



**ESAB INDIA LIMITED
CHENNAI**

CHAIRMAN'S STATEMENT

Ladies and Gentlemen,

It gives me a great pleasure in welcoming you all to the Twenty First Annual General Meeting of your company, the third such Meeting being held in Chennai.

The year 2007 has been yet another satisfying year in more ways than one. Your Company enhanced its presence and grew market shares in all addressable segments. The year saw us enhance our leadership position and drive further away from our nearest competitor. We have set out on capacity expansions at Khardah and Nagpur in addition to ramping up volumes at our Irungattukottai facility. The ESAB group's commitment to Esab India went up further with the acquisition of an additional stake through an open offer in the second half of 2007.

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

As you might have observed from the report with you, the Company has recorded a growth of 20% in sales and 25% in Profit After Tax. Both, the consumables and equipment divisions posted appreciable growth in their respective businesses. While the consumables division grew by 17%, the equipment business had another very good year with a growth rate of 27% over 2006. The equipment plant at Irungattukottai which has had a full year of operation has also enabled the increase in volumes and better profitability for the equipment division. The introduction of the new product basket with transfer of technology from ESAB group companies has also been well received in the market. The newly introduced Flux Cored Wire plant at Irungattukottai has started commercial production during the year.

Cash generation at the end of the year was also good, with the company holding Rs.229 million even after two interim dividends of 55% in March, 2007 and 100% in December 2007 and significant sums on Capital Expenditure on capacity expansions. The earnings per share for the shareholders have also grown by 25% from Rs.27.72 per share in 2006 to Rs.34.69 in 2007.

The company continued its leadership position in the market with a growth momentum of around 20% and would strive to further this with ongoing organizational initiatives in 2008. The economic and the political environment were favorable during the year 2007. While the long term macro economic

parameters remain favorable, there are short term uncertainties arising mainly from international issues.

The increased competition from low-end domestic and from international players setting-up operations in India poses a threat but the company is confident of retaining its leadership position in the industry.

I thank all our employees, suppliers, customers, bankers and other stakeholders for contributing to this excellent performance during the year. I would also like to acknowledge the continuing financial, technical and managerial support extended by ESAB group to your company.

Lastly, I would like to comment that the 2008 has begun strongly for the company. We announced our results for the first quarter of 2008 today and I am pleased to inform the Members that the company has reported sales of Rs.114 Mio and a PBT of Rs.22.5 Mio, a growth of 23% and 25%, respectively, over the same quarter of 2007.

Thank you,

Chairman

29 April 2008