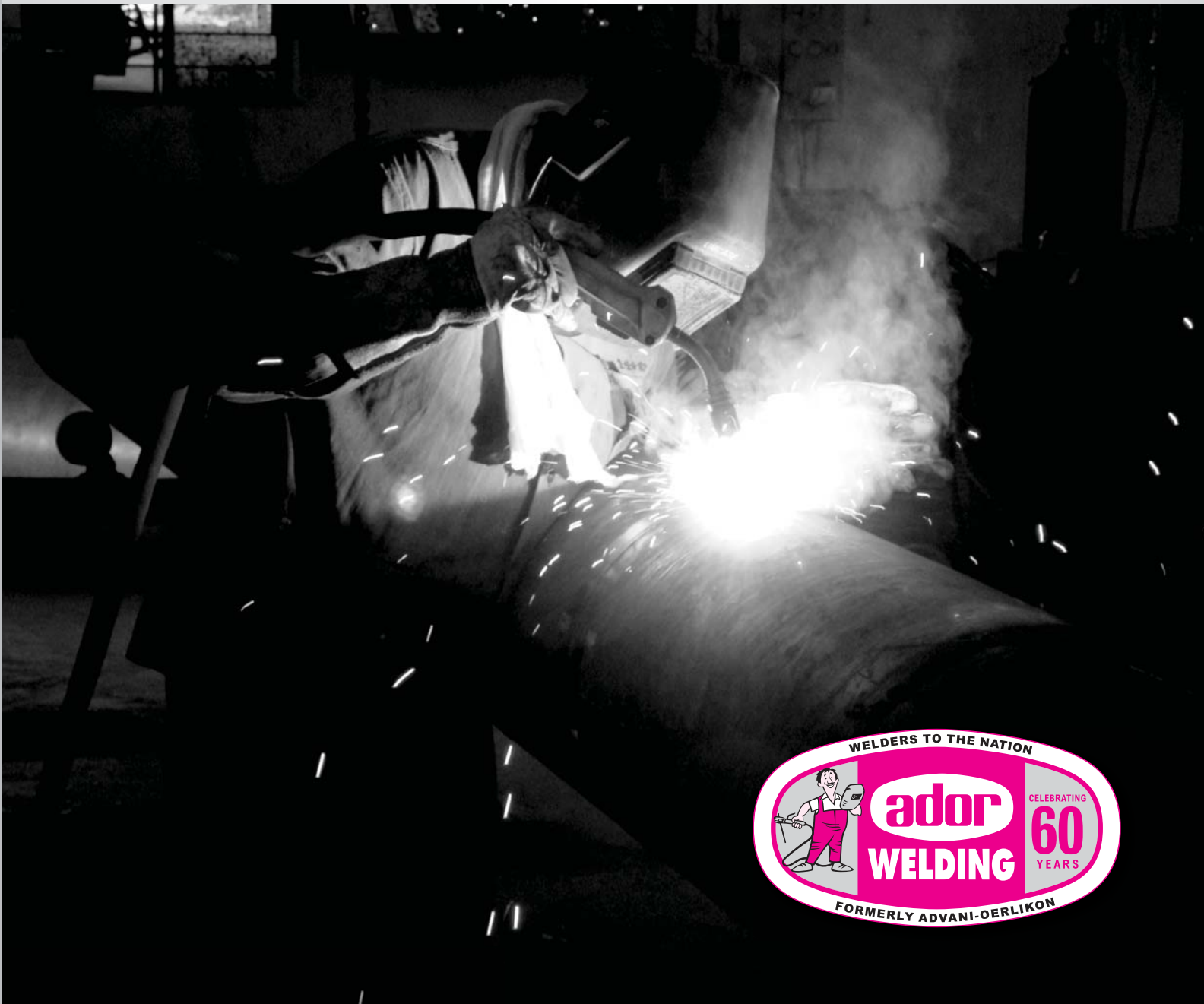


58<sup>th</sup> Annual Report  
2010-11



**ADOR WELDING LIMITED**



# INDIA'S WELDING POWER HOUSE



## ADOR WELDING LIMITED

### REGD. & HEAD OFFICE

809, Raheja Centre, Free press Journal Marg,  
GPO Box No. 1546, Nariman Point,  
Mumbai - 400 021.  
Maharashtra, INDIA.  
Tel. : (022) 2284 2525, (3 Lines)  
Fax: (022) 2287 3083  
E-mail: [investorservices@adorians.com](mailto:investorservices@adorians.com)  
[prajakta@adorians.com](mailto:prajakta@adorians.com)  
[bmair@adorians.com](mailto:bmair@adorians.com)

### CORPORATE MARKETING OFFICE

5/A, CORPORA  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078.  
Maharashtra, INDIA.  
Tel.: (022) 2596 2564, 6623 9300  
Fax: (022) 2596 6562/ 6062  
E-mail: [cmo@adorians.com](mailto:cmo@adorians.com)

### INTERNATIONAL BUSINESS DIVISION

5/A, CORPORA  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078.  
Maharashtra, INDIA.  
Tel.: (022) 2596 2564, 6623 9300  
Fax: (022) 2596 6562 / 6062  
E-mail: [cmo@adorians.com](mailto:cmo@adorians.com)



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## BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT TEAM, BANKERS, SOLICITORS AND RTA

### Board of Directors

Ms. A. B. Advani  
**Executive Chairman**

Mr. Raman Kumar  
**Managing Director**

Mrs. N. Malkani Nagpal  
**Director**

Mr. R. A. Mirchandani  
**Director**

Mr. A. T. Malkani  
**Director**

Mr. D. A. Lalvani  
**Director**

Mr. Anil Harish  
**Director**

Mr. M. K. Maheshwari  
**Director**

Mr. P. K. Gupta  
**Director**

Mr. R. N. Sapru  
**Director**

Mr. K. Digvijay Singh  
**Director**

Mr. Vippen Sareen\*  
**Director**

(\* w.e.f. 23<sup>rd</sup> October, 2010)

### Executive Management Team

Mr. S. M. Bhat

Mr. K. N. Subramanian

Mr. R. Ravi

Mr. V. M. Bhide

Mr. H. K. Bhatia

Mr. J. Rajagopalan

Mr. S. S. Bhoi

Mr. A. R. Vilekar

Mr. M.G. Gadre

Mr. S. Ajay Kumar

Mr. H. Venkataraman

Mr. H. A. Mazumdar

### Company Secretary

Mr. V. M. Bhide

### Registered & Head Office

809, Raheja Centre,

Free Press Journal Marg,

Nariman Point,

Mumbai 400 021,

Maharashtra, India

Tel: 2284 2525, 2287 2548

Fax: 2287 3083

Web: [www.adorwelding.com](http://www.adorwelding.com)

### Bankers

HDFC Bank Limited

Bank of Baroda

### Auditors

Dalal & Shah,

Chartered Accountants

Mumbai

### Solicitors

Nanu Hormasjee & Co.,

Mumbai

### Registrar & Share Transfer Agent (RTA)

M/s. Sharex Dynamic (I) Pvt. Ltd.

Unit No. 1,

Luthra Industrial Premises,

Andheri Kurla Road,

Safed Pool, Andheri (East),

Mumbai – 400 072

Tel: 2851 5606, 44, 28516338,

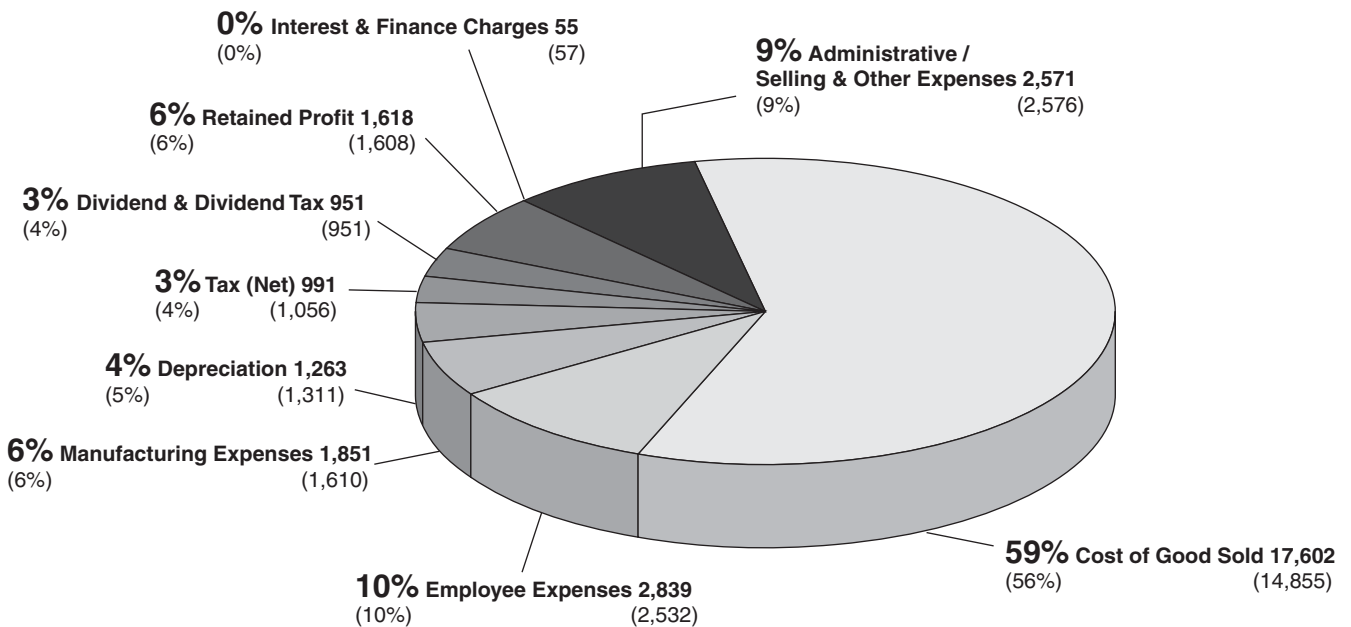
28528087

Fax: 2851 2885

Web: [www.sharexindia.com](http://www.sharexindia.com)

## DISTRIBUTION OF REVENUE

(Rupees in lacs)



(Figures in bracket indicate Previous Year)





# WELDING CONSUMABLES

## (NEW DEVELOPMENTS)

### A. SMAW Electrodes:

#### 1. Product Name: Tenalloy-Ni (SPL Batch)

AWS Classification: AWS A/SFA 5.5 E7018-G

An electrode for depositing Ni containing low alloy steel weld metal for excellent impact strengths at minus 46C as demanded by offshore fabrication industries. Weld metal meets special toughness tests like CTOD at minus 10C which ensures good performance of the weld metal under actual service conditions. Developed as a substitute for imported products.

#### 2. Product Name: Tenalloy-60NX (SPL Batch)

AWS Classification: AWS A/SFA 5.5 E8018-G

An electrode for depositing Mn-Ni containing weld metal for meeting sub-zero temperature toughness down to minus 60C. Ideally finds applications in off shore structures. Weld metal meets stringent requirements of toughness like CTOD tests. Developed as a substitute for imported products.

#### 3. Product Name: Nicalloy-Mo4 (NS)

AWS Classification: AWS A/SFA 5.11 ENiCrMo4

Non-synthetic electrode producing Ni alloy weld metal, having, excellent resistance to chloride containing media and wet chlorine gas. Ideal not only for welding but also for surfacing on carbon and low alloy steels used in oil & gas, chemical industries.

#### 4. Product Name: Tenalloy-65 SPL

AWS Classification: AWS A/SFA 5.5 E9018G

An electrode producing high strength low alloy steel weld metal for welding nuclear power plant steam generators. Weld metal has good strength, toughness even after repeated heat treatment cycles. Will be offered as a substitute for imported products to nuclear power equipment manufacturers.

#### 5. Product Name: Cromoten-9M-15

AWS Classification: AWS A/SFA 5.5 E9015-B9

An electrode developed as a substitute for imported consumables used in welding materials like P91 used in super critical thermal power plants. This product will be used extensively in the future thermal power plants.

#### 6. Product Name: Betanox-2594

AWS Classification: AWS A/SFA 5.4 E2594-15

An electrode for welding super duplex stainless steels used in oil & gas, chemical industries for resisting chloride induced stress corrosion cracking and pitting attack in chloride

environment, e.g. sea water. This product finds extensive usage in these industries.

#### 7. Product Name: Cromoten-CH

AWS Classification: AWS A/SFA 5.5 E9018-B3 (Nearest)

An electrode for welding castings used in high temperature applications in power plants. Casting manufacturers of power plant will be using this product.

#### 8. Product Name: Cromoten-T24

AWS Classification: AWS A/SFA 5.5 E9015G

An electrode developed as an import substitute for welding T24 steels which will be used in super and ultra super critical power plants.

#### 9. Product Name: Nicalloy-Mo5

AWS Classification: AWS A/SFA 5.11 ENiCrMo5

An electrode for depositing Ni alloy weld metal for chemical, oil & gas industries and also for hardfacing applications.

#### 10. Product Name: Superinox-1B (H Batch)

AWS Classification: AWS/SFA 5.4 E347-16

A higher carbon version of 347 type stainless steel, for chemical, fertilizer, power, refinery industries, to achieve high temperature properties.

### B. SAW Fluxes:

#### 1. Product Name: Automelt A10 Plus

AWS Classification: AWS A/SFA 5.17 F6A2-EL8, F7AZ-EM12K

Automelt A10 Plus is a special agglomerated Aluminate-basic type flux, best suited for welding general structural steels. The flux can be used with single wire and multi-wire welding.

#### 2. Product Name: Automelt B41 Plus

AWS Classification: AWS A/SFA 5.17 F7A8/F6P8-EH10K

Automelt B41 Plus is a special agglomerated fluoride-basic type flux. It is suitable for welding of High Tensile Fine grained structural steels, General structural steels, Heat Resistant Steels.

### C. FCAW Wires:

#### Product Name: Automig FC 180 R

AWS Classification: AWS A/SFA 5.29 E80T1-GC

It is a rutile flux cored wire for MAG welding, giving weld metal suitable for welding weathering steels. This product finds extensive use in railways.

## WELDING EQUIPMENT GROUP (NEW DEVELOPMENTS)

**1) CHAMP T400:**



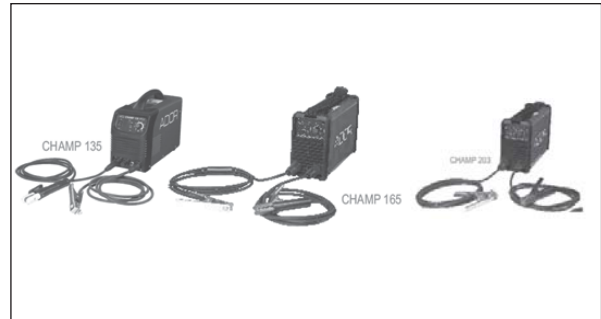
It is a light weight and compact IGBT inverter based MMA Welding Rectifier, suitable for heavy duty shop floor and project site welding applications. Apart from the energy efficient feature, following are the salient features of this rectifier:

- Three phase inverter based, high efficiency and high power factor DC Welder
- Enhanced Reliability due to SMD technology
- Smooth and stable arc with minimum spatter.
- High frequency IGBT based Rectifier
- Built in HOT START and ANTISTICK functions.
- Arc force adjustment on panel.
- TIG Welding possible with External HF Unit
- Light weight, compact and portable for easy handling

It has following protections with auto reset capability:

- Over Temperature
- Protection against Single phasing
- Input Supply Voltage protections for over and under voltage

**2) CHAMP 135 / CHAMP 165 / CHAMP 203:**



These are world class, high efficiency and high power factor, inverter based MMA DC welders, which operate on wide single phase input supply voltage. These are light weight, compact and portable welders, suitable for light duty general purpose production and maintenance welding applications.

These power sources have following salient features:

- High operating frequency
- High efficiency (>85%) and higher power factor
- Smooth and stable arc with minimum spatter
- TIG welding operation possible with lift arc or scratch start technique without HF unit.

**3) MAESTRO 1000(I):**



It is a world class high efficiency and high power factor IGBT inverter based Submerged Arc Welding (SAW) outfit suitable for heavy structural welding applications which require higher metal deposition rate. It is suitable for both SAW and Gouging application.





Apart from the energy efficient feature, it has following salient features:

- Multi turn potentiometer provides precise adjustment and ensures accurate parameter settings.
- User friendly interface including keys, LEDs and indicator lamps for easy operation of the equipment.
- Micro controller based Controllers ensure real time response for every parameter set.
- The wire diameter selection system is based on fuzzy control, which is suitable for the wire range of  $\Phi 2.0$  mm -  $\Phi 5.0$  mm.
- Protection against supply voltage variation and over heating.

#### 4) MECHANISATION ATTACHMENT FOR GMAW/FCAW/SAW:

**MODEL - COMBO MS 600:**



It is the unique Mechanization attachment mounted on travel carriage for GMAW / FCAW / SAW welding using standard CO<sub>2</sub> Welding machine, which is very useful and handy to complete GMAW / FCAW / SAW jobs without really purchasing the complete SAW welding outfit consisting of power source and welding head.

In this arrangement, standard CO<sub>2</sub> welding torch can be mounted on the travel carriage for carrying out mechanized welding either with GMAW or FCAW and SAW welding can be done by connecting flux hopper, flux hose & flux adaptor provided with the attachment.

User has the option to carry out normal semiautomatic CO<sub>2</sub> / MIG welding torch or mechanized GMAW / FCAW / SAW welding.

This mechanization arrangement will enable the fabricator to carry out manual, semiautomatic as well as mechanized GMAW / FCAW / SAW welding of pipes / plates from 7 mm to 20 mm thickness.

#### 5) MIG / MAG WELDING TORCHES:

##### a) PUSH PULL TORCH (MODEL: ADOR-PP-350):

This welding torch is suitable for long reach application upto 10 meter distance. This torch is suitable for Aluminium, Stainless steel and M.S. wires having various diameter of 0.8, 1.0 and 1.2 mm.



It has swan neck which can be rotated in 360 degree for ease of welder to weld the job in any position.

##### b) ADOR TW 150 (E/S):

This is light duty, light weight MIG torch of current rating upto 150A suitable for maintenance, fabrication jobs. This Torch is suitable for 0.8 mm and 1.0 mm wire diameters. This torch is available in standard length of 3 meters.

##### c) ADOR TW 500 (E/S):

This is heavy duty gas cooled MIG torch of current rating upto 500A suitable for heavy structural fabrication and for semi automatic welding applications. This Torch is suitable for 0.8 mm, 1.0 mm, 1.2 mm and 1.6 mm wire diameters. This torch is available in standard length of 3 meters.



##### d) ADOR TW 500 (WE / WS):

This is heavy duty water cooled MIG torch of current rating upto 500A suitable for heavy structural fabrication and for continuous welding applications. This Torch is suitable for 0.8 mm, 1.0 mm, 1.2 mm and 1.6 mm wire diameters. This torch is available in standard length of 3 meters.

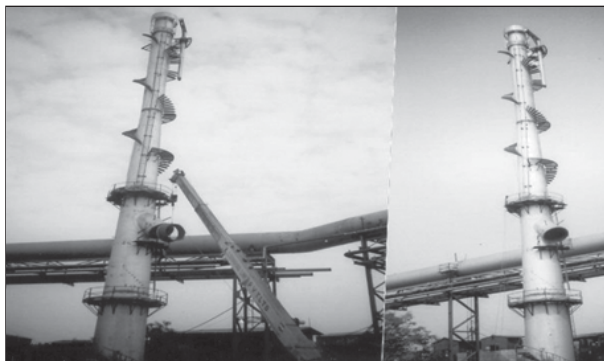




## PROJECT ENGINEERING BUSINESS (NEW DEVELOPMENTS)

### 1. Flare Systems:

- a) Flare is an equipment used to safely burn industrial waste gases such as Hydrocarbons, BF gas etc., in an environment friendly manner. The following flare system is self supported, 45mtr height, 44" stainless steel Tip and FFG panel for auto start - up.



- b) The following flare system has Derrick support, 45mtr height, 80" and 48" stainless steel Tip and FFG panel for auto start - up and PLC Based Controller.



### 2. Molecular Seal:

Molecular seal is safety seal mounted directly under flare tip and it acts like a flame non return valve, thus no gas - air mixture is formed in the flare stack, reducing the risk of explosion.



### 3. Waste Heat Recovery Unit (WHRU):

Two large Waste Heat Recovery Units (Heat Exchangers) made out of critical material P22 were supplied from Chinchwad Plant ASME approved PEB Shop in September 2010.



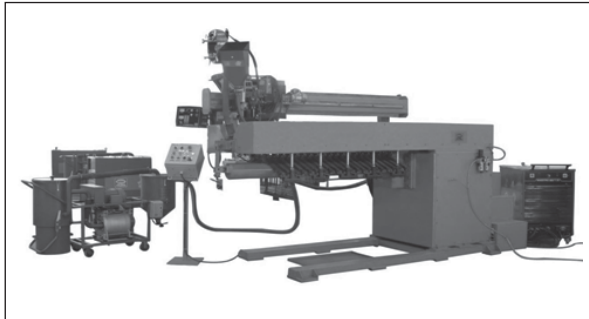


# WELDING AUTOMATION PRODUCTS & SYSTEMS (WAPS)

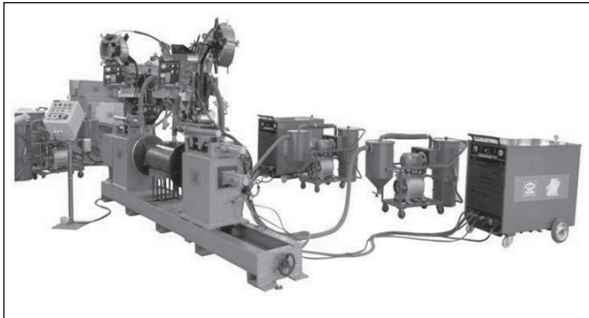
## (NEW DEVELOPMENTS)

### 1) CIR SEAM & L-SEAM WELDING MACHINE:-

- a) Automatic welding of the long seam joint, on a mandrel with copper backing.



- b) Automatic welding of both dished ends using two torches by the press of single button. Can also do 2 runs of welding Non-stop, with manual removal of the slag.



Job range is 50 liters to 500 liters tanks of following sizes:-

Length: min 625 mm to max 1860 mm

Diameter: min 288 mm to 630 mm

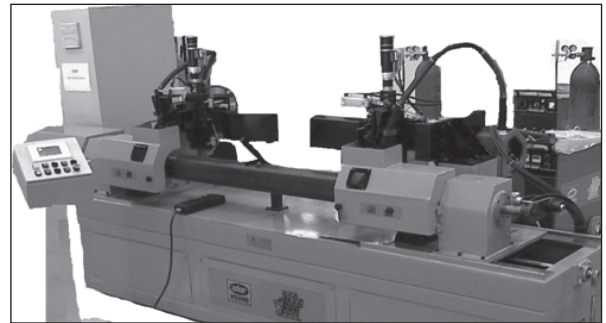
Thickness: min 4 mm to max 6 mm

Welding process: submerged arc welding with ADOR Consumables

Machine : MAESTRO 800-02 T (F)

These type of machines are suitable for mass production of compressed air vessels, gas cylinders, storage cylinders etc. The welding process can be MIG / SAW as desired by the customer.

### 2) SQUARE AXLE WELDING MACHINE:-



This is a 5 servo controller mechanism suitable for square & round axle of following specifications:

Length: min 2112 mm to max 2362 mm

Square axle: 150 mm across flats & round axle: diameter: 127 mm

Welding process: MIG / MAG welding

Servomotor with drives: 5 nos

This is a fully programmable automated system. The challenge was to do the welding of square axle by rotating on its center axis with variable speed at different sections. The vertical slide moves up & down to accommodate the shape of square with reference to the centre. The encoder on the head stock, measures one full revolution & the required overlap set in the program and stop welding & the rotation.

In this case for root run the torch is in inclined position around 10 to 15 deg with respect to vertical. After root run including the overlap, before starting second run, the torch automatically comes to vertical position with the help of pneumatic cylinder. At the same time the vertical slides go up by a preset distance for the second run of welding. The horizontal slide "X" direction starts weaving as per the set parameters. The linear welding speed is reduced as per the program for the second run. After second run & the required overlap of welding are completed, the welding & rotation is stopped. The welding torches retract to their home position & job gets de-clamped automatically.

In case of power failure or due to any other interruption, the machine is stopped, once power is resumed it is possible to start the welding from the same point onwards & complete the cycle by pressing cycle start push button.

## **NEW PARTNERSHIP WITH ONE OF THE WORLD LEADERS IN HI-TECH AUTOMATED WELDING**

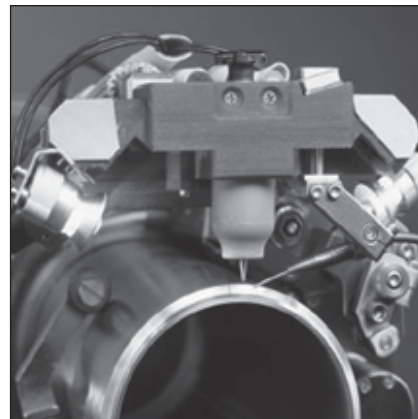
### **ORBITAL WELDING: ARC MACHINES INC, CA, USA.**

Machines designed to produce high quality welds with high repeatability & consistency over prolonged period of use. The welds are so consistent that one cannot differentiate a weld made by a machine 3 years ago from the one recently made by the same machine.

A must in the modern era of automated welding in the Nuclear, Power, Oil & Gas, Aero Space industries.



**Model 81 Head for low clearance weld**



**Model 81 - High deposition with camera**



**Tube to Tube-sheet welding**



**Tube to Tube precision welding**





## DIRECTORS' REPORT

To  
The Members,

The Directors have pleasure in presenting the **Fifty-Eighth Annual Report** of the Company and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

### 1.0 Financial Performance

(Rupees in Crore)

Sr. No.	Key Financial Indicators	For the year ended 31 <sup>st</sup> March, 2011	For the year ended 31 <sup>st</sup> March, 2010
1.1	Sales & other Income (Net of Excise Duty, Discounts & Incentives)	297.41	265.37
1.2	Profit before Interest and Depreciation	48.96	50.58
1.3	Profit before Tax (PBT)	35.77	36.90
1.4	Provision for Tax (Net of deferred tax)	9.91	10.56
1.5	Profit for the year after Tax (PAT)	25.86	26.34
1.6	Capital Expenditure	10.14	13.05
1.7	Capital - work in progress	1.57	0.42

### 2.0 Dividend and Reserves

2.1 The Board of Directors is pleased to recommend a Dividend of 60% (i.e. @ ₹6/- per Equity Share) for the financial year 2010-11, subject to the approval of the Members. Dividend for the previous financial year 2009-10 was declared @ 60% (i.e. @ ₹6/- per Equity Share).

2.2 The Dividend for the financial year 2010-11 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 for Dividend payment.

2.3 The Board recommends transfer of ₹10.00 Crore (₹7.00 Crore)\* to the General Reserve, and the balance of ₹20.01 Crore (₹13.84 Crore)\* for retention in the Profit & Loss Account.

(\*Figures in brackets indicate previous year).

### 3.0 Operations

In the financial year 2010-11, the operational and other income went up by over 12%. The year ended with an operational and other income of ₹297.41 Crore (₹265.37 Crore)\*.

The Company's Sales and Income during the financial year 2010-11 comprised of the following:

3.1 Welding Consumables at ₹222.85 Crore (₹196.01 Crore)\*

3.2 Equipment & Project Engineering at ₹71.53 Crore (₹64.73 Crore)\*

3.3 Other Income at ₹3.04 Crore (₹4.63 Crore)\*

(\*Figures in brackets indicate previous year).

### 4.0 Domestic Business

#### 4.1 Consumables

Domestic Sales of Consumables recorded a volume growth of 14% over the previous year. This was driven by a handsome increase in volume sales of Special Electrodes and the volume sales of Wires & Fluxes, in particular.

#### 4.2 Equipment

The Equipment business grew by 11% over the previous year. The Welding Equipment numbers sold were 22% more than that of last year - driven by a 45% increase in DC-MMAW Equipment sales numbers. The Project Engineering Business just made past the last year level, as the order flow improved only

towards the end of the year by creating an order inventory of over ₹400 Lacs; most of this will be executed in the first quarter of this year.

## 5.0 Exports

During the year under review, the exports registered a growth of about 12% compared to the previous year. The Export Income during the financial year 2010-11 was at ₹27.82 Crore (₹24.82 Crore)\*. The growth in exports was achieved through Welding Consumables and Project Sales.

(\*Figures in bracket indicate previous year).

## 6.0 CAPEX

We completed CAPEX of ₹10.14 Crore and ₹1.57 Crore are in various stages of progress. The entire CAPEX programme of financial year 2010-11 shall be completed by the end of June 2011. For the financial year 2011-12 the CAPEX has been budgeted to ₹22.00 Crore mainly for –

- (a) Consumables R&D and Materials Lab.
- (b) Production Equipment to balance lines for achieving capacity production levels.
- (c) Production related Equipment to improve in process quality and deviation control towards six-sigma levels.
- (d) Analytical Instruments for Equipment R&D.
- (e) Structural improvements to Ador House.

## 7.0 Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby confirm that:

- 7.1 In preparation of the Annual Accounts, all the applicable Accounting Standards have been followed.
- 7.2 Proper accounting policies have been selected & applied them consistently and made judgments & estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at the end of the financial year and of the profits of the Company for that period.
- 7.3 Proper & sufficient care has been taken for maintenance of adequate accounting /

Statutory Records in accordance with the provisions of the Companies Act, 1956, for safeguarding the Assets of the Company and for preventing / detecting fraud & other irregularities.

- 7.4 Annual Accounts have been prepared on a going-concern basis.

## 8.0 Directors

- 8.1 During the financial year 2010-11 Mr. Vippen Sareen joined the Board of Directors as an "Additional Director" with effect from 23<sup>rd</sup> October, 2010. He joined the Board in place of Mr. J. N. Hinduja. As an Additional Director, he is liable to retire at the forthcoming Annual General Meeting. The Company has received Notice in writing from a Member proposing his candidature to the Office of Director of the Company. In the interest of the Company's continued prosperity and well-being, the Board recommends his re-appointment at the forthcoming Annual General Meeting.
- 8.2 Ms. A.B. Advani, Mrs. N. Malkani Nagpal and Mr. R. A. Mirchandani, Directors of the Company, retire by rotation, as per the Articles of Association of the Company and are eligible for re-appointment.
- 8.3 The Board of Directors has received Form DDA from all the above named Directors, as prescribed under the Companies Disqualification of Directors (under Section 274(1) (g) of the Companies Act, 1956) Rules, 2003, informing the Company that they are not disqualified under Section 274(1)(g) of the Companies Act, 1956.

## 9.0 Fixed Deposits

The Company has neither accepted nor renewed Fixed Deposits in the financial year 2010-11.

## 10.0 Insurance

The properties / assets of the Company are adequately insured.

## 11.0 Energy Conservation, Technology Absorption & Foreign Exchange

The information required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 with respect





to conservation of energy, technology absorption & foreign exchange earnings / outgo is appended hereto as **Annexure - I** and forms part of this Report.

## 12.0 Corporate Governance

As per the Listing Agreements executed with the Stock Exchanges, the Company has been following the Corporate Governance Code from the financial year 2001-02 onwards. The Company has successfully complied with all the requirements of the **Corporate Governance** as per Clause 49 of the Listing Agreement and a separate Report is attached herewith to this Report as **Annexure - II**.

The Corporate Governance Compliance Certificate obtained from M/s. Dalal & Shah, Chartered Accountants, Mumbai, the Statutory Auditors of the Company, is also attached herewith to this Report.

The **Management Discussion and Analysis Report**, as mandated under the Code of Corporate Governance, is also attached to the Directors' Report as **Annexure - III**.

## 13.0 Auditor's Report

There are no qualifications contained in the Auditor's Report & therefore there are no further explanations to be provided for in this Report.

## 14.0 Auditors

The Company's Statutory Auditors, M/s. Dalal & Shah, Chartered Accountants, Mumbai, retire and are eligible for re-appointment.

## 15.0 Employees

15.1 The industrial relation in all the Plants and Offices of the Company continues to be harmonious, cordial and peaceful.

15.2 The information required in terms of Section 217 (2A) of the Companies Act, 1956, read with Companies (particulars of Employees)

Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, this Annual Report is being sent to all the Members of the Company excluding the said statement of particulars of Employees (which is available for inspection by any Member at the Registered Office of the Company during working hours upto the date of the Annual General Meeting). Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

15.3 The manpower strength of the Company as at the date of this Report is 766.

## 16.0 Change in Shareholding

During the financial year 2010-11, M/s. J B Advani & Company Pvt. Ltd., the promoter / parent Company of the Company has acquired further shares of the Company and has become the Holding Company since February, 2011.

## 17.0 Acknowledgement

Your Directors take this opportunity to place on record their warm appreciation for the invaluable contribution given and the spirit of dedication shown by the employees at all levels during the financial year 2010-11. The Directors also express their deep gratitude for the business assistance, co-operation and support extended to your Company by its Customers, Distributors, Dealers, Suppliers / Service Providers, Bankers, various Government Organisations / Agencies, Employees & Shareholders and look forward to their continued support and co-operation in future also.

**For and on behalf of the Board**

**Place:** Mumbai  
**Date:** 29<sup>th</sup> April, 2011

A. B. Advani  
**Executive Chairman**

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**ANNEXURE I - TO THE DIRECTORS' REPORT**

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**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTORS' REPORT) RULES, 1988.****A) Conservation of Energy & Water**

- i. The direction of development of new welding power supplies is closely guided by the objective for these to be energy efficient. A series of 10 new models based on SMPS and DSP technology were designed & developed / launched to save at least 10% energy costs compared with conventional types.
- ii. Introduction of Voltage reduction and energy saving devices as add-ons to conventional DC welders.
- iii. Fuel consumption in DG sets was reduced by employing automatic change-over and APFC panels.
- iv. ETP / STP installations enabled use of recycled water.
- v. All DC drives being converted to AC drives.
- vi. Electric-fired Oven, wherever feasible, converted to Gas fired.
- vii. Blowers and Cooling fans in equipment re-wired to run only when PDN equipment is in use.
- viii. ETP / STP facilities upgraded and Water harvesting done to improve ground-water levels.

All the Plants of the Company have been certified by DNV for EMS 14000 Standards Compliance. All the Plants of the Company also adhere to the guidelines of the MPCB / CPCB.

**B) Technology Absorption**

The Disclosure of particulars with respect to Absorption of Technology, Research & Development (R&D) is given below as per the prescribed format in Form B:

The Company has two (2) Technology Development Centers (TDCs), out of which one (1) is located at Silvassa in the Union Territory of Dadra & Nagar Haveli and the other is located at Chinchwad (Pune) in Maharashtra for Consumables and Equipment respectively, which are recognized by the Department of Scientific and Industrial Research, Government of India.

These TDCs continue to pursue their goals, with renewed vigour, in terms of innovations, up-gradations, improvements and cost reductions. These TDCs regularly interact with the market / users for improving the competitive features and performance of the Company's products. Some of the significant technology absorption / innovations are listed hereunder:

- i. Development of DSP based Digital Inverter Welding Power supplies.
- ii. Digital interface of power supplies with Robots, through various options – RS232, RS485, CANBUS, etc.
- iii. RF Wireless Remote Controller for use with welding power supplies.
- iv. Microprocessor based digital Controllers.
- v. PFC based universal supply, single-phase Inverter power supplies.
- vi. IMS based MOSFET modules for chopper technology.
- vii. Introduction of an Evaluation model for weld arc physics.
- viii. Development of welding consumables for Oil & Gas and Power sector, with special mechanical properties under prolonged PWHT and Step Cooling heat treatment.
- ix. Development of non-synthetic type of SMAW electrodes for positional welding in critical applications.
- x. Selection of critical raw material to achieve extremely critical hydrogen control and moisture resistant properties.
- xi. Development of neural logic to predict mechanical properties from weld chemistry.
- xii. Development of a wide range of SAW Fluxes to meet a variety of critical welding applications in construction industry.





xiii. Expenditure on R&D

- a) Capital
- b) Recurring
- c) Total
- d) Total R&D expenditure as a % of total Turnover

	2010-11	2009-10
a)	<b>₹0.70 Crore</b>	(₹0.01 Crore)*
b)	<b>₹1.70 Crore</b>	(₹1.47 Crore)*
c)	<b>₹2.40 Crore</b>	(₹1.48 Crore)*
d)	<b>0.82%</b>	(0.56%)*

**C) Foreign Exchange Earnings and Outgo**

The information on foreign exchange earnings and outgo is given below:

Foreign exchange earnings: ₹27.82 Crore (₹24.82 Crore)\*

Foreign exchange outgo: ₹11.65 Crore (₹15.30 Crore)\*

(\*Figures in bracket indicate previous year).



**ANNEXURE II - TO THE DIRECTORS' REPORT**

**CORPORATE GOVERNANCE REPORT**

The detailed Report on Corporate Governance, as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement, is set out below. In this Report, we confirm the compliance of the Corporate Governance criteria as required under the revised Clause 49 of the Listing Agreement.

**A) Mandatory Requirements**

**1) Company's Philosophy on the Code of Corporate Governance**

The Company believes that sound corporate practices based on transparency, accountability and high level of integrity in the functioning of the Company is essential for the long term enhancement of the shareholders / stakeholders value & interest. The Company believes that its actions must result in enhancing corporate performance by maximizing shareholders / stakeholders value and also result in motivated work force. We, as a Company, have always focused on good Corporate Governance practices, which is a key driver of sustainable corporate growth and long-term value creation for our shareholders / stakeholders.

**2) Board of Directors**

**Composition, Number of Meetings held and Attendance:**

The strength of the Board of Directors was twelve (12) consisting of two (02) Executive / Whole-time Directors and ten (10) Non-Executive Directors.

The Meetings of the Board of Directors are generally held at the Registered Office of the Company in Mumbai. The Meetings are scheduled well in advance and the notice of each Board Meeting is given in writing to each Director about 8 to 10 weeks before the scheduled date of the Meeting. The Board of Directors meets, generally once in a quarter, primarily to review the quarterly performance and financial results of the Company, amongst other things.

The Company Secretary in consultation with the Executive Chairman and the Managing Director prepares detailed Agenda for the Board Meetings. All the necessary papers along with Annexures, Explanatory Notes, etc., if any, are circulated along with the Agenda to all the Directors about 7 to 10 days in advance. The Board Members are also free to recommend inclusion of any other matter in the Agenda for discussion in the Board Meeting.

During the financial year 2010-11 under review, four (04) Board Meetings were held i.e. on 29<sup>th</sup> May 2010, 31<sup>st</sup> July 2010, 23<sup>rd</sup> October 2010, and 21<sup>st</sup> January 2011.

The composition of the Board of Directors, attendance at the Board Meetings held during the year and at the last Annual General Meeting, number of Directorships in other Companies and Memberships of Committees across various other Companies in which the Director is a Member / Chairman are given below:

Sr. No.	Name of the Director	Category of Directorship	Financial Year 2010-11 Attendance at		As on March 31, 2011		
			Board Meetings	Last AGM (held on 31 <sup>st</sup> July, 2010)	No. of other Directorships #	Committee Positions	
						No. of Memberships @	Chairman
1	Ms. A. B. Advani	Executive	4	Present	3	NIL	NIL
2	Mr. Raman Kumar	Executive	4	Present	NIL	NIL	NIL
3	Mrs. N. Malkani Nagpal	Non-Executive	3	Present	3	NIL	2
4	Mr. R. A. Mirchandani	Non-Executive	3	Present	2	NIL	NIL
5	Mr. A. T. Malkani	Non-Executive	4	Present	2	NIL	NIL





Sr. No.	Name of the Director	Category of Directorship	Financial Year 2010-11 Attendance at		As on March 31, 2011		
			Board Meetings	Last AGM (held on 31 <sup>st</sup> July, 2010)	No. of other Directorships #	Committee Positions No. of Memberships @ Chairman	
6	Mr. D. A. Lalvani	Non-Executive	4	Present	2	NIL	NIL
7	Mr. Anil Harish	Independent & Non-Executive	2	Present	13	6	3
8	Mr. M. K. Maheshwari	Independent & Non-Executive	4	Present	5	4	NIL
9	Mr. P. K. Gupta	Independent & Non-Executive	2	Present	NIL	NIL	NIL
10	Mr. R. N. Sapru	Independent & Non-Executive	3	Present	NIL	NIL	NIL
11	Mr. K. Digvijay Singh	Independent & Non-Executive	3	Present	NIL	NIL	NIL
12	Mr. Vippen Sareen*	Independent & Non-Executive	2	NA	NIL	NIL	NIL

# Excludes Directorships in Foreign Companies, Private Limited Companies and Charitable Companies, if any.

@ Memberships in Audit Committee and Shareholders' / Investors' Grievance Committee

\* Appointed as an Additional Director on 23<sup>rd</sup> October 2010.

The Board of Directors on 23<sup>rd</sup> October, 2010, inducted Mr. Vippen Sareen in place of Mr. Jagdish Hinduja, as an Additional Director of the Company. Mr. Vippen Sareen is a Bachelor of Engineering (B.E. - Mech). He has over 38 years of experience, of which 28 years have been in Senior Management Position. He has expertise in the fields of Market Development, Collaboration, Infrastructure & HR (Training). His key areas of proficiency include Relationship Marketing, handling key customers in Europe & India, Engineering of Machines / Consumables, Infrastructure Development, Manpower Training, etc. He is presently holding Directorships in M/s. Hensal India Pvt. Ltd., M/s. Diabu Diamond Tools (India) Pvt. Ltd. & M/s. Maini Abrasivos Pvt. Ltd. and also provides advisory services to various corporates in Maini Group.

None of the Directors is a Member of more than ten (10) Board Committees or a Chairman of more than five (05) such Committees as required under Clause 49 of the Listing Agreement. The same is also evidenced from the above table.

None of the above-referred Independent Directors have any material pecuniary relationship or transactions with the Company, its Promoters or with its Management, which would affect the independence or judgement of the Directors. The Company has also not entered into any materially significant transactions with its Promoters, Directors or their relatives or with the Management etc. that may have potential conflict with the interest of the Company at large.

The following information is generally provided to the Board of Directors:

- Annual operating plans & budgets and any updates thereon.
- Capital budgets and any updates thereon.
- Quarterly unaudited financial results of the Company and its operating divisions or business segments.
- Minutes of the Meetings of Audit Committee and other Committees of the Board.

- The information on recruitment and remuneration of senior officers just below the Board level.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment of goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or Collaboration Agreement.
- Transactions that involve substantial payment towards Goodwill, Brand Equity or Intellectual Property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Sale of material nature, of investments, subsidiaries, assets, etc. which is not in the normal course of business.
- Quarterly details of Foreign Exchange exposures and the steps taken by the Management to limit the risks of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or Listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

The Board of Directors is routinely provided with all the information under the above referred heads, whenever applicable and materially significant. These are submitted either as a part of Agenda papers or are tabled in the course of the Board Meeting.

***Code of Conduct:***

The Board of Directors has laid down / adopted a Code of Conduct for all the Board Members and Senior Management of the Company. The Code of Conduct has also been posted onto the website of the Company - [www.adorwelding.com](http://www.adorwelding.com). All the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year 2010-11.

**3) Audit Committee**

***Broad Terms of Reference:***

The Committee reviews and ensures that financial statements are correct, sufficient and credible with reference particularly to the requirements as enumerated under Clause 49 of the Listing Agreement, to the extent applicable.

In order to effectively discharge their responsibilities the Audit Committee Members have been empowered:

- To investigate any activity within its terms of reference.
- To seek information from any employee of the Company.
- To obtain outside legal or other professional advice.
- To secure attendance of the outsiders with relevant expertise, if it considers necessary.
- To invite Statutory / Internal Auditors for Meetings / Discussions.

***Composition, Number of Meetings held and Attendance:***

During the financial year 2010-11 under review, four (04) Audit Committee Meetings were held on 29<sup>th</sup> May 2010, 31<sup>st</sup> July 2010, 23<sup>rd</sup> October 2010, and 21<sup>st</sup> January 2011.





On 29<sup>th</sup> May 2010, the Audit Committee was reconstituted by the Board of Directors by inducting Mr. D. A. Lalvani in place of Mrs. N. Malkani Nagpal.

Mr. D. A. Lalvani is a Commerce Graduate with a Distinction in Marketing & Advertising. He has done his Masters in Commerce with specialization in Accounting. He has also done courses on International Business Strategy, Business Analysis & Valuations at London School of Economics, U.K. and also in Financial Planning & Basics in Derivatives. He has completed his MBA from Manchester Business School, U.K. He has worked with Langham Capital, London (Financial advisory firm focusing on M&A), DHL Europe & Penny – on (U.K.) (an NGO). He has hands on experience of over eight (08) years with many reputed National & International firms.

As Mr. Anil Harish had expressed his inability to attend the Meetings held on 31<sup>st</sup> July 2010 and 21<sup>st</sup> January 2011, the Committee elected Mr. M. K. Maheshwari as its Chairman for the said Meetings. Mr. M. K. Maheshwari is a second-generation entrepreneur with interests in the Information Technology, Marketing and Chemical Industries. He is a graduate from Bombay University with a major in Chemistry and has done his post graduation in Industrial Management. Mr. Maheshwari's work experience encompasses the project management, production, marketing, financial and general management areas of medium sized companies and is on the Board of several public & private companies.

The Company Secretary acts as the Secretary of the Audit Committee.

It is the prerogative of the Audit Committee to invite Senior Executives, whom it considers appropriate to be present at the Meeting. Almost in all the Audit Committee Meetings, Senior Executives and Auditors of the Company were invited.

The composition of the Audit Committee and attendance at its Meetings is given hereunder:

Sr. No.	Name of the Director Member	Position	Category	Attendance during the FY 2010-11
1	Mr. Anil Harish	Chairman	Independent & Non - Executive Director	2
2	Mrs. N. Malkani Nagpal*	Member	Non - Executive Director	0
3	Mr. D. A. Lalvani**	Member	Non - Executive Director	4
4	Mr. M. K. Maheshwari	Member	Independent & Non - Executive Director	4
5	Mr. K. Digvijay Singh	Member	Independent & Non - Executive Director	3

\* Till 29<sup>th</sup> May 2010

\*\* From 29<sup>th</sup> May 2010

The highlights of each of the Audit Committee Meetings are informed to the Board of Directors and discussed in the Board Meeting.

#### 4) Remuneration Committee

##### **Broad Terms of Reference:**

The Committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the Remuneration of Directors and to deal with all the elements of the Remuneration package of all the Directors including but not restricted to the following:

- To review, assess & recommend the appointment and remuneration of the Whole-time Directors.
- To review the remuneration package including the retirement benefits, payable to the Directors periodically and recommend suitable revision / increments, whenever required, to the Board of Directors.

**Composition, Number of Meetings held and Attendance:**

During the financial year 2010-11 under review, four (04) Remuneration Committee Meetings were held on 29<sup>th</sup> May 2010, 02<sup>nd</sup> September 2010, 23<sup>rd</sup> October 2010 and 21<sup>st</sup> January 2011.

On 29<sup>th</sup> May, 2010 the Remuneration Committee was reconstituted by the Board of Directors by inducting Mr. R. N. Sapru & Mr. A. T. Malkani, in place of Mr. R. A. Mirchandani.

Mr. R. N. Sapru is Commerce Graduate and an MBA. He has been with Executive Access (India) Pvt. Ltd. since March, 2009. Earlier, he spent nearly 3 years in Hong Kong and in India with The EAL Consulting India Pvt. Ltd., a wholly owned Company of the Executive Access Group, Hong Kong, a leading Asiapac HR Consulting & Executive Search firm. Prior to this, he spent about 3 years with EIH Ltd. (The Oberoi Group of Hotels) as CEO for the Groups Travel Related business - Mercury. Prior to that he spent nearly 4 years in the Television broadcast industry with companies like GE (CNBC), SAB TV and Reliance Entertainment. Mr. R. N. Sapru commenced his career as a banker in 1985 and worked with HSBC for over 10 years prior to joining GE Capital. He was subsequently transferred internally to another GE Company, IGE India as CEO.

Mr. A.T. Malkani is a Graduate in Arts from Oberlin College, Ohio with a major in Economics. He has done his Masters Degree in Business Administration (MBA) from ISB, Hyderabad, India with a focus on Finance. He has hands on experience of over eight (08) years and has worked with many reputed international firms.

Since Mr. R. N. Sapru had expressed his inability to attend the Meeting held on 21<sup>st</sup> January 2011, the Committee elected Mr. M. K. Maheshwari as its Chairman for the said Meeting.

The Company Secretary acts as the Secretary of the Remuneration Committee.

The composition of the Remuneration Committee and attendance at its Meetings is given hereunder:

Sr. No.	Name of the Director Member	Position	Category	Attendance during the FY 2010-11
1	Mr. R. N. Sapru <sup>^</sup>	Chairman	Independent & Non-Executive Director	2
2	Mr. A. T. Malkani <sup>^</sup>	Member	Non-Executive Director	3
3	Mr. Anil Harish	Member	Independent & Non - Executive Director	3
4	Mr. M. K. Maheshwari	Member (Ex-Chairman)	Independent & Non - Executive Director	3
5	Mr. R. A. Mirchandani*	Member	Non - Executive Director	1

<sup>^</sup> From 29<sup>th</sup> May 2010

\* Till 29<sup>th</sup> May 2010

**Remuneration to the Executive Directors:**

The remuneration of the Whole-time / Executive Director/(s) is decided by the Remuneration Committee based on the criteria such as industry benchmarks, the Company's performance vis-à-vis the Industry performance / track record of the Whole-time / Executive Director/(s) and the same is reported to the Board of Directors. The Company pays remuneration by way of salary, perquisites & allowances (fixed component) and commission (variable component) upto a maximum of 1% of the net profits of the Company as specifically computed for this purpose as per the provisions of the Companies Act, 1956 (as amended from time to time) to all its Whole-time / Executive Director/(s) such that the total remuneration (including commission / bonus) as decided by the Board of Directors in its absolute discretion, does not exceed the limits prescribed under Section 198 and 309 of the Companies Act, 1956.

Bonus is payable to the Managing Director subject to the achievement of performance criteria / parameters laid down by the Executive Chairman / Board of Directors from time to time.

Annual increments are decided by the Remuneration Committee within the salary scale / terms of remunerations approved by the shareholders at the Annual General Meeting and are effective as per their individual Agreements.





#### **Remuneration to the Non-Executive Directors:**

The Non-Executive Directors are paid a Commission upto a maximum of 1% of the net profits of the Company as specifically computed for this purpose as per the provisions of the Companies Act, 1956 (as amended from time to time) and as approved by the shareholders. The Non-Executive Directors are also paid a sitting fee of ₹10,000/- for attending every Meeting of the Board of Directors, ₹8,000/- for attending every Meeting of the Audit Committee, ₹5,000/- for attending every Meeting of the Shareholders' / Investors' Grievance Committee and ₹5,000/- for attending every Meeting of the Remuneration Committee.

**The details of the remuneration paid / payable to all the Directors during the financial year 2010-11 are given below: -**

(Amount Rupees in lacs)						
Sr. No.	Name of the Director	Salary	Benefits (perquisites)	Commission	Sitting Fees @	Total
1	Ms. A. B. Advani	63.25	2.21	38.39	—	103.85
2	Mr. Raman Kumar	101.04	0.50	38.39	—	139.93
3	Mrs. N. Malkani Nagpal	—	—	4.07	0.58	4.65
4	Mr. R. A. Mirchandani	—	—	4.07	0.58	4.65
5	Mr. A. T. Malkani	—	—	4.07	0.83	4.90
6	Mr. D. A. Lalvani	—	—	4.07	0.92	4.99
7	Mr. Anil Harish	—	—	4.07	0.51	4.58
8	Mr. M. K. Maheshwari	—	—	4.07	0.87	4.94
9	Mr. P. K. Gupta	—	—	4.07	0.20	4.27
10	Mr. R. N. Sapru	—	—	4.07	0.40	4.47
11	Mr. K. Digvijay Singh	—	—	4.07	0.54	4.61
12	Mr. Vippen Sareen*	—	—	1.76	0.20	1.96
<b>TOTAL</b>		<b>164.29</b>	<b>2.71</b>	<b>115.17</b>	<b>5.63</b>	<b>287.80</b>

\* Appointed on 23<sup>rd</sup> October 2010.

@ As a Member / Invitee, wherever applicable.

#### **Notes:**

- The Agreement with the Executive Chairman is for a period of five years. Either party to the Agreement is entitled to terminate the Agreement by giving notice, as mentioned in the agreement, to the other party.
- The Agreement with the Managing Director is for a period of three years. Either party to the Agreement is entitled to terminate the Agreement by giving notice, as mentioned in the agreement, to the other party.
- According to the Articles of Association of the Company, all the Directors, except the Managing Director, are liable to retire by rotation.
- Presently, the Company does not have any stock option scheme or performance linked incentive scheme for its Directors (other than the Commissions / Bonus payable to them as explained in the above paragraphs).

#### **5) Shareholders' / Investors' Grievance Committee**

##### **Broad Terms of Reference / Functions of the Committee:**

The Shareholders' / Investors' Grievance Committee of the Board looks into the redressal of investors' complaints like non-receipt of Annual Report, dividend payments, etc. and matters related to Share transfers, issue of duplicate share certificates, de-materialisation / re-materialisation of shares, transfer / transmission of shares, other allied transactions and also delegates necessary powers to the executives of the Company to process transfers, etc.

The status on various complaints received and replied is also reported to the Board of Directors as an Agenda item in every Board Meeting.

**Composition, Number of Meetings held and Attendance:**

During the financial year 2010-11 under review, four (04) Shareholders' / Investors' Grievance Committee Meetings were held on 29<sup>th</sup> April 2010, 30<sup>th</sup> July 2010, 22<sup>nd</sup> October 2010, and 21<sup>st</sup> January 2011.

Mr. A. T. Malkani was elected as the Chairman of the Committee in the meeting of Shareholders' / Investors' Grievance Committee held on 30<sup>th</sup> July, 2010.

Mr. A.T. Malkani is a Graduate in Arts from Oberlin College, Ohio with a major in Economics. He has done his Masters Degree in Business Administration (MBA) from ISB, Hyderabad, India with a focus on Finance. He has hands on experience of over eight (08) years and has worked with many reputed international firms.

The composition of the Shareholders' / Investors' Grievance Committee and attendance at its Meeting is given hereunder:

Sr. No.	Name of the Director Member	Position	Category	Attendance during the FY 2010-11
1	Mr. A. T. Malkani <sup>^</sup>	Chairman	Non - Executive Director	4
2	Mrs. N. Malkani Nagpal	Member	Non - Executive Director	4
3	Mr. R. A. Mirchandani	Member	Non - Executive Director	3
4	Mr. D. A. Lalvani*	Member (Ex-Chairman)	Non - Executive Director	4

<sup>^</sup> From 29<sup>th</sup> May 2010

\* Till 29<sup>th</sup> May 2010

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

**Compliance Officer:**

Mr. V. M. Bhide, the General Manager & Company Secretary, has been designated by the Board of Directors as the Compliance Officer.

**Details of shareholders' complaints received & replied and the status on pending share transfers is given below:**

The total number of complaints received and replied to the satisfaction of the shareholders during the financial year 2010-11 was nineteen (19).

There were no outstanding complaint/s as on 31<sup>st</sup> March, 2011.

There were no pending share transfers in physical as well as in demat category. All the requests received upto 31<sup>st</sup> March 2011 for share transfers have been processed by the Registrar & Share Transfer Agent of the Company.

The Statement of Directors' Shareholding is as under:

Sr. No.	Name of the Director	Shareholding	
		As on March 31, 2011	As on April 29, 2011
1	Ms. A. B. Advani	2,53,330	2,53,330
2	Mr. Raman Kumar	600	600
3	Mrs. N. Malkani Nagpal	57,352	57,352
4	Mr. R. A. Mirchandani	6,150	6,150
5	Mr. A. T. Malkani	1,17,799	1,17,799
6	Mr. D. A. Lalvani	18,755	18,755





Sr. No.	Name of the Director	Shareholding	
		As on March 31, 2011	As on April 29, 2011
7	Mr. Anil Harish	Nil	Nil
8	Mr. M. K. Maheshwari	Nil	Nil
9	Mr. P. K. Gupta	Nil	Nil
10	Mr. R. N. Sapru	Nil	Nil
11	Mr. K. Digvijay Singh	Nil	Nil
12	Mr. Vippen Sareen*	Nil	Nil

\* Appointed as an Additional Director on 23<sup>rd</sup> October 2010.

#### 6) General Body Meetings

Location and time of the last three (03) Annual General Meetings of the Company is given below:

Sr. No.	Financial Year	Date	Location	Time
1	2009-10	31 <sup>st</sup> July, 2010	Walchand Hirachand Hall, Mumbai	03.30 pm
2	2008-09	30 <sup>th</sup> July, 2009	Walchand Hirachand Hall, Mumbai	03:30 pm
3	2007-08	29 <sup>th</sup> July, 2008	Walchand Hirachand Hall, Mumbai	12.00 Noon

All the special resolutions moved at the last 3 Annual General Meetings were passed by show of hands unanimously by all the Members present at the Meeting and no special resolution was put through postal ballot.

The summary of outflow on account of Dividends & Dividend Tax for the last eight (08) years along with the percentage & type of Dividend is given below:

Sr. No.	Financial Year	Dividend %	Type	Dividend Outflow (Amt. ₹ in lacs)	Dividend Tax Outflow (Amt. ₹ in lacs)	Total Outflow (Amt. ₹ in lacs)	PAT (Amt. ₹ in lacs)	% of Dividend & Tax to PAT
A	B	C	D	E	F	G = (E+F)	H	I = (G/H) %
1	2010-11	60\$	Final	815.91	135.51	951.42	2,585.21	36.80
2	2009-10	60	Final	815.91	135.51	951.42	2,633.52	36.13
3	2008-09	40	Final	543.94	92.44	636.38	1,257.18	50.62
4	2007-08	80	Final	1,087.88	184.88	1,272.76	2,291.61	55.54
5	2006-07	120	Final	1,631.82	277.33	1,909.15	3,261.78	58.53
6	2005-06	150*	Interim, Final & Special	2,039.77	286.08	2,325.85	4,020.37	57.85
7	2004-05	80#	Final & Special	1,087.88	152.57	1,240.45	2,792.50	44.42
8	2003-04	25	Final	339.96	43.56	383.52	881.56	43.50

\$ subject to the approval by the Members at the ensuing AGM

\* Interim @ 50%, Final @ 50% & Special @ 50%

# Final @ 30% & Special @ 50%



**7) Corporate Social Responsibilities**

The Company, as a Corporate Citizen of the Country, is well aware of its social obligations. It has always participated in social reformation activities mainly in the field of education and healthcare. It continuously participates to provide help to the needy ones for education, medical & during natural disasters. The Company continues to support the various social causes on a need basis.

As a good Corporate Citizen, the Company pays all the taxes, Government dues, cess, duties, etc. well on time because it believes that payment of taxes and levies is a way of fulfilling its social responsibilities.

**8) Disclosures**

**Materially significant related party transactions:**

During the financial year 2010-11 under review, there were no materially significant related party transactions of the Company with its Promoters, Directors or the Management, their subsidiaries or relatives, etc. that had a potential conflict with the interest of the Company at large.

**Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or Securities and Exchange Board of India (SEBI) or any Authority on any matter related to capital markets during the last three (03) years:**

The Company has complied with all the rules & regulations prescribed by the Stock Exchanges, SEBI and all other Statutory Authorities relating to the capital markets during the last three financial years. No penalties or strictures have been imposed by them on the Company.

**9) Means of Communication**

Quarterly / Half yearly Financial Results - sent to each Shareholder's residence	No
In which Newspapers Quarterly / Half yearly / Annual Results are normally published	Business Standard – English Mumbai Sakal – Marathi
Any website, where results or official news are displayed	www.adorwelding.com
The presentation made to the Institutional Investors or to Analysts	Yes, whenever required
Whether Management Discussion & Analysis Report is a part of the Annual Report or not	Yes

**10) General Shareholder Information**

**Annual General Meeting**

<b>Day, Date and Time</b>	Friday, 22 <sup>nd</sup> July, 2011 at 03.30 pm.
<b>Venue</b>	Walchand Hirachand Hall, Indian Merchant Chambers, Churchgate, Mumbai - 400 020 Maharashtra, India.
<b>Financial Year</b>	01 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
<b>Book Closure Date</b>	Saturday, 16 <sup>th</sup> July, 2011 to Friday, 22 <sup>nd</sup> July, 2011
<b>Dividend Payment Day and Date</b>	By Wednesday, 27 <sup>th</sup> July, 2011
<b>Financial Calendar for the Financial Year 2011-12</b>	Financial Reporting (unaudited) for the quarter ending 30 <sup>th</sup> June 2011 – by 15 <sup>th</sup> August, 2011
	Financial Reporting (unaudited) for the quarter ending 30 <sup>th</sup> September 2011 – by 15 <sup>th</sup> November, 2011
	Financial Reporting (unaudited) for the quarter ending 31 <sup>st</sup> December 2011 – by 15 <sup>th</sup> February, 2012
	Financial Reporting (audited) for the year ending 31 <sup>st</sup> March 2012 – by the end of May 2012.





**Listing:**

The name of the Stock Exchanges on which the Company's securities are listed and the Company's corresponding Stock Code is given below:

Sr. No.	Name of the Stock Exchange	Stock Code
1	The Bombay Stock Exchange Limited (BSE), Mumbai	517041
2	The National Stock Exchange of India Limited (NSE), Mumbai	ADORWELD

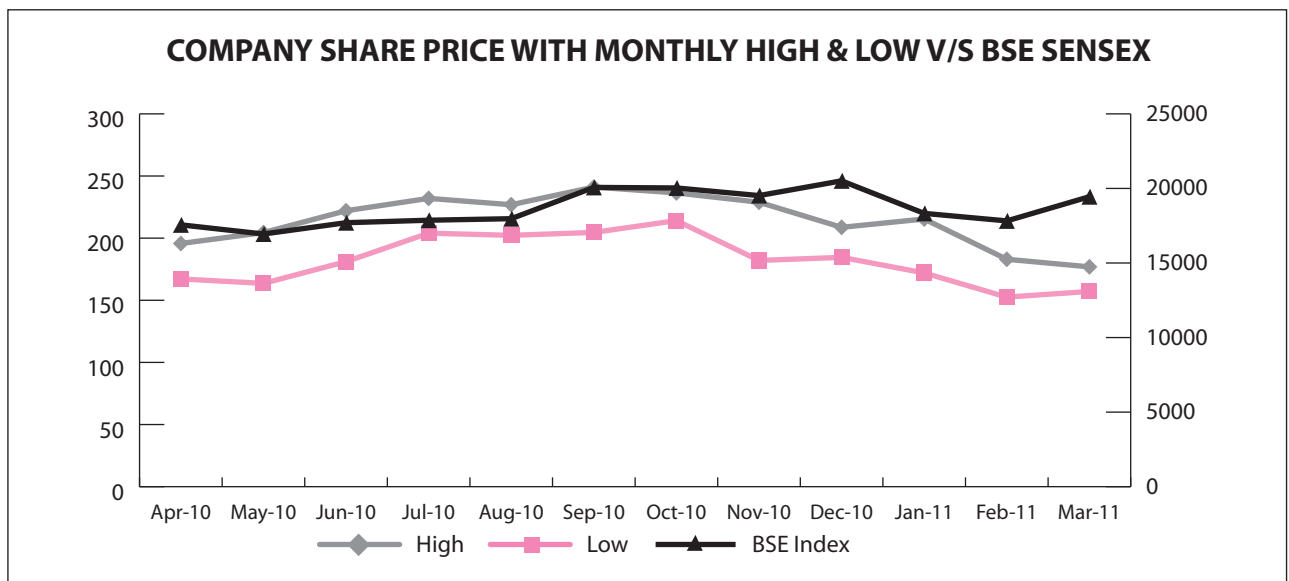
**Market Price Data:**

High / Low during each month of the last financial year 2010-11 is given hereunder:

Month	High	Low	No. of Shares	No. of Trades
April, 2010	195.70	167.15	5,56,287	10,752
May, 2010	204.45	163.60	14,32,420	26,549
June, 2010	222.05	181.10	11,06,290	21,151
July, 2010	232.00	204.00	6,63,568	11,522
August, 2010	226.90	202.25	5,59,739	9,058
September, 2010	241.10	204.60	10,02,642	17,649
October, 2010	236.40	214.10	2,57,122	5,664
November, 2010	228.90	182.05	80,799	2,162
December, 2010	208.70	184.55	48,780	2,053
January, 2011	215.40	172.00	46,092	1,626
February, 2011	183.00	152.55	23,913	1,174
March, 2011	176.90	157.10	1,13,575	1,702

Source - The Bombay Stock Exchange Limited (BSE), Mumbai

Performance in comparison to broad based indices such as BSE Sensex



**Share Transfer Agents:**

- The name of the Registrar & Share Transfer Agents (RTA) of the Company is '**M/s. Sharex Dynamic (India) Pvt. Ltd.**'
- The share transfer, for both Physical and Electronic (Demat) segment, is handled by the **Company's Registrar and Share Transfer Agent (RTA), M/s. Sharex Dynamic (India) Pvt. Ltd.**, at the following address:

Unit No.1, Luthra Industrial Premises,  
Andheri Kurla Road, Safed Pool,  
Andheri (East), Mumbai - 400 072.  
Maharashtra, INDIA  
Contact No. 022-28515606 / 44, 28516338 / 28528087

**Share Transfer System:**

Shares lodged for transfer with the RTA of the Company are normally processed within a period of fifteen (15) days from the date of lodgement, provided the documents are in order in all respects. All requests for dematerialisation of shares are processed and the confirmation is given to the depositories within 15 days. The Company Secretary and a couple of Senior Executives of the Company are empowered to approve the Share Transfers. Grievances and other miscellaneous correspondence on change of address, bank mandates, etc., received from the Members, are generally processed either by the Investors Service Department through its RTA or directly by the RTA of the Company within 7 working days.

**Distribution of shareholding as on 31<sup>st</sup> March, 2011:**

Sr. No.	Range of Shareholding	No. of shareholders	% of total shareholders	No. of shares held	% of total shareholding
1	1 - 100	8,837	50.69	4,86,192	3.58
2	101 - 200	3,846	22.06	6,11,883	4.50
3	201 - 500	3,861	22.15	11,31,205	8.32
4	501 - 1,000	483	2.77	3,82,957	2.82
5	1,001 - 5,000	316	1.81	6,61,018	4.86
6	5,001 - 10,000	43	0.25	3,02,434	2.22
7	10,001 - 1,00,000	41	0.23	13,95,232	10.26
8	1,00,001 and above	7	0.04	86,27,546	63.44
<b>TOTAL</b>		<b>17,434</b>	<b>100.00</b>	<b>1,35,98,467</b>	<b>100.00</b>





**Shareholding pattern (category wise) as on 31<sup>st</sup> March, 2011:**

Sr. No.	Category	No. of shares held	% of total shareholding
1	Promoters	77,04,288	56.66
2	Mutual Funds	14,86,431	10.93
3	Banks / Financial Institutions	642	0.01
4	FII's	18,280	0.13
5	NRIs / OCBs	4,76,423	3.50
6	Private Corporate Bodies	4,10,048	3.02
7	Resident Individuals & others	34,96,594	25.71
8	Clearing Members	5,761	0.04
<b>TOTAL</b>		<b>1,35,98,467</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity:**

- About 92.75% of the shares of the Company have been dematerialized as on 31<sup>st</sup> March 2011.
- Trading in the shares of ADOR WELDING LIMITED is permitted only in dematerialised form with effect from 08<sup>th</sup> May 2000.

**Statutory Compliance:**

During the financial year 2010-11 under review, the Company has generally complied with all the applicable provisions, filed all returns, forms, etc. & furnished all the relevant particulars as required under the Companies Act, 1956 and allied Acts / Rules, the Securities & Exchange Board of India (SEBI) Regulations and the Listing Agreements.

**Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and its impact on equity:** Nil

**Plant Locations:**

The Company has the following manufacturing plants as of 31<sup>st</sup> March, 2011:

<b>Chennai Plant</b> Melakottaiyur via Vandalur, Chennai - 600 048. TAMIL NADU, INDIA	<b>Raipur Plant</b> Bilaspur Road, Industrial Estate, Raipur - 493 221. CHATTISGARH, INDIA	<b>Silvassa Plant</b> Survey No. 59/11/1, Khanvel Road, Opp. Gulf Oil, Masat, Silvassa - 396 230. U. T. OF DADRA & NAGAR HAVELI, INDIA
<b>Chinchwad Plant</b> Akurdi, Chinchwad, Pune - 411 019. MAHARASHTRA, INDIA	<b>Pimpri Plant</b> Plot No. 54 & 55, F-II Block, MIDC Pimpri, Pune 411 018. MAHARASHTRA, INDIA	

**Address for Correspondence:**

**ADOR WELDING LIMITED**

Ador House,  
 6 K. Dubash Marg, Fort,  
 GPO Box No. 1546,  
 Mumbai - 400 001-16  
 MAHARASHTRA, INDIA  
 (upto 31<sup>st</sup> May, 2011)

**ADOR WELDING LIMITED**

809, Raheja Centre,  
 Free Press Journal Marg,  
 GPO Box No. 1546,  
 Nariman Point, Mumbai - 400 021.  
 MAHARASHTRA, INDIA  
 (w.e.f. 01<sup>st</sup> June, 2011 for a temporary period due to renovation & repairs of Ador House).

**B) Non Mandatory Requirements**

- **Chairman of the Board:**

The Company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a Non - Executive Chairman does not arise.

- **Remuneration Committee:**

The Company has a Remuneration Committee. Please refer paragraph 4 under Mandatory Requirements.

- **Shareholder Rights:**

As the Company's financial results are published in English newspaper having a wide circulation all over India and in Marathi newspaper widely circulated in Mumbai (Maharashtra), the same are not sent to the shareholders of the Company, individually. The Company's Quarterly / Half Yearly / Annual Financial Results are also posted onto the Company's website.

- **Audit Qualifications:**

There are no qualifications in the Auditor's Report.

- **Training of Board Members:**

The necessary training will be provided to the Board Members as and when required.

- **Mechanism to evaluate Non-Executive Board Members:**

The Board of Directors does not feel the necessity of evaluating the performance of its Non-Executive Directors.

- **Whistle Blower Policy:**

The Company has not formulated a Whistle Blower Policy.

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**ANNUAL CERTIFICATION BY THE MANAGING DIRECTOR  
PURSUANT TO CLAUSE 49 I D (ii) OF THE LISTING AGREEMENT**

As the Managing Director of Ador Welding 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 Welding Limited have affirmed compliance with the Code of Conduct adopted by the Company for the Financial Year 2010-11.

For **ADOR WELDING LIMITED**

**Place:** Mumbai  
**Date:** 29th April, 2011

Raman Kumar  
**MANAGING DIRECTOR**





## AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of  
**Ador Welding Limited**

We have examined the compliance of conditions of Corporate Governance by Ador Welding Limited, for the year ended 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such 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 **Dalal & Shah**  
Firm Registration No. : 102021W  
**Chartered Accountants**

S. Venkatesh  
**Partner**

Membership Number: F-037942

**Mumbai, April 29, 2011**

**ANNEXURE III - TO THE DIRECTORS' REPORT****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****A. BUSINESS SCENARIO AND PERFORMANCE SNAPSHOT**

In the financial year 2010-11, the Indian economy grew at about 9%, powered by consumer spending and growth in infrastructure related industries and project. Majority of the Welding growth was driven by power, oil & gas, steel construction and railways. The year was also marked by high inflation and postponement of the much expected CAPEX plans of the industry. In the second half of the last financial year, raw material prices went up substantially putting severe pressure on the margins. Our Company could not pass on the increase in the raw material price due to severe competition from the global as well as domestic competitors. The pressure on the margins was particularly high in general purpose welding electrodes and the solid wire business. In such scenario, the real challenge was managing of product mix and the operating costs, the success in which has enabled us to mitigate the negative impact on margins, to some extent. Business of Consumables grew by 14% over the last year and Equipment registered a growth of 11%. The profit on Consumables dropped by 2% and on Equipment by 1%.

Overall Export business grew to ₹28 Crore from ₹25 Crore. This growth in Exports came particularly from Project business, whereas the Welding business in Overseas Markets actually dropped to ₹19 Crore from ₹21 Crore. However, with the oil prices hardening, HY2 business in export markets was higher than business in HY1. We are expecting that the growth trend will continue in the next year.

Company's expansion of capacity of Solid Wires was completed during the year at Raipur Plant. The volume of business in this segment has shown significant growth and would continue to grow in the near future. We expect to capture substantial market share in this segment.

The Company continues to maintain its' unique position as a leader in Quality in the Industry. This is evidenced by the acceptance of our special products, with special / customized attributes for critical applications, by special fabricators in the Oil & Gas Sector, Power sector and Equipment fabrication with special MOC. Our quality labs are regularly upgraded to provide certification of

stringent performance qualifications demanded for new welding applications in the growing infra sector.

**B. INCOME STATEMENT ANALYSIS**

The year was marked by high inflation. The total operating revenues for the year reported a growth of 13%. The total consumable business for the year was ₹223 crore registering a growth of about 14% over the previous year. The Equipment business was over ₹71 crore registering a growth of around 11% over the previous year.

The other income was at ₹304 Lacs (₹463 Lacs, last year – out of which ₹269 Lacs was from sale of fixed assets), mainly accruing from prudent Management of Investments and exchange rate difference. The material costs as a percentage to sales at 60% (last year 57%) were higher on account of the hardening of raw material prices during the second half of the year and which could not be fully passed on to customers. Also, the sales product mix grew more in favour of solid wires, which conventionally have lower margins. We are continuously working at strategic sourcing of raw materials and improving the sales product mix of wires, especially for the high value business in oil & gas, power, etc.

Budgetary control of other operating expenses resulted in a slightly improved ratio to sales over last year. While the controls on spares & consumable stores resulted in reduced costs, the increase in energy costs due to tariff hikes and power supply outages added to the manufacturing costs. Transportation costs were up by ₹47 Lacs, essentially due to growth in sales. As a ratio to sales, this was maintained at 1% through tight Management of transport contracts.

The effective tax rate for the year has declined from 29% to 28%, due to increase in profits from Silvassa Unit, tax free income from Mutual Funds and reduction in surcharge. The PBT was at ₹35.77 Crore for financial year 2010-11 compared to ₹36.90 Crore (₹34.20 Crore, excluding extra ordinary income) for financial year 2009-10. The ratio of PBT to sales is 12.15% for financial year 2010-11 compared to 14.15% for financial year 2009-10.





The drop in PBT commensurate with increase in sales is due to increase in material cost to sales. As explained, this is because the increase in Raw Material costs could not be fully passed on to customers and the increase in sales mostly came from Wire products, where the margins are conventionally lower.

### C. BALANCE SHEET ANALYSIS

The Company funded all its operating expenses and capital investments from internal accruals and continues to be DEBT FREE Company as on 31<sup>st</sup> March, 2011.

The Capital expenditure of ₹10.14 Crore was invested primarily on additional capacity for wire products. This has since been commissioned and expected to add over 30% to previous capacity. Some investments were made to upgrade the production lines for process quality and production efficiency improvements. The R&D infrastructure for equipment was augmented for new technology absorption.

The working capital investment (net current assets including current investment) increased by ₹18.65 Crore, an increase of about 6%. Investments increased by ₹14.61 Crore as a result of deployment of surplus cash in debt and liquid schemes of Mutual Funds. The growth in value of debt funds, as on 31<sup>st</sup> March, 2011 is around ₹47 Lacs.

The inventory holding period is 61 days in the current year as against 53 days in the previous year. It was a strategic decision to hold inventory of critical raw material in anticipation of likely raw material price increase from April 2011. The debtors are 39 days as at 31<sup>st</sup> March, 2011 as against 29 days due to an increase in sales to direct customers on credit. This includes an amount of ₹127 Lacs over a period of 01 year due from the project business, the delay for which is due to commissioning delays at customer behest; however, these dues for payment are confirmed by the customers.

Current liabilities are up by 29% due to sales growth and payables at the end of the year.

### D. OUTLOOK, CONCERNS AND RISKS

Outlook for financial year 2011-12 looks generally encouraging with the provision of a higher Central Government budgetary allocation to the infra

sector and the promised focus to raise Manufacturing GDP from 15% to 25% over the next 10 years. Expansion plan of railways for manufacturing of additional 18,000 wagons also provides another growth opportunity. However, rising inflation, increase in the major raw material prices and hardening interest rates are major concerns. New competition from global players setting up manufacturing activities locally would increase pressure on the margins. We plan to implement strategic initiatives related to strengthening the customer relationships, new business development and new product launches in our marketing plan & cost control, productivity improvements in our manufacturing. These initiatives would enable increase the market share at reasonable margins.

### E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company believes that internal control is inherent to the principle of governance and freedom of Management should be exercised within the framework of appropriate checks & restraints.

The Company has a reasonable system of internal control comprising of authority level & power, supervision, checks & balances, planning & procedures. The system is reviewed and updated on an on going basis.

These systems cover the following aspects of business process and reporting:

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

The Company has in place a well defined Internal Audit System. The scope of the audit is approved by the Audit Committee. The audit plan is focused on the following objectives:

- All operational and related activities are performed efficiently & effectively.
- Review all Management Risks.
- Significant legislative and regulatory provisions impacting the organization are recognized and addressed appropriately ensuring that all the relevant statutory compliances are complied with.



- Opportunities identified during audit for improving management control, process efficiency are communicated and acted upon.

The Audit Committee consisting of Independent Directors, reviews the Internal Audit Reports and offers necessary guidance with respect to the adequacy & scope.

The Company has a sound ERP system. It is our resolve to use the ERP system to substantially improve the SCM function in our manufacturing operations with the objective to improve the effectiveness of our Cost Reduction mission and the efficiency & integrity of financial reporting, for improved decision making.

The strengthening of our ERP systems made our Financial and Accounting Management Systems more robust.

The Company has a very good compliance track record with all Legal and Statutory entities in the

Country, and there is a regular audit mechanism to ensure that the Company does not violate any of the Legal or Statutory provisions applicable to the Company or Industry.

#### **F. MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

At the end of March 2011 the Company had 764 employees. Availability of skilled and competent manpower remains a concern. HRD is taking all necessary steps to recruit competent personnel at the requisite level. The Company has also decided to recruit Graduate Engineer Trainees (GETs) who would develop into mature manpower assets. Thrust is on more learning, skill up-gradation, motivation to stimulate the performance which is best in class. Company believes in providing conducive environment for nurturing potential, encouraging performance and retention of talent at all levels. Leadership development programmes and creation of critical talent pool are the key HR initiatives to support our growth.

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#### **Disclaimer:**

***The information and opinion expressed in this section of the Annual Report may contain certain forward looking statements, which the Management believes are true to the best of its knowledge at the time of its preparation. The Company and the Management shall not be held liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein.***





## AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of ADOR WELDING LIMITED (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
2. 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 Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) 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;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, 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 Act;
  - (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **DALAL & SHAH**  
Firm Registration No.: 102021W  
**Chartered Accountants**

S. Venkatesh  
**Partner**

**Mumbai, 29th April, 2011** Membership No.: F-037942

**ANNEXURE TO AUDITORS' REPORT**

**Referred to in paragraph 3 of the Auditors' Report of even date to the Members of ADOR WELDING LIMITED on the financial statements for the year ended 31st March, 2011.**

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1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.  
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanations given to us, the transactions of sales made during the year, in pursuance of contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party were made at prevailing market prices. However in case of purchase, since the items were of specialized nature, the Company has not called for quotations, since, as explained to us, this would have resulted in parting of proprietary drawings with outsiders, which is not commercially advisable for the Company.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products





where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally, regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) On the basis of our examination of the documents and records, and explanations and information given to us, there were no disputed dues in respect of Custom duty, income-tax, wealth-tax, service-tax, and cess as at 31st March, 2011. The following disputed dues on account of Excise Duty & sales Tax have not been deposited with the appropriate authority.

Nature of the Dues	Amount (Rupees in lacs)	Forum where the dispute is pending
Excise duty	95.19	Customs , Excise & Service Tax Appellate Tribunal (CESTAT)
Excise duty	2.86	Tribunal West Zone Mumbai
Excise duty	2.19	Asst. Comm. of Central Excise- Pune
Sales Tax	23.15	Lucknow High Court
Sales Tax	35.16	Joint Commissioner of Sales Tax- Jamshedpur

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash

losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank as at the balance sheet date. The Company has not obtained any borrowings from any financial institution or by way of debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company has maintained proper records of transaction and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
14. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
15. The Company has not obtained any term loans during the year.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not issued any debentures during the year.
19. The Company has not raised any money by public issues during the year.

20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

21. The other clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g) and (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order,

2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For **DALAL & SHAH**  
Firm Registration No.: 102021W  
**Chartered Accountants**

S. Venkatesh  
**Partner**

**Mumbai, 29th April, 2011**      Membership No.: F-037942





## BALANCE SHEET AS AT 31ST MARCH, 2011

(Rupees in lacs)

	Schedule	31.03.2011	31.03.2010
<b>SOURCES OF FUNDS:</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
Share Capital	A	1,359.85	1,359.85
Reserves and Surplus	B	15,005.48	13,387.79
		<u>16,365.33</u>	<u>14,747.64</u>
<b>LOAN FUNDS:</b>			
Secured Loans	C	—	—
Unsecured Loans	D	94.35	—
		<u>94.35</u>	<u>—</u>
<b>DEFERRED TAX LIABILITY (Net)(Refer Note 15)</b>		<b>64.88</b>	93.50
	<b>TOTAL</b>	<b>16,524.56</b>	<u>14,841.14</u>
<b>APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS:</b>			
A) Gross Block	E	19,960.91	19,289.53
Less: Depreciation		12,074.42	11,105.66
Net Block		7,886.49	8,183.87
B) Capital Work-in-Progress, expenditure to date		157.01	41.54
		<u>8,043.50</u>	<u>8,225.41</u>
<b>INVESTMENTS</b>	F	<b>2,568.24</b>	1,107.43
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>			
Inventories	G	4,908.54	3,799.16
Sundry Debtors	H	3,122.05	2,627.34
Cash and Bank Balances	I	681.78	1,302.45
Loans and Advances	J	1,715.37	1,461.14
		<u>10,427.74</u>	<u>9,190.09</u>
Less:			
<b>CURRENT LIABILITIES AND PROVISIONS:</b>			
Current Liabilities	K	3,110.46	2,350.15
Provisions	L	1,404.46	1,331.64
		<u>4,514.92</u>	<u>3,681.79</u>
<b>Net Current Assets</b>		<b>5,912.82</b>	5,508.30
	<b>TOTAL</b>	<b>16,524.56</b>	<u>14,841.14</u>
<b>Notes forming part of the Accounts</b>	U		

As per our attached report of even date

On behalf of the Board of Directors

For **DALAL & SHAH**

Firm Registration No: 102021W

**Chartered Accountants**

A. B. Advani  
**Executive Chairman**

S. Venkatesh  
**Partner**  
Membership No. F-037942

V. M. Bhide  
**General Manager &  
Company Secretary**

K. N. Subramanian  
**Vice President**  
**(Finance, Accounts & IT)**  
**& Chief Financial Officer**

Raman Kumar  
**Managing Director**

Mumbai, 29th April, 2011

Mumbai, 29th April, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Rupees in lacs)

	Schedule	2010-11	2009-10
<b>INCOME:</b>			
Sales, Services, Export Incentive, etc.	M	32,178.51	28,125.91
Less : Excise Duty		2,741.16	2,052.56
		<b>29,437.35</b>	26,073.35
Other Income	N	304.04	463.42
		<b>29,741.39</b>	26,536.77
<b>EXPENDITURE:</b>			
Cost of Goods Sold	O	17,602.06	14,855.14
Manufacturing Expenses	P	1,851.09	1,610.18
Employment Costs	Q	2,838.57	2,531.63
Administrative and Selling Expenses	R	2,505.24	2,406.43
Other Expenses	S	54.51	96.07
Interest and Finance Charges	T	55.35	56.59
Depreciation		1,262.62	1,311.36
		<b>26,169.44</b>	22,867.40
Less : Finished Goods Capitalised		4.64	20.18
		<b>26,164.80</b>	22,847.22
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		<b>3,576.59</b>	3,689.55
Add/(Less):			
Provision for Income Tax:			
Current Tax		(1,015.00)	(1,080.00)
Deferred Tax (Charge)/ Credit (Refer Note 15)		28.62	28.97
Provision for Wealth Tax		(5.00)	(5.00)
<b>PROFIT AFTER TAX</b>		<b>2,585.21</b>	2,633.52
Add/(Less):			
Prior period adjustments (Net)		—	(75.40)
Excess / (Short) Provision of Taxes in respect of earlier years (Net)		(16.10)	1.57
		<b>2,569.11</b>	2,559.69
Balance brought forward from previous year		1,383.72	475.45
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>3,952.83</b>	3,035.14
<b>APPROPRIATIONS:</b>			
General Reserve		1,000.00	700.00
Proposed Dividend		815.91	815.91
Provision for tax on Proposed Dividend		135.51	135.51
<b>Balance carried to Balance Sheet</b>		<b>2,001.41</b>	1,383.72
Weighted average number of Equity Shares outstanding during the year		13598467	13598467
Nominal Value of Shares (In Rs)		10.00	10.00
<b>Basic and Diluted Earnings Per Share (in Rupees)</b>		<b>18.89</b>	18.82
<b>Notes forming part of the Accounts</b>	U		

As per our attached report of even date

On behalf of the Board of Directors

 For **DALAL & SHAH**

Firm Registration No: 102021W

**Chartered Accountants**

 A. B. Advani  
**Executive Chairman**

 S. Venkatesh  
**Partner**  
 Membership No. F-037942

 V. M. Bhide  
**General Manager &  
 Company Secretary**

 K. N. Subramanian  
**Vice President**  
**(Finance, Accounts & IT)  
 & Chief Financial Officer**

 Raman Kumar  
**Managing Director**

Mumbai, 29th April, 2011

Mumbai, 29th April, 2011





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rupees in lacs)

PARTICULARS	2010-11	2009-10
<b>A) Cash Flow arising from Operating Activities</b>		
Net Profit Before Tax	3,576.59	3,689.55
Add / (Less) :		
a) Depreciation	1,262.62	1,311.36
b) Interest and Finance Charges	55.35	56.59
c) Amount Written off against leasehold land	0.65	0.65
d) Assets Written Off / discarded	9.13	—
e) Surplus on Sale of Fixed Assets	(4.00)	(269.24)
f) Interest received from Banks and Others	(3.57)	(7.44)
g) Interest received on Investments	(2.26)	—
h) Prior Period Adjustments	—	(75.40)
i) Income from Mutual Funds	(51.61)	(7.41)
j) Surplus on Sale of Investments	(19.38)	—
	<u>1,246.93</u>	<u>1,009.11</u>
Operating Profit before Working Capital Changes	4,823.52	4,698.66
Adjustment for :		
a) (Increase) / Decrease in Trade and Other Receivables	(644.88)	(973.04)
b) (Increase) / Decrease in Inventories	(1,109.38)	(218.29)
	<u>(1,754.26)</u>	<u>(1,191.33)</u>
	3,069.26	3,507.33
(Decrease) / Increase in Trade Payables	851.09	(328.31)
Cash Inflow From Operations	3,920.35	3,179.02
Add / (Less) :		
Direct Tax paid	(1,164.52)	(769.84)
Cash Inflow in course of Operating Activities	<u>2,755.83</u>	<u>2,409.18</u>
<b>B) Cash Flow arising from Investing Activities</b>		
Outflow:		
a) Acquisition of Fixed Assets	1,125.76	350.96
b) Purchase of Investments	2,767.35	1,107.41
Inflow:		
a) Sale of Fixed Assets	39.28	315.91
b) Sale/Redemption of Investments	1,325.92	—
c) Interest Received on Fixed Deposits	3.57	7.44
d) Interest received on Investments	2.26	—
e) Income from Mutual Funds	51.61	7.41
	<u>1,422.64</u>	<u>330.76</u>
Net Cash (Outflow) in course of Investing Activities	<u>(2,470.47)</u>	<u>(1,127.61)</u>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

(Rupees in lacs)

PARTICULARS	2010-11	2009-10
<b>C) Cash Flow arising from Financing Activities</b>		
Inflow		
Finance Lease	94.35	—
Outflow:		
a) Interest and Finance Charges	55.35	56.59
b) Dividend Paid	810.11	543.80
c) Dividend Tax Paid	135.51	92.44
	<u>1,000.97</u>	<u>692.83</u>
Net Cash (Outflow) in course of Financing Activities	<u>(906.62)</u>	<u>(692.83)</u>
Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C)	<u>(621.26)</u>	<u>588.74</u>
Add :		
Balance at the beginning of the year	<u>1,250.96</u>	<u>662.22</u>
<b>Cash/Cash Equivalents at the close of the year</b>	<u>629.70</u>	<u>1,250.96</u>
<b>Reconciliation to Cash and Bank Balances given in Schedule I, is as follows :</b>		
Cash and Bank Balances	681.78	1,302.45
Less :		
Deposits endorsed in favour of Banks as security against guarantees and letters of credit.	52.08	51.49
<b>Cash and Cash Equivalents at the close of the year</b>	<u>629.70</u>	<u>1,250.96</u>

As per our attached report of even date

**On behalf of the Board of Directors**

For **DALAL & SHAH**

Firm Registration No: 102021W

**Chartered Accountants**

S. Venkatesh

**Partner**

Membership No. F-037942

V. M. Bhide  
**General Manager &  
Company Secretary**

K. N. Subramanian  
**Vice President  
(Finance, Accounts & IT)  
& Chief Financial Officer**

A. B. Advani  
**Executive Chairman**

Raman Kumar  
**Managing Director**

Mumbai, 29th April, 2011

Mumbai, 29th April, 2011





**SCHEDULE “A” TO “U” ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE “A” - SHARE CAPITAL**

(Rupees in lacs)

	<u>31.03.2011</u>	<u>31.03.2010</u>
AUTHORISED:		
3,00,00,000 Equity Shares of ₹10/- each	<b>3,000.00</b>	3,000.00
	<b>TOTAL</b>	<b>3,000.00</b>
ISSUED, SUBSCRIBED AND PAID UP:		
*1,35,98,467 Equity Shares of ₹10/- each, fully paid-up	<b>1,359.85</b>	1,359.85
	<b>TOTAL</b>	<b>1,359.85</b>
*85,26,100 Equity Shares of ₹10/- each, were allotted as fully paid-up bonus shares, by way of Capitalisation of Securities Premium Account and General Reserve.		
*52,200 Equity Shares of ₹10/- each, were allotted as fully paid up, at par, to the shareholders of Advanced Welding Alloys Limited, pursuant to a Scheme of Amalgamation.		
*68,00,531 Equity Shares of ₹10/- each, are held by the holding Company M/s J.B. Advani & Co. Pvt. Ltd. (w.e.f. 09th February, 2011)		

**SCHEDULE “B” - RESERVES AND SURPLUS**

(Rupees in lacs)

	<u>31.03.2011</u>	<u>31.03.2010</u>
General Reserve		
Balance as per Last Account	<b>11,781.09</b>	11,081.09
Add:		
Transfer from Profit and Loss Account	<b>1,000.00</b>	700.00
	<b>12,781.09</b>	11,781.09
Capital Redemption Reserve Account		
Balance as per Last Account	<b>222.98</b>	222.98
Surplus as per Profit and Loss Account	<b>2,001.41</b>	1,383.72
<b>TOTAL</b>	<b>15,005.48</b>	<b>13,387.79</b>

**SCHEDULE “C” - SECURED LOANS**

(Rupees in lacs)

	<u>31.03.2011</u>	<u>31.03.2010</u>
Working Capital Loans From Banks	—	—
<b>TOTAL</b>	<b>—</b>	<b>—</b>

Refer Note 1 for details of Security.

**SCHEDULE “D” - UNSECURED LOANS**

(Rupees in lacs)

	<u>31.03.2011</u>	<u>31.03.2010</u>
Liability in respect of vehicles under leasing arrangement	<b>94.35</b>	—
<b>TOTAL</b>	<b>94.35</b>	<b>—</b>

**SCHEDULE "E" - FIXED ASSETS**

(Rupees in lacs)

(A) Assets Particulars	GROSS BLOCK AT COST / BOOK VALUE				DEPRECIATION				NET BLOCK		
	As At 01.04.2010	Additions / Adjustments	Deductions / Adjustments	As At 31.03.2011	As At 31.03.2010	For The Year	Deductions / Adjustments	Upto 31.03.2011	As At 31.03.2011	As At 31.03.2010	
Land - Freehold	205.86	0.25	—	206.11	—	—	—	—	206.11	205.86	
Land - Leasehold (a)	50.07	—	0.65(c)	49.42	—	—	—	—	49.42	50.07	
Buildings	5,282.47	25.26	42.91	5,264.82	1,682.74	336.75	35.91	1,983.58	3,281.24	3,599.73	
Ownership Premises (b)	322.80	—	—	322.80	146.44	8.82	—	155.26	167.54	176.36	
Plant and Machinery	10,478.97	576.27	133.82	10,921.42	7,427.60	690.99	129.59	7,989.00	2,932.42	3,051.37	
Electrical Installations	681.24	89.21	11.86	758.59	258.47	61.19	11.36	308.30	450.29	422.77	
Furniture, Fixtures and Equipments	776.11	29.16	16.05	789.22	531.92	50.37	14.19	568.10	221.12	244.19	
Vehicles	563.24	130.24	133.71	559.77	310.54	80.13	99.74	290.93	268.84	252.70	
Temporary Shed	3.64	—	0.62	3.02	3.64	—	0.62	3.02	—	—	
Leased Assets - Vehicles	—	93.37	—	93.37	—	3.40	—	3.40	89.97	—	
Research and Development Assets :											
Land Freehold	33.61	—	—	33.61	—	—	—	—	33.61	33.61	
Buildings	90.49	1.27	—	91.76	85.24	3.47	—	88.71	3.05	5.25	
Furniture & Fixture	—	0.37	—	0.37	—	0.01	—	0.01	0.36	—	
Plant and Machinery	799.90	67.65	2.58	864.97	658.80	27.36	2.45	683.71	181.26	141.10	
Air Conditioners	1.13	0.53	—	1.66	0.27	0.13	—	0.40	1.26	0.86	
<b>TOTAL</b>	<b>19,289.53</b>	<b>1,013.58</b>	<b>342.20</b>	<b>19,960.91</b>	<b>11,105.66</b>	<b>1,262.62</b>	<b>293.86</b>	<b>12,074.42</b>	<b>7,886.49</b>	<b>8,183.87</b>	
Previous year's TOTAL	18,074.85	1,305.41	90.73	19,289.53	9,837.71	1,311.36	43.41	11,105.66	8,183.87	—	
<b>(B) Capital Work-in-Progress</b>									<b>157.01</b>	<b>41.54</b>	
									<b>GRAND TOTAL</b>	<b>8,043.50</b>	<b>8,225.41</b>

(a) Leasehold Land includes Land ₹41.24 lacs (Net of amortisation ₹39.80 lacs) acquired by the Company on a co-ownership/lease basis for which conveyance deed is yet to be executed.

(b) Includes :

(i) ₹0.01 lac being the aggregate value of Shares in Co-operative Housing Societies.

(ii) ₹4.17 lacs for Tenements in an Association of Apartment Owners.

(c) Represents amount written off on account of amortisation of leasehold land ₹0.65 lac; (Previous year ₹0.65 lac)

**SCHEDULE "F"- INVESTMENTS - OTHER THAN TRADE (UNQUOTED)**

(Rupees in lacs)

	Face Value Rupees	31.03.2011	31.03.2010
<b>A) LONG TERM INVESTMENTS (AT COST):-</b>			
<b>In Government and Trust Securities:</b>			
6 Years National Savings Certificates *	2,500	0.02	0.02
Rural Electrification Corporation Limited			
Non Convertible Redeemable Taxable Bonds Series VIII	10,000	50.00	—
500 Bonds of ₹10,000/- each		50.02	0.02
<b>B) CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE):-</b>			
<b>In Mutual Funds:</b>			
<b>Templeton India Income</b>			
Opportunities Fund - Growth Option			
9,82,714.060 units of ₹10/- each (9,82,714.060 units)		100.00	100.00
NAV ₹107.79 lacs (Previous year NAV ₹101.41 lacs)			
<b>Reliance Regular Savings Fund -</b>			
Debt Plan - Growth Option		—	200.00
Nil (15,96,959.389 units) (Previous year NAV ₹201.92 lacs)			
<b>Tata Fixed Income Portfolio Fund -</b>			
Scheme B3 Inst Quarterly Dividend			
10,00,000 Units of ₹10/- each (10,00,000 Units)		100.00	100.00
NAV ₹100.00 lacs (Previous year NAV ₹101.41 lacs)			
<b>Tata Floater Fund - Daily Dividend</b>			
29,97,977.52 units of ₹10/- each (60,52,535.511 units)		300.87	607.41
NAV ₹300.87 lacs (Previous year NAV ₹607.41 lacs)			
<b>UTI Fixed Income Interval Fund - Monthly Interval Plan</b>			
Nil (8,31,531.681 units) (Previous year NAV ₹100.07 lacs)		—	100.00





**SCHEDULE "F"- INVESTMENTS - OTHER THAN TRADE (UNQUOTED) (Contd.)**

	(Rupees in lacs)	
Face Value Rupees	31.03.2011	31.03.2010
<b>UTI DYNAMIC BOND FUND</b> 25,72,312.52 units of ₹10/- each NAV ₹260.55 lacs	258.10	—
<b>UTI FII FUND - MIP SERIES - 1 (2010-11)</b> 20,64,096.82 units of ₹10/- each NAV ₹206.80 lacs	206.41	—
<b>KOTAK CREDIT OPPORTUNITIES FUND - GROWTH</b> 9,91,807.669 units of ₹10/- each NAV ₹103.49 lacs	100.00	—
<b>ICICI PRUDENTIAL REGULAR SAVING FUND</b> 10,00,000 units of ₹10/- each NAV ₹102.46 lacs	100.00	—
<b>ICICI PRUDENTIAL INCOME OPPORTUNITIES FUND -</b> 35,35,453.569 units of ₹10/- each NAV ₹413.88	400.00	—
<b>IDFC FIXED MATURITY PLAN-YEARLY SERIES 32 FUND -</b> 25,00,000 units of ₹10/- each NAV ₹259.36 lacs	250.00	—
<b>PRINCIPAL PNB FMP_1 FUND</b> 10,00,000 units of ₹10/- each NAV ₹102.11 lacs	100.00	—
<b>UTI FLOATING RATE FUND</b> 20,267.977 units of ₹1,000/- each NAV ₹202.84 lacs	202.84	—
<b>KOTAK FMP SERIES 33</b> 20,00,000 units of ₹10/- each NAV ₹202.46 lacs	200.00	—
<b>PRINCIPAL PNB FMP_28 FUND</b> 20,00,000 units of ₹10/- each NAV ₹202.28 lacs	200.00	—
	<u>2,518.22</u>	<u>1,107.41</u>
<b>TOTAL</b>	<u><b>2,568.24</b></u>	<u><b>1,107.43</b></u>

\* indicates deposited with Government Departments

Investments acquired and sold during the year 2010-11	Units	Acquisition Cost (Rupees in lacs)
Templeton India Short Term Income Retail Plan - Growth Option	10,620.156	200.00
IDFC Money Manager Fund - Investment Plan B - Daily Dividend	10,13,768.520	100.00
HDFC Gilt Fund Long Term - Growth Option	10,39,263.370	200.00
Tata Treasury Manager SHIP Daily Dividend	19,842.214	200.00
	<u>TOTAL</u>	<u><b>700.00</b></u>

**SCHEDULE "G" - INVENTORIES**

(Rupees in lacs)

	<u>31.03.2011</u>	<u>31.03.2010</u>
1) Stores, Spares, Parts etc	<b>399.23</b>	276.48
2) Stock - in - Trade		
a) Raw Materials and Components and Packing Material	<b>2,193.02</b>	1,661.56
b) Goods-in-Process / Work in Progress	<b>863.73</b>	787.05
c) Finished Goods	<b>1,360.84</b>	1,004.53
d) Goods for Resale	<b>91.72</b>	69.54
<b>TOTAL</b>	<b><u>4,908.54</u></b>	<u>3,799.16</u>

**SCHEDULE "H" - SUNDRY DEBTORS (UNSECURED)**

(Rupees in lacs)

	<u>31.03.2011</u>	<u>31.03.2010</u>
A) Over Six Months:		
Considered good	<b>250.56</b>	141.16
B) Others, considered good	<b>2,871.49</b>	2,486.18
<b>TOTAL</b>	<b><u>3,122.05</u></b>	<u>2,627.34</u>

**SCHEDULE "I" - CASH AND BANK BALANCES**

(Rupees in lacs)

	<u>31.03.2011</u>	<u>31.03.2010</u>
A) Cash on hand	<b>6.76</b>	9.00
B) Balances with Scheduled Banks:		
i) In Current Accounts	<b>621.40</b>	1,227.86
ii) In Fixed Deposits (including ₹52.08 lacs; previous year ₹51.49 lacs endorsed in favour of banks as security against guarantees given)	<b>52.90</b>	52.31
C) Balances with Non Scheduled Banks:		
In Current Accounts - with HSBC-Sharjah (Maximum balance during the year ₹26.32 lacs; previous year ₹24.24 lacs)	<b>0.72</b>	13.28
<b>TOTAL</b>	<b><u>681.78</u></b>	<u>1,302.45</u>

**SCHEDULE "J" - LOANS AND ADVANCES**

(Rupees in lacs)

	<u>31.03.2011</u>	<u>31.03.2010</u>
(UNSECURED, CONSIDERED GOOD)		
Loans and Advances to Employees	<b>22.04</b>	15.38
Advances recoverable in cash or in kind or for value to be received	<b>1,264.03</b>	1,154.86
Balances with Central Excise, Customs and Port Trust	<b>16.34</b>	14.00
Sundry Deposits	<b>169.16</b>	161.33
Advance payment of Income Tax (Net of provisions)	<b>243.80</b>	115.57
<b>TOTAL</b>	<b><u>1,715.37</u></b>	<u>1,461.14</u>





### SCHEDULE "K" - CURRENT LIABILITIES

(Rupees in lacs)

	<b>31.03.2011</b>	31.03.2010
Sundry Creditors (Refer Note 4)	<b>1,366.62</b>	970.16
* Other Current Liabilities	<b>1,202.07</b>	765.36
Advance against Sales and Services	<b>238.84</b>	234.60
Deposits and Advances from Distributors and Others	<b>302.93</b>	380.03
<b>TOTAL</b>	<b>3,110.46</b>	2,350.15

\* Includes ₹115.17 lacs (previous year ₹110.38 lacs) being remuneration to the Executive Chairman, Managing Director and other Non-executive Directors.

### SCHEDULE "L" - PROVISIONS

(Rupees in lacs)

	<b>31.03.2011</b>	31.03.2010
For Excise Duty on Finished Goods Stock	<b>170.47</b>	106.68
For Employee Benefits	<b>230.04</b>	216.83
For Wealth Tax (Net of advances)	<b>4.53</b>	4.71
For Warranties	<b>48.00</b>	52.00
For Proposed Dividend	<b>815.91</b>	815.91
For tax on Proposed Dividend	<b>135.51</b>	135.51
<b>TOTAL</b>	<b>1,404.46</b>	1,331.64

### SCHEDULE "M" - SALES, SERVICES, EXPORT INCENTIVE, ETC.

(Rupees in lacs)

	<b>2010-11</b>	2009-10
Sales and Services (Adjusted for usual discounts and incentives)	<b>32,343.62</b>	28,403.36
Less: Returns, Allowances, etc.	<b>238.95</b>	365.89
	<b>32,104.67</b>	28,037.47
Agency Commission	—	13.77
Export Incentives	<b>73.84</b>	74.67
<b>TOTAL</b>	<b>32,178.51</b>	28,125.91

**SCHEDULE "N" - OTHER INCOME**

(Rupees in lacs)

	<b>2010-11</b>	2009-10
Interest received on investments (Long term, other than trade)	<b>2.26</b>	—
Interest received from Banks and Others (Gross) (tax deducted at source ₹0.16 lac; Previous year ₹0.83 lac)	<b>3.57</b>	7.44
Credit Balances appropriated	<b>78.50</b>	67.09
Surplus on sale of current investments	<b>19.38</b>	—
Surplus on sale of fixed assets (Net)	<b>4.00</b>	269.24
Excess Provision written back	<b>4.44</b>	10.45
Income from Mutual Funds	<b>51.61</b>	7.41
Exchange Difference Gain (Net)	<b>27.78</b>	—
Rent and Compensation	<b>39.54</b>	41.30
Royalty received	<b>4.71</b>	3.92
Interest received on Income Tax Refund	<b>24.43</b>	28.01
Miscellaneous Income	<b>43.82</b>	28.56
<b>TOTAL</b>	<b>304.04</b>	463.42

**SCHEDULE "O" - COST OF GOODS SOLD**

(Rupees in lacs)

	<b>2010-11</b>	2009-10
Opening Stock of Raw Materials, Components and Packing Materials	<b>1,661.56</b>	1,210.41
Add: Purchases (after deducting sales ₹9.08 lacs ; Previous year ₹Nil)	<b>18,127.73</b>	14,822.29
	<b>19,789.29</b>	16,032.70
Less : Closing Stock of Raw Materials, Components and Packing Materials	<b>2,193.02</b>	1,661.56
Consumption of Raw Materials, Components and Packing Materials	<b>17,596.27</b>	14,371.14
Purchase of Goods for Resale	<b>397.17</b>	228.48
(Increase) / Decrease in Inventories:		
Opening Stock:		
Finished Goods	<b>1,004.53</b>	1,239.63
Goods for Resale	<b>69.54</b>	65.02
Goods-in-Process / Work in Progress	<b>787.05</b>	815.98
	<b>1,861.12</b>	2,120.63
Closing Stock:		
Finished Goods	<b>1,360.84</b>	1,004.53
Goods for Resale	<b>91.72</b>	69.54
Goods-in-Process / Work in Progress	<b>863.73</b>	787.05
	<b>2,316.29</b>	1,861.12
	<b>(455.17)</b>	259.51
Variation in Excise Duty on inventory of Finished Goods Stock	<b>63.79</b>	(3.99)
<b>TOTAL</b>	<b>17,602.06</b>	14,855.14





### SCHEDULE "P" - MANUFACTURING EXPENSES

(Rupees in lacs)

	<b>2010-11</b>	2009-10
Stores, Spare Parts, etc.	<b>573.47</b>	593.64
Power and Fuel	<b>667.99</b>	565.79
Repairs:		
Machinery	<b>87.20</b>	86.92
Buildings	<b>18.31</b>	17.95
Others	<b>94.45</b>	74.78
	<b>199.96</b>	179.65
Other Manufacturing Expenses	<b>409.67</b>	271.10
<b>TOTAL</b>	<b>1,851.09</b>	1,610.18

### SCHEDULE "Q" - EMPLOYMENT COSTS

(Rupees in lacs)

	<b>2010-11</b>	2009-10
Salaries, Wages, etc.	<b>2,077.43</b>	1,894.77
Contribution to Provident and Other Funds	<b>202.47</b>	114.17
Welfare Expenses	<b>276.50</b>	265.64
Directors' Remuneration	<b>282.17</b>	257.05
<b>TOTAL</b>	<b>2,838.57</b>	2,531.63

### SCHEDULE "R" - ADMINISTRATIVE AND SELLING EXPENSES

(Rupees in lacs)

	<b>2010-11</b>	2009-10
Freight, etc. (Net)	<b>334.65</b>	287.97
Rent	<b>174.40</b>	134.84
Rates and Taxes	<b>25.26</b>	23.62
Insurance	<b>21.68</b>	22.75
Travelling, Conveyance and Vehicle Expenses	<b>732.01</b>	610.93
Directors' Fees	<b>5.63</b>	6.31
Advertisement and Publicity	<b>108.29</b>	80.62
Commission	<b>7.81</b>	9.07
Telephone, Telex, Postage, etc.	<b>159.29</b>	158.13
Repairs at Administrative and Area offices	<b>47.83</b>	32.10
Miscellaneous Expenses	<b>888.39</b>	1,040.09
<b>TOTAL</b>	<b>2,505.24</b>	2,406.43



**SCHEDULE "S" - OTHER EXPENSES**

(Rupees in lacs)

	<u>2010-11</u>	<u>2009-10</u>
Alterations to and maintenance of rented premises	<b>0.05</b>	1.07
Donations	<b>6.15</b>	0.22
Bad Debts, deposits and debit balances written off (Net)	<b>38.53</b>	69.64
Exchange Difference (Net)	<b>—</b>	24.49
Assets written off / discarded	<b>9.13</b>	—
Amounts written off against amortisation of Leasehold land	<b>0.65</b>	0.65
<b>TOTAL</b>	<b><u>54.51</u></b>	<u>96.07</u>

**SCHEDULE "T" - INTEREST AND FINANCE CHARGES**

(Rupees in lacs)

	<u>2010-11</u>	<u>2009-10</u>
Interest :		
On Fixed Loans	<b>—</b>	—
Others	<b>21.69</b>	15.36
	<b>21.69</b>	15.36
Finance Charges and Bank charges	<b>33.66</b>	41.23
<b>TOTAL</b>	<b><u>55.35</u></b>	<u>56.59</u>





## SCHEDULE "U" - NOTES FORMING PART OF THE ACCOUNTS

### 1) Secured Loans and Guarantees:

- (i) Working Capital facilities from Banks are secured by hypothecation of stocks and other tangible movable assets of the Company, both present and future and book debts in favour of Bank of Baroda and HDFC Bank Limited. The said facilities are also secured by way of pari-passu charge on the entire plant and machinery and other moveable fixed assets of the Company and on the land & building at the Company's Silvassa Unit.
- (ii) Guarantees given by banks to third parties amounting to ₹400.48 lacs; (previous year ₹379.51 lacs) on behalf of the Company are secured against securities mentioned in (i) above.

(Rupees in lacs)

	<b>31.03.2011</b>	31.03.2010
2) Contingent Liabilities not provided for :		
a) Disputed income tax as the matters are in appeal (advance paid ₹Nil; previous year ₹14.38 lacs)	<b>Nil</b>	14.38
b) Disputed Sales Tax as the matters are in appeal (advance paid ₹9.21 lacs; previous year ₹9.21 lacs)	<b>67.52</b>	67.52
c) Disputed Excise duties as the matters are in appeal (advance paid ₹3.15 lacs; previous year ₹3.15 lacs)	<b>103.39</b>	118.38
d) On account of bills discounted by the Company	<b>Nil</b>	Nil
e) Bonds / Undertakings given by the Company under concessional duty / exemption scheme to Customs Authorities.	<b>147.28</b>	294.31
f) Other matters	<b>74.86</b>	Nil
3) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances)	<b>215.65</b>	13.00
4) a) Sundry Creditors in Schedule "K" to the Accounts include; (i) ₹541.72 lacs (previous year ₹249.95 lacs) due to micro and small enterprises registered under The Micro, Small and Medium Enterprises Development Act, 2006 (MSME); and (ii) ₹824.90 lacs (previous year ₹720.21 lacs) due to other creditors. During the year no amounts have been paid beyond the appointed day in terms of the MSME and, there are no amounts paid towards interest. Further, there is no interest accrued / payable under the said Act at the close of the year.		
b) The disclosure in (a) above is based on the information available with the Company regarding the status of suppliers under the MSME.		
5) In the opinion of the Management, no item of current assets, including inventories has a value on realisation in the ordinary course of business, which is less than the amount at which it is stated in the Balance Sheet.		
6) Revenue expenditure incurred during the year on Research and Development, through the natural heads of account, amounts to ₹170 lacs (previous year ₹146.72 lacs) (including Depreciation ₹30.97 lacs; previous year ₹22.06 lacs) and Capital expenditure thereof amounts to ₹69.82 lacs (previous year ₹0.63 lac).		

(Rupees in lacs)

	<b>2010-11</b>	2009-10
7) A) Directors' Remuneration :		
Salary	<b>99.20</b>	90.60
Contribution to Provident and Other Funds	<b>26.66</b>	16.36
Commission	<b>115.17</b>	110.38
House Rent Allowance	<b>38.43</b>	36.36
Other Perquisites	<b>2.71</b>	3.35
<b>TOTAL</b>	<b>282.17</b>	257.05

(Rupees in lacs)

	<u>2010-11</u>	<u>2009-10</u>
B) Computation of Net Profit in accordance with Section 198 (1) of the Companies Act, 1956.		
Profit after Tax	<b>2,585.21</b>	2,633.52
Add :		
a) Provision for Taxation	<b>991.38</b>	1,056.03
b) Directors' Remuneration	<b>282.17</b>	257.05
c) Depreciation	<b>1,262.62</b>	1,311.36
Less :	<b>5,121.38</b>	5,257.96
a) Profit on sale of current investments	<b>19.38</b>	—
b) Profit on Sale of Assets as per Section 349	—	267.37
c) Depreciation	<b>1,262.62</b>	1,311.36
Net Profit as per Section 198 (1) of the Companies Act, 1956	<b>3,839.38</b>	3,679.23
Commission to the Executive Chairman @ 1%	<b>38.39</b>	36.79
Commission to the Managing Director @ 1%	<b>38.39</b>	36.79
Commission to the Non-Executive Directors @ 1%	<b>38.39</b>	36.80
8) Payment to Auditors :		
a) Audit fees	<b>18.00</b>	18.00
b) Tax Audit Fees	<b>6.00</b>	6.00
c) Certification and Other Matters	<b>5.70</b>	5.55
d) Reimbursement of out of pocket expenses	<b>0.57</b>	0.67
9) A) Details of C.I.F. value of Imports (including in-transit) :		
Raw Materials and Components	<b>697.27</b>	1,285.99
Capital Goods	<b>283.29</b>	—
Spares, etc.	—	53.06
Purchase of goods for resale	—	11.93
B) Details of Expenditure in Foreign Currency :		
Travelling	<b>80.56</b>	75.89
Staff Training	<b>0.41</b>	—
Bank charges	<b>9.65</b>	8.08
Others (including Branch Office expenses)	<b>94.13</b>	94.52
10) A) Details of Earnings in Foreign Exchange :		
F.O.B. Value of Exports (Net of Returns)	<b>2,782.21</b>	2,468.37
Commission received	—	13.77





(Rupees in lacs)

B) \*Details of Dividend remitted to Non-Resident shareholders in Foreign Currency:

	2010-11	2009-10
Number of Non-Resident Shareholders	<b>67</b>	69
Number of Equity Shares held	<b>9,763</b>	10,010
Financial year ended for which dividend is remitted	<b>2009-10</b>	2008-09
Amount of dividend remitted (Rupees in lacs)	<b>0.59</b>	0.40

\*excluding dividend credited to the shareholders' Non-Resident External Accounts with banks in India.

11) A) Detailed information regarding Registered Capacity, Installed Capacity, Actual Production, Opening Stocks, Turnover and Closing Stocks

Particulars	Unit	Annual Registered Capacity	Annual Installed Capacity	Annual Production Quantity	Opening Stock		Turnover		Closing Stock		
					Quantity	Rupees in lacs	Quantity	Rupees in lacs	Quantity	Rupees in lacs	
INDUSTRIAL MOUs / Registrations											
1) Welding Consumables (Arc Welding Electrodes / Continuous Welding Wires and Fluxes)	M.Tonnes	26,000 (per shift)	26,000 (per shift)	27,624.95 (24,454.06)	731.32 (679.53)	539.10 (582.66)	27,436.32 (24,402.27)	24,839.83 (21,684.40)	919.95 (731.32)	801.11 (539.10)	
2) Welding Equipments / Project Engineering (Welding and Cutting Equipment / Systems / Accessories / Spares / Service / Flare Tips / Incinerators / Furnaces)	Value	125 Cr	125 Cr	Not Enumerable	Not Enumerable	473.06 (633.33)	Not Enumerable	7,732.25 (6,866.97)	Not Enumerable	601.32 (473.06)	
3) Power Generators (15-300 KVA)	Nos.	5,000	5,000	3.00 (20.00)	114.00 (133.00)	61.92 (88.66)	10.00 (39.00)	8.95 (88.17)	107.00 (114.00)	50.13 (61.92)	
4) Goods for Resale	Not Enumerable			Purchases (Rupees in lacs) 397.17							
				397.17 (228.48)		1,074.08 (1,304.65)		32,581.03 (28,639.54)		1,452.56 (1,074.08)	
Less : Usual discounts and incentives								476.36 (602.07)			
								<b>NET SALES</b>	<b>32,104.67</b> (28,037.47)		

Notes : 1. The Company's products are exempt from licencing requirements under New industrial Policy in terms of Notification No.477 (E) dated 25th July 1991 and F.No. 10/43/91-LP dated 02nd August 1991. The Company has registered all its products (including existing products) with Secretariat for Industrial Assistance.

- Opening Stock, Turnover, Closing Stock in respect of Goods for Resale are included in respective categories in item no.1 to 3
- Figures in bracket indicate figures relating to the previous year.
- Figures have been regrouped wherever necessary.

- 11) B) i) Turnover quantity is derived on the basis of opening stock plus production and purchases for trading activity, less physical quantities of closing stock.  
 ii) 'Annual Installed Capacity' in Note 11(A) above is as certified by the Managing Director, and being a technical matter, is accepted by the Auditors as correct.

C) Details of Raw Materials, Components and Packing Materials consumed:

Particulars	Unit	2010-11		2009-10	
		Qty.	Rupees in lacs	Qty.	Rupees in lacs
Wires and Rods	M.T.	<b>22,019.91</b>	<b>9,466.30</b>	19,541.57	7,409.33
Titanium Dioxide and Rutile Sand	M.T.	<b>1,794.35</b>	<b>708.70</b>	1,750.01	699.88
Manganese	M.T.	<b>635.74</b>	<b>652.08</b>	503.91	613.67
Metal, Nickel and Iron Powder	M.T.	<b>683.28</b>	<b>559.13</b>	493.44	310.90
Others:					
Electrical Components			<b>730.99</b>		554.55
Mechanical Fittings			<b>2,731.87</b>		1,943.93
Miscellaneous			<b>2,747.20</b>		2,838.88
<b>TOTAL</b>			<b>17,596.27</b>		<b>14,371.14</b>

D) Value of imported and indigenous Raw Materials, Components and Packing Materials consumed and % thereof to total value of consumption:

Particulars	2010-11		2009-10	
	(Rupees in lacs)	%	(Rupees in lacs)	%
a) Imported	<b>751.05</b>	<b>4.27</b>	1,041.26	7.25
b) Indigenous	<b>16,845.22</b>	<b>95.73</b>	13,329.88	92.75
<b>TOTAL</b>	<b>17,596.27</b>	<b>100.00</b>	<b>14,371.14</b>	<b>100.00</b>

E) Value of imported and indigenous Stores and Spare-parts consumed and % thereof to total value of consumption:

Particulars	2010-11		2009-10	
	(Rupees in lacs)	%	(Rupees in lacs)	%
a) Imported	<b>34.48</b>	<b>6.01</b>	59.87	10.09
b) Indigenous	<b>538.99</b>	<b>93.99</b>	533.77	89.91
<b>TOTAL</b>	<b>573.47</b>	<b>100.00</b>	<b>593.64</b>	<b>100.00</b>

12) Prior Period adjustments represent:

Particulars	(Rupees in lacs)	
	2010-11	2009-10
a) Debits Relating to earlier years	—	(97.57)
b) Credits Relating to earlier years	—	22.17
Net (Debit) / Credit	—	(75.40)





13) Segment Information:

A) Business Segment

(Rupees in lacs)

Particulars	Consumables		Equipments & Project Engineering		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Segment Revenue</b>						
External Revenue	22,284.59	19,600.64	7,152.76	6,472.71	29,437.35	26,073.35
Inter Segment Revenue	—	—	—	—	—	—
Total Revenue	22,284.59	19,600.64	7,152.76	6,472.71	29,437.35	26,073.35
<b>Segment Result before Interest and tax</b>	<b>3,560.78</b>	<b>3,590.05</b>	<b>896.70</b>	<b>916.43</b>	<b>4,457.48</b>	<b>4,506.48</b>
Add / (Less) :						
Unallocable expenses (Net of unallocable income)	—	—	—	—	(825.54)	(760.34)
Interest and Finance charges (net)	—	—	—	—	(55.35)	(56.59)
Excess / (Short) Provision of Taxes in respect of earlier years (net)	—	—	—	—	(16.10)	1.57
Prior Period Adjustments	—	(35.52)	—	(38.73)	—	(74.25)
Prior Period Adjustments-Unallocable	—	—	—	—	—	(1.15)
Provision for taxes (Net of Deferred Tax)	—	—	—	—	(991.38)	(1,056.03)
<b>Net Profit</b>	<b>3,560.78</b>	<b>3,554.53</b>	<b>896.70</b>	<b>877.70</b>	<b>2,569.11</b>	<b>2,559.69</b>
<b>Other Information</b>						
<b>Segment Assets</b>	11,222.95	9,826.20	5,681.69	5,431.09	16,904.64	15,257.29
Unallocated Assets	—	—	—	—	4,134.84	3,265.64
Total Assets	—	—	—	—	21,039.48	18,522.93
<b>Segment Liabilities</b>	1,872.81	1,123.16	1,242.64	777.80	3,115.45	1,900.96
Unallocated Liabilities	—	—	—	—	448.05	1,780.83
Total Liabilities	—	—	—	—	3,563.50	3,681.79
<b>Capital Expenditure</b>						
Segment Capital Expenditure	768.65	140.07	89.40	128.50	858.05	268.57
Unallocated Capital Expenditure	—	—	—	—	271.00	82.39
Total Capital Expenditure (Tangible Assets)	—	—	—	—	1,129.05	350.96
<b>Depreciation and Amortisation</b>						
Segment Depreciation and Amortisation	816.60	827.59	377.74	431.98	1,194.34	1,259.57
Unallocated Depreciation and Amortisation	—	—	—	—	68.93	52.44
Total Depreciation and Amortisation	—	—	—	—	1,263.27	1,312.01
<b>Significant Non Cash Expenditure</b>						
Segment Significant Non Cash Expenditure	9.13	—	—	—	9.13	—
Unallocated Significant Non Cash Expenditure	—	—	—	—	—	—
Total Significant Non Cash Expenditure	—	—	—	—	9.13	—

## B) Geographical Segment:

(Rupees in lacs)

Particulars	India		Outside India		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue	26,655.14	23,591.21	2,782.21	2,482.14	29,437.35	26,073.35
Carrying Amount of Segment Assets	16,154.77	14,770.46	749.87	486.83	16,904.64	15,257.29
Additions to Fixed Assets (Tangible Assets)	858.05	268.57	—	—	858.05	268.57

## C) Other Disclosures:

1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS - 17) taking into account the organisation structure as well as differential risks and returns of these segments.
2. The Company has disclosed Business Segment as the primary segment.
3. Types of Products and Services in each Business Segment:

Business Segment	Types of Products and Services
a) Consumables	— Electrodes, Wires, Agency Items related to consumables.
b) Equipment & Project Engineering	— Equipment, Spares, cutting products and Agency Items related to Equipment and Cutting Products & Design, Engineering, Procurement and commissioning of Flares, Incinerators, Furnaces, etc.

4. The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

## 14) Related Parties Disclosure:

## A. Relationships:

Relationship	Name of the Person / Company
a) Holding Company	J. B. Advani & Co. Pvt. Ltd. (From 09 <sup>th</sup> February, 2011)
b) Investor having significant influence and its associates	Ador Fontech Limited Ador Multiproducts Limited Ador Powertron Limited
c) Other related parties where significant influence exists	Croyolor Asia Pacific Pvt. Ltd. J.B.Advani Charitable Trust
d) Key Management Personnel	Ms. A. B. Advani Mr. Raman Kumar
e) Relatives of Key Management Personnel where transactions have taken place	No Transactions have taken place during the year.

Note: Related Party relationship is as identified by the Company and relied upon by the Auditors.





B. Transactions:

(Rupees in lacs)

Particulars	Holding Company	Investors having significant influence and its Associates	Other related parties where significant influence exists	Key Management Personnel
<b>Sales and Services</b>				
Goods, Materials and Services	50.78 (37.75)	737.73 (895.87)	63.45 (—)	— (—)
<b>Other Income</b>				
Rent {Ador Fontech Ltd. ₹4.74 lacs (₹4.74 lacs)}	— (1.00)	7.68 (8.58)	— (—)	— (—)
Royalty {Ador Fontech Ltd. ₹2.95 lacs (₹2.30 lacs)}	— (—)	4.71 (3.92)	— (—)	— (—)
Recovery of Expenses	4.31 (—)	10.07 (8.32)	— (—)	— (—)
<b>Purchases</b>				
Goods and Agency Items	1,547.81 (1,292.68)	5.24 (9.93)	— (—)	— (—)
<b>Other Expenses</b>				
Product Development Charges (Ador Fontech Ltd.)	— (—)	— (2.23)	— (—)	— (—)
Repair Charges paid	— (—)	— (1.54)	— (—)	— (—)
Remuneration	— (—)	— (—)	— (—)	243.78 (220.25)
Donations	— (—)	— (—)	5.00 (—)	— (—)
Sale of Fixed assets	— (305.17)	— (—)	— (—)	— (—)
Reimbursement of Expenses	6.36 (17.58)	— (—)	— (—)	— (—)
Other Receivables	— (230.17)	— (—)	— (—)	— (—)
Outstanding Receivables	— (—)	5.36 (4.96)	— (—)	— (—)
Payables as Sundry Creditors / Advance Received	— (—)	— (0.54)	— (—)	— (—)

(Figures in brackets indicate previous year)



## 15) Deferred Tax:

(Rupees in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
<b>Deferred Tax Liability on account of:</b>			
Depreciation	71.34	114.95	142.46
Capital Expenditure for Scientific Research	63.23	50.04	57.32
	<b>134.57</b>	<b>164.99</b>	<b>199.78</b>
<b>Deferred Tax Assets on account of:</b>			
Employee Benefits	66.13	65.68	62.32
VRS Payments	3.56	5.81	14.99
	<b>69.69</b>	<b>71.49</b>	<b>77.31</b>
Net Deferred Tax (Asset) / Liability	<b>64.88</b>	<b>93.50</b>	<b>122.47</b>

## 16) Computation of Profit for Earnings per Share:

(Rupees in lacs)

Particulars	2010-11	2009-10
Profit for the year after tax	2,585.21	2,633.52
Add / (Less): Prior Period Adjustments	—	(75.40)
Excess / (Short) Provision of Taxes in respect of earlier years (Net)	(16.10)	1.57
Earnings	2,569.11	2,559.69

## 17) Disclosure in respect of derivative instruments:

(a) Derivative instruments outstanding / Forward Cover against Exports USD / INR : 1,12,000 USD

(b) Foreign currency exposures that are not hedged by derivative instruments :

Particulars	USD	EURO	DHMS	SR	GBP	SGD
i) Debtors	15,94,198.19	—	—	—	—	—
ii) Creditors	81,425.85	48,528.08	—	—	425.26	902.00
iii) Other Advances / Deposits	84,753.32	75,387.49	1,21,157.84	3,500.00	1,375.78	—
iv) Bank Balance	—	—	5,810.21	—	—	—
v) Other Liability	—	—	18,107.92	—	—	—

18) Fixed Assets under Schedule 'E' to the Accounts, include net book value of assets at the Company's Ahmednagar division aggregating ₹72.57 lacs, which have been retired from active use. As per the estimates made by the Management, the net realisable value of such fixed assets would atleast be equal to the carrying value of the fixed assets. Hence, in the opinion of the Management, no expected loss needs to be recognised.





19) Employee Benefits:

An amount of ₹77.58 lacs (previous year ₹42.11 lacs) towards defined contribution plans is recognised as expense in the Profit and Loss Account.

The following table sets out the status of the gratuity plan as required under AS-15 (Revised 2005) and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:

(Rupees in lacs)

Particulars	2010-11	2009-10
<u>Change in present value of obligation:</u>		
Obligation at beginning of the year	277.69	295.31
Current Service Cost	21.80	23.38
Interest Cost	20.56	17.89
Actuarial (gain) / loss	10.18	(30.09)
Benefits paid	(25.59)	(28.80)
<b>Obligation at the end of the year</b>	<b>304.64</b>	277.69
<u>Change in Plan assets:</u>		
Fair value of Plan assets at beginning of the year	279.27	228.24
Expected return on plan assets	20.40	17.09
Actuarial gain / (loss)	(0.40)	(7.76)
Contributions	—	70.50
Benefits paid	(25.59)	(28.80)
<b>Fair value of plan assets at end of the year</b>	<b>273.68</b>	279.27
<u>Reconciliation of present value of the obligation and the fair value of plan assets and amount recognized in the balance sheet:</u>		
Present value of the defined benefit obligation at the end of the year	304.64	277.69
Fair value of plan assets at the end of the year	(273.68)	(279.27)
<b>Net liability / (Asset) recognized in the balance sheet</b>	<b>30.96</b>	(1.58)
<u>Gratuity cost recognized for the year:</u>		
Current Service cost	21.80	23.38
Interest cost	20.56	17.89
Expected return on plan assets	(20.40)	(17.09)
Actuarial (gain) / loss	10.58	(22.33)
<b>Net gratuity cost</b>	<b>32.54</b>	1.85
<b>Break-up of Plan Assets at the end of the year</b>		
Government of India Securities	0%	16%
Corporate Bonds	0%	28%
Special Deposit Schemes	0%	37%
Equity shares of Listed companies	0%	17%
Insurer Managed Funds	100%	0%
Others	0%	3%
<u>Assumptions:</u>		
Interest rate	7.90%	7.55%
Estimated rate of return on plan assets	7.50%	7.50%
Rate of growth in salary levels*	8.00%	8.00%

\*The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Note : During the year, the Management of Gratuity fund has been outsourced to Life Insurance Corporation of India.

## Defined Benefit Plan for 5 Years GRATUITY

(Rupees in lacs)

Particulars	31-03-11	31-03-10	31-03-09	31-03-08	31-03-07
<b>Net Asset / (Liability) recognised in the Balance Sheet</b>					
(a) Present Value of Obligation at the close of the year	304.64	277.69	295.31	280.05	N.A.
(b) Fair Value of Plan Assets at the close of the year	273.68	279.27	228.24	303.63	N.A.
(c) Asset / (Liability) recognised in the Balance Sheet	(30.96)	1.58	(67.07)	23.58	N.A.
<b>Change in Defined Benefit Obligation (DBO) during the year ended</b>					
Actuarial (Gain) / Loss	10.18	(30.09)	72.52	24.53	N.A.
<b>Change in the Fair Value of Plan Assets</b>					
Actuarial Gain / (Loss)	(0.40)	(7.76)	(1.70)	10.81	N.A.

## 20) Lease Rental Obligation (Operating Lease)

(Rupees in lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Amount due within one year	136.88	105.57
Amount due from one year to five years	410.40	439.39
Amount due from five years and above	85.54	292.77

## 21) Lease Obligation (Finance Lease)

Net carrying amount of carrying assets as at Balance Sheet date - ₹89.97 lacs

The minimum future lease rentals and present value of minimum lease rentals payable are as follows:

Particulars	As at 31.03.2011	As at 31.03.2010
Minimum lease rentals payable as on Balance sheet date	120.48	—
Present value of Minimum lease rentals payable	104.58	—

Particulars	Minimum Lease Payment		Present Value of Minimum Lease Payments	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Amount due within one year	32.29	—	30.21	—
Amount due from one year to five years	88.19	—	74.37	—
Amount due from five years and above	—	—	—	—
<b>TOTAL</b>	<b>120.48</b>	<b>—</b>	<b>104.58</b>	<b>—</b>

22) Previous year's figures have been regrouped wherever necessary.

23) Significant accounting policies and practices adopted by the Company are as disclosed in the Statement annexed to these Accounts as Annexure I.

As per our attached report of even date

 For **DALAL & SHAH**  
 Firm Registration No: 102021W  
**Chartered Accountants**

 S. Venkatesh  
**Partner**  
 Membership No.: F-037942

 V. M. Bhide  
**General Manager &  
 Company Secretary**

 K. N. Subramanian  
**Vice President  
 (Finance, Accounts & IT)  
 & Chief Financial Officer**
**On behalf of the Board of Directors**  
 A. B. Advani  
**Executive Chairman**

 Raman Kumar  
**Managing Director**

Mumbai, 29th April, 2011

Mumbai, 29th April, 2011





## ANNEXURE-I ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011.

### Statement of Significant Accounting Policies and Practices :-

#### I) Basis of preparation of financial statements :-

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles, the applicable mandatory accounting standards and the relevant provisions of the Companies Act, 1956.

#### II) Use of Estimates :-

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known.

#### III) Recognition of Income and Expenditure :-

1. Sale of goods is recognized on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods by the Company.
2. Benefit on account of entitlement to import duty - free materials under Duty Entitlement Passbook Scheme is accounted in the year of export as Export Incentives.
3. Other Revenue / Income and Cost / Expenditure are generally accounted on accrual as they are earned or incurred.

#### IV) Fixed Assets :-

1. Fixed Assets are accounted by the Company on the basis of historical costs. Gains or Losses arising on disposal are recognised in the Profit and Loss Account of the relevant financial year.
2. Method of Depreciation / Amortisation:
  - a) Depreciation on all assets (except Freehold Land and Leased Vehicles) is provided on the written down value method at the rates and in the manner specified in the Schedule XIV to the Companies Act, 1956. Depreciation on assets acquired under finance lease is spread over the lease period or useful life whichever is shorter.
  - b) Cost of leasehold land is amortised over the period of lease.
  - c) Depreciation on additions / deletions is charged on pro-rata basis, upto the month of purchase / including the month of sale.

#### V) Investments :-

Long Term Investments are stated at 'Cost'. A provision for diminution is made to recognise a decline, other than temporary in the value of long term investments. Current Investments are stated at lower of cost and fair value.

#### VI) Valuation of Inventories :-

Inventories of Raw Materials and Components, Goods in Process, Finished Goods, Goods for Trade, Stores, Spares and Packing Materials are stated 'at cost or net realisable value, whichever is lower'. Goods in Transit are stated 'at cost'. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as part of finished goods.

Cost formula used is 'Average Cost'. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.

#### VII) Foreign Currency Translations :-

All transactions in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;

Monetary items in the form of Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted during the year;

In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognised as income or expense along with the exchange differences on the underlying assets / liabilities. Profit or loss on cancellations / renewals of forward contracts is recognised during the year.

#### Accounting of foreign branches / integral operations:-

- a. Monetary items in the form of Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted at the appropriate rates of exchange prevailing on the date of the Balance Sheet.
- b. Fixed assets and depreciation thereon, are converted at the exchange rates prevailing on the date of acquisition of the respective asset.
- c. Revenue items, excluding depreciation, are converted at the monthly exchange rates prevailing on the date of the transaction

**VIII) Research and Development :-**

1. Revenue expenditure on Research and Development (including overheads) are charged out as expense through the natural heads of account in the year in which they are incurred.
2. Expenditure of a capital nature on Research and Development is debited to Fixed Assets and depreciation is provided on such assets as are depreciable.

**IX) Retirement and Other Employee Related Benefits :-**

- a. **Short term employee benefits** - All employee benefits payable within twelve months of rendering the service are recognised in the period in which the employee renders the related service
- b. **Post Employment / Retirement Benefits** - Defined Contribution Plans such as Government Pension Fund etc., are charged to the Profit and Loss Account as incurred.
- c. **Defined Benefit Obligation Plans** - The present value of the obligation under such plans, is determined based on an actuarial valuation, using the Projected Unit Credit Method, carried out (approximately) at the close of the year. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit and Loss Account. In the case of gratuity, which is funded, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.
- d. **Other Long Term Employee Benefits** are recognised in the same manner as Defined Benefit Plans.
- e. **Termination Benefits** are charged to the Profit and Loss Account in the year in which they are incurred.

**X) Assets taken on Lease :-**

For assets taken under operating lease, lease rentals payable are charged to Profit and Loss Account.

Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as Finance Leases. Such assets are capitalized at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Each lease rental paid is allocated between the liability of the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

**XI) Taxation :-**

Income tax expense comprises Current Tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realization.

**XII) Impairment of Assets :-**

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. Impairment losses recognised in prior accounting periods are reversed if there has been any change in the estimate of the recoverable amount.

**XIII) Borrowing Costs :-**

Interests and other borrowing costs attributable to qualifying assets are capitalised. Other interests and borrowing costs are charged to revenue.

**XIV) Provisions, Contingent Liabilities and Contingent Assets :-**

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

**XV) Provision for Warranty :-**

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacement, material cost, servicing on the basis of the past experience of the Company. It is expected that this expenditure will be incurred over the contractual warranty period.

**XVI) Revenue from contracts :-**

Revenue from fixed price contracts is recognized using the percentage of completion method. Percentage of completion is determined as a proportion of the cost incurred up to the reporting date of the total estimated contract costs. Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The Company monitors estimates of total contract revenue and costs on a routine basis throughout the delivery period. The cumulative impact of any change in estimates of the contract value or cost is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.





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

### I Registration Details

Registration No.: L70100MH1951PLC008647 State Code : 11  
 Balance Sheet Date: 31-03-2011

### II Capital Raised during the year (Amount in Rupees Thousands)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

### III Position of Mobilisation and Deployment of Funds (Amount in Rupees Thousands)

	Total Liabilities	Total Assets
	1652456	1652456
<i>Sources of Funds</i>		
	Paid - up Capital	Reserves & Surplus
	135985	1500548
	Secured Loans	Unsecured Loans
	Nil	9435
	Deferred Tax Liability (net)	
	6488	
<i>Applications of Funds</i>		
	Net Fixed Assets	Investments
	804350	256824
	Net Current Assets	Misc. Expenditure
	591282	Nil
	Accumulated Losses	Deferred Tax Asset (net)
	Nil	Nil

### IV Performance of the Company (Amount in Rupees Thousands)

	Total Expenditure
Turnover	2616480
2943735	Profit Before Tax
Profit Before Tax	258521
357659	Dividend Rate %
Earning Per Share including extra ordinary items in ₹	60
18.89	
Earning Per Share excluding extra ordinary items in ₹	
18.89	

### V Generic Names of Three Principle Products / Services of the Company (as per monetary terms)

- 1) Item Code No.: 83112000  
 PRODUCTION DESCRIPTION: MANUAL METAL ARC WELDING / BRAZING ELECTRODES of manufacture falling under ITC - broad description of CORED WIRE BASE OF METAL FOR ELECTRIC ARC - WELDING  
 CONTINUOUS WELDING ELECTRODES of Manufacture falling under ITC - broad description CORED WIRED OF BASE METAL FOR ELECTRIC ARC - WELDING
- 2) Item Code No.: 83119000  
 PRODUCTION DESCRIPTION: ARC WELDING / BRAZE - WELDING FLUXES of Manufacture falling under ITC - broad description of OTHER, INCLUDING PARTS.
- 3) Item Code No.: 85151900  
 PRODUCTION DESCRIPTION: WELDING & CUTTING EQUIPMENT & ACCESSORIES of Manufacture falling under ITC - broad description OTHER

**On behalf of the Board of Directors**

A. B. Advani  
**Executive Chairman**

V. M. Bhide  
**General Manager &  
 Company Secretary**

K. N. Subramanian  
**Vice President  
 (Finance, Accounts & IT)  
 & Chief Financial Officer**

Raman Kumar  
**Managing Director**

Mumbai, 29th April, 2011





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