

Ladies and Gentlemen

Let me wish you all a very good morning and welcome you to the twenty seventh Annual General Meeting.

The Annual reports have been with you for a while and with your permission I take them as read.

### **BUSINESS ENVIRONMENT**

Enough has been said and written about 2013 and the global developments leading to lackluster growth around the world. We have gone through one more year of volatility, uncertainty and difficult trading conditions. Economic and political developments were not conducive for growth as we witnessed high and persisting inflation together with negative growth in key segments of the economy.

Adversity in the environment triggered multiple initiatives in our pursuit of a lean, strong and focused organization. We had to strike the right balance between long term fundamentals and sustaining volumes in a scenario of over-capacity and shrinking volumes. But the required courses of action were clear: we needed to reduce costs, and we needed to preserve and grow liquidity. Accordingly, put in place multiple initiatives to do so, and shall continue to work in this direction.

### **STEPS UNDERTAKEN**

We have also been pushing to grow our market shares. We sought to establish and enhance our presence in product and customer segments that we identified as underpenetrated. We also increased our focus on new product development and made modest strides in this direction. We continue to focus on growth segments and services to sustain margins.

With these initiatives, profit to sales ratio was maintained at 11% despite decline in volumes of around 12%. We achieved a reduction in inventory of about 9% and also managed our receivables at better than industry levels. We optimized capital expenditures to conserve resources. As a result, cash and investments grew by 16%.

As I mentioned previously, liquidity is a key focus for ESAB India. While the down economy poses many challenges, it also creates opportunities. Accordingly, we believe it is essential to maintain healthy cash reserves to seize these opportunities such that we can emerge from the current downturn with renewed strength and vigor. To this end, as also addressed in the Annual report,

we have proposed a dividend that reflects this goal and positions the Company well for the future.

### **WAY FORWARD**

Turning to the future, a relatively stable Rupee, containment of fiscal deficit and expectations of a more conducive political environment are positives. However, we will continue to maintain a cautious stance given the many uncertainties about the magnitude of recovery and the timelines around the same, as well as the continued sluggish global economy.

In summary, we believe we continue to be well positioned with a strong balance sheet, good support from Colfax in many key functional areas and a hard earned reputation as a leader in welding and cutting solutions. However, we are very aware that we operate in uncertain and challenging times

And, for the avoidance of doubt, we are due to announce our first Quarter's results later today and we are not in a position to discuss specific numbers as these are not in the public domain as yet.

### **ACKNOWLEDGEMENTS**

Please join me in welcoming Rohit Gambhir who joined us in March 2013 and took over from Jiri Kula as Executive Director on the 1<sup>st</sup> of November 2013. His appointment has been proposed in the Agenda for approval of the Members.

I would like to place on record our sincere acknowledgement and appreciation to Jiri for his contributions to Esab India during his tenure with us.

I would like to thank our customers who have shown immense faith in us, our employees for their unstinted support in an extremely challenging environment and our stakeholders for their continuing support.

I look forward to your questions.

Thank you.

**DANIEL A PRYOR**  
**Chairman**

**P.S. This does not purport to be a record of the proceedings of the Annual General Meeting.**