



**ESAB INDIA LIMITED
CHENNAI**

CHAIRMAN'S STATEMENT

Ladies and Gentlemen,

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

The Annual report of the company has been with you for some time and with your permission I will take it as read.

Your Company experienced a difficult year in 2011 with a high level of competition, rising input costs and pricing pressures. Macro economic variables including interest, inflation and spiraling fuel costs had an adverse effect on growth and profitability. The impact of global economic developments was felt in a significant way in India by way of reduced in bound investments and pressures on the Indian Rupee.

In terms of financial performance, while sales grew by 7%. The Consumables business grew by 8.7% driven by a 35% growth in the Wires segment. Electrodes business fell in volume and value terms reflecting technology driven changes and price driven competition. Equipment business grew by 3.4%.

Profits before tax fell by about 20% with lower margins and higher overheads. The Company has put in place initiatives on productivity, quality, customer service levels and margins to address the multiple challenges.

During the year, your Company, production and productivity levels were of concern on the Wires business. The Electrodes business line continued to suffer from stagnation in volumes and squeeze on margins. Enhanced competition at the lower end of the Equipments business affected our growth and profitability in this segment. The Repairs & Maintenance business grew by 15% with focus on job work and wear plates.

The Company continued to have a strong Balance Sheet with no debts and a healthy working capital cycle.

Your Company witnessed a change in the corporate parentage of your Company with the acquisition of Charter by Colfax Corporation. The new management at the Group level is committed to growing the business with a strong focus on breakthrough initiatives on productivity and growth.

Consequent to the acquisition overseas, Colfax made an open offer to the Shareholders in March 2012. With the acquisition of additional shares through the open offer, Colfax's holding in Esab India stands at 73.72%.

Jiri Kula joined the Company as Managing Director from the 1st of September consequent to the retirement of G.Hariharan. Jiri brings with him a wealth of experience in operations with special focus on Wires, a key segment in our business. Welcome JIRI to ESAB India.

The first quarter of this year saw the Company closing with sales and income from operations of Rs.1.33 Billion as against Rs.1.34 Billion in Q1-2011. Profit Before Tax was Rs.118 Million as against Rs.200 Million in Q1-2011. The Profits Before Tax is reflective of trends in a weak and competitive market as felt during most part of 2011. The immediate outlook is challenging. Our priorities are to contain the slide in margins and plan for growing our shares and volumes through new and value added offerings to customers.

In conclusion I would like to thank the Board, the management and in particular the dedicated team of employees. I would also like to thank the suppliers, customers, bankers and other stakeholders for continued support to your Company in all its endeavours. I would also like to acknowledge the continuing financial, technical and managerial support extended by ESAB group to your company.

Thank you,

Chairman
2nd May 2012