



ESAB INDIA LIMITED
STRENGTH THROUGH COOPERATION

ANNUAL REPORT
2013

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Board of Directors

D A Pryor	Chairman
K D Konopa	Director
Rohit Gambhir	Executive Director & Chief Executive
K Vaidyanathan	Independent Director
P Mallick	Independent Director
V Tandon	Independent Director
S Chand	Independent Director
S N Talwar	Independent Director

Vice President - Finance & Chief Financial Officer

B Mohan

Company Secretary & Compliance Officer

S Venkatakrishnan
E-mail: venkatakrishnan.s@esab.co.in

Registered Office

Plot No.13, 3rd Main Road, Industrial Estate,
Ambattur, Chennai 600 058.
Tel : 044-4228 1100
Fax : 044-4228 1150
www.esabindia.com

Bankers

AXIS Bank Limited
No. 82, Dr. Radhakrishnan Salai,
Mylapore, Chennai 600 004.
HDFC Bank Limited
No. 115, Dr. Radhakrishnan Salai,
Mylapore, Chennai 600 004.

Auditors

B S R & Co. LLP
Chartered Accountants
No. 10, Mahatma Gandhi Road,
Nungambakkam, Chennai 600 034.
Tel : 044-3914 5000
Fax : 044-3914 5999

Registrar & Share Transfer Agent

Integrated Enterprises (India) Limited
2nd Floor, 'Kences Towers'
No. 1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai 600 017.
Tel : 044-2814 0801 / 02 / 03
Fax : 044-2814 2479 / 3378
E-Mail: corpserv@integratedindia.in

Five year Financial Highlights

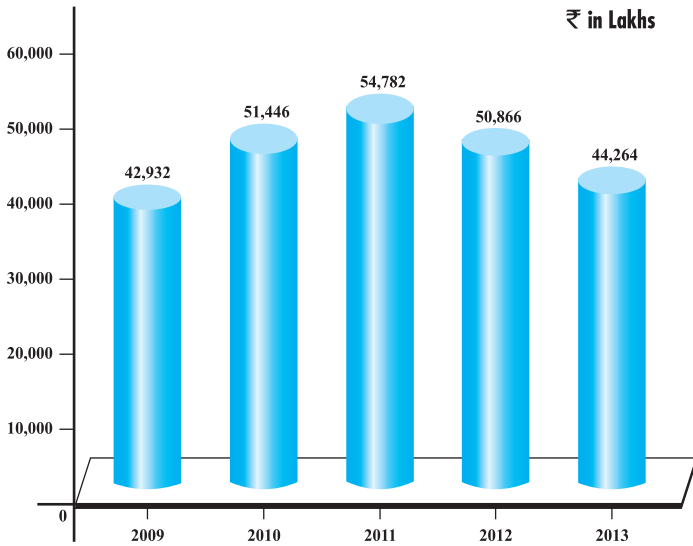
Highlights

₹. in Lakhs

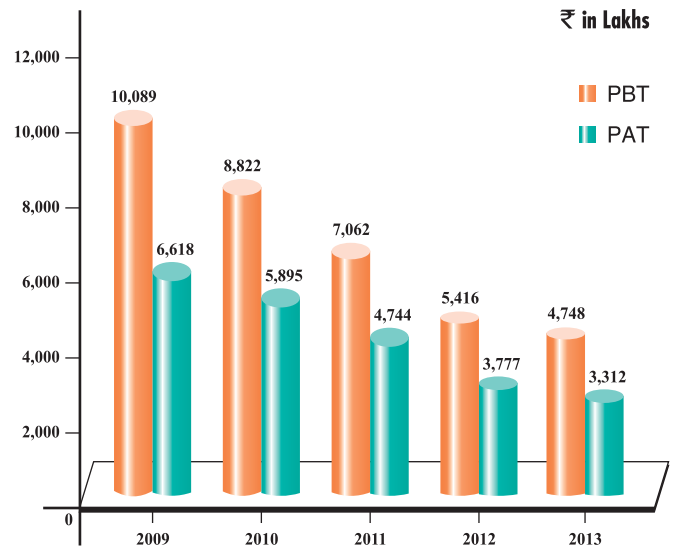
Operating Results	2013	2012	2011	2010	2009
Sales and Other Income	44,264	50,866	54,782	51,446	42,932
Materials	27,655	32,206	33,996	31,246	24,182
Manufacturing, Selling and Administrative Expenses	10,680	11,989	12,450	10,241	7,802
Interest and Finance Charges	58	73	99	82	84
Depreciation	1,123	1,182	1,175	1,055	775
Operating Profit	4,748	5,416	7,062	8,822	10,089
Exceptional / Extraordinary items	–	–	–	–	–
Profit before Tax	4,748	5,416	7,062	8,822	10,089
Taxation	(1,436)	(1,639)	(2,318)	(2,927)	(3,471)
Profit after Tax	3,312	3,777	4,744	5,895	6,618
Earnings per share (Rs.)	21.52	24.54	30.82	38.30	43.00
Dividends	154	1,154	2,308	3,078	3,078
Dividends Distribution Tax	26	187	375	511	523
Dividend per share (Rs.)	1.00	7.50	15.00	20.00	20.00
Dividend Payout Ratio	5%	31%	49%	52%	47%
Retained Earnings	3,132	2,436	2,061	2,306	3,017

Financial Position	2013	2012	2011	2010	2009
Sources of Funds					
Capital	1,539	1,539	1,539	1,539	1,539
Reserves	25,188	22,056	19,620	17,560	15,180
Net Worth	26,727	23,595	21,159	19,099	16,719
Borrowings	–	–	–	–	–
Deferred Tax Liability	320	330	466	307	313
Total	27,047	23,925	21,625	19,406	17,032
Application of Funds					
Fixed Assets	9,899	9,933	10,661	10,982	9,594
Investments	10,476	7,777	3,402	3,350	247
Deferred Tax Assets	–	–	–	–	–
Long-term Loans and Advances	1,431	1,259	2,020	–	–
Non Current Assets	200	–	–	–	–
Current Assets	13,022	14,139	13,081	15,197	12,934
Non Current Liabilities	(535)	(542)	(571)	–	–
Current Liabilities and Provisions	(7,446)	(8,641)	(6,968)	(10,123)	(5,743)
Total	27,047	23,925	21,625	19,406	17,032
Number of employees	644	683	830	812	745

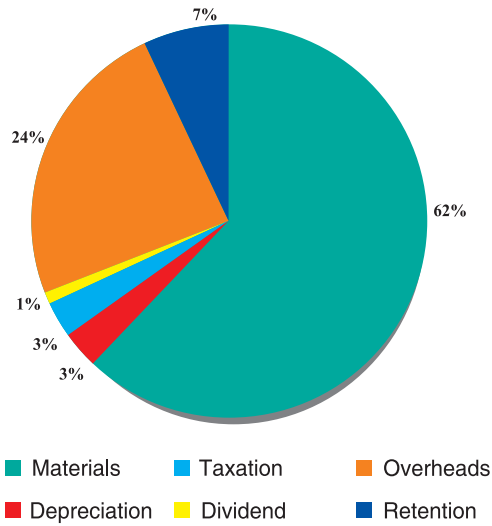
Sales and Other Income



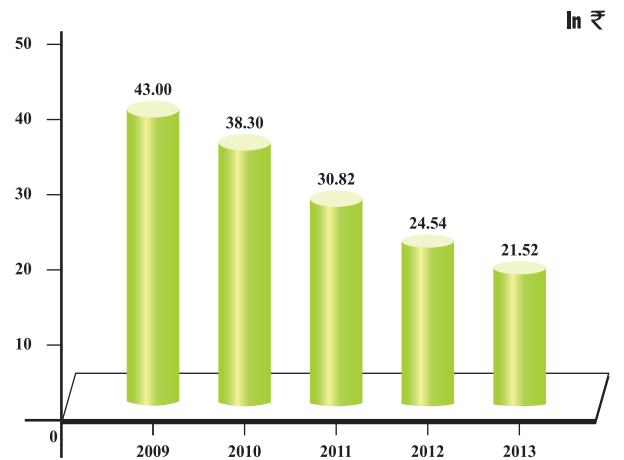
Profit Before & After Tax



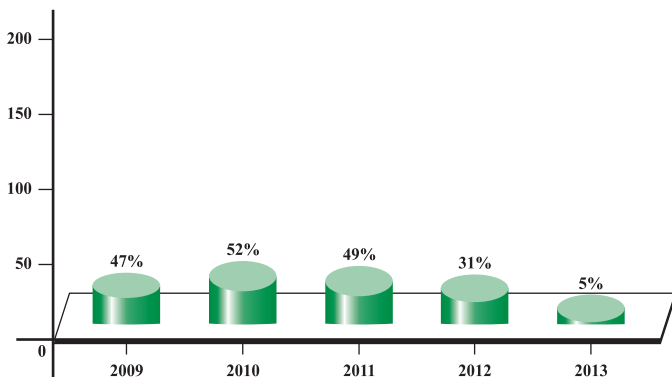
Distribution of Earnings



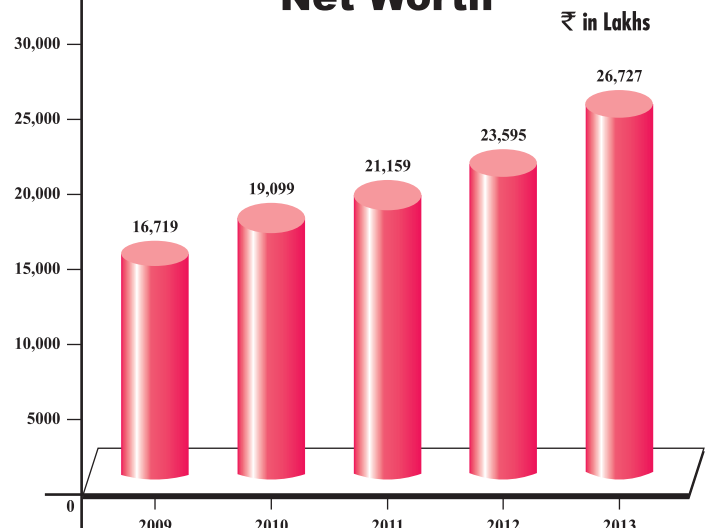
Earnings Per Share



Dividend Payout Percentage



Net Worth



Notice to Shareholders

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of the Company will be held at Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Road, T. Nagar, Chennai 600 017, on Friday the 25 April, 2014 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

- 1 To consider and adopt the Balance Sheet as at 31 December 2013 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr K Vaidyanathan, who retires by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Mr P Mallick, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
RESOLVED THAT M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Registration Number 101049W allotted by the Institute of Chartered Accountants of India, be are hereby appointed as Auditors of this Company, to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company.
6. To consider appointment of Mr Rohit Gambhir, as a Director of the Company, subject to retirement by rotation.
7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and such other applicable provisions of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded to the appointment of Mr Rohit Gambhir as the Executive Director & Chief Executive of the Company for a period of five years with effect

from 1 November, 2013 on the following terms and conditions:

i. Remuneration:

Mr. Rohit Gambhir shall be paid remuneration by way of salary, perquisites and other allowances and benefits, any or more than one of them as may be recommended by the Nomination and Remuneration Committee and approved by the Board, in accordance with Sections 198, 269, 309, 310, 349, Schedule XIII and other applicable provisions of the Companies Act, 1956, read with Section 197, 203 and Schedule V of the Companies Act, 2013, within an overall ceiling limit not exceeding **Rs.20,000,000** (Rupees two crores only).

ii. Commission / Bonus:

Performance based bonus will be in accordance with the Group's scheme applicable to senior executives. This would be a variable component. This shall be based on such percentage of the net profits of the Company or such other quantum as may be approved by the Board of Directors, at its absolute discretion, for each financial year computed in the manner provided under Sections 198, 309, 349 of the Companies Act, 1956 subject to a maximum of **30%** of gross annual salary during the tenure of services i.e. **Rs.3,905,680** within the overall ceiling limit of Rs.20,000,000 (Rupees Two crores only).

iii. Perquisites:

1. Mr Rohit Gambhir will be eligible for gratuity as applicable to other officers of the Company.
2. Mr Rohit Gambhir and family, subject to a maximum of 6 members, will be covered under Mediclaim policy for a total coverage of Rs.900,000 @ Rs.150,000 per person per annum.
3. Mr Rohit Gambhir will be eligible for a company owned car as per company's policy applicable from time to time.
4. Car provided to Mr Rohit Gambhir will be run and maintained by the company and therefore, fuel and maintenance cost will be at actuals, as may be approved by the Board of Directors from time to time.

5. Leave Travel allowance for Mr Rohit Gambhir and his family, which shall include spouse, dependent children and parents, as per the Company's policy as applicable from time to time and as may be approved by the Board of Directors.
6. Medical reimbursement: The Company shall reimburse the medical expenses for the Executive Director & Chief Executive and family, which shall include spouse, dependent children and parents, at actuals, subject to a maximum ceiling of Rs.72,000 per annum.
7. Telephone & Data Card: The Company shall provide a home telephone, a mobile phone and a Data card for official use and reimburse expenses, at actuals.
8. Leave: The Executive Director & Chief Executive shall be entitled for Leave entitlement and encashment as per the rules of the Company.
9. Club Membership: Payment of club fees for one club and all actual entertainment expenses at the club reasonably incurred in or about the business of the Company shall be reimbursed.
10. The Company's contribution to provident fund not exceeding such percentage of the salary as may be fixed by the Central Government from time to time and superannuation fund as per the rules of the Company as may be applicable from time to time.
11. The Executive Director & Chief Executive shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling incurred by him in the course of the Company's business in line with the Company's Global/Domestic Travel Policy.
12. The Executive Director & Chief Executive shall also be eligible for any other allowances / benefits / perquisites, as per the rules made applicable to the Senior Executives of the Company, and / or which may become applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.

iv. Revision in remuneration:

The Board of Directors of the Company, subject to the recommendation of the Nomination & Remuneration Committee, may revise the remuneration payable to the Executive Director & Chief Executive, in any financial year during the

currency of the present tenure of office, in such manner as agreed to between the Board of Directors and the Executive Director & Chief Executive subject to the condition that the remuneration by way of salary, perquisites, performance bonus / incentive and other allowances, shall not exceed such percentage of net profits of the Company as prescribed under Schedule XIII of the Companies Act, 1956 read with Schedule V of the Companies Act, 2013.

v. Minimum Remuneration

In the event of any loss or inadequacy of profits for any financial year, the Board of Directors subject to the recommendation of Nomination & Remuneration Committee, shall revise the remuneration payable to the Executive Director & Chief Executive, during such financial year, in such manner as agreed to between the said committee and the Executive Director & Chief Executive and within the limits prescribed in this behalf under Schedule XIII of the Companies Act, 1956 read with Schedule V of the Companies Act, 2013.

vi. Other terms:

1. The Executive Director & Chief Executive so long as he functions as such, shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof.
2. The Company and the Executive Director & Chief Executive shall have the right to terminate the said appointment at any time with prior notice of three-months before the employment period originally agreed upon is concluded.
3. The Executive Director & Chief Executive shall carry out such duties as may be entrusted to him by the Board of Directors from time to time.
4. The Executive Director & Chief Executive shall exercise such powers as envisaged in the Articles of Association, subject to the approvals from the Board of Directors and such other powers as may be delegated from time to time by the Board of Directors.

Memorandum of Interest:

None of the Directors of the Company other than Mr Rohit Gambhir is concerned or interested in this appointment.

By Order of the Board of Directors

Chennai
19 February, 2014

S Venkatakrisnan
Company Secretary

NOTES:

1. The Explanatory Statement required pursuant to Section 173(2) of the Companies Act, 1956 read with Section 102 of the Companies Act, 2013 in relation to Item no. 5, 6 & 7 above is annexed hereto.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself on a poll only and a proxy need not be a Member. Proxies, in order to**

be effective, must be addressed to the Company Secretary and received at the Registered Office of the Company at Plot No.13, 3rd Main Road, Industrial Estate, Ambattur, Chennai 600 058 not less than forty-eight hours before the scheduled start of the Meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 22 April, 2014 to 24 April, 2014 (both days inclusive).
4. Queries on the Accounts and operations of the Company, if any, may be sent to the Company at its Registered Office (and marked for the attention of the Company Secretary) at least seven days in advance of the Meeting.
5. Members holding shares in physical form are requested to advise any change of address immediately to the Registrar and Transfer Agent, viz. M/s. Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai 600 017 - Attention Mr Suresh Babu, Vice President.
6. Members are requested to bring their copies of the Company's Report and Accounts for the year ended 31 December, 2013 to the Meeting.
7. Members holding shares under identical names (in the same order) in more than one Folio are requested to write to the Company Secretary at the Registered Office of the Company, enclosing their share certificates, to enable consolidation of their holdings into one Folio.
8. Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in a single name are advised, in their own interest, to avail of the nomination facility by completing and submitting Form 2B. Blank forms will be supplied by the Company's Registrar & Share Transfer Agent on request. Members holding shares in the dematerialized form may contact their Depository Participant for recording the nomination in respect of their shares.
9. Section 205C of the Companies Act, 1956 mandates that Companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members are hereby informed that once such amounts are transferred to IEPF, no claim of the shareholders shall lie against the Company or IEPF. In accordance with the following schedule, the dividend for the years mentioned below, if unclaimed within a period of seven years will be transferred to IEPF.

Year	Type of dividend	Dividend per share (₹)	Date of declaration	Due date for transfer	Unpaid/ Unclaimed amount as on 31.12.2013
2007	1 st Interim	5.50	09.03.2007	13.04.2014	4,96,056.50
2007	2 nd Interim	10.00	13.12.2007	17.01.2015	9,23,230.00
2008	Interim	13.00	24.07.2008	28.08.2015	12,85,284.00
2008	Final	2.50	22.04.2009	27.05.2016	3,48,942.00
2009	Interim	20.00	09.12.2009	12.02.2017	18,05,180.04
2010	Interim	10.00	17.05.2010	21.06.2017	11,22,580.00
2010	2 nd Interim	10.00	30.12.2010	03.02.2018	10,34,200.00
2011	Interim	15.00	21.07.2011	26.08.2018	14,14,275.00
2012	Final	7.50	25.04.2013	29.05.2020	Nil
TOTAL					84,29,747.54

Shareholders who have not yet encashed their dividend warrant are requested to send the warrants to the Company immediately for revalidation.

10. As required under Clause 49 (IV) (G) of the Listing Agreement with stock exchanges, a brief resume of Directors who are proposed to be re-appointed / appointed, nature of their expertise in specific functional areas, their other Directorships and Committee memberships and their shareholdings in the Company is given below:

Mr K VAIDYANATHAN

Mr. K Vaidyanathan, aged 66, is a Chartered Accountant with a good academic background-Calcutta University-Rank holder both in M.Com & B.Com (Hons.) First Class, Recipient of medals, awards & merit scholarships. He is a Corporate Member of the National Institute of Personnel Management of India since 1978.

Mr. Vaidyanathan has over four decades of experience (out of which, more than two and a half decades has been at the Board level) in the areas of Corporate Finance, Corporate Restructuring and Advisory Services, Joint Venture Collaborations, Strategic Management, Internal Audit, Project Management, Human Resource and Industrial Relations etc.

He possesses proven track record of performance holding Board Position for about 27 years. Board Level positions held include TTK Group of Companies, Modi Rubber (makers of Continental Tires) & Modistone (Firestone formerly) as independent Finance Director appointed by FI, Birla Vxl Ltd, ESSAR SWISS TELECOM & Samsons Group. He is currently with TTK Group as their Group Director-Finance & Strategy since 2001. He is also the Member of the Investors Grievance Committee for TTK Healthcare Limited. In addition, from 1 July, 2009 he assumed the role of Executive Director - TTK Healthcare Ltd.

His varied industry working exposure includes Automobiles (Vehicles, Tires, Auto Components), Textiles (Spinning, hosiery, woolen worsted fabrics), FMCG, Paper, Printing, Engineering, Pharmaceuticals, Medical Devices, Plastics and Chemicals (basic chemicals, formulations), and Telecom.

His Directorship and Committee membership in other Companies are:

Sl. No.	Name of the Company	Position held	Committee Membership / Chairmanship
1	TTK Healthcare Ltd	Executive Director	Member - Shareholders / Investors Grievance Committee

Mr K Vaidyanathan does not hold any equity shares in the Company as on 31 December, 2013. Mr K Vaidyanathan is not related to any other Director on the Board of the Company.

Mr P MALLICK

Mr P Mallick, aged 71, is a graduate Electrical Engineer from IIT Madras, a Chartered Engineer and Fellow of the Institution of Engineering & Technology, London. He holds a Diploma in Business Management from UK. He has over 47 years of experience having worked with Companies such as Crompton Greaves, Tata Exports, EMC and Genelec. From 1998 to 2003 he was the Managing Director of Wartsila India Limited.

His Directorships and Committee memberships in other Companies are:

Sl. No.	Name of the Companies / Firms	Nature of Interest	Committee Membership / Chairmanship
1	Automotive Stampings and Assemblies Limited	Chairman	Member of Audit Committee
2	Blue Star Limited	Director	Member of Audit Committee
3	Foseco India Ltd	Director	Member of Audit Committee & Chairman of Shareholder & Investor Grievance Committee
4	Gravitational Network Advisors (P) Limited	Director	Nil

Sl. No.	Name of the Companies / Firms	Nature of Interest	Committee Membership / Chairmanship
5	Gujarat Pipavav Port Limited	Director	Member of Audit Committee
6	Pragati Leadership Institute Pvt Ltd	Director	Nil

Mr P Mallick does not hold any equity shares in the Company as on 31 December, 2013. Mr P Mallick is not related to any other Director on the Board of the Company.

Mr ROHIT GAMBHIR

Mr Rohit Gambhir, aged 40 years, is a B.Tech (Mechanical) from NIT Kurukshetra (1994) and EPGDM from IIM Indore (2004). He has an overall experience of 19 years. He started his career in Aug, 1994 with Saint Gobain and rose through the ranks to be the Sales Manager for Abrasive Industrial trade products by April, 2003 and he served them till November, 2007. In 2007 Mr Rohit Gambhir joined Stanley Black & Decker as its Business Head till February 2013 before joining ESAB India in March, 2013 as Head of Sales & Marketing.

In his stint as Business Head in Stanley Black & Decker, the Company achieved the highest growth in power tool market to become the No.2 in the market segment from its earlier position of No.7 in 3 years. Mr Rohit received the Eagle Award for this Exceptional performance.

His area of expertise includes Business Management and strategy, marketing plans and implementation, end user B 2 B sales, international projects with Emerging Market focus, Topline and Operation margin management, Working capital turnover, Organization development, Supply Chain Management and Segment development.

Mr Rohit Gambhir is not a Director in any other Company. He does not hold any equity shares in the company as on date and is also not related to any other Director on the Board of the Company.

By Order of the Board of Directors

Chennai
19 February, 2014

S Venkatakrishnan
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013.
Item No.5

The current statutory auditors of the Company, M/s B S R & Co. LLP, Chartered Accountants, retire at the ensuing Annual General Meeting.

M/s. B S R & Co. LLP, were appointed as statutory auditors of the Company in the year 2004 and the current financials for the year ended 31 December, 2013 is the Tenth year that they have carried out their audit and issued their report thereon.

M/s. B S R & Co. LLP, vide their letter dated 14 February 2014 have not opted for reappointment pursuant to Section 224 (2) (b) of the Companies Act, 1956. Hence your Directors have recommended that M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, holding Firm registration No. 101049W allotted by the Institute of Chartered Accountants of India, be appointed as the Company's Statutory Auditors from the end of the ensuing Annual General Meeting to hold office till the next Annual General Meeting.

The Company has also received a letter from M/s S. R. Batliboi & Associates LLP, Chartered Accountants, expressing their willingness and stating that their appointment, if made, will be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

Accordingly, the resolution is placed before the shareholders for their approval.

The Directors recommend the resolution as set out in item no.5 of the notice to be approved as an ordinary resolution by the shareholders. This may also be treated as Special Notice in terms of sub-section (1) of Section 225 of the Companies Act, 1956.

Item No.6

Mr Rohit Gambhir was appointed as an Additional Director of the Company with effect from 1 November, 2013 and holds office up to the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956.

Notice has been received from a member of the Company under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500 signifying his intention to propose the candidature of Mr Rohit Gambhir for the office of Director and to move the resolution as set out in item no.6 of this notice.

The Directors recommend the resolution as set out in item no.6 of the notice to be approved as an ordinary resolution by the shareholders.

None of the Directors except Mr Rohit Gambhir is deemed to be interested or concerned in the resolution.

Item No.7

The Board of Directors of the Company vide its Resolution passed on 30 October, 2013 appointed Mr Rohit Gambhir as the Executive Director & Chief Executive of the Company, effective 1 November, 2013 subject to the approval of the shareholders of the Company on the terms set out in the resolution contained in the notice.

Mr Rohit Gambhir has about 19 years experience in various multi-national Companies and under his leadership, has turned around the companies in his earlier stints to a position of strength and market leadership. He is considered an expert in areas such as Business Management and strategy, marketing plans and implementation, end user B 2 B sales, international projects with Emerging Market focus, Top line and Operation margin management, Working capital turnover, Organization development, Supply Chain Management and Segment development.

Considering the current market scenario with competition from the local and foreign players in welding industry, the Board of Directors felt that it would be necessary and beneficial for the company to have a leader with knowledge of local market, competition and the need to drive cost initiatives to stay competitive in the market. With such an intention in mind the Board of Directors had appointed Mr Rohit Gambhir as the Executive Director & Chief Executive more particularly to drive the future prospects of the Company.

The approval of the shareholders is now sought for appointment of Mr Rohit Gambhir as the Executive Director & Chief Executive of the Company for a period of five years with effect from 1 November, 2013 on the terms and conditions set out in the resolution contained in the notice.

Your Board recommends the passing of this resolution as an ordinary resolution.

None of the Directors except Mr Rohit Gambhir is deemed to be interested or concerned in the resolution.

By Order of the Board of Directors

Chennai
19 February, 2014

S Venkatakrisnan
Company Secretary

Directors' Report to Shareholders

Your Directors take pleasure in presenting the Twenty Seventh Annual Report together with the audited accounts of the Company for the year ended 31 December 2013.

FINANCIAL RESULTS

(₹. in Lakhs)

Particulars	2013	2012
Sales and other income	44,264	50,866
Earnings before tax and depreciation	5,871	6,598
Depreciation	(1,123)	(1,182)
Profit before taxation	4,748	5,416
Taxation	(1,436)	(1,639)
Profit for the year	3,312	3,777

DIVIDEND

The Board of Directors has recommended a dividend of Re.1 per equity share of Rs.10 each (10%) at its meeting held on 19 February, 2014 resulting in an estimated outflow of Rs. 180 Lakhs (dividend and tax thereon) for approval of the shareholders at the Annual General Meeting. The proposed dividend takes into consideration a prolonged period of adverse market conditions and the consequent need to conserve resources for current and future business requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC & BUSINESS ENVIRONMENT

The year 2013 has been a difficult one for most of the segments in the economy as the Country continued to experience low growth and high inflation. A host of local and international factors led to low levels of business sentiment and slowdown across virtually all our customer segments.

Industrial production continued to contract through the year under the impact of high interest rates, low investments and a significantly weakened currency. GDP growth estimates went through a series of downward revisions and the impact was particularly adverse in the

Manufacturing segment that is key to your Company's prospects. Several projects were delayed or shelved due to a combination of financial and policy bottlenecks.

Some of the recent policy announcements encouraging Foreign Investments in India and clearances for long pending projects present a ray of hope but prospects of revival hinge on timely execution of the pronouncements and policies. A reportedly good monsoon is also expected to help boost flagging demand. Reduction in the fiscal deficit and a stable currency with reasonable interest rates are also key to revival prospects. The immediate future continues to be fraught with uncertainties and Industry looks to some stability in the second half of the year.

On issues specific to our Industry and your Company, the effect of slowdown across all Steel consuming segments had an adverse effect on volumes and margins. A significant reduction in infrastructure projects affected our Equipments business in particular with a cascading impact on Consumables. Input and conversion cost increases were not fully compensated by selling prices in an increasingly competitive and tough market. Liquidity conditions were very tight with persistent hardening of interest rates. This necessitated higher credit cycles with trade. The above elements together with an increasingly challenging product mix kept margins under huge pressure throughout the year.

Given the above backdrop, your Company focused strongly on product mix including new launches, product rationalization, productivity improvement measures and a tight control on costs to compensate for flat or declining volumes across product groups.

Business priorities and the Organization were reviewed continuously to look for optimizing costs and benefits. The Company maintained its position as a preferred partner in welding and cutting solutions. The Company is well positioned as a leaner organization with a strong Balance Sheet to endure a difficult phase and to capitalize on any opportunities when the trade cycle improves.

HOLDING COMPANY

Colfax Corporation is a Delaware, USA based industrial group with existing global business interests in gas and fluid handling and fabrication technology products and services. Colfax Corporation holds over 73.72% of equity shares of your Company through ESAB Holdings Limited, UK and Exelvia Group India B.V., Netherlands which are its 100% subsidiaries.

MANAGEMENT

Your Company went through significant organizational changes in its efforts towards right sizing and ensuring functional focus. Jiri Kula stepped down from his role as Managing Director effective 31.10.2013. During his two years of association with your Company in a particularly difficult phase, Jiri was instrumental in creating a strong focus on productivity, quality and costs. Rohit Gambhir was inducted as Additional Director effective 1.11.2013 and has been designated as Executive Director and Chief Executive. He brings with him rich and varied experience in sales, marketing and business management roles.

The Company initiated multiple actions for reductions in cost through rationalization of resources and capacities. The Company could avoid a substantial erosion in margins largely through cost and productivity related improvements.

FINANCIAL STATEMENTS

INCOME AND EXPENDITURE

Net Sales (Including Service Income) was down by over 13% over 2012. This was across all product groups and segments. Relatively better performances in the R&M business and Exports that were aided by a weakening Rupee, helped in softening the impact of declines in all other product groups.

Other income was higher by about 38% due to increase in income from mutual funds. Cash generation through tight management of working capital was a key positive in a difficult year and cash surpluses were deployed in debt and liquid funds.

Materials costs as a percentage to sales improved from 65.5% to 64.1% due to a combination of enriched product mix and supply chain initiatives.

Cost reduction initiatives including a tight control on discretionary spends resulted in overheads including employee costs being lower by over 11% from 2012 levels.

Expenditure on Consumption of Stores and Spares as also Repairs to Plant and Machinery were lower by 13.6% and 17.5% respectively from 2012 due to initiatives taken at Plants on Maintenance and cost reductions.

Excise duty on Finished Goods were lower by Rs.665 Lakhs in line with reductions in Inventory of manufactured items.

Rates and Taxes fell by Rs.106 Lakhs with a reduction in provisioning requirements for indirect tax matters as compared to 2012.

Transportation and Freight expenses fell by Rs.355 Lakhs through improved recoveries.

Depreciation was lower by 5% as compared to 2012 with Net Fixed Assets at the same levels as in 2012.

BALANCE SHEET

The focus on fundamentals and efficiencies resulted in a stronger Balance Sheet with improved working capital, healthy cash flows and a prudent deployment of resources on capital expenditure.

Capital Expenditure was about Rs.1,176 Lakhs and projects with productivity enhancements and Quality improvements were prioritized to conserve resources.

Current Investments and Cash grew by 16% over 2012 due to internal accruals and improved working capital.

Inventories were lower by about 9% in value terms due to the effect of lower volumes and reduction plans put in place through the year.

Trade receivables were higher by about 19% due to emerging trade requirements driven by tight liquidity conditions.

COST AUDITORS

The Board of Directors at its meeting held on 19 February 2014 have appointed M/s. Geeyes & Co., Cost Accountant within the meaning of Cost & Works Accountants Act and holding a valid certificate of practice No.00044 as the Cost Auditor for conducting the Cost Audit for the financial year 2014. The Audit Committee of Directors recommended the appointment subject to the compliance of the requirements stipulated in the relevant notifications issued by Ministry of Corporate Affairs.

The Company has received a letter from the Cost Auditor stating that the appointment, if made, will be within the prescribed limit under Section 224(1B) of the Act.

OUTLOOK, OPPORTUNITIES AND THREATS

There has been no significant change in the economic environment in the current quarter and most of the concerns highlighted in the earlier paragraphs continue to exist. It is expected that macro-economic elements and the business sentiments could stabilize towards the second half of the year. Multiple and inter woven elements driving economic indicators present strong challenges to any forecasting model.

Our new product offerings and work currently in progress on development of more products are expected to help sustain our leadership position. The long term prospects are still considered positive despite the uncertainties around the short term outlook. We are well placed as an organization to address growth in opportunities as and when any economic revival happens.

Governmental push on infrastructure, emerging focus on Tier II and Tier III cities and also the spin off effects of a good monsoon present opportunities though the eventual impact could take time.

Global developments including exchange rates, oil prices and FII inflows can aggravate the situation. Competitors with international standing continue to focus heavily on the Indian market and this can pose challenges on pricing and margins. Competition from hitherto smaller and unorganized players is a threat to address.

INTERNAL CONTROLS

Internal controls are continuously evaluated by Management and by the Internal Auditors. Findings from internal audits are reviewed regularly by the Management and by the Audit Committee and corrective actions and controls put in place wherever necessary. The Company is also subjected to reviews and audits as part of listing requirements in the USA of its holding company. These reviews help supplement the Company's efforts in strengthening internal controls.

The reviews by Internal Auditors are scheduled and cover the various manufacturing and office locations. The scope of their work includes review of controls on accounting, statutory and other compliances and operational areas in addition to reviews relating to efficiency and economy in operations.

RELATED PARTIES

Note 32 to the Financial Statements sets out the nature of transactions with Related Parties. Transactions with Related Parties are carried out at arm's length. The details of such transactions are placed before the Audit Committee.

FINANCE

The Company's relationships with its Bankers viz. AXIS Bank Ltd. and HDFC Bank Ltd. continued to be cordial during the year. The Company would like to thank its Bankers for their support.

ENVIRONMENT, HEALTH AND SAFETY

The Company continued its commitment to industrial safety and environment protection and all its five factories have obtained its OHSAS 18001 certification. Periodical audits are done by external and internal agencies to assess the continued levels of EHS efficiency of each of these plants and the OHSAS certification given is renewed after every such audit. The Company is also networked with the Group on EHS initiatives and works closely with them on initiatives and actions concerning EHS.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief, and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956.

1. In the preparation of the annual accounts for the year ended 31 December 2013 the applicable accounting standards have been followed;

2. The accounting policies listed in Note 2 to the Notes to the Financial Statements have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year on 31 December 2013 and of the profit of the Company for that year;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts for the year ended 31 December 2013 have been prepared on a going concern basis.

CAUTIONARY STATEMENT

Certain statements in this Directors' Report may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied in this Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the Annexure and forms part of this Report.

DIRECTORS

In accordance with the provisions of Article 130 of the Company's Articles of Association, Mr K Vaidyanathan and Mr P Mallick, retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. The details as required under Clause 49 of the Listing Agreement regarding the above said Directors are published as part of the Notice calling the Annual General Meeting.

Mr Daniel Alexis Pryor and Mr Kenneth D Konopa continue to be nominee and non-retiring Directors of ESAB Holdings Ltd, the Holding Company, in terms of the provisions of the Articles of Association.

Mr Jiri Kula, who was appointed as the Managing Director of the Company for a period of three years from 1 September, 2011 demitted his office with effect from 31 October, 2013 due to family reasons and had to return back to his country.

Mr Rohit Gambhir, who joined the Company on 18 March, 2013 was appointed as Executive Director & Chief Executive with effect from 1 November, 2013 by the Board of Directors. The subject of appointment of Mr Rohit Gambhir as a Director liable to retire by rotation and his appointment as Executive Director & Chief Executive for a period of five years with effect from 1 November, 2013 and

the terms and conditions of appointment are placed for the approval of the shareholders at the Annual General Meeting.

The Board would like to place on record, its appreciation for the contributions of Mr Jiri Kula, Managing Director during his tenure of Directorship.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have vide their letter dated 14 February 2014 not offered themselves for reappointment pursuant to Section 224 (2)(b) of the Companies Act, 1956.

The Company proposes to appoint M/s S.R.Batliboi & Associates LLP, Chennai as Auditors to hold Office from the conclusion of the forthcoming Annual General Meeting. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Directors recommend that M/s S.R.Batliboi & Associates LLP, Chennai, be appointed as the Company's Auditors to hold office until the conclusion of the next Annual General Meeting.

PERSONNEL

At the end of December 2013 the Company had 644 employees as against 683 at the end of 2012. The Company believes in providing a working environment that is stakeholder focused and challenging in terms of objectives.

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particulars of the employee is set out in the Annexure to this Report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report excluding the said Annexure is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Act for the year ended 31 December, 2013.

CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement with the stock exchanges a Corporate Governance Report is made

part of this Annual Report. The Company has not adopted the voluntary corporate governance guidelines 2009 issued by the Ministry of Corporate Affairs. However, the Company on its own volition has adopted most of the guidelines issued by the Ministry and has been transparent in its dealings with the shareholders in particular and stake holders in general.

In compliance with Section 292A of the Companies Act, 1956 and with the Listing Agreement, an Audit Committee consisting of four Independent Directors and one Non-executive Director has been constituted. The Company also has an Investors' Grievance Committee consisting of two Independent Directors and one Non-executive Director. The Company has also during the year constituted a Nomination & Remuneration Committee consisting of three Independent Directors.

The Company has also adopted the mandatory policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Employees have been sensitized on the provisions of this enactment and the Company has also constituted an internal complaints committee with effect from 30 October, 2013 to deal with complaints if any, under the said Act. There were no complaints received during the year to report.

A certificate from the Statutory Auditors of the Company regarding compliance of the conditions stipulated for Corporate Governance under Clause 49 of the Listing Agreement is attached to this report.

The declaration by the Executive Director & Chief Executive addressed to the members of the Company pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct by the Members of the Board and by the Members of the Senior Management Personnel of the Company is also attached to this Report.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the confidence reposed and continued support extended by its customers, suppliers and shareholders.

Your Board would like to place on record, its sincere appreciation to the employees for having played a very significant part in the Company's operations till date.

For and on behalf of the Board of Directors

Daniel A Pryor
Chairman

Chennai, 19 February 2014

ANNEXURE TO THE DIRECTORS' REPORT

Statement under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 December 2013.

A. CONSERVATION OF ENERGY

- Lighting - Replacement with LED lighting being carried out progressively.
- Project to improve power factor in the factories.
- Replacement of machineries resulting in savings on electrical energy and chemical energy. This also helped achieve reduction in usage of hazardous chemicals.
- Auto switch off system incorporated in parts of electrode lines to eliminate idle running of pump / motors.

B. TECHNOLOGY ABSORPTION

- New Capital equipment with capability to deliver higher levels of consistency on quality parameters has been installed successfully.
- Test analysis facility put up at Consumables plant to ensure higher accuracy levels with lower lead times and data logging.

- Process improvements in treating spent chemicals and lubricants.
- Printing on cartons / boxes through new process.

C. FOREIGN EXCHANGE

The Company exports its products to South Africa, Singapore, Bangladesh, Sri Lanka and the Middle East.

During the year, the total outflows in foreign exchange amounted to Rs.5,862 Lakhs (which includes Rs.4,881 Lakhs for the import of raw materials, components and capital goods and Rs.981 Lakhs towards expenditure in foreign currency).

During the year, the Foreign exchange earnings were Rs.1,951 Lakhs resulting in net foreign exchange outflow of Rs.3,911 Lakhs for the year.

For and on behalf of the Board of Directors

Daniel A Pryor
Chairman

Chennai, 19 February 2014

Report on Corporate Governance

Your Company is committed to good Corporate Governance in all its activities and processes. The Directors' endeavour is to create an environment of fairness, equity and transparency in transactions with the underlying objective of securing long-term shareholder value, while, at the same time, respecting the rights of all stakeholders.

BOARD OF DIRECTORS

A. Composition of Board

In terms of the Corporate Governance philosophy all statutory and other significant material information is placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

The Board of Directors currently consists of eight members. Mr Rohit Gambhir was appointed as the Executive Director and Chief Executive for a period of five years effective 1 November, 2013. The Board of Directors at present consists of 5 Independent Directors and 3 Non-independent Directors. Other than the Executive Director and Chief Executive, all the other members of the Board are Non-executive Directors, including the five Independent Directors.

B. Other Provisions as to Board and Committees

During 2013 five Board Meetings were held on 18 February, 25 April, 25 June, 8 August, and 30 October; not more than four months elapsed between any two meetings.

The details of the Directors' attendance at the Board Meetings during the year and at the last Annual General Meeting held on 25 April, 2013 and particulars of their other Company Directorships and Committee memberships / Chairmanships are given below:

Director	Category	Attendance		Other Directorships	Membership/Chairmanship of other Committees	
		Board Meetings in 2013	Last AGM		Membership	Of which Chairmanship
D A Pryor*	NE - NI	4	Yes	1	Nil	Nil
K D Konopa*	NE- NI	3	Yes	Nil	Nil	Nil
Jiri Kula (1)	Executive	5	Yes	Nil	Nil	Nil
K Vaidyanathan	NEI	5	Yes	1	1	Nil
P Mallick	NEI	5	Yes	4	5	1
V Tandon	NEI	3	Yes	1	Nil	Nil
S Chand	NEI	5	Yes	1	2	1
S N Talwar	NEI	4	No	12	6	3
Rohit Gambhir (2)	Executive	–	–	Nil	Nil	Nil

NE - NI - Non-Executive and Non-Independent Directors

NEI - Non-Executive Independent Directors

* Nominees of ESAB Holdings Limited

(1) Mr Jiri Kula demitted office as Managing Director of ESAB India Limited on 31 October, 2013

(2) Mr Rohit Gambhir was appointed as Executive Director & Chief Executive with effect from 1 November, 2013

- The details given under the heading other Directorships excludes Alternate Directorships and Directorships of Private Limited Companies and Foreign Companies, wherever applicable.
- The details given on the membership in Committees takes into account only the memberships in Audit Committee and Investors Grievance Committee as stipulated in the Listing Agreement. None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all Companies in which they are Directors.

C. Directors' compensation and disclosures

The details of payment of remuneration to Directors during 2013 are as follows:

Directors	Salary	Perquisites	Provident Fund	Sitting Fees Paid (in ₹)	Commission (in ₹)
D A Pryor	–	–	–	Nil	–
K Konopa	–	–	–	Nil	–
K Vaidyanathan	–	–	–	150,000	675,000
P Mallick	–	–	–	125,000	600,000
V Tandon	–	–	–	82,500	650,000
S Chand	–	–	–	160,000	600,000
S N Talwar	–	–	–	75,000	600,000
Jiri Kula	21,754,575	2,440,732	2,452,533	–	3,094,000
Rohit Gambhir	2,026,722	15,254	39,600	–	–

The payment of Commission to Non-executive Directors up to 1% of the profit as calculated under the applicable provisions of the Companies Act, 1956 was approved by the Members at the Annual General Meeting held on 27 April 2011. The approval was based on their roles and responsibilities and their contribution to the Company in their respective capacities. Based on the above principle, Commission has been individually determined for each Non-executive Director based on their varying commitments of time and effort to the Board and to its Committees. Commission to Managing Director/Executive Director & Chief Executive is based on performances and contributions to Company's performance.

During the year, the Company paid professional fees amounting to Rs.75,000 to Talwar Thakore & Associates, Advocates and Solicitors, a firm in which Mr Suresh N Talwar, Director of the Company, is a partner.

None of the Directors hold any equity shares of the Company, except Mr Suresh N Talwar who holds 1,440 equity shares as on 31 December, 2013. None of the Directors is related to each other and there are no other pecuniary relationships or transactions of the Non-executive Directors' vis-à-vis of the Company apart from the above mentioned transaction.

The Company has not granted any stock options to any of its Directors or employees during the year under review.

D. Code of Conduct & Policy on Anti Bribery and Corruption

The Board of Directors has adopted Codes of Conduct, applicable to Directors and to employees of the Company. The said Codes of Conduct have been posted on the Company's website. The Company has obtained declarations from all its Directors and Senior Management Personnel affirming their compliances with the applicable Codes of Conduct. The declaration by the Executive Director & Chief Executive under Clause 49 affirming compliance of the Code of Conduct by all members of the Board and the Senior Management Personnel for the year ended 31 December, 2013 is attached to this Corporate Governance Report.

During 2013, being a subsidiary of Colfax Corporation, the Board of Directors of the Company has also adopted a Guideline on Business Conduct to prevent Bribery and Corruption and all the employees of the Company are bound to comply with the provisions of this policy. The details of this policy are also available on the Company's website www.esabindia.com

E. Policy on Prevention of Sexual Harassment of Employees in ESAB India Limited

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was enacted by the Parliament for protection of women against sexual harassment at workplace. In accordance with the provisions of the Act, the Company has formulated a policy on prevention of sexual harassment of women employees at workplace and has constituted an Internal Complaints Committee to consider and redress complaints on sexual harassment, if any.

The Committee did not receive any complaint during the year.

AUDIT COMMITTEE

The terms of reference of the Committee are governed by a Charter, covering all applicable matters specified under Clause 49 of the Listing Agreements dealing with Corporate Governance and Section 292A of the Companies Act, 1956. The members of the Committee are:

K Vaidyanathan	Chairman	Independent Director
P Mallick	Member	Independent Director
V Tandon	Member	Independent Director
S Chand	Member	Independent Director
D A Pryor	Member	Non-Executive & Non-Independent Director

More than two-thirds of the members are Independent Directors and all the members of the Audit Committee are financially literate. The Company's Executive Director & Chief Executive / Managing Director, Chief Financial Officer, its Statutory Auditors and its Internal Auditors are permanent invitees to the Committee's meetings. The Company Secretary is Secretary to the Committee. The quorum for Committee meetings is two members or one third of the total strength of the Committee, whichever is higher, but there should be a minimum of two independent Directors present. Mr K Vaidyanathan the Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 25 April, 2013 to answer the shareholder queries. The text of the Charter which describes the terms of reference of the Audit Committee is available on the Company's website www.esabindia.com.

There were five meetings of the Audit Committee held during 2013 on 18 February, 24 April, 25 June, 8 August, and 30 October and not more than four months elapsed between any two meetings.

The number of meetings attended by each member of the Audit Committee in 2013 is as follows:

	Number of meetings	
	Held during membership	Attended
K Vaidyanathan	5	5
P Mallick	5	5
V Tandon	5	3
S Chand	5	5
D A Pryor	5	4

SUBSIDIARY COMPANIES

There were no Subsidiary Companies of the Company as on 31 December, 2013.

NOMINATION & REMUNERATION COMMITTEE

Even though the constitution of the Nomination & Remuneration Committee is only a recommendatory provision under the Listing Agreement, the Company has constituted a Nomination & Remuneration Committee on 18 February, 2013.

The Nomination & Remuneration Committee functions under the Chairmanship of Mr K Vaidyanathan. The other members of the Committee are Mr S Chand and Mr S N Talwar.

The terms of reference of the Committee inter alia includes identifying candidates for Directorships, evaluation of the performance of Directors, determination of the remuneration of Managing Directors / Executive Directors / Whole time Directors and review of the remuneration policy of the Company.

All the members of the Nomination and Remuneration Committee are Independent Directors. The Company Secretary is Secretary to the Committee. The Quorum of Meetings of the Committee shall be a minimum of two Independent Directors.

There were two meetings of the Nomination & Remuneration Committee held during 2013 on 18 February and 30 October.

The number of meetings attended by each member of the Nomination and Remuneration Committee in 2013 is as follows:

	Number of meetings	
	Held during membership	Attended
K Vaidyanathan	2	2
S Chand	2	2
S N Talwar	2	2

INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee functions under the Chairmanship of Mr V Tandon, a Non-executive Independent Director. The other members of the Committee are Mr S Chand and Mr D A Pryor.

Mr S Venkatakrisnan, Company Secretary is the Compliance Officer of the Company.

The Directors review the position on all major investors' grievances at meetings of the Board of Directors and the Investors' Grievance Committee. The Committee met four times during 2013, on 18 February, 24 April, 8 August, and 30 October and the details of attendance of the Committee members in these meetings in 2013 are given below:

	Number of meetings	
	Held during membership	Attended
V Tandon	4	3
S Chand	4	4
D A Pryor	4	3

During the year, the Company received 57 complaints from shareholders. The details of the complaints received from the shareholders are as given below:

Sl.No.	Nature of complaint	No. of Complaints
1.	Non-receipt of dividend warrants	45
2.	Non-receipt of annual report	4
3.	Others	8
	Total	57

All the complaints were responded to as per applicable guidelines and regulations. As at 31 December, 2013 there were no pending share transfers (other than transfers sent under objections). All requests for dematerialization of shares were carried out within the stipulated time period and no share certificate was pending for dematerialization as on 31 December, 2013.

Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carries out an audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed capital and the reports are placed before the Board of Directors for its perusal. The said report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Disclosures

1. The Company had obtained a legal opinion from Talwar Thakore & Associates, a law firm in which Mr S N Talwar is a partner and paid Rs.75,000 (Rupees Seventy five thousand only) as professional fees. Apart from the above transaction, during the year, the Company has not entered into any transaction of material nature with the Directors, their relatives or management which was in conflict with the interests of the Company. The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, is set out in Note 32 to Notes to the financial statements. The audit committee reviews, inter alia, the following aspects :
 - Related party transactions undertaken by the Company in the ordinary course of business;
 - Material individual transactions, if any, which were not in the normal course of business; and
 - Material individual transactions, if any, with related parties or others, which were not at arm's length basis.
2. The Company follows the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The Company has not adopted a treatment different from that prescribed in any Accounting Standard, in the preparation of financial statements.
3. The Company has laid down procedures to inform Board members about the risk assessment and mitigation procedures. The Company has a Risk Officer and has identified major and minor risks and these risks are analysed by the Executive Management Team locally and the major risks and their mitigation procedures are reviewed by the Management Team within a properly defined framework.
4. There were no instances of non-compliances by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets during the last three years.
5. There has been no public, rights or preferential issues during the year.
6. The Senior Management Personnel have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have any personal interest that could result in conflict with the interest of the Company at large.
7. In compliance with the SEBI (Prevention of Insider Trading) Regulations 1992, as amended till date, the Company has a Code of Conduct for prevention of Insider Trading and the same has been strictly adhered to by the Directors, and the designated employees. The Company informs the Directors and the designated employees, about the date of the board meeting to consider any price sensitive subjects and advising them not to trade in Company's shares, during the closure of the trading window period. The Company also obtains a declaration from the Directors and the Senior Management Personnel with regard to their compliance with the Code of Conduct under SEBI's (Prevention of Insider Trading) Regulations.
8. According to the Articles of Association, one-third of the Directors retire by rotation and, if eligible, can seek re-appointment at the Annual General Meeting of shareholders. In terms of the said Articles, Mr K Vaidyanathan and Mr P Mallick will retire in the ensuing Annual General Meeting. The Board has recommended the re-appointment of the retiring Directors. The detailed profiles of these Directors are provided in the notice calling the forthcoming Annual General Meeting.
9. The Executive Director & Chief Executive and the Chief Financial Officer of the Company certify to the Board every quarter on matters related to the financial statements and other matters in accordance with Clause 49 of the Listing Agreement.
10. The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. To enhance standards of corporate governance and strengthen controls, the Company has setup a whistleblower policy which can be seen on the Company's website www.esabindia.com. In terms of such whistleblower policy, it is affirmed that the employees have been given free access to the Audit Committee. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.
11. In compliance with Clause 47 (f) of the listing agreement with the stock exchanges the Company has designated the mail id venkatakrisnan.s@esab.co.in and posted this in the Company's website and also on the websites of the stock exchanges where the Company's shares are listed. The investors can send their grievances, if any, to the designated mail id.
12. The Stock Exchanges have inserted Clause 54 to the Listing Agreement which stipulates that the Company should maintain a functional website containing basic information about the Company and to update the

contents of the said website periodically. In pursuance of this Clause the Company now has upgraded its website and all the information as envisaged in the said Clause are now available in its official website www.esabindia.com

13. In line with the circular no.CIR/OIAE/2/2011 dated June 3, 2011 from SEBI, the Investor Complaints are now centrally monitored through web based complaints redressal system called SCORES. The Company processes the investor complaints through this system and updates status periodically.
14. In pursuance of the circular no.CIR/ISD/3/2011 dated June 17, 2011 100% of shareholding of the promoter group Companies has been dematerialized and all the shares are held in dematerialized mode to allow the shares of the Company to be traded in the stock exchanges in the normal segment.
15. In line with the circular no.NSE/LIST/C/2011 dated 29 September, 2011 from the National Stock Exchange Limited, the Company now intimates the Board Meeting dates, uploads its quarterly shareholding pattern, Corporate Governance Report, and the quarterly / Annual results through a web based application designed for corporates by NSE called as NEAPS from the quarter ended 30 September, 2011.
16. In line with the notice no. 20130208-6 dated 8 February, 2013 from the Bombay Stock Exchange, the Company now intimates the Board Meeting dates, uploads its quarterly shareholding pattern, Corporate Governance Report, and the quarterly/Annual results and other compliances, through an online portal called as BSE Corporate Compliance & Listing Centre from the quarter ended 31 March, 2013.
17. In line with the notification no. G S R 352 (E) dated the 10 May, 2012 from the Ministry of Corporate Affairs, the Company has uploaded in its website the information regarding the unpaid and unclaimed dividends as on the date of the AGM including the name and address, of the shareholders who haven't claimed the dividend, the amount to which the shareholders are entitled and the due date of transfer to IEPF.
18. In terms of the circular no. 28/2011 dated 20.5.2011 issued by the Ministry of Corporate Affairs, the Company had amended its Articles of Association vide a special resolution passed in its Annual General Meeting held on 2 May, 2012 to provide an option to the Directors of the company to attend / participate in a meeting of Board / Committee of Directors through electronic mode using Video conference facility.
19. In terms of the circular no. DBOD no. BP. BC.46/08.12.001/2008-09 issued by the Reserve Bank of India dated September 19, 2008 the Company needs to obtain regular certification by a professional, preferably a Company Secretary, regarding compliance of various statutory prescriptions that are in vogue and submit the same to the Banks with whom the Company has credit facilities. Accordingly, due diligence was carried out by a qualified practicing Company Secretary and periodical reports were submitted to Axis Bank Ltd., and HDFC Bank Ltd., being the bankers to the Company.

GENERAL BODY MEETINGS

The last three Annual General Meetings were held as per details given below:

Year	Date	Time	Venue
2011	27 April 2011	3.30 PM	P Obul Reddy Hall Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.
2012	2 May 2012	3.00 PM	Sri Thyaga Brahma Gana Sabha Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.
2013	25 April 2013	3.00 PM	Sri Thyaga Brahma Gana Sabha Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices.

A special resolution to increase the remuneration payable to Mr Jiri Kula, Managing Director was passed through postal ballot on 5 April, 2013. A summary of the postal ballot results is enclosed hereunder:

Option	No. of ballot forms received	Shares	Votes polled
Against	78	11600	11600
Favour	258	12934991	12934991
Invalid	13	2171	2171
	349	12948762	12948762

The special resolution to increase the remuneration payable to Mr Jiri Kula was passed with the requisite majority.

MEANS OF COMMUNICATION

The Company's quarterly financial results, after their approval by the Board of Directors, are promptly issued to all the Stock Exchanges with whom the Company has listing arrangements. These financial results, in the prescribed format, as per amended Clause 41 of the listing agreement, are published in leading local and national newspapers. These results are not sent individually to the shareholders.

The results are normally being published in "The Business Standard" in English and in the regional language newspaper "Makkal Kural" in Tamil.

The Company has in place a website viz. www.esabindia.com. The quarterly financial results and shareholding pattern are published in the Company's website. The Company makes use of its website for publishing official news release.

A Management Discussion and Analysis Report, forming part of the Directors' Report, is included in the Annual Report.

GENERAL SHAREHOLDER INFORMATION

AGM : Date, 25 April, 2014 at 9.30 a.m.
 Time & Venue Sri Thyaga Brahma Gana Sabha, Vani Mahal,
 103, G.N. Road, T. Nagar, Chennai 600 017.
 Financial Year 1 January to 31 December

Approval of financial results proposed	
QE 31 Mar 2014	Within 45 days from the end of the quarter
QE 30 Jun 2014	- do -
QE 30 Sep 2014	- do -
YE 31 Dec 2014	Within 60 days from the end of the Financial Year

Dates of Book Closure 22 April, 2014 to 24 April, 2014 (both days inclusive)

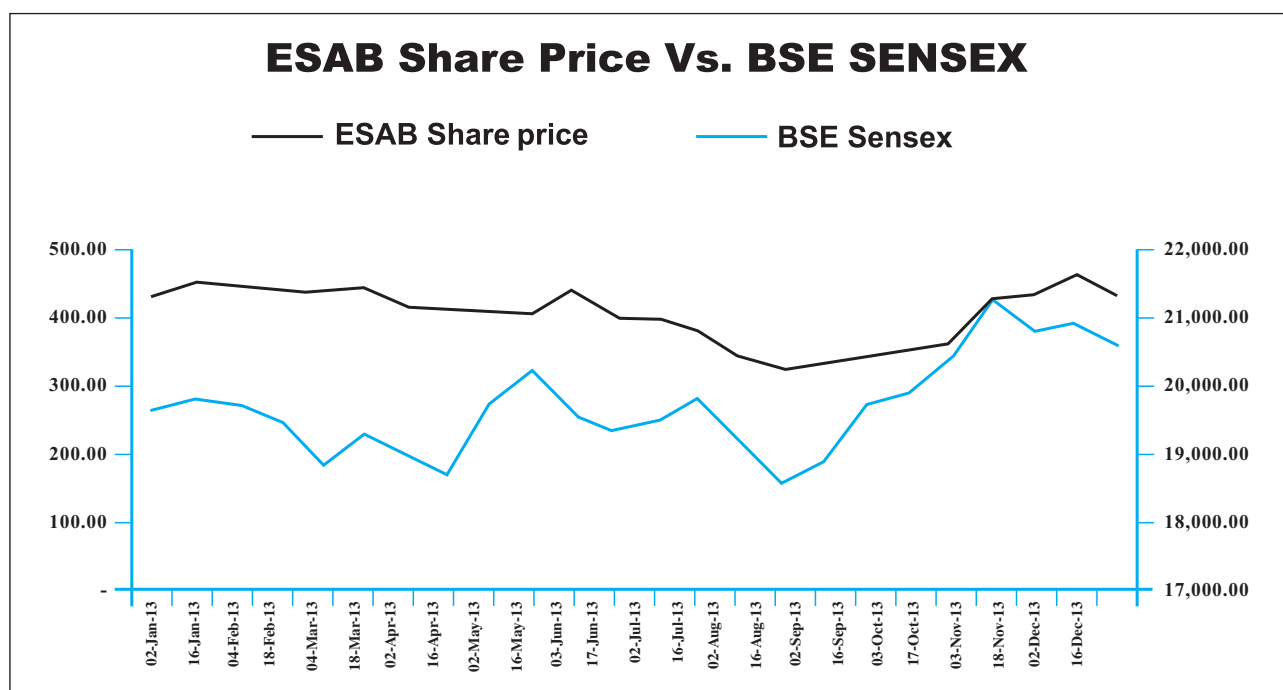
Listing on Stock Exchanges The Bombay Stock Exchange Limited
 The National Stock Exchange of India Limited
 The listing fees for the financial year 2013-14 were duly paid to the above Stock Exchanges.

Stock Code	Name of the Stock Exchange	Stock Code
	The Bombay Stock Exchange Limited	500133
	The National Stock Exchange of India Ltd.	ESABINDIA
	ISIN allotted by depositories	INE284A01012

Stock Market Price Data & Stock Performance*

2013	Mumbai		National		BSE Sensex	
	High ₹	Low ₹	High ₹	Low ₹	High ₹	Low ₹
Jan	478	423	460	421	20204	19509
Feb	499	425	450	425	19967	18794
Mar	457	405	512	404	19755	18568
Apr	428	382	430	395	19623	18144
May	490	400	493	401	20444	19451
Jun	469	390	470	382	19860	18467
Jul	411	335	413	334	20351	19127
Aug	355	310	369	310	19569	17449
Sep	375	325	370	316	20740	18166
Oct	460	343	460	343	21205	19265
Nov	489	408	489	411	21321	20138
Dec	480	425	480	420	21484	20569

* Share prices are rounded off to the nearest Rupee.



Registrar and Share Transfer Agent Integrated Enterprises (India) Ltd
2nd Floor, 'Kences Towers'
No.1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai 600 017.
Contact Person: Suresh Babu K.,
Vice President
Tel : 044-28140801-03,
Fax : 044-28142479, 28143378
E-mail : corpseiv@integratedindia.in

Shareholders are requested to correspond with the share transfer agent for transfer / transmission of shares, change of address, queries pertaining to their shareholding, dividend etc., at their address given above.

Share Transfer System

- Integrated Enterprises (India) Limited, Chennai is the Registrar and Share Transfer Agent for the Company.
- Share transfers are processed and approved, subject to receipt of all requisite documents.
- The Company seeks to ensure that all transfers are approved for registration within the stipulated period. Pursuant to Clause 47 (c) of the Listing Agreement with Stock Exchanges, certificates on half-yearly basis have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.
- Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.
- The Company as required under Clause 47(f) of the Listing Agreement with Stock Exchanges has designated the mail id venkatakrisnan.s@esab.co.in for the purpose of registration of complaints, if any, by the investors and expeditious redressal of their grievances.
- With a view to expediting the approval process, the Board of Directors has severally authorized the Chairman of the Board of Directors, the Chairman of the Investors' Grievance Committee and the Company Secretary to approve the transfer of shares.

Distribution of shareholding as on 31 December 2013

Shareholding	Number of Shareholders	Number of Shares	% of total
Up to 500	10621	1,144,875	7.44
501-1000	381	291,016	1.89
1001-2000	143	215,849	1.40
2001-3000	49	123,561	0.80
3001-4000	21	75,592	0.49
4001-5000	6	26,807	0.18
5001-10000	14	102,147	0.66
10001 and above	22	13,413,173	87.14
TOTAL	11257	15,393,020	100.00

Shareholding pattern as on 31 December 2013

Category	Number of Shareholders	Number of Shares	% of total
Esab Holdings Limited	1	5743200	37.31
Exelvia Group India B.V.	1	5604760	36.41
ESAB Group	2	11347960	73.72
Mutual Funds & UTI	9	8385	0.05
Banks and Financial Institutions	9	2102	0.01
Foreign Institutional Investors	13	1699098	11.05
Qualified Foreign Investor	1	4750	0.03
Corporate Bodies	273	350630	2.28
Directors & Relatives	1	1440	0.01
Indian Public	10949	1978655	12.85
Total	11257	15,393,020	100.00

Dematerialisation of shares and liquidity

As on 31 December 2013, 97.92% of the total paid-up equity capital was held in dematerialised form. The Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited to offer shareholders the option to dematerialise their shares with these depositories. The ISIN number of the Company's shares in demat form is **INE284A01012**.

Outstanding GDRs / ADRs

The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instruments which is likely to have an impact on Company's equity.

- Plant Locations
- Plot No.13, 3rd Main Road, Industrial Estate, Ambattur, Chennai 600 058.
 - B.T. Road, Khardah, P.O. B.D. Sopan, North 24 Parganas, Kolkata 700 116.
 - B-28, MIDC Industrial Area, Kalmeshwar, Nagpur 441 501.
 - P-41, Taratala Road, Kolkata 700 088.
 - G22 Sipcot Industrial Park, Irungattukottai, Sriperumbudur, Kancheepuram Taluk, Chengalput District, Tamilnadu 602 105.

Address for correspondence Company Secretary
Esab India Limited
Plot No.13, 3rd Main Road,
Industrial Estate, Ambattur,
Chennai 600 058.
Tel : 044 42281100
Fax: 044 42281150

E-mail venkatakrisnan.s@esab.co.in

NON-MANDATORY DISCLOSURE

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

1. The Chairman's Office / Board

The need for implementing this non mandatory requirement has not arisen. Except the Nominee Directors of the promoter company, the other Directors of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. No specific tenure has been fixed for the Independent Directors.

2. Shareholder rights

The quarterly un-audited results of the Company after being subjected to a Limited Review by the Statutory Auditors, are published in newspapers and on the Company's website www.esabindia.com. These results are not sent to shareholders individually.

3. Audit Qualifications

The Auditors have issued an unqualified opinion on the statutory financial statements of the Company.

4. Training of Board Members / Mechanism for evaluating Non-executive Directors

All the Non-executive Directors have adequate experience and expertise in functional areas and attend various programmes in their personal capacities that keep them abreast of relevant developments. There is no formal system of evaluating individual Directors but the Audit Committee evaluates its performance annually and takes corrective action.

5. Whistleblower Policy

The Company has setup a whistleblower policy which can be viewed on the Company's website www.esabindia.com. In terms of such whistleblower policy, the employees have been given direct access to the Audit Committee.

REQUEST TO INVESTORS

- Investors are requested to communicate change of address, if any, directly to the registrar and share transfer agent of the Company.
- As required by SEBI, investors shall furnish details of their respective bank account number and name and address of the bank for incorporating in the dividend warrants to reduce the risk to them of fraudulent encashment.
- Investors holding shares in electronic form are requested to deal only with their respective depository participant for change of address, nomination facility, bank account number, etc.
- Electronic Clearing Service (ECS) helps in quick remittance of dividend without possible loss / delay in

postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the Share Transfer Agent or their respective Depository Participants.

- In terms of SEBI circular no. MRD/DoP/Cir-05/1009 dated 20 May, 2009 the shareholders are requested to note that it has now become mandatory to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares in physical mode.
- Shareholders who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
- Investors are requested to note that National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the respective transfers. These alerts will be sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs) and made a request for such services. No charge will be levied by NSDL / CDSL on DPs for providing this facility to investors. Further information is available on the website of NSDL and CDSL viz. www.nsdl.co.in and www.cdslindia.com respectively.
- The Ministry of Corporate Affairs has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice, annual report, etc., can be sent by email to their members.

Accordingly, the annual report for 2013, notice of AGM etc., would be sent by electronic mode to only such members who so desire and whose email addresses are available and registered with the Company / Depository participant and for those who have not opted to receive the same through e-mail, are being sent in physical form.

Members interested in receiving the documents from the Company by email are requested to register their email address, with the Depository Participants (DPs) in case shares are held in dematerialized form and with the share transfer department, in case the shares are held in physical form and also intimate changes, if any, in their registered email addresses to the Company / DPs from time to time.

For and on behalf of the Board of Directors

Daniel A Pryor
Chairman

Chennai, 19 February 2014

Auditors' Report on Corporate Governance

To

The Members of ESAB India Limited

We have examined the compliance of conditions of Corporate Governance of ESAB India Limited ("the Company") for the year ended on 31 December, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W

S Sethuraman
Partner

Place: Chennai
Date : 19 February 2014

Membership No. 203491

To

The Members of ESAB India Limited

Declaration by the Executive Director & Chief Executive under Clause 49 of the Listing Agreement

I, Rohit Gambhir, Executive Director & Chief Executive of ESAB India Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31 December, 2013.

Chennai
19 February 2014

Rohit Gambhir
Executive Director & Chief Executive

Independent Auditors' Report

to the Members of ESAB INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of ESAB India Limited ('the Company'), which comprise the balance sheet as at December 31, 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements

give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2013;
- b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of books of account;
 - c) the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
 - e) on the basis of written representations received from the directors as at December 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at December 31, 2013, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W

S Sethuraman
Partner

Place : Chennai
Date : February 19, 2014

Membership No. 203491

to the Independent Auditors' Report

(Referred to in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and as explained to us, no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii. (a) The inventory, except the goods in transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with the third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- iii. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Thus, paragraph 4(iii) of the order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services. In our opinion and according to the information and explanations given to us, we have not observed any major weakness in the internal control system during the course of the audit.
- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rupees five lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for purchase of certain item of inventories and fixed assets which are for the Company's specialized requirements and similarly for sale of certain goods and rendering of certain services for the specialized requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of welding consumables and equipments, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues have generally been deposited on a regular basis during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues were in arrears as at December 31, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues set out in Appendix 1 in respect of sales tax, excise duty, service tax and income tax have not been deposited with the appropriate authorities on account of disputes.

- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi. The Company did not have any outstanding dues to any financial institutions, banks or debenture holders during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company did not have any term loans outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. According to the information and explanations given to us by management including independent verification reports, wherever applicable, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W

S Sethuraman
Partner

Place : Chennai
Date : February 19, 2014

Membership No. 203491

Appendix 1 as regards to Paragraph ix (b) of Annexure to the Auditors' Report

Name of the Statute	Nature of Dues	Amount (INR in Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Sales Tax	Non Submission of Sales tax Declaration Forms	1036	1991-2000	Revision Board, Tribunal
		289	2007-2009	Joint Commissioner
		44	2010-2011	Revision Board, Tribunal
		40	2002-2005	Deputy Commissioner
		11	2008-2009	Commissioner (Appeals)
		22	Various periods	Various Forums
VAT	Disputed VAT Credit	250	2007-2009	Joint Commissioner
		164	2009-2010	Commissioner of Commercial Taxes
Central Excise Act, 1944	Determination of Price on which Duty is payable	1010	1997-2000	High Court of Kolkata
		545	1996-2000	CESTAT
		63	2007-2011	Commissioner of Central Excise
		33	2006-2010	Commissioner of Central Excise (Appeals)
		48	Various periods	Various Forums
Finance Act, 1994	Differential service tax payable	41	2004-2007	CESTAT
		14	2010-2011	Deputy Commissioner
Income Tax Act, 1961	Disallowed Expenditure pertaining to various years	905	2003-2008	Commissioner of Income Tax (Appeals)
		197	1989-2001	Income Tax Appellate Tribunal
		12	1988-1989	High Court of Madras

Out of the total disputed dues, an amount of Rs.143.9 lakhs has been paid under protest for income tax related matters, Rs.42.3 lakhs for excise and service tax related matters and Rs.25.7 lakhs for sales tax matters.

Balance Sheet



ESAB INDIA LIMITED

as at December 31, 2013

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	Note	As at December 31, 2013	As at December 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,539	1,539
Reserves and surplus	4	25,188	22,056
		26,727	23,595
Non-current liabilities			
Deferred tax liabilities (net)	5	320	330
Other long term liabilities	6	117	114
Long term provisions	7	418	428
		855	872
Current liabilities			
Trade payables	8	5,258	4,380
Other current liabilities	9	1,208	1,775
Short term provisions	7	980	2,486
		7,446	8,641
TOTAL		35,028	33,108
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	10	9,308	9,594
Intangible fixed assets	11	286	278
Capital work-in-progress	10	305	25
Intangible fixed assets under development	11	–	36
Long term loans and advances	12	1,431	1,259
Other non-current assets	13	200	–
		11,530	11,192
Current assets			
Current investments	14	10,476	7,777
Inventories	15	6,139	6,742
Trade receivables	16	2,738	2,290
Cash and bank balances	17	3,262	4,073
Short term loans and advances	18	816	845
Other current assets	19	67	189
		23,498	21,916
TOTAL		35,028	33,108
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **ESAB INDIA LIMITED**

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W

Rohit Gambhir
Executive Director & Chief Executive

S Sethuraman
Partner
Membership No. 203491

K Vaidyanathan
Director

B Mohan
Vice President - Finance

S Venkatakrishnan
Company Secretary

Place : Chennai
Date : February 19, 2014

Statement of Profit and Loss

for the year ended December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	Note	For the year ended December 31, 2013	For the year ended December 31, 2012
Revenue from operations			
Sale of products (gross)	20	46,926	54,166
Less: Excise duty		4,338	4,974
Sale of products (net)		42,588	49,192
Sale of services		387	360
Other operating revenues		580	800
Total		43,555	50,352
Other income	21	709	514
Total revenue		44,264	50,866
Expenses			
Cost of materials consumed	22	23,071	28,419
Purchases of stock-in-trade	23	4,060	4,403
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	524	(616)
Employee benefits	25	4,253	4,175
Depreciation and amortisation	26	1,123	1,182
Other expenses	27	6,485	7,887
Total expenses		39,516	45,450
Profit before tax		4,748	5,416
Income tax expense			
- Current tax		1,446	1,775
- Deferred tax (benefit) / charge		(10)	(136)
		1,436	1,639
Profit for the year		3,312	3,777
Earnings per equity share (EPS)			
	28		
Basic (in Rs.)		21.52	24.54
Diluted (in Rs.)		21.52	24.54
Par value of equity share (in Rs.)		10.00	10.00
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **ESAB INDIA LIMITED**

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W

Rohit Gambhir
Executive Director & Chief Executive

S Sethuraman
Partner
Membership No. 203491

K Vaidyanathan
Director

B Mohan
Vice President - Finance

S Venkatakrishnan
Company Secretary

Place : Chennai
Date : February 19, 2014

Cash Flow Statement



ESAB INDIA LIMITED

for the year ended December 31, 2013

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	Year ended December 31, 2013	Year ended December 31, 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	4,748	5,416
Adjustments:		
Depreciation and amortisation	1,123	1,182
Impairment loss	45	29
Interest income	(132)	(169)
Dividend income	(577)	(345)
Provision for doubtful debts	121	-
Fixed assets written off / Provision for CWIP	18	5
Unrealised gain on foreign exchange differences	26	(6)
Provision / liabilities no longer required written back	(23)	(194)
(Profit) / Loss on sale of fixed assets	3	2
Bad debts written off	45	-
Operating cash flow before working capital changes	5,397	5,920
(Increase) / decrease in trade receivables	(611)	(187)
(Increase) / decrease in loans and advances and other assets	1,752	2,421
(Increase) / decrease in inventories	603	(342)
(Increase) / decrease in current liabilities and provisions	(1,794)	(1,360)
Cash generated from operations	5,347	6,452
Less: Income tax paid	(1,842)	(1,840)
Net cash provided / (used) by operating activities (a)	3,505	4,612
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase or construction of fixed assets (tangible and intangible fixed assets, capital work in progress, intangible assets under development) and capital advances	(906)	(507)
Proceeds from sales of fixed assets	23	17
Purchase of current investments	(15,600)	(13,445)
Proceeds from sale of investments	12,901	9,070
Bank deposits (having original maturity of more than three months)	59	(188)
Interest received	254	80
Dividend income received	577	345
Net cash used in investing activities (b)	(2,692)	(4,628)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid on equity shares	(1,178)	(4)
Tax paid on dividends	(187)	-
Net cash provided / (used) by financing activities (c)	(1,365)	(4)
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	(552)	(20)
Cash and cash equivalents at the beginning of the year	2,290	2,310
Cash and cash equivalents at the end of the year	1,738	2,290
Notes to cash flow statement		
1. Components of cash and cash equivalents:		
Cash on hand	6	7
Cheques on hand	630	1,038
Balance with banks		
- on current accounts	1,102	1,245
Total	1,738	2,290

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **ESAB INDIA LIMITED**

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W

Rohit Gambhir
Executive Director & Chief Executive

S Sethuraman
Partner
Membership No. 203491

K Vaidyanathan
Director

Place : Chennai
Date : February 19, 2014

B Mohan
Vice President - Finance

S Venkatakrisnan
Company Secretary

to Financial Statements for the year ended December 31, 2013

(All amounts are in Indian Rupees lakhs, except share data and as stated)

1. Company Overview

ESAB India Limited (“the Company”) was incorporated on November 10, 1987 and commenced its business operations in July 1988. The Company is engaged in the business of welding consumables i.e. welding electrodes, copper coated wires, flux cored wires and welding fluxes and of welding equipment i.e. welding machines and cutting equipments.

As a result of acquisition of Charter International plc. (“Charter”) in January 2012 by Colfax Corporation, ESAB Holdings Limited, UK and Exelvia Group India B.V. which were 100% subsidiaries of Charter became indirect subsidiaries of Colfax Corporation. Consequently, the Company became a subsidiary of Colfax in 2012. Pursuant to an offer made in 2012, Colfax’s ownership has increased from 56% to 74% in the Company.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a) Basis of Preparation of Financial Statements

The financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India and guidelines issued by Securities and Exchange Board of India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lakhs.

b) Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Fixed assets and depreciation / amortisation

Tangible fixed assets

Tangible fixed Assets are carried at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Depreciation for the year is provided on the straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except for the following:

- The cost of leasehold land and improvements thereto has been amortized over the lease period.
- Computers and cars are depreciated over their useful lives of 4 and 6 years respectively.
- Freehold land is not depreciated.

Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs. 5,000 are depreciated at 100% in the year of purchase.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of revision, the unamortised depreciable amount is charged over the revised remaining useful lives.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Intangible fixed assets

Intangible assets that are acquired by the company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Intangible assets are amortised on a straight line basis.

Technical Know-how fees and computer software are amortized over a period of 6 years and 4 years respectively.

Advances paid towards acquisition of fixed assets and the cost of assets not ready to be put to use before the year end are disclosed under capital advances.

d) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset, which is the greater of its value in use and its net selling price. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is

reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

e) Operating Lease

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

f) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non current investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under current assets as "current portion of long term investments" in consonance with the current / non-current classification scheme of revised schedule VI.

Long term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value.

g) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock in trade, stores and spares are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, first in first out method and specific identification methods are used wherever relevant and applicable.

In the case of manufactured inventories and work in progress, costs are generally calculated at standards adjusted to actual and include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The amount of CENVAT credits in respect of materials consumed for sales is deducted from the cost of materials consumed.

h) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly and yearly contributions towards employee provident fund to Government administered provident fund scheme and which is a defined contribution plan. The Company also makes specified yearly contributions towards pension benefits to a fund managed by the Life Insurance Corporation of India ('LIC'). The Company has no obligation, other than the contribution payable to the respective funds. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

For the Company's gratuity benefit scheme and pension benefit scheme which are defined benefit plans, the Company's net obligation in respect of such defined benefit plans are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method. The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss.

Compensated absence

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method.

Termination benefits

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

i) Revenue recognition

Revenue from the sale of goods is recognized on dispatch of goods to customers which generally coincides with the transfer of all significant risks and rewards of ownership to the buyer. Revenue from service is recognized on rendering of services to customers. Sales amounts include excise duty but exclude sales tax and trade discounts.

Dividend income is recognized in the year when the right to receive payment is established. Interest income is recognized on time proportion basis.

j) Foreign exchange transaction

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the relevant transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of Profit and Loss of the year. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences are recognised in the Statement of Profit and Loss.

k) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised, if as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligations at the balance sheet date. The provisions are measured on an undiscounted basis.

Warranties

Warranty cost are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of sale of goods.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations, fines, penalties, etc are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

Onerous contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognises any impairment loss on the assets associated with that contract.

l) Income taxes

Income tax expenses comprises current tax (i.e., amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income for the period). Income tax expense is recognised in profit and loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised of timing differences between taxable income and accounting income i.e., differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

m) Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that decrease profit per share are included.

n) Cash flow statements

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	As at December 31, 2013	As at December 31, 2012
3. Share Capital		
Authorised:		
19,000,000 (December 31, 2012 : 19,000,000) equity shares of Rs 10/- each	1,900	1,900
3,000,000 (December 31, 2012 : 3,000,000) unclassified shares of Rs.10/- each	300	300
	<u>2,200</u>	<u>2,200</u>
Issued, subscribed and paid up:		
15,393,020 (December 31, 2012: 15,393,020) equity shares of Rs.10 each fully paid up	1,539	1,539
	<u>1,539</u>	<u>1,539</u>

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at December 31, 2013		As at December 31, 2012	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the year	15,393,020	1,539	15,393,020	1,539
Add: Shares issued	—	—	—	—
At the end of the year	<u>15,393,020</u>	<u>1,539</u>	<u>15,393,020</u>	<u>1,539</u>

b) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c) Shares held by subsidiaries of ultimate holding company / holding and / or their subsidiaries / associates

	As at December 31, 2013		As at December 31, 2012	
	Number	Amount	Number	Amount
Equity shares of Rs. 10/- each fully paid up held by				
Subsidiary companies of Colfax Corporation, the ultimate holding company:				
ESAB Holdings Limited	5,743,200	574	5,743,200	574
Exelvia Group India B.V.	5,604,760	560	5,604,760	560
	<u>11,347,960</u>	<u>1,134</u>	<u>11,347,960</u>	<u>1,134</u>

d) Particulars of shareholders holding more than 5% shares of a class of shares

	As at December 31, 2013		As at December 31, 2012	
	Number	% of shares in the class	Number	% of shares in the class
Equity shares of Rs. 10/- each fully paid up held by				
ESAB Holdings Limited	5,743,200	37.31%	5,743,200	37.31%
Exelvia Group India B.V.	5,604,760	36.41%	5,604,760	36.41%
Acacia Partners, LP	821,140	5.33%	821,140	5.33%

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	As at December 31, 2013	As at December 31, 2012
4. Reserves and surplus		
Amalgamation reserve		
At the commencement and at the end of the year	100	100
Securities premium account		
At the commencement and at the end of the year	932	932
Special capital incentive subsidy		
At the commencement and at the end of the year	20	20
General reserve		
At the commencement of the year	4,139	3,761
Add : Amount transferred from Surplus	331	378
	<u>4,470</u>	<u>4,139</u>
Surplus (Profit and loss balance)		
At the commencement of the year	16,865	14,807
Add: Profit for the year	3,312	3,777
<i>Less: Appropriations</i>		
Equity dividend		
- Final [Re.1 per share (Previous year: Rs. 7.5 per share)]	154	1,154
Tax on equity dividend	26	187
Transfer to general reserve	331	378
	<u>511</u>	<u>1,719</u>
	<u>19,666</u>	<u>16,865</u>
Total reserves and surplus	<u>25,188</u>	<u>22,056</u>
5. Deferred tax liabilities (net)		
Deferred tax liabilities		
Excess of depreciation / amortisation on fixed assets under income tax law over depreciation / amortisation provided in books	930	885
	<u>930</u>	<u>885</u>
Deferred tax assets		
Provision for employee benefits	95	99
Provision for doubtful trade receivables	99	55
Provision for inventories	257	226
Provision for doubtful advances	11	11
Provision for sales tax	148	164
	<u>610</u>	<u>555</u>
Deferred tax liabilities (net)	<u>320</u>	<u>330</u>
6. Other long-term liabilities		
Security deposits from customers	117	114
	<u>117</u>	<u>114</u>

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	Long term		Short term	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
7. Provisions				
Provision for employee benefits				
Gratuity (refer note 29)	233	213	–	–
Pension	–	–	50	60
Compensated absences	185	215	54	52
	<u>418</u>	<u>428</u>	<u>104</u>	<u>112</u>
Other provisions (refer note below)				
Provision for sales tax	–	–	435	509
Provision for current tax (net of advance tax)	–	–	–	260
Provision for others	–	–	155	155
Provision for dividend	–	–	154	1,154
Provision for dividend distribution tax	–	–	26	187
Provision for warranties	–	–	106	109
	<u>–</u>	<u>–</u>	<u>876</u>	<u>2,374</u>
	<u>418</u>	<u>428</u>	<u>980</u>	<u>2,486</u>

	Warranties	Sales tax	Others
Additional disclosures relating to certain provisions (as per AS 29)			
Balances as at January 1, 2012	139	392	139
Add: Provision made during the year	81	117	16
Less: Provision utilised during the year	(111)	–	–
Balances as at December 31, 2012	<u>109</u>	<u>509</u>	<u>155</u>
Balances as at January 1, 2013	109	509	155
Add: Provision made during the year	121	51	–
Less: Provision utilised during the year	(124)	(125)	–
Balances as at December 31, 2013	<u>106</u>	<u>435</u>	<u>155</u>

	As at December 31, 2013	As at December 31, 2012
8. Trade payables		
Trade payables (refer note 34)	5,258	4,380
	<u>5,258</u>	<u>4,380</u>
9. Other current liabilities		
Accrued salaries and benefits	220	321
Advances from customers	57	125
Unclaimed dividend *	84	108
Statutory liabilities	847	1,221
Total	<u>1,208</u>	<u>1,775</u>

* There is no amount due and outstanding to be credited to the Investor Education and Protection Fund.

10. Tangible fixed assets

Description of assets	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Total
Gross block							
Balances as at January 1, 2012	329	141	3,319	13,460	446	142	17,837
Additions	–	–	90	459	9	14	572
Less: Disposals / adjustments	–	(53)	–	(113)	–	(32)	(198)
Balance as at December 31, 2012	329	88	3,409	13,806	455	124	18,211
Balances as at January 1, 2013	329	88	3,409	13,806	455	124	18,211
Additions	–	–	22	752	6	7	787
Less: Disposals / adjustments	–	–	(28)	(350)	–	(7)	(385)
Balance as at December 31, 2013	329	88	3,403	14,208	461	124	18,613
Depreciation / amortisation and impairment losses							
Balances as at January 1, 2012	–	60	821	6,658	146	46	7,731
Depreciation / amortisation for the year	–	1	100	892	25	19	1,037
Impairment loss during the year	–	–	9	18	1	–	28
Less: Accumulated depreciation on disposals / adjustments	–	(53)	–	(105)	–	(21)	(179)
Balance as at December 31, 2012	–	8	930	7,463	172	44	8,617
Balances as at January 1, 2013	–	8	930	7,463	171	44	8,616
Depreciation / amortisation for the year	–	1	102	841	24	19	987
Impairment loss during the year	–	–	14	29	1	–	44
Less: Accumulated depreciation on disposals / adjustments	–	–	(28)	(307)	–	(7)	(342)
Balance as at December 31, 2013	–	9	1,018	8,026	196	56	9,305
Net block							
As at December 31, 2012	329	80	2,479	6,343	283	80	9,594
As at December 31, 2013	329	79	2,385	6,182	265	68	9,308
Capital work-in-progress							
Balances as at December 31, 2013	–	–	–	305	–	–	305
Balances as at December 31, 2012	–	–	–	25	–	–	25

11. Intangible fixed assets

Description of assets	Computer software	Technical know how	Total
Gross block			
Balances as at January 1, 2012	269	488	757
Additions	92	–	92
Disposals	–	–	–
Balances as at December 31, 2012	361	488	849
Balances as at January 1, 2013	361	488	849
Additions	145	–	145
Disposals	–	–	–
Balances as at December 31, 2013	506	488	994
Amortisation and Impairment losses			
Balances as at January 1, 2012	112	313	425
Amortisation for the year	75	70	145
Impairment loss during the year	–	1	1
Accumulated depreciation on disposals	–	–	–
Balance as at December 31, 2012	187	384	571
Balances as at January 1, 2013	187	384	571
Amortisation for the year	100	36	136
Impairment loss during the year	–	1	1
Accumulated depreciation on disposals / adjustments	–	–	–
Balance as at December 31, 2013	287	421	708
Net block			
As at December 31, 2012	174	104	278
As at December 31, 2013	219	67	286
Intangible assets under development			
Balances as at December 31, 2013	–	–	–
Balances as at December 31, 2012	36	–	36

	As at December 31, 2013	As at December 31, 2012
12. Long term loans and advances		
<i>Unsecured and considered good</i>		
Capital advances	55	3
Advance recoverable in cash or in kind or for value to be received	163	159
Pension (refer note 29)	242	236
Security deposits	270	289
Balance with government authorities	260	273
Advance tax and tax deducted at source (net of provision)	441	299
	1,431	1,259
<i>Unsecured and considered doubtful</i>		
Advances to employees	33	33
Less: Provision for doubtful advances	(33)	(33)
	–	–
	1,431	1,259
13. Other non current assets		
Bank deposits (due to mature after 12 months from the reporting date) (Refer note 17)	200	–
	200	–

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	As at December 31, 2013	As at December 31, 2012
14. Current investments		
Investment in mutual funds - unquoted, fully paid up		
86,610 (December 31, 2012 - 81,098) units in UTI Money Market Fund Institutional Plan - Daily dividend reinvestment plan	869	814
41,719 (December 31, 2012 - 40,373) units in Tata Liquid Fund - Daily dividend reinvestment plan	465	405
Nil (December 31, 2012 - 6,095,564) units in Kotak Floater Short term - Daily dividend plan	-	617
19,817 (December 31, 2012 - Nil) units in Kotak Floater Short term - Daily dividend reinvestment plan	200	-
40,87,545 (December 31, 2012 - 1,998,114) units in Kotak Floater Long term - Daily dividend reinvestment plan	413	201
45,66,861 (December 31, 2012 - 4,282,008) units in SBI Short term Debt Fund - Regular plan - Weekly dividend reinvestment plan	476	454
20,031 (December 31, 2012 - 30,257) units in Templeton India Treasury Management Accounts - Super Institutional Fund - Daily dividend reinvestment plan	200	303
19,95,281 (December 31, 2012 - 4,057,523) units in Templeton India Ultra Short Bond Fund Institutional Plan - Daily dividend reinvestment plan	200	406
840,524 (December 31, 2012 - 190,434) units in ICICI Prudential Flexible Income Premium - Dividend daily reinvestment plan	841	201
43,179 (December 31, 2012 - 40,418) units in DSP Blackrock Liquid Fund Institutional Plan - Daily dividend reinvestment plan	432	404
52,34,243 (December 31, 2012 - Nil) units in IDFC Ultra short term fund - Daily dividend reinvestment plan	527	-
42,21,646 (December 31, 2012 - Nil) units in IDFC Money Manager fund - Daily dividend reinvestment plan	423	-
58,644 (December 31, 2012 - Nil) units in Canara Rebeco Treasury Advantage fund - Daily dividend reinvestment plan	728	-
83,90,316 (December 31, 2012 - Nil) units in HDFC floating rate Income fund - Short term plan - wholesale option Daily dividend reinvestment plan	846	-
20,087 (December 31, 2012 - Nil) units in State Bank of India - SHF Ultra STD Fund - Daily dividend reinvestment plan	201	-
20,045 (December 31, 2012 - Nil) units in Axis liquid fund Daily dividend reinvestment plan	200	-
49,434 (December 31, 2012 - Nil) units in L&T Liquid fund Daily dividend reinvestment plan	500	-
45,546 (December 31, 2012 - Nil) units in LIC Nomura MF Liquid Fund Account - Daily dividend reinvestment plan	500	-
14,962 (December 31, 2012 - Nil) units in IDBI fund - Regular Daily dividend plan	150	-
49,62,613 (December 31, 2012 - Nil) units in Templeton India Low Duration fund - Monthly dividend reinvestment plan	517	-
78,733 (December 31, 2012 - Nil) units in Reliance Money manager fund - Daily dividend plan	788	-

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	As at December 31, 2013	As at December 31, 2012
14. Current investments (contd.)		
Investment in mutual funds - unquoted, fully paid up - (contd.)		
423,311 (December 31, 2012 - Nil) units in Hdfc High Interest Fund - Short Term Plan - Growth plan	100	-
13,22,431 (December 31, 2012 - Nil) units in Kotak Bond (Short Term) - Growth	300	-
19,18,643 (December 31, 2012 - Nil) units in Axis Short Term Fund - Growth	250	-
18,02,737 (December 31, 2012 - Nil) units in SBI Short Term Debt Fund - Regular Plan - Growth option	250	-
Nil (December 31, 2012 - 39,059) units in Tata Floater Fund - Daily dividend reinvestment	-	435
408,142 (December 31, 2012 - Nil) units in ICICI Prudential Short Term - Regular Plan - Growth Option	100	-
Nil (December 31, 2012 - 7,984,344) units in Sundaram Money Fund Super Institutional plan - Daily dividend reinvestment plan	-	806
Nil (December 31, 2012 - 624,019) units in ICICI Money Market Cash Option - Dividend daily reinvestment	-	624
Nil (December 31, 2012 - 50,023) units in IDFC Cash Fund - Plan C - Daily dividend reinvestment	-	500
Nil (December 31, 2012 - 4,712,342) units in HDFC Cash Management Fund Savings Plan	-	501
Nil (December 31, 2012 - 30,188) units in SBI Premier Liquid Fund - Regular - Daily dividend reinvestment plan	-	303
Nil (December 31, 2012 - 52,555) units in Reliance Liquid Fund - Treasury Plan - Daily dividend reinvestment plan	-	803
	<u>10,476</u>	<u>7,777</u>
Unquoted current investments		
Aggregate book value	<u>10,476</u>	<u>7,777</u>
15. Inventories *		
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw materials	2,098	2,183
Work-in-Progress	593	475
Finished goods	3,211	3,853
Stores & Spares	237	231
Total	<u>6,139</u>	<u>6,742</u>
* [including goods in transit Rs.390 (December 31, 2012 Rs.537)]		

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	As at December 31, 2013	As at December 31, 2012
16. Trade receivables		
<i>Receivables outstanding for a period exceeding six months from the date they became due for payment</i>		
(a) Secured, considered good	1	1
(b) Unsecured, considered good	–	9
(c) Doubtful	234	151
Less: Provision for doubtful receivables	<u>(234)</u>	<u>(151)</u>
	1	10
<i>Other receivables</i>		
(a) Secured, considered good	30	28
(b) Unsecured, considered good	2,707	2,252
(c) Unsecured, considered doubtful	57	19
Less: Provision for doubtful receivables	<u>(57)</u>	<u>(19)</u>
	2,737	2,280
Total	<u><u>2,738</u></u>	<u><u>2,290</u></u>
17. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	6	7
Cheques on hand	630	1,038
Balance with banks		
- on current accounts	1,102	1,245
Earmarked Balances - Dividend	84	108
Other bank balances	1,440	1,675
Total	<u><u>3,262</u></u>	<u><u>4,073</u></u>
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	1,102	1,245
Bank deposits to the extent held as margin money or security against guarantees included under other bank balances	940	850
Bank deposits to the extent held as margin money or security against guarantees included under other non-current assets	200	–
Bank deposits due to mature within 12 months of the reporting date included under other bank balances	<u>500</u>	<u>825</u>
18. Short term loans and advances		
(unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received	437	522
Balance with statutory / government authorities	353	300
Advance to employees	26	23
Total	<u><u>816</u></u>	<u><u>845</u></u>
19. Other current assets		
Interest accrued on fixed deposits	<u>67</u>	<u>189</u>
Total	<u><u>67</u></u>	<u><u>189</u></u>

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	For the year ended December 31, 2013	For the year ended December 31, 2012
20. Revenue from operations		
Sale of products		
Finished goods	41,654	48,366
Traded goods	5,272	5,800
Sale of products (Gross)	<u>46,926</u>	<u>54,166</u>
Less : Excise duty	<u>4,338</u>	<u>4,974</u>
Sale of products (Net)	42,588	49,192
Sale of Services	387	360
Other operating revenue		
Scrap Sales	446	492
Export benefits	26	11
Miscellaneous income	85	103
Provision / liabilities no longer required written back	23	194
	<u>580</u>	<u>800</u>
Revenue from operations	43,555	50,352
Break-up of revenue from sale of products (Gross)		
Manufactured goods		
Consumables	32,204	37,258
Equipments & Cutting	9,391	11,108
Traded goods		
Consumables	2,428	2,819
Equipments & Cutting	2,903	2,981
Total	<u>46,926</u>	<u>54,166</u>
21. Other income		
Interest income	132	169
Dividend income from current investments	577	345
Total	<u>709</u>	<u>514</u>
22. Cost of materials consumed		
Inventory of raw materials at the beginning of the year	2,183	2,450
Add: Purchases during the year	22,986	28,152
Less : Inventory of raw materials at the end of the year	2,098	2,183
Total	<u>23,071</u>	<u>28,419</u>
Break-up of cost of materials consumed		
Raw materials		
Mild Steel / M S Wire Rods	9,796	11,350
Non Ferrous Metals	1,832	2,154
Minerals	2,974	2,972
Chemicals	2,426	2,543
Piece Parts	4,468	7,091
Others	1,575	2,309
Total	<u>23,071</u>	<u>28,419</u>

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	For the year ended December 31, 2013	For the year ended December 31, 2012
Break-up of inventory - Raw material (including packing material and components)		
Mild Steel / M S Wire Rods	400	236
Non Ferrous Metals	82	135
Minerals	387	159
Chemicals	138	366
Piece Parts	991	783
Others	100	504
Total	2,098	2,183
23. Break up of purchases of stock in trade		
Purchases of finished goods	4,060	4,403
Total	4,060	4,403
24. Changes in inventory of finished goods and work-in-progress		
Opening stock		
- Manufactured goods	2,925	2,254
- Traded goods	928	804
- Work-in-progress	475	654
	4,328	3,712
Closing stock		
- Manufactured goods	1,879	2,925
- Traded goods	1,332	928
- Work-in-progress	593	475
	3,804	4,328
Total	524	(616)
25. Employee benefits		
Salaries, wages and bonus	3,629	3,537
Contributions to provident and other funds	186	192
Staff welfare expenses	438	446
Total	4,253	4,175
26. Depreciation and amortisation		
Depreciation of tangible fixed assets	987	1,037
Amortisation of intangible fixed assets	136	145
Total	1,123	1,182

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	For the year ended December 31, 2013	For the year ended December 31, 2012
27. Other expenses		
Consumption of stores and spares	516	597
Power and fuel	1,220	1,330
Excise duty related to increase / decrease in inventory of finished goods	(285)	380
Rent	211	210
Repairs and maintenance		
- Building	41	41
- Plant and machinery	335	406
- Others	89	92
Insurance	59	55
Travelling expenses	718	660
Communication expenses	142	146
Rates and taxes	155	261
Transport and freight	45	400
Sales promotion and selling expenses	176	176
Trademark fees	793	920
Legal and professional charges	93	117
Payment to auditors (Refer note below)	35	35
Printing and stationery	44	56
Sales incentives	346	370
Provision for doubtful receivables	121	-
Bad debts written off	45	-
Bank charges	58	73
Loss on sale of fixed assets (net)	3	2
Net loss on account of foreign exchange fluctuation	16	28
External service charges	760	876
Warranty	121	81
Royalty	113	103
Impairment loss on fixed assets	45	29
Fixed assets written off / Provision for capital work in progress	18	5
Miscellaneous expenses	452	438
Total	6,485	7,887
Note: Payment to auditors		
As auditor		
Statutory audit	16	16
Tax accounts and audit	3	3
In other capacity		
Limited review of quarterly results	6	6
Certifications	1	1
Others	7	7
Reimbursement of expenses	2	2
Total	35	35

Particulars	For the year ended December 31, 2013	For the year ended December 31, 2012
28. Earnings per share (EPS)		
Profit after taxation	3,312	3,777
Weighted average number of equity shares outstanding during the period for calculation of basic / diluted EPS (No's)	15,393,020	15,393,020
Earnings per share		
Basic earnings per share	21.52	24.54
Diluted earnings per share	21.52	24.54
Nominal value of equity shares	10	10
29. Employee benefits		
The following table sets out the disclosure requirements as required under the AS 15 (Revised 2005)		
A. Gratuity plan		
The following table sets out the status of the gratuity plan and the reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Change in present value of obligations		
Obligations at beginning of the year	552	583
Service cost	38	36
Interest cost	41	43
Actuarial (gain) / loss	(28)	7
Benefits paid	(57)	(117)
Obligations at the end of the year	<u>546</u>	<u>552</u>
Change in plan assets		
Fair value of plan assets at beginning of the year	339	427
Expected return on plan assets	24	29
Actuarial gain / (loss)	7	(0)
Contributions	(0)	-
Benefits paid	(57)	(117)
Fair value of plan assets at end of the year	<u>313</u>	<u>339</u>
Actual return on plan assets	25	22
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligation at the end of the year	546	552
Fair value of plan assets at the end of the year	313	339
Funded status amount of liability recognized in the balance sheet	<u>233</u>	<u>213</u>
Gratuity cost for the year (included in Contribution to provident and other funds in)		
Service cost	38	36
Interest cost	41	43
Expected return on plan assets	(24)	(29)
Actuarial (gain) / loss	(28)	7
Net gratuity cost	<u>27</u>	<u>57</u>

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

		For the year ended December 31, 2013	For the year ended December 31, 2012		
Assumptions					
Interest rate		9.15%	8.20%		
Estimated rate of return on plan assets		7.50%	7.50%		
Rate of growth in salary levels		5.00%	5.00%		
Investment details of plan assets					
Government of India securities		30%	27%		
Corporate bonds		9%	16%		
Insurer managed funds		47%	47%		
Others		14%	10%		
Gratuity - Experience adjustments					
Particulars	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Experience adjustments:					
- On plan liabilities	9	(1)	(15)	52	7
- On plan assets	8	1	8	(12)	(2)
Present value of obligation	546	552	582	612	488
Fair value of plan assets	313	339	427	420	351
Excess of plan assets over obligation	(233)	(213)	(155)	(193)	(137)
				For the year ended December 31, 2013	For the year ended December 31, 2012
B. Pension plan					
The following table sets out the status of the pension plan and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:					
Change in present value of obligations					
Obligations at beginning of the year		354	424		
Service cost		19	19		
Interest cost		29	32		
Actuarial (gain) / loss		(12)	(45)		
Benefits paid		(46)	(76)		
Obligations at the end of the year		<u>344</u>	<u>354</u>		
Change in plan assets					
Fair value of plan assets at beginning of the year		590	655		
Expected return on plan assets		41	42		
Actuarial gain / (loss)		2	30		
Benefits paid		(47)	(76)		
Refund from Trust / Payment for defined contribution scheme		-	(61)		
Fair value of plan assets at end of the year		<u>586</u>	<u>590</u>		
Actual return on plan assets		31	57		
Reconciliation of present value of the obligation and the fair value of plan assets					
Present value of the defined benefit obligation at the end of the year		344	354		
Fair value of plan assets at the end of the year		586	590		
Funded status amount of liability recognized in the balance sheet		<u>(242)</u>	<u>(236)</u>		

Notes to Financial Statements

December 31, 2013



ESAB INDIA LIMITED

(All amounts are in Indian Rupees lakhs, except share data and as stated)

	For the year ended December 31, 2013	For the year ended December 31, 2012
Pension cost for the year		
Service cost	19	19
Interest cost	29	32
Expected return on plan assets	(41)	(42)
Actuarial (gain) / loss	(14)	(74)
Net pension cost	<u>(7)</u>	<u>(65)</u>
Assumptions		
Interest rate	9.15%	8.20%
Estimated rate of return on plan assets	7.50%	7.00%
Rate of growth in salary levels	5.00%	5.00%
Investment details of plan assets		
Government of India securities	22%	22%
Corporate bonds	0%	0%
Insurer managed funds	73%	75%
Others	5%	3%

Pension - Experience adjustments

Particulars	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Experience adjustments:					
- On plan liabilities	(11)	(83)	(14)	37	8
- On plan assets	1	26	72	(17)	24
Present value of obligation	344	354	424	488	508
Fair value of plan assets	586	590	655	677	918
Excess of plan assets over obligation	242	236	231	189	410

	For the year ended December 31, 2013	For the year ended December 31, 2012
30. Operating leases		
<p>The Company has taken various residential and office premises under operating lease or leave & license agreements. These leases have a term of between 11 months and 3 years, and have no specific obligation for renewal. Lease payments are recognised in the statement of profit and loss in the year incurred.</p> <p>Non-cancellable operating lease rentals payables (minimum lease payments) under these leases are as follows:</p>		
Payable within one year	114	100
Payable between one and five years	165	254
Payable after five years	-	18
Total	<u>279</u>	<u>372</u>

During the year an amount of Rs.211 was recognised as an expense in the statement of profit and loss in respect of operating leases (December 31, 2012 : Rs.210)

31. Segment Information

The primary and secondary reportable segments are business segments and geographical segments respectively. These have been identified by the type of their respective products and services, their differing risks and returns, the Company's organisation structure and internal financial reporting systems.

Business Segments

Consumables : Welding electrodes, Copper coated wires, Flux cored wires and Welding fluxes including related services.

Equipment : Welding machines and Cutting equipment

Particulars	Consumables		Equipment		Total	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Revenue						
External sales and services (net)	31,478	36,456	11,497	13,096	42,975	49,552
Segment results	4,348	4,595	1,325	1,615	5,673	6,210
Less: Interest costs (net)					–	–
Other common expenses (net)					925	794
Total profit before tax					4,748	5,416
Capital employed						
Segment assets	15,399	16,462	5,745	5,379	21,144	21,841
Add: Common assets					13,884	11,267
Total assets					35,028	33,108
Segment liabilities	4,089	4,232	1,806	1,765	5,895	5,997
Add: Common liabilities					2,406	3,517
Total liabilities					8,301	9,514
Segment capital employed	11,310	12,231	3,939	3,614	15,249	15,845
Add: Common capital employed					11,478	7,750
Total capital employed					26,727	23,595
Capital expenditure	938	508	114	125	1,052	633
Add: Common capital expenditure					124	100
Total capital expenditure					1,176	733
Depreciation / amortisation	779	828	170	187	949	1,015
Add: Common depreciation					174	167
Total depreciation					1,123	1,182
Non cash expenses	198	50	41	2	239	52
Add: Common non cash expenditure					19	–
Total non cash expenditure					258	52

Geographical segments

The Company caters mainly to the needs of Indian market and the export turnover being 3.67% (December 31, 2012 - 2.52%) of the total turnover of the Company, there are no reportable geographical segments.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relate to the enterprise as a whole, and not allocable to segments on a reasonable basis, have been included under the heading "other common expenses".

32. Related Party Disclosure

a) Parties where control exist

- i) ESAB Holdings Limited - Principal Shareholder - Holds 37.31% of the paid up equity share capital of the Company as at December 31, 2013. Colfax UK Holding Limited, Company incorporated under the laws of England and Wales, is an indirect wholly owned subsidiary of Colfax Corporation. Further, Colfax UK Holdings Limited indirectly holds 100% equity shares of ESAB Holdings Ltd.
- ii) Exelvia Group India B.V. - Holds 36.41% of the paid up equity share capital of the Company as at December 31, 2013. Colfax UK Holding Limited, Company incorporated under the laws of England and Wales, is an indirect wholly owned subsidiary of Colfax Corporation. Further, Colfax UK Holdings Limited indirectly holds 100% equity shares of Exelvia Group India B.V.

Notes to Financial Statements

December 31, 2013



(All amounts are in Indian Rupees lakhs, except share data and as stated)

b) Colfax Corporation - Related parties in the Colfax Corporation, Group where significant influence exists :

ESAB Welding Products (Jiangsu) Co. Limited, China	ESAB Middle East LLC, UAE
ESAB Asia / Pacific Pte Limited, Singapore	ESAB Middle East FZE, UAE
ESAB Cutting Systems GmbH, Germany	ESAB SeAH Corporation, Korea
ESAB GmbH, Germany	ESAB Industria e Comercio Ltda, Brazil
ESAB Europe AG, Switzerland	ESAB Saldatura SpA, Italy
ESAB-ATAS GmbH, Germany	OZAS-ESAB Sp. z.o.o, Poland
ESAB AB, Sweden	ESAB Vamberk sro, Czech Republic
PT Karya Yasantara Cakti, Indonesia	ESAB Africa Welding and Cutting (Proprietary) Limited, South Africa
ESAB-Mor Kft, Hungary	ESAB Welding & Cutting Product ,USA
Alcotec Wire Corporation, USA	Romar Positioning Equipment International Pte Limited, Singapore
ESAB KK, Japan	ESAB Welding & Cutting Products (Shanghai) Co. Limited, China
ESAB Automation Limited, UK	ESAB Group Inc, USA
ESAB (Malaysia) SDN BHD, Malaysia	ESAB Polska Sp.z.o.o, Poland
ESAB Welding Products (Weihai) Co. Limited, China	ESAB Equipment & Machinery Manufacturing (Zhangjiagang) Co. Limited
ESAB Cutting & Welding Automation (Shangai) Co. Limited	ESAB Welding Equipment AB, Sweden

c) Key Management Personnel

Managing Director - Mr Jiri Kula (upto October 31, 2013)

Executive Director & Chief Executive - Mr Rohit Gambhir (from November 1, 2013)

d) Transactions and outstanding balances with parties where control exists

Nature of the related party	Description of the nature of transactions	December 31, 2013	December 31, 2012
ESAB Holding Limited, UK	Trademark license fees	793	920
ESAB Holding Limited, UK	Royalty	82	103
ESAB Holding Limited, UK	Income from service	385	25
ESAB Holding Limited, UK	Dividend paid	431	-
ESAB Holding Limited, UK	Payable	406	486
ESAB Holding Limited, UK	Receivable	11	6
ESAB Holding Limited, UK	Reimbursement of Expenses	8	-
ESAB Holding Limited, UK	Purchase of Intangible fixed assets	-	51
Exelvia Group India B.V., Netherlands	Dividend paid	420	-

e) Transaction and outstanding balances with related parties having significant influence and key management personnel

Nature of transaction	Significant influence		Key management personnel	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Purchase of goods	2,156	2,259	-	-
Purchase of Tangible fixed assets	403	-	-	-
Purchase of Intangible fixed assets	-	51	-	-
Sale of goods	262	156	-	-
Sale of services	385	360	-	-
Reimbursement of expenses	17	8	-	-
Commission income	3	11	-	-
Technical / consultancy services	10	8	-	-
Remuneration	-	-	318	284
Outstanding payables	1,001	491	-	-
Outstanding receivables	140	75	*	*

The Companies listed above have been identified on the basis of information available with the Company.

* Note : Rs.33 recoverable from Ex-Managing Director is fully provided for.

32. Related Party Disclosure (Continued)

f) Transaction with parties which form more than 10% of aggregate value of transactions

Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions	
		Dec. 31, 2013	Dec. 31, 2012
Fellow subsidiary Companies:			
ESAB Group Inc, USA	Income from service	108	114
ESAB AB, Sweden	Income from service	247	221
ESAB Asia/Pacific Pte Limited, Singapore	Sale of goods	-	-
ESAB Africa Welding and Cutting (Proprietary) Limited, South Africa	Sale of goods	157	42
ESAB Middle East LLC, UAE	Sale of goods	77	102
ESAB SeAH Corporation, Korea	Commission Income	3	11
ESAB Saldatura SpA, Italy	Purchase of Tangible assets	-	-
ESAB AB-Sweden	Purchase of Tangible assets	371	-
ESAB SeAH Corporation, Korea	Purchase of goods	314	292
ESAB AB, Sweden	Purchase of goods	-	-
ESAB Group Inc, USA	Purchase of goods	253	273
ESAB Welding & Cutting Products (Shanghai) Co Limited, China	Purchase of goods	-	-
ESAB Europe AG, Switzerland	Purchase of goods	905	655
ESAB Welding Equipment AB, Sweden	Purchase of goods	-	326
ESAB Industria e Comercio Ltda, Brazil	Royalty	-	-
OZAS-ESAB Sp. z.o.o, Poland	Royalty	-	-
ESAB AB, Sweden	Royalty	31	-
ESAB Cutting Systems GmbH, Germany	Royalty	-	-
ESAB AB, Sweden	Technical / consultancy services	10	8
ESAB AB, Sweden	Reimbursement of Expenses	-	-
ESAB Vamberk sro, Czech Republic	Reimbursement of Expenses	7	8
ESAB Cutting Systems GmbH, Germany	Reimbursement of Expenses	-	-
ESAB Asia/Pacific Pte Limited, Singapore	Receivable	-	6
ESAB Middle East LLC, UAE	Receivable	-	1
ESAB AB, Sweden	Receivable	43	17
ESAB Group Inc, USA	Receivable	20	26
ESAB Africa Welding and Cutting (Proprietary) Limited, South Africa	Receivable	51	26
ESAB Europe AG, Switzerland	Payable	209	112
ESAB Vamberk sro, Czech Republic	Payable	-	38
ESAB AB, Sweden	Payable	229	2
ESAB Group Inc, USA	Payable	-	149
ESAB Cutting Systems GmbH, Germany	Payable	-	43
ESAB Welding & Cutting Products (Shanghai) Co. Limited, China	Payable	-	10
ESAB Equipment & Machinery Manufacturing (Zhangjiagang) Co. Limited	Payable	-	19
ESAB SeAH Corporation, Korea	Payable	117	14
PT Karya Yasantara Cakti, Indonesia	Payable	-	21
ESAB Industria e Comercio Ltda, Brazil	Payable	-	1
ESAB-ATAS GmbH, Germany	Payable	-	28
OZAS-ESAB Sp. z.o.o, Poland	Payable	-	-
ESAB Asia/Pacific Pte Limited, Singapore	Payable	-	1
ESAB GmbH, Germany	Payable	-	53

33. Contingent liabilities and commitments

(to the extent not provided for)

Particulars	December 31, 2013	December 31, 2012
Contingent liabilities		
Claims against the company not acknowledged as debts	824	824
Tax matters in dispute under appeal	2,610	2,610
Bank guarantees outstanding	480	394
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	248	436
Total	4,162	4,264

34. Dues to micro and small suppliers

The management has identified the enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Such determination / identification has been done on the basis of information received and available with the Company and relied upon by the auditors. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at December 31, 2013 has been made in the financial statements based on information received and available with the Company.

35. Details of imported and indigenous raw materials, components and spare parts consumed during the financial year

Particulars	December 31, 2013		December 31, 2012	
	Rs.	%	Rs.	%
Raw materials (including packing material and components)				
- Imported	2,672	12%	2,552	9%
- Indigenous	20,399	88%	25,867	91%
	23,071	100%	28,419	100%
Spare parts				
- Imported	37	7%	102	17%
- Indigenous	479	93%	495	83%
	516	100%	597	100%

Particulars	December 31, 2013	December 31, 2012
36. Value of imports on CIF basis (accrual basis)		
Raw materials (including packing material)	1,683	2,601
Components and traded goods	2,473	1,984
Capital goods	725	110
Total	4,881	4,695

37. Expenditure in foreign currency

Particulars	December 31, 2013	December 31, 2012
Trademark fees	793	920
Travelling expenses	53	41
Royalty	113	103
Others	22	34
Total	981	1,098

Notes to Financial Statements

December 31, 2013



(All amounts are in Indian Rupees lakhs, except share data and as stated)

Particulars	December 31, 2013	December 31, 2012
38. Earnings in foreign currency		
FOB value of exports	1,561	1,249
Income from services	387	360
Others	3	11
Total	1,951	1,620
39. Dividend remittances in foreign currency		
Year to which the dividend relates	2012	–
Amount remitted during the year	85,109,700	–
Number of non-resident shareholders	2	–
Number of shares on which dividend was due	11,347,960	–

40. Derivative instruments

Unhedged foreign currency exposure

Foreign currency exposures on account of trade receivables / trade payables not hedged by derivative instruments are as follows:

Particulars	December 31, 2013		December 31, 2012	
	Amount in FC	Amount in INR	Amount in FC	Amount in INR
Trade receivables				
USD	4.32	264.77	4.79	259.69
EURO	–	–	0.01	0.17
Trade payables				
EURO	5.24	451.66	–	–
USD	10.05	627.73	1.66	91.99
SGD	0.21	10.23	0.09	4.17
SEK	–	–	0.03	0.28
GBP	0.20	20.11	0.02	1.92

41. The Company has transactions with related parties. For the financial year ended March 31, 2013 the Company has obtained the Accountant's Report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and has filed the same with the tax authorities. For the year ended December 31, 2013 Management confirms that it maintains documents as prescribed by the Income Tax Act, 1961 to prove that these transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

42. Prior year Comparative

Prior period figures have been reclassified / regrouped wherever necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors of **ESAB INDIA LIMITED**

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W

Rohit Gambhir
Executive Director & Chief Executive

S Sethuraman
Partner
Membership No. 203491

K Vaidyanathan
Director

Place: Chennai
Date : February 19, 2014

B Mohan
Vice President - Finance

S Venkatakrisnan
Company Secretary



ESAB INDIA LIMITED

ESAB INDIA LIMITED

Regd. Office : Plot No. 13, 3rd Main Road, Industrial Estate, Ambattur, Chennai - 600 058.

ATTENDANCE SLIP

27th Annual General Meeting on Friday, 25 April, 2014

Name of the Shareholder

DP Id / CI Id / Reg. Folio No.

I Certify that I am a registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company held on Friday, 25 April, 2014 at 9.30 a.m. at Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Road, T. Nagar, Chennai 600 017.

Proxy's Name in Block Letters

Member's / Proxy's Signature

Notes:

1. This Meeting is of Members only; no person who is not a Member (or the duly appointed proxy of a Member) will be admitted.
2. Shareholders / Proxyholders will be required to submit signed attendance slips upon entering the auditorium.
3. If it is intended to appoint a proxy, the form should be completed and deposited at the Registered Office of the Company, at least 48 hours before the Meeting.
4. ATTENDANCE SLIPS OF SHAREHOLDERS NOT ATTENDING THE MEETING WILL NOT BE ACCEPTED.



ESAB INDIA LIMITED

Regd. Office : Plot No. 13, 3rd Main Road, Industrial Estate, Ambattur, Chennai - 600 058.

PROXY FORM

27th Annual General Meeting on Friday, 25 April, 2014

DP Id / CI Id / Reg. Folio No.

Mr/Mrs/Miss

I/We

of in the district of

..... being a member / members of ESAB India Limited hereby appoint

..... of

in the district of or failing him / her

..... in the district of

as my/our proxy to vote for me / us on my / our behalf at the 27th Annual General Meeting of the Company to be held on Friday, 25 April, 2014 at 9.30 a.m. at Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Road, T. Nagar, Chennai 600 017 and at any adjournment thereof.

Signed this day of 2014

Signature



Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the Company, at least 48 hours before the meeting.



ESAB INDIA LIMITED

STRENGTH THROUGH COOPERATION

Regd. Office : Plot No. 13, 3rd Main Road, Industrial Estate, Ambattur, Chennai - 600 058.

www.esabindia.com