

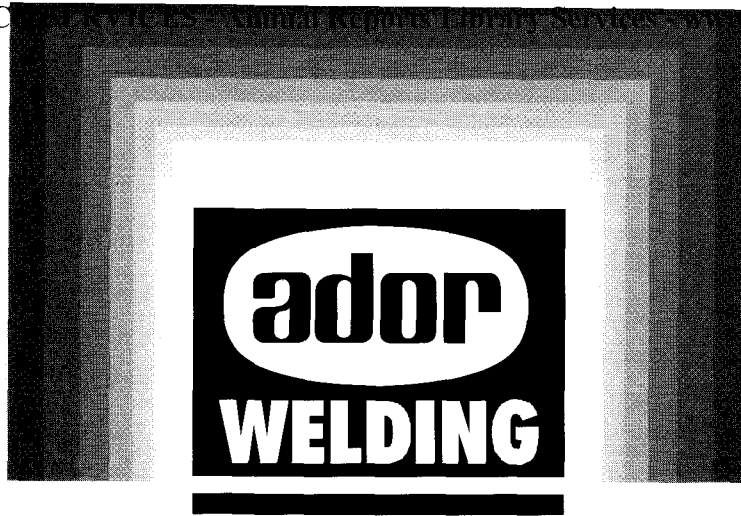
**51st Annual Report
2003-04**

Report Junction.com

ador
WELDING

**on the threshold of a new
gateway to success**

ADOR WELDING LIMITED



POISED FOR A NEW THRUST

The 9th of September last year, is a day to commemorate in the history of the Company, when it was re-named ADOR WELDING LIMITED -- bringing to an end, an era of shared technology, guided destination and partnered growth, in having to honour its equity partnership with Oerlikon Welding Ltd., a member of the Air Liquide Group. Together, the Company has come a long way, attaining proficiency and building leadership in welding in this part of the hemisphere ; but the need to project its own competence after years of achievements on various business platforms, prompted the search for an independent identity. Having built a formidable base with heavy investments in a wide network of manufacturing set-ups, administrative offices, technology development and training centres, and distributors, the transition was but imperative and the Company formally emerged in its own, new but long pre-established independent identity -- ADOR WELDING.

A change of identity brings along with it the need to both weld the past and the present, and the need to create new sparks for the future. The Company's long history of leadership replete with several milestones in welding and the people who spurred those achievements, provided the vital link of continuity -- establishing in the minds of all those associated with the Company, that ADOR and ADORLANS had arrived ; that the baton of competence had been passed on to the people who qualified and deserved ; that behind the change of name, lay the formidable will to carry forth the torch of leadership, banchmarking the finest traditions in welding, all through the way.

The strike for the sparks of the future lay in the inspiring words of the Company's Managing Director, A. T. Mirchandani -- " There is no other welding Company which has positioned itself to exploit each and every one of the new growth triggers of the nation. That is why I believe the new year will be a LEAP year for Adorians -- Leadership and Excellence for Assured Progress." Establishing indirectly the strengths of the Company, the investments it had made even during the recessionary years and the impending, burgeoning Indian economy with mega projects on the anvil, the MD's words provide the impetus for a new future. Adorians are on the threshold of a new gateway and the doors have now opened to a new, long era of endless achievements in welding !

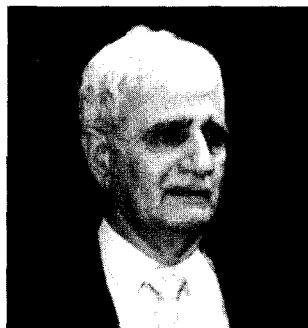


ADOR WELDING LIMITED

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*In retrospection --***TO SHAREHOLDERS, ADORIANS,
ASSOCIATES & BUSINESS PARTNERS**

A. T. Mirchandani
Managing Director

The journey I embarked upon, many years ago in this Company, has been, to say the least, an extraordinary one. Several remarkable facets of the Company underlined the roles I had to fulfill -- first as Chief of R&D, then as Technical Director and finally as Managing Director for a decade since 1994.

Among the most significant of those Company facets that held my constant focus and demanded my best efforts, was the unparalleled leadership of the Company in the Indian welding industry in terms of technology, product range, market share, exports and sheer application coverage. In good time, I foresaw a place for this Company in international markets too and my efforts were driven to achieve technology and quality levels that were comparable to the best in the world.

For having continued to repose their trust in all that I did over so many years for the Company, I firstly owe my thanks to the entire shareholder community of the Company and its Board Members for their unstinted support, cooperation and confidence at all times. To the Senior Management team for their invaluable and able support and to the Adorian fraternity at every level, right from the worker to the manager, for their unified and devoted contribution, I convey both my profound appreciation and my gratitude. I am indeed highly indebted to our customers, distributors, dealers and suppliers of goods and services who wholeheartedly participated in our business and helped us lead the welding industry.

With heavy investments in the core industry sector and infrastructure of the country along with upswing trends both at the national and international front, opportunities are fast multiplying. Also, in the sea-change of globalisation and the open market system where competence is the only measure of existence, I see a remarkable future in competent Adorians of the next generation. There is little doubt they will supersede the achievements of the past and I am very sure that the torch that I now hand over, will be kept burning bright and high in the days to come.

I foresee a brilliant future for Ador Welding.



FROM THE BOARD -- *in appreciation of ATM's invaluable contribution*



Ms. Aruna B. Advani
Executive Chairman

Years ago, at the time when the Company needed the invigorating spirit of a dynamic torch-bearer, Mr. A. T. Mirchandani stepped in and then, never looked back. His assignments ranging from the scientific to the more executive, sought to put new vigour into a Company that had rested long on its laurels. His emphasis on technological prowess for progress, saw research and development taking new shape with many an innovative idea being adopted. He has a penchant for quality and never stops short to fulfill what is significant in his own view. He benchmarked the Company ethos with those that helped in achieving international standards.

In his capacity as the Managing Director for a decade, he steered the Company through crucial years of economic slowdown and encouraged measures and investments that helped in consolidating the Company for the future. As a visionary, he foresaw the role the Company could play in welding markets of the world. At a time when few would have stepped forward to heavily invest in international operations, he opened a new front for the Company and believed that far-flung countries would buy his Company's products. Nobody could have been proved more true, now that we are aware that Ador Welding is an identity to reckon with in over forty-five countries of the world.

Strong in his convictions, yet calm and affable in his disposition, 'ATM', as he is fondly known by his colleagues, will be long remembered for his significant role during the crucial years of the Company. We, the members of the Board, gratefully acknowledge his invaluable contribution and wish him long years of good cheer and health.



Board of Directors

Ms. A. B. Advani
Executive Chairman

Mr. A. T. Mirchandani
Managing Director

Mr. V. G. Kutty
Executive Director

Mrs. R. T. Malkani
Director

Ms. R. A. Lalvani
Director

Mrs. N. Malkani Nagpal
Director

Mr. G. L. Mirchandani
Director

Corporate

Management Team

Mr. C. S. Sirdeshpandey

Mr. V. D. Mansukhani

Mr. C. Venugopal

Mr. Raman Kumar

Mr. C. Achuthan

Mr. N. C. Shetty

Mr. R. A. Bijlani

Mr. K. N. Subramanian

Mr. A. Anantharaman

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

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 :

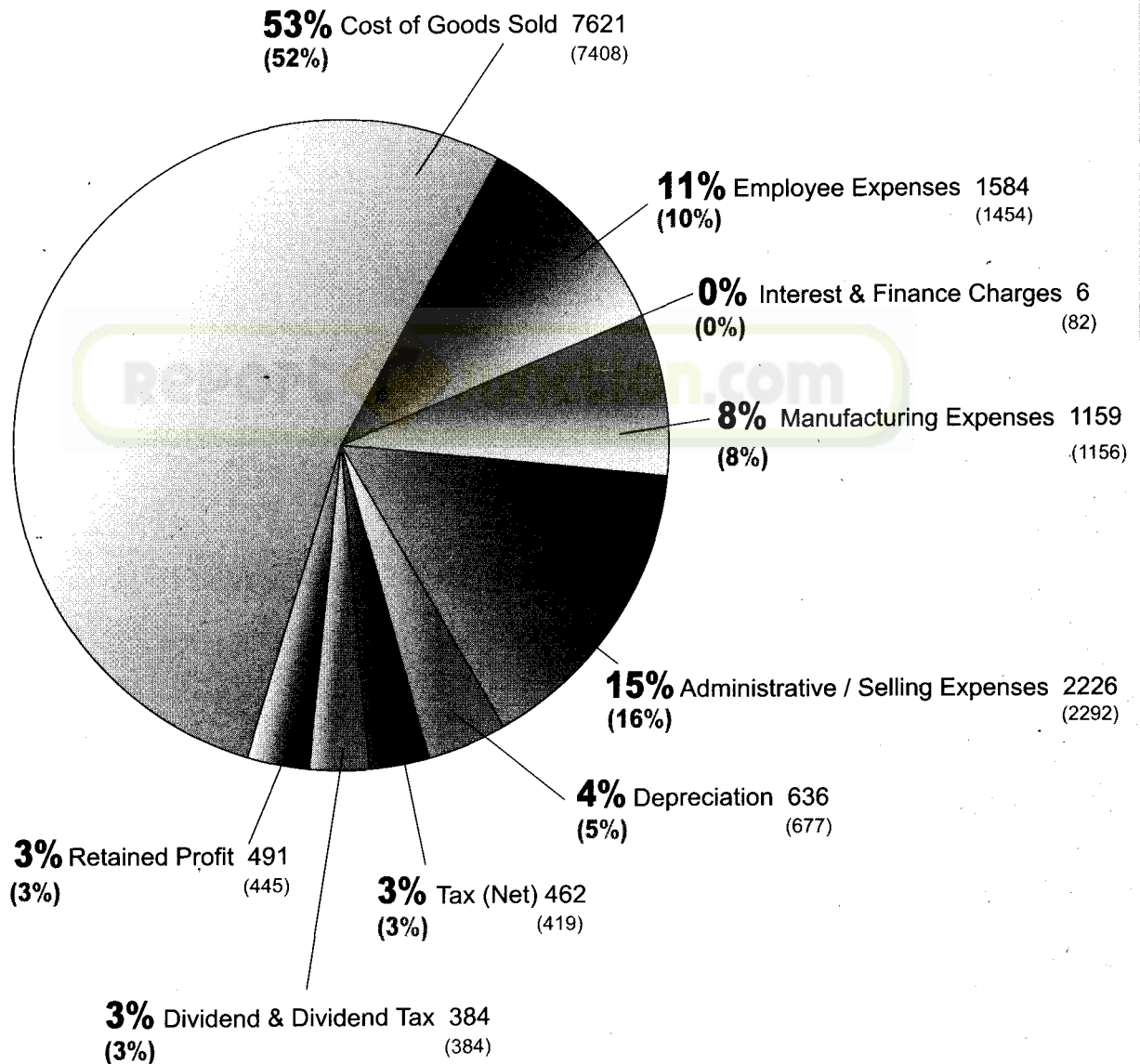
<http://www.adorwelding.com>



ADOR WELDING LIMITED

Distribution of Revenue

(Rs. in lacs)



(Figures in bracket indicate Previous Year)



Financial Ratios

DESCRIPTION	2003-04	2002-03
ROI (%)	11.70	12.88
SALES TO CAPITAL EMPLOYED RATIO (TIMES)	1.98	2.06
PROFIT TO SALES (%)	6.19	6.03
WORKING CAPITAL TURNOVER RATIO (TIMES)	9.74	11.64
INVENTORY TURNOVER RATIO (TIMES)	3.84	5.38
DEBTORS TURNOVER RATIO (NO. OF DAYS)	11	7
CURRENT RATIO (TIMES)	1.57	1.44

Funds Flow

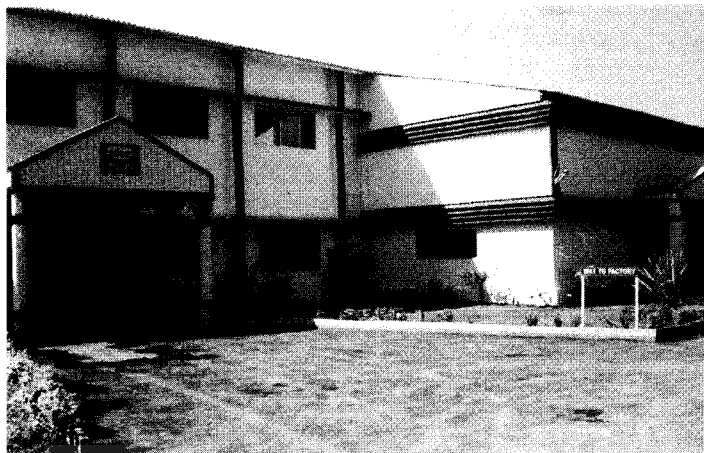
(Rs. In lacs)

DESCRIPTION	2003-04	2002-03
Sources of Funds		
Profit After Tax	882	836
Depreciation	636	677
Disinvestments Proceeds (Net)	21	299
Total	1539	1812
Application of Funds		
Fixed Assets (Net)	851	733
Repayment of Borrowings (Net)	3	8
Working Capital (Net)	301	241
Payment of Buy-Back Consideration	—	446
Dividend	340	340
Dividend Tax	44	44
Total	1539	1812



ADOR WELDING LIMITED

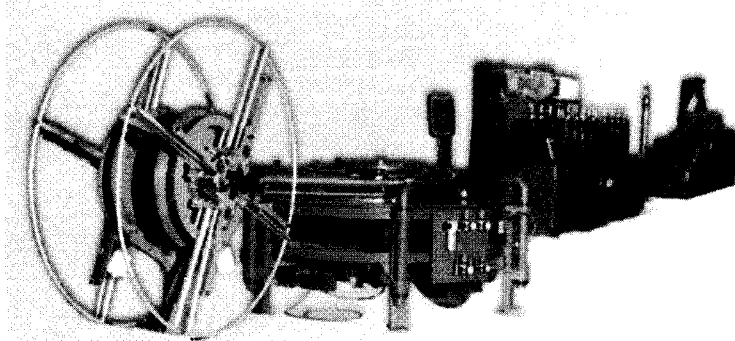
New Plant for Electrodes



With welding processes finding ever-widening applications, the Company further consolidated its manufacturing base by establishing its seventh manufacturing set-up at Silvassa, Union Territory of India. The selection of the location was based on the rapid industrialisation in that area and logistics that would help contain the costs within desired limits. Built at an estimated capital cost of Rs. 3 crore in 2003-2004, this sixth plant of the Company for welding consumables has a capacity of 2,500 MT per annum on a single shift basis. This added capacity is expected to effectively enhance the Company's product portfolio besides

catering to expanding markets within and outside the country. While fulfilling world-class standards of quality, the plant will help in countering price related forces of competition in international markets.

New Plant for Flux-cored Wires



As the first Company to have understood the market potential and introduced FCAW (Flux-Cored Arc Welding) wires to the Indian market, the establishment of an exclusive manufacturing line for this product, was a pre-gone conclusion. The Company took the lead of setting up a state-of-the-art automated process plant at Chennai, capable of producing world-class FCAW wires. The plant started

commercial production of folded Flux-Cord Wires in the first quarter of this year and has a total production capacity of 1000 MT per annum. The addition of FCAW wires further enlarges the Company's portfolio of manufactured products and brings into its ambit of market share, a growing customer segment of fabricators, earthmoving and construction contractors. Besides being a good alternative to imported products with significant savings in costs, Ador Welding's FCAW folded wires have unique product features that can successfully rival the best that the competition can offer. The new unit marks yet another milestone in the Company's history of achievements.



Centre for Welding Excellence



To provide TOTAL Solutions to customer needs and concerns, and to position ourselves for tomorrow's national and global challenges, Ador Welding Ltd. is creating the Centre for Welding Excellence (CWE) whose FOUR important objectives are:

- Information and Knowledge Dissemination Services (IKDS)
- Welding Productivity Improvement Solutions (WPIS)
- Welding Process Applications Solutions (WPAS)
- Technical & Skill Training (T&ST)

To fulfill these objectives, the CWE will focus on the following EIGHT operational activities:

1. **In-house Development Work:** Short term need-driven projects will focus on improving productivity, quality and cost reduction through the development of process(es), equipment, consumables and procedures to meet the needs and satisfaction of customers. Ador Welding will also focus on long term projects to keep pace with ever improving technology; to stay ahead of competition and to create a place among Global payers.
2. **Addressing Customer Concerns:** To provide pre-sales advice on process(es), equipment and consumables and post-sales technical services, analysis of the nature of the customer's problems, identification of the causes of the problem, formulation and implementation of solutions and the records-keeping of problems and solutions for future reference.
3. **Skill Training and Upgrading:** In-house and on-site training of local and regional personnel to acquire and upgrade welding skills; offer welding courses at various levels (welders, inspectors, welding engineers and design & manufacturing engineers); offer Certification courses such as CWI & ASNT levels.
4. **Analysis & Testing:** Labs equipped with the state-of-the art analytical and testing equipment support and supplement the development work of CWE and customer concerns.
5. **Dissemination of Information & Knowledge:** Ador Welding is not simply a manufacturer of welding consumables, equipment and accessories, but a knowledge hub too. Our technical personnel actively participate in appropriate welding forums, seminars/conferences, exhibitions, workshops, and publish technical papers locally and globally.
6. **Affiliation & Collaboration:** To have a dominant presence and visibility, Ador Welding is affiliated to the American Welding Society (AWS) and in the future intends to associate itself with other leading welding institutes for knowledge exchange. One of our team members is on the Editorial Board of a world renowned technical Journal. This enhances our technical standing and offers an extra mileage to the services offered.

Ador Welding is also collaborating with institutions of higher learning such as IITs' and NITs. This provides an impetus for interdisciplinary development projects and access to a wider range of analytical and testing tools.
7. **Knowledge & Information Bank:** Effort is underway to create, maintain and continuously update a data bank on welding information. Also a roster of customers, their business / products, consumables and equipment they use, welding problems, complaints and frequency and potential for upgrading, growth and diversification is being implemented.
8. **National & International Certification & Approvals:** Ador Welding identifies, initiates and receives product and process approvals from certification agencies.

