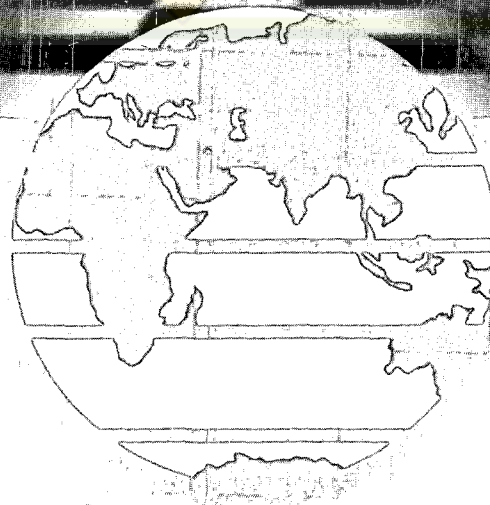
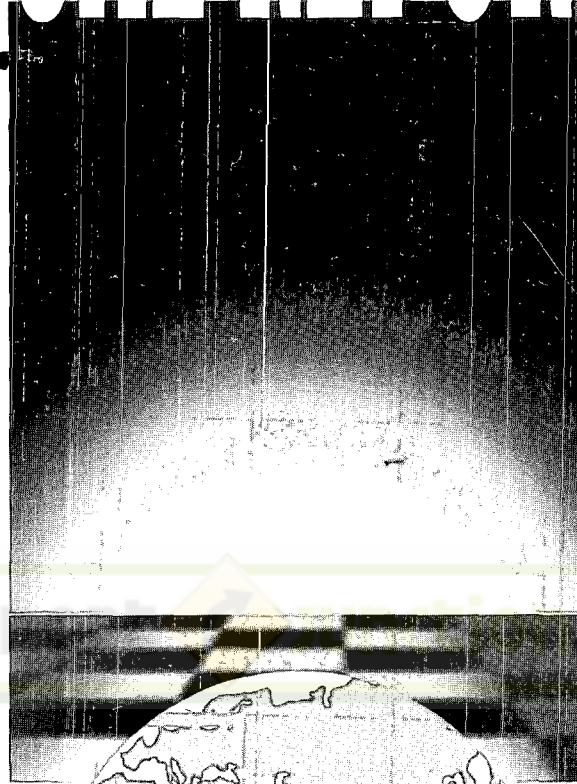


ADVANI-OERLIKON LIMITED

50th ANNUAL REPORT 2002-03



**CERTIFIED TRUE COPY
FOR ADVANI-OERLIKON LIMITED**

[Signature]
COMPANY SECRETARY

*A new dawn
with global perspectives*



The global perspective

In more ways than one, Advani-Oerlikon Ltd. today has gained a position of strength and credibility on the welding map of the world. It is, for the company, the dawn of a new perspective, no longer confined to domestic industry leadership but signifying the emergence of a global institution with the calibre and competence that global presence demands.

What this means is a disciplined and dedicated effort to surpass levels of excellence the company has achieved in the past; it means bench-marking the merits of some of the most successful companies in the world; it means having to position one's product in line with some of the best available in the international market place. It is a task we, at Advani-Oerlikon, have worked hard to achieve, shaping the skills at our disposal to attain world standards -- right from the installation of state-of-the-art manufacturing equipment and processes to products that excel in performance; from effective communication and promotion to widespread networking and successful marketing strategies; from inspired employee culture and innovation to good corporate governance.

In more ways than one, we have taken to the world order and it is for us now to seek and cross frontiers that we have never attempted before!



ADVANI-OERLIKON LIMITED

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ADVANI-OERLIKON LIMITED

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Board of Directors

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

Mr. A. T. Mirchandani
Managing Director

Mr. V. G. Kutty
Executive Director

Mrs. R. T. Malkani
Director

Mrs. N. Malkani Nagpal
Director

Ms. R. A. Lalvani
Director

Mr. G. L. Mirchandani
Director

Mr. S. R. Kirloskar
Director

Dr. P. K. Banerjea
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
Mr. V. K. Dixit
Mr. A. Anantharaman

Company Secretary
Mr. V. M. Bhide

**Registered &
Corporate Office**
Ador House,
6, K. Dubash Marg,
Fort, Mumbai-400 023.
Tel.: 2284 2525, 2287 2548
Fax: 2287 3083

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

**Registrar &
Share Transfer Agent**
SHAREX (India) Pvt. Ltd.
17/B, Dena Bank Bldg., 2nd floor,
Horniman Circle, Fort,
Mumbai-400 001.
Tel.: 2270 2485, 2264 1376
Fax: 2264 1349

Bankers
State Bank of India
Bank of Baroda

Auditors
Dalal & Shah, Mumbai

Solicitors
Nanu Hormasjee & Co.,
Mumbai

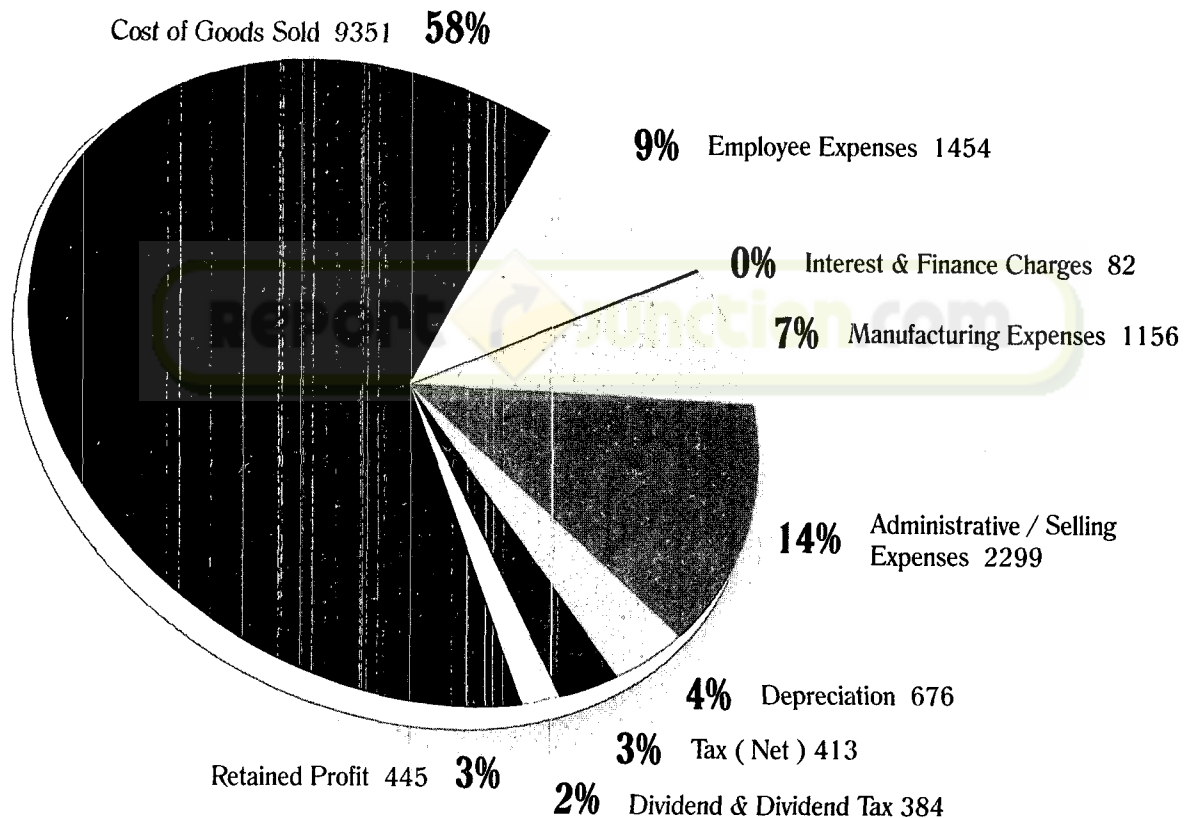


ADVANI-OERLIKON LIMITED

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Distribution of Revenue

Rs. in lacs



(Percentages have been rounded off to the nearest point)



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Financial Ratios

DESCRIPTION	2002-03	2001-02
ROI (%)	12.88	11.68
SALES TO CAPITAL EMPLOYED RATIO (TIMES)	2.36	2.01
PROFIT TO SALES RATIO (%)	5.28	5.26
WORKING CAPITAL TURNOVER RATIO (TIMES)	13.28	13.91
INVENTORY TURNOVER RATIO (TIMES)	5.38	6.48
DEBTORS TURNOVER RATIO (NO. OF DAYS)	7	4
CURRENT RATIO (TIMES)	1.44	1.37

Funds Flow

(Rs. in lacs)

DESCRIPTION	2002-03	2001-02
Sources of Funds		
Profit After Tax	836	691
Depreciation	677	678
Disinvestment Proceeds (Net)	299	22
Total	1812	1391
Application of Funds		
Fixed Assets (Net)	733	159
Repayment of Borrowings (Net)	8	930
Working Capital (Net)	241	(46)
Payment of Buy-Back Consideration	446	-
Dividend	340	348
Dividend Tax	44	-
Total	1812	1391

ADVANI-OERLIKON LIMITED

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Innovations / New Developments

CONSUMABLES

TENALLOY 16G

A low-hydrogen, thin-coated E7016-G electrode for welding of tanks. Specific alloying elements added as per client's requirements to get improved impact properties. Welding performance modified to achieve excellent fillet welds and improved out-of-position welding capability.



AUTOMIG FC18S

A copper-coated flux-cored wire specially developed for welding of imported copper-bearing steels for defence applications.



TOPSTAR 140 (Spl)

An iron powder-bearing E7024 electrode with guaranteed impacts at -20°C



BETANOX 20/25/5/Cu

Product improvement effected to make the product suitable for welding of Alloy 20 steels, with low carbon and conformance to E385-16 specifications.



BETANOX 17 Cr - S

A new product for the welding of valve seats. This product has uniform hardness and chemistry, along with the advantage of improved deposition rate.



AUTOMIG MC 10

A metal-cored wire developed for the first time in India. The product yields slag-free welds with deep penetration of metal-cored wire, giving a sound weld without inter-bead cleaning of slag.



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Innovations / New Developments

EQUIPMENT

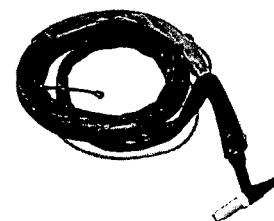
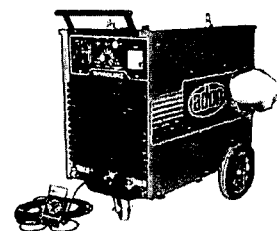
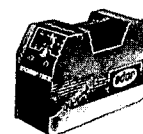
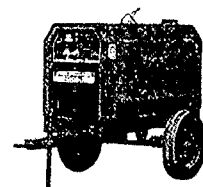
SUPERCHALLENGER 500 : A significant addition to the existing range of current ratings, this 500 amp **engine driven welding set** enables round-the-clock heavy duty jobs at site. An ideal choice for cross-country pipeline welding where extra long cables need to be employed. It is totally maintenance-free with complete metering systems for easy adjustments. The equipment is highly reliable and versatile.

RHINO-D 600 P4 : This "Tough, Tenacious and Tropicalised" **engine driven welding set** with the highest current rating in the existing range, is Advani-Oerlikon's answer to the most demanding requirements of the petroleum industry in the Middle East. Its performance remains unaffected even in the most hostile site conditions such as temperatures of upto 55°C, 100% humidity and salty, corrosive atmosphere. Provided with engine safety protection and full metering systems, Rhino-D 600 P4 is known for excellent welding performance at minimum operating cost.

CHAMP 150 : The increasing need for several light-duty maintenance welding jobs prompted the introduction of Champ 150, the-state-of-the-art, **inverter-based welding rectifier** that is significantly lightweight, compact and easy to carry by hand. An addition to the existing models of higher ratings, the lower current rating of Champ 150 is ideal for welding of very thin metal sheets and for maintenance welding. The inverter uses the latest, compact transformer and has electronic control circuits. It is energy-efficient saving almost 35% power as compared to conventional rectifiers.

THYROLUXE ENCON 400 : Based on the unique Chopper Technology, this **new energy-efficient rectifier**, combines the advantages of both the conventional Thyristor and Inverter type machines. The result is a power saving of up to 35% and a higher reliability level. Thyroluxe Encon 400 falls in line with latest state-of-the-art new technology rectifiers using MOSFET power devices. Ideal for heavy duty site fabrication and structural welding applications, the rectifier can be used with longer welding cable lengths and is protected against overload and output shortcircuits.

"HI-PRO" SERIES TIG TORCHES : The latest introduction for TIG welding applications, **Hi-pro Series TIG Torches** are welder-friendly with ergonomically designed swivelling heads for high productivity. They are lightweight and sleek with reliable switch operations. These torches are highly professional, world-class in quality and are available in four versions.



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Innovations / New Developments

PROJECT ENGINEERING DIVISION

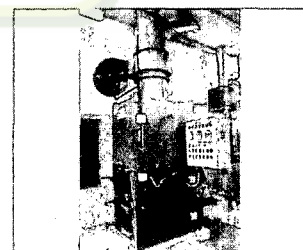
GAS INCINERATORS : Against stiff global competition, Advani-Oerlikon successfully executed a prestigious industrial incineration project for Shell Chemie BV, Netherlands at their project site at Pernis, through Jacobs Engineering of Netherlands. The rooftop combustor is designed to incinerate organic vapours in the process unit. Fed with vent gases containing nitrogen, water vapour and hydrocarbon volatiles, the combustor operates at high temperatures of above 900°C.



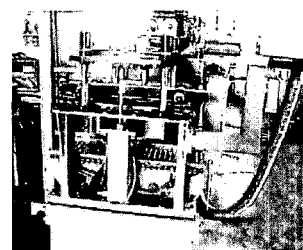
ANIMAL CARCASS INCINERATOR : The innovative efforts of Advani-Oerlikon's Engineering Team resulted in the manufacture of the first Animal Carcass incinerator, supplied to the Nashik Municipal Corporation. The equipment is capable of incinerating a batch mass of 15-20 kg. of animal remains / carcasses and associated wastes from an abattoir. It can also operate continuously for as long as 8-10 hours a day with an incineration rate of 60 kg. / hr. It conforms with the latest norms of Indian pollution control boards.



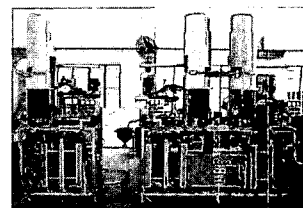
HOSPITAL WASTE INCINERATOR : Advani-Oerlikon has supplied efficient Hospital Waste Incinerators to prestigious hospital establishments for the incineration of contaminated and infectious waste. While the current models have capacities ranging from 10 kg./hr. to 50 kg / hr., the increasing demand for higher capacities has led the company to design new models in the 100 to 250 kg. / hr range. Meant for continuous operation of 8 to 10 hours, these incinerators comply with the latest pollution norms.



BATTERY TERMINAL WELDING SYSTEM : One of India's biggest manufacturers of batteries, Exide India Ltd., Haldia, employs Advani-Oerlikon's automated welding system for welding of battery terminals. Positive and negative terminals of VRLA (Valve Regulated Lead Acid) batteries are welded by the TIG welding process. The system comprises of a motorised conveyor along with a pneumatically operated battery location system. The torch movement is controlled by a sophisticated servo drive system which enables faster approach and retraction of the welding torch with drastic cut-down in idle time. The system is capable of delivering as many as 50 batteries per hour.



SHOCK ABSORBER COMPONENTS WELDING SYSTEM : This welding system incorporating modern concepts of design was manufactured and installed for Munjal Showa Ltd., a well-known name in the shock absorber industry. The system facilitates single operator multi-machine operation at 3 welding stations. Designed for easy maintenance, the system enhances productivity with a quick floor-to-floor cycle time of around 20 seconds.





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 Fiftieth Annual Report of the Company and the Audited Statement of Accounts for the year ended 31st March, 2003.

1.0 FINANCIAL PERFORMANCE

(Rs. in crores)

KEY FINANCIAL INDICATORS	For the year ended 31st March, 2003	For the year ended 31st March, 2002
Sales & other Income (Net of Discounts & Incentives)	162.60	137.29
Profit before Interest and Depreciation	20.08	18.58
Profit before Tax	12.50	10.62
Provision for Tax (Net of deferred tax)	4.13	3.71
Profit for the year	8.37	6.91
Capital Expenditure (Including capital work in progress for the previous year and net book value of fixed assets taken over on amalgamation in the current year)	7.75	2.50

2.0 BUY-BACK OF SHARES

Last year the Company had accepted 22,29,833 shares under its Buy-Back Scheme. The said shares were extinguished and the payment towards its consideration @ Rs.20/- per share (net of TDS wherever applicable), totalling to Rs.4.46 crores, was made during the year 2002-2003.

Due to the Buy-Back of shares, the paid up share capital of the Company has been reduced to Rs.13.60 crores from Rs.15.83 crores

3.0 EXIT OF M/S. OERLIKON WEDLING LIMITED

The Overseas Promoter of the Company, M/s. Oerlikon Welding Limited, has exited from their financial participation in the Company by offering its entire shareholding in the Buy-Back Scheme of the Company. The Overseas Promoter has also withdrawn their nominee directorship from the Board of Directors of the

Company subsequent to the Buy-Back scheme. Due to the above change, the Company will be taking necessary steps to change its name, subject to the required approvals.

4.0 DIVIDEND AND RESERVES

4.1 The Board of Directors is pleased to recommend a Dividend of 25% (i.e. Rs. 2.50 per equity share-Net of Dividend Tax) for the year 2002 - 2003, subject to the approval of the shareholders (Dividend for the year 2001 - 2002 was declared at 22% i.e. at Rs. 2.20 per equity share). Dividend for the year 2002-2003 shall be paid to those Shareholders whose names are on the Register of Members as at the date of the Book closure for Dividend payment.

4.2 The Board recommends the transfer of Rs.5 crores to the General Reserve, and the balance of Rs.2.45 crores for retention in the Profit and Loss Account.