

Ladies and Gentlemen

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

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

We have gone through yet another year of volatilities overall with stagnation with negative growth in some segments relevant to our operations. There have been complex and interwoven developments globally with impact on ostensibly unrelated geographies and segments. A combination of low investments, tight liquidity, poor monsoon and hurdles in legislative reforms continued to have an adverse impact on the industrial sector in the economy. Specific issues relating to some customer segments continued to affect our business directly and indirectly.

In the backdrop of the above, we had a reasonably good year with growth in sales and profitability. This was achieved through a combination of new product launches and improvements in productivity. As members would be aware, the company has closed its manufacturing operations at Khardah. This is expected to improve productivity and capacity utilization in Consumables. We have also been working on other initiatives in supply chain, manufacturing and other areas for cost reduction to help sustain and grow margins in a difficult environment. The Company has also been working on opportunities to exploit its potential as a service provider in R&D and shared services to ESAB entities around the world.

As members would have noted, sales on an annualized basis grew by 2.5% over the previous year. Profits before exceptional items more than kept pace with a 15.7% growth in comparable terms with operational efficiencies and sourcing gains.

The Company has announced its results for the Quarter ended June 30, 2016 yesterday. Some upside was seen in the first quarter of this fiscal year in select segments like Automobiles while several of the other key customer segments continue to encounter headwinds. Overall, sales grew by about 7% over the corresponding quarter of 2015 and profit grew by about 10%.

Due to the fiscal discipline of your Board and management team, the Balance Sheet continues to be strong despite pressures on working capital and we are well placed to capitalize on any opportunities that may come our way. However, we remain prudent in measured in our actions. While there are some encouraging signs in terms of growth in specific sectors and possible revival in rural demand if the monsoons are at the forecasted normal levels, the outlook continues to be hard to predict.

We also expect significant pressures on working capital due to tight liquidity conditions in the market. Further, volatilities in commodity prices, project execution delays at customer end, exchange rate fluctuations and an increasingly complex tax and compliance environment are risks that need to be addressed or managed during the rest of the financial year. Accordingly, the Company shall continue to maintain a high level of focus on productivity and costs. The Company intends to continue working closely with its parent company and its affiliates to achieve global standards on operations.

I would like to place on record our sincere acknowledgement and appreciation to the Company's operating team for all their efforts during the year gone by.

I would like to thank the Company's customers who have continued to show immense faith in us. We would like to thank all our suppliers, bankers and other stakeholders for their engagement with the Company and for all their support.

We would like to thank our Shareholders for continuing to support the Company in all its endeavors.

I look forward to your continued support.

Thank you.

Chairman

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