Board of Directors

N Malkani Nagpal
Chairman

H P Ledwani
Managing Director
Mumbai, April 29, 2011

Geetha D
Company Secretary

As per our report of even date attached

For Amarnath Kamath and Associates

Firm registration no. 000099S
Chartered Accountants

Amarnath Kamath
Partner (Membership No. 13124)
Bangalore, April 30, 2011

BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE**I Registration details:**

- Registration/CIN
- State code
- Balance sheet date

L31909KA1974PLC020010
08
31.03.2011

II Capital raised during the year:

- Public/fresh issue
- Rights issue
- Bonus issue
- Private placement

Amount (in ₹)

III Position of mobilisation and deployment of funds:

- Total liabilities 51,49,52,066
- Total assets 51,49,52,066

Sources of funds:

- Paid up capital 3,50,00,000
- Reserves and surplus 47,99,52,066

Application of funds:

- Net fixed assets (including capital work-in-progress) 14,03,33,695
- Investments 1,50,00,000
- Deferred tax (net) 3,69,94,335
- Net current asset 32,26,24,036

IV Performance of the Company:

- Turnover/other income 1,50,10,62,473
- Total expenditure 1,23,07,47,338
- Profit before taxation 27,03,15,135
- Net profit for the year 18,35,83,993
- Net earnings per share 10.47
- Dividend rate 125%

V Generic names of principal products/services, of the Company:

- Item code no. : 83111000
- Product description : Welding electrodes (low heat)
- Item code no. : 83112000
- Product description : Flux cored arc welding consumables

N Malkani Nagpal
Chairman

On behalf of the Board of Directors

H P Ledwani
Managing Director
Mumbai, April 29, 2011

Geetha D
Company Secretary

As per our report of even date attached

For Amarnath Kamath and Associates

Firm registration no. 000099S
Chartered Accountants

Amarnath Kamath
Partner (Membership No. 13124)
Bangalore, April 30, 2011

ADOR FONTECH LIMITED
Registered Office: Belview 7 Haudin Road Bangalore 560 042

PROXY FORM

I/We of being
a Member /Members 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 36th Annual General Meeting of the Company to be held on Tuesday July 19,
2011 at 11:30 hours at Hotel Ajantha 22-A Mahatma Gandhi Road Bangalore 560 001 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		
Reappointment of Mrs. N Malkani Nagpal as Director		
Reappointment of Mr. N S Marshall as Director		
Appointment of Statutory Auditors		
Appointment of Mr. Nayan B Pandya as Director		
Appointment of Branch Auditors		

Signed this day of 2011. Signature.....

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

- Notes:** 1. The 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 36th Annual General Meeting of the Company on Tuesday July 19, 2011 at 11:30 hours at Hotel Ajantha 22-A Mahatma Gandhi Road Bangalore 560 001.

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.

Dear Shareholder(s)

Re: 'Green Initiative' – A Corporate Governance Measure – Service of Documents through e-mode

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 of documents are made through electronic mode. In such case, the Company is required to obtain e-mail addresses of its Member(s) for sending Notices/Documents/Financial Reports through e-mail by giving an advance opportunity to every Shareholder to register his/her e-mail address and changes thereon, if any, from time to time.

To take part in the same, we propose 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'.

As you are one of the Shareholder(s), you are requested to participate in this 'Green Initiative', by providing your e-mail address and other details mentioned herein below:

Name of the Company	Ador Fontech Limited
Name of the Shareholder(s)	
Folio (If shares are held in physical form)	
E-mail address to which Documents/Notices can be served electronically (Only for shareholders holding shares in physical form).	
PAN Card (Copy/scanned document to be attached)	

Signature of the Shareholder(s)

The above information duly filled to be sent to:

Integrated Enterprises (India) Limited
(Previously Alpha Systems Private Limited)
No 30 Ramana Residency 4th Cross Sampige Road
Malleswaram Bangalore 560 003
Tel Nos. (080) 23460815-818
Fax No. (080) 23460819

or e-mail to the following id's:

- Registrar and Transfer Agent: alfint@vsnl.com
- 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.

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.

BRANDS/TRADE MARKS

HT-ARC® Welding and Cutting Equipment
Welder Safety Systems

LHMATIC® Flux Cored Arc Welding Wires

LH-ALLOY® Low Heat Input Welding Alloys

LE-SERVICES® Life Enhancement Solutions
and Services

ENDURAPLATE® Composite Wear Plates

NETWORK

STD TEL FAX

CORPORATE OFFICE

Belview 7 Haudin Road 080 25596045 25594601
Bangalore 560 042 25596073 25597085
E-mail: customerservice@adorfon.com
Website: www.adorfon.com

NORTH DIVISIONAL OFFICE

C-116 Industrial Area 011 25897133 25798007
Phase 1 Naraina 25791683
New Delhi 110 028
E-mail: north@adorfon.com

EAST DIVISIONAL OFFICE

P-6 CIT Road 033 22841537 22849585
1st Floor Scheme 55
Moulali Kolkata 700 014
E-mail: east@adorfon.com

WEST DIVISIONAL OFFICE

208 2nd Floor Ashok Service 022 25680364 25680375
Industrial Estate 25900240
LBS Marg Bhandup (W)
Mumbai 400 078
E-mail: west@adorfon.com

SOUTH DIVISIONAL OFFICE

3/3 2nd Floor Tower Block 080 22223805 22226279
Unity Building J C Road 22226682
Bangalore 560 002
E-mail: south@adorfon.com

MANUFACTURING PLANT 1

486 B-1 14th Cross 080 28365751 28365752
3rd Main 4th Phase 67600154
Peenya Industrial Area
Bangalore 560 058

MANUFACTURING PLANT 2

A-288 2nd Stage 080 28360988
Peenya Industrial Area 28362805
Bangalore 560 058

RECLAMATION SERVICE CENTRE

S-60-61 MIDC 07104 237260 236823
Hingna Industrial Estate
Nagpur 440 016
E-mail: frs@adorfon.com

NETWORK includes field sales offices at: Bhilai, Bokaro, Chennai, Chittorgarh, Hospet, Jabalpur, Jamshedpur, Lucknow, Ludhiana, Nagpur, Pune, Rajkot, Rourkela, Secunderabad, Trichy, Vadodara and Visakhapatnam.



Reclamation, Fusion
Surfacing & Spraying Solutions

Ador Fontech Limited

Belview 7 Haudin Road Bangalore 560 042

Tel: 080 25596045 25596073 Fax: 080 25597085 25594601

Email: customerservice@adorfon.com / investorservice@adorfon.com

Website: www.adorfon.com