

THE WELDING INDUSTRY:

The revival of CAPEX cycle comes as good news for our industry, as the demand for our products is largely derived from the capacity addition at various Manufacturing & Engineering Industries. Thus the ambitious targets set for various sectors, such as Infrastructure, Power, Defense, Railways and Heavy Engineering are expected to drive the demand for our products and subsequently ease out the price pressures, which had resulted due to a shrinking market. The growth in the economy is expected to consequently revive the demand in the Automobile, Ship Building & Power sectors, which is again a positive sign for our industry.

We also believe that, with the emergence of a stable Central Government, the recessionary trend of the past will fade away gradually. The Union Budget of the Government for the Fiscal Year 2015-16 also appears to be long term growth driven, with its key facets being "Make in India" theme, ease of Business, Fiscal Consolidation and Tax Rationalization, amongst other things. A positive focus of the Government towards industrial growth & fiscal measures should help your Company. In addition to this, the economic growth for the current fiscal year is expected to be better, which extensively relies upon robust performance of the manufacturing sector & surge in public expenditure.

Nonetheless, in the current financial year 2015-16, amongst positive anticipations there are also many challenges. One of the major issues faced by the local players in India is the substantial import of welding equipment. However, development of new high value, niche application products by your Company, to replace the imported products from developed countries will enable us overcome this risk.

Notwithstanding the above, we expect a phase of positive business sentiments to return and look forward to healthier growth prospects in FY 2015-16 and beyond. In light of this paradigm, your Company has outlined a roadmap for improvement in FY 2015-16, with the following Business Priorities:

- Consolidation of operations, by suspending the manufacturing activities at Chennai and relocating few product lines to Silvassa & Raipur Plants from Chennai. This will allow efficient use of existing Plant & Machinery.
- Automation at Consumables and Equipment Plants.
- Production Equipments to balance lines for achieving capacity levels.
- Continuous focus on R&D

With various initiatives of right sizing, optimizing production capacities, expanding product portfolio and enhancing customer reach, your company is poised to take advantage of growth in demand.

INNOVATIONS AND NEW DEVELOPMENTS

Your Company has concentrated to create innovative products by using foremost technology through its Technology Development Center (R & D). In a bid to remain at the forefront, the TDC team of the Company puts in lot of efforts to develop new products as per the need of the industry / customers, not only in consumables and equipments, but also in Welding Automation Products and Systems (WAPS). A few of our Product Development initiatives have also been cited in the 62nd Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company's Social responsibility extends well beyond its business and financial targets. During the last FY 2014-15, we have undertaken various projects to create economic and social opportunities for those at the bottom of the pyramid, particularly aimed towards fostering the vocational training.

APPRECIATION

On behalf of the Board of Directors, its Executive Management Team and Employees, I would like to express our earnest appreciation and thank all those, who have been an imperative factor for the performance of the Company. I look forward to continued co-operation and patronage from all our esteemed Customers, Dealers, Bankers, Government Agencies, Regulatory Authorities, Suppliers and Service Providers. I also express a special indebtedness to our Employees for their perseverance and fidelity towards the Company. I take this opportunity to thank the Shareholders and the Investors for their absolute and abundant support.

Thank you once again.

Aruna Advani
Executive Chairman

Place: Mumbai
Date: 30th July, 2015

CHAIRMAN'S STATEMENT

AT THE

62ND

**ANNUAL GENERAL MEETING
(30TH JULY, 2015)**



ADOR WELDING LIMITED



Registered & Corporate Office:

Ador House, 6, K. Dubash Marg, Fort,
Mumbai 400 001-16, Maharashtra, India.

Tel. : +91 22 22842525, 66239300 Fax : +91 22 22873083

CIN: L70100MH1951PLC008647

www.adorwelding.com

Dear Shareholders / Ladies and Gentlemen,

A Very Good Afternoon to all of you.

It gives me great honor to extend a very warm welcome to all of you at the 62nd Annual General Meeting of your Company. Your valuable presence here is an evidence of your interest and involvement in the Company and I am sincerely grateful to you for that.

OBITUARY

Before we start with the proceedings, with great sadness I would like to share with you that Mr. Ajit T. Mirchandani, Ex-Managing Director, passed away on 29th April 2015. Mr. Ajit T. Mirchandani was a devoted visionary and his excellent leadership had played a key role in building high standards of progress for your Company. His valuable contribution and commitment will be cherished for the years to come. On behalf of the Board and team Ador, we express our deepest condolences to his family. We are committed to continue the passionate endeavour that he had set in motion.

REVIEW OF FY 2014-15

I hope you have had the opportunity to read our 62nd Annual Report for FY 2014-15 to know our operational and financial performance as well as our achievements. I would now like to take a few minutes to take you through the highlights of the last FY 2014-15.

FY 2014-15 was a “feel good” year due to political stability, marginal rise in domestic demand, improved policy environment, decline in oil prices, controlled inflation, etc. making the Indian economy emerge as one of the largest economies with a promising economic outlook. However, these things take time to get translated into Business.

The operating revenues of your Company improved, marginally though, by 4.32% in FY 2014-15 compared to the previous year. The spirit of your organization has once again resulted in the highest ever turnover of the Company at ₹384.94 Crore. Some of our notable achievements of FY 2014-15, which I wish to share with you, are as follows:

- Growth of over 21% in the Equipment & Project Engineering Business.
- Successful optimisation of the manufacturing costs at all the Plants.
- Launch of new products, to increase product basket offerings to the Customers.

- High impact Training Programs, to improve functional efficiencies and contributing to savings, indirectly though.

Your Company, in the previous year, adopted meticulously analyzed strategies and aggressive measures in indigenization of critical components and sub-assemblies, which were hitherto mostly imported. This helped us reduce dependency on the overseas suppliers and at the same time brought down the material costs, by indigenous sourcing / in-house manufacturing of some of the components, which I personally consider as our humble contribution to the ‘Make in India’ program of the Government of India. All this is in evidence to the verity that we are on the desirable trail to continue our thrust for growth & improvement.

SUBSIDIARIES

Your Company’s wholly owned subsidiary, Ador Welding Academy Pvt. Ltd., (AWAPL) has generated positive returns in the last quarter of the previous year 2014-15 and is fully geared up to achieve its break-even this year, (FY 2015-16). I am confident that, going forward, AWA’s expertise & capabilities will add new dimensions of success to enhance your Company’s value.

The Overseas subsidiary of your Company, Plasma Laser Technologies Ltd. (PLT) has gone into liquidation and the authority to manage PLT now vests with the District Court of Nazareth, Israel. Your Company does not foresee any further liability to devolve on the Company.

CHANGE IN THE BOARD OF DIRECTORS

In the preceding year, Mr. Anil Harish, Non-Executive Independent Director, stepped down as an Independent Director from the Board on 30th September, 2014. I wish to put on record our deep and sincere appreciation for the significant contributions that Mr. Anil Harish made during his tenure of over 9 years with the Company in various capacities, especially the leadership that he provided to the Board & to the Company as the Chairman of the Audit Committee.

Also, Mr. Vippen Sareen, Non-Executive Independent Director, completed his tenure and superannuated from the Board on 07th July, 2014. Mr. Sareen was on our Board for nearly 4 years. On behalf of the Board of Directors and on your behalf, I place on record, our gratitude for valuable guidance and contribution, provided to the Board & to the Company by Mr. Vippen Sareen.

The Board has recommended the induction of Mr. G. M. Lalwani and Mr. S. G. Mirchandani as Non-Executive Independent Directors, who joined the Board in November 2014 as Additional

Directors. These two young individuals bring in valued experience and business insight, to further energize your Company.

The Board has also recommended re-designation of Mrs. N. Malkani Nagpal, to the position of the Whole-Time Director of your Company, as the Board believes that her fulltime association with the Company would be constructive, considering her vast knowledge & adeptness in Financial Management of the Company.

OUTLOOK / THE ECONOMY

In FY 2014-15, the economy in general, and manufacturing sector in particular, had been in a recovery phase as indicated by the IIP growth numbers, which turned positive during the year. This came as a pleasant change since the previous year (FY 2013-14) had witnessed a negative growth rate.

The IIP growth in the first quarter of the current year 2015-16 has remained positive but is very meager as of now. A phase of near to double digit growth in IIP is what would indicate an inflection point for the manufacturing sector, which we feel, will no doubt be achieved with the present Government’s determination.

The renewed focus on reviving the manufacturing sector of the country and increasing its contribution to the overall GDP has attracted and revived investor confidence. Various efforts on fiscal policy front, including the focus on ease of doing business by the government seem to be gradually easing out the bottlenecks in the economy. The stalled projects and new projects have started to take off according to the recent CMIE (Center for Monitoring Indian Economy) reports. The gradual progress on fiscal reforms, such as GST, brings further hopes for the improved economic environment, going forward.

The CAPEX spend in the economy has remained subdued, which is indicated by the drop in Gross Fixed Capital Formation as a percentage of GDP. The revival of CAPEX cycle, as being currently witnessed, is expected to be led by Public (Government) Investments, though it appears that the Private Sector is yet hesitant to participate in the CAPEX cycle. The Government has, therefore, increasingly assumed the financial risks of projects by taking the EPC route to encourage participation from the Private Sector.

Assuming that the announcements of major projects by the Government at various occasions and forums take off in due time, the economy can be expected to resume its journey on growth path in the second half of the current fiscal year.