



LIFE ENHANCEMENT OF INDUSTRIAL COMPONENTS

43RD ANNUAL GENERAL MEETING



CHAIRMAN'S SPEECH

On behalf of the Board of Directors and Team Ador Fontech, we welcome you to the 43rd Annual General Meeting. We appreciate your continued support and presence here today.

As we all know, India is emerging as one of the fastest growing major economies in the world. It is expected to be one of the top three economic powers over the next decade, backed by a strong democracy and global business partnerships. India's GDP is estimated to have increased to 6.6 percent in 2017-18 and is expected to be in the range of 7.0 -7.5 percent in 2018-19.

These positives have begun to reflect on our Company's performance. On the financial front, the Company registered a growth in total income by four percent from Rs.14,890 lakhs to Rs.15,474 lakhs. The operating profit rose by 9% from Rs.1,309 lakhs to Rs.1,426 lakhs and EBIDTA (Earnings before interest, depreciation, tax and amortisation) margin went up by six percent from Rs.1,635 lakhs to Rs.1,728 lakhs. Given the backdrop of the introduction of GST and industrial scenario, efforts in this direction by the Management teams and Employees are commendable.

The Balance Sheet data also depicts a very healthy trend and in particular reflects a well-managed working capital. To elaborate, debtors outstanding on a comparative basis viz. a viz. the previous year decreased by Rs.469 lakhs from Rs.3,047 lakhs to Rs.2,578 lakhs; while inventories decreased by Rs.292 lakhs and on similar lines, the current liabilities also decreased by Rs.670 lakhs from Rs.3,089 lakhs to Rs.2,419 lakhs.

Further, cash and cash equivalents along with investments on a net to net basis grew by Rs.866 lakhs from Rs.3,949 lakhs to Rs.4,815 lakhs. The increment will predominantly be used towards dividend payout and capex requirements for the financial year 2018-19. Going forward, for effective utilisation of resources and on the basis of cost benefit analysis, the Company is planning to consolidate its

operations at Dabaspeta Industrial Area in Karnataka. The same is at the conceptualisation stage and the Company will need funds for infrastructural development. On the same breath, you will appreciate that dividend at a pay-out ratio of 0.6 or 60% of the earnings of the financial year has been maintained, with the Board recommending 150% on the paid up share capital or Rs.3/- per equity share. The total outlay on account of dividend plus dividend tax is estimated to be Rs.633 lakhs.

Moving on to 3D Future Technologies Private Limited, the revenue moved up from Rs.34 lakhs to Rs.128 lakhs. In a couple of year's time, this business is expected to be one of the key driving force of the organisation.

Lastly, while best efforts have been made to ensure interest of all stakeholders of the Company, it may be pertinent to mention that in terms of Vision 2020, the Company is working in all earnestness to ensure to be No.1 in the industry with focus on: (i) Maintenance of 75% of sales from in-house brands (ii) 20% of targeted sales from services (iii) Transplantation of key applications (iv) Effective use of IT for business development (v) Robust performance management system and (vi) Organic growth in revenue. Further, the Company has also endeavoured to maintain complete transparency in its reporting, be it in the Website or in the Annual Report and is committed to the highest standards of ethical, moral and legal conduct of business operations.

Once again we take the opportunity to 'Thank' all Stakeholders - Employees, Government, Bankers, Shareholders, Business Partners including Suppliers, Distributors, Dealers, Customers and the public at large.

Thanks and best regards,

A T Malkani

Chairman

Ador Fontech Limited

Bengaluru
Aug 02, 2018

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CONTACT US

Ador Fontech Limited • Belview • 7 Haudin Road • Bengaluru 560 042
T +91 80 2559 6045 / 73 • E investorservice@adorfon.com www.adorfon.com