REGD. & CORPORATE OFFICE
Ador House, 6, K. Dubash Marg, Fort,
Mumbai - 400 001-16 India. G.P.O. Box No. 1546
Phone : (022) 2284 2525 / 6623 9300
Fax : (022) 2287 3083 Email: cmo@adorians.com
Website : www.adorwelding.com
Corporate Identity No: L70100MH1951PLC008647

# ADOR WELDING LIMITED

**AWL/SEC/SE/2019-20** **03rd July, 2019**

**BSE LTD.**
Phiroze Jeejeebhoy Towers,
01st Floor, Dalal Street,
Fort,
Mumbai - 400 023.

**Company Scrip Code: 517041**

**NATIONAL STOCK EXCHANGE OF INDIA LTD.**
Exchange Plaza, C - 1, Block G,
Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400 051.

**Company Scrip Code: ADORWELD**

Dear Sirs,

**Sub: 66th Annual Report of Ador Welding Limited for FY 2018-19**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith copy of the 66th Annual Report of the Company for FY 2018-19. The said Annual Report is also placed on the website of our Company at www.adorwelding.com

We hereby request you to take the above on record and acknowledge the receipt.

Thanking you,

Yours Sincerely,
For **ADOR WELDING LIMITED**

ADOR WELDING LIMITED MUMBAI

V. M. BHIDE
**COMPANY SECRETARY**
**Encl.:** As above

*Together, we are reaching new heights...*

# ADOR WELDING LIMITED

## 66th Annual Report 2018-19

ador WELDING

www.adorwelding.com

# *Our reach across the sphere...*

| | |
|---|---|
| **ASIA** | India, Nepal, Pakistan, Myanmar, Vietnam, Indonesia, Singapore |
| **MIDDLE EAST & CIS COUNTRIES** | Abu Dhabi, Dammam, Dubai, Jeddah, Al Jubail, Manama, Riyadh, Sharjah, Tehran, Azerbbaijan, Doha, Iraq, Jordan, Kuwait, Muscat, Sana'a, Sohar |
| **AFRICA** | Addis Ababa, DR Congo, Dar es Salaam, Kampala, Lagos, Nairobi, Ghana, Khartoum, Mombasa, Senegal |
| **EUROPE** | Italy |
| **NORTH AMERICA** | Salt Lake City, Utah |


# ADOR WELDING LIMITED

## PASSION FOR WELDING SINCE 1951

### REGISTERED & CORPORATE OFFICE

Ador House, 6, K. Dubash Marg,
Fort, Mumbai 400 001-16,
Maharashtra, India.
**Tel** : +91 22 66239300, 2284 2525
**Fax** : +91 22 22873083
**Email** : investorservices@adorians.com
cmo@adorians.com

### PLANTS

#### Consumables

**AHMEDNAGAR**
Plot B-5, MIDC Industrial Area,
Nagar Manmad Road,
Ahmednagar 414 111
Maharashtra, India.
**Tel** : +91 241 2777 350, 2779 351

**CHENNAI**
Melakottiyur, via Vandalur,
Kelambakkam Road,
Chennai 600 127,
Tamil Nadu, India.
**Tel** :+91 44 2747 7116
**E-mail** : sethuraman@adorians.com

**RAIPUR**
Industrial Estate,
Bilaspur Road,
Raipur 493 221,
Chhattisgarh, India.
**Tel** : +91 9109156297 / 8 / 9
**E-mail** : rpr.plant@adorians.com

**SILVASSA**
Survey No. 59 / 11 / 1,
Khanvel Road, Masat,
Silvassa 396 230
U.T. of Dadra & Nagar Haveli, India.
**Tel** : +91 7046097910 / 11 / 12
**E-mail** : silvassa.plant@adorians.com

#### Equipment & Project Engineering Business

**CHINCHWAD, PUNE**
Survey No. 147/2B, Akurdi Chowk,
Near Khandoba Mandir, Chinchwad,
Pune 411 019, Maharashtra, India.
**Tel** : +91 20 4070 6000
**Fax** : +91 20 4070 6001
**E-mail** : chinchwad.plant@adorians.com

**VISION**

To become "Best in Class" Enterprise with a turnover of Rs. 800 Crore by FY 2021 – 22

**MISSION**

To provide "Complete Welding & Cutting Solutions" to the "World of Manufacturing" for enhancing their operational efficiency

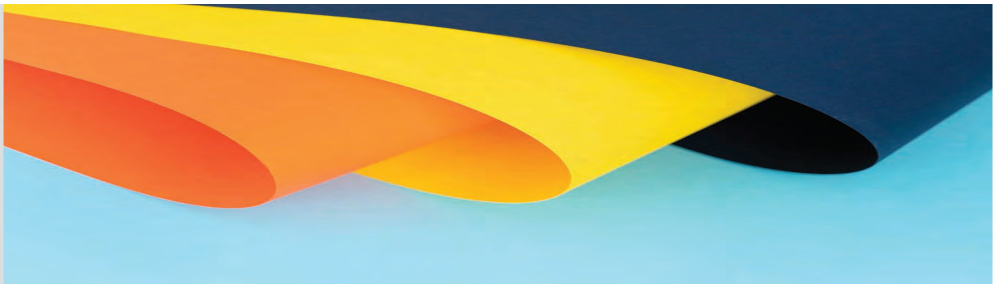
**QUALITY POLICY**

To achieve highest level of customer satisfaction by providing innovative, reliable and quality products & services in a prompt, safe and cost – effective manner

**DISCLAIMER:**

# CONTENTS

# CORPORATE INFORMATION



## BOARD OF DIRECTORS

| | | |
|---|---|---|
| Ms. A. B. Advani | - | Executive Chairman |
| Mr. S. M. Bhat | - | Managing Director |
| Mrs. N. Malkani Nagpal | - | Whole-Time Director |
| Mr. R. A. Mirchandani | - | Non – Executive Director |
| Mr. A. T. Malkani | - | Non – Executive Director |
| Mr. D. A. Lalvani | - | Non – Executive Director |
| Mr. M. K. Maheshwari | - | Non – Executive Independent Director |
| Mr. P. K. Gupta | - | Non – Executive Independent Director |
| Mr. R. N. Sapru | - | Non – Executive Independent Director |
| Mr. K. Digvijay Singh | - | Non – Executive Independent Director |
| Mr. G. M. Lalwani | - | Non – Executive Independent Director |
| Mr. S. G. Mirchandani | - | Non – Executive Independent Director |

## EXECUTIVE MANAGEMENT TEAM

Mr. S. M. Bhat
Mr. G. A. Patkar
Mr. S. S. Bhoi
Mr. A. R. Vilekar
Mr. V. Bansal
Mr. R. Nath
Mr. S. Ajay Kumar
Mr. V. M. Bhide
Mr. M. M. Pandey
Mr. S. K. Palit
Mr. R. R. Choudhary

## COMPANY SECRETARY

Mr. V. M. Bhide

## STATUTORY AUDITORS

Walker Chandiok & Co. LLP, Chartered Accountants, Mumbai

## SECRETARIAL AUDITORS

N. L. Bhatia & Associates, Company Secretaries, Mumbai

## INTERNAL AUDITORS

Kirtane & Pandit LLP, Chartered Accountants, Pune

## COST AUDITORS

Kishore Bhatia & Associates, Cost Accountants, Mumbai

## SOLICITORS

Nanu Hormasjee & Co., Mumbai

## BANKERS

HDFC Bank
IDFC First Bank
Kotak Mahindra Bank
Bank of Baroda

## REGISTERED OFFICE

Ador House, 6, K. Dubash Marg, Fort, Mumbai 400 001 – 16, Maharashtra, INDIA
**Tel:** + 91 22 6623 9300, 2284 2525 | **Fax:** + 91 22 2287 3083
**Web:** www.adorwelding.com
**E-mail:** investorservices@adorians.com, cmo@adorians.com

## CORPORATE IDENTIFICATION NUMBER

L70100MH1951PLC008647

## REGISTRAR & SHARE TRANSFER AGENT (RTA)

Sharex Dynamic (India) Pvt. Ltd,
C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, INDIA.
**Tel:** +91 22 2851 5606, 44 | **Fax:** +91 22 2851 2885
**Web:** www.sharexindia.com | **E-mail:** support@sharexindia.com

# BOARD OF DIRECTORS

***We care for the well-being of all our stakeholders and we are ethical & responsible in our approach towards business…***

**MS. ARUNA B. ADVANI**
***Executive Chairman***

- A Science Graduate (Hons) from University of Sussex and has also done Owners Management Programme from Harvard Business School and Strategic Financial Planning from IIM, Ahmedabad
- Associated with M/s. Ador Welding Limited for over 40 years
- Associated as Chairman and Whole-time Director of M/s. Ador Welding Ltd. since 1999
- Re-designated as the Executive Chairman of the Company w.e.f. 1st May, 2004
- Area of expertise - General Management and Strategic Financial Planning

**MR. S. M. BHAT**
***Managing Director***

- A Bachelor in Production Engineering from VJTI of 1983 batch, he has done his post-graduation in International Marketing and Finance from International Management Institute (IMI) New Delhi, which is affiliated with Institute of Management Development (IMD), Geneva
- Participated in "Kellogg's Global advance Management program" organized by ISB and Kellogg's school of Management, Chicago
- Nominated for Indirect Taxation Committee of Association of India Automobile Manufacturers (AIAM), Bombay Chamber of Commerce & Industry (BCCI) while working with M&M
- Associated with M/s. Mahindra & Mahindra (M&M) from1983 to 2006 and M/s. Schuler India Pvt. Ltd. from October 2006 to 2008
- Currently also holding honorary post of Secretary to Association of Welding Products Manufacturers (AWPM,) which promotes safety practices within user industry and Skill development for the Industry
- Core team member of CII on welding Industry
- Recently awarded "CEO with HR orientation" award by Global HR Excellence Award for the year 2018 and "CEO of the year 2019" by Messe India and Knowledge partner BDO

**MRS. N. MALKANI NAGPAL**
***Whole – Time Director***

- MBA, with specialization in Finance from Imperial College, UK; attained B.Sc. in Business & Economics from Lehigh University, PA, USA
- Formerly associated with Alliance Capital Asset Management in New York
- Over 23 years of experience in Financial Management of Ador Welding Limited and Ador Group of Companies
- Presently heads Ador Group's parent Company, M/s. J. B. Advani & Co. Private Limited and is actively involved in new e-business initiatives of the group

**MR. R. A. MIRCHANDANI**
***Non – Executive Director***

- Has a Masters Degree in Business Administration (MBA) from the Queensland University of Technology, Brisbane, Australia
- He has worked as Regional Head - South Australia & Northern Territories for Origin Energy, and Commercial Director, 360networks Inc, Singapore
- Previously, he was also Managing Director of Cryolor Asia Pacific Pvt. Ltd., based in Chennai
- Presently he is part of the leadership team of M/s. Ador Powertron Ltd., Mack Valves Pvt. Limited and Acusensus Australia

**MR. A. T. MALKANI**

***Non - Executive Director***

- Pursued B.A. (Economics) from Oberlin College (Ohio, USA) and MBA from Indian School of Business (ISB, Hyderabad)
- Prior experience in Marketing & Finance functions of MNCs in FMCG industry
- Involved across varied functions ranging from corporate marketing & exports to strategic planning & new business initiatives across Ador Group of Companies

**MR. D. A. LALVANI**

***Non - Executive Director***

- A Commerce Graduate with distinction in Marketing & Advertising and Masters in commerce with specialization in Accounting; pursued MBA from Manchester Business School, UK and did courses at London School of Economics, UK
- Formerly associated with Langham Capital, London, DHL, Europe and various NGOs
- 13 years hands on experience across reputed national and international firms
- Involved across various functions within Ador Group including strategizing at Ador Welding Academy, New business ideas and e-commerce initiatives at the group

**MR. M. K. MAHESHWARI**

***Independent Director***

- Chairman of a large privately held Non- Banking Financial Company - MIPL – as well as an active Angel Investor and Venture Capitalist
- Graduate from the Mumbai University
- Work experience encompasses project management, production, marketing, financial and general management in medium and large companies
- Serves on the board of directors of a number of public and private companies as an independent non-executive director bringing a judicious mix of entrepreneurial and professional skills to these various Boards
- Director of Metro Shoes Limited, Mahindra CIE Limited, RPG Lifesciences Limited

**MR. P. K. GUPTA**

***Independent Director***

- An Arts & Law Graduate from University of Delhi; pursued Masters Degree in Law from Harvard Law School, USA
- Possesses expertise in Intellectual Property, Joint Ventures, Corporate Governance among others
- Currently, CEO of Yumchek, an internet start-up, with the purpose to #MakeEachMealCount
- Formerly associated with various companies like UnitedLex (legal BPO) as SVP Legal Services, with UTStarcom (a telecom and internet equipment Company) as Assistant General Counsel, and with O'Melveny & Meyers LLP (an international law firm) as Counsel in Washington DC

**MR. R. N. SAPRU**
***Independent Director***

- B. Com. (Hons.), BBA and MBA
- Commenced his career as a banker in 1985 and worked with HSBC for over 10 years before joining GE Capital, where he was internally transferred to another GE JV Company, IGE India as CEO
- Four years stint in the television and broadcasting sector with companies like GE (CNBC), SAB TV, Reliance Entertainment
- Was with EIH Limited (Oberoi Group of Hotels) as CEO for the Group's travel related business, Mercury Travels Ltd., for over three years
- Spent 8 Years in Executive Search in Hong Kong and India with The Executive Access Group looking at Recruitment for Leadership Roles
- In 2014, Co- founded Executive Mantra Search Services Pvt. Limited, a firm focused on Senior & Middle Management Recruitment, and is the Managing Partner of the firm

**MR. K. DIGVIJAY SINGH**
***Independent Director***

- BA (Hons.) Economics from
- St. Stephen's College, Delhi University; Post Graduate Diploma (Business Management) from XLRI, Jamshedpur
- 40 years of operating and/or advisory experience in FMCG, Television Networks, Newspapers, Sports Marketing, and Technology companies
- Has held operating responsibilities for India and International markets (UK & Europe, USA, Africa, GCC, Asia, Australasia)
- Has lived in and worked from postings in India, Nigeria, UK, and Singapore. Currently lives in and operates from Singapore
- Worked with Unilever India for 10 years in FMCG sales and marketing; at Afcott Nigeria, and at Kanmoor Foods India, before transitioning to media and technology businesses
- Worked in the media industry as Executive President of Zee TV (1992-95), CEO of Zee TV International (1996-97), Group CEO Indian Express Newspapers (1998-2000), CEO Internet Company of India (2000- 01), CEO Nimbus Sport (2002-07) and CEO Nimbus Communications (2008-09)
- Director at Nimbus Sport (2009-12) Advisory Board at Euromax (2007-14); non-executive independent Director at Mercury Travels Ltd (2014-2018)
- Member of Board of Governors of Spirit of Enterprise, Singapore - 2017 to date
- Served as an independent non-executive Director on the Board of Thomas Cook India Ltd. (1999-2006) and Ador Welding Ltd. (2009-till date)

**MR. G. M. LALWANI**
***Independent Director***

- Over 17 years of brand building experience across a wide range of categories ranging from travel and touris m, automobiles, financial services, consulting, telecom, electronics to finally, FMCGs He's launched and built brands across Japan, China, Korea, Philippines, India, Thailand, Singapore and Indonesia.
- He specialises in building bespoke teams across Asia for clients to drive new capabilities.
- He's led a range of brands across APAC that include Samsung, Lazada, SK-II, Omo, Tide, Listerine, Nicorette, Tylenol, Intercontinental and local Singaporean brands - Housing Development Board, Singapore Tourism Board and Central Provident Fund.
- He's responsible for winning multiple regional and Global Effectiveness and Creative awards and was featured in campaign Asia's 40 under 40 in 2017
- He is currently Regional President for WPP's Health Care agency for J&J APAC and Managing Director for Regional Clients at Wunderman Thomson, APAC.
- Co-founder of a beauty tech start up Beauty Button based in Singapore.

**MR. S. G. MIRCHANDANI**
***Independent Director***

- Completed Business Administration from Strayer University and MMDP from IIM, Ahmedabad
- Managing Director and Founder of Kae Capital.
- He is also a Co-Founder of Mumbai Angels.
- Former ventures include the following: Managing Director at Blue Run Ventures, CEO and Founder of Imercius Technologies, Head of Strategy & New Business at MIRC Electronics
- His investments include Myntra, Fractal Analytics, Inmobi, 1MG and Healthkart.
- He sits on the Board of Hathway Cable and Datacom Limited, Nazara Technologies Ltd., (YPO) Mumbai and Healthkart amongst others
- Past President of Entrepreneurs Organisation (EO) Mumbai and Chapter Member at TiE Mumbai

# MANAGING DIRECTOR'S REVIEW

***Dear Shareholders,***

I am delighted to share with you all that the Company has crossed threshold of Rs. 500 Crores in FY 2018-19 & registered sales of Rs. 512 Crores. This is highest ever revenue in the history of the Company. We continued with our culture of "Innovation" across the Company & mantra for growth "Move Fast Break Barriers" during the last financial years. This has helped us to engage more effectively with our customers in providing complete efficient solutions for their welding & cutting processes.

The entire Company is focussed to improve its brand value and enhance the "TRUST" of its customers & other stakeholders in "Ador Welding Ltd."

During the year, we won several prestigious and coveted awards and industry recognitions, at various forums including, CII.

***Entire Company is focussed to improve its brand value and enhance the "TRUST" of its customers & other stakeholders in "Ador Welding Ltd."***

### FY 2018–19 PERFORMANCE

In FY 2018-19, our net operating revenue grew by around 9% with EBITDA and PAT margins of around 10% and 5% respectively. The good news is that our EBITDA has gone up by Rs. 9 Crore in FY 2018-19 compared to FY 2017-18. We sold / delivered higher volumes in consumables and equipment registering a growth of 7% and 25% respectively in both these segments, which further strengthened our industrial leadership. Welding automation business performed exceptionally well owing primarily due to the launch of new products during the Financial Year.

### RESEARCH & DEVELOPMENT

Three years warranty offered on our selected range of equipment is well received by customers & generated an equally good market response. It exhibits our capabilities in development of products at our DSIR approved R & D centre. Company believes in "Creative Brains" for the country & hence, many challenging product development & improvement initiatives are undertaken simultaneously. Brain power / Wisdom of more than 40 engineers from IITs, various reputed technical institutes, engineering colleges are working at our world class R & D centre, which has developed new products, majorly for addressing the needs & requirements of Railways, Defence, Infrastructure sectors, during the last Financial Year.

## ADOR WELDING ACADEMY (AWA)

AWA, a skill development arm of Ador Welding Limited, has trained about 871 welding professionals during the last year. It also trained about 130 students from economically weaker (BPL) sections of the society & suitably placed them in various companies through its industry wide knowledge & approach. Many small, medium and a few large companies support the skill development for economically weaker (BPL) students with their CSR funds. AWA has trained welding professionals from various industries such as Railways, automotive, oil & gas and infrastructure.

## ADOR VISION

We continue to aim to be the "Best-in-Class" Enterprise, synonymous with our urge for continuous innovation in welding products & solutions, to mark significant growth by FY 2019-20, notwithstanding the economic environment and market conditions. We will also continue to focus on sustaining the initiatives taken over the past few years, in addition to / such as the following:

- Working towards " Happy Adorians create Happy Customers"
- Entire organisation to focus on enhancing the "TRUST" of our customer & other stake holders in "Ador Welding".
- Build Synergies with our current capabilities & resources in order to offer new products & services across domestic & overseas markets.
- Imbibe innovation culture & implement advance lean manufacturing process to maximize efficiency & achieve Zero Defect with Zero Waste effect on environment.
- Learning & growth opportunities for all Adorians to drive organisational performance.
- Strengthen IT for implementing digitization across processes & systems.

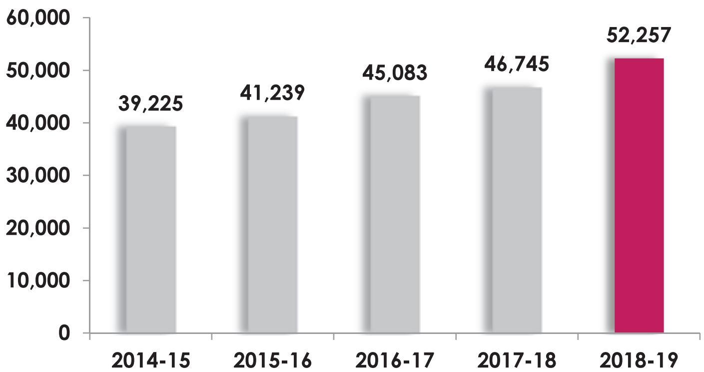
## CLOSING THOUGHTS

Every successful Organization reaches at its peak not only due to its robust processes but its robust workforce. Thus, I would like to express my sincere gratitude towards all my talented 'Adorians', who contributed enormously to take Ador Welding Ltd. where it is today and enabled us to turn our vision into reality! I request your continued support and involvement in the Company's journey in achieving its long term objectives. In order to enable us succeed in this endeavour, we ensure a safe, healthy and secured working environment and engrave the same in our culture through unremitting sensitization. The strongest pillars of AWL's success are our valuable loyal customers and credibility of widespread vendors and I cannot thank them enough for their unwavering Trust in us, which continues to be the very basis of our long term relation and existence in this dynamic business world. We have maintained enhanced levels of corporate governance and ethical standards across our organization. In addition, our passion & humble contribution towards Corporate Social Responsibility (CSR) are shaping up through initiatives in the field of education, vocational training, skill development, hygiene catering to development of the society at large, primarily in areas around our factory locations. Our relentless efforts towards further diversifying our products and customizing it to the 'T' to match our customer needs will continue with the help of diversified expertise available in our organization. Last but not the least, I truly appreciate our Board of Directors and the Management Team for their constant invaluable support in terms of rendering direction and for their commitment.

***Best Wishes,***
***Satish M. Bhat***

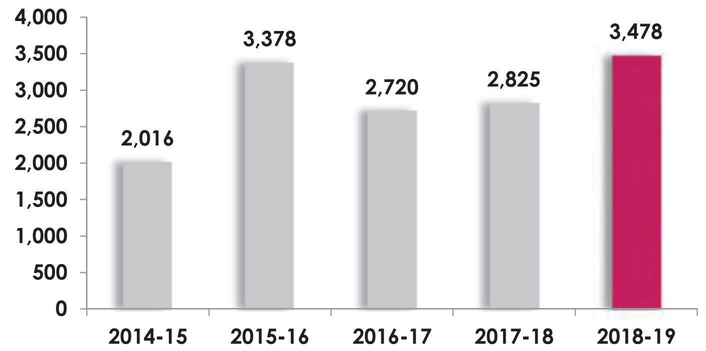
# Five Year Financial Statistics (Standalone)

## Turnover* (Rs. in Lakhs)

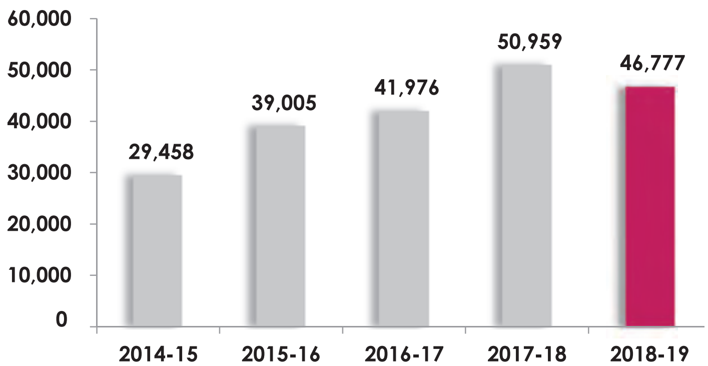



*Includes Other Income

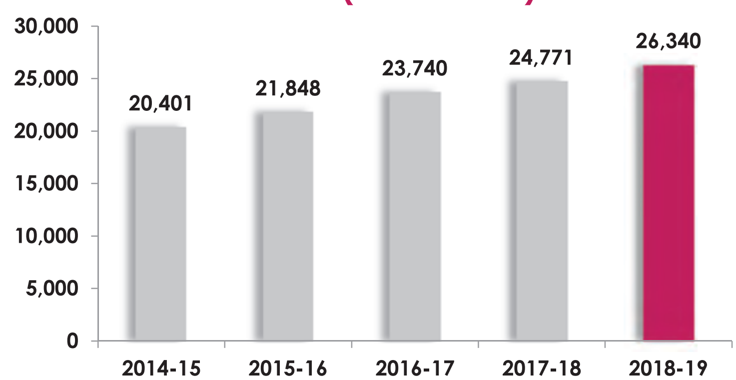
## Profit Before Tax (PBT) (Rs. in Lakhs)



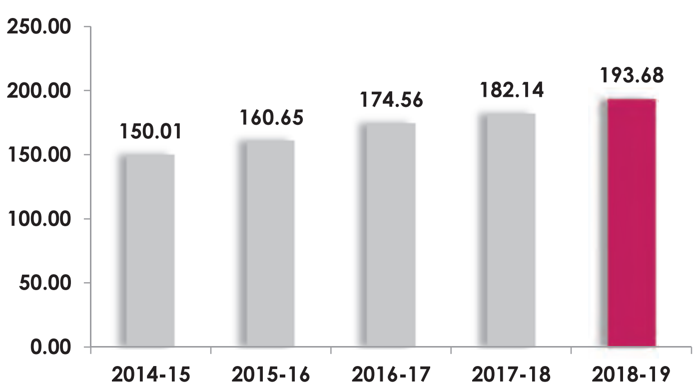

## Market Capitalization (Rs. in Lakhs)



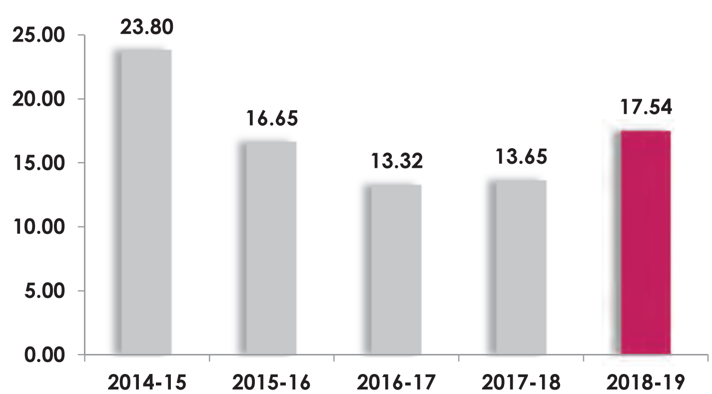

## Net Worth (Rs. in Lakhs)




## Book Value per Share (BVPS) (Rs.)




## Earning per Share (EPS) (Rs.)



# Five Year Financial Highlights (Standalone)

(Rs. in Lakhs)

| PROFIT & LOSS ACCOUNT | FY 2018-19 | FY 2017-18 | FY 2016-17 | FY 2015-16 | FY 2014-15 |
|---|---|---|---|---|---|
| Sales & Other Income (net of excise duty) | 52,257 | 46,745 | 45,083 | 41,239 | 39,225 |
| Manufacturing & Other Expenses | 46,914 | 42,382 | 41,137 | 36,609 | 35,928 |
| Operating Profit / EBITDA | 5,343 | 4,363 | 3,946 | 4,630 | 3,297 |
| Depreciation | 960 | 1,008 | 1,122 | 1,166 | 1,243 |
| EBIT | 4,383 | 3,355 | 2,824 | 3,464 | 2,054 |
| Interest | 905 | 530 | 104 | 86 | 38 |
| Profit before Tax (PBT) | 3,478 | 2,825 | 2,720 | 3,378 | 2,016 |
| Exceptional Items (Net) | - | - | - | (195) | 2,811 |
| Taxation | 1,093 | 969 | 908 | 918 | 1,590 |
| Profit after Tax (PAT) | 2,385 | 1,856 | 1,812 | 2,265 | 3,237 |
| Comprehensive Income/(loss) | 4 | (7) | 3 | - | - |
| Total Comprehensive income/ (loss) | 2,389 | 1,849 | 1,815 | - | - |
| Dividend (incl. DDT) | 1066* | 818 | 818 | 818 | 818 |

*For Proposed Dividend

(Rs. in Lakhs)

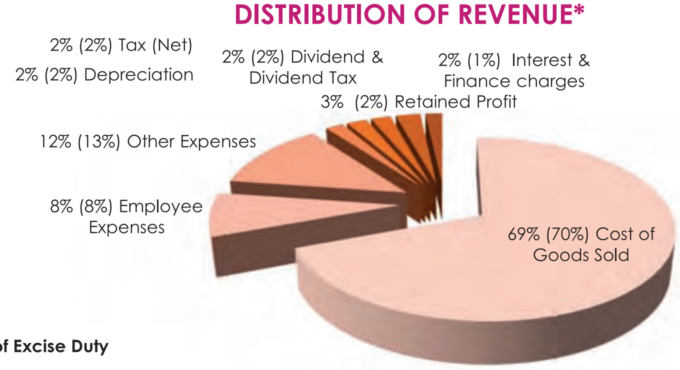
| BALANCE SHEET | 31.03.2019 | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 |
|---|---|---|---|---|---|
| Net Fixed Assets (incl. CWIP and Investment in properties) | 11,575 | 10,299 | 10,511 | 10,010 | 9,754 |
| Investments | 694 | 597 | 1,418 | 1,215 | 655 |
| Current Assets | 27,650 | 29,117 | 23,121 | 19,872 | 15,636 |
| Current Liabilities | 15,560 | 17,208 | 13,269 | 10,896 | 7,170 |
| Net Current Assets | 12,090 | 11,909 | 9,852 | 8,976 | 8,466 |
| Other Non-Current Assets | 3,172 | 3,034 | 2,942 | 2,555 | 2,555 |
| Capital Employed | 27,531 | 25,839 | 24,723 | 22,756 | 21,430 |
| Equity Share Capital | 1,360 | 1,360 | 1,360 | 1,360 | 1,360 |
| Reserves & Surplus | 24,980 | 23,411 | 22,380 | 20,488 | 19,041 |
| Net Worth | 26,340 | 24,771 | 23,740 | 21,848 | 20,401 |
| Long term loan Funds# | 0 | 0 | 0 | - | 13 |
| Deferred Tax Liabilities | 883 | 806 | 744 | 715 | 852 |
| Long-term provisions | 278 | 240 | 203 | 172 | 84 |
| Other long term liabilities | 30 | 22 | 36 | 21 | - |

#Amounts below Rs. 0.49 Lakh have been rounded off as per norms of the Company

| RATIOS | FY 2018-19 | FY 2017-18 | FY 2016-17 | FY 2015-16 | FY 2014-15 |
|---|---|---|---|---|---|
| EBITDA Margin (%) | 10.43% | 9.53% | 8.94% | 11.38% | 8.53% |
| Net Margin (%) | 4.66% | 4.05% | 4.10% | 5.57% | 8.37% |
| Interest Cover (EBITDA / Gross Interest) | 6 | 8 | 38 | 54 | 87 |
| ROCE (EBIT / Capital Employed) (%) | 15.92% | 12.98% | 11.42% | 15.22% | 9.58% |
| Current Ratio (times) | 1.78 | 1.69 | 1.74 | 1.82 | 2.18 |
| Debt Equity Ratio (times) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend Per Share (DPS) (Rs.) | 6.50* | 5.00 | 5.00 | 5.00 | 5.00 |
| Earning Per Share (EPS) (Rs.) | 17.54 | 13.65 | 13.32 | 16.65 | 23.80 |
| Book Value per share (Rs.) | 193.68 | 182.14 | 174.56 | 160.65 | 150.01 |

*Proposed Dividend Per Share

## DISTRIBUTION OF REVENUE*




*Net of Excise Duty

# PRODUCT OFFERINGS (Welding Business)

**Consumables**

Consumables for welding processes like SMAW / MIG / MAG (Solid wire / FCW wire) / SAW / TIG / Electro Slag Strip Cladding / Brazing for Manual, Semi-automatic & fully automatic applications, covering a very wide range of metals and alloys – C-Mn steels / Low alloy steels/ Cast iron / stainless steels / Copper alloys / Nickel based alloys and Aluminium alloys.

**Welding and Cutting Equipment**

- Shielded Metal Arc Welding (SMAW)
- Gas-shielded Metal Arc Welding / Flux Cored Arc Welding (GMAW/FCAW)
- Gas-shielded Tungsten Arc Welding (GTAW)
- Submerged Arc Welding (SAW)
- Oxyfuel and Plasma Cutting (Hand held)

**Gas Cutting products**

- Single stage regulator
- Two stage regulator
- Cutting torch – nozzle mixing
- Nozzles for acetylene and LPG
- Portable gas cutting machines
- Hose for oxygen acetylene

**Personal Protective Equipment (PPE) & Accessories (Safety Measures)**

- Welding cables - Al, Cu
- Electrode holder
- Auto darkening helmet
- Hand shield
- Welding gloves
- Welding clothing
- Safety shoes
- Welding curtains

**Welding Automation Products & Systems (WAPS)**

- TIP TIG
- Column & Boom
- Positioner
- Customized Welding Solutions
- Fume Extractors
- Spot welding machines
- CNC Oxyfuel & Plasma cutting systems

**Skill Development**

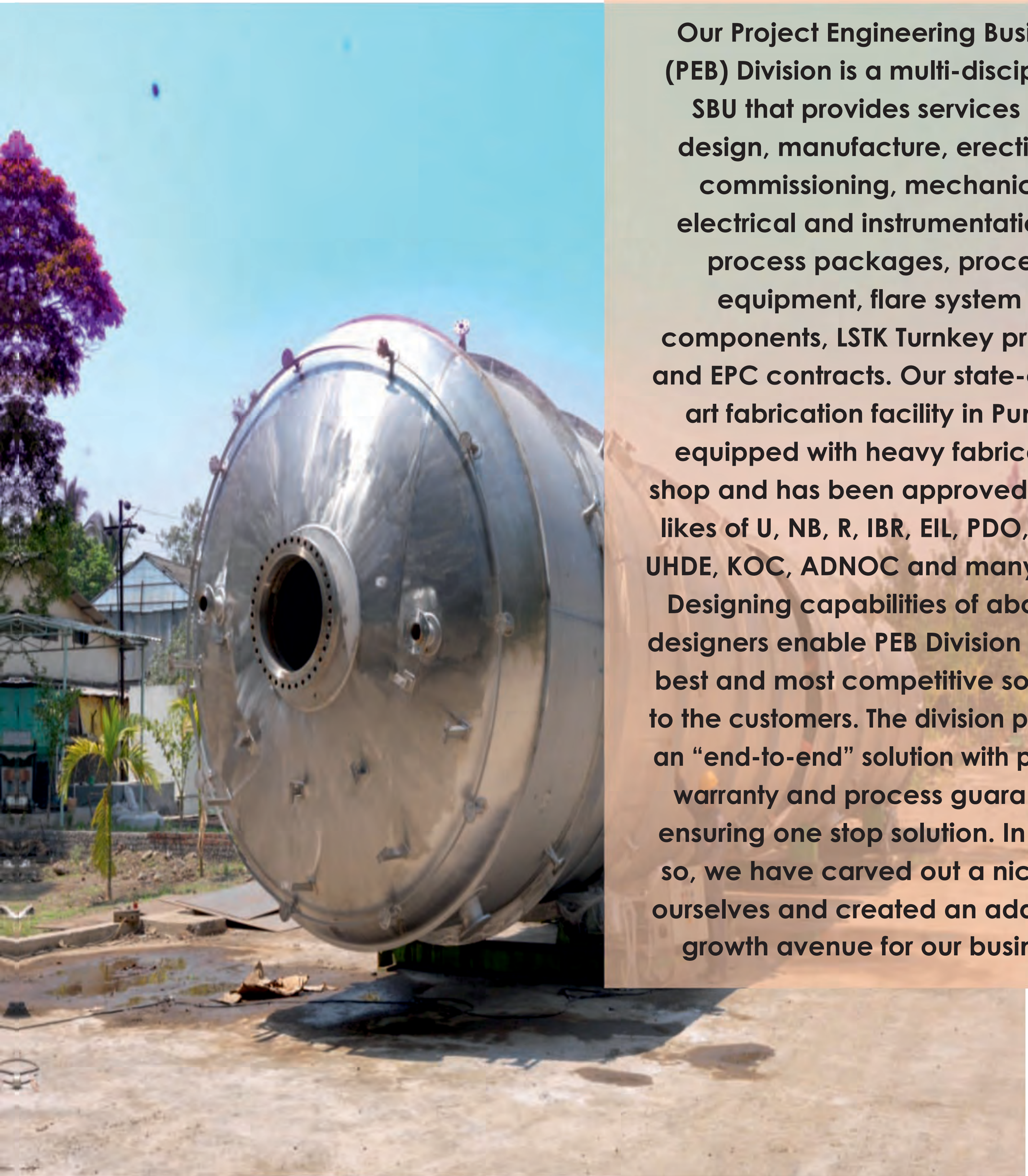
- Pre-service training
- In-service training for engineers & welders
- Research consultants
- Post graduate programs

| | |
|---|---|
| **Welding equipment manufactured (standard and customized)** | **OVER 9,000** |
| **Estimated annual production of welding** | **OVER 40,000 MT** |
| **PAN India Authorized Distributors and Dealers over & above 11 sales offices** | **OVER 300** |
| **Countries served globally through International Business Division located in Sharjah (UAE) with 24 Distributors** | **OVER 70** |

## INDUSTRIES SERVED

- Automotive
- Construction & infrastructure
- Defence
- Fertilizer Plants
- Hydro Electric
- Mining
- Nuclear Energy
- Oil & Gas
- Railways
- Refineries
- Pipelines
- Ship Building
- Steel Plants
- Thermal Power
- Wind Power
- Others

## 29 years of existence in PROJECT ENGINEERING BUSINESS



Our Project Engineering Business (PEB) Division is a multi-disciplined SBU that provides services like design, manufacture, erection & commissioning, mechanical, electrical and instrumentation of process packages, process equipment, flare system & components, LSTK Turnkey projects and EPC contracts. Our state-of-the-art fabrication facility in Pune is equipped with heavy fabrication shop and has been approved by the likes of U, NB, R, IBR, EIL, PDO, Toyo, UHDE, KOC, ADNOC and many more. Designing capabilities of about 22 designers enable PEB Division to offer best and most competitive solutions to the customers. The division provides an “end-to-end” solution with product warranty and process guarantee, ensuring one stop solution. In doing so, we have carved out a niche for ourselves and created an additional growth avenue for our business.

# ADOR WELDING ACADEMY

*- Developing the nation builders*

**5 Tie ups with NGOs & Institutes**

**Pioneers in imparting training to women**

**1,00,000+ Welding Professionals churned out in the past 40 years**

Ador Welding Academy Private Limited (AWAPL), 100% subsidiary of Ador Welding Limited, has continued to maintain its growth momentum in FY 2018-19 and focus on welding education & skill development, which include the following:

<table>
<tr><th>Pre-service Training</th><th>Knowledge Partnership</th><th>Post Graduate Programs</th></tr>
<tr><td>To create a talent pool of employable welding technicians, supervisors, engineers and inspectors</td><td rowspan="3">• Design, delivery and commissioning of State-of-art Welding practice shop – compliant with Safety, Health and Environment regulations<br>• Delivery of documentation with complete Content for Portfolio of training modules – covering a variety of competencies related to welding<br>• Training of Trainers<br>• Assessment & Certification<br>• Assistance in Placements</td><td>To build a national level vocational training institute providing degree, diploma and certificate programs</td></tr>
<tr><th>In-service Training</th><th>Consultancy & Research</th></tr>
<tr><td>To enhance skill sets and on-the-job performance to meet industry requirements for best manufacturing practices</td><td>To provide consultancy in various aspects to achieve world class welding practices</td></tr>
</table>

In FY 2018-19, AWAPL successfully trained 871 candidates on welding out, of which about 350 welders were attached to corporates viz. M/s. Kia Motors, WRS-Railway & Thermax Babcock & Wilcox Energy Solutions.


## BEING A RESPONSIBLE CITIZEN

Vocational training to the underprivileged youth

Promoting education for poor & needy by distributing school kits

# CSR Initiatives...

Ador Welding Limited (AWL) believes that a Company's performance must be quantified in a balanced economic, environmental and social imperative. As a responsible corporate citizen, the Company strives for community empowerment through socio-economic development of underprivileged and marginalized sections of society.

प्रातःकाल
मुंबई, बुधवार दि. ०६ फेब्रुवारी २०१९

राष्ट्रीय मौखिक कर्करोग जनजागृती महिना आणि जागतिक कर्करोग दिन ही मोहीम इंडियन
असोसिएशन (आयडीए)ने जागतिक आरोग्य संघटना, युनियन फॉर इंटरनॅशनल कॅन्सर कंट्रोल (युआयस
आणि महाराष्ट्र सरकारच्या विद्यमाने चालविलेल्या मोहिमेचा समारोप ४ फेब्रुवारी २०१९ ला
च्या प्रभादेवी स्थित कार्यालयात करण्यात आला. यावेळी गव्हर्नमेंट डेंटल कॉलेज, मुंबईचे डीन
पाखमोडे; टाटा स्मृति रुग्णालयाच्या डेंटल आणि प्रोस्थेटीक सर्जरी विभागाच्या प्रमुख व प्राध्य
कांचन ढोलम; आयडीए महाराष्ट्र राज्य शाखा अध्यक्ष डॉक्टर सुरेश
लिमिटेडचे व्यवस्थापकिय संचालक श्री सतीश भट्ट; इंडिय
डॉ.अशोक ढवळे या मान्यवरांचा उपस्थितांमध्ये समावे
आणि एमजीएम दंत महाविद्यालयातील विद्यार्थ्
कर्करोग जागृती मोहीम राबवत १०,००

Contribution to National Oral Cancer Awareness Program for preventing Oral Cancer

Making available clean drinking water facilities for Slum areas in western suburbs of Mumbai

# Welding & Cutting Equipment
## (New Product Developments)

**1) CHAMP PULSE 350:**

ADOR's CHAMP PULSE 350 outfit is an indigenously developed inverter based system with advanced IGBT protection mechanism. This lower rating model in Pulse MIG outfit range gives higher resolution for setting the parameters. Outfit supports different welding process modes: SMAW, GTAW, GMAW, PULSE MIG with single and double pulse mode along with preprogrammed synergic data. Front panel comes with G-LCD and digital encoder which makes it user friendly. Built in various protection features, allows it to work in the harsh environment. Machine can be used for manual as well as automatic welding application. With its different welding modes, the machine is suitable for welding with different materials like MS / SS / AL / FCAW / CORTEN STEEL / Al+Mg / Al+Si / nDCu. Some of the salient features are as bellow:

a) Inverter based indigenous advanced digitally controlled SMAW, GTAW, GMAW & SINGLE/TWIN PULSE MIG welding outfit.

b) Synergic mode of operation for single point control that allows Automatic parameter selection (Synergic) in MMA, TIG, MIG and Pulse MIG mode.

c) Advanced digital control algorithms enable superior arc characteristics.

d) Digital control of inverter for spatter less MIG welding application.

e) Fine Arc length control in Pulse MIG and MIG welding mode for different types of welding application.

f) Excellent arc force control in MMA mode for low current application.

g) Twin pulse mode in Pulse MIG with low heat input makes it possible to weld the thin plates.

h) Digital pulse feedback of motor from wire feeding motor for accurate control of wire feeding, even at low speed..

i) With built in Water-on-Demand and VRD functionality for energy saving.

j) Advanced IGBT (VCE (sat)) fault detection mechanism for enhancing reliability of machine.

k) Power source with Graphical-LCD for displaying machine's settings along with dual 7 segments LED display for actual current and voltage display.


l) Digital Encoder and switches for setting the machine.

m) Wire Feeder with digital console for remote parameter setting.

n) Facility to store 100 welding programs (weld parameter) for easy save and recall operation.

o) Provision to measure the Welding Arc on Time for productivity measurement.

p) Available feature like settable pre-flow, Burn-back, post-flow & adjustment of welding voltage & wire speed / Current in MIG / Pulsed MIG welding mode.

q) CRATER OFF (2T), CRATER ON (4T) mode of operation in MIG & Pulse

2) **CHAMP VERSA 400:**

It is a new generation Inverter based heavy duty multi process Welding outfit with data storage for welding parameter back up. Multi process welding supports the synergic MIG / MAG, GTAW and MMA processes for long distance welding upto 50 meters . This feature makes it suitable for applications for shop floor and fabrication, where long distance welding is done. Due to its long distance welding feature, it is more suitable for bigger size tank welding. Following are the salient features of this machine.


a) Three phase inverter based high efficiency and high power factor DC Welder with Zero Voltage (ZVS) / Zero Current (ZCS) switching technology.

b) Suitable GMAE, GTAW and MMA welding operation.

c) User friendly digital front panel interface with 7 segment LED display and multi function encoders.

d) Anti stick function to protect the machine from short circuit condition in MMA mode.

e) USB port available for downloading the welding data from internal memory of machine to USB storage devices.

3) **CHAMP VERSA 800:**

It is a new generation Inverter based 800A heavy duty multi process Welding outfit. It is suitable for GMAW, MMA and Gouging processes. It has following features:

a) Heavy duty MIG operation upto 2 mm wire.

b) Suitable for long distance Gouging application.

c) Bigger 7 segment LED display provides easy readability of welding voltages and currents.

d) MIG wire feeder is having digital display.

e) Protections: Over-Voltage, Under -Voltage, Over-Temperature & Output Short Circuit Protection.

4) **CHAMPTIG 400PD:**

This is a new generation 400A DC Pulse TIG welding outfit, suitable for precise and higher thickness welding on stainless steel and other ferrous material. It is also suitable for very thin sheets upto thickness of 0.4 mm. Following are its salient features:

a) Dual display for actual and set welding voltages & currents.

b) IGBT based operating at high frequency.

c) Suitable for both DC TIG (Pulse & Normal) and MMA welding operation. Also suitable for scratch start in TIG mode

d) Built in HF ignition for easy arc striking.

e) User friendly front panel interface with bigger LED display and Multi-functional encoder.

f) Anti-stick function to protect the machine from short circuit condition in MMA mode.

g) Option of Remote control unit with digital display, for setting current remotely in MMA and TIG mode

h) Option of Foot switch control regulator for setting current in TIG mode

i) Available with gas cooled 300A TIG torch as well as with 400A water cooled TIG torch along with Water Cooling Unit ( WCU) and gas cylinder trolley.

**5) SCILENT CHALLENGER 400-BRO :**

Defence Engine driven welding sets are having different specifications than the normal commercial engine driven welding set with respect to environmental conditions. The working condition are very stringent. Following are some of the features:

a) Compact design with 3 cylinder 45 BHP diesel Engine.

b) CPCB –II compliance for gas emission and sound pollution norms.

c) LED Indications for Mains ON and Trip signal

d) Welding set work at following Environmental conditions :

   a. Works at 4000 meter altitude.

   b. Operating temperature : -20°C to + 50 °C

**6) NEW DESIGN FOR INVERTER MACHINES :**

All inverter machines are industrially designed to improve its reliability and aesthetic look. Whole range of inverters starting from 200A to 400A are designed in three sizes, which covers all models of 200A , 300A and 400A ratings for all welding processes. Apart from the industrial designing of welding Power sources, aesthetics of wire feeders and Gas cylinder trolleies also designed in such a way that they give the family look for whole range. Following are some new ergonomics features added along with the improvement in reliability:

a) Knobs are provided to tighten the welding cable terminals by hand - No spanners are required

b) Location of welding output terminals are kept at a height from base so that it becomes convenient for user and also does not come in contact with mud / sand on the floor.

c) Unbreakable Transparent Protection cover is provided for protection of digital control panel

d) Dust cover protection is provided for critical power components for reliability improvement

**7) MIG AND TIG TORCHES :**

We have introduced 250A and heavy duty 400A gas cooled MIG torches with special crimping process. All the material required to manufacturer these torches are locally developed with special attention to keep torches cool at high current usage.

Apart from the MIG torches, gas cooled 300A TIG torch is introduced in the range, which has enabled us to provide the gas cooled TIG torch option at higher current more than 200A.

250A and 400A Gas Cooled MIG torches HIPROMIG 253 and HIPROMIG 403HD

300A Gas Cooled TIG torch HIPROTIG 300

# Project Engineering Business

## (New Product Development)

### LPG MOUNDED BULLETS

We have ventured into execution of LPG Mounded Bullets (Underground) on LSTK basis for one of the largest Oil PSU in India. LPG mounded bullet Volumes are from 450 M3 to 20000 M3 total Storage. The Mounded Bullets are designed as per ASME Sec. VIII Div.1, ASME Sec. VIII Div.2 and BS 5500 codes. We are executing storage facility including Mechanical, Civil, Piping, Instrumentation and Electricals.

**The scopes of EPC Contracts include:**

a) Design and Detailed Engineering

b) Fabrication, Testing, Procurement of Piping and Mounded bullets.

c) Safety measures like Fire Fighting etc.

d) Supply and Installation of Cathodic Protection System

e) Ground Improvement & Civil works

f) Electrical and Instrumentation work

g) Erection and commissioning of the complete system

# Welding Automation Products & Services (WAPS)

## (New Product Development)

**1. DUAL HEAD SAW WELDING GANTRY**

Gantry Box welding with SAW process, which was delivered for heavy duty Railway Bridge Girder welding application having Beam width 2500 mm. Different thickness, width and length of the box can be welded on the same machine.

This machine consists of sturdy Gantry structure and two vertical motorized columns. Vision system is also provided along with the machine so that operator need not require to move with Gantry movement. Operator can see the torch position on the screen by sitting at one fixed chair. Operator can also adjust the torch position with the help of joystick, if torch position gets aside / offset to the weld joint.

Longitudinal fillet and butt welding is possible by this machine.

Earlier for this application tractor mounting head was being used. Advantages of dual head gantry over Tractor head are as follows.

a) By using dual head Gantry, customer gets high productivity.

b) Different sizes of jobs can be welded on single machine.

c) Flexibility of keeping different angle of welding torch.

d) No constraint of Width and Length (machine will be manufactured according to min & max sizes of the job).

e) By using of vision system, operator can adjust the torch w.r.t weld joint by standing or sitting from one remote place.

f) By using Automatic flux recovery unit, flux will get automatically sucked simultaneously during welding cycle. This will save the time and remove manual extra operation, which is needed in tractor mounting head.

**APPLICATION:**

a) Railway Bridge Girders

b) H Beam for Roofing

c) H Beam for Structural Steel Construction

d) Columns or Piles

e) Other structural applications


## 2. COLUMN & BOOM

Vibration & Jerk free Column & Boom can be used to manipulate the weld head position to weld variety of applications viz Linear, circular welding of sheels.

- Range : 2020 to 6060
- AC VFD Drive for Longitudinal movement
- Anti-fall mechanism to protect in case of accident
- Available in pedestal as well as trolley mounted design
- Joy stick controlled XY Slides (Optional)
- Vision System (Optional)
- Seam Tracker (Optional)
- Oscillator (Optional)

**APPLICATION:**

Pressure vessel industry, Pole industry, High pressure industrial Valve welding

**CONCEPT:**

This is used for long seam welding of pressure vessel and pole industry. This model can be selected according to job length and min & max diameter of the job

## 3. POSITIONERS

**WELDING POSITIONERS**

- Variable rotational speed
- Motorized Tilting (Std.0°-135°)
- Digital Read out of rotational speed
- Foot Switch (Optional)

**MODEL:**

a) WPM 50 Kg to 500 Kg (Manual tilting & Motorised Rotation)

b) WPH 1 Ton to 30 Ton (Tilting & Rotation - Both Motorised).

**APPLICATION:**

- Pipe Welding
- Pipe-Flange Welding
- Valve Industry
- Crusher Industry
- Automotive and non Automotive sector


**CONCEPT:**

This is used for Tilt and Rotate together to achieve down-hand welding condition, which is required for best welding quality.

Suitable for manual and automated welding.

## 4. TIP - TIG

### TIP-TIG Manual Welding

**All in one with ADOR Champ TIG 400 & ChampTIG 500AD.**


### DESCRIPTION

- TIG cold wire and hot wire welding with dynamic wire feed system
- Dynamic wire feeding for a controllable weld pool even with positional welding:
- The wire feeding is superimposed in parallel using a forward and backward movement
- Up to 300 % faster welding speed compared to TIG welding
- Up to 200 % improvement in deposition rate
- Dilution reduced by up to 80 %
- High process reliability and reproducible welding results
- Higher welding speed and easy handling
- Heat supply to the wire for improved deposition rate and an even lower risk of weld errors
- Perfect weld appearance, no weld spatters
- 4-roll drive
- Equipped for 0.8 mm / 0.9 mm / 1.0 mm / 1.2 mm wires
- Available in India with ChampTig 400 (DC), ChampTig 500 AD (AC/DC)

### APPLICATION RANGE

TIG DC for Hot Wire applications, TIG AC for Cold Wire applications

### MATERIALS FOR HOT WIRE APPLICATIONS

Low, medium and high alloyed steel, Duplex, Superduplex, Copper and Titanium, Stellite, highly heat resistant and galvanized materials.

### TECHNICAL DATA

| | |
|---|---|
| Input Voltage | 230 V (+/- 20 %) |
| Input Phase | 1 |
| Input Hz | 50 / 60 Hz |
| Duty Cycle (40 °C) | 500 A / 100 % |
| Wire Feed Speed | 0,15 - 17 m/min |
| Wire Frequency | 17 Hz |
| Net Width | 352 mm |
| Net Height | 525 mm |
| Net Length | 600 mm |
| Weight, wire feeder | 34 kg |

**TIP-TIG**
**Welding Applications in different industries**


# Welding Consumables

## (New Product Developments)

**A. Metal Cored Wire:**

a. Automig MC 40, Automig MC 42, Automig MC 50 are metal cored wires with special alloy formulations to cater to hot forging die welding applications.

b. Automig MC 90C - G - A high strength, high impact metal cored wire, developed for the Railways and infrastructure industry.

**B. Flux Cored Wire:**

a. Automig FC 80T-5K2, Automig FC 80T-5K2CJ, Automig FC 81T-1K2 & Automig FC 81T-1K2CJ are flux cored wires for high strength high impact and elongation requirements of structural fabrication in process plants

b. Automig FC 120T-5K4 Flux cored wire with strength in excess of 830 MPA with excellent impact at -50 degrees.

**C. SMAW Electrode:**

a. Zedalloy 680 – A Cr Nb,W, V enriched Complex carbide hard facing electrode to high temperature wear resistance applications.

b. Zedalloy Cr Mn- Special 13% Mn 13% Cr alloy consumable developed for the international market.

c. Cromoten C-15 – E9015-B3. Basic coated 2.25 Cr -1 Mo electrode for boiler root run for Power plants

d. Cromoten C-16 – E9016-B3. developed for boiler component for power plants.

e. Ultracorten I – E7018-W1 New design for welding of weathering steels

f. Cromoten 90D – E9018-B6. High Chrome Moly steel for high creep resistance upto 650 degrees for Power Plants.

g. Tenalloy 110 – E11018-G H4R & Tenalloy 55 (E 8018G) are high strength, elongation and impact electrodes for Hydel power (Pen Stock Welding) applications.

h. Tenalloy 80P2 – E8045-P2. Low Hydrogen downhill welding electrode for pipeline welding applications developed for O&G customers in the International market.

i. Tenalloy 4340 – Specifically developed for Adani Power Nickel chrome moly alloy steel electrode for power plant applications.

j. Supabase 60 – E6018. Basic coated steel electrode for high strength and medium impact applications.

k. Optobond E – E6019. welding electrode with high impact strength for structural welding.

l. Superinox 1BL - E347L. Nb Stabilised Stainless steel for resistance against intergranular corrosion.

m. Superinox 2AH - SS316H. High carbon Stainless steel for high strength at elevated temperatures for refinery applications.

n. Superinox 409Nb. Ferritic SS with Nb for welding for high temperature and strength requirements.

o. Betanox 2594-16. Duplex stainless steel with acidic flux coating for smooth weldability.

p. Austomang 307 – E307-15. Basic coated Cr Ni Mn Stainless Steel for joining of Manganese steels.

q. Austomang 307-16 – E307-16. Rutile coated Cr Ni Mn steels for Mn and dissimilar steel joining.

r. Austomang 16/13 - A16 % Cr,13%Ni steels for welding of similar steels in foundry applications.

s. Austomang 209 – E209-16, Austomang 219 – E219-16, Austomang 240 – E240-16 Mn Cr, Ni bearing stainless steels for welding of similar composition alloys.

t. CAG 9900 & CAG 9901 – Cutting & Gouging electrodes.

u. Bronze Al-A2- Aluminium bronze electrode specially developed for Defence requirements.

**D. GTAW wire:**

a. Tiginox 316H - High Carbon SS316 for high strength applications at elevated temperatures for fertiliser plant applications in International markets.

b. Tigfil St-6-CoCrA - Alloy Tig filler for hot hardness applications.

c. Miginox – 309LMo – 100Kg drum for GTAW cladding applications for international customers.

d. Automig NiCrMo3 – 100Kg drum for GTAW cladding applications for international customers.

**E. SAW Wire:**

a. Subinox 410NiMo – 500Kg drum for SAW cladding applications.

b. Automelt EB2 – 500Kg drum for SAW cladding applications.

c. Automelt EF3 for high strength SAW applications in railways and Infrastructure.

# DIRECTORS' REPORT

To,

The Members,

The Directors take pleasure in presenting the Sixty Sixth Annual Report of the Company and the Audited Statements of Accounts for the financial year ended 31st March, 2019.

## 1.0 FINANCIAL PERFORMANCE

**(Rs. in Lakhs)**

| Sr. No. | Key Financial Indicators | For the year ended 31st March 2019 | For the year ended 31st March 2018 | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---|---|---|---|---|---|
| | | Standalone | | Consolidated | |
| 1.1 | Sales & Other Income (Net of Excise Duty, Discounts & Incentives) | **52,257** | 46,745 | **52,363** | 46,791 |
| 1.2 | Profit before Interest, Depreciation, Tax & Other Comprehensive Income (OCI) | **5,343** | 4,363 | **5,425** | 4,359 |
| 1.3 | Profit before Tax (PBT) | **3,478** | 2,825 | **3,552** | 2,810 |
| 1.4 | Provision for Tax (including Deferred Tax) | **1,093** | 969 | **1,098** | 969 |
| 1.5 | Profit after Tax (PAT) | **2,385** | 1,856 | **2,454** | 1,841 |
| 1.6 | Total Comprehensive Income | **2,389** | 1,849 | **2,458** | 1,834 |

## 2.0 DIVIDEND AND RESERVES

**2.1** The Board of Directors is pleased to recommend a Dividend of 65% (i.e. @ Rs. 6.50 per Equity Share) for the Financial Year (FY) 2018-19, subject to the approval of the Members. Dividend for the previous FY 2017-18 was declared @ 50% (i.e. @ Rs. 5/- per Equity Share)*.

**2.2** The total amount of Dividend, to be disbursed for FY 2018-19, is Rs. 883.90 Lakhs (Rs. 679.92 Lakhs)* and the Dividend Distribution Tax payable thereon is Rs. 181.73 Lakhs (Rs. 139.78 Lakhs)*. Further, the Dividend amount will be paid out of the reserves of the Company.

**2.3** The Dividend for FY 2018-19 shall be paid to those Shareholders and Beneficial Owners, whose names appear in the Register of Members as on the cut-off date for dividend payment.

**2.4** The Board recommends transfer of Rs. 239.00 Lakhs (Rs. 186.00 Lakhs)* to General Reserve.

(*Figures in brackets indicate previous year)

## 3.0 SHARE CAPITAL

The paid up Equity Share Capital as at 31st March, 2019 stood at Rs. 1,359.85 Lakhs. During the year under review, the Company has neither issued shares nor convertible securities nor shares with differential voting rights nor granted any stock options or sweat equity or warrants. As at 31st March, 2019, none of the Directors of the Company hold instruments convertible into Equity shares of the Company.

## 4.0 FINANCE AND ACCOUNTS

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended 31st March, 2019 have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "The Act") read with the Companies (Accounts) Rules, 2014, as amended from time to time. The estimates and judgements relating to the Financial Statements are made on a prudent basis, so as to reflect in a true & fair manner, the form & substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended 31st March, 2019. The Notes to the Financial Statements adequately cover the standalone and consolidated Audited Statements and form an integral part of this Report.

## 5.0 OPERATIONS

In FY 2018-19, the total Sales & Other Income went up by 11.79%. The year ended with Sales & Other Income of Rs. 52,257 Lakhs (Rs. 46,745 Lakhs)*.

The Company's net Sales and Other Income during FY 2018-19 comprised of the following:

**5.1** Welding Consumables at Rs. 38,570 Lakhs (Rs. 30,585 Lakhs)*

**5.2** Equipment & Project Engineering at Rs. 8,497 Lakhs & Rs. 4,148 Lakhs respectively (Rs. 7,595 Lakhs & Rs. 7,594 Lakhs)*

**5.3** Other Income of Rs. 1,042 Lakhs mainly comprised of forex gain, interest, rent & export incentives etc. (Rs. 971 Lakhs)*

(*Figures in brackets indicate previous year)

## 6.0 CAPEX

The Company incurred CAPEX of Rs. 2,239 Lakhs during FY 2018-19. The Capital work-in-progress as at 31st March, 2019 was Rs. 107 Lakhs. CAPEX planned for FY 2019 - 20 is Rs. 1,772 Lakhs, mainly for the following:–

**6.1** Automation / modernisation at Consumables and Equipment Plants.

**6.2** Plant and Machinery for capacity expansion of certain products, and also for improvement of "productivity & in-process quality" for reduction in process loss.

**6.3** Replacement of Old Machinery.

**6.4** Analytical Instruments for R&D.

**6.5** IT Compliances.

**6.6** Solar power plant.

## 7.0 SUBSIDIARY COMPANY

The Company does not have any material subsidiary. The Board of Directors of the Company has approved a Policy for determining material subsidiaries, which is in line with the Listing Regulations, as amended from time to time. The said Policy was revised effective 05th February, 2019 to be in line with the amendments made to the Listing Regulations. The said Policy has been uploaded on the Company's website at http://www.adorwelding.com/images/pdf/corporate_policies/Policy-for-determining-Material-Subsidiary.pdf

### Ador Welding Academy Pvt. Ltd. (AWAPL)

AWAPL, a Wholly Owned Subsidiary of the Company, focuses on creating a pool of skilled welding technicians and professionals to serve a cross-section of industries in the infrastructure sector and also renders consulting services to corporates on setting up / improving their welding processes.

In FY 2018-19, AWAPL registered a total revenue of Rs. 138.47 Lakhs (Rs. 73.72 Lakhs)*, with a net profit (before exceptional items & tax) of Rs. 74.11 Lakhs (Net Loss of Rs. 14.67 Lakhs)*.

(*Figures in brackets indicate previous year)

## 8.0 CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements relate to M/s. Ador Welding Ltd. (AWL) and its wholly owned subsidiary, M/s. Ador Welding Academy Pvt. Ltd. (AWAPL). These consolidated financial statements are prepared in compliance with all the applicable Accounting Standards. The standalone financial statements of AWAPL are posted onto the website of the Company, which can be viewed at the following web link: http://www.adorwelding.com/images/pdf/annual_reports/Ador-Welding-Academy-Pvt.-Ltd--Financial-Statements-for-FY-2018-19.pdf and hence, the same are not annexed to this 66th Annual Report.

The Annual Accounts and other related information of the said Subsidiary Company will also be made available to the shareholders of the Holding Company (AWL). The Annual Accounts of the Subsidiary Company are also available for inspection to the shareholders of AWL at the registered office of the Company and your Company shall furnish a physical copy of accounts of subsidiary to any shareholder of the Company, on request.

Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of Subsidiaries / Associate Companies / Joint Ventures is given in Form AOC-1, which forms an integral part of this Report.

## 9.0 RISK MANAGEMENT

The Company has formulated an Enterprise Risk Management (ERM) framework to manage various financial & non-financial risks and also operational & non – operational risks, amongst other things.

The Company has also adopted ERM Policy, which helps to continuously assess & monitor the risks assumed by the Company. The processes are in place for identifying, evaluating and managing the risks. Based on the ERM Policy, the Board further states that there are no elements of risks, which threaten the existence of the Company.

## 10.0 RELATED PARTY TRANSACTIONS

The Policy on Related Party Transactions is approved by the Board of Directors and the same is uploaded on the Company's website, which can be viewed at the following web link: http://www.adorwelding.com/images/pdf/corporate_policies/RPT_policy.pdf

During FY 2018-19, the Company entered into certain Related Party Transactions, in the ordinary course of business and on arm's length basis, with prior approval of the Audit Committee. The Audit Committee grants omnibus approval for entering into certain transactions with the related parties, which are foreseen & repetitive in nature. A detailed summary of Related Party Transactions vis-à- vis the omnibus approval is placed before the Audit Committee for its review on a quarterly basis.

All transactions entered with Related Parties for the year under review were on arm's length basis and not material. Hence, disclosure in Form AOC-2 in terms of Section 134 of the Act is not required. Further, there are no materially significant Related Party Transactions executed between the Company & its Promoters, Directors, Key Managerial Personnel or other designated persons, that may have a potential conflict with the interest of the Company at large. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company. All Related Party transactions are mentioned in the notes to accounts. The Company has developed a framework through Standard Operating Procedures, for the purpose of identification and monitoring of such Related Party Transactions.

## 11.0 ANNUAL RETURN

Pursuant to Section 92(3) and 134(3)(a) of the Companies Act, 2013, Annual Return for FY 2017-18 in Form MGT-7 is uploaded on the website of the Company, which can be viewed at the following web-link: http://www.adorwelding.com/images/pdf/mgt_Annual_Return/Form_MGT-7-2017-18-UPLOAD.pdf

Further, pursuant to Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return for FY 2018-19 in Form MGT-9 is appended hereto as **Annexure – I,** which forms part of this Report.

## 12.0 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of its CSR initiative, the Company spent Rs. 18.07 Lakhs during FY 2018-19 out of the budgeted CSR expenditure of Rs. 64.56 Lakhs, on various projects in the following areas:

- Promoting Health Care including Preventive Health Care
- Vocational Training for poor & needy
- Promoting education for the underprivileged

The Company considers social responsibility as an integral part of its activities and endeavors to utilize allocable CSR budget for the benefit of society. An unspent amount of Rs.46.49 Lakhs was reported by the Company at the end of the financial year ended 31st March, 2019, as it could not conclude appropriate propositions / projects, which could have created an impact on the well-being of the community, especially in the Government's initiative of "Upskilling India". However, at the end of FY 2018-19, we identified a requirement of revamping, repairing & providing better infrastructure at a higher secondary school at Raipur near our factory and shall be spending over Rs. 75 Lakhs on this alone, in FY 2019-20, by utilising some unspent amount of last FY 2018-19. The Company is, nevertheless, committed to continually explore new opportunities, in alignment with its CSR philosophy & policy, to spend the prescribed CSR amount in the subsequent years.

The **Annual Report on CSR activities** is annexed hereto as **Annexure – II.**

The composition of the CSR Committee is covered under the **Corporate Governance Report**, which is annexed to this Report as **Annexure – IV**.

## 13.0 LOANS, GUARANTEES & INVESTMENTS

The details of Loans, Guarantees and Investments, covered under the provisions of Section 186 of the Companies Act, 2013, are given in the notes to the Financial Statements, forming part of this Annual Report.

**14.0 FIXED DEPOSITS**

The Company has neither accepted nor renewed any Fixed Deposits during FY 2018-19 and FY 2017-18.

**15.0 INSURANCE**

The properties / assets of the Company are adequately insured.

**16.0 ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE**

The information required under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 with respect to conservation of energy, technology absorption & foreign exchange earnings / outgo is appended hereto as **Annexure - III**.

**17.0 CORPORATE GOVERNANCE**

As per the Listing Agreements executed with the Stock Exchanges, the Company has been following the **Corporate Governance** Code from FY 2001–02 onwards. The Company has complied with all the requirements of the Corporate Governance as per the Listing Agreement executed with the Stock Exchanges for the period 01st April, 2018 to 31st March, 2019 pursuant to Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and a separate **Report** is attached hereto as **Annexure - IV.**

The Corporate Governance Compliance Certificate received from M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, is also attached to this Report.

The **Management Discussion and Analysis Report (MDA)**, as mandated under Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is also attached to this Report as **Annexure - V.**

**18.0 SIGNIFICANT AND MATERIAL REGULATORY ORDERS**

During FY 2018-19, there were no significant orders passed against the Company by any regulators or courts or tribunals, impacting the going concern status and the Company's operations in future.

**19.0 NOMINATION & REMUNERATION POLICIES**

As required under the provisions of Section 178(3) of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, the Company has adopted the policies for Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, etc. The details of the Remuneration Policy for Directors are explained in the **Corporate Governance Report**, attached hereto as **Annexure - IV.**

**20.0 INDEPENDENT DIRECTORS**

All the Independent Directors of the Company have submitted declaration of their independence, as required under Section 149(6) of the Companies Act, 2013 and Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**21.0 DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**21.1** The Board of Directors of the Company, at its Meeting held on 05th February, 2019, re-appointed Ms. Aruna B. Advani (DIN: 00029256) as its Executive Chairman w.e.f. 01st May, 2019 up to 18th November, 2019 (date of her superannuation), subject to the approval of the Members at the ensuing Annual General Meeting.

**21.2** Mr. Piyush Kumar Gupta (DIN: 00963094), Mr. Rakesh Narain Sapru (DIN: 02332414) & Mr. K. Digvijay Singh (DIN: 00004607) are Non-Executive Independent Directors of the Company. They were appointed as Independent Directors on the Board, under the Companies Act, 2013, on 28th July, 2014. Mr. G. M. Lalwani (DIN: 06928792) and Mr. S. G. Mirchandani (DIN: 01179921) are also Non – Executive Independent Directors of the Company, who were appointed on the Board under the Companies Act, 2013 on 10th November, 2014. Section 149 of the Companies Act, 2013 provides that an Independent Director shall hold office for a term of five (5) consecutive years and shall be eligible for re-appointment on passing a Special Resolution by the shareholders of the Company for a second term of another five (5) consecutive years i.e. holding office up to two consecutive terms, whose term of office shall not be liable to retire by rotation.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Piyush Kumar Gupta, Mr. Rakesh Narain Sapru and Mr. K. Digvijay Singh, being eligible, have offered themselves for re-appointment and are proposed to be re - appointed as Independent Directors, on the recommendation of the Nomination & Remuneration Committee and on the basis of their reports / results / outcome on performance evaluation up to the Financial Year 2018-19, for a second term of five (5) consecutive years commencing 28th July, 2019 upto 27th July, 2024.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. G. M. Lalwani and Mr. S. G. Mirchandani, being eligible, have also offered themselves for re-appointment and are proposed to be re - appointed as Independent Directors, on the recommendation of the Nomination & Remuneration Committee and on the basis of their reports / results / outcome on performance evaluation up to the Financial Year 2018-19, for a second term of five (5) consecutive years commencing 10th November, 2019 up to 09th November, 2024.

Notices have been received from Members proposing candidature of Mr. Piyush Kumar Gupta, Mr. Rakesh Narain Sapru, Mr. K. Digvijay Singh, Mr. G. M. Lalwani and Mr. S. G. Mirchandani as candidates to the office of Independent Directors of the Company. In the opinion of the Board, they satisfy the conditions, specified in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 along with the rules made thereunder, for their re-appointment as Independent Directors of the Company and they are independent of the Management. The Board believes that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors. They shall not be liable to retire by rotation.

**21.3** Mrs. N. Malkani Nagpal (DIN: 00031985) and Mr. A. T. Malkani (DIN: 01585637), Directors of the Company, who retire by rotation as per the Articles of Association of the Company and being eligible have offered themselves for re-appointment.

**21.4** The Directors have sent Form DIR-8, pursuant to Section 164 of the Companies Act, 2013 & Rule 14(1) of the Companies (Appointment & Qualification of Directors) Rules, 2014, along with their consent in Form DIR-2 pursuant to Section 152 of the Companies Act, 2013 & Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

**21.5** Necessary Resolutions for the re-appointment of the abovenamed Directors have been included in the Notice convening the ensuing 66th AGM and details of the proposed appointees are mentioned in the Appendix to the Explanatory Statement annexed to the said Notice.

**21.6** The tenure of Mr. M. K. Maheshwari (DIN: 00012341), Non-Executive & Independent Director, expires on 27th July, 2019. At the meeting of Board of Directors held on 16th May 2019, Mr. Maheshwari expressed his intention for not seeking re-appointment due to pre-occupation. The Board placed on record its deep appreciation for the services rendered by Mr. M. K. Maheshwari during his tenure of over 14 years as an Independent Director and Member & Chairman of various committees of the Board of Directors of the Company.

## 22.0 DIRECTORS PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board & its Committees, culture, execution & performance of specific duties, obligations & governance. The performance evaluation of the Board of its own performance & that of its Committees and individual Directors, including the Executive Chairman and the Independent Directors was completed during the year under review. The Board of Directors expressed their satisfaction with the evaluation process. The **manner of evaluation** has been **explained in the Corporate Governance Report** in **Annexure – IV.**

## 23.0 DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sections 134(3)(c) & 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirms that:

**23.1** in the preparation of the Annual Accounts, all the applicable Accounting Standards have been followed, along with proper explanation relating to material departures, if any;

**23.2** the Directors have selected such acounting policies and applied them consistently & made judgments and estimates that are reasonable and prudent, so as to give a true & fair view of the state of affairs of the Company at the end of the FY 2018-19 and of the profits of the Company for the year ended 31st March, 2019;

**23.3** the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of this act, for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities;

**23.4** the Directors have prepared the Annual Accounts on a going concern basis;

**23.5** the Directors have laid down internal financial controls, to be followed by the Company and that such internal financial controls are adequate & were operating effectively, and

**23.6** the Directors have devised proper systems to ensure compliance with the provisions of all the applicable laws and that such systems were adequate & operating effectively.

## 24.0 AUDIT COMMITTEE AND ITS RECOMMENDATIONS

The composition of the Audit Committee is covered under the **Corporate Governance Report**, which is annexed to this Report as **Annexure - IV**.

The Board has accepted all the recommendations of the Audit Committee and hence, there is no further explanation to be provided for, in this Report.

## 25.0 NUMBER OF BOARD MEETINGS

The Company has conducted 5 (five) Board meetings during FY 2018-19 and the details thereof are covered under the **Corporate Governance Report**, which is annexed to this Report as **Annexure - IV**.

## 26.0 STATUTORY AUDITORS

At the 62nd Annual General Meeting of the Company held on 30th July, 2015, M/s. Walker Chandiok & Co. LLP, Chartered Accountants, (FRN: 001076N / N500013) were appointed as the Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting, to be held in the calendar year 2020. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the Auditors needs to be placed for ratification at every subsequent Annual General Meeting since their first appointment. However, pursuant to the notification dated 07th May, 2018 of the Companies (Amendment) Act, 2017, the said appointment is not required to be ratified every year so long as the Auditors are eligible & qualified to be appointed. In this regard, the Company has received a communication from the Statutory Auditors to the effect that their appointment is in accordance with the provisions of Section 141 of the Companies Act, 2013, and hence their appointment is not required to be ratified

## 27.0 STATUTORY AUDITOR'S REPORT

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

## 28.0 SECRETARIAL AUDITOR & ITS REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors had appointed M/s. N. L. Bhatia & Associates, (Unique Identification Number: P1996MH055800), a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for FY 2018 - 19. The **Secretarial Audit Report** is annexed herewith as **Annexure - VI**. There are no qualifications in the said Report and therefore no explanations are provided in this Report.

During FY 2018-19, the Company has complied with all the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

## 29.0 COST AUDITOR

Pursuant to the provisions of Section 148 of the Companies Act, 2013, the Board of Directors had appointed M/s. Kishore Bhatia & Associates, Cost Accountants, Mumbai, as the Cost Auditor of the Company for FY 2018-19.

The brief information of the Cost Auditor and the Cost Audit Report is as under:

**29.1** Name of the Cost Auditor: M/s. Kishore Bhatia & Associates

**29.2** Address: 701/702, D-Wing, Neelkanth Business Park, Nathani Road, Vidhyavihar (West), Mumbai – 400 086, Maharashtra, India.

**29.3** Membership No.: 31166

**29.4** Firm Regn. No.: 00294

**29.5** Due date for submitting Cost Audit Report for FY 2017-18 by the Cost Auditor with the Company: Within 180 days from the end of the financial year (by 30th September, 2018).

**29.6** Actual Date of filing of Cost Audit Report for FY 2017-18 with the Central Government: 06th September, 2018

The Company has appointed M/s. Kishore Bhatia & Associates, Cost Accountants, Mumbai (Firm Registration No. 00294) as the Cost Auditors for FY 2019-20 also. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor for FY 2019-20, is being placed before the Members at the ensuing Annual General Meeting, for ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Auditors is included as Item No. 6 of the Notice convening the Annual General Meeting.

Maintenance of cost records, as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act 2013, are prepared & maintained by the Company.

## 30.0 VIGIL MECHANISM & WHISTLE BLOWER POLICY

The Company has framed a policy on Vigil Mechanism - cum - Whistle Blower, which enables any Director, Employees & stakeholders of the Company to report their genuine concerns / instances of any unethical / improper activity, directly to the Chairman of the Audit Committee, as a Protected Disclosure. The detailed policy is also posted on the Company's intranet Portal SANVAD and also onto its website at:

http://www.adorwelding.com/images/pdf/corporate_policies/Mechanism-For-Whistle-Blower-For-Stakeholders11.pdf & http://www.adorwelding.com/images/pdf/corporate_policies/Whistle-Blower-for-Employees–Directors2019.pdf

## 31.0 POLICY ON PREVENTION OF SEXUAL HARASSMENT

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013", which looks into the complaints received, if any. Further, there were no complaints received by the Committee during FY 2018-19. The Company has also adopted a policy under the said Act, which is placed on the website of the Company, which can be viewed at the following weblink: http://www.adorwelding.com/images/pdf/corporate_policies/POSH-Prevention-Redressal-of-Sexual-Harassment.pdf

During FY 2018-19, the Company carried out various awareness programs on this subject.

## 32.0 EMPLOYEES

**32.1** The industrial relations at all the Plants and Offices of the Company continue to remain harmonious, cordial and peaceful.

**32.2** The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company is annexed herewith as **Annexure – VII.**

**32.3** The on roll manpower strength of the Company as at the date of this Report is 543.

## 33.0 ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their warm appreciation for the invaluable contribution and spirit of dedication shown by the employees at all levels during FY 2018-19. 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 & Shareholders and look forward to their continued support and co-operation in future also.

**For and on behalf of the Board**

Aruna B. Advani
**Executive Chairman**
(DIN: 00029256)

**Place:** Mumbai
**Date:** 16th May, 2019

## ANNEXURE I - TO THE DIRECTORS' REPORT

### FORM NO. MGT-9

**EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March, 2019**
**[Pursuant to Section 92(3) & 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

### I. Registration and Other Details

| | | |
|---|---|---|
| 1 | CIN | L70100MH1951PLC008647 |
| 2 | Registration Date | 22nd October, 1951 |
| 3 | Name of the Company | Ador Welding Limited |
| 4 | Category / Sub-Category of the Company | Public Company |
| 5 | Address of the Registered office and contact details | Ador House, 6, K. Dubash Marg, Fort, Mumbai - 400 001-16, Maharashtra, India<br>**Tel:** +91 22 6623 9300 / 2284 2525 \| Fax: +91 22 2287 3083<br>**Web:** www.adorwelding.com<br>**Email ID:** investorservices@adorians.com |
| 6 | Whether listed company | Yes |
| 7 | Name, Address and Contact details of Registrar and Transfer Agent, if any | Sharex Dynamic (India) Pvt. Ltd.<br>Address:C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India<br>**Tel:** +91 22 2851 5606 / 44<br>**Email ID:** support@sharexindia.com<br>**Website:** www.sharexindia.com |

### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | MANUAL METAL ARC WELDING / BRAZING ELECTRODES of Manufacture falling under ITC-broad description of CORED WIRE BASE OF METAL FOR ELECTRIC ARC WELDING | 83112000 &<br>83111000 | 74 |
| | CONTINUOUS WELDING ELECTRODES of Manufacture falling under ITC- broad description CORED WIRE OF BASE METAL FOR ELECTRIC ARC WELDING, ARC WELDING / BRAZE WELDING<br>FLUXES of Manufacture falling under ITC broad description of OTHER, including parts. | 72299016 | |
| 2 | WELDING & CUTTING EQUIPMENT AND ACCESSORIES of Manufacture falling under ITC-broad description OTHER (including PEB Products) | 85151900 | 26 |

### III. Particulars of Holding, Subsidiary and Associate Companies

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | J. B. Advani & Co. Pvt. Ltd.<br>Ador House,<br>6, K. Dubash Marg,<br>Fort, Mumbai 400 001-16, Maharashtra, India | U51900MH1925PTC004217 | Holding | 50.01 | 2(46) |

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 2 | Ador Welding Academy Pvt. Ltd. A-108, H Block, MIDC, Pimpri - 411 018, Maharashtra, India | U74900PN2012PTC144148 | Subsidiary | 100 | 2(87) |

## IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

### i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year (01-04-2018) | | | | No. of Shares held at the end of the year (31-03-2019) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual | 8,59,506 | 0 | 8,59,506 | 6.32 | 8,61,216 | 0 | 8,61,216 | 6.33 | 0.01 |
| (b) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) State Govt(s). | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) Bodies Corp. | 68,00,531 | 0 | 68,00,531 | 50.01 | 68,00,531 | 0 | 68,00,531 | 50.01 | 0.00 |
| (e) Banks/FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | | | | | | | | | |
| **Sub-total (A) (1):-** | **76,60,037** | **0** | **76,60,037** | **56.33** | **76,61,747** | **0** | **76,61,747** | **56.34** | **0.01** |
| (2) Foreign | | | | | | | | | |
| (a) NRIs - Individuals | 49,050 | 0 | 49,050 | 0.36 | 49,050 | 0 | 49,050 | 0.36 | 0.00 |
| (b) Other - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) Banks / FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **Sub-total (A) (2):-** | 49,050 | 0 | 49,050 | 0.36 | 49,050 | 0 | 49,050 | 0.36 | 0.00 |
| **Total shareholding of Promoters (A) = (A)(1)+(A)(2)** | **77,09,087** | **0** | **77,09,087** | **56.69** | **77,10,797** | **0** | **77,10,797** | **56.70** | **0.01** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **B. Public Shareholding** | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| (a) Mutual Funds | 21,32,380 | 1,100 | 21,33,480 | 15.69 | 21,36,784 | 1,100 | 21,37,884 | 15.72 | 0.03 |
| (b) Banks / FIs | 5,515 | 250 | 5,765 | 0.04 | 23,955 | 250 | 24,205 | 0.18 | 0.13 |
| (c) Central Govt. (IEPF) | 1,75,785 | 0 | 1,75,785 | 1.29 | 1,87,393 | 0 | 1,87,393 | 1.38 | 0.08 |
| (d) State Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) FIIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **Sub-total (B)(1):-** | **23,13,680** | **1,350** | **23,15,030** | **17.02** | **23,48,132** | **1,350** | **23,49,482** | **17.28** | **0.25** |

CORPORATE PROFILE
STATUTORY REPORT
STANDALONE FINANCIALS
CONSOLIDATED FINANCIALS

| Category of Shareholders | No. of Shares held at the beginning of the year (01-04-2018) | | | | No. of Shares held at the end of the year (31-03-2019) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Non-Institutions | | | | | | | | | |
| (a) Bodies Corp. | | | | | | | | | |
| (i) Indian | 3,72,261 | 2,985 | 3,75,246 | 2.73 | 3,82,155 | 2,985 | 3,85,140 | 2.83 | 0.10 |
| (ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs.1 lakh | 19,88,953 | 3,47,037 | 23,35,990 | 17.18 | 20,27,703 | 3,01,963 | 23,29,666 | 17.13 | -0.05 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | 4,44,502 | 1,16,640 | 5,61,142 | 4.13 | 4,30,084 | 1,16,640 | 5,46,724 | 4.02 | -0.11 |
| (c) Others (specify) | | | | | | | | | |
| (i) Non Resident Indians | 1,45,519 | 1,22,963 | 2,68,482 | 1.97 | 1,54,102 | 1,08,230 | 2,62,332 | 1.93 | -0.04 |
| (ii) Overseas Corporate Bodies | 100 | 0 | 100 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (iii) Foreign Nationals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (iv) Clearing Members | 33,390 | 0 | 33,390 | 0.25 | 13,426 | 0 | 13,426 | 0.10 | -0.15 |
| (v) Trusts | 0 | 0 | 0 | 0.03 | 900 | 0 | 900 | 0.01 | -0.02 |
| (vi) Foreign Bodies - D R | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **Sub-total (B)(2):-** | **29,84,725** | **5,89,625** | **35,74,350** | **26.29** | **30,08,370** | **5,29,818** | **35,38,188** | **26.02** | **-0.26** |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)** | **52,98,405** | **5,90,975** | **58,89,380** | **43.31** | **53,56,502** | **5,31,168** | **58,87,670** | **43.30** | **-0.01** |
| **C. Shares held by Custodian for GDRs & ADRs** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.00** | **0.00** |
| **Grand Total (A+B+C)** | **1,30,07,492** | **5,90,975** | **1,35,98,467** | **100.00** | **1,30,67,299** | **5,31,168** | **1,35,98,467** | **100.00** | **0.00** |

**ii) Shareholding of Promoters**

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (01.04.2018) | | | Shareholding at the end of the Year (31.03.2019) | | | % changes in share-holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No.of Shares | % of total Shares of the Company | % of shares Pledged/ encumbered to total shares | No.of Shares | % of total Shares of the Company | % of shares Pledged/ encumbered to total shares | |
| 1 | J B Advani And Company Pvt Limited | 68,00,531 | 50.01 | 0.00 | 68,00,531 | 50.01 | 0.00 | 0.00 |
| 2 | Aruna Bhagwan Advani | 2,95,480 | 2.17 | 0.00 | 2,95,480 | 2.17 | 0.00 | 0.00 |
| 3 | Gulshan Gulu Malkani | 55,500 | 0.40 | 0.00 | 1,11,900 | 0.82 | 0.00 | 0.41 |
| 4 | Aditya Tarachand Malkani | 1,03,626 | 0.76 | 0.00 | 1,03,626 | 0.76 | 0.00 | 0.00 |
| 5 | Ninotchka Malkani Nagpal | 81,052 | 0.60 | 0.00 | 81,052 | 0.60 | 0.00 | 0.00 |
| 6 | Michelle Gulu Malkani | 79,200 | 0.58 | 0.00 | 79,200 | 0.58 | 0.00 | 0.00 |
| 7 | Ajit T Mirchandani | 64,430 | 0.47 | 0.00 | 64,430 | 0.47 | 0.00 | 0.00 |

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (01.04.2018) | | | Shareholding at the end of the Year (31.03.2019) | | | % changes in share-holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No.of Shares | % of total Shares of the Company | % of shares Pledged/ encumbered to total shares | No.of Shares | % of total Shares of the Company | % of shares Pledged/ encumbered to total shares | |
| 8 | Gulu Hiranand Malkani | 56,400 | 0.41 | 0.00 | 0 | 0.00 | 0.00 | -0.41 |
| 9 | Rajbir Tarachand Malkani | 56,171 | 0.41 | 0.00 | 56,171 | 0.41 | 0.00 | 0.00 |
| 10 | Priya Darshini Lambert | 49,050 | 0.36 | 0.00 | 49,050 | 0.36 | 0.00 | 0.00 |
| 11 | Deep Ashda Lalvani | 21,702 | 0.16 | 0.00 | 21,712 | 0.16 | 0.00 | 0.00 |
| 12 | Vimla Ashda Lalvani | 19,190 | 0.14 | 0.00 | 19,190 | 0.14 | 0.00 | 0.00 |
| 13 | Shirin Aditya Malkani | 14,173 | 0.10 | 0.00 | 15,873 | 0.11 | 0.00 | 0.01 |
| 14 | Ravin A Mirchandani | 8,002 | 0.05 | 0.00 | 8,002 | 0.05 | 0.00 | 0.00 |
| 15 | Reshma Ashda Lalvani | 3,680 | 0.03 | 0.00 | 3,680 | 0.03 | 0.00 | 0.00 |
| 16 | Pravena Krishna Mathur | 900 | 0.01 | 0.00 | 900 | 0.01 | 0.00 | 0.00 |

### iii) Change in Promoter's Shareholding

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the financial year (01.04.2018) | | Date | Reason | Increase / (Decrease) in Shareholding | | Cumulative Shareholding during the financial year 2018-19 | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | Gulshan Gulu Malkani | 55,500 | 0.41 | 15-03-2019 | Transmission of Shares | 56,400 | 0.41 | 1,11,900 | 0.82 |
| 2 | Deep Ashda Lalvani | 21,702 | 0.16 | 21-12-2018 | Buy | 1 | 0.00 | 21,703 | 0.16 |
| | | | | 25-01-2019 | Buy | 9 | 0.00 | 21,712 | 0.16 |
| 3 | Shirin Aditya Malkani | 14,173 | 0.10 | 25-05-2018 | Buy | 1,700 | 0.01 | 15,873 | 0.12 |
| 4 | Gulu Hiranand Malkani | 56,400 | 0.41 | 15-03-2019 | Transmission of Shares | (56,400) | 0.41 | 0 | 0.00 |

### iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs & ADRs)

| Sr. No. | Shareholder's Name (for each of the top 10 shareholders) | Shareholding at the beginning of the financial year (01.04.2018) | | Cumulative Shareholding during the financial year 2018-19 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Reliance Capital Trustee Co Ltd A/C-Reliance Regular Savings Fund-Equity Option | 0 | 0.00 | 8,78,890 | 6.46 |
| 2 | Sundaram Alternative Opportunities | 3,11,100 | 2.29 | 3,11,485 | 2.29 |
| 3 | Investor Education And Protection Fund | 1,74,885 | 1.29 | 1,87,393 | 1.38 |
| 4 | TATA Infrastructure Fund | 0 | 0.00 | 1,80,000 | 1.32 |
| 5 | Court Receiver, High Court Mumbai | 1,16,640 | 0.86 | 1,16,640 | 0.86 |
| 6 | Sundaram Mutual Fund A/C Sundaram Emerging Small Cap - Series II | 0 | 0.00 | 1,11,692 | 0.82 |
| 7 | Sundaram Mutual Fund A/C Sundaram Emerging Small Cap - Series I | 1,09,488 | 0.81 | 1,09,488 | 0.81 |
| 8 | Sundaram Alternative Opportunities Fund - Nano Cap Series II | 99,498 | 0.73 | 99,498 | 0.73 |
| 9 | Ithoughtwealth Analytics LLP | 0 | 0.00 | 98,604 | 0.73 |
| 10 | Sundaram Mutual Fund A/C Sundaram Emerging Small Cap - Series III | 0 | 0.00 | 97,000 | 0.71 |

### v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Name | Shareholding at the beginning of the year (01.04.2018) | | Cumulative Shareholding at the end of the financial year 2018-19 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | A. B. Advani | 2,95,480 | 2.17 | 2,95,480 | 2.17 |
| 2 | N. Malkani Nagpal | 81,052 | 0.60 | 81,052 | 0.60 |
| 3 | R. A. Mirchandani | 8,002 | 0.06 | 8,002 | 0.06 |
| 4 | A. T. Malkani | 1,03,626 | 0.76 | 1,03,626 | 0.76 |
| 5 | D. A. Lalvani | 21,702 | 0.16 | 21,712 | 0.16 |
| 6 | G. M. Lalwani | 10 | 0.00 | 10 | 0.00 |
| 7 | V. M. Bhide | 150 | 0.00 | 150 | 0.00 |

## V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

**(Rs. in Lakhs)**

| Particulars | Secured Loans (excluding deposits) | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year (01.04.2018)** | | | | |
| i) Principal Amount | 7,486.00 | 634.00 | - | 8,120.00 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 28.67 | - | - | 28.67 |
| **Total (i+ii+iii)** | **7,514.67** | **634.00** | **-** | **8,148.67** |
| **Change in Indebtedness during the financial year** | | | | |
| • Addition | 29,440.77 | 2,600.00 | - | 32,040.77 |
| • Reduction | 30,764.67 | 2,885.00 | - | 33,649.67 |
| Net Change | (1,323.90) | (285.00) | - | (1,608.90) |
| **Indebtedness at the end of the financial year (31.03.2019)** | | | | |
| i) Principal Amount | 6,150.00 | 349.00 | - | 6,499.00 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 40.77 | - | - | 40.77 |
| **Total (i+ii+iii)** | **6,190.77** | **349.00** | **-** | **6,539.77** |

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

**(Rs. in lakhs)**

| Sr. No. | Particulars of Remuneration | Name of MD / WTD / Manager | | | Total |
|---|---|---|---|---|---|
| | | Ms. Aruna B. Advani | Mr. S. M. Bhat | Mrs. N. Malkani Nagpal | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 113.84 | 101.88 | 86.50 | **302.22** |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 18.15 | 9.23 | 10.96 | **38.34** |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission - as % of profit - (others, specify…) | 4.60 | 18.61 | 4.60 | **27.81** |
| 5 | Others, please specify* | 15.55 | 37.63 | 20.26 | **73.44** |
| | **Total (A)** | **152.14** | **167.35** | **122.32** | **441.81** |

* Includes Provident Fund, Gratuity, Bonus, Superannuation (tax free), etc, wherever applicable.

## B. Remuneration to other Directors:

### 1. Independent Directors (Rs. in lakhs)

| Particulars of Remuneration | Name of the Director | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Mr. M. K. Maheshwari | Mr. P. K. Gupta | Mr. R. N. Sapru | Mr. K. Digvijay Singh | Mr. G. M. Lalwani | Mr. S. G. Mirchandani | |
| Fee for attending board / committee meetings | 0.65 | 1.00 | 1.60 | 1.65 | 0.45 | 0.55 | **5.90** |
| Commission | 4.60 | 4.60 | 4.60 | 4.60 | 4.60 | 4.60 | **27.60** |
| Others, please specify | - | - | - | - | - | - | **-** |
| **Total (1)** | **5.25** | **5.60** | **6.20** | **6.25** | **5.05** | **5.15** | **33.50** |

### 2. Other Non-Executive Directors (Rs. in lakhs)

| Particulars of Remuneration | Name of the Director | | | Total |
|---|---|---|---|---|
| | Mr. R. A. Mirchandani | Mr. A. T. Malkani | Mr. D. A. Lalvani | |
| Fee for attending board / committee meetings | - | - | - | **-** |
| Commission | 4.60 | 4.60 | 4.60 | **13.80** |
| Others, please specify | - | - | - | **-** |
| **Total (2)** | **4.60** | **4.60** | **4.60** | **13.80** |
| | | | **Total (B)=(1+2)** | **47.30** |
| | | | **Total Managerial Remmuneration A + B = (C)** | **489.11** |

**Note:** The remuneration payable to the Executive & Non-Executive Directors is within the overall limits as per the Companies Act, 2013.

## C. Remuneration to Key Managerial Personnel (KMP) Other than MD/Manager/WTD (Rs. in lakhs)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | CS | CFO | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 30.59 | 28.85 | **59.44** |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 0.98 | 0.00 | **0.98** |
| | (c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - as % of profit | - | - | - |
| 5 | Others, please specify (Provident Fund & Superannuation) | 1.64 | - | **1.64** |
| | **Total** | **33.21** | **28.85** | **62.06** |

## VII. Penalties / Punishment/ Compounding of Offences:

| Sr. No. | Type | Section of the Companies Act, 2013 | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give details) |
|---|---|---|---|---|---|---|
| A | **Company** | | | | | |
| | Penalty | | | | | |
| | Punishment | | | | | |
| | Compounding | | | | | |
| B | **Directors** | | | | | |
| | Penalty | | | | | |
| | Punishment | | | NIL | | |
| | Compounding | | | | | |
| C | **Other Officers In Default** | | | | | |
| | Penalty | | | | | |
| | Punishment | | | | | |
| | Compounding | | | | | |

**For and on behalf of the Board**

Aruna B. Advani

**Executive Chairman**

(DIN: 00029256)

**Place:** Mumbai

**Date:** 16th May, 2019

## ANNEXURE II - TO THE DIRECTORS' REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2018-19

1. **A brief outline of the Company's CSR Policy, including overview of projects / programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:**

   Ador Welding Limited (AWL) believes that a Company's performance must be quantified in a balanced economic, environmental and social imperative. As a responsible corporate citizen, the Company strives for community empowerment through socio-economic development of underprivileged and marginalized sections of society, thereby raising the Country's human development index. At AWL, CSR is a cornerstone of its corporate culture and the Company's endeavor ardently adds more value on the societal front and makes a significant impact on livelihood.

   Arising from this, the key focus areas that echo AWL's CSR policy, are the following and AWL's CSR programs generally cover all or any of these focus areas:

   - Eradicating hunger, poverty and malnutrition, promoting preventive healthcare & sanitation, making available safe drinking water;
   - Promoting education; including special education and employment enhancing vocational skills especially among children, women, elderly & the differently abled and livelihood enhancement projects;
   - Promoting gender equality, empowering women, setting up homes & hostels for women and orphans, setting up old age homes, day care centres & such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
   - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water;
   - Taking up Rural development projects / Conducting various social awareness programs;
   - Contributing to development & improvement in quality of life of the workforce and their families as well as of the society at large.
   - Conservation of energy, including projects related to renewable sources of energy.

   **Web-link of CSR Policy:**

   http://www.adorwelding.com/images/pdf/corporate_policies/Corporate-Social-Responsibility-Policy-CSR-FY-2018-191.pdf

2. **Composition of the CSR Committee:**

   Mr. G. M. Lalwani - Chairman (Non - Executive & Independent Director)

   Ms. A. B. Advani - Member (Executive Chairman)

   Mr. S. M. Bhat - Member (Managing Director)

   Mr. D. A. Lalvani - Member (Non - Executive Director)

3. **Average net profit of the Company for the last three financial years** (up to FY 2017-18), under Section 198 of the Companies Act, 2013: Rs. 3,244.02 Lakhs

4. **Prescribed CSR Expenditure** (2% of the amount as in item 3 above): Rs. 64.56 Lakhs

**5. Details of CSR expenditure for FY 2018-19:**

(a) Total amount spent : Rs. 18.07 Lakhs

(b) Amount unspent : Rs. 46.49 Lakhs

(c) Manner in which the amount was spent is detailed below:

| Sr. No. | CSR project / activity identified | Sector in which project is covered | Projects / Programs | Amount of outlay (budget) - project / program wise | Amount spent on the projects / programs Sub-heads: (1) Direct expenditure on projects / programs (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1. | Women Empowerment | Contributing to development & improvement in quality of life of women | Providing Coolers to poor girls as wedding gift at Raipur | Rs. 0.52 Lakh | Direct Exp. – Rs. 0.52 Lakh Overhead - NIL | Rs. 0.52 Lakh | Rs. 0.52 Lakh: through implementing agency |
| 2. | Drinking Water Facilities | Making available clean drinking water | Safe Drinking Water Project taken up for Slum areas of Western suburbs of Mumbai | Rs. 0.21 Lakh | Direct Exp. – Rs. 0.21 Lakh Overhead - NIL | Rs. 0.21 Lakh | Rs. 0.21 Lakh: through M/s. Rotary Club of Mumbai (Kandivali West) Charitable Trust |
| 3. | Promoting Education | Promoting education for poor & needy | Distribution of school kits to the needy & poor students | Rs. 0.30 Lakh | Direct Exp – Rs. 0.30 Lakh Overhead - NIL | Rs. 0.30 Lakh | Rs. 0.30 Lakh: through M/s. Seva Sahayog Foundation, Mumbai |
| 4. | Promoting welfare | Livelihood enhancement projects | Sponsored roti maker to Balda Ashram, which houses poor children between age group of 6 to 14 years | Rs. 0.25 Lakh | Direct Exp – Rs. 0.25 Lakh Overhead - NIL | Rs. 0.25 Lakh | Rs. 0.25 Lakh through M/s. Balda Ashram, Surat |
| 5. | Promoting Education | Facilities for education | Sponsoring education kits to the needy & poor | Rs. 0.05 Lakh | Direct Exp – Rs. 0.05 Lakh Overhead - NIL | Rs. 0.05 Lakh | Rs. 0.05 Lakh: through M/s. Shree Sai Darshan Mandal |
| 6. | Health care | Promoting Health care | Contributing to National Oral Cancer Awareness Program for preventing Oral Cancer | Rs. 0.50 Lakh | Direct Exp – Rs. 0.50 Lakh Overhead - NIL | Rs. 0.50 Lakh | Rs. 0.50 Lakh: through M/s. Indian Dental Association (IDA) |
| 7. | Vocational Training | Vocational Training for poor & needy | Vocational training to the underprivileged youth by sponsoring courses on Welding Skill development | Rs. 8.77 Lakhs | Direct Exp – Rs. 8.77 Lakhs Overhead - NIL | Rs. 8.77 Lakhs | Rs. 8.77 Lakhs: through M/s. Ador Welding Academy Pvt. Ltd. |
| 8. | Promoting Education | Facilities for education | Repaired roof of hostel building of Vanvasi Kalyan Aashram, Khanvel | Rs. 0.16 Lakh | Direct Exp – Rs. 0.16 Lakh Overhead - NIL | Rs. 0.16 Lakh | Rs. 0.16 Lakh: through M/s. S K. Enterprises |

| Sr. No. | CSR project / activity identified | Sector in which project is covered | Projects / Programs | Amount of outlay (budget) - project / program wise | Amount spent on the projects / programs Sub-heads: (1) Direct expenditure on projects / programs (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 9 | Vocational Training | Vocational Training for poor & needy | Vocational training by providing desktop computers to Vanvasi Kalyan Aashram, Khanvel | Rs. 1.26 Lakhs | Direct Exp – Rs. 1.26 Lakhs Overhead - NIL | Rs. 1.26 Lakhs | Rs. 1.26 Lakhs: through M/s. Vertex Computers |
| 10 | Health care | Promoting health care and sanitation | Provided hand sanitizers to Kerala flood victims | Rs.5.00 Lakhs | Direct Exp – Rs. 5.00 Lakhs Overhead - NIL | Rs.5.00 Lakhs | Rs. 5.00 Lakhs: through M/s. Sunflower Welfare Foundation |
| 11 | Promoting Education | Facilities for education | Painting & renovation of Higher Secondary School at Raipur | Rs.1.05 Lakhs | Direct Exp – Rs. 1.05 Lakhs Overhead - NIL | Rs. 1.05 Lakhs | Rs. 1.05 Lakhs: through M/s. Shashwat Enterprises |
| **TOTAL** | | | | | | **Rs. 18.07 Lakhs** | |

**6.** In case the Company has failed to spend two percent of the average net profits of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amounts in its Board Report - Refer Directors' Report.

**7.** During FY 2018-19, the implementation and monitoring of CSR Policy was in conformity with the CSR objectives and CSR Policy of the Company.

For **Ador Welding Limited**

G. M. Lalwani
**Chairman of CSR Committee**
(DIN: 06928792)

**Place:** Mumbai
**Date:** 16th May, 2019

# CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

**PHILOSOPHY ON CSR:**

Ador Welding Limited (AWL) believes that a Company's performance must be quantified in a balanced economic, environmental and social imperative. As a pioneer in the welding industry, AWL has played a significant part in the country's industrialization and infrastructure development and its welders have played a huge role in this development. The Company's CSR vision is "Welding is an essential part of everyday life as right from manufacturing cars to high rise buildings, airplanes to rockets, pipelines to highways, all of it requires welding." As a responsible corporate citizen, the Company strives for community empowerment through socio economic development of underprivileged and marginalized sections of society, thereby raising the Country's human development index.

In pursuit of our commitment towards a comprehensive growth, we venture to have in place a framework to integrate social, environmental, humanitarian concerns into our core business strategy, in the best interest of all our stakeholders. At AWL, CSR is a cornerstone of its corporate culture and the Company's endeavor ardently adds more value on the societal front and makes a significant impact on livelihood. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards creating a meaningful difference to them.

**FOCUS AREAS OF CSR:**

Arising from this, the key focus areas that echo AWL's CSR policy, are the following and AWL's CSR programs will generally cover all or any of these focus areas:

- Eradicating hunger, poverty and malnutrition, promoting preventive healthcare & sanitation, making available safe drinking water;
- Promoting education; including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water;
- Taking up Rural development projects / Conducting various social awareness programs;
- Contributing to development & improvement in quality of life of the workforce and their families as well as of the society at large.
- Conservation of energy, including projects related to renewable sources of energy.

**ORGANIZATIONAL MECHANISM FOR CSR:**

The Board of Directors shall form a CSR Committee pursuant to the provisions of Section 135 of the Companies Act 2013, and will lay down the guidelines / key focus areas for the CSR activities every year.

**COMPOSITION OF THE CSR COMMITTEE:**

Three or more Directors, of which at least one Director shall be an Independent Director. No sitting fees will be paid to the Members of the CSR Committee.

**FUNCTIONS OF THE CSR COMMITTEE:**

a) To formulate and recommend to the Board, a CSR Policy indicating the activities, to be undertaken by the Company;

b) Recommend the amount to be spent on these activities;

c) Monitor the Company's CSR activities under the policy, periodically.

d) Developing the CSR annual strategy, based on the guidelines set by the Companies Act, 2013 & Rules framed there under.

e) Preparing annual plan for CSR activities, CSR project development, CSR project approval, etc. deciding on the modalities of execution of programs, contracting, budgeting & payments, etc.

f) Monitoring the execution mechanism for CSR projects; Periodic reporting and communication to the Board.

**THE CSR COMMITTEE WILL ENSURE THE FOLLOWING:**

- Appropriate organizational structure to effectively identify, monitor & manage CSR activities.
- All kinds of income accrued to AWL by way of CSR activities, if any, to be credited back to the CSR corpus.

**IMPLEMENTATION MECHANISM OF CSR:**

CSR activities will be implemented either directly on its own by the Company or through any other organisation, which is into CSR activities.

AWL can also enter into collaborative partnerships with the Government, NGOs, independently registered non-profit organisations, or with other like-minded organisations / stakeholders, so as to widen the Company's reach and leverage upon the collective expertise & experience, these partnerships will bring on pooling their resources for CSR activities.

## ANNEXURE III – TO THE DIRECTORS' REPORT

**Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, as required under Section 134 (3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014.**

### A. Conservation of Energy

1. Installation of Solar Power plant 518 (kW) at Raipur generates Power of 60 (MwH) per month, resulted in reduction of greenhouse gas emissions by 41.5 MT per month.
2. Provided additional water harvesting facilities for Batching Plant Shed.
3. Installation of LED lights (Replacing HPMV 200 watt lights with 100 watt LED) in Old Shed of Raipur, resulted in better illumination and energy saving of 1000 (kW) per year.
4. Installation of LED lights resulted in reduction of consumption of electrical energy up to 5% in FY 2018-19 as compared to FY 2017-18 in Chinchwad, Pune.
5. Maintained Power Factor (0.98 – 0.99) of Main Electricity Supply, with the help of additional capacitor banks and close monitoring of power factor, resulted in cost benefit at Chinchwad, Pune.

### B. Technology Absorption

The Company has 2 (two) Technology Development Centres (TDCs), 1 (one) each for Consumables and Equipment, both located at Chinchwad, Pune in Maharashtra. The TDCs continue to pursue their goals, with renewed vigor, in terms of innovation, upgradation, improvement and cost reduction. 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:

1. Developed digital engine control unit with graphical display for indicating the actual readings of vital parameters and setting alarm in case these parameters go beyond its operating limit along with engine Auto shut-off feature. This unit has been implemented in the Engine Driven Welding Set.
2. Introduced multi process welding machine in which wirefeeder can be connected with 50 meter interconnecting cable in MIG welding process. Due to this feature, the flexibility of taking the wirefeeder 50 meters away from power source is now possible.
3. Developed customised products in AWS class E11018G H4R and E8018G for Hydel Power application.
4. Devised process of coiling Stainless SAW wire into SAW drum using mild steel drum packing equipment.
5. Introduced innovative process of development of "ADOR MIG INFINITY" drums for continuous MIG welding applications without stoppages for drum change.
6. Increased fill ratio in flux cored wires for a wider and more versatile range of metal cored wires for high strength, high hardness and wear resistance applications.
7. Developed GTAW wire in drum for special cladding applications of Nickle and Stainless-Steel alloys, especially for the international market.
8. Usage of specially formulated alloy combinations for hard facing consumables resulted in better performance and cost-competitiveness.

9. **Energy Conservation and Safety:**

a) Due to introduction of Zero Voltage and Zero Current switching technique, the electrical switching noise has decreased significantly and has also improved the efficiency of welding machine from 85% to 92%. Further, even the Power factor of machine is improved because of which the current requirement of power supply has been reduced.

b) Due to introduction of digital engine control unit with engine Auto shut-off on abnormal condition, the Engine does not over run, which results in saving fuel.

**Summary of expenditure on R & D:**

**(Rs. in Lakhs)**

| **Particulars** | **FY 2018-19** | FY 2017-18 |
|---|---|---|
| Capital | **20** | 43 |
| Recurring | **325** | 338 |
| **Total** | **345** | **381** |
| Total R & D expenditure as a percentage of total turnover | **0.67%** | 0.80% |

**C. Foreign Exchange Earnings & Outgo:**

**(Rs. in Lakhs)**

| **Particulars** | **FY 2018-19** | FY 2017-18 |
|---|---|---|
| Foreign Exchange Earnings | **4,674** | 9,666 |
| Foreign Exchange Outgo | **4,981** | 4,047 |

**For and on behalf of the Board**

Aruna B. Advani
**Executive Chairman**
(DIN: 00029256)

**Place:** Mumbai
**Date:** 16th May, 2019

## ANNEXURE IV – TO THE DIRECTORS' REPORT

## CORPORATE GOVERNANCE REPORT

The detailed Report on Corporate Governance in terms of Regulation 34(3) read with Schedule V (C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out below. In this report, we confirm the compliance of the Corporate Governance criteria, as required under the said Listing Regulations.

### A) Mandatory Requirements

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

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

### 2) Board of Directors

#### 2.1 Core Skills / Expertise of the Board

The Board of Directors, at its meeting held on 16th May, 2019, approved the following list of core skills / expertise in context of / with respect to the line of business of the Company for it to function effectively and identified those actually available with the Board as on the said date:

1. General Management & Strategic Financial Planning
2. Financial Management
3. Product Manufacturing & Technology Development
4. Brand building & E-Commerce
5. Business / Technology collaboration, Mergers & Acquisitions
6. Banking & Finance
7. Sales & Corporate Marketing
8. Project Management
9. Intellectual Property, Joint Ventures & International Law
10. Information Technology
11. Business Administration

#### 2.2 Composition, Number of Meetings held and Attendance

The Board of Directors of the Company comprises of 12 (twelve) Directors consisting of 3 (three) Executive / Whole- time Directors and 9 (nine) Non-Executive Directors including 6 (six) Independent Directors. There are 2 (two) women Directors on the Board.

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

The Company Secretary, in consultation with the Executive Chairman and the Managing Director, prepares detailed Agenda for the Board Meetings. All the necessary documents including Annexures, Explanatory Notes, etc., 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 matter in the Agenda, for discussion in the Board Meeting.

During FY 2018-19 under review, the Board of Directors met 5 (five) times, i.e. on 27th April, 2018, 30th May, 2018, 09th August, 2018, 01st November, 2018 and 05th February, 2019. Brief details of the Board Meetings held during FY 2018-19 are as follows:

| Sr. No. | Date of the Board Meeting | Board Strength | No. of Directors Present |
|---|---|---|---|
| 1. | 27th April, 2018 | 12 | 08 |
| 2. | 30th May, 2018 | 12 | 10 |
| 3. | 09th August, 2018 | 12 | 09 |
| 4. | 01st November, 2018 | 12 | 10 |
| 5. | 05th February, 2019 | 12 | 10 |

The composition of the Board of Directors, attendance at the Board Meetings held during FY 2018-19 and at the last Annual General Meeting, number of Directorships in other Companies & Membership of Committees across other Companies, in which the Director is a Member / Chairman, are given below:

| Sr. No. | Name of the Director | Category of Directorship | Financial Year 2018-19 Attendance at: Board Meetings | Financial Year 2018-19 Attendance at: Last AGM (10th August, 2018) | As on March 31, 2019: No. of other Directorships # | As on March 31, 2019: No. of Directorships in listed entities^ | Committee Positions @: No. of Memberships | Committee Positions @: No. of Chairmanships |
|---|---|---|---|---|---|---|---|---|
| 1. | Ms. A. B. Advani | Executive | 5 | Present | 2 | 2 | 3 | NIL |
| 2. | Mr. S. M. Bhat | Executive | 5 | Present | NIL | 1 | NIL | NIL |
| 3. | Mrs. N. Malkani Nagpal | Executive | 4 | Present | 1 | 3 | 2 | 1 |
| 4. | Mr. R. A. Mirchandani | Non-Executive | 3 | Absent | 1 | 1 | NIL | 2 |
| 5. | Mr. A. T. Malkani | Non-Executive | 4 | Present | NIL | 2 | NIL | NIL |
| 6. | Mr. D. A. Lalvani | Non-Executive | 5 | Present | 1 | 2 | 2 | NIL |
| 7. | Mr. M. K. Maheshwari | Independent & Non- Executive | 3 | Absent | 1 | 3 | 2 | 1 |
| 8. | Mr. P. K. Gupta | Independent & Non- Executive | 3 | Present | NIL | 1 | NIL | NIL |
| 9. | Mr. R. N. Sapru | Independent & Non- Executive | 4 | Absent | NIL | 1 | NIL | NIL |
| 10. | Mr. K. Digvijay Singh | Independent & Non- Executive | 5 | Present | NIL | 1 | NIL | NIL |
| 11. | Mr. G. M. Lalwani | Independent & Non- Executive | 3 | Present | NIL | 2 | NIL | NIL |
| 12. | Mr. S. G. Mirchandani | Independent & Non- Executive | 3 | Present | 1 | 2 | 2 | 1 |

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

^ Includes Ador Welding Limited

@ Considered Memberships / Chairmanships of Audit Committee & Stakeholders Relationship Committee only, other than that of Ador Welding Ltd., as per Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors is a Member of more than 10 (ten) Board Committees and Chairman of more than 5 (five) such Committees, across all the listed entities in which he / she is a Director, as required under Regulation 26(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same is also evident from the above table. All the Directors have made necessary disclosures regarding Committee positions held by them in other Companies. None of the Directors of the Company are related to each other. All the Non-Independent Directors, except the Managing Director, are liable to retire by rotation. The Executive Chairman is also liable to retire by rotation.

None of the Non-Executive Directors, including the Independent Directors of the Company, have any material pecuniary relationship or have executed any transactions with the Company, its Promoters or its Management, which would affect the independence or judgement of the Board. The Company has also not entered into any materially significant related party 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.

All the Independent Directors of the Company fulfill the conditions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and they are independent of the Management.

Details of listed entities, other than Ador Welding Limited, and category of Directorship as required under SEBI (LODR), Regulation 2015 are as under:

| Sr. No. | Name of the Director | Name of the Listed Entity & Category of Directorship |
|---|---|---|
| 1. | Ms. A. B. Advani | Coromandel International Limited – Independent Director |
| 2. | Mr. S. M. Bhat | NA |
| 3. | Mrs. N. Malkani Nagpal | Ador Fontech Limited – Non - Executive Director<br>Ador Multiproducts Limited – Non - Executive Director |
| 4. | Mr. R. A. Mirchandani | NA |
| 5. | Mr. A. T. Malkani | Ador Fontech Limited – Chairman |
| 6. | Mr. D. A. Lalvani | Ador Multiproducts Limited – Whole Time Director |
| 7. | Mr. M. K. Maheshwari | RPG Life Sciences Limited - Director<br>Mahindra CIE Automotive Limited - Director |
| 8. | Mr. P. K. Gupta | NA |
| 9. | Mr. R. N. Sapru | NA |
| 10. | Mr. K. Digvijay Singh | NA |
| 11. | Mr. G. M. Lalwani | Ador Multiproducts Limited – Independent Director |
| 12. | Mr. S. G. Mirchandani | Hathway Cable and Datacom Limited – Director |

**Broad Terms of Reference / Functions of the Board:**

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

- Annual operating plans & budgets and updates thereon.
- Capital budgets and updates thereon.
- Quarterly Unaudited Financial Results of the Company and its Operating Divisions / Business Segments.
- Audited Financial Results of the Company.
- Minutes of the Meetings of the Board, Committees of the Board & Subsidiary of the Company.
- The information on recruitment and remuneration of senior officers, just below the Board level, including the appointment & / or removal of CFO & CS.
- 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 by the Company, or substantial non-payment for 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 may have negative implications on the Company.
- Risk Mitigation plans / updates.
- 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.
- Quarterly / Half yearly / Yearly details of financials & other material information of Subsidiary Companies.
- Sale of investments, subsidiaries, assets, etc. which are not in the normal course of business.
- Quarterly details of Foreign Exchange exposures and steps taken by the Management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholder services, such as non-payment of dividend, delay in share transfers, etc.
- Updates on working of Subsidiaries.

The Board of Directors is routinely provided with all the above information, whenever applicable. These are submitted either as a part of Agenda or are tabled in the course of the Board Meeting, which get discussed / noted by the Board.

**Code of Conduct:**

The Board of Directors has laid down a 'Code of Conduct' for all the Board Members and Senior Management Personnel of the Company. The 'Code of Conduct' has also been posted onto the website of the Company and all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for FY 2018–19.

The Company has also adopted a separate code for Independent Directors, as laid down under Schedule IV to the Companies Act, 2013 and the same is also posted onto the website of the Company at the following web-link:

http://www.adorwelding.com/corporate/code-of-conduct/for-independent-directors.html

Further, the Company / Board confirms that all of its Independent Directors have affirmed with the "Code of Conduct for Independent Directors."

**3) Audit Committee**

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

The Audit Committee reviews and ensures that financial statements are correct, sufficient and credible with reference, particularly, to the requirements, as enumerated under Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, to the extent applicable.

In order to effectively discharge its responsibilities, the Audit Committee has been empowered:

- To call for the comments of the auditors on the internal control systems, scope of audit including the observations of the auditors and review of the financial reports before they are submitted to the Board.
- To discuss any issues with the Internal & Statutory Auditors and the Management of the Company.

- To evaluate adequacy of Risk Management System and Risk Mitigation.
- To investigate into any matter in relation to the items referred to it by the Board.
- To have full access to the information contained in the records of the Company.
- To seek information from any employee.
- To obtain professional advice from external sources.
- To secure attendance of outsiders with relevant expertise in the meeting, if it considers necessary.
- To invite Auditors or any subject experts to the meeting.

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

During FY 2018-19 under review, 4 (four) Audit Committee Meetings were held, i.e. on 30th May, 2018, 09th August, 2018, 01st November, 2018 and 05th February, 2019.

On 27th April, 2018, Mr. R. N. Sapru was inducted in place of Mr. M. K. Maheshwari onto the Audit Committee.

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 apropos, to be present at any of the Audit Committee Meetings. In all the Audit Committee Meetings held in FY 2018-19, a couple of Senior Executives and Statutory Auditors of the Company were invited.

The composition of the Audit Committee and attendance at the Meetings held in FY 2018-19 is given here under:

| Sr. No. | Name of the Member | Position in the Committee | Category of Directorship | Attendance during FY 2018-19 |
|---|---|---|---|---|
| 1. | Mr. K. Digvijay Singh | Chairman | Non-Executive & Independent Director | 4 |
| 2. | Mr. P. K. Gupta | Member | Non-Executive & Independent Director | 3 |
| 3. | Mr. D. A. Lalvani | Member | Non-Executive Director | 4 |
| 4. | Mr. R. N. Sapru | Member* | Non-Executive & Independent Director | 3 |
| 5. | Mr. M. K. Maheshwari | Member# | Non-Executive & Independent Director | N.A. |

**# Till 27th April, 2018**

*** From 28th April, 2018**

The highlights of each of the Audit Committee Meetings are informed / provided to the Board of Directors and discussed in the Board Meeting. Subsequently, the Minutes of the Audit Committee Meetings are also sent to the Board.

**4) Nomination & Remuneration Committee**

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

The Committee is vested with all the crucial powers and authority to ensure appropriate disclosures of the remuneration of Directors and to deal with all the elements of remuneration packages w.r.t. all the Directors. The Nomination & Remuneration Committee recommends to the Board the compensation terms of the Directors & Senior Management. The Committee functions in line with the Nomination & Remuneration Committee Charter, prepared in accordance with the Companies Act, 2013 & Part D (A) of Schedule II to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, adopted by the Board, which, inter alia, includes the following functions:

- Formulating the criteria for determining qualifications, positive attributes and independence of a Director.
- Formulating the criteria for evaluation of Independent Directors and the Board.

- Devising a policy on Board diversity.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment & removal.
- Ensuring that the level and composition of remuneration is reasonable & sufficient to attract, retain and motivate Directors with the required competencies to run the Company successfully & efficiently.
- Ensuring that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Ensuring that the remuneration of the Directors, Key Managerial Personnel and senior management involves a balance between fixed and variable pay, reflecting short and long-term performance objectives, appropriate to the working of the Company and its goals.
- Carrying out evaluation of every Director's performance, including the Independent Directors.
- Reviewing and recommending to the Board, the following:
  a) Appointment / re-appointment of the Whole-time Directors and the Non-Executive Directors, including contract terms, performance criteria / targets, fees, travel and other benefits, etc.
  b) "Remuneration Report" in accordance with the Companies Act, 2013 for inclusion in the Directors' Report.
  c) "Remuneration Policy"
     - for the Whole-time / Executive Directors and Non-Executive Directors;
     - for the Key Managerial Personnel & Senior Management; and
     - for other employees.
  d) The size, qualification and composition of the Board.
  e) Short-term incentive strategy, performance targets and bonus payments for the Executive Directors.
  f) Offers, under the Company's employee equity incentive plans, if any, in respect of any financial year.
- Reviewing major changes and developments in the Company's remuneration, recruitment, retention,superannuation arrangements, human resource practices and employee relations.
- Ensuring that the Board & the Management makes available to them sufficient information and external advice, for informed decision-making, regarding remuneration.

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

During FY 2018-19 under review, 3 (three) Nomination & Remuneration Committee Meetings were held on 27th April, 2018, 30th May, 2018 and 05th February, 2019.

On 27th April, 2018, Mr. A. T. Malkani was inducted in place of Mr. R. A. Mirchandani onto the Nomination & Remuneration Committee.

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

The composition of the Nomination & Remuneration Committee and the attendance at its Meeting is given hereunder:

| Sr. No. | Name of the Member | Position in the Committee | Category of Directorship | Attendance During FY 2018-19 |
|---|---|---|---|---|
| 1. | Mr. R. N. Sapru | Chairman | Non-Executive & Independent Director | 3 |
| 2. | Mr. M. K. Maheshwari | Member | Non-Executive & Independent Director | 2 |
| 3. | Mr. A. T. Malkani | Member# | Non-Executive Director | 2 |
| 4. | Mr. R. A. Mirchandani | Member* | Non-Executive Director | 1 |

***Till 27th April, 2018**

**#From 28th April, 2018**

The highlights of each of the Nomination & Remuneration Committee Meetings are provided to the Board of Directors and discussed in the Board Meeting. Subsequently, the Minutes of the Nomination & Remuneration Committee Meeting are also sent to the Board.

**Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Nomination & Remuneration Committee has laid down the criteria for performance evaluation of the Directors, including the Independent Directors, which shall be carried out for / by the entire Board of Directors.

The evaluation is based on various parameters as stated below:

- Participation in the Board Meetings and Annual General Meeting.
- Quality of inputs (contribution) in the Meetings.
- Contribution towards development of Strategies.
- Contribution towards Risk Management / Mitigation.
- Efforts taken towards acquiring knowledge about the Company and its business.
- Concern towards the holistic development of the Company, short term as well as long term.

The evaluation process includes performance evaluation of individual Directors, performance evaluation of all the Board Committees by individual Directors and performance evaluation by individual Directors of the entire Board.

**Remuneration Policy for Directors:**

Pursuant to the requirements of the Companies Act, 2013 and Part D(A)(1) of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has, on the recommendation of the Nomination & Remuneration Committee, framed a Remuneration Policy for its Directors, considering the following, amongst other things:

**1. Remuneration to the Executive Directors:**

The remuneration of the Whole-time / Executive Director(s) is decided by the Nomination & Remuneration Committee, based on the criteria such as industry benchmarks, Company's performance vis-à-vis Industry performance / track record of the Whole-time / Executive Director(s) and the same is recommended to the Board of Directors. The Company pays remuneration by way of salary, perquisites & allowances (fixed component) and Bonus, Performance Incentive & Commission (variable component) upto a maximum of 1% of the net profits of the Company, specifically computed for this purpose, as per the provisions of the Companies Act, 2013 to all / each of 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 197 and Schedule V to the Companies Act, 2013. Bonus, Performance Incentive and Commission is payable to the Managing Director, subject to the achievement of performance criteria / parameters laid down by the Board of Directors from time to time. In case of inadequate or no profits, remuneration is paid subject to the provisions of the Act and approval of the shareholders.

Annual increments are recommended by the Nomination & Remuneration Committee within the salary scale of the Executive Directors. The terms of remuneration are approved by the Shareholders at the Annual General Meeting and are effected in the individual Agreements executed with the Executive Directors.

**2. Remuneration to the Non-executive Directors:**

As required under Schedule V(C)(5)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has uploaded the criteria for payment of Remuneration to the Non- Executive Directors onto the website of the Company, at the following weblink: http://www.adorwelding.com/images/pdf/corporate_policies/criteria_for_payment_to_NEDs.pdf

The summary of the remuneration paid / payable to all the Directors for FY 2018–19 is given below:-

**(Rs. in lakhs)**

| Sr. No. | Name of the Director | Salary# | Benefits (Perquisites) | Bonus | Commission | Sitting Fees @ | Total £ |
|---|---|---|---|---|---|---|---|
| 1. | Ms. A. B. Advani | 138.96 | 8.58 | - | 4.60 | - | **152.14** |
| 2. | Mr. S. M. Bhat | 121.07 | 2.06 | 25.61 | 18.61 | - | **167.35** |
| 3. | Mrs. N. Malkani Nagpal | 113.77 | 3.95 | - | 4.60 | - | **122.32** |
| 4. | Mr. R. A. Mirchandani | - | - | - | 4.60 | - | **4.60** |
| 5. | Mr. A. T. Malkani | - | - | - | 4.60 | - | **4.60** |
| 6. | Mr. D. A. Lalvani | - | - | - | 4.60 | - | **4.60** |
| 7. | Mr. M. K. Maheshwari | - | - | - | 4.60 | 0.65 | **5.25** |
| 8. | Mr. P. K. Gupta | - | - | - | 4.60 | 1.00 | **5.60** |
| 9. | Mr. R. N. Sapru | - | - | - | 4.60 | 1.60 | **6.20** |
| 10. | Mr. K. Digvijay Singh | - | - | - | 4.60 | 1.65 | **6.25** |
| 11. | Mr. G. M. Lalwani | - | - | - | 4.60 | 0.45 | **5.05** |
| 12. | Mr. S. G. Mirchandani | - | - | - | 4.60 | 0.55 | **5.15** |
| | **Total** | **373.80** | **14.59** | **25.61** | **69.21** | **5.90** | **489.11** |

**# Fixed Component**

**@As Member / Invitee, wherever applicable**

**£ Excluding GST**

**Notes:**

- The Agreement to be executed with the Executive Chairman will be from 01st May, 2019 to 18th November, 2019. Either party to the Agreement is entitled to terminate the Agreement by giving one month's notice to the other party, as mentioned in the Agreement.
- The Agreement with the Whole-Time Director is for a period of three years. Either party to the Agreement is entitled to terminate the Agreement by giving three month's notice to the other party, as mentioned in the Agreement.
- The Executive & the Whole Time Director, as per the Agreements, are entitled to Commission upto 1% of the net profits of the Company, as calculated under Section 198 of the Companies Act, 2013.
- The Non - Executive Directors are also entitled to commission up to 1% of the net profits of the Company proportionately / on pro-rata basis, as calculated under Section 198 of the Companies Act, 2013.

- 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 three month's notice to the other party, as mentioned in the Agreement.
- Performance Criteria for variable pay to the Managing Director for FY 2018-19 was as follows:
  (1) Bonus upto 0.05% of the targeted net sales.
  (2) Commission upto 0.50% of the Net Profits, subject to the achievement of targets.
- All the Promoter Directors, including the Executive Chairman & Whole – Time Director, are liable to retire by rotation.
- According to the Articles of Association of the Company, the Managing Director is not liable to retire by rotation.
- As per the Companies Act 2013, none of the Independent Directors retire by rotation.
- The Company does not have any stock option scheme for its Directors or employees.
- Severance Fees: NIL

**5) Stakeholders Relationship Committee**

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

The Stakeholders Relationship Committee of the Board looks into the redressal of investors' complaints like non-receipt of Annual Report, Dividend, Share Certificates, etc. and the matters related to share transfers, issue of duplicate share certificates, dematerialisation / rematerialisation of shares, transmission of shares and other allied transactions. It also empowers few executives of the Company to process the share transfer, etc.

The status / summary on / of complaints received & replied is also reported to the Board of Directors, as an Agenda item in every quarterly Board Meeting and is also reported to the Stock Exchanges. This information is also uploaded on the website of the Company.

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

During FY 2018-19 under review, 4 (four) Stakeholders Relationship Committee Meetings were held, i.e. on 30th May, 2018, 09th August, 2018, 01st November, 2018 and 05th February, 2019.

The Company Secretary acts as the Secretary of the Stakeholders Relationship Committee.

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

| Sr. No. | Name of the Member | Position in the Committee | Category of Directorship | Attendance during FY 2018-19 |
|---|---|---|---|---|
| 1. | Mr. R. A. Mirchandani | Chairman | Non - Executive Director | 3 |
| 2. | Mr. A. T. Malkani | Member (Ex-Chairman) | Non - Executive Director | 4 |
| 3. | Mrs. N. Malkani Nagpal | Member | Whole - Time Director | 3 |
| 4. | Mr. D. A. Lalvani | Member | Non - Executive Director | 4 |

The Minutes of each of the Stakeholders Relationship Committee Meetings are sent to the Board of Directors.

**Compliance Officer:**

Mr. V. M. Bhide, 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 complaint is given below:**

- The total number of complaints received and replied to the satisfaction of the shareholders during FY 2018-19 is 27.

- There was 1 (one) pending complaint in physical segment of shares pertaining to non-receipt of dividend and 1 (one) pending complaint in demat segment of shares pertaining to non-receipt of dividend as on 31st March, 2019.

**The Statement of Directors' Shareholding is as under:**

| Sr. No. | Name of the Director | Shareholding (No. of Shares) as on 31st March, 2019 |
|---|---|---|
| 1. | Ms. A. B. Advani | 2,95,480 |
| 2. | Mr. S. M. Bhat | Nil |
| 3. | Mrs. N. Malkani Nagpal | 81,052 |
| 4. | Mr. R. A. Mirchandani | 8,002 |
| 5. | Mr. A. T. Malkani | 1,03,626 |
| 6. | Mr. D. A. Lalvani | 21,712 |
| 7. | Mr. M. K. Maheshwari | Nil |
| 8. | Mr. P. K. Gupta | Nil |
| 9. | Mr. R. N. Sapru | Nil |
| 10. | Mr. K. Digvijay Singh | Nil |
| 11. | Mr. G. M. Lalwani | 10 |
| 12. | Mr. S. G. Mirchandani | Nil |

**6) Corporate Social Responsibility (CSR) Committee**

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

The Corporate Social Responsibility Committee functions in accordance with a Charter prepared & approved by the Board of Directors and the terms of reference of the Corporate Social Responsibility Committee broadly comprise the following:

- Formulating & recommending to the Board, a CSR policy, which shall indicate the activities to be undertaken by the Company, pursuant to Schedule VII to the Companies Act, 2013.
- Recommending the annual budget of the CSR activities which indicates the amount of expenditure to be incurred on the CSR projects / programmes.
- Monitoring the implementation of CSR Policy of the Company from time to time.
- Setting up a transparent system to oversee the implementation of the CSR activities / projects / programmes.

CSR Policy is formulated & approved by the Board, as mandated under the provisions of Section 135 of the Companies Act, 2013. The CSR Policy & CSR activities / strategies for FY 2018-19 are posted onto the Company's website on the following web-link: http://www.adorwelding.com/images/pdf/corporate_policies/Corporate-Social-Responsibility-Policy-CSR-FY-2018-191.pdf

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

During FY 2018-19 under review, 4 (four) CSR Committee Meetings were held, i.e. on 30th May, 2018, 09th August, 2018, 01st November, 2018 and 05th February, 2019.

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

The composition of the CSR Committee and attendance at its Meetings are given hereunder:

| Sr. No. | Name of the Member | Position in the Committee | Category of Directorship | Attendance during FY 2018-19 |
|---|---|---|---|---|
| 1. | Mr. G. M. Lalwani | Chairman | Non - Executive & Independent Director | 3 |
| 2. | Ms. A. B. Advani | Member | Executive Chairman | 4 |
| 3. | Mr. S. M. Bhat | Member | Managing Director | 4 |
| 4. | Mr. D. A. Lalvani | Member | Non - Executive Director | 4 |

The highlights of each of the CSR Committee Meetings are informed / presented to the Board of Directors and discussed in the Board Meetings. Subsequently, the Minutes of the CSR Committee Meetings are also sent to the Board.

**7) General Body Meetings**

Location and time of the last 3 (three) Annual General Meetings of the Company is given below:

| Sr. No. | Financial Year | Date | Location | Time |
|---|---|---|---|---|
| 1. | 2017-18 | 10th August, 2018 | Walchand Hirachand Hall, Mumbai | 11.00 am |
| 2. | 2016-17 | 31st August, 2017 | Walchand Hirachand Hall, Mumbai | 11:00 am |
| 3. | 2015-16 | 28th July, 2016 | Walchand Hirachand Hall, Mumbai | 03:30 pm |

All the special resolutions moved in the previous 3 (three) Annual General Meetings were passed by majority of the Members present / voted at the Meeting and there were 3 (three) special resolutions during last year.

The summary of outflow on account of Dividends & Dividend Tax for the last 8 (eight) years along with the percentage & type of Dividend is given below:

| Sr. No. | Financial Year | Dividend % | Type of Dividend | Dividend Outflow (Rs. in lakhs) | Dividend Tax Outflow (Rs. in lakhs) | Total Outflow (Rs. in lakhs) | Profit After Tax (PAT) (Rs. in lakhs) | % of Dividend & Tax Outflow to PAT |
|---|---|---|---|---|---|---|---|---|
| A | B | C | D | E | F | G = (E+F) | H | I = (G/H)% |
| 1. | 2018-19 | 65$ | Final | 883.90 | 181.73 | 1065.63 | 2,385.00 | 44.68 |
| 2. | 2017-18 | 50 | Final | 679.92 | 138.42 | 818.34 | 1,856.00 | 44.09 |
| 3. | 2016-17 | 50 | Final | 679.92 | 138.42 | 818.34 | 1,812.00 | 45.16 |
| 4. | 2015-16 | 50 | Final | 679.92 | 138.42 | 818.34 | 2,264.76 | 36.13 |
| 5. | 2014-15 | 50 | Final | 679.92 | 138.42 | 818.34 | 3,237.32 | 25.28 |
| 6. | 2013-14 | 50 | Final | 679.92 | 115.55 | 795.47 | 422.70 | 188.19 |
| 7. | 2012-13 | 60 | Final | 815.91 | 132.36 | 948.27 | 1,908.02 | 49.70 |
| 8. | 2011-12 | 60 | Final | 815.91 | 132.36 | 948.27 | 2,089.11 | 45.39 |

**$ subject to the approval of the Members at the ensuing AGM**

**8) Independent Directors Meeting and Familiarisation Programme for Independent Directors**

**8.1 Independent Directors Meeting:**

During the year under review, the Independent Directors met on 05th February, 2019, inter alia, to discuss the following:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors, as a whole.
- Evaluation of the Executive Chairman of the Company, taking into considerations the views of other Executive, Non- Executive & Independent Directors.
- Assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors briefed the Board on the outcome of their meeting / suggestions.

All the Independent Directors were physically present at the meeting, except Mr. M. K. Maheshwari & Mr. G. M. Lalwani, who had sought leave of absence.

**8.2 Familiarisation Programme for Independent Directors:**

Pursuant to Regulation 25 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company carries out Familiarisation Programme for the Independent Directors w.r.t. their role, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through which the Independent Directors are briefed on the affairs & operations of the Company. The methodology of the Familiarisation Programme is uploaded on the following web link: http://www.adorwelding.com/images/pdf/corporate_policies/independent-directors.pdf

Further, a summary of the programs conducted for the Independent Directors during FY 2018-19 with relevant details is also uploaded on the website at the following web-link:-http://www.adorwelding.com/images/pdf/corporate-governance-report/details-of-familiarisation-program-for-independent-directors-FY-2017-18.pdf

**9) Disclosures**

**9.1 Materially significant related party transactions:**

During FY 2018-19 under review, there were no materially significant Related Party Transactions of the Company with its Promoters, Directors or the Senior Management Personnel or their relatives, as well as its subsidiaries, etc. that had a potential conflict with the interest of the Company at large.

**9.2 Policy for entering into Related Party Transactions:**

The Company has formulated Related Party Transactions Policy, as required under the provisions of the Companies Act, 2013 & Regulation 23 (1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, and the same is uploaded on the Company's website: http://www.adorwelding.com/images/pdf/corporate_policies/RPT_policy.pdf

**9.3 Material Subsidiaries:**

Pursuant to Regulation 16 (1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a Policy for determining 'material' subsidiaries has been adopted by the Company, and the same is uploaded on the following web link: http://www.adorwelding.com/images/pdf/corporate_policies/Policy-for-determining-Material-Subsidiary.pdf

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

The Company has complied with all the known rules & regulations prescribed by the Stock Exchanges, SEBI and all other statutory authorities relating to the capital markets during the last three financial years. There were no instances of any levy of penalties or strictures on the Company.

**9.5 Vigil Mechanism - Whistle Blower Policy:**

The Company has established Vigil Mechanism–cum–Whistle Blower Policy, to enable its Directors, Employees & Stakeholders to report the instances of any unethical / improper activity in the Company and the said Policy is uploaded on the Company's website on the following web link: http://www.adorwelding.com/images/pdf/corporate_policies/Mechanism-For-Whistle-Blower-For-Stakeholders11.pdf & http://www.adorwelding.com/images/pdf/corporate_policies/Whistle-Blower-for-Employees–Directors2019.pdf

No person is denied access to the Chairman of the Audit Committee under the said Policy.

**9.6 Statutory Audit Fees:**

Statutory Auditors of the Company, M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Mumbai were paid a total fees of Rs. 31.00 Lakhs plus out of pocket expenses at actuals and GST / Taxes, as applicable, at actuals, for carrying out the Statutory Audit, Limited Review and Tax Audit of the Company for FY 2018-19.

## 10) Means of Communication

**10.1** The Company regularly publishes its Quarterly / Half-yearly & Annual Financial Results in newspapers, viz. Business Standard (English) & Mumbai Sakal (Marathi), and simultaneously uploads them onto the website of the Company: www.adorwelding.com. Hence, the financial results are not sent to the shareholders residence. Annual Report is e-mailed to the Shareholders, whose e-mail IDs are registered with the Company / RTA / DP and posted / sent / couriered to other shareholders, who either do not have e-mail IDs or whose e-mail IDs are not registered with the Company / RTA / DP or who have specifically requested for a physical copy.

**10.2** During FY 2018-19, two (2) Analysts / Institutional Investors Meets were conducted by the Company on 22nd June, 2018 & 27th August, 2018. The presentations pertaining to the Institutional Investors / Analysts Meet are uploaded onto the website of the Company along with the relevant details at the following web-links: http://www.adorwelding.com/images/pdf/Investor-Meet-presentation.pdf & http://www.adorwelding.com/images/pdf/presentationonmeet27082018.pdf

**10.3** The Management Discussion & Analysis (MDA) Report is an integral part of the Annual Report. (Refer Annexure V to the Directors' Report).

## 11) General Shareholder Information

| | |
|---|---|
| **Day, Date and Time of Annual General Meeting** | Friday, 26th July, 2019 at 11:00 am |
| **Venue of Annual General Meeting** | Walchand Hirachand Hall, Indian Merchants Chamber, Churchgate, Mumbai - 400 020, Maharashtra, India. |
| **Financial Year** | 01st April, 2018 – 31st March, 2019 |
| **Book Closure Dates / period** | Saturday, 20th July, 2019 to Friday, 26th July, 2019 |
| **Dividend Payment Day and Date** | By Monday, 05th August, 2019 |
| **Financial Calendar for FY 2019-20** | Financial (unaudited) Reporting for the quarter ending June 2019 – by 14th August, 2019<br>Financial (unaudited) Reporting for the quarter ending September 2019 – by 14th November, 2019<br>Financial (unaudited) Reporting for the quarter ending December 2019 – by 14th February, 2020<br>Financial (audited) Reporting for the year ending March 2020 – by 30th May, 2020 |

**Investor Education and Protection Fund (IEPF):**

- During FY 2018-19, unclaimed dividend amount of Rs. 17,65,968/- pertaining to Dividend for FY 2010-11 was transferred to IEPF.
- During FY 2018-19, about 12,508 Equity shares, on which dividend had remained unclaimed for a period of seven consecutive years, were transferred to the IEPF Authority. The unclaimed dividend amount (resultant benefits) on the said shares amounting to Rs.4,75,304/- was directly transferred to IEPF Authority.
- During FY 2019-20, about 27,721 Equity shares are liable to be transferred to the IEPF Authority on or before 25th September, 2019, unless Dividend is claimed on these shares till the date of transfer.

- Year wise amount of unpaid / unclaimed dividend lying in the unpaid Divided account up to the year ended 31st March 2019 and the corresponding shares, which are liable to be transferred to IEPF, is given below:

| Sr. No. | Financial Year | Amount of unclaimed dividend (Rs.In lakhs) | No. of shares on which dividend is unclaimed | Remarks |
|---|---|---|---|---|
| 1. | 2017-18 | 10.88 | 27721 | If the dividend remains unclaimed for a period of 7 consecutive years, then it will be transferred to IEPF |
| 2. | 2016-17 | 18.35 | 27721 | |
| 3. | 2015-16 | 17.36 | 27821 | |
| 4. | 2014-15 | 16.66 | 27821 | |
| 5. | 2013-14 | 16.08 | 27921 | |
| 6. | 2012-13 | 17.84 | 27921 | |
| 7. | 2011-12 | 17.55 | 27921 | |

**Credit Rating:**

Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, details of credit rating obtained by the Company for all its outstanding instruments, as on 31st March, 2019 are enumerated below:

- Long Term Credit Facilities: CARE AA- : Stable (Double A Minus; Outlook : Stable)
- Short Term Credit Facilities: CARE A1+ (A One Plus)

On 22nd March, 2019 the credit rating of Long Term Credit Facilities was revised from CARE AA (Double AA; Outlook : Stable) to CARE AA- (Double A Minus; Outlook : Stable).

The detailed information of the credit rating is uploaded on the website of the Company at the following web-link: http://www.adorwelding.com/images/pdf/credit_rating/Credit-Rating-For-Ador-Welding-Limited.pdf

**Listing:**

The Stock Exchanges, on which the Company's securities are listed and the Company's corresponding Stock Code is as under:

| Name of the Stock Exchange | Address | Stock Code |
|---|---|---|
| BSE Limited, Mumbai | Phiroze Jeejeebhoy Towers, 01st Floor, Dalal Street, Fort, Mumbai - 400 001. | 517041 |
| The National Stock Exchange (India) Limited (NSE), Mumbai | Exchange Plaza, C - 1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. | ADORWELD |

**Annual Listing Fees and Custodial Fees:**

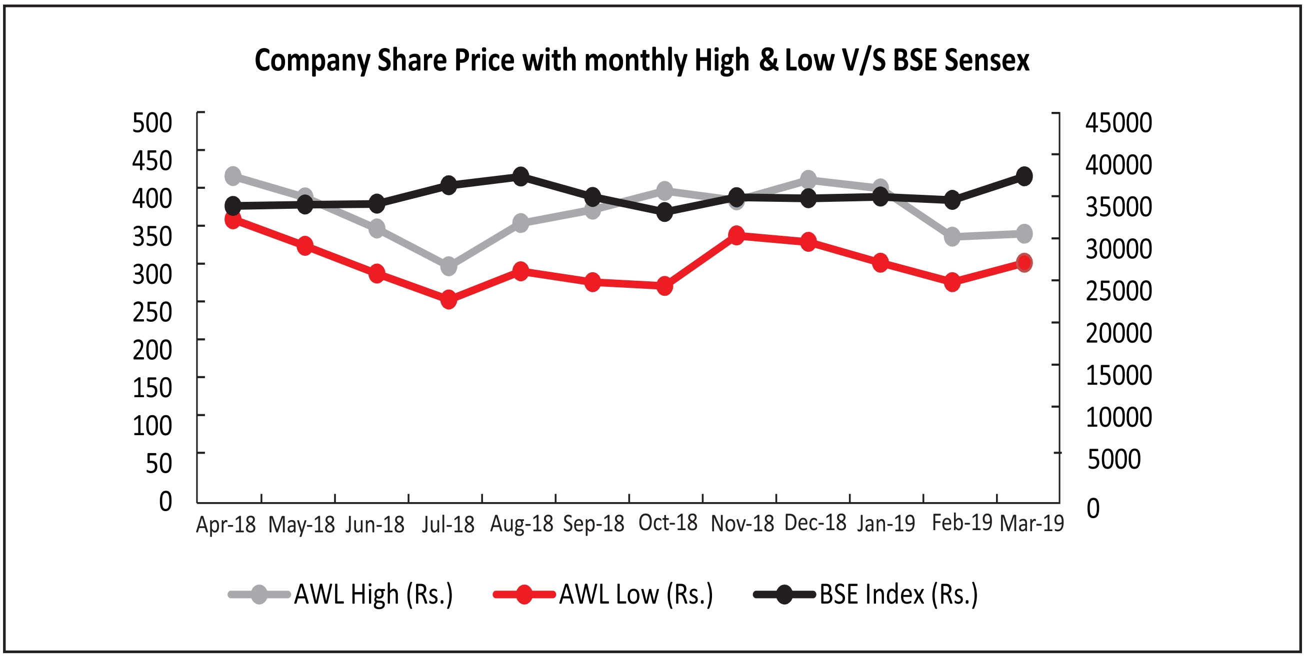
The annual listing fees and custodial fees for the financial year 2018-19 have been paid by the Company within the stipulated time.

**Market Price Data:**

Market / Price data during each month of FY 2018-19 is given hereunder:

| INDEX | BSE | | | | NSE | | | |
|---|---|---|---|---|---|---|---|---|
| Month | High (Rs.) | Low (Rs.) | No. of Shares | No. of Trades | High (Rs.) | Low (Rs.) | No. of Shares | No. of Trades |
| April, 2018 | 430.00 | 372.95 | 5,00,362 | 1,508 | 427.00 | 375.00 | 7,38,228 | 13,674 |
| May, 2018 | 402.00 | 338.00 | 24,784 | 1,168 | 405.00 | 339.00 | 2,05,775 | 8,725 |
| June, 2018 | 360.75 | 301.30 | 16,871 | 765 | 360.00 | 301.50 | 1,65,049 | 6,344 |
| July, 2018 | 311.00 | 267.00 | 2,82,579 | 1,254 | 315.00 | 266.10 | 2,39,827 | 7,781 |
| August, 2018 | 367.95 | 304.25 | 53,098 | 2,380 | 368.00 | 305.00 | 4,47,764 | 16,753 |
| September, 2018 | 385.65 | 290.00 | 80,442 | 3,117 | 385.50 | 281.55 | 4,03,598 | 15,036 |
| October, 2018 | 410.50 | 285.00 | 1,09,749 | 4,365 | 412.00 | 282.15 | 6,67,668 | 24,933 |
| November, 2018 | 398.00 | 351.65 | 29,435 | 1,845 | 398.00 | 352.35 | 2,67,453 | 15,199 |
| December, 2018 | 424.95 | 343.05 | 66,082 | 3,030 | 444.80 | 344.00 | 5,37,986 | 21,299 |
| January, 2019 | 413.85 | 315.65 | 1,03,314 | 4,501 | 413.15 | 311.90 | 6,61,001 | 30,486 |
| February, 2019 | 350.00 | 289.95 | 19,240 | 1,165 | 353.90 | 288.00 | 1,13,170 | 7,519 |
| March, 2019 | 354.00 | 315.55 | 16,977 | 950 | 356.00 | 312.00 | 1,64,859 | 8,120 |

**Performance in comparison to BSE Sensex:**




**Registrar & Share Transfer Agent:**

- The name of the Registrar & Share Transfer Agent (RTA) of the Company is:
  **M/s. Sharex Dynamic (India) Pvt. Ltd.**
- The share transfer is handled by the Company's RTA at the following address:
  **M/s. Sharex Dynamic (India) Pvt. Ltd.**
  C 101, 247 Park,
  L.B.S Marg, Vikhroli (West),
  Mumbai – 400 083,
  Maharashtra, INDIA
  **Tel:** +91 22 2851 5606 / 44
  **Website:** www.sharexindia.com
  **E-mail:** support@sharexindia.com

**Share Transfer System:**

Shares lodged for physical transfer with RTA of the Company are normally processed within a period of 15 days from the date of lodgment, provided the documents are clear in all respects. All requests for dematerialisation of shares are also processed and the confirmation is given by RTA 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, NECS, etc. received from the Members, are generally processed by RTA of the Company within 7 working days.

**Distribution of shareholding as on 31st March, 2019:**

| Sr. No. | Range of Shareholding | No. of Shareholders | % of Total Shareholders | No. of Shares Held | % of Total Shareholding |
|---|---|---|---|---|---|
| 1. | 1-100 | 8,284 | 57.90 | 3,91,940 | 2.88 |
| 2. | 101-200 | 2,520 | 17.61 | 4,00,342 | 2.94 |
| 3. | 201-500 | 2,697 | 18.85 | 7,87,262 | 5.79 |
| 4. | 501-1,000 | 424 | 2.96 | 3,29,181 | 2.42 |
| 5. | 1,001-5,000 | 294 | 2.05 | 6,36,187 | 4.68 |
| 6. | 5,001-10,000 | 34 | 0.24 | 2,43,057 | 1.79 |
| 7. | 10,001-1,00,000 | 42 | 0.29 | 16,03,373 | 11.79 |
| 8. | 1,00,001 and above | 12 | 0.08 | 92,07,125 | 67.71 |
| | **Total** | **14,307** | **100.00** | **1,35,98,467** | **100.00** |

**Shareholding Pattern (category wise) as on 31st March, 2019:**

| Sr. No. | Category | No. of Shares Held | % of Total Shareholding |
|---|---|---|---|
| 1. | Promoters | 77,10,797 | 56.70 |
| 2. | Mutual Funds | 21,37,884 | 15.72 |
| 3. | Banks / Financial Institutions | 24,205 | 0.18 |
| 4. | Central Govt. / State Govt. | 1,87,393 | 1.38 |
| 5. | FIIs | 0.00 | 0.00 |
| 6. | NRIs / OCBs | 2,58,709 | 1.90 |
| 7. | Private Corporate Bodies | 3,87,754 | 2.85 |
| 8. | Resident Individuals & others | 28,80,013 | 21.18 |
| 9. | Clearing Members | 11,712 | 0.09 |
| | **Total** | **1,35,98,467** | **100.00** |

**Dematerialisation of Shares and Liquidity:**

- 1,30,67,299 Equity shares of the Company, representing about 96.09% of the total shares of the Company, have been dematerialized as on 31st March, 2019.
- Trading in the shares of ADOR WELDING LIMITED is permitted only in dematerialised form with effect from 08th May, 2000 and are available for trading on both the depositories of India, i.e. M/s. National Securities Depository Ltd. (NSDL) & M/s. Central Depository Services (India) Ltd. (CDSL).

**Statutory Compliance:**

During FY 2018-19 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, 2013, to the extent notified and other 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

**Commodity price risk or foreign exchange risk and hedging activities:**

The Company takes 'forward cover' of appropriate amount and hedges its FOREX exposure. The Company does not hedge in commodity prices.

**Plant Locations:**

The Company has the following manufacturing plants as of 31st March, 2019:

| **Ahmednagar Plant** | **Chennai Plant** |
|---|---|
| Plot B-5, MIDC Industrial Area, Nagar - Manmad Road, Ahmednagar – 414 111<br>Maharashtra, INDIA | Melakottiyur, via Vandalur, Kelambakkam Road, Chennai 600 127,<br>Tamil Nadu, INDIA |
| **Chinchwad Plant** | **Raipur Plant** |
| Survey No. 147/2B, Akurdi, Near Khandoba Mandir, Chinchwad, Pune - 411 019<br>Maharashtra, INDIA | Bilaspur Road, Industrial Estate, Raipur - 493 221, Chattisgarh, INDIA |
| **Silvassa Plant** | |
| Survey No. 59/11/1, Khanvel Road, Opp. Gulf Oil, Masat, Silvassa - 396 230<br>U.T. of Dadra & Nagar Haveli, INDIA | |

**Address for Correspondence:**

**Ador Welding Limited**

Ador House, 4th Floor, 6, K. Dubash Marg, Fort, Mumbai - 400 001-16, Maharashtra, INDIA.

**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.

- **Shareholders 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 individually sent to the shareholders of the Company. 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.

- **Separate Posts for Chairman & CEO:**

  The Company has separate posts of the Chairman (Executive), being Ms. Aruna B. Advani and the Managing Director (CEO), being Mr. S. M. Bhat.

- **Training of the Board Members:**

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

- **Reporting of the Internal Auditors:**

  M/s. Kirtane & Pandit, LLP Chartered Accountants, Pune were appointed as the Internal Auditors of the Company for FY 2018-19 to conduct the Internal Audit at all its Plants, sales office locations and Head (Registered) Office, as per the scope approved by the Audit Committee.

**For and on behalf of the Board**

Aruna B.Advani
**Executive Chairman**
(DIN: 00029256)

**Place**: Mumbai
**Date**: 16th May, 2019

# Declaration by the Managing Director pursuant to Regulation 34(3) and Schedule V - Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As the Managing Director of Ador Welding Limited and as required pursuant to Regulation 34(3) and Schedule V Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Members of the Board of Directors and Senior Management Personnel of Ador Welding Limited have affirmed compliance with the Code of Conduct of the Board of Directors and Senior Management, adopted by the Company, for FY 2018-19.

**For and on behalf of the Board**

S. M. Bhat
**Managing Director**
(DIN: 05168265)

**Place:** Mumbai
**Date:** 16th May, 2019

# INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of Ador Welding Limited**

1. This certificate is issued in accordance with the terms of our engagement letter dated 17 September 2018.

2. We have examined the compliance of conditions of corporate governance by Ador Welding Limited ('the Company') for the year ended on 31 March 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

**Management's Responsibility**

3. The compliance of conditions of corporate governance is the responsibility of the Management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance, as stipulated in the Listing Regulations.

**Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI, which requires that we comply with the ethical requirements of the Code of Ethics, issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance, as stipulated in the Listing Regulations, during the year ended 31 March 2019.

   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.

**Restriction on use**

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**
**Chartered Accountants**
Firm Registration No. 001076N/N500013

Nikhilesh Nagar
**Partner**
**Membership No.:** 079597
**UDIN No:**19079597AAAAAB9522

**Place:** Mumbai
**Date**:16 May 2019

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,

The Members,

**Ador Welding Limited**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Ador Welding Limited having CIN L70100MH1951PLC008647 and having registered office at Ador House, 6, K. Dubash Marg, Fort, Mumbai - 400001- 16 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications made by us (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company, as stated below, for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of the Director | Directors Identification Number (DIN) | Date of appointment in the Company |
|---|---|---|---|
| 1. | Ms. Aruna Bhagwan Advani | 00029256 | 01/05/2009 |
| 2. | Mr. Satish Madhusudan Bhat | 05168265 | 20/07/2012 |
| 3. | Mrs. Ninotchka Malkani Nagpal | 00031985 | 03/10/1997 |
| 4. | Mr. Ravin Ajit Mirchandani | 00175501 | 28/07/2006 |
| 5. | Mr. Aditya Tarachand Malkani | 01585637 | 27/07/2007 |
| 6. | Mr. Deep Ashda Lalvani | 01771000 | 27/07/2007 |
| 7. | Mr. Manojkumar M. Maheshwari | 00012341 | 28/03/2005 |
| 8. | Mr. Piyush Kumar Gupta | 00963094 | 27/10/2006 |
| 9. | Mr. Rakesh Narain Sapru | 02332414 | 19/10/2008 |
| 10. | Mr. Kunwar Digvijay Singh | 00004607 | 01/02/2009 |
| 11. | Mr. Gaurav Mohan Lalwani | 06928792 | 10/11/2014 |
| 12. | Mr. Sasha Gulu Mirchandani | 01179921 | 10/11/2014 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **N. L. Bhatia & Associates**
Practicing **Company Secretaries**
UIN: P1996MH055800

**Place:** Mumbai
**Date:** 16th May, 2019

**N. L. Bhatia**
Managing Partner
**FCS:** 1176
**CP. No.** 422

## ANNEXURE V - TO THE DIRECTORS' REPORT

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 1. INDUSTRY STRUCTURE & DEVELOPMENTS

Major reforms were undertaken by the Government of India (GoI) over the past one year. The transformational Goods & Services tax (GST) was implemented w.e.f 01st July, 2017. The long festering Twin Balance Sheet problem was decisively addressed through the Insolvency & Bankruptcy Code (IBC), 2016 and recapitalization of banks. If macro economic stability is kept under control, the ongoing reforms are stabilized and the world economy is buoyant as today, growth should start to accelerate towards its medium term potential of 8%. Acceleration of global growth should, in principle, provide a solid boost to exports. Remittance from abroad are already increasing up on account of rise in oil prices. Private investment seems poised to rebound as many of the factors exerting a drag on growth have eased. However, translating this potential into real investment will depend on the speed of dispute resolution and recapitalization process. If this process moves ahead expeditiously and stressed firms are put in the hands of stronger ownership, it will allow them to resume spending. However, if the resolution is delayed, so too will the CAPEX cycle by putting pressure on the Government to spend, which will only be possible if the Fiscal balance can be maintained. The consumption demand will, meanwhile, exert different pressures. On the positive side, it will be helped by reduction in real interest rates while higher oil prices, if passed on to consumers, will curb real incomes and spending. If higher prices require tightening of monetary policy to meet inflation targets, it will further exert a drag on consumption.

Manufacturing has emerged as one of the high growth sectors in India after the launch of the "Make in India "program a few years ago. Several global giants have either set up their shops or are in the process of setting up manufacturing base in India. Under the "Make in India" program, the Government aims to increase the share of manufacturing as a percentage of GDP from around 17% to 25% by the year 2022. Business conditions in the manufacturing sector continue to remain positive.

The Company, being a leader in the welding business, is a major beneficiary of this upswing in the manufacturing sector registering a production of around 38000 MT of welding consumables in FY 2018-19 as against 35400 MT in the previous year with a growth of 7.25 percentage points. Future for the manufacturing sector looks bright, with several initiatives taken by the Government to "Make India" an attractive hub for foreign investments. The Company is experiencing a strong demand for its products from its traditional segments like Oil & Gas, Power, Heavy Engineering, as well as new segments such as Defence and Railways. Outlook for the current year looks good and this momentum in demand looks sustainable. Indian markets continued to attract significant FDI and FII inflows. The monsoon was good, there was no Inflationary pressure and fiscal deficit was under control. All this resulted in lower interest rates and stability in value of the Indian rupee.

We continued with our Market Share strategy, offering technologically advanced products and customer specific solutions. Our initiatives of introducing new products and providing solutions to customers played a critical role in strengthening our market presence and addressing new markets. We continued to grow in both the segments and improve market share.

### 2. OPPORTUNITIES & THREATS

Various initiatives of the Government to attract investments in the manufacturing sector provide new business opportunities for our Company. Our continued R & D focus on developing new products and solutions will enable us to address these new opportunities and drive growth. The GoI is likely to ease FDI in defense, in order to boost "Make in India" initiative and generate employment. This will open up new business opportunities for domestic industry.

We continue to strengthen our manufacturing processes, widen sales network, invigorate sales force, promote a digital culture and showcase our differentiating capabilities in the market place to gain competitive advantage and improve market share in a highly fragmented industry. We continue to explore new markets for exports but concentrate our efforts in the GCC countries and dominate in segments, we have already established ourselves in. However, slowdown in GDP growth on account of domestic or global issues will affect demand for our products and return on investment.

3. **RISKS & CONCERNS**

Fiscal year 2018-19 has been a year of economic consolidation after implementation of GST and demonetization. GDP growth is expected to be around 7.5% aided by significant export growth. However, for India to sustain this growth rate, the new government will have to adopt a non populist economic policy. The USA appears to have reversed its earlier projection of interest rate hikes fearing a slowdown in the economy. China and some other European countries also seem to be slowing down, which may affect world economic growth. Rising protectionism and disruptions caused by US sanctions on countries like Iran may hurt world growth. The US – China trade war and events like BREXIT are all impediments to growth.

Indian exports are mainly capital intensive and therefore, need to harness cheap labour to sustain double digit growth in case of slow down in world economy. Small incremental reforms will not suffice and further reforms in labour and land laws, education and health will be required to sustain a 7.5% growth rate and be counted as a Miracle Economy in the world. Price of crude, which has stabilized @ USD 70/ bl augurs well for the Indian economy. However, any further increase in oil prices may adversely impact current account deficit, inflation, value of the Indian rupee and interest rates, derailing the India growth story.

4. **INCOME STATEMENT ANALYSIS**

The total operating revenue for the year ended 31st March, 2019 was Rs. 51,215 Lakhs, a growth of 10.21% over the previous year. Revenue from the Consumables business was Rs. 38,570 Lakhs registering a growth of 26.11% over the previous year. Revenue from Equipment business was Rs. 8,497 Lakhs growing @ 11.88% over the previous year. Project engineering business revenue was Rs. 4,148 Lakhs for the year, lower by Rs. 3,447 Lakhs compared to the previous year. This was due to the tapering of revenue in case of a large project, which is nearing completion and delay in finalization of new orders. Other income of Rs. 1,042 Lakhs mainly consisted of forex gains, interest income, duty drawback, etc. Expenditure to total revenue ratio dropped from 94% to around 93% due to various initiatives taken to contain manufacturing costs and overheads resulting in improvement of Operating profits. We continuously endeavor to improve gross margins through a mix of cost control, product pricing and innovation. Return on tangible net worth increased to 9.05% from 7.49% in the previous year.

5. **BALANCE SHEET ANALYSIS**

The Company funded all its capital investment from internal accruals. Debtors have been controlled at 60 days. Inventory is lower at 37 days compared to 42 days in the previous year. The Company availed working capital loan for one of its PEB projects. The Company has borrowed working capital funds for its business, which will be repaid out of free cash flows of the Company.

6. **OUTLOOK**

Global economic growth may suffer on account of the ongoing trade disputes between US and China. Further, the frequent disturbances in the middle east, economic sanctions by the USA and the uncertainty surrounding BREXIT may hamper growth, if allowed to simmer for long. India has the potential to grow @ over 7% p.a on the back of fiscal, social, and investment policies and export readiness. India continues to remain the bright spot in the global economy and is on the path to becoming the fifth largest economy by the year 2022.

We expect financial year 2019-20 to be better than FY 2018-19 with respect to economic growth, inflation, and investments.

7. **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company strongly believes that effective internal controls are inherent to the principle of good corporate governance and that operational freedom in conducting business should be exercised within the framework of appropriate checks & restraints.

The Company, with the help of a professional Audit & Consultancy firm, had developed a formal "Internal Financial Control System" (IFCS) comprising of authority, level & power, supervision, checks & balances, planning & procedures few years ago. This system (IFCS) is reviewed and updated on an on-going basis. The system covers the following aspects of business processes and reporting:

1. Financial propriety of business transactions
2. Manufacturing operations and processes
3. Accurate reporting of financial transactions, as per the applicable accounting standards
4. Efficient use and protection of resources of the Company
5. Compliance with the established Company policies, guidelines and statutes

The Company has a well-defined Internal Audit System. The scope of Internal Audit is finalised in consultation with the Statutory Auditors and approved by the Audit Committee. The audit plan is focused on the following objectives:

- Operational and related activities
- Improving management control, process efficiency, etc.
- Review of potential risks and their mitigation plans
- Recognizing & addressing significant legislative and regulatory provisions impacting the organization

The Audit Committee, consisting of 3 (three) Independent Directors and 1 (one) Non-Independent Director, reviews the Internal Audit Reports and offers necessary guidance with respect to its coverage & scope.

The Company has an ERP system, which has made its Financial and Accounting Management Systems more robust. Further, Business Intelligence (BI) has helped us in analyzing and taking faster decisions. The Company's aim and endeavor has been to sustain its culture of continuous learning and leveraging talent, as the fundamental enabler of its business growth.

The Company's CRM software helps to identify its target customers, optimize sales management, improve customer relationship through personalization, identify customer needs, offer solutions and analyze distribution patterns for faster reach to the customers.

The Company's COPS software helps in centralizing its order processing, which has improved efficiency in logistics / movement of goods. The Company has a very sound compliance track record with all the Legal and Statutory authorities in the Country, and there is a regular management audit mechanism to ensure that the Company, does not violate any known Legal or Statutory provisions applicable to the Company.

## 8. HUMAN RESOURCES

AWL strives to achieve the objective of "Happy Adorians" with each endeavor, because we truly believe that our people are one of our strong pillars and it's their relentless efforts that help AWL cross milestones year after year. We constantly strive to build a feeling of employee ownership towards the organization through initiatives such as "My Performance, My responsibility" (PMS), "My Pay, My Choice" (flexipay); "My Career, My Choice" (IJP), thereby empowering and encouraging them to make conscious efforts to perform and grow. This attitude of ownership, that has been cultivated throughout the organization, differentiates us from our competitors.

We have adopted a culture of challenge and innovation, provided a conducive and safe work environment and have emphasized the importance of work – life balance, in-order to provide a nurturing and supportive environment, where adorians can perform. Best in practise HR policies namely, learning & development programs, employee engagement strategies, reward & recognition schemes and employer branding initiatives have been carefully designed to align with the business objectives. All of this has helped us achieve a very low attrition rate over the years. In line with this, we are proud to announce the felicitation of Ador Welding Limited with two prestigious awards namely, **'Best Employer Brand'** and `**Institution Building**' by World HRD Congress.

The HR department is aimed to achieve two important objectives: (1) Being strategic partners and significantly contributing to business improvement, (2) Contributing to a Holistic Employee Well-being. Considering the above objectives, this year, our special focus is on fostering a culture of trust within and outside the Organization so as to ensure the achievement of MD's Mantra -"Happy Adorians = Happy Customers", which is possible only if there exists a bond of trust by means of staying committed to what you claim to offer i.e most importantly Mutual Growth, Quality and Timely Delivery to our customers.

In view of the above and to achieve the end – results, we offer our people with a well-balanced variety of training opportunities ranging from functional, behavioural, leadership, career development to personal development facilitated by internal as well as external experts.

Several development interventions conducted during FY 2018-19 included Leadership Skills for top line and middle line managers in the form of 'Simulations', 'Interactive workshops – Harvard case studies' , Quality Management and Systems (QMS), Prevention of Sexual Harassment (POSH) workshop, Manufacturing Excellence program for Key Suppliers, and 'Yoga Sessions at Workplace'.

We believe that the progress of an organization lies in a transparent and empowered environment conducive to innovation. We, thus, provide forums for employees to voice their opinions through initiatives like "Town Hall" and "Talk to your MD". By virtue of such friendly initiatives and Best-in-Class practices, we look forward to continue bearing the title of being the "Best Employer Brand"!.

Lastly, for decades, we have been understood to operate in the industry where male predominance can be witnessed and was rule of the day. However, Ador Welding Limited has made a paradigm shift from having a gender defined / specific workforce to promote gender equanimity while recruiting for back office work or shop floor activities across its locations. The women strength of the Company is currently notched at around 10% of the total number of employees and the numbers are on the rise with passing of every year.

Ador Welding Limited also brings in bold and welcome change across the welding industry by employing differently abled workforce. With this, Ador Welding Limited continues to believe in & strongly follow its philosophy of talent based recruitment and is consistently working towards building a workforce defying the conservative norms and reservations found in the industry.

The employee strength of the Company as of 31st March, 2019 stood at 538.

**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.

**For and on behalf of the Board**

Aruna B. Advani
**Executive Chairman**
(DIN: 00029256)

**Place:** Mumbai
**Date**: 16th May, 2019

## ANNEXURE VI - TO THE DIRECTORS' REPORT

### FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members,
**Ador Welding Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate governance practices adopted by **Ador Welding Limited**, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31,2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms & returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

(1) The Companies Act, 2013 (the Act) and the Rules made thereunder including statutory amendments made thereto and modifications thereof for the time being in force;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(3) The Depositories Act, 1996 and the Regulations & bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 & the Rules and Regulations made thereunder to the extent applicable;

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable to the Company during the Financial Year**

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable to the Company during the Financial Year**

   f) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2013;**Not applicable to the Company during the Financial Year**

   g) The Securities and Exchange Board of India (Registrar to an issue and Share Transfer Agents) Regulations, 1993 **Not applicable to the Company during the Financial Year**

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable to the Company during the Financial Year**

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not applicable to the Company during the Financial Year**

**(6) Other Laws applicable to the Company;**

a) Factories Act, 1948 and Rules made thereunder

b) Industrial Employment (Standing Orders)Act, 1946 & Rules 1957

c) Payment of Bonus Act, 1965, & Rules, 1965

d) Maternity Benefit Act,1961 & Rules

e) Employees Compensation Act, 1923 & Rules.

f) Minimum Wages Act, 1948, M.W(C) Rules, 1950

g) Child Labour (P&R) Act 1986 & Rules.

h) Air (Prevention and Control of Pollution) Act, 1981

i) Water (Prevention and Control of Pollution) Act, 1974

j) The Noise (Regulation and Control) Rules 2000

k) The Environment (Protection) Act, 1986

l) Payment of Wages Act, 1936

m) Employees State Insurance Act, 1948

n) Employees PF & Miscellaneous Provisions Act, 1952

o) Contract Labour (Regulation & Abolition) Act, 1970

p) Legal Metrology Act, 2009

q) Payment of Gratuity Act, 1972

r) Industrial Disputes Act, 1947

s) Indian Contract Act, 1872

t) The States Shops and Establishment Act

u) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

v) Income tax Act, 1961

w) The States Goods and Services Tax Act, 2017

x) The Central Goods and Services Tax Act, 2017

y) The Interstate Goods and Services Tax Act, 2017

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the dissenting members' views are captured and recorded, as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** at the Annual General Meeting of the Company held on August 10, 2018 the members of the Company approved;

a) Re-appointment of Mrs. N. Malkani Nagpal as the Whole-Time Director for a term of 3 (three) years

b) Re-appointment of Mr. S.M. Bhat as the Managing Director for a term of 3 (three) years

c) Approval of terms & conditions and remuneration payable to Ms. Aruna B. Advani, Executive Chairman and Whole time Director, when Company has no profits or its profits are inadequate in Financial Year Ending on or after 31st March, 2019.

For **N. L. Bhatia & Associates**
Practicing **Company Secretaries**
UIN: P1996MH055800

N. L. Bhatia
**Managing Partner**
**FCS:** 1176
**CP. No.** 422

**Place:** Mumbai
**Date:** 16th May, 2019

To,

The Members

**Ador Welding Limited**

Our report of even date is to be read along with this letter.

(1) Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Wherever required we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations & Standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **N. L. Bhatia & Associates**
Practicing **Company Secretaries**
UIN: P1996MH055800

**Place:** Mumbai
**Date:** 16th May, 2019

N. L. Bhatia
**Managing Partner**
**FCS:** 1176
**CP. No.** 422

## ANNEXURE VII – TO THE DIRECTORS' REPORT

**DETAILS OF DIRECTORS & EMPLOYEES REMUNERATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**1.** The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for Financial Year (FY) 2018-19:

| Sr. No. | Name of the Director | Designation | Ratio |
|---|---|---|---|
| 1. | Ms. A. B. Advani | Executive Chairman | 37.20 |
| 2. | Mr. S. M. Bhat | Managing Director | 40.92 |
| 3. | Mrs. N. Malkani Nagpal | Whole – Time Director | 29.91 |
| 4. | Mr. R. A. Mirchandani | Director (Non-Executive) | 1.12 |
| 5. | Mr. A. T. Malkani | Director (Non-Executive) | 1.12 |
| 6. | Mr. D. A. Lalvani | Director (Non-Executive) | 1.12 |
| 7. | Mr. M. K. Maheshwari | Director (Independent & Non-Executive) | 1.28 |
| 8. | Mr. P. K. Gupta | Director (Independent & Non-Executive) | 1.37 |
| 9. | Mr. R. N. Sapru | Director (Independent & Non-Executive) | 1.52 |
| 10. | Mr. K. Digvijay Singh | Director (Independent & Non-Executive) | 1.53 |
| 11. | Mr. G. M. Lalwani | Director (Independent & Non-Executive) | 1.23 |
| 12. | Mr. S. G. Mirchandani | Director (Independent & Non-Executive) | 1.26 |

**2.** The percentage increase in remuneration of each of the Directors, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in FY 2018-19:

| Sr. No. | Name of the Director / KMP | Designation | % variance |
|---|---|---|---|
| 1. | Ms. A. B. Advani | Executive Chairman | 0.44 |
| 2. | Mr. S. M. Bhat | Managing Director | 7.78 |
| 3. | Mrs. N. Malkani Nagpal | Whole – Time Director | 14.30 |
| 4. | Mr. R. A. Mirchandani | Director (Non-Executive) | 18.56 |
| 5. | Mr. A. T. Malkani | Director (Non-Executive) | 4.07 |
| 6. | Mr. D. A. Lalvani | Director (Non-Executive) | 6.73 |
| 7. | Mr. M. K. Maheshwari | Director (Independent & Non-Executive) | 20.69 |
| 8. | Mr. P. K. Gupta | Director (Independent & Non-Executive) | 35.92 |
| 9. | Mr. R. N. Sapru | Director (Independent & Non-Executive) | 53.85 |
| 10. | Mr. K. Digvijay Singh | Director (Independent & Non-Executive) | 45.35 |
| 11. | Mr. G. M. Lalwani | Director (Independent & Non-Executive) | 26.88 |
| 12. | Mr. S. G. Mirchandani | Director (Independent & Non-Executive) | 29.40 |
| 13. | Mr. V. M. Bhide | Head – Corp. Admin., IA, KM, Legal & Company Secretary | 6.31 |
| 14. | Mr. G. A. Patkar | Chief Financial Officer | 6.67 |

**3.** The percentage increase in the median remuneration of employees in FY 2018-19 over FY 2017-18: **6.94**

**4.** The number of permanent employees on the rolls of Company as on 31st March, 2019: **538**

**5.** Average percentile increase already made in the salaries of employees other than the managerial personnel in FY 2018-19 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

**The percentile increase in Non-Managerial cadre and Managerial cadre, (excluding Whole-time Directors) is 60 percentile and 67 percentile respectively.**

6. Affirmation that the remuneration is as per the Remuneration Policy of the Company: **Yes, it is confirmed**

7. Details of **top 10 employees** in terms of remuneration* drawn in FY 2018-19:

| Sr. No. | Name | Age (Years) | Designation | Qualification/s | Years of Experience | Date of Commencement of Employment | Last Employment | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Post Held | Name of the Last Employer |
| 1. | Girish A. Patkar | 62 | Chief Financial Officer (CFO) | MBA/PGDM (Finance), B. Sc. (Chemistry) | 37 | 01-Sep-2015 | CFO | Equinox Realty & Infrastructure Pvt. Ltd. |
| 2. | Sunil S. Bhoi | 59 | Head - Plant Operations | B.E. (Electrical) | 36 | 01-Jul-1983 | Head - Plant operations | Started his career with AWL only |
| 3. | Rajendra Nath | 52 | Head - PEB SBU | CPEM (Export Management), EMBA from IIMC, Kolkata & B.E (Mechanical) | 29 | 16-Jul-2012 | GM - Business Development | Shilchar Technologies Ltd. |
| 4. | Vineet Bansal | 50 | Sales Head – Domestic Welding | Mechanical Engineering | 27 | 03-Nov-1992 | Engineer – Technical Services | Cimmco Limited, Bharatpur |
| 5. | Aniruddha R. Vilekar | 45 | CTO & Head - Marketing | B.E. (MET) | 25 | 02-Jul-2008 | National Sales & Development/ Product Head | Vikas Powder Metallurgy Pvt. Ltd. |
| 6. | Sunanda Kumar Palit | 55 | Head – CCC & Strategic support to Equipment & WAPS | B.Tech. (Hons.) from IIT Kharagpur | 35 | 04-Jun-2012 | Divisional Product Manager (Equipment Division) | ESAB India Ltd. |
| 7. | Rakesh Choudhary | 48 | Head - WAPS SBU | BE - Mechanical | 24 | 02-Apr-2018 | Sales Manager India | Usha Martin Industries Ltd. |
| 8. | Ulhas Pujari | 45 | Plant Head - Chichwad | BE and MBA | 26 | 15-Jul-2013 | DGM Production | Carraro India Ltd. |
| 9. | V.M.Bhide | 50 | Head - Corp. Admin, IA, KM, Legal & Company Secretary | B.Com., LL.B. (Gen), AICWA, DTL, DLL & LW, FCS | 31 | 04-Jan-1993 | Assistant (Costing) | BASF India Ltd. |
| 10. | Manoj Pandey | 46 | Head - Human Resources | PG in HRM, B.E. (Electronics & Instrumentation) | 26 | 02-Apr-2012 | Head – HR Operations | Tata Teleservices Ltd. |

* The statement of remuneration will be made available for inspection by the Members at the registered office of the Company during business hours on working days. Interested Members may write to the Company Secretary for obtaining a copy of the same.

None of the employees who are posted abroad are drawing remuneration of over Rs. 60 lakhs per Financial Year or Rs. 5 lakhs per month.

**8.** Details of employees with annual remuneration of Rs. 102 lakhs or more, who are employed throughout the year or monthly remuneration of Rs. 8.50 lakhs or more, even if employed for part of the year during FY 2018-19:

| Sr. No. | Name | Age (Years) | Designation | Remuneration (Gross) (Rs. in Lakhs) | Qualification/s | Years of Experience | Date of Commencement of Employment | Last Employment | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Post Held | Name of the Last Employer |
| 1. | Ms. A. B. Advani | 64 | Executive Chairman | 152.14 | • A Science Graduate (Hons) from University of Sussex<br>• Owners Management Programme from Harvard Business School<br>• Strategic Financial Planning from IIM, Ahmedabad | 43 | 01.05.1999 | Managing Director | J.B. Advani & Co. Pvt. Ltd. |
| 2. | Mr. S. M. Bhat | 58 | Managing Director | 167.35 | • A Bachelor in Production Engineering from VJTI of 1983 batch<br>• Post-graduation in International Marketing and Finance from International Management Institute (IMI) New Delhi, which is affiliated with Institute of Management Development (IMD), Geneva | 34 | 02.06.2008 | V.P. (Business Development) | Schuler (India) Pvt. Ltd. |
| 3. | Mrs. N. Malkani Nagpal | 49 | Whole Time Director | 122.32 | • MBA, with specialization in Finance from Imperial College, UK;<br>• B.Sc. in Business & Economics from Lehigh University, PA, USA | 26 | 03.10.1997 | Chairman & Whole Time Director | J. B. Advani & Co. Pvt. Ltd |

**Notes:**

1. All the above Appointments are Contractual.
2. Remuneration shown above comprises of salary, allowances, bonus, commission, perquisites and contribution to Provident Fund, Superannuation Fund, etc., wherever applicable.
3. Information regarding qualifications, experience and last employment held is based on particulars furnished to the Company, by the employees concerned.
4. Ms. A. B. Advani holds 2,95,480 equity shares and N. Malkani Nagpal holds 81,052 equity shares, whereas Mr. S. M. Bhat does not hold any shares of the Company.
5. Ms. A. B. Advani, Mrs. N. Malkani Nagpal and Mr. S. M. Bhat are not related to any other Directors or to each other or to any employees of the Company.

**For and on behalf of the Board**

**Place:** Mumbai
**Date:** 16th May, 2019

Aruna B. Advani
**Executive Chairman**
(DIN:00029256 )

# Independent Auditor's Report

**To the Members of Ador Welding Limited**

**Report on the Audit of the Standalone Financial Statements**

## Opinion

1. We have audited the accompanying standalone financial statements of **Ador Welding Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Trade Investments - Impairment of Investment in wholly owned subsidiary.</td><td>Our response:</td></tr>
<tr><td colspan="2">Refer Note 1- II ( g) and note 6 to the standalone financial statement</td></tr>
<tr><td>The Company has investment in equity shares of Ador Welding Academy Private Limited (AWAPL) which is wholly owned subsidiary (WOS) of the Company amounting to Rs. 353 Lakhs, as stated in note 6 to the financial statements. Such investment in the aforesaid WOS is accounted for at cost in accordance with Ind AS 27, Separate Financial Statements. The Company assesses the recoverable amount of the investment when impairment indicators exist by comparing the fair value (less costs of disposal) and carrying amount of the investment as on the reporting date.<br><br>The net worth of the above mentioned WOS is less than the value of the investment and as per Ind AS 36 'Impairment of Assets', an asset is impaired if the carrying amount exceeds its recoverable amount.<br><br>The aforesaid investment is not traded in the market. Accordingly, the fair value of the investment is determined by a management-appointed independent valuation specialist based on discounted cash flow ('DCF') method. The process of computation of fair valuation for investment in subsidiary using DCF method is complex. Management's assessment of the fair valuation of investment requires estimation and judgement around assumptions used. The key assumptions underpinning management's assessment of the fair valuation include, but are not limited to, projections of future cash flows, growth rates, discount rates, estimated future operating and capital expenditure.<br><br>The application of significant judgment in this matter required substantial involvement of senior personnel on the audit engagement including individuals with expertise in valuation.<br><br>Accordingly, assessment of impairment losses to be recognised, if any, on the carrying value of investment made in the subsidiary has been considered as be a key audit matter for current year's audit.<br><br>Management has carried out valuation of its Investment in subsidiary company by an Independent valuer;<br><br>Hence management believes that there is no impairment in the value of its subsidiary.</td><td>Our audit procedures were focused on obtaining sufficient appropriate audit evidence that the carrying value of investments in subsidiaries is not materially misstated. These procedures included, but were not limited to, the following:<br><br>● We obtained an understanding of management's process and controls for identification of indicators of impairment and fair valuation of investments. The understanding was obtained by performance of walkthroughs which included inspection of documents produced by the Company and discussion with those involved in the process of identification of indicators of impairment and valuation of investments.<br><br>● Assessed the professional competence, objectivity and capabilities of the independent valuer,as a specialist engaged by management;<br><br>● In addition to the evaluation of design and testing the operating effectiveness of controls implemented for identification of impairment indicators and measurement of impairment provisions, we also performed the following procedures:<br><br>- Assessed the appropriateness of valuation methodology used for the fair valuation computation with the help of an auditor's expert, and tested the mathematical accuracy of management's model;<br><br>- Obtained the comparison of actual with approved budgeted numbers for FY 2018-19 from the management and evaluated the same for the future projections with the board approved plans<br><br>- Assessed the professional competence, objectivity and capabilities of the valuer, as a specialist engaged by management;<br><br>- Challenged the management's assessment of underlying key assumptions used for cash flow projections including the implied growth rates, considering evidence available to support these assumptions and our understanding of the business.</td></tr>
</table>

| | |
|---|---|
| | - Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate;<br>- Evaluated the sensitivity analysis performed by management in respect of the key assumptions such as discount and growth rates to ensure there was sufficient headroom with respect to the estimation uncertainty impact of such assumptions on the fair value calculation;<br>- Evaluated the appropriateness of disclosures in relation to investment in WOS and related impairment indicators. |

| **Revenue recognition and unbilled revenue - EPC Contract** | **Our response:** |
|---|---|
| ***Refer Note 1- II (I) and note 17 to the Standalone Financial statements*** | |
| During the financial year 2016-17, the Company entered into a contract for providing Engineering Procurement and Constructions (EPC) service in relation to a gas line project, with a customer in Kuwait for a contract of value KWD 4,929,550.<br>Substantial portion of the Company's performance obligations under the said contract was completed in financial year 2017-18 and the Company recognized revenue of Rs. 4,903 lakhs in FY 2017-18 based on percentage completion method in accordance with the accounting principles of Ind AS 11, Construction Contracts.<br>On first time adoption of Ind AS 115, Revenue from contracts with customers (Ind AS 115), applicable to the Company in the current year, the management has assessed that the contract meets the criteria for revenue recognition over time and consequently no adjustment was considered necessitated to the amount of revenue recognized earlier on such adoption.<br>The Company has further recognized revenue of Rs. 505 lakhs in the FY 2018-19 upon satisfaction of performance obligations, i.e., progression of the project.<br>As per the terms of the contract, the Company can invoice the customer only after the other vendors involved in the project complete their portion of the work and a quality inspection is done by the customer. Consequently, while the Company has completed a substantial portion of its performance obligations, and has recognized total revenue aggregating to Rs. 10,955 lakhs, the unbilled revenue as at 31 March 2019 amounts to Rs. 7,840 lakhs. | Our audit procedures in relation to revenue recognition and unbilled revenues included, but were not limited to, the following:<br>- Obtained an understanding of management's process and evaluated the design and tested the operating effectiveness of controls around revenue recognition and accounting treatment of unbilled revenue as per Ind AS 115;<br>- Obtained and inspected the agreement, with respect to the key contractual terms including those related to invoicing, entered into by the Company with the customer and evaluated the appropriateness of the accounting treatment assessed by the management.<br>- Evaluated whether the performance obligations and service delivery obligations as per the terms of the contract appear to be satisfied by the Company to the extent of revenue recognised, by performing enquiry with the management and inspecting supporting documents evidencing completion of such work;<br>- Tested all the invoices raised in relation to the project from its commencement until 31 March 2019 and traced the receipt of money in respect of such invoices to the bank statements.<br>- Obtained an independent confirmation from the contractor to the project certifying that the balance invoicing under the project would be done subsequent to the testing phase, to corroborate the reasons of delay in invoicing as explained by the management.<br>- Evaluated the appropriateness of the disclosures made in the financial statements with respect to revenue and related balances. |

| | |
|---|---|
| Considering the materiality of the amounts involved, significant judgement applied by the management in assessing the applicable accounting treatment under the new revenue standard and in assessing the appropriateness of the carrying value of the unbilled revenues, we have considered this matter to be a key audit matter for the current year audit. | |

**Information other than the Financial Statements and Auditor's Report thereon**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) the standalone financial statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 16 May 2019 as per Annexure B expressed unmodified opinion;

g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in note 40 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No.: 079597

**Place**: Mumbai
**Date**: 16 May 2019

## Annexure A to the Independent Auditor's Report of even date to the Members of Ador Welding Limited on the standalone financial statements for the year ended 31 March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner 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. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head `Property, plant and equipment) are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stock lying with third parties. For stock lying with the third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (In lakhs) | Amount paid under Protest (in Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Disallowance of scientific research expenses | 62.63 | 12.55 | Financial year 2013-14 | CIT (Appeals) |

| | | | | | |
|---|---|---|---|---|---|
| The Central Excise Act, 1944. | Additional Liability arising due to difference in assessable value, disallowance of CENVAT credit (including penalty/interest, if any) | 7.72 | 1.00 | 1998-99 | Custom, Excise and Service Tax Appellate Tribunal |
| | | 2.18 | 0.96 | 2006-07 | Assistant Commissioner |
| | | 13.42 | - | 2008-09 | Commissioner-Appeal |
| | | 2,361.46 | 88.56 | 2012-2017 | CESTAT |
| Central Sales tax Act and Local Sales Tax Acts of various statues | Additional Liability arising due to difference in assessable value, disallowance of CENVAT credit (including penalty/interest, if any) | 18.07 | 9.21 | 1987-1988, 1992-1993 | High court |
| | | 45.19 | 35.87 | 2005-2006 | Deputy Commissioner |
| | | 152.23 | 5.50 | 2005-2006 | Deputy Commissioner |
| | | 20.09 | - | 2004-05 | Joint Commissioner |
| | | 6.88 | - | 2004-05 | Joint Commissioner |
| | | 7.98 | - | 2003-04 | Joint Commissioner |
| | | 0.21 | - | 2003-04 | Joint Commissioner |
| | | 341.45 | 341.45 | 2005-06 | Additional session court |
| | | 484.86 | - | 2005-06 | DC - Appeals |

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provision of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No.: 079597

**Place**: Mumbai

**Date:** 16 May 2019

# Annexure B to the Independent Auditor's Report of even date to the Members of Ador Welding Limited on the standalone financial statements for the year ended 31 March 2019

## Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of **Ador Welding Limited** ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to

the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Nikhilesh Nagar**
Partner
Membership No.: 079597

**Place:** Mumbai
**Date:** 16 May 2019

# STANDALONE BALANCE SHEET

(Rs. in lakhs)

| Particulars | Notes | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| **Assets** | | | |
| **(1) Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | **10,461** | 9,249 |
| (b) Capital work-in-progress | 3 | **102** | 75 |
| (c) Investment property | 4 | **887** | 907 |
| (d) Intangible assets | 5 | **120** | 66 |
| (e) Intangible assets under development | | **5** | 2 |
| (f) Financial assets | | | |
| (i) Investments in subsidiary | 6 | **353** | 353 |
| (ii) Loans | 7 | **160** | 149 |
| (iii) Other financial assets | 8 | **531** | 348 |
| (g) Non-current tax assets, net | 9 | **332** | 337 |
| (h) Other non-current assets | 10 | **2,149** | 2,200 |
| | | **15,100** | 13,686 |
| **(2) Current assets** | | | |
| (a) Inventories | 11 | **5,159** | 5,384 |
| (b) Financial assets | | | |
| (i) Investments | 12 | **341** | 244 |
| (ii) Trade receivables | 13 | **8,451** | 9,204 |
| (iii) Cash and cash equivalents | 14 | **2,667** | 1,612 |
| (iv) Other bank balances | 15 | **133** | 131 |
| (v) Loans | 16 | **159** | 408 |
| (vi) Other financial assets | 17 | **8,188** | 11,355 |
| (c) Other current assets | 18 | **2,893** | 1,023 |
| | | **27,991** | 29,361 |
| **Total Assets** | | **43,091** | 43,047 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| (a) Equity share capital | 19 | **1,360** | 1,360 |
| (b) Other equity | 20 | **24,980** | 23,411 |
| | | **26,340** | 24,771 |
| **Liabilities** | | | |
| **(1) Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Other financial liabilities | 21 | **23** | 19 |
| (b) Provisions | 22 | **278** | 240 |
| (c) Deferred tax liabilities, net | 23 | **883** | 806 |
| (d) Other non-current liabilities | 24 | **7** | 3 |
| | | **1,191** | 1,068 |
| **(2) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 25 | **6,499** | 8,120 |
| (ii) Trade payables | 26 | | |
| Total outstanding dues to micro and small enterprises | | **60** | 27 |
| Total outstanding dues to creditors other than micro and small enterprises | | **6,625** | 7,459 |
| (iii) Other financial liabilities | 27 | **1,265** | 854 |
| (b) Other current liabilities | 28 | **753** | 553 |
| (c) Provisions | 29 | **358** | 195 |
| | | **15,560** | 17,208 |
| **Total Equity and Liabilities** | | **43,091** | 43,047 |
| **Summary of significant accounting policies** | 1 | | |

**The accompanying notes 1 to 57 are an integral part of the financial statements.**

This is the balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No. 079597

**Place :** Mumbai
**Date :** 16 May 2019

**For and on behalf of the Board of Directors**

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

**G.A. Patkar**
Chief Financial Officer

**S.M. Bhat**
Managing Director
DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

# STANDALONE STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

| Particulars | Notes | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations (gross) | 30 | **51,215** | 46,471 |
| Other income | 31 | **1,042** | 971 |
| **Total Income** | | **52,257** | 47,442 |
| **Expenses** | | | |
| Cost of raw materials and components consumed | 32 | **35,083** | 32,160 |
| Purchase of stock-in-trade | 33 | **979** | 694 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 34 | **167** | (133) |
| Excise duty on sale of goods | | **-** | 697 |
| Employee benefits expenses | 35 | **4,154** | 3,831 |
| Finance costs | 36 | **905** | 530 |
| Depreciation and amortisation expense | 2,4,5 | **960** | 1,008 |
| Other expenses | 37 | **6,531** | 5,830 |
| **Total expenses** | | **48,779** | 44,617 |
| **Profit before tax** | | **3,478** | 2,825 |
| **Tax expense** | 38 | | |
| Current tax | | **1,018** | 903 |
| Deferred tax charge | | **75** | 66 |
| **Profit for the year** | | **2,385** | 1,856 |
| **Other comprehensive income** | 39 | | |
| (i) Items that will not be reclassified to statement of profit and loss | | **6** | (11) |
| (ii) Income tax relating to above items | | **(2)** | 4 |
| **Net other comprehensive income/(loss)** | | **4** | (7) |
| **Total comprehensive income for the year** | | **2,389** | 1,849 |
| **Earnings per equity share** | 51 | | |
| Basic and diluted earnings per share (Rs. 10/- per share) | | **17.54** | 13.65 |
| **Summary of significant accounting policies** | 1 | | |
| **The accompanying notes 1 to 57 are an integral part of the financial statements.** | | | |

This is the Statement of profit & loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No. 079597

**Place :** Mumbai
**Date :** 16 May 2019

**For and on behalf of the Board of Directors**

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

**G.A. Patkar**
Chief Financial Officer

**S.M. Bhat**
Managing Director
DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

## STANDALONE CASH FLOW STATEMENT

(Rs. in lakhs)

| | Particulars | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|---|---|---|---|---|
| **A)** | **Cash flow from operating activities** | | | | |
| | **Profit before tax** | | **3,478** | | 2,825 |
| | **Adjustment for:** | | | | |
| | Deferment of revenue | **23** | | 4 | |
| | Fair value adjustments relating to | | | | |
| | Derivative contracts | **-** | | (13) | |
| | Financial assets at FVTPL | **(18)** | | (17) | |
| | Financial assets at amortised cost | **(6)** | | (1) | |
| | Financial liabilities at amortised cost* | **(0)** | | - | |
| | Provision for expected credit loss on trade receivables* | **(0)** | | 3 | |
| | Actuarial gain /(loss) | **6** | | (11) | |
| | Depreciation and amortisation expense | **960** | | 1,008 | |
| | Bad debts written off | **29** | | 29 | |
| | Provision for doubtful debts | **193** | | - | |
| | Provision for doubtful deposit | **12** | | - | |
| | Loss due to fire | **-** | | 87 | |
| | Assets and Inventory written off / discarded | **19** | | 11 | |
| | **Items considered separately:** | | | | |
| | Finance costs | **905** | | 526 | |
| | Loss/(profit) on sale of property, plant & equipment | **9** | | (2) | |
| | Surplus on sale of investments | **-** | | (22) | |
| | Interest income | **(161)** | | (95) | |
| | Rental income | **(72)** | | (100) | |
| | Exchange (gain) on revaluation of foreign currency monetary item | **(124)** | **1,775** | (47) | 1,360 |
| | **Operating profit before working capital changes** | | **5,253** | | 4,185 |
| | **Adjustments for changes in working capital** | | | | |
| | Decrease / (increase) in inventories | **232** | | (682) | |
| | Decrease / (increase) in trade receivables | **520** | | (1,544) | |
| | Decrease / (increase) in loans and other receivables | **1,618** | | (4,029) | |
| | (Decrease) / increase in trade payables | **(861)** | | 219 | |
| | Increase / (decrease) in liabilities and provisions | **552** | **2,061** | (858) | (6,894) |
| | **Cash generated /(used in) from operating activities** | | **7,314** | | (2,709) |
| | Income tax paid | | **(1,013)** | | (983) |
| | **Net cash generated / (used in) from operating activities** | | **6,301** | | (3,692) |
| **B)** | **Cash flow from investing activities** | | | | |
| | Acquisition of property, plant and equipment (including capital work-in- progress and capital advances) | **(1,918)** | | (892) | |
| | Purchase of investments | **(79)** | | - | |
| | Proceeds from sale of property, plant and equipment | **21** | | 11 | |
| | Proceeds from sale of investments | **-** | | 860 | |
| | Interest income | **164** | | 100 | |
| | Rental received | **83** | | 91 | |
| | Investment in fixed deposits | **(183)** | | (142) | |
| | **Net cash (used in) / generated from investing activities** | | **(1,912)** | | 28 |

(Rs. in lakhs)

| Particulars | | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|---|---|---|---|---|
| **C)** | **Cash flow from financing activities** | | | | |
| | Finance costs | **(893)** | | (503) | |
| | Proceeds from current borrowings | **29,400** | | 7,486 | |
| | Repayment of current borrowings | **(31,021)** | | (2,913) | |
| | Dividend paid | **(680)** | | (680) | |
| | Dividend distribution tax | **(140)** | | (138) | |
| | **Net cash (used in) / generated from financing activities** | | **(3,334)** | | 3,252 |
| | **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | | **1,055** | | (412) |
| | Cash and cash equivalents at the beginning of the year | | **1,612** | | 2,024 |
| | **Cash and cash equivalents at the end of the year [Refer note 14]** | | **2,667** | | 1,612 |

* Amounts below Rs. 0.50 lakh have been rounded off.

**Notes to the cash flow statement**

a) Components of cash and cash equivalents:

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Cash on hand | **5** | 6 |
| Cheques on hand | **2,061** | 1,163 |
| Balances with banks in current accounts | **601** | 443 |
| **Total** | **2,667** | 1,612 |

**The accompanying notes 1 to 57 are an integral part of the financial statements.**

This is the cash flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No. 079597

**Place :** Mumbai
**Date :** 16 May 2019

**For and on behalf of the Board of Directors**

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

**G.A. Patkar**
Chief Financial Officer

**S.M. Bhat**
Managing Director
DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

## STANDALONE STATEMENT OF CHANGES IN EQUITY

### A) Equity share capital

| Particulars | Notes | Number of shares | (Rs. in lakhs) |
|---|---|---|---|
| **Issued, subscribed and paid up:** | | | |
| As at 31 March 2018 | 19 | 13,598,467 | 1,360 |
| Changes in equity share capital | | - | - |
| **As at 31 March 2019** | | **13,598,467** | **1,360** |

### B) Other equity

**(Rs. in lakhs)**

| Particulars | Reserves and surplus | | | Total |
|---|---|---|---|---|
| | General reserve | Capital redemption reserve | Retained earnings | |
| Balance as at 31 March 2018 | 13,961 | 223 | 9,227 | 23,411 |
| Net profit for the year | - | - | 2,385 | 2,385 |
| Other comprehensive income for the year | - | - | 4 | 4 |
| Total comprehensive income for the year | 13,961 | 223 | 11,616 | 25,800 |
| Amount transfer from retained earnings | 186 | - | - | 186 |
| Amount transfer to general reserve | - | - | (186) | (186) |
| Equity dividend including taxes theron | - | - | (820) | (820) |
| **Balance as at 31 March 2019** | **14,147** | **223** | **10,610** | **24,980** |

**The accompanying notes 1 to 57 are an integral part of the financial statements.**

This is the statement of changes in equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**For and on behalf of the Board of Directors**

**Nikhilesh Nagar**
Partner
Membership No. 079597

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

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DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

**Place :** Mumbai
**Date :** 16 May 2019

# NOTE 1 - Significant Accounting Policies and Other Explanatory Information to The Standalone Financial Statements for the year ended 31 March 2019

## I. Background of the Company

Ador Welding Limited ('the Company') was incorporated in the year 1951 and is one of India's leading player in the field of Welding Products, Technologies and Services. The Company is also engaged in providing customized solutions for multi-disciplinary projects and contracts related to refineries, oil & gas, petrochemicals, fertilizers, steel plants, pharma, water and other chemical process industries. The Company is a public limited company and domiciled in India and its shares are listed on two recognised stock exchanges in India - the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange (India) Limited (NSE). The registered and corporate office of the Company is situated at Ador House, 6, K. Dubash Marg, Fort, Mumbai.

The separate financial statements were authorised for issue in accordance with the resolution of the Board of Directors on 16 May 2019.

## II. Significant Accounting Policies followed by the Company

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

### (a) Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

### (b) Basis of Preparation

The financial statements have been prepared on a historical cost convention and accrual basis, except for the certain financial assets & liabilities that are measured at fair value and defined benefit plan assets measured at fair values by Ind AS.

Fair value is the price that would be received on sale of asset or paid on transfer of liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

### (c) Critical estimates and judgments

The preparation of Financial Statements in conformity with Ind AS, which requires management to make estimates, assumptions and exercise judgment in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

**Useful life of property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. Depreciation is provided as per the Straight Line Method over the estimated useful life of assets. The Company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act.

**Valuation of deferred tax assets / liabilities**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. Significant judgment is involved in arriving at the deferred tax assets and liabilities, which is based on the Company's current operations and projections for the future.

**Defined benefit obligation**

The cost of post-employment benefits is determined using actuarial valuations.The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty.The assumptions used are disclosed in Note 45.

**Fair value measurements of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Discounted Cash Flow Model. The inputs to these models are taken from observable markets wherever possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risks, credit risks and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**(d) Property, plant and equipment (including Capital Work-in-Progress)**

Freehold Land is carried at historical cost. All other items of Property, plant and equipment are stated at cost/deemed cost, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction are capitalised as part of cost of qualifying asset.

Items of property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss. Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets, which are carried at cost, are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method based on useful life as estimated by the management and aligned to Schedule II to the Companies Act, 2013 in order to reflect the actual usage of assets. Depreciation on assets acquired under finance lease is spread over the lease period or useful life, whichever is shorter.

Assets not yet ready for use are recognised as capital work-in-progress.

**(e) Intangible Assets (including intangibles under development)**

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

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Software and implementation costs including users license fees of the Enterprise Resource Planning (ERP) system and other application software costs are amortised over a period of three years.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

**(f) Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the entity, is classified as Investment Property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed, when incurred. When part of an Investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation is provided on a pro-rata basis on the straight-line method, based on useful life as estimated by the management and aligned to Schedule II to the Companies Act, 2013 in order to reflect the actual usage of assets.

**(g) Investment in subsidiaries**

Investments in subsidiaries are accounted at cost less impairment in accordance with Ind AS 27 - Separate financial statements.

Refer to note 6 for the list of investments.

**(h) Impairment of non-financial assets**

The carrying amount of the non-financial assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal /external factors. An impairment loss is recognised, whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of fair value less disposal cost and its value in use. Impairment loss is recognised in the statement of profit and loss.

After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation, if there were no impairment.

**(i) Investments and financial assets**

**Classification**

The Company classifies its financial assets in the following measurement categories:

**(i)** those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

**(ii)** those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model, in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when & only when its business model for managing those assets changes.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Measurement of debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Company classifies its debt instruments:

**(i)** **Amortised cost :** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of profit and loss, when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**(ii)** **Fair value through other comprehensive income (FVTOCI) :** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**(iii)** **Fair value through profit or loss :** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**De-recognition of financial assets**

A financial asset is derecognised only when

**(i)** The Company has transferred the rights to receive cash flows from the financial asset or,

**(ii)** retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

**Cash and cash equivalents**

Cash and cash equivalents for the purpose of the cash flow statement comprise of the cash on hand and at bank and current investments with an original maturity of three months or less. Cash and cash equivalents consist of balances with banks, which are unrestricted for withdrawal and usage.

**(j) Borrowings and other financial liabilities**

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial is recognised as an asset / liability based on the underlying reason for the difference. Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

**(k) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined using the `average cost' method. The cost of finished goods and work in progress comprises raw material, packing materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(l) Revenue Recognition**

Revenue from contracts with customers is recognised when the entity satisfies a performance obligation by transferring a promised good or service to customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates and discounts, value added taxes, goods & service tax and applicable taxes, which are collected on behalf of the government or on behalf of third parties.

**(i) Sale of consumables**

Revenue from sale of consumables is recognised at point in time when the control of the asset is transferred to the customer, generally on delivery of the consumables.

**(ii) Project engineering business**

Project engineering contracts generally take 1 to 2 years for execution. A contract's transaction price is allocated to each distinct performance obligation within that contract and recognized as revenue when, or as, the performance obligation is satisfied. The majority of Company's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and is, therefore, not distinct. For contracts with distinct performance obligations, Company allocates the contract's transaction price to each performance obligation using the best estimate of the standalone selling price (i.e. fair value based on market approach) of each distinct goods or service in the contract. Generally, most of the revenue in project engineering segments is recognized over time, because control of the asset is transferred as & when the asset is created or enhanced to customers.

The Company monitors estimates of total contract revenue and costs on a regular basis throughout the contract 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.

**(iii) Contract Assets**

Contract assets represent revenue recognized in excess of revenue billed. These amounts are billed after milestones specified in the agreement are achieved. Contract assets are disclosed under Other Current Assets in the balance sheet.

**(iv) Benefit on account of entitlement to Import duty**

Free materials under Duty Entitlement Passbook (DEPB) Scheme or duty drawback or merchant export from India (MEIS) scheme are accounted in the year of export as export incentives.

**(m) Other Income**

Interest income for all debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend is recognised in statement of profit and loss only when the right to receive payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**(n) Employee Benefits**

**Provident fund:** Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as "Defined Contribution Schemes", as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

**Gratuity fund:** The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial gains / losses arising on the measurement of defined benefit obligation are credited / charged to other comprehensive income.

**Superannuation fund:** Contribution towards superannuation fund for certain employees is made to Ador Welding Employees Superannuation Fund Trust administered by the Company. The benefit is classified as a "Defined Contribution Schemes" as the Company does not carry any further obligation, apart from the contribution made on a monthly basis.

**Employees state insurance scheme:** The Company makes contribution to state plans namely Employees State Insurance Scheme and has no further obligation beyond making the payment to them.

**Compensated absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the statement of profit & loss in the year in which they arise

**Termination benefits:** Termination benefits in the nature of voluntary retirement benefits are recognised in the statement of profit and loss, as and when incurred.

**(o) Income taxes**

Income tax expense comprises current tax expenses and net change in the deferred tax assets or liabilities during the year. Current and deferred taxes are recognised in the Statement of profit and loss, except when they relate to item that are recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Equity, respectively.

**(i) Current income tax**

The current income tax includes income tax payable by the Company, computed in accordance with the tax laws applicable in the jurisdiction in which the Company operates. Advance tax and provision for current income tax are presented in the Balance sheet after offsetting the advance tax paid and income tax provision arising in the same jurisdiction and where the relevant tax paying units intend to settle the asset & liability on a net basis.

**(ii) Deferred income tax**

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets & liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of recognition.

Deferred tax assets are recognised to the extent that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow or part of deferred income tax assets to be utilised. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India which is likely to give future economic benefit in the form of availability of setoff against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in the Balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**(p) Leases**

**As a Lessee:**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis, over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**As a Lessor:**

Lease income from operating leases where the Company is a lessor is recognised in other income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**(q) Foreign Currency Transactions**

The functional and presentation currency of the Company is Indian rupee.

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date and exchange gain or loss arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

**(r) Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company.

Contingent assets are not recognised in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

**(s) Earnings per share**

Basic earning per share is computed by dividing net profit after tax (excluding other comprehensive income) by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is computed by dividing net profit after tax (excluding other comprehensive income) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares considered for deriving basic earning per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

**(t) 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.

**(u) Research & Development**

Revenue expenditure on research & development (including overheads) are charged out as expense in the year in which they are incurred. Expenditure of a capital nature on research & development is debited to respective fixed assets and depreciation is provided on such assets, as are depreciable.

**(v) Standard issued, but not yet effective**

**Ind AS 116**

On 30 March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019, which is applicable with effect from 1 April 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognise right to use of assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights to use of assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee, under the lease arrangement, will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116, which might have significant impact on key profit and loss and balance sheet ratios i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc..

## Note 2 - Property, plant and equipment

(Rs. in lakhs)

| Description | Freehold land | Leasehold land | Buildings [Refer note (a) below] | Ownership premises | Plant and equipments (including computers) | Electrical installations | Furniture and fixtures | Office Equipments | Vehicles | Temporary shed | Leased assets - (vehicles) | Research & development assets: Freehold land | Buildings | Plant and equipments (including computers) | Furniture and fixtures | Air conditioners | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | | | | | | | | | | | |
| As at 1 April 2017 | 144 | 36 | 6,196 | 246 | 13,240 | 1,051 | 853 | 220 | 343 | 3 | 45 | 34 | 127 | 707 | 4 | 7 | 23,256 |
| Additions | - | - | 533 | 16 | 293 | 97 | 100 | 8 | 37 | - | - | - | - | 43 | - | - | 1,127 |
| Adjustments [Refer note (b) and (c) below] | - | (36) | 297 | (3) | - | - | - | - | - | - | - | - | - | - | - | - | 258 |
| Deductions | - | - | 12 | - | 93 | 30 | 162 | 28 | 24 | - | 45 | - | - | 4 | - | - | 398 |
| As at 31 March 2018 | 144 | - | 7,014 | 259 | 13,440 | 1,118 | 791 | 200 | 356 | 3 | - | 34 | 127 | 746 | 4 | 7 | 24,243 |
| Additions | 198 | - | 416 | 15 | 1,147 | 52 | 174 | 55 | 54 | - | - | - | - | 20 | - | - | 2,131 |
| Adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deductions | - | - | - | - | 213 | 10 | 2 | 8 | 42 | - | - | - | - | 4 | - | - | 279 |
| **As at 31 March 2019** | **342** | **-** | **7,430** | **274** | **14,374** | **1,160** | **963** | **247** | **368** | **3** | **-** | **34** | **127** | **762** | **4** | **7** | **26,095** |
| **Accumulated depreciation** | | | | | | | | | | | | | | | | | |
| As at 1 April 2017 | - | 1 | 1,609 | 67 | 10,295 | 721 | 593 | 169 | 108 | 3 | 43 | - | 89 | 440 | - | 4 | 14,142 |
| Depreciation charge | - | - | 197 | 4 | 547 | 64 | 54 | 18 | 38 | - | - | - | 1 | 27 | - | 1 | 951 |
| Adjustments [Refer note (b) and (c) below] | - | (1) | 251 | (1) | - | - | - | - | - | - | 1 | - | - | - | - | - | 250 |
| Deductions | - | - | 2 | - | 85 | 24 | 147 | 25 | 19 | - | 44 | - | - | 3 | - | - | 349 |
| As at 31 March 2018 | - | - | 2,055 | 70 | 10,757 | 761 | 500 | 162 | 127 | 3 | - | - | 90 | 464 | - | 5 | 14,994 |
| Depreciation charge | - | - | 229 | 5 | 448 | 63 | 55 | 14 | 42 | - | - | - | 1 | 29 | - | 1 | 887 |
| Adjustments | - | - | 1 | - | 1 | - | - | - | - | - | - | - | - | - | - | - | 2 |
| Deductions | - | - | - | - | 190 | 10 | 2 | 7 | 37 | - | - | - | - | 3 | - | - | 249 |
| **As at 31 March 2019** | **-** | **-** | **2,285** | **75** | **11,016** | **814** | **553** | **169** | **132** | **3** | **-** | **-** | **91** | **490** | **-** | **6** | **15,634** |
| **Net carrying value** | | | | | | | | | | | | | | | | | |
| As at 31 March 2018 | 144 | - | 4,959 | 189 | 2,683 | 357 | 291 | 38 | 229 | - | - | 34 | 37 | 282 | 4 | 2 | 9,249 |
| **As at 31 March 2019** | **342** | **-** | **5,145** | **199** | **3,358** | **346** | **410** | **78** | **236** | **-** | **-** | **34** | **36** | **272** | **4** | **1** | **10,461** |

**Notes:-**

(a) Includes:

(i) Rs. 0.01 lakh being the aggregate value of shares in Co-operative housing societies.

(ii) Rs. 4.17 lakhs for tenements in an association of apartment owners.

(b) During the financial year 2018-19, Land and building situated at Delhi has been rented out, which was used for business purpose till previous financial year. Hence, due to change in use same has been reclassified from "Property, plant and equipment" to "Investment property" (Land gross carrying amount Rs 36 lakhs and building gross carrying amount Rs 86 lakhs and Accumulated depreciation Rs 29 lakhs there on till 31 March 2018).

(c) The Company has started its business activities in Ahmednagar plant during the current financial year which was kept for undetermined use till previous financial year. Hence due to change in use, same has been reclassified from "Investment property" to "Property, plant and equipment" (Land gross carrying amount Rs. 1 lakh and building gross carrying amount Rs. 383 lakhs and Accumulated amortisation on land Rs. 1 lakh and Accumulated depreciation on building Rs. 280 lakhs till 31 March 2018).

* Amounts below Rs. 0.50 lakh have been rounded off.

## Note 3 - Capital work-in-progress

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Opening balance | **75** | 380 |
| Add : Addition during the year | **84** | 69 |
| Less : Capitalised during the year | **(57)** | (374) |
| **As at 31 March 2019** | **102** | 75 |

## Note 4 - Investment property

**(Rs. in lakhs)**

| Description | Freehold land | Leasehold land [Refer note (f) below] | Buildings | Ownership premises | Total |
|---|---|---|---|---|---|
| **Gross carrying value** | | | | | |
| As at 1 April 2017 | 49 | 10 | 1,236 | 79 | 1,374 |
| Additions | - | - | - | - | - |
| Adjustments [Refer note (d) and (e) below] | - | 35 | (297) | 3 | (259) |
| Deductions | - | - | - | - | - |
| As at 31 March 2018 | 49 | 45 | 939 | 82 | 1,115 |
| Additions | - | - | - | - | - |
| Adjustments | - | (1) | - | - | (1) |
| Deductions | - | - | - | - | - |
| **As at 31 March 2019** | **49** | **44** | **939** | **82** | **1,114** |
| **Accumulated depreciation** | | | | | |
| As at 1 April 2017 | - | 1 | 407 | 26 | 434 |
| Depreciation charge | - | - | 24 | 1 | 25 |
| Adjustments [Refer note (d) and (e)below] | - | (1) | (251) | 1 | (251) |
| Deductions | - | - | - | - | - |
| As at 31 March 2018 | - | - | 180 | 28 | 208 |
| Depreciation charge | - | - | 18 | 1 | 19 |
| Adjustments | - | - | - | - | - |
| Deductions | - | - | - | - | - |
| **As at 31 March 2019** | **-** | **-** | **198** | **29** | **227** |
| **Net carrying value** | | | | | |
| As at 31 March 2018 | 49 | 45 | 759 | 54 | 907 |
| **As at 31 March 2019** | **49** | **44** | **741** | **53** | **887** |

**Notes :**

**(a) Fair Value of Investment properties*:** **(Rs. in lakhs)**

| Description | Freehold land | Leasehold land | Buildings | Ownership premises | Total |
|---|---|---|---|---|---|
| As at 31 March 2018 | 427 | 1,432 | 1,244 | 889 | 3,992 |
| **As at 31 March 2019** | **427** | **1,432** | **1,244** | **889** | **3,992** |

* **Estimation of fair value**

The fair valuation is based on current prices in the active market of similar properties. The main inputs used for valuation are quantum, area, location, demand, quality of construction, age of building and trend of fair market etc.

This fair value is based on valuations performed by an accredited independent valuer. The fair value measurement is based on comparable sales approach. The fair value measurement is categorised in level 2 of fair value hierarchy.

**(b) Information regarding income and expenditure of Investment property :**

**(Rs. in lakhs)**

| **Particulars** | **Year ended 31 March 2019** | Year ended 31 March 2018 |
|---|---|---|
| Rental income derived from investment properties | **72** | 103 |
| Direct operating expenses (including repairs and maintenance)for properties generating rental income | **9** | 5 |
| Direct operating expenses (including repairs and maintenance) for properties that did not generate rental income | **10** | - |
| Profit arising from investment properties before depreciation | **53** | 98 |
| Less: Depreciation | **(19)** | (25) |
| **Profit arising from investment properties** | **34** | 73 |

**(c)** The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

**(d)** During the financial year 2018-19, Land and building situated at Delhi has been rented out which was used for business purpose till previous financial year. Hence, due to change in use same has been reclassified from "Property, plant and equipment" to "Investment property" (Land gross carrying amount Rs. 36 lakhs and building gross carrying amount Rs. 86 lakhs and Accumulated depreciation Rs. 29 lakhs there on till 31 March 2018).

**(e)** The Company has started its business activities in Ahmednagar plant during the current financial year which was kept for undetermined use till previous financial year. Hence due to change in use, same has been reclassified from "Investment property" to "Property, plant and equipment" (Land gross carrying amount Rs. 1 lakh and building gross carrying amount Rs. 383 lakhs and Accumulated amortisation on land Rs. 1 lakh and Accumulated depreciation on building Rs. 280 lakhs till 31 March 2018).

**(f)** Leasehold land includes Land Rs. 36.44 lakhs (net of amortisation Rs. 35.96 lakhs) acquired by the Company on a co-ownership/lease basis for which conveyance deed is yet to be executed.

**Note 5 - Intangible assets**

**(Rs. in lakhs)**

| **Description** | **Computer Software** | **Total** |
|---|---|---|
| **Gross carrying value** | | |
| As at 1 April 2017 | 503 | 503 |
| Additions | 43 | 43 |
| Adjustments | - | - |
| Deductions | 2 | 2 |
| As at 31 March 2018 | 544 | 544 |
| Additions | 108 | 108 |
| Adjustments | - | - |
| Deductions | - | - |
| **As at 31 March 2019** | **652** | **652** |

(Rs. in lakhs)

| Description | Computer Software | Total |
|---|---|---|
| **Accumulated amortisation** | | |
| As at 1 April 2017 | 448 | 448 |
| Amortisation charge | 32 | 32 |
| Adjustments | - | - |
| Deductions | 2 | 2 |
| As at 31 March 2018 | 478 | 478 |
| Amortisation charge | 54 | 54 |
| Adjustments | - | - |
| Deductions | - | - |
| **As at 31 March 2019** | **532** | **532** |
| **Net carrying value** | | |
| As at 31 March 2018 | 66 | 66 |
| **As at 31 March 2019** | **120** | **120** |

**Note 6 - Non-current investments in subsidiaries**

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **(A) Investment in unquoted equity shares measured at cost** | | |
| Investment in subsidiary company : | | |
| Ador Welding Academy Private Limited | | |
| 30,00,000 (31 March 2018: 30,00,000) equity shares of Rs.10/- each | **353** | 353 |
| **(B) Investment in unquoted equity shares measured at fair value through profit or loss** | | |
| Plasma Laser Technologies Limited | | |
| 261,105 (31 March 2018: 261,105) Series A Preferred shares of NIS 1 each | **927** | 927 |
| Less: Provision for diminution in the value of investments [Refer note (a) below] | **(927)** | (927) |
| | **-** | - |
| **Total (A+B)** | **353** | 353 |
| **Aggregate amount of unquoted investments before impairment** | **1,280** | 1,280 |
| **Aggregate amount of impairment in the value of investments** | **927** | 927 |

**Note:**

**(a) Investment in Plasma Laser Technologies Limited (PLT)-**

The Company has an investment of Rs. 927 lakhs (Previous year Rs. 927 lakhs) in PLT, PLT had incurred losses since the date of acquisition, the accumulated losses of PLT as at 31 March 2014 exceeded its net worth. The Company had evaluated its investment for the purpose of determination of potential diminution in value and based on such evaluation and considering the underlying factors, including downturn in business and decrease in related activities, had recognised a provision for diminution in the value of investment in PLT as at 31 March 2014 amounting to Rs. 927 lakhs .

**Note 7 - Non-current loan**

Unsecured, considered good (unless otherwise stated)

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Security deposit | **164** | 142 |
| Less : Provision for doubtful deposit | **(12)** | - |
| Loan to employees | **8** | 7 |
| **Total** | **160** | 149 |

**Note 8 - Other non-current financial assets**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Fixed deposits for bank guarantees | **531** | 348 |
| **Total** | **531** | 348 |

**Note 9 - Non-current tax assets, net**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Advance income tax [Refer note (a) below] | **332** | 337 |
| **Total** | **332** | 337 |

**Note:**

(a) Advance income tax is after yearwise set-off against provision for taxation of Rs. 3,750 lakhs (31 March 2018: Rs. 3,532 lakhs).

**Note 10 - Other non-current assets**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Capital advances [Refer note (a) below] | **46** | 118 |
| Prepaid expenses | **20** | 19 |
| Balances with government authorities | **2,083** | 2,063 |
| **Total** | **2,149** | 2,200 |

**Note:**

(a) Capital advances include:

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Land at Silvassa | **27** | 104 |
| Plant and equipments | **19** | 14 |
| **Total** | **46** | 118 |

## Note 11 - Inventories

(Valued at lower of cost or net realisable value)

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Raw materials & components and packing material | **2,185** | 2,241 |
| Work-in-progress | **600** | 799 |
| Finished goods | **1,817** | 1,948 |
| Stock-in-trade | **108** | 113 |
| Stores, spares, parts, scrap etc. | **268** | 270 |
| Right to receive inventory | **181** | 13 |
| **Total** | **5,159** | 5,384 |

## Note 12 - Current Investments

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Financial assets classified and measured at fair value through profit or loss** | | |
| **(A) Investment in mutual funds (unquoted)** | | |
| **Birla Sunlife Balanced 95 fund - growth - direct plan** | **63** | 30 |
| (31 March 2019: 7,709.91 units, 31 March 2018: 3,884.159 units of Rs. 100/- each) | | |
| **Birla Sunlife Balanced 95 fund - growth - regular plan** | **28** | 27 |
| (31 March 2019: 3,680.059 units, 31 March 2018: 3,680.059 units of Rs. 100/- each) | | |
| **DSP Blackrock Balanced fund - direct plan - growth** | **20** | 18 |
| (31 March 2019: 12,209.416 units, 31 March 2018: 12,209.416 units of Rs. 100/- each) | | |
| **DSP Blackrock Balanced fund - regular plan - growth** | **43** | 41 |
| (31 March 2019: 28,696.993 units, 31 March 2018: 28,696.993 units of Rs. 100/- each) | | |
| **Franklin India Balanced fund - growth** | **7** | 6 |
| (31 March 2019: 5,430.881 units, 31 March 2018: 5,430.881 units of Rs. 10/- each) | | |
| **HDFC Hybrid Equity Balanced fund - regular plan - growth** | **58** | 55 |
| (31 March 2019: 107,912.58, 31 March 2018: 37,601.995 units of Rs. 100/- each) | | |
| **ICICI Prudential Balanced fund - growth** | **72** | 67 |
| (31 March 2019: 53,322.947 units, 31 March 2018: 53,322.947 units of Rs. 10/- each) | | |
| **Investment in mutual funds** | **291** | 244 |
| **(B) Investment in bonds (unquoted)** | | |
| 9.60% Tourism Finance Corporation Limited Bonds-2028 | **20** | - |
| 9.65% Tourism Finance Corporation Limited Bonds-2033 | **10** | - |
| 9.05% Oriental Bank of Commerce Bond (Perpetual) | **20** | - |
| **Investment in bonds** | **50** | - |
| **Total (A+B)** | **341** | 244 |

## Note 13 - Trade receivables

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Secured, considered good [Refer note (a) below] | **589** | 396 |
| Unsecured, considered good [Refer note (b) below] | **7,862** | 8,808 |
| Unsecured, considered doubtful | **257** | 196 |
| Less : Provision for doubtful debts | **(257)** | (196) |
| **Total** | **8,451** | 9,204 |
| includes amount due by Private Company in which Director/officer is a Director * | **0** | **13** |

**Notes:**

(a) Secured by letter of credit

(b) Includes an amount of Rs. 169 lakhs (31 March 2018: Rs. 307 lakhs) on account of retention money of Project engineering business.

* Amounts below Rs. 0.50 lakh have been rounded off.

## Note 14 - Cash and cash equivalents

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Cash on hand | **5** | 6 |
| Cheques on hand | **2,061** | 1,163 |
| Balances with banks in current accounts | **601** | 443 |
| **Total** | **2,667** | 1,612 |

## Note 15 - Other bank balances

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Earmarked balances with banks [Refer note (a) below] | **127** | 125 |
| Deposits with maturity of more than three months but less than twelve months | **6** | 6 |
| **Total** | **133** | 131 |

**Note:**

(a) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2019.

## Note 16 - Current loans

Unsecured, considered good (unless otherwise stated)

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Security deposits | **117** | 81 |
| Loans and advances to employees | **33** | 29 |
| Export incentive receivable* | **-** | 289 |
| Others | **9** | 9 |
| **Total** | **159** | 408 |

* In current year, the same is shown under "Note-18".

**Note 17 - Other current financial assets**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Unbilled revenue | **7,840** | 11,290 |
| Interest accrued but not due on fixed deposits | **2** | 5 |
| Measurement of derivative contract at marked to market* | **148** | 0 |
| Other receivables | | |
| (a) from related parties | **-** | 17 |
| (b) from others | **198** | 43 |
| **Total** | **8,188** | 11,355 |

* Amounts below Rs. 0.50 lakh have been rounded off.

**Note 18 - Other current assets**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Contract assets [Refer note (a) below] | **2,115** | - |
| Advance to suppliers | **418** | 855 |
| Prepaid expenses | **184** | 108 |
| Duty entitlement on hand | **14** | - |
| Duty drawback and MEIS receivable | **162** | - |
| Input tax credit receivable | **-** | 60 |
| **Total** | **2,893** | 1,023 |

**Note:**

(a) Contract assets include revenue receivables from contracts arising from implementation of Ind AS 115 "Revenue from contracts with customers" w.e.f. 1 April 2018.

**Note 19 - Equity share capital**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Authorised** | | |
| 3,00,00,000 (31 March 2018: 3,00,00,000) equity shares of Rs. 10/- each | **3,000** | 3,000 |
| **Issued, subscribed and fully paid-up** | | |
| 1,35,98,467 (31 March 2018: 1,35,98,467) equity shares of Rs. 10/- each fully paid up | **1,360** | 1,360 |
| **Total** | **1,360** | 1,360 |

**Note 19 a- Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **No. of shares** | **(Rs. in lakhs)** | No. of shares | (Rs. in lakhs) |
| **Equity shares** | | | | |
| Shares outstanding at the beginning of the year | **13,598,467** | **1,360** | 13,598,467 | 1,360 |
| Add: Shares issued during the year | - | - | - | - |
| **Shares outstanding at the end of the year** | **13,598,467** | **1,360** | 13,598,467 | 1,360 |

**Note 19 b- Rights, preferences and restrictions**

The Company has only one class of shares referred to as equity shares having a par (face) value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all the preferential amounts, in proportion to their shareholding.

**Note 19 c- Shares held by holding Company**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| | No. of shares | No. of shares |
| **Equity shares of Rs. 10/- each** | | |
| J.B.Advani & Company Private Limited | **6,800,531** | 6,800,531 |

**Note 19 d- Details of shares held by shareholders holding more than 5% of aggregate shares in the Company**

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| **Equity shares of Rs. 10/- each** | | | | |
| J.B.Advani & Company Private Limited | **6,800,531** | **50.01%** | 6,800,531 | 50.01% |
| Reliance Capital Trustee Company Limited | **878,890** | **6.46%** | 914,424 | 6.72% |
| **Total** | **7,679,421** | **56.47%** | 7,714,955 | 56.73% |

**Note 19 e-** The Company has not issued any bonus shares or shares for consideration other than cash nor has there been any buyback of shares during five years immediately preceding 31 March 2019.

**Note 20 - Other equity**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| General reserve [Refer note (a) below] | **14,147** | 13,961 |
| Capital redemption reserve account [Refer note (b) below] | **223** | 223 |
| Retained earnings [Refer note (c) below] | **10,610** | 9,227 |
| **Total** | **24,980** | 23,411 |

**Notes :**

**(a) General reserve***

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance at the beginning of the year | **13,961** | 13,774 |
| Add: Transfer from statement of profit and loss | **186** | 187 |
| **Balance at the end of the year** | **14,147** | 13,961 |

* The general reserve is a distributable reserve, maintained by the Company, to be utilised in accordance with the Act.

**(b) Capital redemption reserve account****

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance at the beginning of the year | **223** | 223 |
| Transaction during the year | **-** | - |
| **Balance at the end of the year** | **223** | 223 |

**The reserve has been created during buy back of equity shares and it is a non- distributable reserve.

**(c) Retained earnings*****

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance at the beginning of the year | **9,227** | 8,383 |
| Transaction during the year | | |
| Add: Net profit for the year | **2,385** | 1,856 |
| Add: Other comprehensive income for the year | **4** | (7) |
| Less : Transfer to general reserve | **(186)** | (187) |
| Less: Equity dividend [Refer note (c)(i) below] | **(680)** | (680) |
| Less: Tax on equity dividend | **(140)** | (138) |
| **Balance at the end of the year** | **10,610** | 9,227 |

***Retained earnings pertain to the accumulated earnings made by the Company over the years.

**Note (c)(i):**

**Distributions made and proposed**

The Board of directors at its meeting held on 30 May 2018 had recommended a final dividend of 50% (Rs 5/- per equity share of par value Rs 10 each). The proposal was approved by shareholders at the Annual General Meeting held on 10 August 2018, this has resulted in a cash outflow of Rs 820 lakhs, inclusive of dividend distribution tax. Further, the Board of Directors at its meeting held on 16 May 2019 have recommended a final dividend of 65% (Rs. 6.50 per equity share of par value Rs 10 each) which is subject to approval of shareholders, if approved, this would result in a cash outflow of approximately Rs. 1,066 lakhs, inclusive of dividend distribution tax. [Refer note 50]

**Note 21 - Other non-current financial liabilities**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Rent deposit | **10** | 11 |
| Deposit from trainees / employees | **13** | 8 |
| **Total** | **23** | 19 |

**Note 22 - Non-current provisions**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity [Refer note 45 (II)] | **172** | 145 |
| Compensated absences [Refer note 45 (III)] | **106** | 95 |
| **Total** | **278** | 240 |

## Note 23 - Deferred tax liabilities, net

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Deferred tax liabilities on account of:** | | |
| On timing difference between book depreciation and depreciation as per Income Tax Act, 1961 | 1,013 | 877 |
| Capital expenditure for scientific research | 109 | 115 |
| Financial asset measured at FVTPL | 6 | - |
| Reversal of provision on compensated absences | - | 17 |
| | **1,128** | 1,009 |
| **Deferred tax assets on account of:** | | |
| Employee benefits | 130 | 114 |
| Voluntary retirement scheme | - | 1 |
| Provision for doubtful debts | 89 | 84 |
| Deferment of revenue | 26 | 4 |
| | **245** | 203 |
| **Net deferred tax liabilities** | **883** | 806 |

## Note 24 - Other non-current liabilities

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advance income | **7** | 3 |
| **Total** | **7** | 3 |

## Note 25 - Borrowings

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Secured** | | |
| **From banks** | | |
| Working capital loan repayable on demand [Refer note (a) and (b) below] | **6,150** | 5,900 |
| Export packing credit facility [Refer note (a) and (b) below] | **-** | 600 |
| Cash credit facility availed from bank | **-** | 986 |
| **Unsecured** | | |
| Liability on account of bills discounting | **349** | 634 |
| **Total** | **6,499** | 8,120 |

**Notes:**

(a) Working capital loan, export packing credit facility and cash credit facility are secured by way of hypothecation of Company's entire stocks and book debts, both present and future, exclusive charge on the entire plant and machinery and other movable fixed assets of the Company and on the land and building of the Company located at survey no. 59/11/1, 59/11/2, 59/11/3, 59/12 and 59/13 situated at village Masat, Silvassa, U.T. of Dadra and Nagar Haveli.

(b) Working capital loan and export packing credit facility are secured by way of
1. 1st pari passu charge on current assets of the Company, and
2. Exclusive charge on Chennai plant (land and building and plant & machinery) situated at Survey Nos. 166/1A2 and 1661b, Patta No. 10, situated in the Kanchipuram District, Chengalpattu Taluk, Melakottaiyur Village, Chennai 600 048.

(c) Guarantees given by bank to third parties amounting to Rs. 2,369 lakhs (31 March 2018: Rs. 2,281 lakhs) on behalf of the Company are secured against securities mentioned in (a) above.

### Note 26 - Trade payables

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Dues to micro, small and medium enterprises [Refer note (a) below] | **60** | 27 |
| Dues to other than micro, small and medium enterprises | **6,625** | 7,459 |
| **Total** | **6,685** | 7,486 |

**Note:**

(a) The Company has amount due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act). The disclosure pursuant to the said Act is as under:

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | **60** | 27 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | **0*** | 0* |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid under section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest due and payable towards suppliers registered under the MSMED Act beyond the appointed day during the year | - | - |
| Further interest remaining due and payable for earlier years | - | - |

This information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises, on the basis of information available with the Company.

* Amounts below Rs. 0.50 lakh have been rounded off.

### Note 27 - Other current financial liabilities

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Deposits: | | |
| (a) Rent deposit | **15** | 21 |
| (b) From distributors | **154** | 150 |
| (c) From others | **13** | 12 |
| Employee benefits payable | **143** | 135 |
| Unclaimed dividend | **127** | 125 |
| Creditors for capital goods | **297** | 50 |
| Provision for expenses [Refer note (a) below] | **419** | 259 |
| Others | **97** | 102 |
| **Total** | **1,265** | 854 |

**Note:**

(a) Provision for expenses includes :

**(Rs. in lakhs)**

| **Particulars** | As at 1 April 2018 | Utilised during the year | Provision for the year | **As at 31 March 2019** |
|---|---|---|---|---|
| PEB project expenditure | - | - | 40 | **40** |
| Variable incentive pay | 25 | 25 | 125 | **125** |
| Bonus and commission payable to directors | 71 | 71 | 94 | **94** |
| Electricity expenses | 11 | 11 | 3 | **3** |
| Freight expenses | 46 | 46 | 69 | **69** |
| Legal and professional fees | 9 | 9 | 15 | **15** |
| Other expenses | 97 | 96 | 72 | **73** |
| **Total** | 259 | 258 | 418 | **419** |

**Note 28 - Other current liabilities**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Advances received from distributors on behalf of customers | **12** | 19 |
| Advances received from customers* | **407** | 346 |
| Statutory dues | **105** | 56 |
| Liability for Goods and Service Tax | **226** | 129 |
| Advance income | **3** | 3 |
| **Total** | **753** | 553 |

* Includes an amount of Rs. 313 lakhs (31 March 2018: Rs. 276 lakhs) on account of Project Engineering Business.

**Note 29 - Current provisions**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| **Provision for employee benefits:** | | |
| Provision for Compensated Absences [Refer note 45 (III)] | **93** | 85 |
| **Others:** | | |
| Provision for warranties [Refer note (a) below] | **67** | 63 |
| Provision for sales return | **198** | 47 |
| **Total** | **358** | 195 |

**Note:**

(a) Provision of Rs. 67 lakhs (31 March 2018: Rs. 63 lakhs) has been recognised for expected warranty claims on welding equipments and goods traded during the current financial year. It is expected that all these expenditures will be incurred in next financial year.

**Note 30 - Revenue from operations (gross)**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Sale of goods: | | |
| Domestic | **46,134** | 36,395 |
| Export | **4,688** | 9,527 |
| Sale of services | **166** | 417 |
| Other operating revenue | | |
| Sale of scraps and others | **227** | 132 |
| **Total** | **51,215** | 46,471 |

**Note 31 - Other income**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Interest income on financial asset measured at amortised cost: | | |
| (i) Fixed deposits with banks | **21** | 24 |
| (ii) Overdue amount from customers | **66** | 64 |
| (iii) Others | **74** | 11 |
| Realised gain on financial assets measured at fair value through profit or loss | **-** | 22 |
| Rent received [Refer note 43] | **72** | 103 |
| Duty drawback and export incentive | **181** | 208 |
| Insurance recovered (net of expense) | **59** | 42 |
| Profit on sale of fixed assets (net) | **-** | 2 |
| Exchange currency gain | **163** | 324 |
| Provisions / liabilities no longer required now written back | **8** | 60 |
| Fair value change of financial asset measured at fair value through profit or loss | **17** | 17 |
| Fire insurance claims received | **245** | - |
| Miscellaneous income | **136** | 94 |
| **Total** | **1,042** | 971 |

**Note 32 - Cost of raw materials and components consumed**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Opening stock | **2,241** | 1,257 |
| Add: Purchases | **35,027** | 33,144 |
| Less: Closing stock | **(2,185)** | (2,241) |
| **Total** | **35,083** | 32,160 |

**Note 33 - Purchase of stock-in-trade**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Welding products | **248** | 285 |
| Welding accessories | **333** | 409 |
| Chemicals, minerals and others | **398** | - |
| **Total** | **979** | 694 |

**Note 34 - Changes in inventories of finished goods, stock-in-trade and work-in-progress**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|---|---|---|---|
| **At the beginning of the Year:** | | | | |
| Finished goods | **1,961** | | 2,496 | |
| Stock-in-trade | **113** | | 161 | |
| Work-in-progress | **799** | **2,873** | 617 | 3,274 |
| **At the end of the Year:** | | | | |
| Finished goods | **1,998** | | 1,961 | |
| Stock-in-trade | **108** | | 113 | |
| Work-in-progress | **600** | **2,706** | 799 | 2,873 |
| Less: Variation in excise duty on opening and closing stock of finished goods | | **-** | | (534) |
| **Total** | | **167** | | (133) |

**Note 35 - Employee benefits expenses**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Salaries, wages and bonus | **3,461** | 3,190 |
| Contribution to provident and other funds [Refer note 45 (I)] | **199** | 175 |
| Contribution to gratuity [Refer note 45 (II)] | **44** | 37 |
| Staff welfare expenses | **450** | 429 |
| **Total** | **4,154** | 3,831 |

**Note 36 - Finance costs**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Interest expense on: | | |
| Others | **114** | 8 |
| Bill discounting charges | **50** | 57 |
| Other borrowing costs | **741** | 465 |
| **Total** | **905** | 530 |

### Note 37 - Other expenses

(Rs. in lakhs)

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Manufacturing and other expenses [Refer note 37(a)] | **2,816** | 2,509 |
| Electricity expenses | **23** | 21 |
| Rent [Refer note 42] | **117** | 118 |
| Freight | **628** | 561 |
| Legal and professional fees | **220** | 240 |
| Insurance | **46** | 25 |
| Repairs and maintenance - others | **132** | 124 |
| Travelling, conveyance and vehicle expenses | **674** | 688 |
| Directors fees | **6** | 5 |
| Telephone, postage and telegram | **166** | 183 |
| Rates and taxes | **102** | 63 |
| Advertisement and sales promotion expenses | **103** | 86 |
| Commission paid | **6** | 11 |
| Bad debts written off | **29** | 29 |
| Provision for doubtful debts | **193** | 3 |
| Provision for doubtful deposit | **12** | - |
| Donations | **3** | - |
| Loss on sale of property, plant and equipment (net) | **9** | - |
| Assets written off / discarded | **4** | 11 |
| Printing and stationery | **95** | 72 |
| Auditors' remuneration [Refer note 37(b)] | **38** | 29 |
| Corporate social responsibility [Refer note 56] | **18** | 33 |
| Selling and distribution incentive | **205** | 192 |
| Bank charges | **152** | 90 |
| Loss due to fire | **-** | 99 |
| Miscellaneous expenses | **734** | 638 |
| **Total** | **6,531** | 5,830 |

### Note 37(a) - Manufacturing and other expenses

(Rs. in lakhs)

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Consumption of stores, spare parts and scraps | **605** | 585 |
| Power and fuel | **989** | 882 |
| Repairs to machinery | **94** | 63 |
| Repairs to building | **36** | 11 |
| Other manufacturing expenses | **1,092** | 968 |
| **Total** | **2,816** | 2,509 |

**Note 37(b) - Auditors' remuneration (excluding taxes)**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Statutory audit fees | **16** | 13 |
| Tax audit fees | **7** | 5 |
| Certification and other matters | **13** | 9 |
| Reimbursement of out of pocket expenses | **2** | 2 |
| **Total** | **38** | 29 |

**Note 38 - Tax expense**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| **Current tax** | | |
| Current tax for the year | **1,015** | 880 |
| Additional/(Reversal) of provision for earlier years | **3** | 23 |
| | **1,018** | 903 |
| **Deferred tax** | | |
| Change in deferred tax assets | **(45)** | 2 |
| Change in deferred tax liabilities | **120** | 64 |
| | **75** | 66 |
| **Total** | **1,093** | 969 |

**Note :**

**The reconciliation of estimated income tax expense at tax rate to income tax expense reported in statement of profit and loss is as follows for 31 March 2019 and 31 March 2018:**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Profit before tax as per books | **3,478** | 2,825 |
| Applicable income tax rate | **34.94%** | 34.61% |
| Estimated income tax expenses | **1,215** | 978 |
| **Tax effect of the amounts which are not deductible/ (taxable) in calculating taxable income:** | | |
| Actuarial gains on defined benefit obligations | **2** | 4 |
| Depreciation | **29** | 7 |
| Assets and deposits written off | **9** | 14 |
| Disallowance u/s 43B | **(18)** | 12 |
| Deduction u/s 35(2AB) | **(73)** | (69) |
| Deduction u/s 35DDA | **(1)** | (1) |
| Permanent disallowances | **7** | 11 |
| Tax in respect of earlier years | **3** | 23 |
| Financial assets measured at fair value through profit or loss | **(14)** | (12) |
| Provision for doubtful debts | **16** | - |
| Insurance claim received in case of loss of assets due to fire | **(69)** | - |
| Other items | **(13)** | 2 |
| **Reported income tax expenses** | **1,093** | 969 |

### Note 39 - Other comprehensive income

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| **Items that will not be reclassified to profit or loss** | | |
| Actuarial gains / (loss) on defined benefit obligations | **6** | (11) |
| Income tax effect on above | **(2)** | 4 |
| **Total** | **4** | (7) |

### Note 40 - Contingent Liabilities:

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| (a) Disputed sales tax as the matters are in appeal (advance paid 31 March 2019: Rs 392 lakhs; 31 March 2018: Rs 392 lakhs) * | **1,077** | 1,077 |
| (b) Disputed excise duties as the matters are in appeal (advance paid 31 March 2019: Rs 91 lakhs; 31 March 2018: Rs 91 lakhs) | **2,385** | 2,385 |
| (c) Disputed income tax as the matters are in appeal (advance paid 31 March 2019: Rs 13 lakhs; 31 March 2018: Rs. 13 lakhs) | **63** | 63 |
| (d) Bank guarantees | **2,369** | 2,281 |
| (e) On account of pending C - forms | **620** | 842 |
| (f) Other matters | **113** | 209 |
| (g) Provident fund<br>Based on the Honrable Supreme Court judgment dated 28 February 2019, relating to components of salary structure that needs to be taken into account while computing the contribution to provident fund under the Employee Provident Fund Act, Past provident fund liability is not determinable at present in view of uncertainty on the applicability of the judgment to the Company with respect to timing and the components of its compensation structure. In absence of further clarification, the Company has been advised to await further developments in this matter to reasonably assess the implications on its financial statements, if any. | **Amount not determinable** | - |

Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums/authorities. The Management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognised in the financial statements.

*Disclosed to the extent information available.

### Note 41 - Estimated amount of contracts remaining to be executed

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| On Capital account and not provided for (net of advances) | **298** | 339 |

### Note 42- Lease arrangements - Operating lease

The Company's significant leasing arrangements are in respect of residential flats, office premises and vehicles, taken on non-cancellable lease. The aggregate amount of operating lease rent debited to statement of profit and loss during the year is Rs. 117 lakhs (FY 2017-18: Rs. 118 lakhs)

(Rs. in lakhs)

| Particulars | Minimum lease payment | |
|---|---|---|
| | **As at 31 March 2019** | As at 31 March 2018 |
| Amount due within one year | **61** | 75 |
| Amount due from one year to five years | **74** | 67 |
| Amount due from five years and above | **83** | 94 |
| **Total** | **218** | 236 |

**Note 43- Lease rental**

The Company has significant lease arrangement in respect of office premises given on lease. The aggregate amount of rent credited to statement of profit and loss during the year is Rs. 72 lakhs (FY 2017-18: Rs. 103 lakhs).

(Rs. in lakhs)

| Particulars | Minimum lease payment | |
|---|---|---|
| | **As at 31 March 2019** | As at 31 March 2018 |
| Amount due within one year | **33** | 68 |
| Amount due from one year to five years | **115** | 104 |
| Amount due from five years and above | **-** | 46 |
| **Total** | **148** | 218 |

**Note 44**- Balances of certain debtors, advances and creditors are subject to confirmation / reconciliation, if any. In the opinion of the management such adjustments are not likely to be material.

**Note 45 - Employee benefits**

As per Indian Accounting Standard-19 'Employee Benefits', the disclosure of Employee benefits, as defined in the Standard, are given below:

**Brief description of the plans:**

The Company has various schemes for employee benefits such as provident fund, superannuation and gratuity. In case of funded schemes, the funds are administered through trustees/ appropriate authorities. The Company's defined contribution plans are superannuation, employees state insurance and provident fund, as the Company has no further obligation beyond making the contributions. The Company's defined benefit plans consists of gratuity only. The employees of the Company are entitled to compensated absences as per the Company's policy.

**I. Defined Contribution Plan:**

(i) Superannuation fund

(ii) Provident fund

(iii) Employees State Insurance fund

During the year, the Company has recognised the following amounts in the Statement of profit and loss*:

**Contribution to Defined Contribution Plan, recognized as expense for the year are as under:**

(Rs. in lakhs)

| Particulars | **Year ended 31 March 2019** | Year ended 31 March 2018 |
|---|---|---|
| Employer's Contribution to Superannuation | **40** | 38 |
| Employer's contribution to provident fund | **144** | 122 |
| Employer's Contribution to Employees state insurance fund | **15** | 15 |
| **Total** | **199** | 175 |

* included in Note 35 - 'Employee benefits expenses'

**II. Defined Benefit Plan :**

**Contribution to Gratuity fund (funded scheme):**

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity, based on the following assumptions:-

**(Rs. in lakhs)**

| | Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| **(i)** | **Actuarial assumptions** | | |
| | Discount rate (per annum) | **7.20%** | 7.50% |
| | Salary escalation rate | **7.50%** | 8.00% |
| | **Attrition rate** | | |
| | 21 years to 44 years | **18.22%** | 18.22% |
| | 45 years and above | **8.00%** | 8.00% |
| | The estimates of future salary increases, considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as, supply & demand factors in the employment market. | | |
| **(ii)** | **Assets information:** | | |
| | The plan assets for the funded gratuity plan is administered by Life Insurance Corporation of India ('LIC') as per the investment pattern stipulated for pension and Group Schemes fund by Insurance Regulatory and Development Authority (IRDA) Regulations. | | |
| **(iii)** | **Changes in the present value of defined benefit obligation** | | |
| | Present value of obligation at the beginning of the year | **327** | 286 |
| | Current service cost | **35** | 31 |
| | Interest on defined benefit obligation | **22** | 18 |
| | **Remeasurements during the period due to:** | | |
| | Actuarial (gain) / loss arising from change in financial assumptions | **(3)** | 12 |
| | Actuarial (gain) arising on account of experience changes | **(3)** | (1) |
| | Benefits paid | **(17)** | (19) |
| | **Present Value of obligation at the end of the year** | **361** | 327 |
| **(iv)** | **Changes in the Fair value of Plan Assets** | | |
| | Fair value of plan assets at the beginning of the year | **182** | 169 |
| | Interest on plan assets | **13** | 12 |
| | **Remeasurements during the period due to:** | | |
| | Actual return on plan assets less interest on plan assets | **-** | - |
| | Contributions by employer | **10** | 20 |
| | Benefits paid | **(16)** | (19) |
| | **Fair Value of Plan Assets at the end of the year** | **189** | 182 |
| **(v)** | **Assets and liabilities recognised in the balance sheet *** | | |
| | Present value of the defined benefit obligation at the end of the year | **361** | 327 |
| | Less: Fair value of plan assets at the end of the year | **(189)** | (182) |
| | Net liability recognised | **172** | 145 |
| | **Recognised under provisions (Refer note 22)** | | |
| | Long term provisions | **172** | 145 |
| | Short term provisions | **-** | - |

| Particulars | | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|---|
| **(vi)** | **Expenses recognised in the Statement of Profit and Loss** | | |
| | Current Service Cost | **35** | 31 |
| | Interest on net defined benefit liability | **9** | 6 |
| | **Net gratuity cost recognised in current year** | **44** | 37 |
| | Included in note 35 'Employee benefits expenses' | | |
| **(vii)** | **Expenses recognised in the Statement of other comprehensive income** | | |
| | **Remeasurements during the period due to:** | | |
| | Actuarial (gain) / loss arising from change in financial assumptions | **(3)** | 12 |
| | Actuarial (gain) / loss arising on account of experience changes | **(3)** | (1) |
| | **Net cost recognised in other comprehensive income** | **(6)** | 11 |

**(viii) Sensitivity Analysis:**

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions.The key actuarial assumptions to which the benefit obligation results are particularly sensitive to discount rate and future salary escalation rate.The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

| Particulars | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|---|---|---|---|
| | **Discount Rate** | **Salary escalation rate** | Discount Rate | Salary escalation rate |
| Impact of increase in 50 bps on DBO | **(2.10%)** | **2.19%** | (2.25%) | 2.33% |
| Impact of decrease in 50 bps on DBO | **2.20%** | **(2.10%)** | 2.36% | (2.25%) |

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

**(ix) Maturity Pattern:**

**(Rs. in lakhs)**

| Maturity Profile | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Expected benefits for year 1 | **143** | 66 |
| Expected benefits for year 2 | **36** | 103 |
| Expected benefits for year 3 | **34** | 31 |
| Expected benefits for year 4 | **32** | 28 |
| Expected benefits for year 5 | **33** | 27 |
| Expected benefits for year 6 | **29** | 28 |
| Expected benefits for year 7 | **47** | 24 |
| Expected benefits for year 8 | **15** | 40 |
| Expected benefits for year 9 | **16** | 12 |
| Expected benefits for year 10 and above | **146** | 139 |

* Amounts have been recognised based on the information for the period ended 28 February 2019 and 28 February 2018.

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

**III. Compensated absences***

(i) An amount of Rs. 24 lakhs (31 March 2018: Rs. (48) lakhs) has been recognised as an expense in the statement of profit and loss and included under Note 35 "Employee benefits expenses".

(ii) Balance sheet reconciliation

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **Long term** | **Short term** | Long term | Short term |
| Liability as per actuarial valuation | 106 | 93 | 95 | 85 |

* have been recognised based on the information for the period ended 28 February 2019 and 28 February 2018.

**Note 46 - Related Party Disclosure:**

As per Ind AS 24 "Related party Disclosures", disclosure of transactions with the related parties, as defined in the Accounting Standard, are given below:

**(I) List of related parties and relationship:**

| **Relationship** | **Name of the Persons / Company** |
|---|---|
| **(i) Holding Company:** | J. B. Advani & Company Private Limited |
| **(ii) Subsidiary Company and fellow subsidiaries:** | Ador Welding Academy Private Limited |
| | Ador Powertron Limited (Subsidiary of J. B. Advani & Company Private Limited) |
| | Ador Green Energy Private Limited (Subsidiary of J.B. Advani & Company Private Limited) |
| | Ador Fontech Limited |
| | Ador Multiproducts Limited |
| | 1908 E-Ventures Private Limited |
| | JBA Asia Pacific Pte. Ltd. (Singapore) |
| **(iii) Companies in which holding Company has significant influence and its associates:** | Mack Valves India Private Limited (Indirect subsidiary of J. B. Advani & Company Private Limited) |
| | 3D Future Technologies Private Limited |
| | Greenline Industrial Systems Private Limited |
| | Dualrank Fontech (M) Sdn. Bhd (Malaysia) |
| **(iv) Key management personnel:** | Ms. A. B. Advani - Executive Chairman |
| | Mr. S. M. Bhat - Managing Director |
| | Mrs. N. Malkani Nagpal - Whole time Director |
| | Mr. R.A.Mirchandani - Director (Non-executive) |
| | Mr. A.T. Malkani - Director (Non-executive) |
| | Mr. D.A.Lalvani - Director (Non-executive) |
| | Mr. M. K. Maheshwari - Director (Independent & Non - executive) |
| | Mr. P. K. Gupta - Director (Independent & Non-executive) |
| | Mr. R. N. Sapru - Director (Independent & Non-executive) |
| | Mr. K. Digvijay Singh - Director (Independent & Non-executive) |
| | Mr. G. M. Lalwani - Director (Independent & Non-executive) |
| | Mr. S. G. Mirchandani - Director (Independent & Non-executive) |
| | Mr. G. A. Patkar - Chief Financial Officer |
| | Mr. V. M. Bhide - Head - Corp. Admin, IA, KM, Legal & Company Secretary |

**(II) Transactions during the year:**

**(Rs. in lakhs)**

| Relationship / name of the related party | Description of the nature of transactions | Value of the transactions | |
|---|---|---|---|
| | | **31 March 2019** | 31 March 2018 |
| **a) Holding Company** | | | |
| J. B. Advani & Company Private Limited | Sale of goods (net) | **14** | 9 |
| | Purchase of goods & services received | **848** | 700 |
| | Rent received (net) | **25** | 25 |
| | Reimbursement of expenses (incurred to other companies) | **23** | 10 |
| | Recovery of expenses (from other companies) | **9** | 17 |
| **b) Subsidiary Company and fellow subsidiaries** | | | |
| Ador Welding Academy Private Limited | Sale of goods (net) | **8** | 3 |
| | Purchase of goods and services | **7** | 11 |
| | Rent received (net) | **8** | 14 |
| Ador Powertron Limited | Purchase of goods and services* | **1** | 0 |
| | Purchase of fixed assets (net)* | **3** | 0 |
| | Recovery of expense (from other companies) | **1** | 1 |
| **c) Companies in which Holding Company has significant influence and its associates** | | | |
| Ador Fontech Limited | Sale of goods (net) | **149** | 145 |
| | Purchase of goods* | **34** | 0 |
| | Recovery of expenses (from other companies) | **-** | 1 |
| | Reimbursement of expenses (incurred to other companies)* | **-** | 0 |
| | Rent received (net) | **2** | 4 |
| 1908 E-Ventures Private Limited | Service received* | **-** | 0 |
| **d) Key Management Personnel** | | | |
| Ms. A. B. Advani | Remuneration | **152** | 151 |
| Mrs. N. Malkani Nagpal | Remuneration | **122** | 107 |
| Mr. S. M. Bhat | Remuneration | **167** | 155 |
| Mr. V. M. Bhide | Remuneration | **34** | 32 |
| Mr. G. A. Patkar | Remuneration | **29** | 27 |
| Directors (Non-executive and Independent Directors & Non-executive Directors) | Sitting fees | **6** | 5 |
| Directors (Non-executive and Independent & Non-executive Directors) | Commission | **41** | 32 |

* Amounts below Rs. 0.50 lakh have been rounded off.

**(III) Amount outstanding at the year end:**

**(Rs. in lakhs)**

| Relationship / name of the related party | Nature | Value of the transactions | |
|---|---|---|---|
| | | **As at 31 March 2019** | As at 31 March 2018 |
| **a) Holding Company** | | | |
| J. B. Advani & Company Private Limited | Other receivable | **-** | 8 |
| | Trade receivable | **-** | 11 |
| | Trade payable | **138** | 208 |
| **b) Subsidiary Company and fellow subsidiaries** | | | |
| Ador Welding Academy Private Limited | Investment in equity shares | **353** | 353 |
| | Trade receivables | **-** | 2 |
| | Other receivable* | **0** | 8 |
| | Trade payable* | **-** | 0 |
| Ador Powertron Limited | Trade receivable* | **-** | 0 |
| | Trade payable* | **-** | 0 |
| **c) Companies in which Holding Company has significant influence and its associates** | | | |
| Ador Fontech Limited | Other receivables* | **0** | 5 |
| Ador Multiproducts Limited | Trade receivable | **-** | 3 |
| 1908 E-Ventures Private Limited | Outstanding receivables* | **-** | 0 |
| **d) Key Management Personnel** | | | |
| Mr. V.M. Bhide | Loan | **4** | 7 |

**Notes:**

1. Related party relationship is as identified by the Company and relied upon by the auditors.
2. The Company has shared facilities limits offered by HDFC Bank Limited to the extent of Rs. 100 lakhs (Previous year Rs.100 lakhs) by earmarking working capital funds in favour of Ador Welding Academy Private Limited.
3. Considering the downturn of the operation, the employees of Plasma Laser Technologies (PLT), had approached Israel court in financial year 2014-15 for the purpose of liquidation and considering the same, Israel court has appointed the Official Liquidator to evaluate various options including revival or liquidation.

   Hence, the Management believes that the Company has lost its control on the affairs and assets of such subsidiary, as the same is now vested with such official liquidator appointed by Israel court. Further Management believes that there are no claims expected towards the Company on account of PLT.

   * Amounts below Rs. 0.50 lakh have been rounded off.

**Note 47 - Segment reporting**

The Company's Chief Operating Decision Maker (CODM) - Chief Financial Officer examines the Company's performance and has identified two reportable segments of its business:

(i) Consumables

(ii) Equipments and project engineering business

The above operating segments have been identified considering:

(i) The internal financial reporting systems

(ii) The nature of the products / process

(iii) The organisation structure as well as differential risks and returns of these segments.

**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 from Silvassa, Raipur, Chennai and Chinchwad plant. |
| b)Equipment and project engineering business | Equipments, spares, cutting products and agency items related to equipments, design, engineering, procurement and commissioning of flares, incinerators, furnaces, etc. from Chinchwad plant. |

Revenue and expenses have been accounted on the basis of their relationship to the operating activities of the segment. Expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Income" and "Unallocable Expenses" respectively. Assets and Liabilities, which relate to the enterprise, as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets / Liabilities". Inter-segment transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods.

**A) Business segment**

**(Rs. in lakhs)**

| Particulars | Consumables | | Equipments and project engineering business | | Total | |
|---|---|---|---|---|---|---|
| | **Year ended 31 March 2019** | Year ended 31 March 2018 | **Year ended 31 March 2019** | Year ended 31 March 2018 | **Year ended 31 March 2019** | Year ended 31 March 2018 |
| **Segment revenue** | | | | | | |
| External revenue | **38,598** | 31,234 | **12,651** | 15,361 | **51,249** | 46,595 |
| Less: Inter segment revenue | **(28)** | (105) | **(6)** | (19) | **(34)** | (124) |
| **Total revenue** | **38,570** | 31,129 | **12,645** | 15,342 | **51,215** | 46,471 |
| Segment result before interest and tax | **6,317** | 4,134 | **(1,010)** | (60) | **5,307** | 4,074 |
| Add/(less) : | | | | | | |
| Unallocable expenses (net of unallocable income) | | | | | **(1,409)** | (1,024) |
| Interest and finance charges (net) | | | | | **(420)** | (225) |
| Excess/ (short) provision of taxes for earlier years | | | | | **(3)** | (23) |
| Exceptional items (net) | | | | | **-** | - |
| Provision for taxes (net of deferred tax) | | | | | **(1,090)** | (946) |
| **Net profit after tax** | | | | | **2,385** | 1,856 |
| **Other information** | | | | | | |
| **Segment assets** | **19,750** | 17,202 | **20,745** | 21,889 | **40,495** | 39,091 |
| Unallocated assets | | | | | **2,596** | 3,956 |
| **Total assets** | | | | | **43,091** | 43,047 |
| **Segment liabilities** | **4,330** | 3,253 | **8,749** | 9,854 | **13,079** | 13,107 |
| Unallocated liabilities | | | | | **3,672** | 5,169 |
| **Total liabilities** | | | | | **16,751** | 18,276 |

(Rs. in lakhs)

| Particulars | Consumables | | Equipments and project engineering business | | Total | |
|---|---|---|---|---|---|---|
| | **Year ended 31 March 2019** | Year ended 31 March 2018 | **Year ended 31 March 2019** | Year ended 31 March 2018 | **Year ended 31 March 2019** | Year ended 31 March 2018 |
| **Capital employed** | | | | | | |
| Segment wise capital employed | **15,420** | 13,949 | **11,996** | 12,035 | **27,416** | 25,984 |
| Unallocable corporate assets net of unallocable corporate liabilities | | | | | **(1,076)** | (1,213) |
| **Total capital employed** | | | | | **26,340** | 24,771 |
| **Capital expenditure** | | | | | | |
| Segment capital expenditure | **1,663** | 799 | **551** | 328 | **2,214** | 1,127 |
| Unallocated capital expenditure | | | | | **25** | 43 |
| **Total capital expenditure (Tangible and intangible assets)** | | | | | **2,239** | 1,170 |
| **Depreciation and amortisation** | | | | | | |
| Segment depreciation and amortisation | **531** | 609 | **354** | 330 | **885** | 939 |
| Unallocated depreciation and amortisation | | | | | **75** | 69 |
| **Total depreciation and amortisation** | | | | | **960** | 1,008 |
| **Significant non cash expenditure** | | | | | | |
| Segment significant non cash expenditure | **3** | - | **1** | 9 | **4** | 9 |
| Unallocated significant non cash expenditure* | | | | | **0** | 2 |
| **Total significant non cash expenditure** | | | | | **4** | 11 |

* Amounts below Rs. 0.50 lakh have been rounded off.

### B) Geographical segment

**Revenue from external customers**

(Rs. in lakhs)

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| **Domestic** | **46,451** | 36,800 |
| **Overseas** | | |
| Kuwait | **505** | 4,898 |
| Other countries | **4,259** | 4,773 |
| **Total** | **51,215** | 46,471 |

Domestic Segment includes sales to customers located in India and service income accrued in India. Overseas Segment includes sales and services rendered to customers located outside India.

**Non-current assets:-**

The following are the details of the carrying amount of non current assets, which do not include deferred tax assets, income tax assets and financial assets, of the geographical area in which the assets are located :

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Within India | **13,696** | 12,466 |
| Outside India | **28** | 33 |
| **Total** | **13,724** | 12,499 |

**C) Major customer**

Revenues of approximately Rs. 2,040 lakhs (31 March 2018 - Rs. 4,898 lakhs) are derived from a single customer. These revenues are attributed to the Consumables and equipments business.

**D) Other disclosures**

1. The Company has disclosed business segment as the primary segment.

2. The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

**Note 48 - Fair value measurements**

**Financial assets and liabilities**

The carrying value of financial instruments by categories is as follows:

**(Rs. in lakhs)**

| **Particulars** | **31 March 2019** | | 31 March 2018 | |
|---|---|---|---|---|
| | **Fair value through profit or loss** | **Amortised cost** | Fair value through profit or loss | Amortised cost |
| **Financial Assets - Non-current** | | | | |
| Loans | **-** | **160** | - | 149 |
| Other non-current financial assets | **-** | **531** | - | 348 |
| **Financial Assets - Current** | | | | |
| Investments | **341** | **-** | 244 | - |
| Trade receivables | **-** | **8,451** | - | 9,204 |
| Cash and cash equivalents | **-** | **2,667** | - | 1,612 |
| Other bank balances | **-** | **133** | - | 131 |
| Loans | **-** | **159** | - | 408 |
| Other current financial assets | **-** | **8,188** | - | 11,355 |
| **Financial Liabilities - Non-current** | | | | |
| Other non-current financial liabilities | - | **23** | - | 19 |
| **Financial Liabilities - Current** | | | | |
| Borrowings | - | **6,499** | - | 8,120 |
| Trade payables | - | **6,685** | - | 7,486 |
| Other financial liabilities | - | **1,265** | - | 854 |

**I. Fair value hierarchy**

The fair values of the financial assets and liabilities are included at the amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This section explains the judgments and estimates made in determining the fair values of the financial instruments that are

(a) recognised and measured at fair value and,

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

**Level 2**: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

**II. Valuation techniques used to determine fair value**

Significant valuation techniques used to value financial instruments include:

The fair values for Security deposits, loan to employees and deposits are based on discounted cash flows using a discount rate determined considering the borrowing rate charged by the bank on the loan facility availed.

**III. Financial assets and liabilities measured at Fair value hierarchy - recurring fair value measurement:**

| **Particulars** | **31 March 2019** | | | 31 March 2018 | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | Level 1 | Level 2 | Level 3 |
| Investment in Mutual funds | **291** | **-** | **-** | 244 | - | - |
| Investment in Bonds | **50** | **-** | **-** | - | - | - |
| **Total** | **341** | **-** | **-** | 244 | - | - |

**IV. Fair value of financial assets and liabilities measured at amortised cost, for which fair values are disclosed**

**(Rs. in lakhs)**

| **Particulars** | **31 March 2019** | | 31 March 2018 | |
|---|---|---|---|---|
| | **Fair Value** | **Carrying amount** | Fair Value | Carrying amount |
| **Financial assets** | | | | |
| Loans | **160** | **160** | 149 | 149 |
| Other financial assets | **531** | **531** | 348 | 348 |
| **Financial liabilities - Non-current** | | | | |
| Other financial liabilities | **23** | **23** | 19 | 19 |

During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

The carrying amounts of trade receivables, cash and bank balances, current loans, other current financial assets, current borrowings, other current financial liabilities and trade payables are considered to be approximately equal to the fair value.

The fair values computed above for assets measured at amortised cost are based on discounted cash flows using a current borrowing rate. They have been classified at level 2 in fair value hierarchy due to the use of valuation techniques, which measure the use of observable market data.

**Note 49- Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit quality and liquidity management, which may adversely impact the fair value of its financial assets and liabilities. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the Management is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the company.

The Company's principal financial assets include loans, investments, trade and other receivables, and cash & cash equivalents that derive directly from its operations. The Company also holds investments in mutual funds and bonds.

**A) Credit risk**

Credit risk is the risk of financial loss arising from conterparty failure to repay or service debt according to the contractual terms and obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and credit worthiness of the customer on continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. The financial instruments that are subject to concentration of credit risk pincipally consist of trade receivables, loans, cash & bank balances and bank deposits.

To manage credit risk, the Company follows a policy of advance payment or credit period upto 30 days to reputed customers. In case of foreign receivables, majority of the sales are made either against advance payments or by way of letter of credit. The credit limit policy is established considering the current economic trends of the industry in which the company is operating.

Also, the trade receivables are monitored on a periodic basis for assessing any significant risk of non-recoverability of dues and provision is created accordingly.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government agencies.

The table below provides details regarding past dues receivables, as at each reporting date:

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Upto 1 month | **5,455** | 5,513 |
| 1-2 months | **1,194** | 1,633 |
| 2-3 months | **357** | 192 |
| 3-6 months | **533** | 696 |
| 6-12 months | **102** | 246 |
| More than one year | **810** | 924 |
| **Total** | **8,451** | 9,204 |

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**B) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to maintain optimum levels of liquidity and to ensure that funds are available for use as per requirement.

The liquidity risk principally arises from obligations on account of following financial liabilities viz. borrowings, trade payables and other financial liabilities.

The Company's corporate finance department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior Management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

**The maturity profile of the Company's financial liabilities, based on contractual undiscounted payment at each reporting date is :**

**As at 31 March 2019** **(Rs. in lakhs)**

| Particulars | Less than 1 year | 1 - 2 years | 2 -5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Financial Liabilities - Non-current** | | | | | |
| Other non-current financial liabilities | - | 10 | 15 | 8 | 33 |
| **Financial Liabilities - Current** | | | | | |
| Borrowings | 6,499 | - | - | - | 6,499 |
| Trade payables | 6,685 | - | - | - | 6,685 |
| Other financial liabilities | 1,265 | - | - | - | 1,265 |
| **Total** | **14,449** | **10** | **15** | **8** | **14,482** |

As at 31 March 2018 **(Rs. in lakhs)**

| Particulars | Less than 1 year | 1 - 2 years | 2 -5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Financial Liabilities - Non-current** | | | | | |
| Other non-current financial liabilities | - | 11 | 11 | 5 | 27 |
| **Financial Liabilities - Current** | | | | | |
| Borrowings | 8,120 | - | - | - | 8,120 |
| Trade payables | 7,486 | - | - | - | 7,486 |
| Other financial liabilities | 854 | - | - | - | 854 |
| **Total** | 16,460 | 11 | 11 | 5 | 16,487 |

**C) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: Foreign currency risk, interest rate risk and price risk. The company's exposure to market risk is primarily on account of foreign currency risk and price risk.

**(i) Foreign currency risk**

The Company is exposed to foreign exchange risk on their receivables, payables and bank balances which are held in USD, AED, KWD and EUR. The fluctuation in the exchange rate of INR relative to USD, AED, KWD and EUR may have a material impact on the Company's assets and liabilities.

In respect of the foreign currency transactions, the Company manages the exchange rate exposure by entering into forward contracts where the exposure is significant. Further, some of the exposures are kept open since the management believes the same will be offsetted by the corresponding receivables and payables, which will be in the nature of natural hedge.

The Company's exposure to foreign currency risks at the end of reporting period are as under:

**(Rs. in lakhs)**

| Particulars | 31 March 2019 | | | | 31 March 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | USD | AED | KWD | EUR | USD | AED | KWD | EUR |
| **Financial assets** | | | | | | | | |
| Trade receivables | **1,288** | **-** | **-** | **-** | 1,075 | - | - | 52 |
| Unbilled revenue | **-** | **-** | **7,840** | **-** | 728 | - | 9,224 | - |
| Bank balances | **44** | **29** | **-** | **-** | 147 | - | - | - |
| **Derivative Contracts** | | | | | | | | |
| Foreign exchange forward contracts* | **(3,074)** | **-** | **-** | **-** | (1,111) | - | - | - |
| **Net exposure to foreign currency risk (assets)*** | **(1,742)** | **29** | **7,840** | **-** | 839 | - | 9,224 | 52 |
| **Financial liabilities** | | | | | | | | |
| Trade payables | **520** | **-** | **1,046** | **55** | 522 | - | 2,023 | 87 |
| **Derivative Contracts** | | | | | | | | |
| Foreign Exchange forward contracts | **-** | **-** | **-** | **-** | (182) | - | - | - |
| **Net exposure to foreign currency risk (liabilities)** | **520** | **-** | **1,046** | **55** | 340 | - | 2,023 | 87 |

* The Forward contracts are hedged in terms of US Dollar against underlyings, which include both USD and Kuwaiti Dinar.

**Sensitivity Analysis**

The following table demonstrates the sensitivity in USD, EUR, AED and KWD with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

**(Rs. in lakhs)**

| Currencies | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|
| | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% |
| USD | **(113)** | **113** | 25 | (25) |
| AED | **1** | **(1)** | - | - |
| KWD | **340** | **(340)** | 360 | (360) |
| EUR | **(3)** | **3** | (2) | 2 |

**(ii) Price Risk**

The Company is exposed to price risk from its investment in mutual funds and bonds classified in the balance sheet at fair value through profit or loss.

To manage its price risk arising from the investment, the Company has invested in the mutual fund after considering the risk and return profile of the mutual funds.

**Sensitivity Analysis**

**(Rs. in lakhs)**

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Impact on profit before tax for 5% increase in NAV / Price | **17** | 12 |
| Impact on profit before tax for 5% decrease in NAV / Price | **(17)** | (12) |

**Note 50 - Capital Management**

The Company's objectives, when managing capital, are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

The Company monitors its capital by using gearing ratio, which is net debt divided by total equity. Net debt includes interest bearing loans. Total equity comprises of Equity share capital, General reserve, Capital redemption reserve and Retained earnings.

**A. The Capital composition is as follows:**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| **Net debt (A)** | **6,499** | 8,120 |
| **Equity (B)** | **26,340** | 24,771 |
| **Gearing ratio (A / B)** | **0.25** | 0.33 |

**B. Dividends**

**(Rs. in lakhs)**

| **Particulars** | **For the year ended 31 March 2019** | For the year ended 31 March 2018 |
|---|---|---|
| **(a) Equity dividend** | | |
| Final dividend for the year ended 31 March 2018 of Rs. 5/- (31 March 2017 - Rs. 5/-) per fully paid share | **680** | 680 |
| Dividend distribution tax on final dividend | **140** | 138 |
| **(b) Dividends not recognised at the end of the reporting period** | | |
| In addition to the above dividend, since year end the Directors have recommended the payment of a final dividend of Rs. 6.50/- (31 March 2018 - Rs. 5/-) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting. | **884** | 680 |
| Dividend distribution tax on proposed dividend | **182** | 140 |

**Note 51 - Earnings per share**

| **Particulars** | **For the year ended 31 March 2019** | For the year ended 31 March 2018 |
|---|---|---|
| Net Profit after tax for the year (Rs. in lakhs) | **2,385** | 1,856 |
| Profit attributable to equity share holders (Rs. in lakhs) | **2,385** | 1,856 |
| Weighted Average Number of equity shares outstanding during the year | **13,598,467** | 13,598,467 |
| Basic and Diluted Earnings Per Share (Rs.) | **17.54** | 13.65 |
| Face Value per Share (Rs.) | **10.00** | 10.00 |

**Note 52 - Details of dividend remitted to non-resident shareholders in foreign currency:***

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Number of non-resident shareholders | **62** | 64 |
| Number of equity shares held | **8,391** | 8,766 |
| Financial year ended for which dividend is remitted | **2017-18** | 2016-17 |
| Amount of dividend remitted (Rs. in lakhs) | **0.42** | 0.44 |

*excluding dividend credited to the non-resident shareholders external accounts with banks in India.

**Note 53** - Revenue expenditure, incurred during the year on research and development, amounts to Rs. 325 lakhs (31 March 2018: Rs. 338 lakhs) including depreciation Rs. 31 lakhs (31 March 2018: Rs. 29 lakhs) and capital expenditure thereof amounts to Rs. 20 lakhs (31 March 2018: Rs. 43 lakhs).

**Note 54- Investments in subsidiaries, associates and joint ventures:**

| Sr. No | Subsidiary/ associate/ joint venture | Name of the Subsidiary / associate / joint venture | Principal place of business and country of incorporation | Proportion of ownership interest 31 March 2019 | Proportion of ownership interest 31 March 2018 | Method of accounting |
|---|---|---|---|---|---|---|
| 1 | Subsidiary | Ador Welding Academy Private Limited | India | 100% | 100% | Cost |

**Note 55- Revenue from contracts with customers**

With effect from 1 April 2018, the Company has adopted Ind AS 115 'Revenue from contracts with customers' using the modified retrospective approach given in Ind AS 115, i.e. cumulative catch-up transition adjustment is made for contracts that were not completed as of 1 April 2018. Accordingly, the comparatives for the year ended 31 March 2018 have not been reinstated. Under Ind AS 115, an entity recognises revenue when it transfers control of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Adoption of this new standard did not result in a material impact on the retained earnings as at 1 April 2018, statement of profit and loss and Cash flow statement for the year ended 31 March 2019 or balance sheet as of 31 March 2019.

The Company determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer.

2. Identification of the performance obligations in the contract.

3. Determination of the transaction price.

4. Allocation of the transaction price to the performance obligations in the contract.

5. Recognition of revenue when, or as, we satisfy a performance obligation.

The Company is engaged in providing welding Products Technologies and Services, customized solutions for multi-disciplinary projects and contracts related to refineries, oil & gas, petrochemicals, fertilizers, steel plants, pharma, water and other chemical process industries.

**a) Disaggregated revenue information**

The Company has two reportable segments of its business :

(i) Consumables

(ii) Equipments and project engineering business

The Company's revenue disaggregated by pattern of revenue recognition for the period ended 31 March 2019 are as follows:

(Rs. in lakhs)

| Sr. No | Particulars | Consumables | Equipments and project engineering business | Total revenue |
|---|---|---|---|---|
| 1 | Goods transferred at a point in time | 38,570 | 8,497 | 47,067 |
| 2 | Goods transferred over time | - | 4,148 | 4,148 |
| | **Total** | **38,570** | **12,645** | **51,215** |

**b) (i) Contract balances information**

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 1 April 2018 |
|---|---|---|
| Trade receivables | **8,451** | 9,204 |
| Contract Assets* | **7,840** | 11,290 |
| Contract Liabilities** | **313** | 276 |

* The significant changes in contract Assets includes contracts are billed during the period for an amount of Rs 1,335 lakhs.

** The significant changes in contract liabilities includes customer and distributors advance during the period increased by Rs 54 lakhs.

**(ii) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price as on 31 March 2019**

(Rs. in lakhs)

| Particulars | Total |
|---|---|
| Revenue as per contracted price | **51,413** |
| **Adjustments** | |
| Extended warranties | **-** |
| Loyalty points | **-** |
| Significant financing component | **-** |
| Sales return | **(198)** |
| Discount | **-** |
| **Revenue from contract with customers** | **51,215** |

**c) Performance obligations**

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as on 31 March 2019:

(Rs. in lakhs)

| Particulars | Total |
|---|---|
| Revenue expected to be recognised | **4,531** |

**Note 56- Corporate Social Responsibility :**

The Company has formed a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013. The Company is required to spend Rs. 64.56 lakhs as per Section 135(5). However, the Company has spent Rs. 18.07 lakhs on the activities mentioned in Schedule VII to the Companies Act, 2013.

Details of CSR spent for financial year 2018-19:

Total amount spent: Rs. 18.07 lakhs

Amount unspent: Rs. 46.49 lakhs

**Manner in which the amount spent during the financial year 2018-19 is detailed below:-**

**(Rs. in lakhs)**

| CSR project or activity identified | Sector in which project is covered | Projects or programs | Amount spent: direct or through implementing agency |
|---|---|---|---|
| Women Empowerment | Contributing to development & improvement in quality of life of women | Providing Coolers to poor girls as wedding gift at Raipur | 0.52 |
| Drinking Water Facilities | Making available clean drinking water facilities | Safe Drinking Water Project taken up for Slum areas of Western suburbs of Mumbai | 0.21 |
| Promoting Education | Promoting education for poor & needy | Distribution of school kits to the needy & poor students | 0.30 |
| Promoting welfare | Livelihood enhancement projects | Sponsored roti maker to Balda Ashram, which houses poor children between age group of 6 to 14 years | 0.25 |
| Promoting Education | Facilities for education | Funded for repair roofing & fittings to Vanvasi Kalyan aashram, Khanvel | 0.16 |
| Vocational Training | Vocational Training for poor & needy | Sponsoring education kits to the needy & poor | 0.05 |
| Health care | Promoting Health care | Contributing to National Oral Cancer Awareness Program for preventing Oral Cancer | 0.50 |
| Vocational Training | Vocational Training for poor & needy | Vocational training to the underprivileged youth by sponsoring courses on Welding Skill development | 8.77 |
| Vocational Training | Vocational Training for poor & needy | Providing desktop computers to the students of Vanvasi Kalyan Aashram, Khanvel | 1.26 |
| Health care | Promoting health care and sanitation | Provided hand sanitizers to Kerala flood victims | 5.00 |
| Promoting Education | Facilities for education | Painting & renovation of Advani – Oerlikon School at Raipur | 1.05 |
| | | **Total** | **18.07** |

**Note 57** - Amounts below Rs. 0.50 lakh have been rounded off.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No. 079597

**Place :** Mumbai
**Date :** 16 May 2019

**For and on behalf of the Board of Directors**

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

**G.A. Patkar**
Chief Financial Officer

**S.M. Bhat**
Managing Director
DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

CORPORATE PROFILE
STATUTORY REPORT
STANDALONE FINANCIALS
CONSOLIDATED FINANCIALS

# Independent Auditor's Report

**To the Members of Ador Welding Limited**

**Report on the Consolidated Financial Statements**

**Opinion**

1. We have audited the accompanying consolidated financial statements of **Ador Welding Limited** ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and their consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter(s) paragraph below, is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

4. Key audit matters are those matter that, in our professional judgment and based on the consideration of the report of the other auditor on separate financial statements and on the other financial information of the subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matter described below to be the key audit matter to be communicated in our report.

| **Key audit matter** | **How our audit addressed the key audit matter** |
|---|---|
| **Revenue recognition and unbilled revenue - EPC Contract** | **Our response:** |
| **Refer Note 1- II (c) -Significant Accounting policies followed by the Company and note 17 to the Consolidated Financial statements** | |
| During the financial year 2016-17, the Company entered into a contract for providing Engineering Procurement and Constructions (EPC) service in relation to a gas line project, with a customer in Kuwait for a contract of value KWD 4,929,550.<br><br>Substantial portion of the Company's performance obligations under the said contract was completed in financial year 2017-18 and the Company recognized revenue of Rs. 4,903 lakhs in FY 2017-18 based on percentage completion method in accordance with the accounting principles of Ind AS 11, Construction Contracts.<br><br>On first time adoption of Ind AS 115, Revenue from contracts with customers (Ind AS 115), applicable to the Company in the current year, the management has assessed that the contract meets the criteria for revenue recognition over time and consequently no adjustment was considered necessitated to the amount of revenue recognized earlier on such adoption.<br><br>The Company has further recognized revenue of Rs. 505 lakhs in the FY 2018-19 upon satisfaction of performance obligations, i.e., progression of the project.<br><br>As per the terms of the contract, the Company can invoice the customer only after the other vendors involved in the project complete their portion of the work and a quality inspection is done by the customer. Consequently, while the Company has completed a substantial portion of its performance obligations, and has recognized total revenue aggregating to Rs. 10,955 lakhs, the unbilled revenue as at 31 March 2019 amounts to Rs. 7,840 lakhs.<br><br>Considering the materiality of the amounts involved, significant judgement applied by the management in assessing the applicable accounting treatment under the new revenue standard and in assessing the appropriateness of the carrying value of the unbilled revenues, we have considered this matter to be a key audit matter for the current year audit. | Our audit procedures in relation to revenue recognition and unbilled revenues included, but were not limited to, the following:<br>- Obtained an understanding of management's process and evaluated the design and tested the operating effectiveness of controls around revenue recognition and accounting treatment of unbilled revenue as per Ind AS 115;<br>- Obtained and inspected the agreement, with respect to the key contractual terms including those related to invoicing, entered into by the Company with the customer and evaluated the appropriateness of the accounting treatment assessed by the management.<br>- Evaluated whether the performance obligations and service delivery obligations as per the terms of the contract appear to be satisfied by the Company to the extent of revenue recognised, by performing enquiry with the management and inspecting supporting documents evidencing completion of such work;<br>- Tested all the invoices raised in relation to the project from its commencement until 31 March 2019 and traced the receipt of money in respect of such invoices to the bank statements.<br>- Obtained an independent confirmation from the contractor to the project certifying that the balance invoicing under the project would be done subsequent to the testing phase, to corroborate the reasons of delay in invoicing as explained by the management.<br>- Evaluated the appropriateness of the disclosures made in the financial statements with respect to revenue and related balances. |

**Information other than the Consolidated Financial Statements and Auditor's Report thereon**

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors/management of the Company included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

15. We did not audit the financial statements one subsidiary, whose financial statements reflect total assets of Rs. 169.04 lakhs and net assets of Rs. 153.14 lakhs as at 31 March 2019, total revenues of Rs. 138.47 lakhs and net cash inflows amounting to Rs. 9.58 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report have been furnished to us by the management

and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditor.

**Report on Other Legal and Regulatory Requirements**

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statements of the subsidiary, we report that the Holding Company has paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the subsidiary company since such company is not a public company as defined under section 2(71) of the Act.

17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) the reports on the accounts of the subsidiary company, audited under Section 143(8) of the Act by the other auditor, as applicable, and have been properly dealt with in preparing this report ;

    d) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    e) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

    f) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditor of its subsidiary Company, none of the directors of the Group companies, covered under the Act, are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

    g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A";

    h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 40 to the consolidated financial statements.;

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended 31 March 2019;

iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No.: 079597

**Place**: Mumbai
**Date**: 16 May 2019

## Annexure A to the Independent Auditor's Report of even date to the Members of Ador Welding Limited on the consolidated financial statements for the year ended 31 March 2019

### Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of **Ador Welding Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary company which is a company covered under the Act, as at that date.

**Management's Responsibility for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary company which is a company covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary company as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary company as aforesaid.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised

acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary company, the Holding Company, its subsidiary company which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

9. We did not audit the IFCoFR in so far as it relates to one subsidiary company which is a company covered under the Act, whose financial statements reflect total assets of Rs.169.04 lacs and net assets of Rs. 153.14 lacs as at 31 March 2019, total revenues of Rs.138.47 lacs and net cash inflows amounting to Rs. 9.58 lacs for the year ended on that date, as considered in the consolidated financial statements. The IFCoFR in so far as it relates to such subsidiary company have been audited by other auditors whose report have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary company as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No.: 079597

**Place**: Mumbai
**Date**: 16 May 2019

## CONSOLIDATED BALANCE SHEET

(Rs. in lakhs)

| Particulars | Notes | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| **Assets** | | | |
| **(1) Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | **10,634** | 9,431 |
| (b) Capital work-in-progress | 3 | **102** | 75 |
| (c) Investment property | 4 | **816** | 834 |
| (d) Intangible assets | 5 | **121** | 67 |
| (e) Intangible assets under development | | **5** | 2 |
| (f) Financial assets | | | |
| (i) Investments | 6 | **-** | - |
| (ii) Loans | 7 | **161** | 153 |
| (iii) Other financial assets | 8 | **531** | 348 |
| (g) Non-current tax assets, net | 9 | **345** | 346 |
| (h) Other non-current assets | 10 | **2,149** | 2,200 |
| | | **14,864** | 13,456 |
| **(2) Current assets** | | | |
| (a) Inventories | 11 | **5,159** | 5,384 |
| (b) Financial assets | | | |
| (i) Investments | 12 | **371** | 244 |
| (ii) Trade receivables | 13 | **8,460** | 9,204 |
| (iii) Cash and cash equivalents | 14 | **2,681** | 1,616 |
| (iv) Other bank balances | 15 | **133** | 131 |
| (v) Loans | 16 | **160** | 408 |
| (vi) Other financial assets | 17 | **8,188** | 11,347 |
| (c) Other current assets | 18 | **2,893** | 1,023 |
| | | **28,045** | 29,357 |
| **Total Assets** | | **42,909** | 42,813 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| (a) Equity share capital | 19 | **1,360** | 1,360 |
| (b) Other equity | 20 | **24,780** | 23,142 |
| | | **26,140** | 24,502 |
| **(1) Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Other financial liabilities | 21 | **23** | 19 |
| (b) Provisions | 22 | **278** | 240 |
| (c) Deferred tax liabilities, net | 23 | **886** | 809 |
| (d) Other non-current liabilities | 24 | **7** | 3 |
| | | **1,194** | 1,071 |
| **(2) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 25 | **6,499** | 8,132 |
| (ii) Trade payables | 26 | | |
| Total outstanding dues to micro and small enterprises | | **60** | 27 |
| Total outstanding dues to creditors other than micro and small enterprises | | **6,629** | 7,474 |
| (iii) Other financial liabilities | 27 | **1,269** | 854 |
| (b) Other current liabilities | 28 | **755** | 558 |
| (c) Provisions | 29 | **363** | 195 |
| | | **15,575** | 17,240 |
| **Total Equity and Liabilities** | | **42,909** | 42,813 |
| **Summary of significant accounting policies** | 1 | | |
| **The accompanying notes 1 to 55 are an integral part of the financial statements.** | | | |

This is the balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No. 079597

**Place :** Mumbai
**Date :** 16 May 2019

**For and on behalf of the Board of Directors**

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

**G.A. Patkar**
Chief Financial Officer

**S.M. Bhat**
Managing Director
DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

| Particulars | Notes | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations (gross) | 30 | **51,328** | 46,530 |
| Other income | 31 | **1,035** | 958 |
| **Total revenue** | | **52,363** | 47,488 |
| **Expenses** | | | |
| Cost of raw materials and components consumed | 32 | **35,083** | 32,160 |
| Purchase of stock-in-trade | 33 | **972** | 690 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 34 | **167** | (133) |
| Excise duty on sale of goods | | **-** | 697 |
| Employee benefits expenses | 35 | **4,164** | 3,846 |
| Finance costs | 36 | **905** | 532 |
| Depreciation and amortisation expense | 2,4,5 | **968** | 1,017 |
| Other expenses | 37 | **6,552** | 5,869 |
| **Total expenses** | | **48,811** | 44,678 |
| **Profit before tax** | | **3,552** | 2,810 |
| **Tax expense** | 38 | | |
| Current tax | | **1,023** | 903 |
| Deferred tax charge | | **75** | 66 |
| **Profit for the year** | | **2,454** | 1,841 |
| **Other comprehensive income** | 39 | | |
| (i) Items that will not be reclassified to statement of profit and loss | | **6** | (11) |
| (ii) Income tax relating to above items | | **(2)** | 4 |
| **Net other comprehensive income/(loss)** | | **4** | (7) |
| **Total comprehensive income for the year** | | **2,458** | 1,834 |
| **Earnings per equity share** | 51 | | |
| Basic and diluted earnings per share (Rs. 10/- per share) | | **18.04** | 13.54 |
| **Summary of significant accounting policies** | 1 | | |
| **The accompanying notes 1 to 55 are an integral part of the financial statements.** | | | |

This is the statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No. 079597

**Place :** Mumbai
**Date :** 16 May 2019

**For and on behalf of the Board of Directors**

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

**G.A. Patkar**
Chief Financial Officer

**S.M. Bhat**
Managing Director
DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

# CONSOLIDATED CASH FLOW STATEMENT

(Rs. in lakhs)

| | Particulars | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|---|---|---|---|---|
| **A)** | **Cash flow from operating activities** | | | | |
| | **Profit before tax** | | **3,552** | | 2,810 |
| | **Adjustment for:** | | | | |
| | Deferment of revenue | **23** | | 4 | |
| | Fair value adjustments relating to | | | | |
| | Derivative contracts | **-** | | (13) | |
| | Financial assets at FVTPL | **(18)** | | (17) | |
| | Financial assets at amortised cost | **(6)** | | (1) | |
| | Financial liabilities at amortised cost* | **(0)** | | - | |
| | Provision for expected credit loss on trade receivables* | **(0)** | | 3 | |
| | Actuarial gain /(loss) | **6** | | (11) | |
| | Depreciation and amortisation expense | **968** | | 1,017 | |
| | Bad debts written off | **29** | | 29 | |
| | Provision for doubtful debts | **193** | | - | |
| | Provision for doubtful deposit | **12** | | - | |
| | Loss due to fire | **-** | | 87 | |
| | Assets and Inventory written off / discarded | **19** | | 11 | |
| | **Items considered separately:** | | | | |
| | Finance costs | **905** | | 528 | |
| | Loss/(profit) on sale of property, plant & equipment | **9** | | (2) | |
| | Surplus on sale of investments | **-** | | (22) | |
| | Interest income | **(161)** | | (95) | |
| | Rental income | **(64)** | | (100) | |
| | Exchange (gain) on revaluation of foreign currency monetary item | **(123)** | **1,792** | (47) | 1,371 |
| | **Operating profit before working capital changes** | | **5,344** | | 4,181 |
| | **Adjustments for changes in working capital** | | | | |
| | Decrease / (increase) in inventories | **232** | | (682) | |
| | Decrease / (increase) in trade receivables | **512** | | (1,526) | |
| | Decrease / (increase) in loans and other receivables | **1,609** | | (4,020) | |
| | (Decrease) / increase in trade payables | **(872)** | | 213 | |
| | Increase / (decrease) in liabilities and provisions | **551** | **2,032** | (859) | (6,874) |
| | **Cash generated /(used in) from operating activities** | | **7,376** | | (2,693) |
| | Income tax paid | | **(1,017)** | | (989) |
| | **Net cash generated / (used in) from operating activities** | | **6,359** | | (3,682) |
| **B)** | **Cash flow from investing activities** | | | | |
| | Acquisition of property, plant and equipment (including capital work-in- progress and capital advances) | **(1,915)** | | (892) | |
| | Purchase of investments | **(110)** | | - | |
| | Proceeds from sale of property, plant and equipment | **21** | | 11 | |
| | Proceeds from sale of investments | **-** | | 860 | |
| | Interest income | **164** | | 100 | |
| | Rental received | **75** | | 91 | |
| | Investment in fixed deposits | **(183)** | | (142) | |
| | **Net cash (used in) / generated from investing activities** | | **(1,948)** | | 28 |

(Rs. in lakhs)

| Particulars | | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|---|---|---|---|---|
| **C)** | **Cash flow from financing activities** | | | | |
| | Finance costs | **(893)** | | (505) | |
| | Repayment of bill discounting liability | | | (113) | |
| | Proceeds from current borrowings | **29,400** | | 7,486 | |
| | Repayment of current borrowings | **(31,033)** | | (2,805) | |
| | Dividend paid | **(680)** | | (680) | |
| | Dividend distribution tax | **(140)** | | (138) | |
| | **Net cash (used in) / generated from financing activities** | | **(3,346)** | | 3,245 |
| | **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | | **1,065** | | (409) |
| | Cash and cash equivalents at the beginning of the year | | **1,616** | | 2,025 |
| | **Cash and cash equivalents at the end of the year [Refer note 14]** | | **2,681** | | 1,616 |

* Amounts below Rs. 0.50 lakh have been rounded off.

**Notes to the cash flow statement**

a) Components of cash and cash equivalents:

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Cash on hand | **5** | 6 |
| Cheques on hand | **2,061** | 1,163 |
| Balances with banks in current accounts | **615** | 447 |
| **Total** | **2,681** | 1,616 |

**The accompanying notes 1 to 55 are an integral part of the financial statements.**

This is the cash flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No. 079597

**Place :** Mumbai
**Date :** 16 May 2019

**For and on behalf of the Board of Directors**

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

**G.A. Patkar**
Chief Financial Officer

**S.M. Bhat**
Managing Director
DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**A) Equity share capital**

| Particulars | Notes | Number of shares | (Rs. in lakhs) |
|---|---|---|---|
| **Issued, subscribed and paid up:** | | | |
| As at 31 March 2018 | 19 | 13,598,467 | 1,360 |
| Changes in equity share capital | | - | - |
| **As at 31 March 2019** | | **13,598,467** | **1,360** |

**B) Other equity**

**(Rs. in lakhs)**

| Particulars | Reserves and surplus | | | Total |
|---|---|---|---|---|
| | General reserve | Capital redemption reserve | Retained earnings | |
| Balance as at 31 March 2018 | 13,961 | 223 | 8,958 | 23,142 |
| Net profit for the year | - | - | 2,454 | 2,454 |
| Other comprehensive income for the year | - | - | 4 | 4 |
| Total comprehensive income for the year | 13,961 | 223 | 11,416 | 25,600 |
| Amount transfer from retained earnings | 186 | - | - | 186 |
| Amount transfer to general reserve | - | - | (186) | (186) |
| Equity dividend including taxes theron | - | - | (820) | (820) |
| **Balance as at 31 March 2019** | **14,147** | **223** | **10,410** | **24,780** |

**The accompanying notes 1 to 55 are an integral part of the financial statements.**

This is the statement of changes in equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**Nikhilesh Nagar**
Partner
Membership No. 079597

**Place :** Mumbai
**Date :** 16 May 2019

**For and on behalf of the Board of Directors**

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

**G.A. Patkar**
Chief Financial Officer

**S.M. Bhat**
Managing Director
DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

## Note 1 - Significant Accounting Policies and Other Explanatory Information to The Consolidated Financial Statements for the year ended 31 March 2019

### I. Background of the Company

Ador Welding Limited ('the Company') was incorporated in the year 1951 and is one of India's leading player in the field of Welding Products, Technologies and Services. The Company is also engaged in providing customized solutions for multi-disciplinary projects and contracts related to refineries, oil & gas, petrochemicals, fertilizers, steel plants, pharma, water and other chemical process industries. The Company is a public limited company and domiciled in India and its shares are listed on two recognised stock exchanges in India - the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange (India) Limited (NSE). The registered and corporate office of the Company is situated at Ador House, 6, K. Dubash Marg, Fort, Mumbai.

The financial statements comprise the financial statements of the Company and its subsidiary (the Company and its subsidiary referred to as "the Group"). These consolidated financial statements ("the financial statements") of the Group for the year ended 31 March 2019 were authorised for issue in accordance with resolution of the Board of Directors on 16 May 2019.

### II. Significant Accounting Policies followed by the Company

The significant accounting policies applied by the Group in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

### (a) Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

### (b) Basis of Preparation

The financial statements have been prepared on a historical cost convention and accrual basis, except for the certain financial assets & liabilities that are measured at fair value & defined benefit plan assets measured at fair values by Ind AS.

Fair value is the price that would be received on sale of asset or paid on transfer of liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

### (c) Principles of Consolidation

The consolidated financial statements have been prepared on the following basis.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases. The acquisition method of accounting is used to account for business combination by the Group. The Group combines the separate financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, Contingent liability, equity, income and expenses. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary and practicable to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

**(d) Critical estimates and judgements**

The preparation of Financial Statements in conformity with Ind AS, which requires management to make estimates, assumptions and exercise judgement in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

**Useful life of property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. Depreciation is provided as per the Straight Line Method over the estimated useful life of assets. The Company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act.

**Valuation of deferred tax assets / liabilities**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. Significant judgment is involved in arriving at the deferred tax assets and liabilities, which is based on the Company's current operations and projections for the future.

**Defined benefit obligation**

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty. The assumptions used are disclosed in Note 45.

**Fair value measurements of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Discounted Cash Flow Model. The inputs to these models are taken from observable markets wherever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risks, credit risks and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**(e) Property, plant and equipment (including Capital Work-in-Progress)**

Freehold Land is carried at historical cost. All other items of Property, plant and equipment are stated at cost/deemed cost, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction are capitalised as part of cost of qualifying asset.

Items of property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss. Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets, which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method based on useful life as estimated by the management and aligned to Schedule II to the Companies Act, 2013 in order to reflect the actual usage of assets. Depreciation on assets acquired under finance lease is spread over the lease period or useful life, whichever is shorter.

Assets not yet ready for use are recognised as capital work-in-progress.

**(f) Intangible Assets (including intangibles under development)**

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

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Software and implementation costs including users license fees of the Enterprise Resource Planning (ERP) system and other application software costs are amortised over a period of three years.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

**(g) Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the entity, is classified as Investment Property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an Investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation is provided on a pro-rata basis on the straight-line method based on useful life as estimated by the management and aligned to Schedule II to the Companies Act, 2013 in order to reflect the actual usage of assets.

**(h) Impairment of non-financial assets**

The carrying amount of the non-financial assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal /external factors. An impairment loss is recognised, whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of fair value less disposal cost and its value in use. Impairment loss is recognised in the statement of profit and loss.

After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation, if there were no impairment.

**(i) Investments and financial assets**

**Classification**

The Company classifies its financial assets in the following measurement categories:

**(i)** those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

**(ii)** those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model, in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when & only when its business model for managing those assets changes.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Measurement of debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Company classifies its debt instruments:

**(i)** **Amortised cost :** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**(ii)** **Fair value through other comprehensive income (FVTOCI) :** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**(iii)** **Fair value through profit or loss :** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach, permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**De-recognition of financial assets**

A financial asset is derecognised only when

**(i)** The Company has transferred the rights to receive cash flows from the financial asset or,

**(ii)** retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

**Cash and cash equivalents**

Cash and cash equivalents for the purpose of the cash flow statement comprise of the cash on hand and at bank and current investments with an original maturity of three months or less. Cash and cash equivalents consists of balances with banks, which are unrestricted for withdrawal and usage.

**(j) Borrowings and other financial liabilities**

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

**(k) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined using the 'average cost' method. The cost of finished goods and work in progress comprises raw material, packing materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(l) Revenue Recognition**

Revenue from contracts with customers is recognised when the entity satisfies a performance obligation by transferring a promised good or service to customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates and discounts, value added taxes, goods and service tax and applicable taxes, which are collected on behalf of the government or on behalf of third parties.

**(i) Sale of consumables**

Revenue from sale of consumables is recognised at point in time when the control of the asset is transferred to the customer, generally on delivery of the consumables.

**(ii) Project engineering business**

Project engineering contracts generally take 1 to 2 years for execution. A contract's transaction price is allocated to each distinct performance obligation within that contract and recognized as revenue when, or as, the performance obligation is satisfied.The majority of Company's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and is, therefore, not distinct. For contracts with distinct performance obligations, Company allocates the contract's transaction price to each performance obligation using the best estimate of the standalone selling price (i.e. fair value based on market approach) of each distinct good or service in the contract. Generally, most of the revenue in project engineering segments is recognized over time, because control of the asset is transferred as and when the asset is created or enhanced to customers.

The Company monitors estimates of total contract revenue and costs on a regular basis throughout the contract 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.

**(iii) Contract Assets**

Contract assets represents revenue recognized in excess of revenue billed. These amounts are billed after milestones specified in the agreement are achieved. Contract assets are disclosed under Other current financial assets in the Balance sheet.

**(iv) Benefit on account of entitlement to Import duty**

Free materials under Duty Entitlement Passbook (DEPB) Scheme or duty drawback or merchant export from India (MEIS) scheme are accounted in the year of export as export incentives.

**(m) Other Income**

Interest income for all debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend is recognised in statement of profit and loss only when the right to receive payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**(n) Employee Benefits**

**Provident fund:** Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as "Defined Contribution Schemes" as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

**Gratuity fund:** The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972.The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial gains / losses arising on the measurement of defined benefit obligation are credited / charged to other comprehensive income.

**Superannuation fund:** Contribution towards superannuation fund for certain employees is made to Ador Welding Employees Superannuation Fund Trust administered by the Company. The benefit is classified as a "Defined Contribution Scheme" as the Company does not carry any further obligation, apart from the contribution made on a monthly basis.

**Employees state insurance scheme:** The Company makes contribution to state plans namely Employees State Insurance Scheme and has no further obligation beyond making the payment to them.

**Compensated absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the statement of profit & loss in the year in which they arise.

**Termination benefits:** Termination benefits in the nature of voluntary retirement benefits are recognised in the statement of profit & loss, as & when incurred.

**(o) Income taxes**

Income tax expense comprises current tax expenses and net change in the deferred tax assets or liabilities during the year. Current and deferred taxes are recognised in the Statement of profit and loss, except when they relate to item that are recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Equity, respectively.

**(i) Current Income tax**

The current income tax includes income tax payable by the Company computed in accordance with the tax laws applicable in the jurisdiction in which the Company operates. Advance tax and provision for current income tax are presented in the Balance sheet after offsetting the advance tax paid and income tax provision arising in the same jurisdiction and where the relevant tax paying units intend to settle the asset & liability on a net basis.

**(ii) Deferred income tax**

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets & liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of recognition.

Deferred tax assets are recognised to the extent that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow or part of deferred income tax assets to be utilised. At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India which is likely to give future economic benefit in the form of availability of setoff against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in the Balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**(p) Leases**

**As a Lessee:**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis, over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**As a Lessor:**

Lease income from operating leases where the Company is a lessor is recognised in other income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**(q) Foreign Currency Transactions**

The functional and presentation currency of the Company is Indian rupee.

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date and exchange gain or loss arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

**(r) Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company.

Contingent assets are not recognised in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

**(s) Earnings per share**

Basic earning per share is computed by dividing net profit after tax (excluding other comprehensive income) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing net profit after tax (excluding other comprehensive income) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

**(t) 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.

**(u) Research & Development**

Revenue expenditure on research & development (including overheads) are charged out as expense through the natural heads of account in the year in which they are incurred. Expenditure of a capital nature on research & development is debited to respective fixed assets and depreciation is provided on such assets, as are depreciable.

**(v) Standard issued, but not yet effective**

**Ind AS 116**

On 30 March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019, which is applicable with effect from 1 April 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognise right to use of assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights to use of assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee, under the lease arrangement, will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116, which might have significant impact on key Profit and loss and Balance sheet ratios i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

### Note 2 - Property, plant and equipment

**(Rs. In lakhs)**

| Description | Free-hold land | Lease-hold land | Buildings [Refer note (a) below] | Own-ership-prem-ises | Plant and equip-ments (including computers) | Electrical installa-tions | Furniture and fixtures * | Office equip-ments* | Vehicles | Temporary shed | Leased assets - vehi-cles | Research & development assets: | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | Freehold land | Build-ings | Plant and equip-ments (including computers) | Furni-ture and fix-tures | Air con-dition-ers | |
| **Gross carrying value (at deemed cost)** | | | | | | | | | | | | | | | | | |
| As at 1 April 2017 | 144 | 40 | 6,353 | 246 | 13,303 | 1,062 | 858 | 227 | 343 | 3 | 45 | 34 | 127 | 707 | 4 | 7 | **23,503** |
| Additions | - | - | 533 | 16 | 293 | 97 | 100 | 8 | 37 | - | - | - | - | 43 | - | - | **1,127** |
| Adjustments [Refer note (b) and (c) below] | - | (36) | 297 | (3) | - | - | - | - | - | - | - | - | - | - | - | - | **258** |
| Deductions | - | - | 12 | - | 93 | 30 | 162 | 28 | 24 | - | 45 | - | - | 4 | - | - | **398** |
| As at 31 March 2018 | 144 | 4 | 7,171 | 259 | 13,503 | 1,129 | 796 | 207 | 356 | 3 | - | 34 | 127 | 746 | 4 | 7 | **24,490** |
| Additions | 198 | - | 416 | 15 | 1,147 | 52 | 174 | 55 | 54 | - | - | - | - | 20 | - | - | **2,131** |
| Adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | **-** |
| Deductions | - | - | - | - | 213 | 10 | 2 | 8 | 42 | - | - | - | - | 4 | - | - | **279** |
| **As at 31 March 2019** | **342** | **4** | **7,587** | **274** | **14,437** | **1,171** | **968** | **254** | **368** | **3** | **-** | **34** | **127** | **762** | **4** | **7** | **26,342** |
| **Accumulated depreciation** | | | | | | | | | | | | | | | | | |
| As at 1 April 2017 | - | 1 | 1,639 | 67 | 10,309 | 725 | 595 | 173 | 108 | 3 | 43 | - | 89 | 440 | - | 4 | **14,196** |
| Depreciation charge | - | - | 200 | 4 | 550 | 65 | 56 | 19 | 38 | - | - | - | 1 | 27 | - | 1 | **961** |
| Adjustments [Refer note (b) and (c) below] | - | (1) | 251 | (1) | - | - | - | - | - | - | 1 | - | - | - | - | - | **250** |
| Deductions | - | - | 2 | - | 85 | 24 | 146 | 25 | 19 | - | 44 | - | - | 3 | - | - | **348** |
| As at 31 March 2018 | - | - | 2,088 | 70 | 10,774 | 766 | 505 | 167 | 127 | 3 | - | - | 90 | 464 | - | 5 | **15,059** |
| Depreciation charge | - | - | 233 | 5 | 451 | 64 | 56 | 14 | 42 | - | - | - | 1 | 29 | - | 1 | **896** |
| Adjustments | - | - | - | - | - | 2 | 0 | 0 | - | - | - | - | - | - | - | - | **2** |
| Deductions | - | - | - | - | 190 | 10 | 2 | 7 | 37 | - | - | - | - | 3 | - | - | **249** |
| **As at 31 March 2019** | **-** | **-** | **2,321** | **75** | **11,035** | **822** | **559** | **174** | **132** | **3** | **-** | **-** | **91** | **490** | **-** | **6** | **15,708** |
| **Net carrying value** | | | | | | | | | | | | | | | | | |
| As at 31 March 2018 | 144 | 4 | 5,083 | 189 | 2,729 | 363 | 291 | 40 | 229 | - | - | 34 | 37 | 282 | 4 | 2 | **9,431** |
| **As at 31 March 2019** | **342** | **4** | **5,266** | **199** | **3,402** | **349** | **409** | **80** | **236** | **-** | **-** | **34** | **36** | **272** | **4** | **1** | **10,634** |

**Notes:-**

(a) Includes:

(i) Rs. 0.01 lakh being the aggregate value of shares in Co-operative housing societies.

(ii) Rs. 4.17 lakhs for tenements in an association of apartment owners.

(b) During the financial year 2018-19, Land and building situated at Delhi has been rented out, which was used for business purpose till previous financial year. Hence, due to change in use same has been reclassified from "Property, plant and equipment" to "Investment property" (Land gross carrying amount Rs. 36 lakhs and building gross carrying amount Rs. 86 lakhs and Accumulated depreciation Rs. 29 lakhs there on till 31 March 2018).

(c) The Company has started its business activities in Ahmednagar plant during the current financial year which was kept for undetermined use till previous financial year. Hence due to change in use, same has been reclassified from "Investment property" to "Property, plant and equipment" (Land gross carrying amount Rs. 1 lakh and building gross carrying amount Rs. 383 lakhs and Accumulated amortisation on land Rs. 1 lakh and Accumuated depreciation on building Rs. 280 lakhs till 31 March 2018).

* Amounts below Rs. 0.50 lakh have been rounded off.

### Note 3 - Capital work in progress

**(Rs. In lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Opening balance | **75** | 380 |
| Add : Addition during the year | **84** | 69 |
| Less : Capitalised during the year | **(57)** | (374) |
| **As at 31 March 2019** | **102** | 75 |

### Note 4 - Investment Property

**(Rs. In lakhs)**

| **Description** | **Freehold land** | **Leasehold land [Refer note (f) below]** | **Buildings** | **Ownership premises** | **Total** |
|---|---|---|---|---|---|
| **Gross carrying value (at deemed cost)** | | | | | |
| As at 1 April 2017 | 49 | 6 | 1,141 | 79 | 1,275 |
| Additions | - | - | - | - | - |
| Adjustments [Refer note (d) and (e) below] | - | 35 | (297) | 3 | (259) |
| Deductions | - | - | - | - | - |
| As at 31 March 2018 | 49 | 41 | 844 | 82 | 1,016 |
| Additions | - | - | - | - | - |
| Adjustments | - | (1) | - | - | (1) |
| Deductions | - | - | - | - | - |
| **As at 31 March 2019** | **49** | **40** | **844** | **82** | **1,015** |
| **Accumulated depreciation** | | | | | |
| As at 1 April 2017 | - | 1 | 382 | 26 | 409 |
| Depreciation charge | - | - | 23 | 1 | 24 |
| Adjustments [Refer note (d) and (e) below] | - | (1) | (251) | 1 | (251) |
| Deductions | - | - | - | - | - |
| As at 31 March 2018 | - | - | 154 | 28 | 182 |
| Depreciation charge | - | - | 17 | 1 | 18 |
| Adjustments | - | - | (1) | - | (1) |
| Deductions | - | - | - | - | - |
| **As at 31 March 2019** | **-** | **-** | **170** | **29** | **199** |
| **Net carrying value** | | | | | |
| As at 31 March 2018 | 49 | 41 | 690 | 54 | 834 |
| **As at 31 March 2019** | **49** | **40** | **674** | **53** | **816** |

**Notes :**

**(a) Fair Value of Investment properties***

**(Rs. In lakhs)**

| Description | Freehold land | Leasehold land | Buildings | Ownership premises | Total |
|---|---|---|---|---|---|
| As at 31 March 2018 | 427 | 2,831 | 1,356 | 889 | 5,503 |
| **As at 31 March 2019** | **427** | **2,831** | **1,356** | **889** | **5,503** |

***Estimation of fair value**

The fair valuation is based on current prices in the active market of similar properties. The main inputs used for valuation are quantum, area, location, demand, quality of construction, age of building and trend of fair market etc.

This fair value is based on valuations performed by an accredited independent valuer. The fair value measurement is based on comparable sales approach. The fair value measurement is categorised in level 2 of fair value hierarchy.

**(b) Information regarding income and expenditure of Investment property**

**(Rs. In lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Rental income derived from investment properties | **64** | 89 |
| Direct operating expenses (including repairs and maintenance) generating rental income | **9** | 5 |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | **10** | 16 |
| Profit arising from investment properties before depreciation | **45** | 68 |
| Less: Depreciation | **(18)** | (24) |
| **Profit arising from investment properties** | **27** | 44 |

**(c)** The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

**(d)** During the financial year 2018-19, Land and building situated at Delhi has been rented out which was used for business purpose till previous financial year. Hence, due to change in use same has been reclassified from "Property, plant and equipment" to "Investment property" (Land gross carrying amount Rs. 36 lakhs and building gross carrying amount Rs. 86 lakhs and Accumulated depreciation Rs. 29 lakhs there on till 31 March 2018).

**(e)** The Company has started its business activities in Ahmednagar plant during the current financial year which was kept for undetermined use till previous financial year. Hence due to change in use, same has been reclassified from "Investment property" to "Property, plant and equipment" (Land gross carrying amount Rs. 1 lakh and building gross carrying amount Rs. 383 lakhs and Accumulated amortisation on land Rs. 1 lakh and Accumuated depreciation on building Rs. 280 lakhs till 31 March 2018).

**(f)** Leasehold land includes Land Rs. 36.44 lakhs (net of amortisation Rs. 35.96 lakhs) acquired by the Company on a co-ownership/lease basis for which conveyance deed is yet to be executed.

## Note 5 - Intangible assets

**(Rs. In lakhs)**

| Description | Computer Software | Total |
|---|---|---|
| **Gross carrying value** | | |
| As at 1 April 2017 | 514 | 514 |
| Additions | 43 | 43 |
| Adjustments | - | - |
| Deductions | 2 | 2 |
| As at 31 March 2018 | 555 | 555 |
| Additions | 108 | 108 |
| Adjustments | - | - |
| Deductions | - | - |
| **As at 31 March 2019** | **663** | **663** |
| **Accumulated amortisation** | | |
| As at 1 April 2017 | 458 | 458 |
| Amortisation charge | 32 | 32 |
| Adjustments | - | - |
| Deductions | 2 | 2 |
| As at 31 March 2018 | 488 | 488 |
| Amortisation charge | 54 | 54 |
| Adjustments | - | - |
| Deductions | - | - |
| **As at 31 March 2019** | **542** | **542** |
| **Net carrying value** | | |
| As at 31 March 2018 | 67 | 67 |
| **As at 31 March 2019** | **121** | **121** |

## Note 6 - Non-current investments in subsidiaries

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **(A) Investment in unquoted equity shares measured at fair value through profit and loss** | | |
| Plasma Laser Technologies Limited | | |
| 261,105 (31 March 2018: 261,105) Series A Preferred shares of NIS 1 each | **927** | 927 |
| Less: Provision for diminution in the value of investments [Refer note (a) below] | **(927)** | (927) |
| **Total** | **-** | - |
| **Aggregate amount of unquoted investments before impairment** | **-** | - |
| **Aggregate amount of impairment in the value of investments** | **-** | - |

**Note:**

**(a) Investment in Plasma Laser Technologies Limited (PLT)-**

The Company has an investment of Rs. 927 lakhs (Previous year Rs. 927 lakhs) in PLT, PLT had incurred losses since the date of acquisition, the accumulated losses of PLT as at 31 March 2014 exceeded its net worth. The Company had evaluated its investment for the purpose of determination of potential diminution in value and based on such evaluation and considering the underlying factors, including downturn in business and decrease in related activities, had recognised a provision for diminution in the value of investment in PLT as at 31 March 2014 amounting to Rs. 927 lakhs.

### Note 7 - Non-current loans

Unsecured, considered good (unless otherwise stated)

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Security deposit | **165** | 146 |
| Less : Provision for doubtful deposit | **(12)** | - |
| Loan to employees | **8** | 7 |
| **Total** | **161** | 153 |

### Note 8 - Other non-current financial assets

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Fixed deposits for bank guarantees | **531** | 348 |
| **Total** | **531** | 348 |

### Note 9 - Non-current tax assets, net

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Advance income tax [Refer note (a) below] | **345** | 346 |
| **Total** | **345** | 346 |

**Note:**

(a) Advance income tax is after yearwise set-off against provision for taxation of Rs. 3,750 lakhs (31 March 2018: Rs. 3,532 lakhs).

### Note 10 - Other non-current assets

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Capital advances [Refer note (a) below] | **46** | 118 |
| Prepaid Expenses | **20** | 19 |
| Balances with sales tax authorities | **2,083** | 2,063 |
| **Total** | **2,149** | 2,200 |

**Note:**

(a) Capital Advances include: **(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Land at Silvassa | **27** | 104 |
| Plant and equipments | **19** | 14 |
| **Total** | **46** | 118 |

**Note 11 - Inventories**

(Valued at lower of cost or net realisable value) **(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Raw materials & components and packing material | **2,185** | 2,241 |
| Work-in-Progress | **600** | 799 |
| Finished Goods | **1,817** | 1,948 |
| Stock-in-trade | **108** | 113 |
| Stores, spares, parts, scrap etc. | **268** | 270 |
| Right to receive inventory | **181** | 13 |
| **Total** | **5,159** | 5,384 |

**Note 12 - Current Investments**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Financial assets classified and measured at fair value through profit and loss** | | |
| **(A) Investment in mutual funds (unquoted)** | | |
| **Birla Sunlife Balanced 95 fund - growth - direct plan** (31 March 2019: 7709.91 units, 31 March 2018: 3884.159 units of Rs. 100/- each) | **63** | 30 |
| **Birla Sunlife Balanced 95 fund - growth - regular plan** (31 March 2019: 3,680.059 units, 31 March 2018: 3,680.059 units of Rs. 100/- each) | **28** | 27 |
| **DSP blackrock balanced fund - direct plan - growth** (31 March 2019: 12,209.416 units, 31 March 2018: 12,209.416 units of Rs. 100/- each) | **20** | 18 |
| **DSP Blackrock Balanced fund - regular plan - growth** (31 March 2019: 28,696.993 units, 31 March 2018: 28,696.993 units of Rs. 100/- each) | **43** | 41 |
| **Franklin india balanced fund - growth** (31 March 2019: 5,430.881 units, 31 March 2018: 5,430.881 units of Rs. 10/- each) | **7** | 6 |
| **HDFC Hybrid Equity Balanced fund - regular plan - growth** (31 March 2019: 107,912.58, 31 March 2018: 37,601.995 units of Rs. 100/- each) | **58** | 55 |
| **ICICI Prudential Balanced fund - growth** (31 March 2019: 53,322.947 units, 31 March 2018: 53,322.947 units of Rs. 10/- each) | **72** | 67 |
| **Aditya Birla Sunlife Liquid fund - growth - regular plan** (31 March 2019: 10162.774 units of Rs. 100/- each) | **30** | - |
| **Investment in mutual funds** | **321** | 244 |

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **(B) Investment in bonds measured at amortised cost (unquoted)** | | |
| 9.60% Tourism Finance Corporation Limited Bonds-2028 | **20** | - |
| 9.65% Tourism Finance Corporation Limited Bonds-2033 | **10** | - |
| 9.05% Oriental Bank of Commerce Bond (Perpetual) | **20** | - |
| **Investment in bonds** | **50** | **-** |
| **Total (A+B)** | **371** | **244** |

### Note 13 - Trade receivables

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Secured, considered good [Refer note (a) below] | **589** | 396 |
| Unsecured, considered good [Refer note (b) below] | **7,871** | 8,808 |
| Unsecured, considered doubtful | **257** | 196 |
| Less : Provision for doubtful debts | **(257)** | (196) |
| **Total** | **8,460** | 9,204 |
| includes amount due by Private Company in which Director / officer is a Director * | **0** | 11 |

**Notes :**

(a) Secured by letter of credit

(b) Includes an amount of Rs. 169 lacs (31 March 2018: Rs. 307 lacs) on account of retention money of Project engineering business.

* Amounts below Rs. 0.50 lakh have been rounded off.

### Note 14 - Cash and cash equivalents

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Cash on hand | **5** | 6 |
| Cheques on hand | **2,061** | 1,163 |
| Balances with banks in current accounts | **615** | 447 |
| **Total** | **2,681** | 1,616 |

### Note 15 - Other bank balances

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Earmarked balances with banks [Refer note (a) below] | **127** | 125 |
| Deposits with maturity of more than three months but less than twelve months | **6** | 6 |
| **Total** | **133** | 131 |

**Note:**

(a) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2019.

## Note 16 - Current loans

Unsecured, considered good (unless otherwise stated)

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Security deposits | **118** | 81 |
| Loans and advances to employees | **33** | 29 |
| Export incentive receivable* | **-** | 289 |
| Others | **9** | 9 |
| **Total** | **160** | 408 |

* In current year, the same is shown under "Note - 18".

## Note 17 - Other current financial assets

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Unbilled revenue | **7,840** | 11,290 |
| Interest accrued but not due on fixed deposits | **2** | 5 |
| Measurement of derivative contract at marked to market* | **148** | - |
| Other receivables | | |
| (a) from related parties | **-** | 9 |
| (b) from others | **198** | 43 |
| **Total** | **8,188** | 11,347 |

* Amounts below Rs. 0.50 lakh have been rounded off.

## Note 18 - Other current assets

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Contract assets [Refer note (a) below] | **2,115** | - |
| Advance to suppliers | **418** | 855 |
| Prepaid expenses | **184** | 108 |
| Duty entitlement on hand | **14** | - |
| Duty drawback and MEIS receivable | **162** | - |
| Input tax credit receivable | **-** | 60 |
| **Total** | **2,893** | 1,023 |

**Note:**

(a) Contract assets include revenue receivables from contracts arising from implementation of Ind AS 115 "Revenue from contracts with customers" w.e.f. 1 April 2018.

## Note 19 - Equity share capital

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Authorised** | | |
| 30,000,000 (31 March 2018: 30,000,000) equity shares of Rs. 10/- each | **3,000** | 3,000 |
| **Issued, subscribed and fully paid-up** | | |
| 13,598,467 (31 March 2018: 13,598,467) equity shares of Rs. 10/- each fully paid up | **1,360** | 1,360 |
| **Total** | **1,360** | 1,360 |

## Note 19 a - Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | (Rs. In lacs) | No. of shares | (Rs. In lacs) |
| **Equity shares** | | | | |
| Shares outstanding at the beginning of the year | **13,598,467** | **1,360** | 13,598,467 | 1,360 |
| Add: Shares issued during the year | - | - | - | - |
| **Shares outstanding at the end of the year** | **13,598,467** | **1,360** | 13,598,467 | 1,360 |

## Note 19 b - Rights, preferences and restrictions

The Company has only one class of shares referred to as equity shares having a par (face) value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all the preferential amounts, in proportion to their shareholding.

## Note 19 c - Shares held by holding company

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| | No. of shares | No. of shares |
| **Equity shares of Rs. 10/- each** | | |
| J.B.Advani & Co. Private Limited | **6,800,531** | 6,800,531 |

## Note 19 d - Details of shares held by shareholders holding more than 5% of aggregate shares in the company

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| **Equity shares of Rs. 10/- each** | | | | |
| J.B.Advani & Co. Private Limited | **6,800,531** | **50.01%** | 6,800,531 | 50.01% |
| Reliance Capital Trustee Co. Limited | **878,890** | **6.46%** | 914,424 | 6.72% |
| **Total** | **7,679,421** | **56.47%** | 7,714,955 | 56.73% |

**Note 19 e -** The Company has not issued any bonus shares or shares for consideration other than cash nor has there been any buyback of shares during five years immediately preceding 31 March 2019.

## Note 20 - Other equity

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| General reserve [Refer note (a) below] | **14,147** | 13,961 |
| Capital redemption reserve account [Refer note (b) below] | **223** | 223 |
| Retained earnings [Refer note (c) below] | **10,410** | 8,958 |
| **Total** | **24,780** | 23,142 |

**Notes :**

**(a) General reserve***

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance at the beginning of the year | **13,961** | 13,774 |
| Add: Transfer from statement of profit and loss | **186** | 187 |
| **Balance at the end of the year** | **14,147** | 13,961 |

* The general reserve is a distributable reserve, maintained by the Company, to be utilised in accordance with the Act.

**(b) Capital redemption reserve account****

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance at the beginning of the year | **223** | 223 |
| Transaction during the year | **-** | - |
| **Balance at the end of the year** | **223** | 223 |

** The reserve has been created on during buy back of equity shares and it is a non- distributable reserve.

**(c) Retained earnings*****

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance at the beginning of the year | **8,958** | 8,129 |
| Transaction during the year | | |
| Add: Net profit/(loss) for the year | **2,454** | 1,841 |
| Add: Other comprehensive income for the year | **4** | (7) |
| Less: Transfer to general reserve | **(186)** | (187) |
| Less: Equity dividend [Refer note (c)(i) below] | **(680)** | (680) |
| Less: Tax on equity dividend | **(140)** | (138) |
| **Balance at the end of the year** | **10,410** | 8,958 |

*** Retained earnings pertain to the accumulated earnings made by the Company over the years.

**Note (c) (i):**

**Distributions made and proposed**

The Board of Directors at its meeting held on 30 May 2018 had recommended a final dividend of 50% (Rs. 5/- per equity share of par value Rs. 10/- each). The proposal was shareholders at the Annual General Meeting held on 10 August 2018, this has resulted in a cash outflow of Rs. 820 lakhs, Inclusive of dividend distribution tax. Further, Directors at its meeting held on 16 May 2019 have recommended a final dividend of 65% (Rs. 6.50/- per equity share of par value Rs. 10/- each) which is subject to approval of shareholders, if approved, this would result in a cash outflow of approximately Rs. 1,066 lakhs, inclusive of dividend distribution tax. [Refer note 50]

**Note 21 - Other non-current financial liabilities**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Rent deposit | **10** | 11 |
| Deposit from trainees / employees | **13** | 8 |
| **Total** | **23** | 19 |

**Note 22 - Non-current provisions**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity [Refer note 45 (II)] | **172** | 145 |
| Compensated absences [Refer note 45 (III)] | **106** | 95 |
| **Total** | **278** | 240 |

**Note 23 - Deferred tax liabilities, net**

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Deferred tax liabilities on account of:** | | |
| On timing difference between book depreciation and depreciation as per Income Tax Act, 1961 | **1,017** | 880 |
| Capital expenditure for scientific research | **109** | 115 |
| Financial asset measured at FVTPL | **5** | - |
| Reversal of provision on compensated absences | **-** | 17 |
| | **1,131** | 1,012 |
| **Deferred tax assets on account of:** | | |
| Employee benefits | **130** | 114 |
| Voluntary retirement scheme | **-** | 1 |
| Provision for doubtful debts | **89** | 84 |
| Deferment of revenue | **26** | 4 |
| | **245** | 203 |
| **Net deferred tax liabilities** | **886** | 809 |

## Note 24 - Other non-current liabilities

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advance income | 7 | 3 |
| Total | 7 | 3 |

## Note 25 - Borrowings

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Secured** | | |
| **From banks** | | |
| Working capital loan repayable on demand [Refer note (a) and (b) below] | 6,150 | 5,900 |
| Export packing credit facility [Refer note (a) and (b) below] | - | 600 |
| Cash credit facility availed from bank [Refer note (a) and (b) below] | - | 986 |
| Overdraft facility [Refer note (d) below] | - | 12 |
| **Unsecured** | | |
| Liability on account of bills discounting | 349 | 634 |
| Total | 6,499 | 8,132 |

**Notes:**

(a) Working capital loan, export packing credit facility and cash credit facility are secured by way of hypothecation of Company's entire stocks and book debts, both present and future, exclusive charge on the entire plant and machinery and other movable fixed assets of the Company and on the land and building of the Company located at survey no. 59/11/1, 59/11/2, 59/11/3, 59/12 and 59/13 situated at village Masat, Silvassa, U.T. of Dadra and Nagar Haveli.

(b) Working capital loan and export packing credit facility are secured by way of

1. 1st pari passu charge on current assets of the Company, and
2. Exclusive charge on Chennai plant (land and building and plant and machinery) situated at Survey Nos. 166/1A2 and 1661b, Patta No. 10, situated in the Kanchipuram District, Chengalpattu Taluk, Melakottaiyur Village, Chennai 600 048.

(c) Guarantees given by bank to third parties amounting to Rs. 2,369 lakhs (31 March 2018: Rs. 2,281 lakhs) on behalf of the Company are secured against securities mentioned in (a) above.

(d) Overdraft facility from HDFC bank is secured by way of hypothecation of stock in trade, accounts receivable and plant and machinery both present and future of Ador Welding Academy Private Limited and debit authority letter from Ador Welding Limited and earmarking the CC limit of the parent Company.

## Note 26 - Trade payables

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Dues to micro, small and medium enterprises [Refer note (a) below] | 60 | 27 |
| Dues to other than micro, small and medium enterprises | 6,629 | 7,474 |
| Total | 6,689 | 7,501 |

**Note:**

(a) The company has amount due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act). The disclosure pursuant to the said Act is as under:

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | **60** | 27 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | **0*** | 0* |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid under section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest due and payable towards suppliers registered under the MSMED Act beyond the appointed day during the year | - | - |
| Further interest remaining due and payable for earlier years | - | - |

This information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises, on the basis of information available with the company.

* Amounts below Rs. 0.50 lakh have been rounded off.

**Note 27 - Other current financial liabilities**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Deposits: | | |
| (a) Rent deposit | **15** | 21 |
| (b) From distributors | **154** | 150 |
| (c) From others | **15** | 12 |
| Employee benefits payable | **145** | 135 |
| Unclaimed dividend | **127** | 125 |
| Creditors for capital goods | **297** | 50 |
| Provision for expenses [Refer note (a) below] | **419** | 259 |
| Others | **97** | 102 |
| **Total** | **1,269** | 854 |

**Note:**

(a) Provision for expenses includes :

**(Rs. in lakhs)**

| Particulars | As at 1 April 2018 | Utilised during the year | Provision for the year | As at 31 March 2019 |
|---|---|---|---|---|
| PEB project expenditure | - | - | 40 | **40** |
| Variable incentive pay | 25 | 25 | 125 | **125** |
| Bonus and commission payable to directors | 71 | 71 | 94 | **94** |
| Electricity expenses | 11 | 11 | 3 | **3** |
| Freight expenses | 46 | 46 | 69 | **69** |
| Legal and professional fees | 9 | 9 | 15 | **15** |
| Other expenses | 97 | 96 | 72 | **73** |
| **Total** | 259 | 258 | 418 | **419** |

### Note 28 - Other current liabilities

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advances received from distributors on behalf of customers | **12** | 19 |
| Advances received from customers* | **407** | 346 |
| Statutory dues | **107** | 58 |
| Liability for Goods and Service Tax | **226** | 129 |
| Advance Income | **3** | 3 |
| Others | **-** | 3 |
| **Total** | **755** | 558 |

* Includes an amount of Rs.313 lakhs (31 March 2018: Rs.276 lakhs) on account of Project Engineering Business.

### Note 29 - Current Provisions

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for Compensated Absences [Refer note 45 (III)] | **93** | 85 |
| **Others** | | |
| Provision for warranties [Refer note (a) below] | **67** | 63 |
| Provision for income tax | **5** | - |
| Provision for sales return | **198** | 47 |
| **Total** | **363** | 195 |

**Note:**

(a) Provision of Rs.67 lakhs (31 March 2018: Rs.63 lakhs) has been recognised for expected warranty claims on welding equipments and goods, traded during the current financial year. It is expected that all these expenditures will be incurred in next financial year.

### Note 30 - Revenue from operations

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Sale of goods: | | |
| Domestic | **46,145** | 36,392 |
| Export | **4,688** | 9,527 |
| Sale of services | **268** | 479 |
| Other operating revenue : | | |
| Sale of scraps and others | **227** | 132 |
| **Total** | **51,328** | 46,530 |

### Note 31 - Other income

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Interest income on financial asset measured at amortised cost: | | |
| (i) Fixed deposits with banks | **21** | 24 |
| (ii) Overdue amount from customers | **66** | 64 |
| (iii) Others | **74** | 11 |
| Realised gain on financial assets measured at fair value through profit or loss | **-** | 22 |
| Rent received [Refer note 43] | **64** | 89 |
| Duty drawback and export incentive | **181** | 208 |
| Insurance recovered (net of expense) | **59** | 42 |
| Profit on sale of fixed assets (net) | **-** | 2 |
| Exchange currency gain | **163** | 324 |
| Provisions / liabilities no longer required now written back | **8** | 60 |
| Fair value change of financial asset measured at fair value through profit or loss | **17** | 17 |
| Fire insurance claims received | **245** | - |
| Miscellaneous income | **137** | 95 |
| **Total** | **1,035** | 958 |

### Note 32 - Cost of raw materials and components consumed

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Opening stock | **2,241** | 1,257 |
| Add: Purchases | **35,027** | 33,144 |
| Less: Closing stock | **(2,185)** | (2,241) |
| **Total** | **35,083** | 32,160 |

### Note 33 - Purchase of stock-in-trade

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Welding products | **241** | 281 |
| Welding accessories | **333** | 409 |
| Chemicals and minerals | **398** | - |
| **Total** | **972** | 690 |

### Note 34 - Changes in inventories of finished goods, stock-in-trade and work-in-progress

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|---|---|---|---|
| **At the beginning of the Year:** | | | | |
| Finished goods | **1,961** | | 2,496 | |
| Stock-in-trade | **113** | | 161 | |
| Work-in-progress | **799** | **2,873** | 617 | 3,274 |
| **At the end of the Year:** | | | | |
| Finished goods | **1,998** | | 1,961 | |
| Stock-in-trade | **108** | | 113 | |
| Work-in-progress | **600** | **2,706** | 799 | 2,873 |
| Less: Variation in excise duty on opening and closing stock of finished goods | | **-** | | (534) |
| **Total** | | **167** | | (133) |

### Note 35 - Employee benefits expense

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Salaries, wages and bonus | **3,471** | 3,205 |
| Contribution to provident and other funds [Refer note 45 (I)] | **199** | 175 |
| Contribution to gratuity [Refer note 45 (II)] | **44** | 37 |
| Staff welfare expenses | **450** | 429 |
| **Total** | **4,164** | 3,846 |

### Note 36 - Finance costs

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Interest expense on: | | |
| Others | **114** | 8 |
| Bill discounting charges | **50** | 57 |
| Other borrowing costs | **741** | 467 |
| **Total** | **905** | 532 |

## Note 37 - Other expenses

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Manufacturing and other expenses [Refer note 37(a)] | **2,816** | 2,509 |
| Electricity expenses | **23** | 25 |
| Rent [Refer note 42] | **123** | 133 |
| Freight | **628** | 561 |
| Legal and professional fees | **222** | 242 |
| Insurance | **46** | 25 |
| Repairs and maintenance - others | **133** | 125 |
| Travelling, conveyance and vehicle expenses | **678** | 689 |
| Directors fees | **6** | 5 |
| Telephone, postage and telegram | **167** | 183 |
| Rates and taxes | **102** | 63 |
| Advertisement and sales promotion expenses | **103** | 86 |
| Commission paid | **6** | 11 |
| Bad debts written off | **29** | 29 |
| Provision for doubtful debts | **193** | 3 |
| Provision for doubtful deposit | **12** | - |
| Donations | **3** | - |
| Loss on sale of property, plant and equipment (net) | **9** | - |
| Assets and Inventory written off / discarded | **4** | 11 |
| Printing and stationery | **97** | 73 |
| Auditors' remuneration [Refer note 37(b)] | **39** | 29 |
| Corporate social responsibility | **9** | 23 |
| Selling and distribution incentive | **205** | 192 |
| Bank charges | **152** | 90 |
| Loss due to fire | **-** | 99 |
| Miscellaneous expenses | **747** | 663 |
| **Total** | **6,552** | 5,869 |

## Note 37(a) - Manufacturing and other expenses

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Consumption of stores, spare parts and scraps | **605** | 585 |
| Power and fuel | **989** | 882 |
| Repairs to machinery | **94** | 63 |
| Repairs to building | **36** | 11 |
| Other manufacturing expenses | **1,092** | 968 |
| **Total** | **2,816** | 2,509 |

**Note 37 (b) - Auditors' remuneration (excluding taxes)**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Statutory audit fees | **17** | 13 |
| Tax audit fees | **7** | 5 |
| Certification and other matters | **13** | 9 |
| Reimbursement of out of pocket expenses | **2** | 2 |
| **Total** | **39** | 29 |

**Note 38 - Tax expense**

**(Rs.. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| **Current tax** | | |
| Current tax for the year | **1,020** | 880 |
| Additional/(Reversal) of provision for earlier years | **3** | 23 |
| | **1,023** | 903 |
| **Deferred tax** | | |
| Change in deferred tax assets | **(45)** | 2 |
| Change in deferred tax liabilities | **120** | 64 |
| | **75** | 66 |
| **Total** | **1,098** | 969 |

**Note :**

**The reconciliation of estimated income tax expense at tax rate to income tax expense reported in statement of profit and loss is as follows for 31 March 2019 and 31 March 2018:**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Profit before tax as per books | **3,552** | 2,810 |
| Applicable income tax rate [Refer note below] | **34.94%** | 34.61% |
| Estimated income tax expenses | **1,230** | 972 |
| **Tax effect of the amounts which are not deductible/ (taxable) in calculating taxable income:** | | |
| Actuarial gains on defined benefit obligations | **2** | 4 |
| Depreciation | **19** | 7 |
| Assets and deposits written off | **9** | 14 |
| Disallowance u/s 43B | **(18)** | 12 |
| Deduction u/s 35(2AB) | **(73)** | (69) |
| Deduction u/s 35DDA | **(1)** | (1) |
| Permanent disallowances | **7** | 11 |
| Tax in respect of earlier years | **3** | 23 |
| Financial assets measured at fair value through profit and loss | **(14)** | (12) |
| Provision for doubtful debts | **16** | - |
| Insurance claim received in case of loss of assets due to fire | **(69)** | - |
| Other items | **(13)** | 8 |
| **Reported income tax expenses** | **1,098** | 969 |

**Note :-** Tax is calculated for Ador Welding Academy Private Limited under Minimum Alternate Tax provisions @ 19.24% on book profit which amounts for Rs. 4.87 Lakhs.

**Note 39 - Other comprehensive income**

**(Rs. in lakhs)**

| **Particulars** | **Year ended 31 March 2019** | Year ended 31 March 2018 |
|---|---|---|
| **(i) Items that will not be reclassified to profit or loss** | | |
| Actuarial gains / (loss) on defined benefit obligations | **6** | (11) |
| Deferred taxes on above | **(2)** | 4 |
| **Total** | **4** | (7) |

**Note 40 - Contingent Liabilities :**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| (a) Disputed sales tax as the matters are in appeal (advance paid 31 March 2019: Rs. 392 lakhs; 31 March 2018: Rs. 392 lakhs)* | **1,077** | 1,077 |
| (b) Disputed excise duties as the matters are in appeal (advance paid 31 March 2019: Rs. 91 lakhs; 31 March 2018: Rs. 91 lakhs) | **2,385** | 2,385 |
| (c) Disputed income tax as the matters are in appeal (advance paid 31 March 2019: Rs. 13 lakhs; 31 March 2018: Rs. 13 lakhs) | **63** | 63 |
| (d) Bank guarantees | **2,369** | 2,281 |
| (e) On account of pending C - forms | **620** | 842 |
| (f) Other matters | **113** | 209 |
| (g) Provident fund<br>Based on the Honorable Supreme Court judgment dated 28 February 2019, relating to components of salary structure that needs to be taken into account while computing the contribution to provident fund under the Employee Provident Fund Act, past provident fund liability is not determinable at present in view of uncertainty on the applicability of the judgment to the Company with respect to timing and the components of its compensation structure. In absence of further clarification, the Company has been advised to await further developments in this matter to reasonably assess the implications on its financial statements, if any. | **Amount not determinable** | - |

Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums/authorities. The Management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognised in the financial statements.

*Disclosed to the extent information is available.

**Note 41 - Estimated amount of contracts remaining to be executed**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| On Capital account and not provided for (net of advances) | **298** | 339 |

**Note 42 - Lease arrangements - Operating lease:**
The Company's significant leasing arrangements are in respect of residential flats, office premises and vehicles, taken on non-cancellable lease. The aggregate amount of operating lease rent debited to statement of profit and loss during the year is Rs. 123 lakhs (FY 2017-18 : Rs. 133 lakhs)

**(Rs. in lakhs)**

| Particulars | Minimum lease payment | |
|---|---|---|
| | **As at 31 March 2019** | As at 31 March 2018 |
| Amount due within one year | **61** | 75 |
| Amount due from one year to five years | **74** | 67 |
| Amount due from five years and above | **83** | 94 |
| **Total** | **218** | 236 |

## Note 43- Lease rental

The Company has significant lease arrangement in respect of office premises given on lease. The aggregate amount of rent credited to statement of profit and loss during the year is Rs. 64 lakhs (FY 2017-18: Rs. 89 lakhs).

**(Rs. in lakhs)**

| Particulars | Minimum lease payment | |
|---|---|---|
| | **As at 31 March 2019** | As at 31 March 2018 |
| Amount due within one year | **33** | 68 |
| Amount due from one year to five years | **115** | 104 |
| Amount due from five years and above | **-** | 46 |
| **Total** | **148** | 218 |

**Note 44 -** Balances of certain debtors, advances and creditors are subject to confirmation / reconciliation, if any. In the opinion of the management such adjustments are not likely to be material.

**Note 45 - Employee benefits**

As per Indian Accounting Standard - 19 'Employee Benefits', the disclosure of Employee benefits, as defined in the Standard, are given below:

**Brief description of the plans:**
The Company has various schemes for employee benefits such as provident fund, superannuation and gratuity. In case of funded schemes, the funds are administered through trustees/ appropriate authorities. The Company's defined contribution plans are superannuation, employees state insurance and provident fund, as the Company has no further obligation beyond making the contributions. The Company's defined benefit plans consists of gratuity only. The employees of the Company are entitled to compensated absences as per the Company's policy.

**I. Defined Contribution Plan:**

(i) Superannuation fund

(ii) Provident fund

(iii) Employees State Insurance fund

During the year, the Company has recognised the following amounts in the Statement of profit and loss*:

**Contribution to Defined Contribution Plan, recognized as expense for the year are as under:**

**(Rs. in lakhs)**

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| Employer's Contribution to Superannuation | **40** | 38 |
| Employer's contribution to provident fund | **144** | 122 |
| Employer's Contribution to Employees state insurance fund | **15** | 15 |
| **Total** | **199** | 175 |

* included in Note 35- 'Employee benefits expense'

**II. Defined Benefit Plan :**

**(a) Contribution to Gratuity fund (funded scheme):**

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity, based on the following assumptions:-

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **(i) Actuarial assumptions** | | |
| Discount rate (per annum) | **7.20%** | 7.50% |
| Salary escalation rate | **7.50%** | 8.00% |
| **Attrition rate** | | |
| 21 years to 44 years | **18.22%** | 18.22% |
| 45 years and above | **8.00%** | 8.00% |
| The estimates of future salary increases, considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as, supply & demand factors in the employment market. | | |
| **(ii) Assets information:** | | |
| The plan assets for the funded gratuity plan is administered by Life Insurance Corporation of India ('LIC') as per the investment pattern stipulated for pension and Group Schemes fund by Insurance Regulatory and Development Authority (IRDA) Regulations. | | |
| **(iii) Changes in the present value of defined benefit obligation** | | |
| Present value of obligation at the beginning of the year | **327** | 286 |
| Current service cost | **35** | 31 |
| Interest on defined benefit obligation | **22** | 18 |
| **Remeasurements during the period due to:** | | |
| Actuarial gain / (loss) arising from change in financial assumptions | **(3)** | 12 |
| Actuarial gain / (loss) arising on account of experience changes | **(3)** | (1) |
| Benefits paid | **(17)** | (19) |

(Rs. in lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Present Value of obligation at the end of the year** | **361** | 327 |
| **(iv) Changes in the Fair value of Plan Assets** | | |
| Fair value of plan assets at the beginning of the year | **182** | 169 |
| Interest on plan assets | **13** | 12 |
| **Remeasurements during the period due to:** | | |
| Actual return on plan assets less interest on plan assets | **-** | - |
| Contributions by employer | **10** | 20 |
| Benefits paid | **(16)** | (19) |
| **Fair Value of Plan Assets at the end of the year** | **189** | 182 |
| **(v) Assets and liabilities recognised in the balance sheet *** | | |
| Present value of the defined benefit obligation at the end of the year | **361** | 327 |
| Less: Fair value of plan assets at the end of the year | **(189)** | (182) |
| Net liability recognised | **172** | 145 |
| **Recognised under provisions (Refer note 22)** | | |
| Long term provisions | **172** | 145 |
| Short term provisions | **-** | - |

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| **(vi) Expenses recognised in the Statement of Profit and Loss** | | |
| Current Service Cost | **35** | 31 |
| Interest on net defined benefit liability / (asset) | **9** | 6 |
| **Net gratuity cost recognised in current year** | **44** | 37 |
| Included in note 35 'Employee benefits expense' | | |
| **(vii) Expenses recognised in the Statement of other comprehensive income** | | |
| **Remeasurements during the period due to:** | | |
| Actual gain / (loss) arising from change in financial assumptions | **(3)** | 12 |
| Actuarial gain / (loss) arising on account of experience changes | **(3)** | (1) |
| **Net cost recognised in other comprehensive income** | **(6)** | 11 |

**(viii) Senstivity Analysis:**

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions, to which the benefit obligation results are particularly sensitive to discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

| Particulars | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|
| | **Discount Rate** | **Salary escalation rate** | Discount Rate | Salary escalation rate |
| Impact of increase in 50 bps on DBO | **(2.10%)** | **2.19%** | (2.25%) | 2.33% |
| Impact of decrease in 50 bps on DBO | **2.20%** | **(2.10%)** | 2.36% | (2.25%) |

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

**(ix) Maturity Pattern:**

**(Rs. in lakhs)**

| Maturity Profile | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Expected benefits for year 1 | **143** | 66 |
| Expected benefits for year 2 | **36** | 103 |
| Expected benefits for year 3 | **34** | 31 |
| Expected benefits for year 4 | **32** | 28 |
| Expected benefits for year 5 | **33** | 27 |
| Expected benefits for year 6 | **29** | 28 |
| Expected benefits for year 7 | **47** | 24 |
| Expected benefits for year 8 | **15** | 40 |
| Expected benefits for year 9 | **16** | 12 |
| Expected benefits for year 10 and above | **146** | 139 |

* Amounts have been recognised based on the information for the period ended 28 February 2019 and 28 February 2018.

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

**III. Compensated absences***

(i) An amount of Rs. 24 lakhs (31 March 2018: Rs. (48) lacs) has been recognised as an expense in the statement of profit and loss account and included under Note 35 "Employee benefits expenses".

(ii) Balance sheet reconciliation

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **Long term** | **Short term** | Long term | Short term |
| Liability as per actuarial valuation | **106** | **93** | 95 | 85 |

* have been recognised based on the information for the period ended 28 February 2019 and 28 February 2018.

**Note 46 - Related Party Disclosure:**

As per Ind AS 24 "Related party Disclosures", disclosure of transactions with the related parties as defined in the Accounting Standard, are given below:

## (I) List of related parties and relationship:

| Relationship | Name of the Persons / Company |
|---|---|
| **(i) Holding Company:** | J. B. Advani & Company Private Limited |
| **(ii) Subsidiary Company and fellow subsidiaries:** | Ador Powertron Limited (Subsidiary of J. B. Advani & Company Private Limited)<br>Ador Green Energy Private Limited (Subsidiary of J.B. Advani & Company Private Limited) |
| | Ador Fontech Limited<br>Ador Multiproducts Limited<br>1908 E-Ventures Private Limited<br>JBA Asia Pacific Pte. Ltd. (Singapore) |
| **(iii) Companies in which holding Company has significant influence and its associates:** | Mack Valves India Private Limited (Indirect subsidiary of J. B. Advani & Company Private Limited)<br>3D Future Technologies Private Limited<br>Greenline Industrial Systems Private Limited<br>Dualrank Fontech (M) Sdn. Bhd (Malaysia) |
| **(iv) Key management personnel:** | Ms. A.B. Advani - Executive Chairman<br>Mr. S.M. Bhat - Managing Director<br>Mrs. N. Malkani Nagpal - Whole time Director<br>Mr. R.A. Mirchandani - Director (Non-executive)<br>Mr. A.T. Malkani - Director (Non-executive)<br>Mr. D.A. Lalvani - Director (Non-executive)<br>Mr. M.K. Maheshwari - Director (Independent & Non-executive)<br>Mr. P. K. Gupta - Director (Independent & Non-executive)<br>Mr. R. N. Sapru - Director (Independent & Non-executive)<br>Mr. K. Digvijay Singh - Director (Independent & Non-executive)<br>Mr. G. M. Lalwani - Director (Independent & Non-executive)<br>Mr. S. G. Mirchandani - Director (Independent & Non-executive)<br>Mr. G. A. Patkar - Chief Financial Officer<br>Mr. V. M. Bhide - Head - Corp. Admin, IA, KM, Legal & Company Secretary |

**(II) Transactions during the year:**

**(Rs. in lakhs)**

| Relationship / name of the related party | Description of the nature of transactions | Value of the transactions for the year ended | |
|---|---|---|---|
| | | 31 March 2019 | 31 March 2018 |
| **a) Holding Company** | | | |
| J. B. Advani & Company Private Limited | Sale of goods (net) | **14** | 9 |
| | Purchase of goods & services received | **848** | 700 |
| | Rent received (net) | **25** | 25 |
| | Rent paid (net) | **6** | 15 |
| | Reimbursement of expenses (incurred to other companies) | **23** | 10 |
| | Recovery of expenses (from other companies) | **9** | 17 |
| **b) Subsidiary Company and fellow subsidiaries** | | | |
| Ador Powertron Limited | Purchase of goods* | **1** | 0 |
| | Purchase of fixed assets (net) | **3** | 0 |
| | Recovery of expense (from other companies) | **1** | 1 |
| | Sale of goods (net)* | **0** | 0 |
| **c) Companies in which Holding Company has significant influence and its associates** | | | |
| Ador Fontech Limited | Sale of goods (net) | **149** | 145 |
| | Purchase of goods | **34** | 2 |
| | Recovery of expenses (from other companies) | **-** | 1 |
| | Reimbursement of expenses (incurred to other companies).* | **-** | 0 |
| | Rent received (net) | **2** | 4 |
| 1908 E-Ventures Pvt. Ltd. | Service received* | **-** | 0 |
| Mack Valves India Pvt. Ltd. | Sale of goods (net)* | **0** | - |
| **d) Key Management Personnel** | | | |
| Ms A. B. Advani | Remuneration | **152** | 151 |
| Mrs. N. Malkani Nagpal | Remuneration | **122** | 107 |
| Mr. S. M. Bhat | Remuneration | **167** | 155 |
| Mr. V. M. Bhide | Remuneration | **34** | 32 |
| Mr. G. A. Patkar | Remuneration | **29** | 27 |
| Directors (Non-executive and Independent & Non-executive directors) | Sitting fees | **6** | 5 |
| Directors (Non-executive and Independent & Non-executive directors) | Commission | **41** | 32 |

* Amounts below Rs. 0.50 lakh have been rounded off.

**(III) Amount outstanding at the year end:** **(Rs. in lakhs)**

| Relationship / name of the related party | Description of the nature of transactions | Value of the transactions | |
|---|---|---|---|
| | | **31 March 2019** | 31 March 2018 |
| **a) Holding Company** | | | |
| J. B. Advani & Company Private Limited | Other receivable | **-** | 15 |
| | Trade receivable | **-** | 11 |
| | Trade payable | **138** | 208 |
| **b) Subsidiary Company and fellow subsidiaries** | | | |
| Ador Powertron Limited | Trade receivable* | **-** | 0 |
| | Trade payable* | **-** | 0 |
| **c) Companies in which Holding Company has significant influence and its associates** | | | |
| Ador Fontech Limited | Trade receivable* | **0** | 5 |
| Ador Multiproducts Limited | Trade receivable | **-** | 3 |
| 1908 E-Ventures Private Limited | Outstanding receivables* | **0** | 0 |
| **d) Key Management Personnel** | | | |
| Mr. V. M. Bhide | Loan | **4** | 7 |

**Notes:**

1. Related party relationship is as identified by the Company and relied upon by the auditors.
2. Considering the downturn of the operation, the employees of Plasma Laser Technologies (PLT), had approached Israel court in financial year 2014-15 for the purpose of liquidation and considering the same, Israel court has appointed the Official Liquidator to evaluate various options including revival or liquidation.

   Hence, the Management believes that the Company has lost its control on the affairs and assets of such subsidiary, as the same is now vested with such official liquidator appointed by Israel court. Further, Management believes that there are no claims expected towards the Company on account of PLT.

* Amounts below Rs. 0.50 lakh have been rounded off.

**Note 47 - Segment reporting**

The Company's Chief Operating Decision Maker (CODM) - Chief Financial Officer examines the Company's performance and has identified two reportable segments of its business:

(i) Consumables

(ii) Equipments and project engineering business

The above operating segments have been identified considering:

(i) The internal financial reporting systems

(ii) The nature of the products / process

(iii) The organisation structure as well as differential risks and returns of these segments.

**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 from Silvassa, Raipur, Chennai and Chinchwad plant. |
| b) Equipment and project engineering business | Equipments, spares, cutting products and agency items related to equipments, design, engineering, procurement and commissioning of flares, incinerators, furnaces, etc. from Chinchwad plant. |

Revenue and expenses have been accounted on the basis of their relationship to the operating activities of the segment. Expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Income" and "Unallocable Expenses" respectively. Assets and Liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets / Liabilities". Inter-segment transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods.

**A) Business segment**

**(Rs. in lakhs)**

| Particulars | Consumables | | Equipments and project engineering business | | Total | |
|---|---|---|---|---|---|---|
| | **Year ended 31 March 2019** | Year ended 31 March 2018 | **Year ended 31 March 2019** | Year ended 31 March 2018 | **Year ended 31 March 2019** | Year ended 31 March 2018 |
| **Segment revenue** | | | | | | |
| External revenue | **38,598** | 31,234 | **12,764** | 15,420 | **51,362** | 46,654 |
| Less: Inter segment revenue | **(28)** | (105) | **(6)** | (19) | **(34)** | (124) |
| **Total revenue** | **38,570** | 31,129 | **12,758** | 15,401 | **51,328** | 46,530 |
| Segment result before interest and tax | **6,317** | 4,134 | **(928)** | (67) | **5,389** | 4,067 |
| **Add/(less) :** | | | | | | |
| Unallocable expenses (net of unallocable income) | | | | | **(1,417)** | (1,030) |
| Interest and finance charges (net) | | | | | **(420)** | (227) |
| Excess/ (short) provision of taxes for earlier years | | | | | **(3)** | (23) |
| Exceptional items (net) | | | | | **-** | - |
| Provision for taxes (net of deferred tax) | | | | | **(1,095)** | (946) |
| **Net profit after tax** | | | | | **2,454** | 1,841 |
| **Other information** | | | | | | |
| **Segment assets** | **19,750** | 17,202 | **20,840** | 21,995 | **40,590** | 39,197 |
| Unallocated assets | | | | | **2,319** | 3,616 |
| **Total assets** | | | | | **42,909** | 42,813 |
| **Segment liabilities** | **4,330** | 3,253 | **8,761** | 9,885 | **13,091** | 13,138 |
| Unallocated liabilities | | | | | **3,676** | 5,173 |

(Rs. in lakhs)

| Particulars | Consumables | | Equipments and project engineering business | | Total | |
|---|---|---|---|---|---|---|
| | **Year ended 31 March 2019** | Year ended 31 March 2018 | **Year ended 31 March 2019** | Year ended 31 March 2018 | **Year ended 31 March 2019** | Year ended 31 March 2018 |
| **Total liabilities** | | | | | **16,767** | 18,311 |
| **Capital employed** | | | | | | |
| Segment wise capital employed | **15,420** | 13,949 | **12,079** | 12,110 | **27,499** | 26,059 |
| Unallocable corporate assets net of unallocable corporate liabilities | | | | | **(1,359)** | (1,557) |
| **Total capital employed** | | | | | **26,140** | 24,502 |
| **Capital expenditure** | | | | | | |
| Segment capital expenditure | **1,663** | 799 | **551** | 328 | **2,214** | 1,127 |
| Unallocated capital expenditure | | | | | **25** | 43 |
| **Total capital expenditure (Tangible and intangible assets)** | | | | | **2,239** | 1,170 |
| **Depreciation and amortisation** | | | | | | |
| Segment depreciation and amortisation | **531** | 609 | **362** | 330 | **893** | 939 |
| Unallocated depreciation and amortisation | | | | | **75** | 78 |
| **Total depreciation and amortisation** | | | | | **968** | 1,017 |
| **Significant non cash expenditure** | | | | | | |
| Segment significant non cash expenditure | **3** | - | **1** | 9 | **4** | 9 |
| Unallocated significant non cash expenditure | | | | | **-** | 2 |
| **Total significant non cash expenditure** | | | | | **4** | 11 |

**B) Geographical segment**

**Revenue from external customers**

(Rs. in lakhs)

| Particulars | Year Ended 31 March 2019 | Year Ended 31 March 2018 |
|---|---|---|
| **Domestic** | **46,564** | 36,859 |
| **Overseas:** | | |
| Kuwait | **505** | 4,898 |
| Other countries | **4,259** | 4,773 |
| **Total** | **51,328** | 46,530 |

Domestic Segment includes sales to customers located in India and service income accrued in India.

Overseas Segment includes sales and services rendered to customers located outside India.

**Non-current assets:-**

The following are the details of the carrying amount of non current assets, which do not include deferred tax assets, income tax assets and financial assets, by the geographical area in which the assets are located :

**(Rs. in lakhs)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Within India | **13,799** | 12,576 |
| Outside India | **28** | 33 |
| **Total** | **13,827** | 12,609 |

**C) Major customer**

Revenues of approximately Rs. 2,040 lakhs (31 March 2018 - Rs. 4,898 lakhs) are derived from a single customer. These revenues are attributed to the Consumables and equipments business.

**D) Other disclosures**

1. The Company has disclosed business segment as the primary segment.
2. The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

**Note 48 - Fair value measurements**

**Financial assets and liabilities**

The carrying value of financial instruments by categories is as follows:

**(Rs. in lakhs)**

| Particulars | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|
| | Fair value through profit or loss | Amortised cost | Fair value through profit or loss | Amortised cost |
| **Financial Assets - Non-current** | | | | |
| Loans | - | **161** | - | 153 |
| Other non-current financial assets | - | **531** | - | 348 |
| **Financial Assets - Current** | | | | |
| Investments | **371** | - | 244 | - |
| Trade receivables | - | **8,460** | - | 9,204 |
| Cash and cash equivalents | - | **2,681** | - | 1,616 |
| Other bank balances | - | **133** | - | 131 |
| Loans | - | **160** | - | 408 |
| Other current financial assets | - | **8,188** | - | 11,347 |
| **Financial Liabilities - Non-current** | | | | |
| Other non-current financial liabilities | - | **23** | - | 19 |
| **Financial Liabilities - Current** | | | | |
| Borrowings | - | **6,499** | - | 8,132 |
| Trade payables | - | **6,689** | - | 7,501 |
| Other financial liabilities | - | **1,269** | - | 854 |

**I. Fair value hierarchy**

The fair values of the financial assets and liabilities are included at the amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This section explains the judgments and estimates made in determining the fair values of the financial instruments that are

(a) recognised and measured at fair value and,

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

**II. Valuation techniques used to determine fair value**

Significant valuation techniques used to value financial instruments include:

The fair values for Security deposits, loan to employees and deposits are based on discounted cash flows using a discount rate determined considering the borrowing rate charged by the bank on the loan facility availed.

**III. Financial assets and liabilities measured at (Fair value hierarchy - Recurring fair value measurement):**

**(Rs. in lakhs)**

| **Particulars** | **31 March 2019** | | | 31 March 2018 | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | Level 1 | Level 2 | Level 3 |
| Investment in Mutual funds | **321** | **-** | **-** | 244 | - | - |
| Investment in Bonds | **50** | **-** | **-** | - | - | - |
| **Total** | **371** | **-** | **-** | 244 | - | - |

**IV. Fair value of financial assets and liabilities measured at amortised cost for which fair values are disclosed**

**(Rs. in lakhs)**

| **Particulars** | **31 March 2019** | | 31 March 2018 | |
|---|---|---|---|---|
| | **Fair Value** | **Carrying amount** | Fair Value | Carrying amount |
| **Financial Assets** | | | | |
| Loans | **161** | **161** | 153 | 153 |
| Other non-current financial assets | **531** | **531** | 348 | 348 |
| **Financial Liabilities - Non-current** | | | | |
| Other non-current financial liabilities | **23** | **23** | 19 | 19 |

During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

The carrying amounts of trade receivables, cash and bank balances, current loans, other current financial assets, current borrowings, other current financial liabilities and trade payables are considered to be approximately equal to the fair value.

The fair values computed above for assets measured at amortised cost are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of valuation techniques which measure the use of observable market data.

**Note 49- Financial risk management**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit quality and liquidity management, which may adversely impact the fair value of its financial assets and liabilities. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the Management is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the company.

The Company's principal financial assets include loans, investments, trade and other receivables and cash & cash equivalents that derive directly from its operations. The Company also holds investments in mutual funds and bonds.

**A) Credit risk**

Credit risk is the risk of financial loss arising from conterparty failure to repay or service debt according to the contractual terms and obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and credit worthiness of the customer on continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. The financial instruments that are subject to concentration of credit risk pincipally consist of trade receivables, loans, cash & bank balances and bank deposits.

To manage credit risk, the Company follows a policy of advance payment or credit period upto 30 days to reputed customers. In case of foreign receivables, majority of the sales are made either against advance payments or by way of letter of credit. The credit limit policy is established considering the current economic trends of the industry in which the company is operating.

Also, the trade receivables are monitored on a periodic basis for assessing any significant risk of non-recoverability of dues and provision is created accordingly.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government agencies.

**The table below provides details regarding past dues receivables, as at each reporting date:**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Upto 1 month | **5,464** | 5,513 |
| 1-2 months | **1,194** | 1,633 |
| 2-3 months | **357** | 192 |
| 3-6 months | **533** | 696 |
| 6-12 months | **102** | 246 |
| More than one year | **810** | 924 |
| **Total** | **8,460** | 9,204 |

**B) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to maintain optimum levels of liquidity and to ensure that funds are available for use as per requirement.

The liquidity risk principally arises from obligations on account of following financial liabilities viz. borrowings, trade payables and other financial liabilities.

The Company's corporate finance department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior Management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

**The maturity profile of the company's financial liabilities, based on contractual undiscounted payment at each reporting date is :**

**As at 31 March 2019** **(Rs. in lakhs)**

| Particulars | Less than 1 year | 1 - 2 years | 2 -5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Financial Liabilities - Non-current** | | | | | |
| Other non-current financial liabilities | - | **10** | **15** | **8** | **33** |
| **Financial Liabilities - Current** | | | | | |
| Borrowings | **6,499** | - | - | - | **6,499** |
| Trade payables | **6,689** | - | - | - | **6,689** |
| Other financial liabilities | **1,269** | - | - | - | **1,269** |
| **Total** | **14,457** | **10** | **15** | **8** | **14,490** |

As at 31 March 2018 **(Rs. in lakhs)**

| Particulars | Less than 1 year | 1 - 2 years | 2 -5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Financial Liabilities - Non-current** | | | | | |
| Other non-current financial liabilities | - | 11 | 11 | 5 | **27** |
| **Financial Liabilities - Current** | | | | | |
| Borrowings | 8,132 | - | - | - | **8,132** |
| Trade payables | 7,501 | - | - | - | **7,501** |
| Other financial liabilities | 854 | - | - | - | **854** |
| **Total** | **16,487** | **11** | **11** | **5** | **16,514** |

## C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: Foreign currency risk, interest rate risk and price risk. The company's exposure to market risk is primarily on account of foreign currency risk and price risk.

### (i) Foreign currency risk

The Company is exposed to foreign exchange risk on their receivables, payables and bank balances which are held in USD, AED, KWD and EUR. The fluctuation in the exchange rate of INR relative to USD, AED, KWD and EUR may have a material impact on the Company's assets and liabilities.

In respect of the foreign currency transactions, the Company manages the exchange rate exposure by entering into forward contracts where the exposure is significant. Further, some of the exposures are kept open since the management believes the same will be offsetted by the corresponding receivables and payables, which will be in the nature of natural hedge.

The Company's exposure to foreign currency risk at the end of reporting period are as under:

**(Rs. in lakhs)**

| Particulars | 31 March 2019 | | | | 31 March 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | **USD** | **AED** | **KWD** | **EUR** | USD | AED | KWD | EUR |
| **Financial assets** | | | | | | | | |
| Trade receivables | **1,288** | **-** | **-** | **-** | 1,075 | - | - | 52 |
| Unbilled work in progress | **-** | **-** | **7,840** | **-** | 728 | - | 9,224 | - |
| Bank balances | **44** | **29** | **-** | **-** | 147 | - | - | - |
| **Derivative Contracts** | | | | | | | | |
| Foreign exchange forward contracts | **(3,074)** | **-** | **-** | **-** | (1,111) | - | - | - |
| **Net exposure to foreign currency risk (assets)** | **(1,742)** | **29** | **7,840** | **-** | 839 | - | 9,224 | 52 |
| **Financial liabilities** | | | | | | | | |
| Trade payables | **520** | **-** | **1,046** | **55** | 522 | - | 2,023 | 87 |
| **Derivative Contracts** | | | | | | | | |
| Foreign Exchange forward contracts | **-** | **-** | **-** | **-** | (182) | - | - | - |
| **Net exposure to foreign currency risk (liabilities)** | **520** | **-** | **1,046** | **55** | 340 | - | 2,023 | 87 |

* The Forward contracts are hedged in terms of US Dollar against underlyings, which include both USD and Kuwaiti Dinar.

**Sensitivity Analysis**

The following table demonstrates the sensitivity in USD, EUR, AED and KWD with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

**(Rs. in lakhs)**

| Currencies | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|
| | **Increase by 5%** | **Decrease by 5%** | Increase by 5% | Decrease by 5% |
| USD | **(113)** | **113** | 25 | (25) |
| AED | **1** | **(1)** | - | - |
| KWD | **340** | **(340)** | 360 | (360) |
| EUR | **(3)** | **3** | (2) | 2 |

**(ii) Price Risk**

The Company is exposed to price risk from its investment in mutual funds and bonds classified in the balance sheet at fair value through profit or loss.

To manage its price risk arising from the investment, the Company has invested in the mutual fund after considering the risk and return profile of the mutual funds.

**Sensitivity Analysis** **(Rs. in lakhs)**

| **Particulars** | **31 March 2019** | 31 March 2018 |
|---|---|---|
| Impact on profit before tax for 5% increase in NAV / Price | **19** | 12 |
| Impact on profit before tax for 5% decrease in NAV / Price | **(19)** | (12) |

**Note 50 - Capital Management**

The Company's objectives, when managing capital, are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

The Company monitors its capital by using gearing ratio, which is net debt divided to total equity. Net debt includes interest bearing loans. Total equity comprises of Equity share capital, General reserve, Capital redemption reserve and Retained earnings.

**A. The Capital composition is as follows:**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| **Net debt (A)** | **6,499** | 8,132 |
| **Equity (B)** | **26,140** | 24,502 |
| **Gearing ratio (A / B)** | **0.25** | 0.33 |

**B. Dividends**

**(Rs. in lakhs)**

| **Particulars** | **For the year ended 31 March 2019** | For the year ended 31 March 2018 |
|---|---|---|
| **(a) Equity dividend** | | |
| Final dividend for the year ended 31 March 2018 of Rs. 5/- (31 March 2017 - Rs. 5/-) per fully paid share | **680** | 680 |
| Dividend distribution tax on final dividend | **140** | 138 |
| **(b) Dividends not recognised at the end of the reporting period** | | |
| In addition to the above Dividend, since year end the directors have recommended the payment of a final dividend of Rs. 6.50/- (31 March 2018 - Rs. 5/-) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting. | **884** | 680 |
| Dividend distribution tax on proposed dividend | **182** | 140 |

**Note 51 - Earnings per share**

| **Particulars** | **For the year ended 31 March 2019** | For the year ended 31 March 2018 |
|---|---|---|
| Net Profit after tax for the year (Rs. in lakhs) | **2,454** | 1,841 |
| Profit attributable to equity share holders (Rs. in lakhs) | **2,454** | 1,841 |
| Weighted Average Number of equity shares outstanding during the year | **13,598,467** | 13,598,467 |
| Basic and Diluted Earnings Per Share (Rs.) | **18.05** | 13.54 |
| Face Value per Share (Rs.) | **10.00** | 10.00 |

**Note 52 - Details of dividend remitted to non-resident shareholders in foreign currency:***

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Number of non-resident shareholders | **62** | 64 |
| Number of equity shares held | **8,391** | 9,263 |
| Financial year ended for which dividend is remitted | **2017-18** | 2016-17 |
| Amount of dividend remitted (Rs. in lakhs) | **0.42** | 0.44 |

*excluding dividend credited to the non-resident shareholders' external accounts with banks in India.

**Note 53 -** Revenue expenditure incurred during the year on research and development, amount to Rs. 325 lakhs (31 March 2018: Rs. 338 lakhs) including depreciation Rs. 31 lakhs (31 March 2018: Rs. 29 lakhs) and capital expenditure thereof amounts to Rs. 20 lakhs (31 March 2018: Rs. 43 lakhs).

**Note 54 - Revenue from contracts with customers**

With effect from 1 April 2018, the Company has adopted Ind AS 115 'Revenue from contracts with customers' using the modified retrospective approach given in Ind AS 115, i.e. cumulative catch-up transition adjustment is made for contracts that were not completed as of 1 April 2018. Accordingly, the comparatives for the year ended 31 March 2018 have not been reinstated. Under Ind AS 115, an entity recognises revenue when it transfers control of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Adoption of this new standard did not result in a material impact on the retained earnings as at 1 April 2018, statement of profit and loss and Cash flow statement for the year ended 31 March 2019 or balance sheet as of 31 March 2019.

The Company determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract.
5. Recognition of revenue when, or as, we satisfy a performance obligation.

The Company is engaged in providing welding Products Technologies and Services, customized solutions for multi-disciplinary projects and contracts related to refineries, oil & gas, petrochemicals, fertilizers, steel plants, pharma, water and other chemical process industries.

**a) Disaggregated revenue information**

The Company has two reportable segments of its business :

(i) Consumables

(ii) Equipments and project engineering business

The Company's revenue disaggregated by pattern of revenue recognition for the period ended 31 March 2019 are as follows:

**(Rs. in lakhs)**

| Sr. No | Particulars | Consumables | Equipments and project engineering business | Total revenue |
|---|---|---|---|---|
| 1 | Goods transferred at a point in time | 38,570 | 8,610 | 47,180 |
| 2 | Goods transferred over time | - | 4,148 | 4,148 |
| | **Total** | **38,570** | **12,758** | **51,328** |

**b) (i) Contract balances information**

**(Rs. in lakhs)**

| **Particulars** | **As at 31 March 2019** | As at 1 April 2018 |
|---|---|---|
| Trade receivables | **8,460** | 9,204 |
| Contract Assets* | **7,840** | 11,290 |
| Contract Liabilities** | **313** | 276 |

* The significant changes in contract Assets includes contracts are billed during the period for an amount of Rs. 1,335 lakhs.

** The significant changes in contract liabilities includes customer and distributors advance during the period increased by Rs. 54 lakhs.

**(ii) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price as on 31 March 2019**

**(Rs. in lakhs)**

| **Particulars** | **Total** |
|---|---|
| Revenue as per contracted price | **51,526** |
| Adjustments | |
| Extended warranties | **-** |
| Loyalty points | **-** |
| Significant financing component | **-** |
| Sales return | **(198)** |
| Discount | **-** |
| **Revenue from contract with customers** | **51,328** |

**c) Performance obligations**

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as on 31 March 2019:

**(Rs. in lakhs)**

| **Particulars** | Total |
|---|---|
| Revenue expected to be recognised | 4,531 |

**Note 55 -** Amounts below Rs. 0.50 lakh have been rounded off.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**For and on behalf of the Board of Directors**

**Nikhilesh Nagar**
Partner
Membership No. 079597

**V.M. Bhide**
Head - Corp. Admin, Legal & Company Secretary

**G.A. Patkar**
Chief Financial Officer

**S.M. Bhat**
Managing Director
DIN : 05168265

**A.B. Advani**
Executive Chairman
DIN : 00029256

**Place :** Mumbai
**Date :** 16 May 2019

**Place :** Mumbai
**Date :** 16 May 2019

# Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rupees)

| Sr. No. | Particulars | Details |
|---|---|---|
| 1. | Sr. No. | **1.** |
| 2. | Name of the subsidiary | **ADOR WELDING ACADEMY PVT. LTD.** |
| 3. | The date since when subsidiary was acquired | **NA** |
| 4. | Reporting period for the subsidiary concerned, if different from the holding Company's reporting period | **NA** |
| 5. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | **NA** |
| 6. | Share capital | **Rs. 3,00,00,000/-** |
| 7. | Reserves & surplus | **Rs.(2,00,33,021/-)** |
| 8. | Total assets | **Rs. 1,69,04,041/-** |
| 9. | Total Liabilities | **Rs. 15,90,081/-** |
| 10. | Investments | **Rs. 30,38,771/-** |
| 11. | Turnover (excluding other Income) | **Rs. 1,37,68,662/-** |
| 12. | Profit before taxation | **Rs. 74,11,366/-** |
| 13. | Provision for taxation | **Rs. 5,44,914/-** |
| 14. | Profit after taxation | **Rs. 68,66,452/-** |
| 15. | Proposed Dividend | **NIL** |
| 16. | Extent of shareholding (In percentage) | **100%** |

**Notes:** The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations - **NA**
2. Names of subsidiaries which have been liquidated or sold during the year - **NA**

## Part "B": Associates and Joint Ventures

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Not Applicable

**For and on behalf of the Board of Directors**

Aruna B. Advani
**Executive Chairman**
DIN: 00029256

**Place:** Mumbai
**Date:** 16 May 2019

V. M. Bhide
**Head - Corp. Admin., Legal & Company Secretary**

Girish A. Patkar
**Chief Financial Officer**

S. M. Bhat
**Managing Director** DIN: 05168265

## ADOR WELDING ACADEMY PVT. LTD.

**Registered office:** A-108, H Block, MIDC, Pimpri, Pune 411 018
Maharashtra, INDIA, Telefax: +91 020 4070 6300

In FY 2018-19, AWAPL has trained 53 welders from the economically challenged sections of society and made them gainfully employed in the industry. This mission also forms a very important part of ADOR's CSR activities. We believe in making lives of people and not just training them.


# Our Market Reach

## Domestic Sales Offices

**AHMEDABAD**
804-805, Sakar IV, Opp. Town hall,
Near Ellisbridge, Ashram Road,
Ahmedabad 380 006,
Gujarat, India.
Tel : +91 79 2657 9928

**BENGALURU**
N-406, 4$^{th}$ Floor,
Manipal Center, North block,
Rear Wing, Dickenson Road,
Bengaluru 560 042,
Karnataka, India.
Tel : +91 80 2558 5125, 2532 1477

**CHENNAI**
1$^{st}$ Floor, Cisons Complex,
Door # Old 150/79,
New 2/89 Montieth Road,
Egmore, Chennai 600 008,
Tamil Nadu, India.
Tel : + 91 44 2827 0105

**COIMBATORE**
Ramkrishna Bagh, 1289, Trichy Road,
Coimbatore 641 018
Tamil Nadu, India.
Tel : +91 422 439 3013

**DELHI**
C-116, Naraina Industrial Area
Phase 1
New Delhi 110 028, India.
Tel : +91 11 4330 4333

**HYDERABAD**
9-1-93/1,
Lane Adjacent to Sangeet Cinema
Sarojini Devi Road,
Secunderabad 500 003,
Telangana, India
Tel : +91 40 2771 2090, 6649 2090

**INDORE**
402, Apollo Trade Center,
Ambedkar Square, Geeta Bhavan
Chouraha, A.B. Road,
Indore 452 001,
Madhya Pradesh, India.
Tel : +91 731 2494 220, 4066 840
Fax : +91 731 4066 840

**JAIPUR**
309, Aishwarya Tower,
Near Hotel Hawa Mahal, Ajmer Road,
Jaipur 302 001,
Rajasthan, India.
Tel : +91 141 2220 833 / 34

**KOLKATA**
P-5, C.I.T. Road, 7$^{th}$ Floor,
Scheme – 55, Moulali,
Kolkata 700 014,
West Bengal, India.
Tel : +91 33 4008 4862 / 63

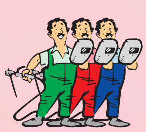
**MUMBAI**
Ador House,
6, K. Dubash Marg, Fort,
Mumbai 400 001 – 16,
Maharashtra, India.
Tel : +91 22 6623 9300, 2284 2525
Fax : +91 22 2287 3083

**PUNE**
Survey No. 147/2B, Akurdi Chowk,
Near Khandoba Mandir,
Chinchwad, Pune 411 019
Maharashtra, India.
Tel : +91 20 4070 6000
Fax : +91 20 4070 6001

**RAIPUR**
Industrial Area,
Bilaspur Road,
Birgaon, Raipur 493 221
Chhattisgarh, India.
Tel : +91 9109156297 / 8

## Overseas Sales Office

**SHARJAH**
Sharjah Airport International,
Free Zone (SAIF): Q3 216,
P.O. Box No.: 120025,
Sharjah, U.A.E.
Tel : 00971 6557 8601
Fax : 00971 6657 8602
E-mail : exports@adorians.com



**ADOR WELDING LIMITED**
Ador House, 6, K. Dubash Marg, Fort, Mumbai 400 001-16, Maharashtra, India.
**Tel:** +91 22 6623 9300, 2284 2525 | **Fax:** +91 22 2287 3083,
**Website:** www.adorwelding.com | **Email:** investorservices@adorians.com, cmo@adorians.com
**CIN:** L70100MH1951PLC008647