



**ESAB INDIA LIMITED
CHENNAI**

CHAIRMAN'S STATEMENT

Ladies and Gentlemen,

I am pleased to meet you all and I extend my warm welcome to you all to the Twenty Fourth Annual General Meeting of your company.

The year 2010 witnessed considerable volatility in the economic environment throughout the world. Several countries were still trying to recover from the financial meltdown of 2008. The Indian economy also encountered high levels of volatility and inflation stayed very high almost through the year. Despite this the Indian economy appears poised for a period of steady growth though inflation and commodity prices are key concerns, as they have been through 2010.

Against this backdrop, ESAB with its customers spread across a wide spectrum of industry, achieved significant growth in its sales. ESAB believes in creating value for its customers and is thankful to them for reposing faith in ESAB's products and services. The Company has strategically begun to position itself to meet the challenges of a more developed Indian market for its products; this is with a long term focus. Growth will be strongest in wire welding consumables in the future.

ESAB India has shown good growth in sales with turnover touching Rs.5 billion for the first time. With good growth in volumes and control on costs, the Company reported Profits After Tax of Rs.590 Million. This is about 11% lower than the corresponding figure for 2009, due to decline in margins on the consumables business with acute price pressures and the impact of steel price volatility. The ongoing expansion at Nagpur to make products for tomorrow's market has been substantially completed.

To achieve organizational and operating efficiencies along side achieving improvements in processes and controls, the Company has initiated several measures. These cut across manufacturing, supply chain, quality and other domains. This is in addition to setting up a common IT architecture across its various locations and businesses.

Your Company continued to generate Cash at a healthy rate with an increase of Rs.233 Million in Cash and equivalents at the end of 2010 over 2009. The Company has continued to remain debt free and financed all its capital expenditure and operational requirements entirely through internal accruals. The earnings per share for the shareholders were at Rs.38.30 in 2010.

The first quarter of this year saw the company closing at a higher Net Sales of Rs.1340 million which is 19.6% more than that of first Quarter of 2010 while Profit Before Tax was down by 8% at Rs.20.02 million as compared to first quarter of 2010. This was as a result of price pressures, a challenging product mix and hardening of steel prices. The company is cautiously optimistic about its prospects for 2011 with potential growth opportunities and better economic environment. The Company is gearing up to meet existing and new competitors setting up operations in India. We expect pressures on pricing and mix in a more competitive business environment in 2011. Continued focus will be on cost controls and productivity improvements to maintain our market leadership position.

The Company continues to maintain its strong market position as a preferred provider of welding and cutting solutions. This has been possible with continued support of the ESAB group which remains committed to the long term growth of your Company. The company is putting in place organizational and industrial initiatives to enhance the range of product offerings and to achieve continued growth in market shares through competitive product offerings and improved service levels to customers.

In conclusion I would like to thank the customers, suppliers, other stakeholders and in particular our dedicated employees. I would also like to thank the Board of Directors, for its continued support. I would also like to acknowledge the continuing financial, technical and managerial support extended by ESAB Group to your company.

Thank you,

**Chairman
27 April 2011**