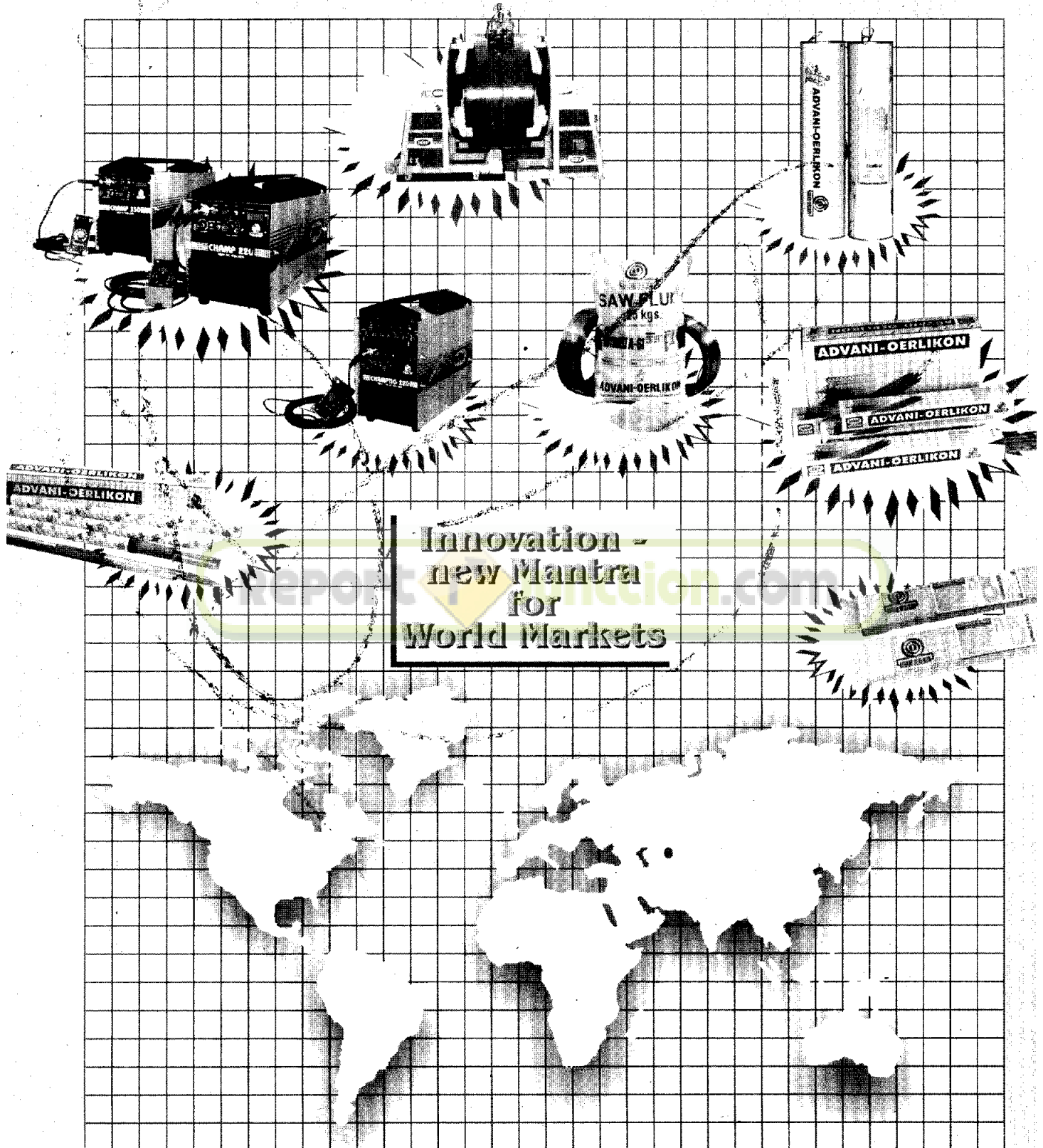


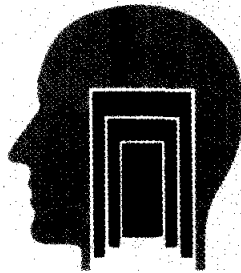
49th ANNUAL REPORT 2001-2002



ADVANI-OERLIKON

ADVANI-OERLIKON LIMITED





THE NEW DOORWAY

In the Welding market, brand loyalties are being re-defined. Products & brands that have significant market reach and deliver more for less are gaining in stature. Therefore, the new mantra that can promise success is the capability to innovate and move up the value chain. Customer relationships, constantly re-engineered through partnership initiatives, provide a sound base for remaining ahead of competition. In a market where Customisation and Specialisation are gaining ground as key deliverables, innovative service initiatives are emerging as the key differentiating features in the welding market.

Advani-Oerlikon Ltd. has the advantage of having already created a firm base to operate effectively in this new business scenario. The company's ISO 2000 accredited manufacturing facilities have received the approval of discriminating Approving Agencies from home and abroad. They have been credited with ratings on par with other leading players, in the world market of welding. The manufacturing capability is adequately reinforced by a marketing programme that draws significant strengths from the Two Service outfits - the Technology Development Centres (one each for Consumables and Equipment) and the Weldtech Centre. The Technology Development Centres, after almost a 50 years partnership with Oerlikon Welding Industries, and a string of competitive product offerings in the domestic and export markets, now have the accumulated know-how to develop products for new metal compositions and stringent weldment requirements. The dedicated team of engineers, metallurgists and chemists closely interact with end-users to analyse specific welding jobs in their totality, drawing inferences that would finally lead them to breakthroughs, innovations and specialisation.

Advani-Oerlikon's Weldtech Centre, a significant initiative of the company in the area of services related to pre and post welding practices, complements customer requirements on product / process selection. Working in tandem with customers, shop floor managers and technicians, the WTC works out and recommends the most effective cost-benefit proposals for achieving new standards in reliability and productivity on welding shop floors. The practical knowledge acquired throughout the 50 years of dedicated involvement in a wide range of weld-assignments, is well documented and disseminated through Technical Documentation, Seminars, Round-Table Meets with users, Inspection / Approving Agencies and Consultants. Of course, the WTC has also the track record of training over 55,000 welders, technicians and welding managers for improved skills and quality welding practices.

Advani-Oerlikon forays into e-marketing cover Customer Response Management initiatives and Supply Chain Management. Customers can use dedicated service portals for requisitioning pre and post sales services; Web sites offer a variety of information, with down load facility; intranet facility enables information sharing and efficient response to customer needs-from the nearest Field Office.

With multiple capabilities to successfully fulfil specialised requirements with innovative solutions, Advani-Oerlikon is now poised to journey through a new doorway -- it is the opening where the capability to create anew will constitute the soul of the Market Leader.





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BOARD OF DIRECTORS

Ms. Aruna B. Advani
Chairman & Whole-time Director

Mr. A. T. Mirchandani
Managing Director

Mr. V. G. Kuty
Executive Director

Mr. S. M. Shroff
Director

Mrs. R. T. Malkani
Director

Ms. R. A. Lalvani
Director

Ms. N. Malkani Nagpal
Director

Mr. G. L. Mirchandani
Director

Mr. S. R. Kirloskar
Director

Mr. P. K. Banerjea
Director

Mr. C. C. Welter
Director

Corporate Management Team

Mr. V. D. Mansukhani

Mr. C. S. Sirdeshpandey

Mr. C. Venugopal

Mr. Raman Kumar

Mr. C. Achuthan

Mr. N. C. Shetty

Mr. R. A. Bijlani

Mr. K. N. Subramanian

Company Secretary

Mr. V. M. Bhide

Registered & Corporate Office

Ador House,
6, K. Dubash Marg,
Fort, Mumbai-400 023.
Tel.: 284 2525, 287 2548
Fax: 287 3083

Website :

<http://www.advani-oerlikon.com>

Bankers

State Bank of India
Bank of Baroda

Registrar & Share Transfer Agent

ADVANI-OERLIKON LIMITED
(Investor Services Department)
Ador House, 4th Floor,
6, K. Dubash Marg, Fort,
Mumbai-400 023.
Tel.: 284 2525, 287 2548
Fax: 287 3083

Electronic Registrar

MCS LIMITED
Shri Padmavati Bhavan,
Plot No. 93, Road No. 16,
M.I.D.C., Andheri (E),
Mumbai- 400 093.
Tel. : 820 1785
Fax : 820 1783

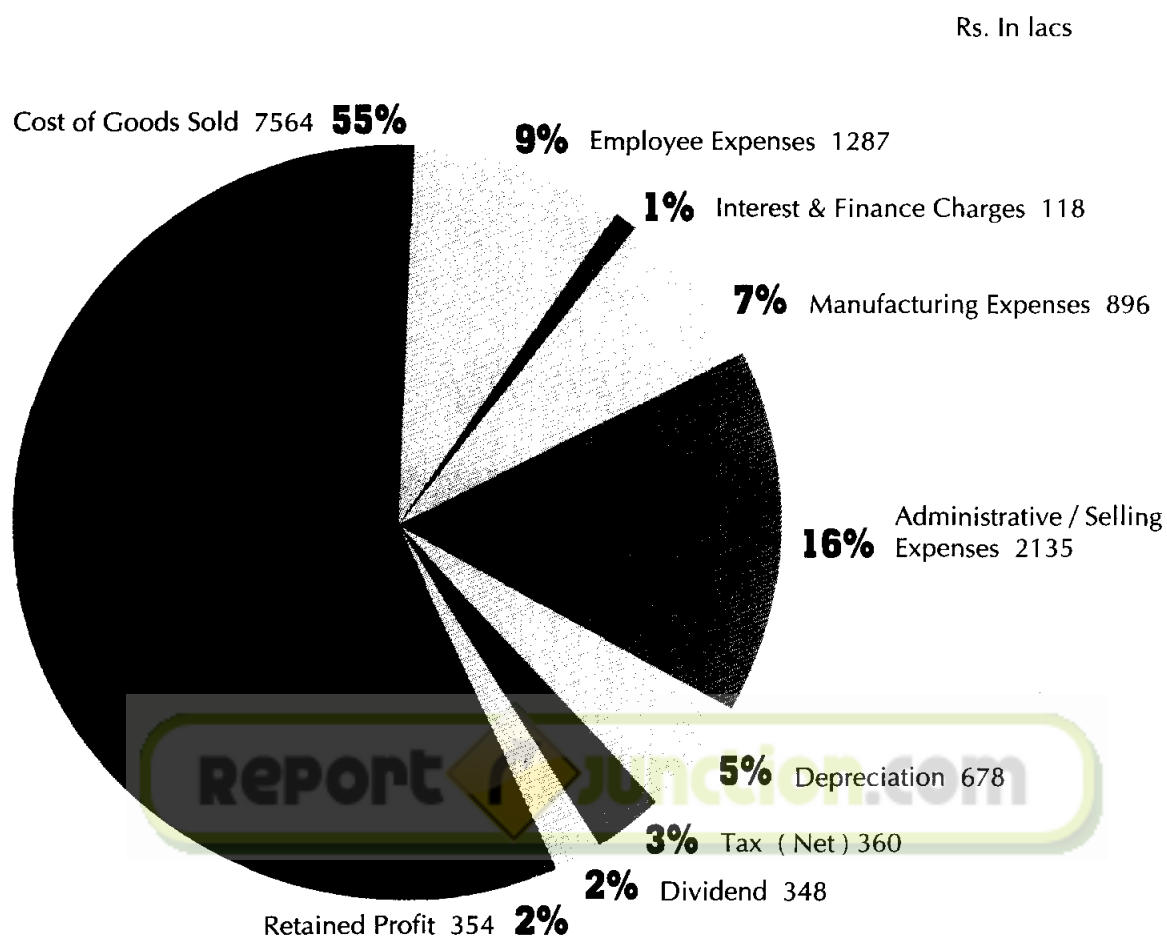
Auditors

Dalal & Shah, Mumbai

Solicitors

Nanu Hormasjee & Co.,
Mumbai

DISTRIBUTION OF REVENUE





FINANCIAL RATIOS

DISCRIPTION	2001-02	2000-01
ROI (%)	11.68	11.09
SALES TO CAPITAL EMPLOYED RATIO (TIMES)	2.01	1.99
PROFIT TO SALES (%)	5.26	4.02
WORKING CAPITAL TURNOVER RATIO (TIMES)	13.91	15.08
INVENTORY TURNOVER RATIO (TIMES)	6.48	6.07
DEBTORS TURNOVER RATIO (NO. OF DAYS)	4	19
CURRENT RATIO (TIMES)	1.36	1.41
DEBT EQUITY RATIO (TIMES)	NA	0.13

FUNDS FLOW

DISCRIPTION	2001-02	2000-01
Sources of Funds	(Rs. In lacs)	
Profit After Tax	691	548
Depreciation	678	711
Change in Working Capital	140	991
Total	1509	2250
Application of Funds		
Fixed Assets (Net)	220	344
Investments (Net)	12	(15)
Borrowings (Net)	929	1572
Dividend	348	317
Dividend Tax	-	32
Total	1509	2250

FORGING AHEAD WITH INNOVATIONS

Consumables

NICALLOY-6

The first ever indigenous electrode for fabrication of LNG Storage Tanks, Nicalloy-6 offers consistent results in 9% Ni Welding Applications. Specially designed, the electrode works smoothly on both polarities. It is welder-friendly, facilitating welding in all positions. It is easy to use and meets all requirements in mechanical properties.



AUTOMELT S79 FLUX & AUTOMELT Ni Cr Mo3

The first ever indigenous SAW Flux and SAW Wire for 9% Ni steel welding. Ideally used in the fabrication of LNG Storage Tanks, it offers consistent results in 9% Ni steel welding applications.



NIMOTEN-60

The electrode is typically used in welding parts of pressure vessels where normalising and / or stress relieving is to be carried out after welding operation. It is a heavy coated, hydrogen control, iron-powder electrode for welding of quenched and tempered low alloy / micro alloyed steels. It is welder-friendly with low spatter and ease of operation in all positions. The weld metal has good toughness at sub-zero temperatures.



AUTOMELT B-21

This agglomerated high type Submerged Arc Flux is ideal for welding general structural steels, pipe steels and fine grain steels. Automelt B-21 is known for its low moisture pick-up and low hydrogen content in the weld metal, making it ideal for narrow gap welding as well.



AUTOMELT A-81

Used in the submerged-arc welding process, Automelt A-81 is an aluminated-rutile type agglomerated flux with high silicon and manganese pick-up. It is widely used for welding of pipe steels, boiler steels and fine grain structural steels. It is particularly suited for twin-wire, tandem and multi-wire welding at relatively high speeds, as well as for welding from both sides at one pass. With easy slag removal, the flux is ideal for fillet welding.



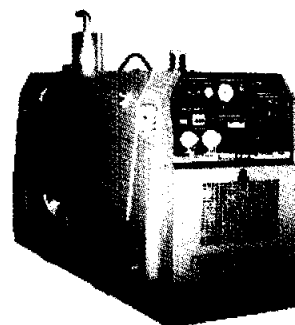


FORGING AHEAD WITH INNOVATIONS

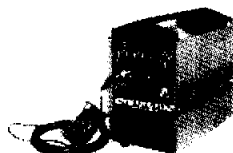
Equipment

SUPER CHALLENGER 300

This widely accepted world-class diesel welding machine is totally re-engineered to new standards of ruggedness and reliability. Dependable even in hostile site conditions, the brushless welding generator additionally reduces maintenance downtime. Ideal for fabrication repair and maintenance, SUPER CHALLENGER 300 is suitable for various applications including cross country and inplant pipe & tube welding even with Cellulosic and other special types of electrodes. The machine offers big savings in fuel and consequent longer runs before next refuelling.



CHAMPTIG 220



India's first indigenously developed inverter-based pulsed TIG welding equipment, Champtig 220 saves power bills by 33%. Its unique feature of a large input supply voltage range, makes it ideal for Indian power conditions. It is capable of excellent welding even with long welding cables.

MAXIMIG - 251 CD -- STITCH WELDING



Ideal for the automobile industry, Maximig 251CD now comes with Stitch Welding facility without switching of contactor. Besides enhancing contactor life this world class welding power source facilitates operation in quick succession with a spot welding time range of 1-5 sec. and an interval time range of 1-5 sec. What is more, it has reduced maintenance downtime, enables long uninterrupted welding and can weld a wide range of metals.

E-WELMAC E-191

This compact, lightweight and reliable welding transformer, besides being highly economical saves power and increases productivity. It is ideal for light fabrication, repair and maintenance jobs.

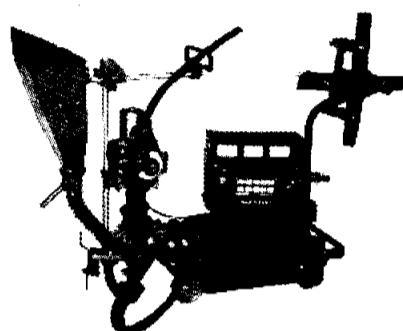


FORGING AHEAD WITH INNOVATIONS

Equipment

MAESTRO SERIES -- WELDING HEAD WH-15

Widely used in shipbuilding, heavy fabrication, cylinder and pipe manufacturing the WH-15 Welding Head is lightweight and compact with a maintenance-free permanent magnet for wirefeed and carriage. It is welder-friendly with feather touch keys in its modified controller assembly. Besides offering flexibility for a wide range of applications, the WH-15 Welding Head has a twin-wire attachment with 20-30% higher weld deposition rates.



HF 2000



Portable and flexible in operation, this lightweight, compact and operator-friendly DC TIG Controller Unit can be connected to any direct current power source. Besides the 2-track / 4-track mode selection switch, the unit is also equipped with auto shut off in case the arc does not strike. The gas flow is through a valve that enables economical consumption of expensive argon gas.

HI-PRO MIG TORCHES



These high productivity torches are of proven design in international markets. Lightweight and ergonomically designed, these torches come with swivelling handles for maximum comfort and productivity. They are suitable for all types of end connectors and are provided with a flexible cable assembly for easy access. Hi-Pro Mig Torches, as the name suggests, are highly professional and world class in quality.



ADVANI-OERLIKON LIMITED

Registered & Head Office : Ador House, 6, K. Dubash Marg, Fort, Mumbai 400 023

DIRECTORS' REPORT

To,
The Members,

The Directors have pleasure in presenting the Forty-ninth Annual Report of the Company and the Audited Statement of Accounts for the year ended 31st March, 2002.

1.0 FINANCIAL PERFORMANCE

(Rs. In Crores)

KEY FINANCIAL INDICATORS	For the year ended 31st March, 2002	For the year ended 31st March, 2001
Sales & other Income (Net of Discounts & Incentives)	137.20	161.51
Profit before Interest and Depreciation	18.57	20.72
Profit before Tax	10.62	10.28
Provision for Tax (Net of deferred tax)	3.71	4.80
Profit for the year	6.91	5.48
Capital Expenditure (including capital work in progress)	2.49	3.87

2.0 BUY-BACK OF SHARES

As per the recent amendment to the Companies Act, the Board of Directors through a Resolution passed in the meeting held on 22nd January, 2002 decided to Buy-back upto a maximum of 35,07,840 Shares with a cash outlay of Rs. 7.02 Crores, representing 22.16% of the total Paid-up Capital, at the Buy-back value of Rs. 20/- per Share. The Company received 2,307 applications representing 22,60,049 Shares, including 12,15,000 Shares from the foreign promoters. The Company accepted 22,29,833 Shares under Buy-back, which will decrease the Paid-up Share Capital from Rs. 15.83 Crores to Rs. 13.60 Crores. The payment towards the consideration of the Buy-back of the Shares is being posted to those Shareholders, whose Buy-back applications have been accepted by the Company.

3.0 DIVIDEND AND RESERVES

3.1 The Board of Directors is pleased to recommend a Dividend of 22% (i.e. Rs. 2.20 per equity share) for the year 2001 - 2002, subject to the approval of the shareholders (Dividend for the year 2000 - 2001 was declared at 20% i.e. Rs. 2/- per equity

share). Dividend for the year 2001-02 shall be paid to those Shareholders whose names are on the Members' Register as at the date of Book Closure for Dividend payment.

3.2 The Board recommends the transfer of Rs. 5 Crores to General Reserve, and the balance of Rs. 2.51 Crores for retention in the Profit and Loss Account.

4.0 OPERATIONS

4.1 The year 2001 - 2002 was another year of industrial recession in the Country, which had a significant impact on the sales of the Company. The Year ended with a turnover of Rs. 133.41 Crores as against the previous year's turnover of Rs 158.47 Crores. While the turnover showed a declining trend, the Company was able to post a higher amount of Profit due to various cost cutting measures / cost reduction programmes successfully adopted by the Company. The Company's Sales and income comprised of the following:

4.1.1 Welding Consumables at Rs.108.59 Crores

4.1.2 Welding and Cutting Equipment and Systems at Rs. 24.82 Crores