



**ESAB INDIA LIMITED  
CHENNAI**

## **CHAIRMAN'S STATEMENT**

Ladies and Gentlemen,

I extend my warm welcome to you all to the Twenty Sixth Annual General Meeting of your company.

The year 2012 was an extremely difficult one from a business environment point of view. With inflationary conditions and poor market sentiments persisting, growth was far below expectations. It was negative for some part of the year and in some segments of the industry. Many segments including infrastructure and automobiles continue to experience difficult times even in the year 2013 to date.

The competitive environment got more challenging with the arrival and scaling up by international players. Excess capacities and slow global growth increased price pressures further in 2012. We have strived to retain our position in the market as preferred partner for welding and cutting solutions. We have consciously avoided pursuit of short terms gains which in any manner would have resulted in our compromising on core strengths or risk levels. We continue to benchmark with competition to look for avenues to improve.

In all this, we saw significant opportunities to re align our business focus and I am pleased to inform members that we have a leaner and more focused organization ready to ride the next wave of growth when trade winds change for the better. We have taken measures to control costs and improve productivity at all Plants. I would like to take this opportunity to extend my thanks to Jiri Kula, for his leadership, and the whole ESAB India team for their hard work getting the business to this position.

There are some recent positives including softening of commodity prices and forecasts of slight improvements in macro- economic parameters but the impact of these on the shorter term are unlikely to be significant.

We have announced our results for the first quarter a short while ago.

Net sales for the Quarter fell by 10% over the same period of 2012. By segments, Consumables business fell by 9.8%% and Equipments fell by 10.8 %. Focus on realizations and costs helped achieve Profits before Tax of Rs.129 Million, which is about 9% higher than PBT of Q1-2012. We are pursuing multiple initiatives to push growth and sustain profitability in what continues to be a difficult environment.

The outlook for the company in the short term though looks challenging. Steel growth is one of our key business drivers. World Steel Association has forecasted that steel demand is expected to pick up In India and demand expected to grow by 5.9 per cent to 75.8 million tonne (mt) in 2013 following 2.5 per cent growth in 2012.

Our performance, to a large extent, also hinges on overall investment scenario and in the execution of overdue projects in the economy both on infrastructure spending and on private sector outlays on projects. With strong fundamentals and a healthy balance sheet the Company hopes to meet the challenges going forward.

In conclusion I would like to thank our customers for having kept their custom with us in these very difficult times, the Board, the management and in particular the employees. I would also like to thank the suppliers, bankers and other stakeholders for continued support to your Company in all its endeavors. Our association with Colfax is expected to bring in business and operating systems that are world class. The Company would benefit from practices followed by the other group companies across the world.

Finally, I would also like to express my thanks to each one of you for your sustained support over the years.

**Thank you,**

**Chairman**  
**25<sup>th</sup> April 2013**