



Life enhancement of  
industrial components



35<sup>th</sup> Annual Report 2009-10



# Ador Fontech Limited

## The Board of Directors

Mrs. N Malkani Nagpal      Chairman  
Mr. H P Ledwani            Managing Director  
Mr. N Srinivasan  
Mr. A T Malkani  
Mr. Navroze S Marshall  
Mr. Sanjeet Thadani

## 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

## Corporate Office

Belview, 7, Haudin Road, Bangalore 560 042  
website: <http://www.adorfon.com>

## Manufacturing Plants

486, B-1, 14<sup>th</sup> Cross, 3<sup>rd</sup> Main, 4<sup>th</sup> Phase  
Peenya Industrial Estate, Bangalore 560 058  
A-288, 6<sup>th</sup> Main, 2<sup>nd</sup> Stage  
Peenya Industrial Estate, Bangalore 560 058

## Reclamation Service Centre

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

## Registrar and Share Transfer Agent

Alpha Systems Private Limited  
No. 30, Ramana Residency, Sampige Road  
Malleswaram, Bangalore 560 003

## Auditors

Amarnath Kamath and Associates  
Chartered Accountants  
Carewel House, 6<sup>th</sup> 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
05	Report on Corporate Governance
08	Management Discussion and Analysis Report
09	Auditors' Report
11	Balance Sheet
12	Profit and Loss Account
13	Schedules
18	Significant Accounting Policies
18	Notes to Accounts
25	Cash Flow Statement
26	General Business Profile

## NOTICE

Notice is hereby given that the 35<sup>th</sup> Annual General Meeting of the Members of the Company will be held at Hotel Ajantha, 22-A, M G Road, Bangalore 560 001 on Monday, July 26, 2010 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, 2010 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, 2010.

#### 3. Reappointment of Mr. N Srinivasan

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

#### 4. Reappointment of Mr. A T Malkani

To appoint a Director in place of Mr. A T Malkani, 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 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, 2011 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 less than forty eight hours before the commencement of the meeting.

- b. The 'Register of Members' and 'Share Transfer Books' will remain closed from July 16, 2010 to July 26, 2010 (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 - Alpha Systems Private 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, 2010 for the years 2002-03 to 2008-09 aggregate to Rs. 29,10,563/- (Rupees twenty nine lakh ten thousand five hundred and sixty three 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 (Alpha Systems Private 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 (Alpha Systems Private Limited).

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

#### Item no. 6

The Company's manufacturing plants are situated at multiple 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

## NOTICE

the Companies Act, 1956, to audit the accounts for the year ending March 31, 2011 and to fix their remuneration. 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.

### BRIEF PROFILE OF THE DIRECTORS

#### 1. Mr. N Srinivasan

Mr. N Srinivasan is a graduate in Commerce and a Chartered Accountant by profession. He retired as a senior partner of Deloitte Haskins and Sells/Fraser and Ross, after having served the Accounting and Auditing fields for over five decades. Besides, being a Board member of several well-known companies, he is associated with the 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 a 'Managing Committee Member'.

- a. Specific areas of expertise:  
Audit and Corporate Finance
- b. Directorship in Companies (other than Ador Fontech Limited):
  - (i) Public Limited Companies:  
United Breweries (Holdings) Limited  
McDowell Holdings Limited  
UB Engineering Limited  
Best and Crompton Engineering Limited  
Essar Shipping Ports and Logistics Limited  
GATI Limited  
The India Cements Limited  
India Cements Capital Limited  
Redington (India) Limited  
The Andhra Pradesh Paper Mills Limited  
Amco Batteries Limited  
Tafe Motors and Tractors Limited  
Tractors and Farm Equipment Limited  
The United Nilgiri Tea Estates Company Limited
  - (ii) Private Limited Companies:  
Indair Carriers Private Limited  
SCM Microsystems (India) Private Limited  
Unique Receivable Management Private Limited  
UT Worldwide (India) Private Limited

- c. Member of Board Committees (Other than Ador Fontech Limited): Ten
- d. Chairman of Board Committees (Other than Ador Fontech Limited): Five
- e. Number of shares held in the Company: 200

#### 2. Mr. AT Malkani

Mr. AT Malkani is a graduate in Economics and has done his masters in Business Administration. He is an industrialist by profession and represents the second generation of promoter group in Ador Fontech Limited. To gain hands on experience, he started his career as a 'Management Trainee' with J B Advani and Company Private Limited and moved over to Ador Welding Limited as 'Manager', International Marketing.

- a. Specific areas of expertise:  
Business Operations and Marketing
- b. Directorship in Companies (other than Ador Fontech Limited):
  - (i) Public Limited Companies:  
Ador Welding Limited  
Ador Multiproducts 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): One
- d. Chairman of Board Committees (Other than Ador Fontech Limited): None
- e. Number of shares held in the Company: 49794

#### 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

Mumbai  
April 29, 2010

Geetha D  
Company Secretary

## DIRECTORS' REPORT

Your Directors are delighted to present their 35<sup>th</sup> Annual Report of the Company for the year ended March 31, 2010.

### 1. Financial Highlights (Rs. Lakhs)

Details	2009-10	2008-09
Turnover	12,012	10,702
Operating profit	2,095	1,598
Interest	–	–
Depreciation	144	144
Profit before tax	1,951	1,454
Provision for taxation	676	512
Net profit for the year	1,275	942
Taxation relating to earlier years	(10)	24
Profit b/f from the previous year	315	408
Amount available for appropriation	1,580	1,374
Appropriations		
Transfer to General Reserve	600	854
Proposed Dividend	420	175
Distribution tax thereon	70	30
Balance carried to Balance Sheet	490	315

The Company has recorded highest ever growth in terms of EBIDAT, PBT and PAT.

### 2. Dividend

The Board of Directors are happy to recommend a dividend of 'Rupees twelve per share' inclusive of special dividend of 'Rupees three per share' on the paid up Share Capital of the Company for the financial year ended March 31, 2010. The special dividend of thirty percent is in commemoration of three decades of the organisation's distinguished service in the sphere of life enhancement of industrial components, as also the progress registered in terms of turnover and profitability.

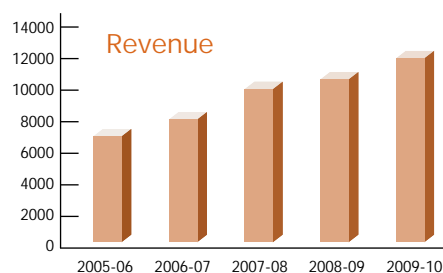
Dividend shall be paid to those Shareholders and Beneficial owners whose names appear in the Register of Members as on the date of the book closure.

### 3. Review of Business Operations

Graduating from a mere trading company in 1979 to a complete solution provider has indeed been remarkable. The revenue realisation of rupees one hundred and twenty crores, factoring a growth of approximately twelve percent year-on-year, corroborates consistency in performance. This has also enabled the Company post an increased profit, in spite of business compulsions laying stress on margins.

Going further, the Company plans to strengthen its existing business verticals with emphasis on infrastructural development and man power training, as the key to success largely hinges on these parameters. It may be pertinent to note that the Company undertakes efforts which enable employees at all levels to achieve job satisfaction, maintain high morale and last but not the least, foster a sense of organisational belongingness.

### 4. Growth Charts



### 5. 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 ongoing concern basis.

### 6. Directors

Mr. N Srinivasan and Mr. A T Malkani retire at the ensuing Annual General Meeting and being eligible seek reappointment.

### 7. Corporate Governance

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

### 8. Fixed Deposits

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

### 9. 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

## DIRECTORS' REPORT

themselves for reappointment. The Branch Auditors will be appointed in consultation with the Statutory Auditors.

### 10. ISO Certification

The Company has been accredited with ISO 9001:2000 certificate by Det Norske Veritas (DNV), which covers manufacture and supply of welding consumables, equipment; reclamation, surfacing and refurbishment services of metallic components and the same is valid up to June 10, 2011.

### 11. Participation in Exhibitions and Awards

As in the past, the Company successfully participated in National Welding Seminar, Naval Dockyard and Messen Essen Welding Technical Exhibitions during the financial year 2009-10, which showcased the Company's proven capabilities.

### 12. Employees

The industrial relations with the employees of the Company continue to be cordial.

The Annual 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 a copy of the said statement may write to the Registered Office of the Company.

### 13. Particulars of Disclosure

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

### 14. Corporate Social Responsibility (CSR)

The Company continues to provide medical relief, education, distribution of food items etc., to the under privileged through its special outfit.

### 15. Acknowledgements

The Directors thank the Shareholders, Authorised Dealers, Channel Partners, Overseas and Inland Business Associates, Bankers and the various Government Agencies for their continued support. They also wish to place on record their appreciation of the contribution made by employees at all levels.

On behalf of the Board  
For Ador Fontech Limited

Mumbai  
April 29, 2010

N Malkani Nagpal  
Chairman

## Annexure to the Directors' Report

Disclosure of particulars with respect to conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo, as required under Section 217 (1) (E) of the Companies Act, read with the Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988 and additional information in terms of notification no. 1029 dated 31.12.1998 issued 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 on areas enunciated in 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.
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

### Foreign exchange earnings and outgoings:

As reported in serial numbers 3, 4 and 6 "Notes forming part of accounts, Schedule - L."

## 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 the applicable laws.

The detailed report on Corporate Governance as per the 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, accountability to its stakeholders, maximising shareholders' value and working towards a motivated work force with emphasis on learning and knowledge updation.

### 2. Board of Directors

The Board of Directors is the apex decision making body of the Company. Meetings are held regularly to review and approve the financial results, capital expenditure, matters relating to properties, risk assessment of business, compliance with respect to statutory/regulatory/listing requirements, joint venture/collaboration agreements and such other important decision related issues.

#### 2.1 Composition of the Board:

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

2.2 During the year 2009-10, four Board meetings were held on April 29, 2009; July 31, 2009; October 30, 2009 and January 29, 2010.

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 2009-10		As on 31.03.10		
	Attendance At Board Meetings	Annual General Meeting held on 16.07.09	Number	Other Directorships	
				Committee Positions	No. of Memberships
Mrs. N Malkani Nagpal	Four	Present	Five	Two	-
Mr. AT Malkani	Four	Present	Four	One	-
Mr. H P Ledwani	Four	Present	One	-	-
Mr. N Srinivasan	Three	Present	Eighteen	Ten	Five
Mr. Navroze S Marshall	Four	Present	Ten	-	-
Mr. Sanjeet Thadani	One	-	Two	-	-

Directorship includes private limited companies and alternate Directorship.

### 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 examine the efficacy of internal control mechanism and monitor risk management policies adopted by the Company.
- To review reports furnished by the Internal, Statutory and Branch 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 2009-10
Mrs. N Malkani Nagpal	Four
Mr. Navroze S Marshall	Four
Mr. Sanjeet Thadani	One

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

3.2 During the year 2009-10, four meetings were held on April 29, 2009; July 31, 2009; October 30, 2009 and January 29, 2010.

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

### 4. Remuneration Committee

The Remuneration Committee is an ad hoc Committee. It recommends compensation payable to the Executive/ Non-Executive Directors of the Company, which is later decided by the Board and subsequently approved by the Shareholders.

#### 4.1 Remuneration to the Executive Director

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

#### 4.2 Remuneration to the Non-Executive Directors

Details of sitting fees:

Meeting	Amount (Rs.)
Board	8,000
Audit Committee	5,000
Shareholders/Investors' Grievance Committee	4,000

Sitting fees paid during 2009-10:

Name of the Director	Amount (Rs.)
Mrs. N Malkani Nagpal	68,000
Mr. A T Malkani	37,000
Mr. Ravin Mirchandani*	8,000
Mr. N Srinivasan	39,000
Mr. Navroze S Marshall	47,000
Mr. Sanjeet Thadani	17,000
Total	2,16,000

\*Mr. Ravin Mirchandani resigned from the Board on April 29, 2009.

#### 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 annual report, dividend payments, etc., and matters relating 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 2009-10
Mrs. N Malkani Nagpal	Four
Mr. Sanjeet Thadani	One

Mr. H P Ledwani is a permanent invitee to the Committee.

5.2 During the year 2009-10, four meetings were held on April 29, 2009; July 31, 2009; October 30, 2009 and January 29, 2010.

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

##### 5.4 Compliance officer

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

##### 5.5 Transfer Committee meetings

Thirteen transfer committee meetings were held during the year 2009-10.

##### 5.6 Directors shareholding as on March 31, 2010:

Name of the Director	Shareholding (nos.)
Mrs. N Malkani Nagpal	3470
Mr. A T Malkani	49794
Mr. H P Ledwani	6020
Mr. N Srinivasan	200
Mr. Navroze S Marshall	Nil
Mr. Sanjeet Thadani	2000

## REPORT ON CORPORATE GOVERNANCE

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 2009-10 were four.

There were no outstanding complaints as on March 31, 2010.

There are no pending share transfers in physical as well as in demat category. All requests received up to March 31, 2010 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.)
2008-09	16.07.09	Hotel Ajantha B'lore	11.30
2007-08	24.06.08	Hotel Ajantha B'lore	11.30
2006-07	20.07.07	Hotel Ajantha B'lore	12.00

##### 6.2 Dividend History: (Rs. lakhs)

Financial year	Dividend percent	Dividend outflow	Dividend tax outflow	Total amount
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
2002-03	Twenty five	88	11	99

#### 7. Disclosures

7.1 Materially significant related party transactions:

During the year 2009-10, 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 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.



## REPORT ON 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

- Newspapers in which quarterly and half yearly results are normally published:  
English:  
Business Standard/Financial Express.  
Kannada:  
Sanjay Vani/Suryodhaya/E-Sanjay.
- Website where results or official news are displayed:  
www.adorfon.com.
- Presentations are made to institutional investors and analysts, whenever required.
- Management Discussion and Analysis Report is a part of the Annual Report.

### 10. General Shareholders' Information

- Annual General Meeting:  
Date: July 26, 2010  
Time: 11.30 hours  
Venue: Hotel Ajantha  
22-A, M G Road  
Bangalore 560 001
- Equity shares listed at:  
Bombay Stock Exchange Limited, Mumbai
- Book closure dates:  
July 16, 2010 to July 26, 2010 (both days inclusive)
- Dividend payment dates:  
July 27, 2010 onwards (subject to the approval of Shareholders)
- ISIN: INE853A01014
- Scrip code: 530431
- Corporate office:  
Belview, 7, Haudin Road  
Bangalore 560 042  
Telephone: (080) 25596045, 25596073  
Fax: (080) 25594601, 25597085  
Email : investorservice@adorfon.com
- Manufacturing plant 1:  
486, B-1, 14<sup>th</sup> Cross  
3<sup>rd</sup> Main, 4<sup>th</sup> Phase  
Peenya Industrial Area  
Bangalore 560 058  
Telephone: (080) 28365751, 65600154  
Fax: (080) 28365752
- Manufacturing plant 2:  
A-288, 2<sup>nd</sup> Stage, Peenya Industrial Estate  
Bangalore 560 058  
Telephone: (080) 28360988  
Fax: (080) 28362805

- Reclamation service centre:  
S-60-61, MIDC, Hingna Industrial Estate  
Nagpur 440 016  
Telephone: (07104) 237260, Fax: (07104) 236823
- Share transfer agent:  
Alpha Systems Private Limited  
No. 30, Ramana Residency, Sampige Road  
Malleswaram, Bangalore 560 003  
Telephone: (080) 23460816-18, Fax: (080) 23460819
- Share transfer system:  
The transfer of shares in physical form is processed and completed by Alpha Systems Private Limited within the statutory stipulated period. In case where shares are held in electronic form, transfers are processed by NSDL/CDSL through the Depository Participants and Registrars.

#### Distribution of Shareholding as on March 31, 2010

Nominal value (Rs.)	Shareholders		Amount	
	Number	Percent	Rupees	Percent
Up to 5000	5195	89.75	77,82,150	22.23
5001 - 10000	303	5.23	25,01,150	7.15
10001 - 20000	130	2.25	19,91,690	5.69
20001 - 30000	50	0.86	13,12,160	3.75
30001 - 40000	20	0.35	7,09,940	2.03
40001 - 50000	24	0.41	11,28,840	3.23
50001 - 100000	33	0.57	24,36,800	6.96
100001 and above	33	0.58	1,71,37,270	48.96
Total	5788	100.00	3,50,00,000	100.00

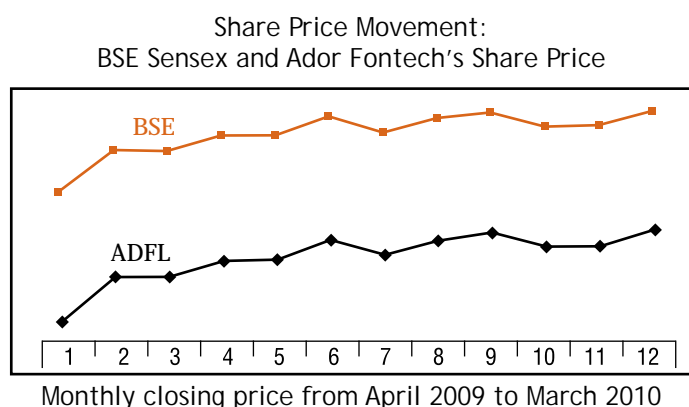
- Dematerialisation of shares and liquidity:  
Eighty three percent of the paid up share capital of the Company stands dematerialised as on March 31, 2010.
- GDRs/ADRs/Convertible instruments:  
The Company has no outstanding GDRs/ADRs/Warrants or Convertible instruments, which are likely to have an impact on the Equity shares.

### 11. Stock Price Data: The Bombay Stock Exchange, Mumbai

Period	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)
April 2009	74.00	92.00	71.00	86.65
May 2009	93.85	119.50	85.00	112.70
June 2009	115.45	119.45	100.25	113.50
July 2009	113.00	127.00	98.00	117.70
August 2009	120.00	131.85	117.00	126.70
September 2009	129.00	148.00	125.05	135.45
October 2009	134.25	162.75	125.25	140.55
November 2009	136.50	156.80	135.00	151.50
December 2009	154.80	173.00	141.25	164.15
January 2010	165.75	188.95	159.55	163.75
February 2010	167.00	179.70	158.10	160.75
March 2010	161.40	183.70	161.40	175.10

## REPORT ON CORPORATE GOVERNANCE

### 12. Shareholding Pattern as on March 31, 2010



Category	No. of shares held	Percentage of Shareholding
Promoters' Holding		
Indian Promoters	12,46,662	35.62
Others		
Private Corporate Bodies	1,32,786	3.79
Indian Public	21,20,552	60.59
Total	35,00,000	100.00

### ANNUAL CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR PURSUANT TO CLAUSE 49 I (D) (ii) OF THE LISTING AGREEMENT

As the Chief Executive Officer/Managing Director of Ador Fontech Limited and as required pursuant to Clause 49(1)(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 2009-10.

For Ador Fontech Limited

Mumbai  
April 29, 2010

**HP Ledwani**  
Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and Development

Repairs and refurbishment of industrial components primarily depends on the requirements of core sector industries. The year before, with the onset of slowdown, there was a tendency to move cautiously and many companies attempted to postpone maintenance, which were not imminent. Towards the third quarter of the financial year 2009-10, the economy started to bounce back and with this, the outlook for repair and refurbishment segment is expected to be promising.

### 2. Opportunities

Lot of opportunities exist, but difficulty lies in tracking, convincing and converting the same in to executable business. Further, apart from core welding, other allied solutions are making in-roads in a greater way, many of which are product and application oriented.

### 3. Threats

Threats emanate from (i) overseas organisations setting up business ventures in India (ii) unorganised sector (iii) overlap between fabrication and repair services.

### 4. Risks and Concerns

Risk proposition in repair segment is quite high. The reason being, metallurgical properties of the base metal would have undergone tremendous change because of wear and tear. Thus, each project is unique in itself and calls for an integrated approach involving

metallurgy, welding techniques, etc. Further, the chance of components disintegrating during repair process cannot be discounted. With jobs backed by performance guarantees, financial implications range from short period to mid-term and generally there exists a disproportional congruence between risk and reward parameters.

### 5. 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.

### 6. Human Resources Development

Primarily, there is shortage of skilled manpower and in respect of available man power, their knowledge, versatility and experience determines perfect execution of jobs. In its subtlety, lies the success of the organisation.

### 7. General

There were 241 employees on the muster roll of the Company as at March 31, 2010.

## AUDITORS' REPORT

### To the Shareholders of Ador Fontech Limited

We have audited the attached Balance Sheet of Ador Fontech Limited as at March 31, 2010 and also the Profit and Loss Account 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, 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 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, 2010;
- 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

Bangalore  
April 30, 2010

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. The Company has not taken/or granted any loans, secured or unsecured from/to companies, firms and other parties listed 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

## AUDITORS' REPORT

purchase of inventory, fixed assets and for the 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. Sub clause (b) is not applicable.
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 on March 31, 2010 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 Rs.	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

Bangalore  
April 30, 2010

**Amarnath Kamath**  
Partner [Membership No. 13124]

### 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, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange 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

Bangalore  
April 30, 2010

**Amarnath Kamath**  
Partner [Membership No. 13124]

## BALANCE SHEET

As at 31.03.09 Rs.		Schedules	Rs.	As at 31.03.10 Rs.
<b>SOURCES OF FUNDS:</b>				
Shareholders' funds:				
3,50,00,000	Share capital	A	3,50,00,000	
26,98,79,840	Reserves and surplus	B	<u>34,73,84,511</u>	
30,48,79,840				38,23,84,511
<u>30,48,79,840</u>	TOTAL			<u>38,23,84,511</u>
<b>APPLICATION OF FUNDS:</b>				
Fixed assets:				
15,07,07,060	Gross block	C	16,06,95,829	
7,11,88,354	Less: Depreciation		<u>8,02,29,303</u>	
7,95,18,706	Net block			8,04,66,526
1,04,980	Investments	D		1,78,44,020
1,38,34,838	Deferred tax asset (note 13)			2,37,25,471
Net current assets:				
35,48,19,205	Current assets, loans and advances	E	51,72,72,355	
14,33,97,889	Less: Current liabilities and provisions	F	<u>25,69,23,861</u>	
21,14,21,316				26,03,48,494
<u>30,48,79,840</u>	TOTAL			<u>38,23,84,511</u>
	Notes on accounts	L		

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

As per our report of even date attached  
For Amarnath Kamath and Associates  
Firm registration no. 000099S  
Chartered Accountants

On behalf of the Board of Directors

**N Malkani Nagpal**  
Chairman

**H P Ledwani**  
Managing Director

**Amarnath Kamath**  
Partner (Membership No. 13124)  
Bangalore, April 30, 2010

**Geetha D**  
Company Secretary  
Mumbai, April 29, 2010

## PROFIT AND LOSS ACCOUNT

Previous Year Rs.	Schedules	Current Year Rs.
<b>I. INCOME:</b>		
97,54,83,044	Sales	1,08,83,27,364
7,47,26,142	Job work charges	9,05,16,243
1,99,53,578	Other income	2,23,35,492
<u>1,07,01,62,764</u>	<b>TOTAL</b>	<u>1,20,11,79,099</u>
<b>II. EXPENDITURE:</b>		
60,14,48,394	Cost of materials	62,22,58,932
30,76,29,853	Operating and other expenses	36,83,18,112
12,28,580	Financial charges	11,43,406
1,44,43,974	Depreciation	1,44,04,212
<u>92,47,50,801</u>	<b>TOTAL</b>	<u>1,00,61,24,662</u>
14,54,11,963	Profit before taxation (I-II)	19,50,54,437
Less: Provision for taxation:		
5,60,00,000	Current tax	7,75,00,000
(87,56,161)	Deferred tax	(98,90,636)
40,00,000	Fringe benefit tax	-
<u>5,12,43,839</u>		<u>6,76,09,364</u>
<u>9,41,68,124</u>	Net profit after tax for the year	<u>12,74,45,073</u>
23,84,408	Taxation relating to earlier years	(9,64,202)
4,08,10,954	Balance brought forward from the previous year	3,15,31,927
<u>13,73,63,486</u>	Amount available for appropriation	<u>15,80,12,798</u>
Appropriated as under:		
8,53,57,434	Transfer to General Reserve	6,00,00,000
1,75,00,000	Proposed Dividend	4,20,00,000
29,74,125	Distribution tax thereon	69,76,200
3,15,31,927	Balance carried to Balance Sheet	4,90,36,598
<u>13,73,63,486</u>	<b>TOTAL</b>	<u>15,80,12,798</u>
27.71	Basic and diluted earnings per share	36.21
	Notes on accounts	L

Schedules G to L form an integral part of the Profit and Loss Account

As per our report of even date attached  
For Amarnath Kamath and Associates  
Firm registration no. 000099S  
Chartered Accountants

On behalf of the Board of Directors

**N Malkani Nagpal**  
Chairman

**H P Ledwani**  
Managing Director

**Amarnath Kamath**  
Partner (Membership No. 13124)  
Bangalore, April 30, 2010

**Geetha D**  
Company Secretary  
Mumbai, April 29, 2010

## SCHEDULES

As at 31.03.09 Rs.		As at 31.03.10 Rs.
<b>SCHEDULE: A - SHARE CAPITAL:</b>		
Authorised:		
5,00,00,000	50,00,000 Equity shares of Rs 10 each	5,00,00,000
Issued, subscribed and paid up:		
3,50,00,000	35,00,000 Equity shares of Rs 10 each	3,50,00,000
<b>SCHEDULE : B - RESERVES AND SURPLUS:</b>		
Capital reserve account:		
11,96,239	As per last Balance Sheet	11,96,239
Share premium account:		
1,71,51,674	As per last Balance Sheet	1,71,51,674
General reserve account:		
13,46,42,566	Balance brought forward	22,00,00,000
8,53,57,434	Add: Transferred from Profit and Loss Account	6,00,00,000
22,00,00,000		28,00,00,000
3,15,31,927	Profit and Loss Account balance	4,90,36,598
26,98,79,840	<b>TOTAL</b>	34,73,84,511

### SCHEDULE: C - FIXED ASSETS:

Particulars of assets (tangible)	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2009 (Rs.)	Additions during the year (Rs.)	Sold/adjusted during the year (Rs.)	Cost as at 31.03.2010 (Rs.)	As at 01.04.2009 (Rs.)	Withdrawn on sales/ (adj.) (Rs.)	For the year (Rs.)	As at 31.03.2010 (Rs.)	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Freehold land	76,48,625	–	–	76,48,625	–	–	–	–	76,48,625	76,48,625
Leasehold land	7,20,284	–	–	7,20,284	1,37,500	–	7,924	1,45,424	5,74,860	5,82,784
Factory building	1,80,19,049	–	–	1,80,19,049	96,93,960	–	8,32,509	1,05,26,469	74,92,580	83,25,089
Office premises	1,09,24,885	–	–	1,09,24,885	52,81,317	–	2,82,178	55,63,495	53,61,390	56,43,568
Plant and machinery	5,22,62,592	42,25,134	71,486	5,64,16,240	2,57,14,982	38,911	40,24,680	2,97,00,751	2,67,15,489	2,65,47,610
Electrical installations	19,07,982	1,547	–	19,09,529	13,43,731	–	80,034	14,23,765	4,85,764	5,64,251
Computers	1,11,31,792	28,31,672	19,08,366	1,20,55,098	60,56,453	15,72,742	22,78,615	67,62,326	52,92,772	50,75,339
Office equipment	44,80,897	7,43,383	5,71,482	46,52,798	23,83,027	4,50,663	3,24,057	22,56,421	23,96,377	20,97,870
Furniture and fixtures	72,92,830	7,43,097	1,58,284	78,77,643	52,07,517	1,30,765	4,54,513	55,31,265	23,46,378	20,85,313
Vehicles	3,63,18,124	84,58,637	43,05,083	4,04,71,678	1,53,69,867	31,70,182	61,19,702	1,83,19,387	2,21,52,291	2,09,48,257
<b>TOTAL</b>	<b>15,07,07,060</b>	<b>1,70,03,470</b>	<b>(70,14,701)</b>	<b>16,06,95,829</b>	<b>7,11,88,354</b>	<b>(53,63,263)</b>	<b>1,44,04,212</b>	<b>8,02,29,303</b>	<b>8,04,66,526</b>	
Previous Year	13,21,43,950	2,79,37,297	(93,74,187)	15,07,07,060	6,36,13,724	(68,69,344)	1,44,43,974	7,11,88,354		7,95,18,706

## SCHEDULES

As at 31.03.09 Rs.		As at 31.03.10 Rs.
<b>SCHEDULE: D - INVESTMENTS:</b>		
1,04,980	HDFC-CMF-Treasury Advantage Fund (1579426.752 units) of Rs. 10 each	1,58,44,020
–	HDFC-MIP-Long Term Growth (99609.531 units) of Rs. 10 each	20,00,000
<u>1,04,980</u>	<b>TOTAL</b>	<u>1,78,44,020</u>
NAV of quoted investments Rs. 1,79,46,119 (previous year Rs. 1,04,980)		
<b>SCHEDULE: E - CURRENT ASSETS, LOANS AND ADVANCES:</b>		
Current assets:		
Inventories: (valued at lower of cost or net realisable value)		
1,93,42,128	Raw materials	3,68,80,919
1,60,114	Work-in-process	10,13,445
1,66,40,278	Finished goods	1,64,07,481
5,64,31,809	Traded goods	5,85,95,584
7,56,058	Packing materials	11,76,791
13,15,505	Stores, spares and consumables	12,52,521
<u>9,46,45,892</u>		<u>11,53,26,741</u>
Sundry debtors: (unsecured considered good)		
23,61,113	Debts outstanding for more than six months	26,15,282
10,60,95,235	Others	12,34,86,466
<u>10,84,56,348</u>		<u>12,61,01,748</u>
Cash and bank balances:		
47,668	Cash on hand	58,807
3,25,45,992	Current accounts with scheduled banks (including unclaimed dividends)	4,13,43,790
3,25,93,660		4,14,02,597
8,10,03,612	Fixed deposits and margin monies account	18,76,64,970
<u>11,35,97,272</u>		<u>22,90,67,567</u>
<u>31,66,99,512</u>		<u>47,04,96,056</u>
Loans and advances: (unsecured considered good)		
2,37,50,632	Advances recoverable in cash or in kind or for value to be received	2,88,12,144
12,31,434	Deposits with Government departments	12,31,434
1,31,37,627	Other deposits	1,67,32,721
<u>3,81,19,693</u>		<u>4,67,76,299</u>
<u>35,48,19,205</u>	<b>TOTAL</b>	<u>51,72,72,355</u>



## SCHEDULES

As at 31.03.09 Rs.		As at 31.03.10 Rs.
<b>SCHEDULE: F - CURRENT LIABILITIES AND PROVISIONS:</b>		
Current liabilities:		
2,01,47,099	Creditors for materials	3,76,28,053
2,31,84,740	Creditors for expenses	3,37,48,042
43,70,009	Advances from customers	97,72,184
1,81,77,570	Security deposits	1,74,81,324
25,97,029	Unclaimed dividends	29,10,563
50,86,988	Statutory liabilities	75,49,377
24,52,172	Other liabilities	2,07,25,816
7,60,15,607		12,98,15,359
Provisions:		
1,75,00,000	Proposed dividend	4,20,00,000
29,74,125	Dividend distribution tax thereon	69,76,200
Taxation (net):		
11,30,00,000	Provision for tax	19,05,00,000
10,51,41,950	Less: Advance tax payments/TDS	18,22,29,924
78,58,050		82,70,076
1,37,75,556	Warranties	3,92,43,392
2,52,74,551	Employee benefits	3,06,18,834
6,73,82,282		12,71,08,502
<u>14,33,97,889</u>	<b>TOTAL</b>	<u>25,69,23,861</u>

## SCHEDULES

Previous Year (Rs.)		Current Year (Rs.)
<b>SCHEDULE: G - SALES:</b>		
49,96,39,491	Manufactured items	52,86,88,662
5,56,16,125	Less: Excise duty	4,29,30,107
44,40,23,366		48,57,58,555
53,14,59,678	Traded goods	60,25,68,809
<u>97,54,83,044</u>	<b>TOTAL</b>	<u>1,08,83,27,364</u>
<b>SCHEDULE: H - OTHER INCOME:</b>		
1,57,07,036	Technical fees	86,42,476
2,896	Interest on tax-free bonds	-
28,92,784	Interest (others)	1,16,76,259
4,979	Dividends	2,39,041
3,31,495	Sales tax refund	6,13,835
10,14,388	Others	11,63,881
<u>1,99,53,578</u>	<b>TOTAL</b>	<u>2,23,35,492</u>
<b>SCHEDULE: I - COST OF MATERIALS:</b>		
a. Materials for resale:		
4,28,83,525	Opening stock	5,64,31,809
40,50,41,539	Purchases	40,07,21,655
44,79,25,064		45,71,53,464
5,64,31,809	Less: Closing stock	5,85,95,584
39,14,93,255		39,85,57,880
b. Materials consumed:		
(i) Raw materials:		
1,92,84,563	Opening stock	1,93,42,128
20,35,37,464	Purchases	23,69,74,914
22,28,22,027		25,63,17,042
1,93,42,128	Less: Closing stock	3,68,80,919
20,34,79,899		21,94,36,123
(ii) Packing materials:		
3,25,918	Opening stock	7,56,058
44,36,585	Purchases	53,06,196
47,62,503		60,62,254
7,56,058	Less: Closing stock	11,76,791
40,06,445		48,85,463
<u>20,74,86,344</u>		<u>22,43,21,586</u>
c. Variation between opening and closing values of work-in-process and finished goods:		
(i) Work-in-process:		
10,96,293	Opening value	1,60,114
1,60,114	Less: Closing value	10,13,445
9,36,179		(8,53,331)
(ii) Finished goods:		
1,81,72,894	Opening value	1,66,40,278
1,66,40,278	Less: Closing value	1,64,07,481
15,32,616		2,32,797
24,68,795		(6,20,534)
<u>60,14,48,394</u>	<b>TOTAL (a+b+c)</b>	<u>62,22,58,932</u>

## SCHEDULES

Previous Year (Rs.)		Current Year (Rs.)
<b>SCHEDULE: J - OPERATING AND OTHER EXPENSES:</b>		
9,49,31,479	Salaries, wages, allowances and bonuses	11,04,93,638
1,19,47,995	Contribution to provident, gratuity and other funds	1,82,78,397
87,95,864	Staff welfare expenses	1,09,26,169
11,56,75,338		13,96,98,204
41,69,787	Cost of utilities	52,97,641
3,99,31,396	Fabrication and job work charges	4,56,73,006
91,12,726	Consumption of stores and spares	54,30,591
17,97,139	Duties and service tax	1,18,08,720
1,17,81,271	Rent, rates, taxes and levies	1,06,89,779
64,09,383	Communication expenses	62,65,805
50,83,848	Legal and professional charges	70,21,333
24,81,662	Printing and stationery	22,76,104
	Repairs and maintenance	
14,77,991	Buildings	21,43,216
33,13,350	Machinery	28,89,987
55,29,369	Others	47,39,667
1,03,20,710		97,72,870
3,67,12,686	Travelling and conveyance	3,48,22,450
66,16,780	Seminars and conferences	47,98,712
1,17,30,617	Freight and forwarding charges	1,39,26,491
41,81,260	Selling, distribution and sales promotion expenses	48,60,340
2,13,04,301	Commission on sales	2,65,22,345
2,04,000	Directors' sitting fees	2,16,000
1,27,97,188	Provision for warranties	3,10,47,429
10,02,101	Donations	10,19,601
4,39,545	Loss on sale of assets (net)	2,50,293
–	Bad debts and irrecoverable advances written off (net)	13,49,617
6,52,500	Payment to auditors	9,02,000
1,25,000	Wealth tax	1,60,000
51,00,615	Miscellaneous expenses	45,08,781
30,76,29,853	TOTAL	36,83,18,112
<b>SCHEDULE: K - FINANCIAL CHARGES:</b>		
7,90,938	Bank charges and commission	7,65,568
4,37,642	Others	3,77,838
12,28,580	TOTAL	11,43,406

## SCHEDULE: L

Attached to and forming part of the Accounts for 2009-10

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 are valued at lower of cost or net realisable value.
- c. Investments are valued at cost (including dividends reinvested).
- 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 basis on all assets of the Company, except for leasehold land which is amortised over the period of the 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. Employeee benefits:
  - (i) Gratuity: The Company contributes for gratuity to 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 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 towards 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 has been categorised under "selling expenditure".
- 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.

Notes to 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 31.03.2010	As at 31.03.2010	Current year	Previous year
Low heat (LH) input welding alloys	Tonne	800	500	361	358
Flux cored arc welding consumables	Tonne	250	250	140	96
Bare rods	Tonne	450	400	346	139

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.	As at 31.03.10 Value (Rs.)	Qty.	As at 31.03.09 Value (Rs.)
<b>b. Stock of finished goods and work-in-process</b>					
<b>(i) Finished goods:</b>					
Welding consumables	Kgs.	32,516	1,10,46,674	29,682	1,24,90,314
Filler wires	Kgs.	6,645	11,46,195	5,266	16,93,251
Flux cored wires	Kgs.	11,434	32,72,232	4,991	14,57,267
Others	Kgs.		<u>9,42,380</u>		<u>9,99,446</u>
			<u>1,64,07,481</u>		<u>1,66,40,278</u>
<b>(ii) Work-in-process</b>					
			<u>10,13,445</u>		<u>1,60,114</u>
			<b>Current year (Rs.)</b>	<b>Previous year (Rs.)</b>	
<b>c. Materials consumed</b>					
<b>(i) Raw materials:</b>					
Wires	Kgs.	2,43,349	6,38,22,078	1,34,844	5,88,42,982
Metal strips and fluxes	Kgs.	1,53,761	3,78,83,335	93,421	2,31,29,517
Coils and fluxes	Kgs.	4,10,619	7,37,95,114	3,97,078	7,38,99,498
Wear plates			2,35,23,651		4,76,07,902
Others			2,04,11,945		-
			<u>21,94,36,123</u>		<u>20,34,79,899</u>
<b>(ii) Packing materials</b>					
			<u>48,85,463</u>		<u>40,06,445</u>
			<u>22,43,21,586</u>		<u>20,74,86,344</u>
<b>d. Sale of manufactured items (net of excise):</b>					
Electrodes	Kgs.	5,84,363	39,13,65,148	4,82,660	35,38,65,131
Flux cored wires	Kgs.	1,18,923	4,56,82,111	74,662	2,93,75,873
Wear plates			3,09,44,805		1,39,71,665
Others			1,77,66,491		4,68,10,697
			<u>48,57,58,555</u>		<u>44,40,23,366</u>
			<b>As at 31.03.10 (Rs.)</b>	<b>As at 31.03.09 (Rs.)</b>	
<b>2. Details of goods traded</b>					
<b>a. Opening stock:</b>					
Welding consumables			1,39,73,137		1,27,30,554
Equipment and refurbishment products			4,24,58,672		3,01,52,971
			<u>5,64,31,809</u>		<u>4,28,83,525</u>
			<b>Current year (Rs.)</b>	<b>Previous year (Rs.)</b>	
<b>b. Purchases:</b>					
Welding consumables			19,23,14,727		16,25,90,179
Equipment and refurbishment products			20,84,06,928		24,24,51,360
			<u>40,07,21,655</u>		<u>40,50,41,539</u>
<b>c. Cost of goods traded:</b>					
Welding consumables			19,32,08,030		16,13,47,596
Equipment and refurbishment products			20,53,49,850		23,01,45,659
			<u>39,85,57,880</u>		<u>39,14,93,255</u>
<b>d. Sales:</b>					
Welding consumables			28,08,97,356		21,00,32,887
Equipment and refurbishment products			32,16,71,453		32,14,26,791
			<u>60,25,68,809</u>		<u>53,14,59,678</u>

## SCHEDULES

Class of goods	Percent	As at 31.03.10 Value (Rs.)	Percent	As at 31.03.09 Value (Rs.)
e. Closing stock:				
Welding consumables		1,30,79,835		1,39,73,137
Equipment and refurbishment products		4,55,15,749		4,24,58,672
		<u>5,85,95,584</u>		<u>5,64,31,809</u>
		Current year (Rs.)		Previous year (Rs.)
3. Expenditure in foreign currency:				
a. Travelling expenses		35,59,999		34,19,588
b. Seminar and conferences		21,72,469		25,23,310
c. Training expenses		–		10,70,269
4. C.I.F value of imports:				
a. Raw materials		4,03,05,532		2,02,19,943
b. Equipment spares and others		17,52,85,100		9,36,46,658
c. Traded goods		8,21,04,176		10,52,12,725
5. a. Value of imported and indigenous raw materials consumed and their percentage to total consumption:				
(i) Imported	13.01	2,85,55,799	7.48	1,52,26,574
(ii) Indigenous	86.99	19,08,80,324	92.52	18,82,53,325
	<u>100.00</u>	<u>21,94,36,123</u>	<u>100.00</u>	<u>20,34,79,899</u>
b. Value of imported and indigenous stores, spares and consumables consumed and their percentage to total consumption:				
(i) Imported	–	–	2.20	2,00,247
(ii) Indigenous	100.00	54,30,591	97.80	89,12,479
	<u>100.00</u>	<u>54,30,591</u>	<u>100.00</u>	<u>91,12,726</u>
6. Earnings in foreign currency:				
Technical assistance fees		86,42,476		1,57,07,036
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			

Details	Current Year			Previous Year		
	Products (Rs.)	Services and Others (Rs.)	Total (Rs.)	Products (Rs.)	Services and Others (Rs.)	Total (Rs.)
Income	1,08,83,27,364	11,28,51,735	120,11,79,099	97,54,83,044	9,46,79,720	1,07,01,62,764
Segment results	15,73,92,194	5,25,24,124	20,99,16,318	12,32,14,879	3,65,89,688	15,98,04,567
Unallocated corporate expenses	–	–	94,80,811	–	–	1,03,47,048
Other depreciation	–	–	53,81,070	–	–	40,45,556
Profit before taxation	–	–	19,50,54,437	–	–	14,54,11,963
Current tax	–	–	7,75,00,000	–	–	5,60,00,000
Deferred tax	–	–	(98,90,636)	–	–	(87,56,161)
Fringe benefit tax	–	–	–	–	–	40,00,000
Net profit for the year	–	–	12,74,45,073	–	–	9,41,68,124
Segment assets	42,24,54,529	19,31,28,372	61,55,82,901	34,65,08,079	8,79,34,812	43,44,42,891
Unallocated segment assets	–	–	2,37,25,471	–	–	1,38,34,838
Total assets	–	–	63,93,08,372	–	–	44,82,77,729
Segment liabilities	25,56,22,883	13,00,978	25,69,23,861	13,90,24,705	43,73,184	14,33,97,889
Segment / Total capital employed	16,68,31,646	19,18,27,394	38,23,84,511	20,74,83,374	8,35,61,628	30,48,79,840
Capital expenditure	–	–	1,70,03,470	–	–	2,79,37,297
Depreciation for the year	–	–	1,44,04,212	–	–	1,44,43,974

## SCHEDULES

### b. Secondary business segments- Revenue by geographical regions:

Details	Current year (Rs.)	Previous year (Rs.)
India	1,19,25,36,623	1,05,44,55,728
Outside India	86,42,476	1,57,07,036
Total	1,20,11,79,099	1,07,01,62,764

### 8. Details of provision for warranties:

Details	Current year (Rs.)	Previous year (Rs.)
Opening balance	1,37,75,556	51,49,769
Provisions	3,10,47,429	1,27,97,188
Less: Cost of materials replaced	55,79,593	41,71,401
Closing balance	3,92,43,392	1,37,75,556

### 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)
- d. Key management personnel : Mr. H P Ledwani, Managing Director
- e. Relatives of key management personnel  
(where transactions have taken place) : Mrs. Sunila H Ledwani
- f. Nature of transactions during the year:

Details	Current Year (Rs.)				Previous Year (Rs.)			
	Directors	Relatives of key management personnel	Corporate entities		Directors	Relatives of key management personnel	Corporate entities	
			JBA	AWL			JBA	AWL
Remuneration	86,31,462	–	–	–	57,13,534	–	–	–
Rent and other charges	11,70,000	11,70,000	–	4,62,000	9,00,000	9,00,000	–	4,83,000
Lease rental deposit	–	–	–	–	10,00,000	–	–	–
Purchase of traded goods and machineries	–	–	58,08,640	3,13,97,294	–	–	38,82,569	4,67,71,520
Purchase of fixed assets	–	–	–	–	–	–	–	12,41,310
Sale of traded goods	–	–	–	12,15,312	–	–	–	–
Royalty	–	–	–	2,29,580	–	–	–	1,93,020

An amount of Rs. 5,00,000/- (Rupees five lakh only) was paid to JBA Charitable Fund during 2009-10 which qualifies for deduction under Section 80 (G) of the Income Tax Act.

### 10. Directors' emoluments (excluding reimbursement of expenses at actuals included under other heads of account):

#### a. Managing Director

Details	Current Year (Rs.)	Previous Year (Rs.)
Salary and allowances	45,50,000	30,00,000
Contribution to provident fund	4,68,000	3,60,000
Performance incentives	20,39,362	11,36,738
Value of perquisites (evaluated as per Income tax rules wherever applicable)	15,74,100	12,16,796
Total	86,31,462	57,13,534

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

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

Details	Amount (Rs.)
Profit after tax	12,74,45,073
Add: Provision for taxation	6,76,09,364
Loss on sale of assets	2,50,293
Directors' remuneration	86,31,462
Net profit as per Section 198 (1) of the Companies Act 1956	20,39,36,192
Commission to Managing Director @ 1%	20,39,362

## 11. Disclosure for leases under Accounting Standard 19:

## 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 Rs. 52,48,900 (Previous year Rs. 57,22,864) has been charged to the Profit and Loss Account.

## 12. Earnings per share:

Details	Year ended 31.03.10 (Rs.)	Year ended 31.03.09 (Rs.)
Profit after tax	12,74,45,073	9,41,68,124
Excess/(Short) provision of taxes in respect of earlier years (net)	(9,64,202)	23,84,408
Add/(Less): Deficit/(Surplus) on sale of assets (net of taxes)	2,50,293	4,39,545
Net profit for the year	12,67,31,164	9,69,92,077
Number of Equity shares	35,00,000	35,00,000
Earnings per share of Rs. 10 each	36.21	27.71

The Company does not have any outstanding dilutive potential equity shares as at March 31, 2010. Consequently, the basic and diluted earnings per share of the Company remain the same.

## 13. Deferred tax

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

Details	As at 31.03.10 (Rs.)	As at 31.03.09 (Rs.)
a. Liability		
Depreciation	36,83,531	24,63,206
b. Assets		
Provision for retirement benefits	1,31,69,916	1,24,36,268
Provision for warranties	1,04,07,342	38,61,776
Provision for service tax	38,31,744	–
Total	2,74,09,002	1,62,98,044
Net deferred tax asset	2,37,25,471	1,38,34,838

## 14. Amount transferred to the Investor education and protection fund during the year was Rs. 1,86,381/- (Rupees one lakh eighty six thousand three hundred and eighty one).

## 15. 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.



## SCHEDULES

### 16. Employee benefits

The Company has determined the liability for employee benefits as at March 31, 2010 in accordance with the Accounting Standard 15.

a. Details of gratuity (funded) plan:	Amount (Rs.)
(i) Expenses recognised in the statement of the Profit and Loss Account for the year ended 31.03.10	
Current service cost	10,10,362
Interest on defined benefit obligation	8,86,924
Expected return on plan assets	(7,03,154)
Net actuarial losses/(gains) recognised during the year	3,54,681
Total amount included in the 'Employee benefit expenses'	15,48,813
(ii) Experience adjustments for the year ended 31.03.10	
Defined benefit obligation	1,21,07,473
Plan assets	1,15,60,171
Surplus/(Deficit)	(5,47,302)
Experience adjustment on plan liabilities	3,73,159
Experience adjustment on plan assets	(11,07,962)
(iii) Changes in the defined benefit obligation	
Opening defined benefit obligation	1,13,13,468
Current service cost	10,10,362
Interest cost	8,86,924
Actuarial losses/(gains)	(7,53,281)
Benefits paid	(3,50,000)
Closing defined benefit obligation	1,21,07,473
(iv) Changes in the fair value of assets	
Opening fair value of plan assets	92,79,159
Expected return on plan assets	7,03,154
Actuarial gains/(losses)	(11,07,962)
Contribution by the employer	30,35,820
Benefits paid	(3,50,000)
Closing fair value of plan assets	1,15,60,171
b. Defined benefit obligation of compensated absence amounts to Rs. 3,06,18,834/- (Rupees three crore six lakh eighteen thousand eight hundred and thirty four) as on March 31, 2010.	
c. Principal actuarial assumptions:	

Details	Year ended 31.03.10	Year ended 31.03.09
Discount Rate (p. a)	8.45%	7.60%
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%
45-57 years	1%	1%

### 17. Purchase and sales/redemption of investments during the year

Description	Opening		Acquisition		Value as at 31.03.10 (Including dividend reinvested)	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
HDFC Cash Management Fund						
1. Treasury Advantage Plan	10464.919	1,04,980	1568961.833	1,57,39,040	1579426.752	1,58,44,020
2. Long Term Growth (at cost)	-	-	99,609.531	20,00,000	99,609.531	20,00,000

## SCHEDULES

18. Payment to Auditors (including audit of branch/units):

	Current year (Rs.)	Previous year (Rs.)
a. Audit fees	3,42,500	3,12,500
b. Tax audit	1,97,500	1,80,000
c. Certification and allied matters	3,62,000	1,60,000
Total	9,02,000	6,52,500
d. Service tax thereon	89,863	59,225
Amount paid including service tax	9,91,863	7,11,725

	As at 31.03.10 Rs.	As at 31.03.09 Rs.
19. Contingent liabilities:		
a. Outstanding guarantees Guarantees (Bank and Corporate)	2,75,46,144	1,70,12,032
b. Claims against the Company not acknowledged as debt Demand raised under excise duty	70,73,413	70,73,413

No provision has been made in the Company's accounts in respect of the above demand raised by the Central Excise Department as regards levy of excise duty on traded goods. The Company has obtained legal opinion that the demand is not sustainable and has filed an appeal dated 19.11.08. An amount of Rs.10,00,000 (Rupees ten lakhs only) has since been paid under protest on specific demand by the authorities and the same is in waiver of all other pre-deposit requirements. A stay order has been granted recognising cenvat credit and pending disposal of the appeal.

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.

---

On behalf of the Board of Directors

**N Malkani Nagpal**  
Chairman

**H P Ledwani**  
Managing Director

**Geetha D**  
Company Secretary

Mumbai, April 29, 2010

## CASH FLOW STATEMENT

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

Particulars	Amount (Rs.)	
	2009-10	2008-09
1. Cash flow from operating activities:		
Net profit before tax as per Profit and Loss Account	19,50,54,437	14,54,11,963
Adjusted for:		
- Depreciation	1,44,04,212	1,44,43,974
- (Profit)/Loss on sale of assets	2,50,293	4,39,545
- Dividend/interest income	(1,19,15,300)	(29,00,659)
- Bad debts/advances provided written-off net of recovery/write back	13,49,617	–
	<u>40,88,822</u>	<u>1,19,82,860</u>
Operating profit before changes in working capital	<u>19,91,43,259</u>	<u>15,73,94,823</u>
Adjusted for:		
- Trade and other receivables	(1,76,45,400)	3,67,82,421
- Inventories	(2,06,80,849)	(1,24,53,855)
- Trade payables	2,80,44,256	(4,26,16,684)
- Movement in loans, advances and other assets	(86,56,606)	(84,04,481)
- Movement in other current liabilities and provisions	5,67,27,621	1,04,23,630
Cash generated from operations	<u>23,69,32,281</u>	<u>14,11,25,854</u>
-Taxes paid	<u>(7,95,22,536)</u>	<u>(5,43,53,383)</u>
Net cash from operating activities	<u>15,74,09,745</u>	<u>8,67,72,471</u>
2. Cash flow from investing activities:		
Purchase of fixed assets	(1,70,03,470)	(2,79,37,297)
Sale of fixed assets	14,01,145	20,65,298
Purchase of investments	(1,77,39,040)	(1,00,000)
Sale of investments/redemption of bonds	–	2,54,600
Dividend/interest income	1,19,15,300	29,00,659
Investment in fixed deposits with banks	<u>(10,66,61,358)</u>	<u>(5,17,24,397)</u>
Net cash used in investing activities	<u>(12,80,87,423)</u>	<u>(7,45,41,137)</u>
3. Cash flow from financing activities:		
Dividends paid including tax	<u>(2,05,13,385)</u>	<u>(2,04,74,125)</u>
Net cash used in financing activities	<u>(2,05,13,385)</u>	<u>(2,04,74,125)</u>
Net decrease/increase in cash and cash equivalents (1+2+3)	<u>88,08,937</u>	<u>(82,42,791)</u>
Opening balance of cash and cash equivalents in current accounts	3,25,93,660	4,08,36,451
Closing balance of cash and cash equivalents in current accounts	4,14,02,597	3,25,93,660

As per our report of even date attached

On behalf of the Board of Directors

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

N Malkani Nagpal  
Chairman

H P Ledwani  
Managing Director

Amarnath Kamath  
Partner (Membership No. 13124)  
Bangalore, April 30, 2010

Geetha D  
Company Secretary  
Mumbai, April 29, 2010

## BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I	Registration details:	
	- Registration no./CIN	L31909KA1974PLC020010
	- State code	08
	- Balance Sheet date	31.03.10
II	Capital raised during the year:	
	- Public/fresh issue	-
	- Rights issue	-
	- Bonus issue	-
	- Private placement	-
		Amount (Rs.)
III	Position of mobilisation and deployment of funds:	
	- Total liabilities	38,23,84,511
	- Total assets	38,23,84,511
	Sources of funds:	
	- Paid up capital	3,50,00,000
	- Reserves and surplus	34,73,84,511
	Application of funds:	
	- Net fixed assets	8,04,66,526
	- Investments	1,78,44,020
	- Deferred tax (net)	2,37,25,471
	- Net current asset	26,03,48,494
IV	Performance of the Company	
	- Turnover/other income	1,20,11,79,099
	- Total expenditure	1,00,61,24,662
	- Profit before taxation	19,50,54,437
	- Net profit for the year	12,74,45,073
	- Net earnings per share	36.21
	- Dividend rate	Rupees twelve per share
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	

---

On behalf of the Board of Directors

**N Malkani Nagpal**  
Chairman

**H P Ledwani**  
Managing Director

**Geetha D**  
Company Secretary

Mumbai, April 29, 2010

Ador Fontech Limited  
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 35<sup>th</sup> Annual General Meeting of the Company, to be held on Monday, July 26, 2010 at 11.30 hours at Hotel Ajantha, 22-A, M G Road, Bangalore 560 001 and at my adjournment thereof.

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

Sl. No.	Resolutions	For	Against
1	Adoption of Annual Accounts and Reports		
2	Declaration of Dividend		
3	Reappointment of Mr. N Srinivasan as Director		
4	Reappointment of Mr. A T Malkani as Director		
5	Appointment of Statutory Auditors		
6	Appointment of Branch Auditors		

Signed this ..... day of ..... 2010, Signature .....

Registered Folio no./Client ID ..... Number of shares .....

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  
Belview, 7, Haudin Road, Bangalore 560 042

**ATTENDANCE SLIP**

LF No. .... Number of shares.....

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

I hereby record my presence at the 35<sup>th</sup> Annual General Meeting of the Company, on Monday, July 26, 2010 at 11.30 hours at Hotel Ajantha, 22-A, M G 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.

THIS PAGE IS BLANK

## 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.

Innovativeness and continuous improvements in all our work processes.

Growth is our way of life.

Honouring commitments top down.

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

### BRANDS/TRADE MARKS

**HT-ARC**<sup>®</sup> Welding and Cutting Equipment  
Welder Safety Systems

**LHMATIC**<sup>®</sup> Flux Cored Arc Welding Wires

**LH-ALLOY**<sup>®</sup> Low Heat Input Welding Alloys

**LE-SERVICES**<sup>®</sup> Life Enhancement Solutions  
and Services

**ENDURAPLATE**<sup>®</sup> Composite Wear Plates

**ZIPARC**<sup>®</sup> Welding Electrodes

## NETWORK

	STD	TEL	FAX
<b>CORPORATE OFFICE</b> Belview, 7, Haudin Road Bangalore 560 042 E-mail: customerservice@adorfon.com	080	25596045 25596073	25594601 25597085

<b>NORTH DIVISIONAL OFFICE</b> C-116, Industrial Area Phase 1, Naraina New Delhi 110 028 E-mail: north@adorfon.com	011	25897133 25791683	25798007
--	-----	----------------------	----------

<b>EAST DIVISIONAL OFFICE</b> P-6, CIT Road 1 <sup>st</sup> Floor, Scheme 55 Moulali, Kolkata 700 014 E-mail: east@adorfon.com	033	22841537	22849585
--	-----	----------	----------

<b>WEST DIVISIONAL OFFICE</b> 208, 2 <sup>nd</sup> Floor, Ashok Service Industrial Estate LBS Marg, Bhandup (W) Mumbai 400 078 E-mail: west@adorfon.com	022	25680364 25900240	25680375
--	-----	----------------------	----------

<b>SOUTH DIVISIONAL OFFICE</b> 3/3, 2 <sup>nd</sup> Floor, Tower Block Unity Building, J C Road Bangalore 560 002 E-mail: south@adorfon.com	080	22223805 22226682	22226279
---	-----	----------------------	----------

<b>MANUFACTURING PLANT 1</b> 486, B-1, 14 <sup>th</sup> Cross 3 <sup>rd</sup> Main, 4 <sup>th</sup> Phase Peenya Industrial Area Bangalore 560 058	080	28365751 67600154	28365752
--	-----	----------------------	----------

<b>MANUFACTURING PLANT 2</b> A-288, 2 <sup>nd</sup> Stage Peenya Industrial Area Bangalore 560 058	080	28360988 28362805	
---	-----	----------------------	--

<b>RECLAMATION SERVICE CENTRE</b> S-60-61, MIDC Hingna Indl. Estate Nagpur 440 016 E-mail: frs@adorfon.com	07104	237260	236823
--	-------	--------	--------

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

e-mail: [customerservice@adorfon.com](mailto:customerservice@adorfon.com) / [investorservice@adorfon.com](mailto:investorservice@adorfon.com)