

ESAB India: Bringing Welding Technology to the Forefront

“Indian welding products market offers scope for growth in line with potential increases in steel consumption”

Introduction:

Started by Oscar Kjeilberg who invented the world's first covered electrode, ESAB is a reputed international brand and is the global leader in welding products. ESAB entered into the Indian market through the acquisition route – it started operations in India by acquiring the welding division of Philips (earlier, Peico Electronics & Electricals Limited) in 1988. ESAB India continued its expansion by acquiring Indian Oxygen Limited's welding business in 1991. With these two major acquisitions, ESAB India strongly established its presence in the Indian market and carved a unique position in the welding products industry in India.

Interview:

We understand that traditionally you are very much R&D oriented. What are your R&D strategies in India? Do you engage the local talent and importantly, local technical institutes in R&D projects?

As a welding and cutting company, ESAB's brand is synonymous with world class skills in manual welding and cutting equipment, welding consumables, welding automation and cutting systems. We have a separate company called *ESAB Engineering Services Ltd*, a joint venture with 75% stakes with ESAB group and 25% with ESAB India Ltd. This unit is primarily into R&D activities for ESAB group across the world including ESAB India Ltd. We follow the best practices and processes from our parent organization in Europe in the fields of manufacturing and R&D. We have access to the latest technology in the welding industry. This has helped us maintain high reputation in the welding industry. We have the best of electrical, mechanical and metallurgical engineers from reputed institutions.

What made you select Chennai for setting up your production facilities? What are the key achievements of your Chennai setup?

The Company's largest factory for Consumables [Acquired from Indian Oxygen] is based at Chennai . During the initial days, when we acquired the Indian Oxygen, this unit was producing around 200 tonnes of stick electrodes only. Today the Chennai unit in Ambattur, produces more than 1000 tonnes of electrodes and this is indicative of our strong growth over the years. We have also added a SAW flux manufacturing plant in Chennai at Ambattur. This was originally functioning at Mumbai.

Apart from this, we have two factories in Kolkatta both acquired in 1991 from Indian Oxygen Ltd. One manufacturing welding consumables and the other welding and gas cutting equipment. We also have a continuous consumables manufacturing facility at Nagpur. This was acquired from Maharashtra Weldaids in 1994. In 2006, we have set up a new state-of -the-art factory in Irungattukottai near Chennai. This unit produces world standard welding machines, flux cored wires and electrodes. The

Irungattukottai facility was constructed especially to tap the local talent pool. We have ongoing initiatives to imbibe the best of manufacturing practices in TQM, TPM and Lean practices. The local talent in Chennai has very good expertise in implementing these modern manufacturing practices in welding technologies. Today, our Irungattukottai factory employs diploma engineers from premier institutions who assemble these welding machines and also act as production engineers for welding consumables. Chennai units account for more than fifty percent of our production capacity.

What are the key growth drivers of the market of welding electrodes, machines and cutting products? How has been the growth for you in the recent past?

Steel consumption is the major driver of welding market. Most of our products are used in steel fabrications and hence our industry is directly dependent on the performance of steel production and consumption. With a population of around one billion, India produces 45 million tonnes of steel. On an average, per capita steel consumption in India is around 42 kg. In United States, the per capita steel consumption is around 250 kg and the world average is estimated at around 150 kg. So there is huge potential for growth in steel consumption and thus, market for welding products in India. The country is expected to attain the per capita level of 100kg of steel in another five years.

ESAB has actually grown at a rate more than the market. In three years, ESAB has doubled its operations. In fact, ESAB is the only MNC in the Indian welding industry with access to latest technologies. With a mix of both Philips and Indian Oxygen employees, who are proficient in welding technologies, we have introduced more new products to the industry like welding fluxes.

What are your initiatives in improving quality standards?

Initially our group was holding only a little over 37% of ESAB India. Now we have increased the stake to over 55%. We follow the best practices in manufacturing like Lean implementation and Environment Health Safety standards. We also adopt our group practices – the home grown ESAB practices. Our quality standards, procedures and safety measures are up to global standards.

Please talk about your contribution to creating an ancillary base in India?

We do have vendors in and around Ambattur who do some job work such as line drawing and wire cutting required for the production of stick electrodes. We also have vendors supplying some electrical components for our Sriperumbudur unit.

Please tell us about your CSR Initiatives?

As an international organization, we are very conscious about our CSR activities. We have initiatives in place and contribute to small and large NGOs. We are in the process of evolving a corporate policy in this regard that would enable us to do our bit on sustainable CSR as against one off charity. We propose to involve our people to establish a greater connect and reach with our initiatives.