



**ESAB INDIA LIMITED
CHENNAI**

CHAIRMAN'S STATEMENT

Ladies and Gentlemen,

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

The Company has recorded good growth in 2006

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

The Company has recorded good growth in 2006 with sales growth of 20.5% and growth in Profit After Tax by 21% after adjusting extraordinary item of income in 2005. This represents an excellent result, with both the consumables division and equipment division posting appreciable growth in their respective businesses. The growth in the equipment business could further be augmented through introduction of the production based on technology transfers from ESAB group companies. The Flux Cored Wire project at Irungattukottai is expected to go on-stream during the current year. Cash generation at the end of the year was also good, with the company holding Rs.208 million even after payout of 260% dividend and significant sums on Capital Expenditure.

The earnings per share for the shareholders have also gone up steadily from Rs.25.80 per share in 2005 to Rs.27.72 per share in 2006.

Your Directors have declared an interim dividend of 55% for the year 2007 to the shareholders of the company during the first quarter of this year, representing an outflow of about Rs.100 million which amount includes the dividend distribution tax.

The company continued its leadership position in the market and would strive to further this with ongoing organizational initiatives in 2007. The economic and the political environment were favorable during the year 2006. The continuing governmental initiatives on infrastructure facilities together with the reasonably favourable market conditions resulted in a good performance by the company during the year under review.

The increase in competition from low-end domestic and international players setting up operations in India certainly does pose a threat and the company would strive its best to counter the competition to retain its leadership position in the industry. Towards strengthening the operating team and to provide the necessary impetus your Board has appointed Mr G Hariharan, who was earlier the Chief Operating Officer, as the Managing Director with effect from 1 September, 2006.

I would like to take this occasion to thank all our employees, suppliers, customers, bankers and other agencies for their continued support to the Company. I would also like to acknowledge the continuing financial, technical and managerial support extended by ESAB group to your company. The ESAB group is committed to ensuring the all round growth of ESAB India and has been continuing to extend its

technical and technological support to the new endeavors of ESAB India. Transfers of Technology in respect of both equipment and consumables are under way and significantly add to the attractiveness of the company's offering as the premier welding company in India.

I would also like to thank the fellow members on the board for having extended their wisdom and knowledge to the company in many spheres the commitment and support has been a great value to the company.

Lastly, I would like to comment that this year has begun strongly. The Company has announced its results for the first Quarter of 2007 and I am pleased to inform the Members of the sustenance of the growth momentum from 2006.

The first quarter results indicated good growth with sales up 30% and Profit after Tax 38% and barring unforeseen developments, your board looks forward to consolidating its position this year.

Thank you,

Michael G. Foster
Chairman

27 April 2007