



ESAB INDIA LIMITED
STRENGTH THROUGH COOPERATION

ANNUAL REPORT
2011



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Board of Directors

Brendan Colgan Chairman
Jiri Kula Managing Director
K Vaidyanathan
P Mallick
V Tandon
S Chand
S N Talwar
D J Egan
Nazmie Adams

Vice President - Finance & Chief Financial Officer

B Mohan

Company Secretary

S Venkatakrisnan

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

State Bank of India
 Overseas Branch, No. 86, Rajaji Salai,
 Chennai 600 001.
 AXIS Bank Limited
 No. 82, Dr Radhakrishnan Salai,
 Mylapore, Chennai 600 004.
 HDFC Bank Limited
 No. 115, Dr Radhakrishnan Salai,
 3rd Floor, Mylapore, Chennai 600 004.

Auditors

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

Registrar & Share Transfer Agents

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

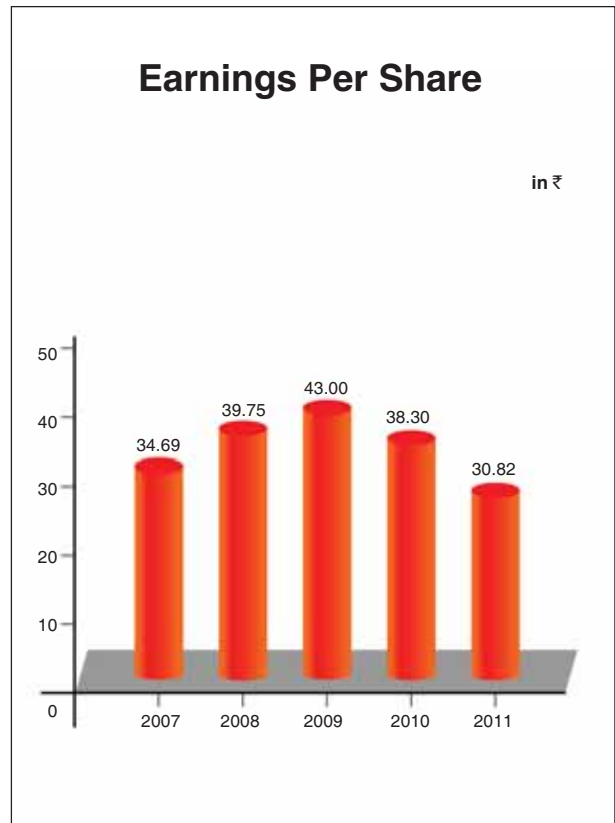
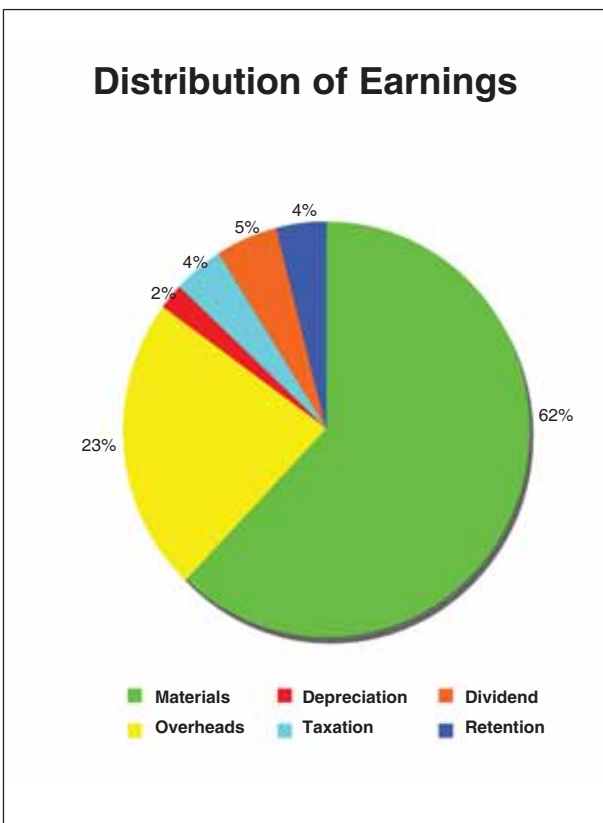
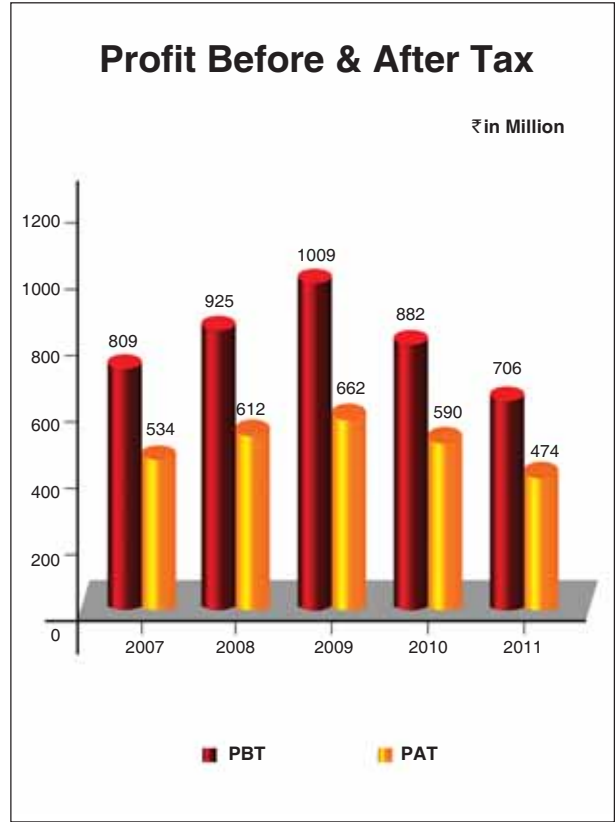
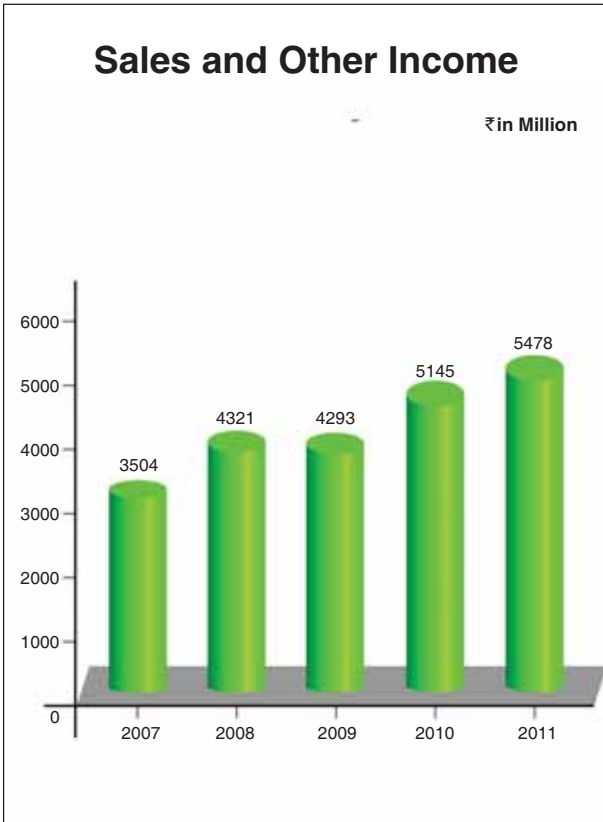
Five year Financial Highlights

Highlights

₹. Million

Operating Results	2011	2010	2009	2008	2007
Sales and Other Income	5,478	5,145	4,293	4,321	3,504
Materials	3,416	3,125	2,419	2,537	1,993
Manufacturing, Selling and Administrative Expenses	1,229	1,024	780	783	637
Interest and Finance Charges	10	8	8	9	9
Depreciation	117	106	77	67	56
Operating Profit	706	882	1,009	925	809
Exceptional / Extraordinary items	–	–	–	–	–
Profit before Tax	706	882	1,009	925	809
Taxation	(232)	(292)	(347)	(313)	(275)
Profit after Tax	474	590	662	612	534
Dividends	268	359	360	279	277
Retained Earnings	206	231	302	333	257

Financial Position	2011	2010	2009	2008	2007
Sources of Funds					
Capital	154	154	154	154	154
Reserves	1,962	1,756	1,518	1,216	884
Net Worth	2,116	1,910	1,672	1,370	1,038
Borrowings	–	–	–	–	–
Deferred Tax Liability	46	31	31	5	15
Total	2,162	1,941	1,703	1,375	1,053
Application of Funds					
Fixed Assets	1,070	1,098	959	799	674
Investments	340	335	25	120	167
Deferred Tax Asset	–	–	–	–	–
Current Assets	1,493	1,520	1,293	1,098	779
Current Liabilities and Provisions	(741)	(1,012)	(574)	(642)	(567)
Total	2,162	1,941	1,703	1,375	1,053



Notice to Shareholders

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of the Company will be held at the Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017, on Wednesday the 2 May, 2012 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31 December 2011 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 appoint a Director in place of Mr P Mallick, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Suresh N Talwar, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this regard to pass, with or without modification, the following resolution as an Ordinary Resolution:

RESOLVED THAT the retiring auditors M/s. B S R & Co., Chartered Accountants, Chennai, Registration Number **101248W**, be and are hereby re-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.

SPECIAL BUSINESS

5. To consider appointment of Mr K Vaidyanathan, as a Director of the Company, subject to retirement by rotation.
6. To consider appointment of Mr Jiri Kula, 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, subject to such statutory approvals, approval of the members of the company be and is hereby accorded to the appointment of Mr Jiri Kula as the

Managing Director of the Company for a period of three years with effect from 1 September, 2011 on the following terms and conditions:

Remuneration:

Mr. Jiri Kula shall be paid remuneration by way of salary, allowances, special allowances, perquisites and incentives / bonus hereinafter referred to as remuneration subject to a ceiling of Rs. 30,000,000 (Rupees three crores only) per year in accordance with Sections 198, 309, 349, Schedule XIII and other applicable provisions of the Companies Act, 1956, as set out hereunder and as may be approved by the Board of Directors of the Company, from time to time. Year, for this purpose shall be construed as commencing on 1st September of every year and ending with the 31st of August of the succeeding year.

Commission / Bonus:

Percentage of the net profits of the Company or such other quantum of the net profits of the Company 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 Rs.6,000,000 (Rupees Sixty Lakhs only) and subject to the overall ceiling of Rs.30,000,000 (Rupees Three Crores Only)

Perquisites:

- a. Provision of car for both business and personal use. In case, no car is provided, an equivalent car allowance will be provided. Reimbursement of chauffeur expenses, at actuals.
- b. The Managing Director and his family shall be entitled to the Company's insurance package for expatriates, which provides for first class medical and travel insurance coverage globally, at actuals. The Company shall also provide an accident insurance policy to provide appropriate coverage in case of accidental death or disability incurred during the course of ESAB group's business, at actuals.
- c. The Company shall reimburse reasonable international school fees and associated costs for Managing Director's son, at actuals.
- d. Home leave: The Company shall bear the cost of the equivalent of one and a half return air tickets, Business class or at least two return air tickets Economy class for every twelve months of the Managing Director's term in India and in case of personal emergencies and natural disasters in Czech Republic, return air tickets,

Business Class to the Managing Director, spouse and son to return to Czech Republic.

- e. Accommodation: The Company shall provide appropriate furnished accommodation for the Managing Director in a secured high standard expatriate area including gas, electricity and water utilities and other appropriate facilities/services commensurate with his position. The company may utilize the services of any Destination Services or Event Management Company in this regard to enable the Managing Director and his family to settle in India.
- f. Telephone: The Company shall provide a home telephone, mobile phone and a high speed internet connection for official use, at actuals.
- g. Dental Expenses: The Company shall reimburse expenses incurred by the Managing Director and family for routine dental treatment in a first class international dental clinic, at actuals.
- h. Vacation: The Managing Director shall be entitled for vacation entitlement as per the rules of the Company. Leave accumulated at the end of each year shall be encashable, subject to deduction of tax at source, as per the rules of the Company.
- i. Shipping and moving costs: The Company shall pay reasonable costs as agreed upon and approved by the Chairman of the Board of Directors, for moving the Managing Director, spouse and son and their personal and household effects to India subject to a maximum of 1500 lbs in weight as per the policy of the Company. At the termination of the said appointment, the Company shall also pay reasonable costs for moving the Managing Director, spouse and son and their personal and household effects to Czech Republic, provided they return to Czech Republic within thirty days of the termination of the said appointment. A lump sum moving hardship allowance of 3000 Euros will be paid to the Managing Director to cover sundry moving expenses.
- j. Club Membership: Payment of club fees for two clubs and all actual entertainment expenses at the club reasonably incurred in or about the business of the Company shall be reimbursed.
- k. 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.
- l. The Managing Director 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.
- m. The Company shall also provide at its own expense entrance and pay for an Indian Multicultural course for self and family, at actuals.
- n. The Managing Director 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.

The aggregate of salaries, allowances, incentives / bonus and perquisites as listed above and approved by the Board of Directors from time to time shall not exceed Rs.30,000,000 over a period of one year at any point of time. Year for this purpose shall be construed as the period commencing 1 September of every year and ending on the 31 August in the succeeding year.

Revision in remuneration:

The Board of Directors of the Company may revise the remuneration payable to the Managing Director, 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 Managing Director subject to the condition that the remuneration by way of salary, perquisites, commission and other allowances, shall not exceed such percentage of net profits of the Company as prescribed under Schedule XIII of the Companies Act, 1956.

Minimum remuneration:

In the event of any loss or inadequacy of profits for any financial year, the Board of Directors shall revise the remuneration payable to the Managing Director, during such financial year, in such manner as agreed to between the Board of Directors and the Managing Director and within the limits prescribed in this behalf under Schedule XIII of the Companies Act, 1956.

Other terms:

- i. The Managing Director 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.
 - ii. The Company and the Managing Director shall have the right to terminate the said appointment at any time with four-month's prior notice before the employment period originally agreed upon is concluded.
 - iii. The Managing Director shall carry out such duties as may be entrusted to him by the Board of Directors from time to time.
 - iv. The Managing Director 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.
 - v. In case, the Indian Rupee depreciates in comparison to Czech Crown (CZK) by more than 5% against the rate prevailing on the date hereof or on the date of last adjustment, the gross salary in Indian Rupee shall be adjusted, subject to the approval by the Board of Directors, to preserve the Czech value of the Managing Director's annual salary.
- RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution.
8. To consider and if thought fit, to pass with or without modification, the following resolutions as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, the existing Article 143 and Article 183 of the Articles of Association of the Company be deleted and substituted by the following new clauses:

Meeting of Directors

143. The Directors may meet together as a Board for the despatch of Business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. Any Director may also participate in the Board/ Committee Meetings through electronic mode using Video conference facility, provided they attend at least one meeting of the Board/ Committee in person in a financial year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

Service of Documents or notice on Members by Company

183. (1) A document or notice may be served or given by the Company on any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India or outside India supplied by him to the Company or to his registered e-mail address, provided the member had registered his e-mail id with the Company and had opted for receiving the notices or documents by e-mail, for serving documents or notices on him.

(2) Where a document or notice is sent by post or by e-mail, service of the document or notice shall

be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice or in case of e-mail communication sending the document or notice to the registered e-mail id, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and had deposited with the Company a sum sufficient to defray the expenses of doing so; service of the documents or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member, and such service shall be deemed to have been effected in case of a Notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post. In the case of an e-mail communication, the service shall be deemed to have been effected at the time at which the e-mail was sent by the Company.

(3) Notwithstanding anything stated in sub-clause (2) hereof, all notices and communications to be sent to foreign shareholders shall, in addition to posting or despatch by e-mail as aforesaid, at the discretion of the Directors, be despatched by telegram and/or telex.

By Order of the Board of Directors

Chennai
28 February 2012

S Venkatakrishnan
Company Secretary

NOTES :

- The explanatory statements required pursuant to Section 173 (2) of the Companies Act, 1956 in relation to Items 5 to 8 above are annexed hereto
- 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.**
- The Register of Members and Share Transfer Books of the Company will remain closed from 26 April, 2012 to 2 May, 2012 (both days inclusive).
- 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.

- 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, General Manager.
- Members are requested to bring their copies of the Company's Report and Accounts for the year ended 31 December 2011 to the Meeting.
- 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 Registrars & Share Transfer Agents 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 31.12.2011
2005	Final	26.00	28.04.2006	02.06.2013	2,341,482.00
2007	1 st Interim	5.50	9.03.2007	13.04.2014	511,748.00
2007	2 nd Interim	10.00	13.12.2007	17.01.2015	945,290.00
2008	Interim	13.00	24.07.2008	28.08.2015	1,331,668.00
2008	Final	2.50	22.04.2009	27.05.2016	355,344.00
2009	Interim	20.00	9.12.2009	12.02.2017	1,900,020.00
2010	1 st Interim	10.00	17.05.2010	21.06.2017	1,167,430.00
2010	2 nd Interim	10.00	30.12.2010	03.02.2018	1,096,930.00
2011	Interim	15.00	21.07.2011	26.08.2018	1,517,055.00

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 P Mallick

Mr P Mallick, aged 69, 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 45 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 membership 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	Elantas Beck India Limited	Director	Member of Audit Committee
4	Foseco India Ltd	Director	Nil
5	Gravitational Network Advisors Pvt Limited	Director	Nil
6	IRIS Business Services Ltd	Director	Nil
7	JRG Securities Ltd	Director	Member of Audit Committee
8	Mount Everest Mineral Water Ltd	Director	Member of Audit Committee and Chairman of Share Transfer and Investor Grievance Committee
9	Pragati Leadership Institute Pvt Ltd	Director	Nil
10	Tube Investments of India Ltd	Director	Member of Audit Committee

Mr Pradeep Mallick, does not hold any equity shares in the Company as on 31 December, 2011. Mr Pradeep Mallick is not related to any other Director on the Board of the Company.

Mr Suresh N Talwar

Mr Suresh N Talwar, aged 73, is a Bachelor of Commerce and Bachelor of Law. He is a solicitor and advocate by profession. Mr Suresh Talwar was a partner in Crawford Bayley & Co., till 31 March 2006 and was a special advisor till 31 December, 2006. He is now a partner in Talwar Thakore & Associates, Mumbai with effect from 1 January 2007.

Mr Suresh Talwar specializes in various facets of Corporate Law, Corporate Tax, Foreign Exchange Laws, Monopolies and Restrictive Trade Practices Act, International Issue of Securities by Indian Companies, Commercial documents and contracts, Power Projects etc.

His Directorships and Committee membership in other Companies are:

Sl. No.	Name of the Company	Position held	Committee Membership/ Chairmanship
1	PZ Cussons India Private Limited	Chairman & Alternate Director	Nil
2	FCI OEN Connectors Ltd.	Chairman & Alternate Director	Chairman of Audit Committee
3	Transwarranty Finance Limited	Chairman & Alternate Director	Nil
4	Armstrong World Industries (India) Pvt. Ltd.	Chairman	Nil
5	Merck Ltd.	Chairman	Chairman of Audit Committee
6	Sidham Finance & Investments Pvt. Ltd.	Chairman	Nil
7	Biocon Limited	Director	Member of Audit Committee
8	Birla Sun Life Insurance Co. Ltd.	Director	Nil
9	Birla Sun Life Trustee Co. Pvt. Ltd.	Director	Member of Audit Committee
10	Blue Star Limited	Director	Chairman of Audit Committee
11	Blue Star Infotech Limited	Director	Member of Audit Committee
12	Chowgule & Company Private Limited	Director	Nil
13	Chowgule Ports & Infrastructure Private Ltd.	Director	Nil
14	Decagon Investments Pvt Ltd.	Director	Nil
15	ELANTAS Beck India Limited	Director	Member of Audit Committee
16	Epitome Global Services Pvt. Ltd.	Director	Nil
17	Greaves Cotton Limited	Director	Member of Audit Committee & Risk Review and Strategy Committee. Chairman of Remuneration Committee
18	India Value Fund Trustee Co. Pvt. Ltd.	Director	Nil
19	IVF Trustee Company Private Limited	Director	Nil
20	IVF (Mauritius) PCC	Director	Nil
21	IVF (Mauritius) Limited	Director	Nil
22	Indium III (Mauritius) Holding Limited	Director	Nil
23	Indium III (Mauritius) Limited	Director	Nil
24	Indium IV (Mauritius) Holding Limited	Director	Nil
25	Indium IV (Mauritius) Limited	Director	Nil
26	John Fowler (India) Pvt. Ltd.	Director	Nil
27	Larsen & Toubro Ltd.	Director	Member of Nomination cum Compensation Committee
28	MF Global (India) Pvt.Ltd.	Director	Nil

29	Morgan Stanley India Capital Pvt. Ltd.	Director	Member of Audit Committee
30	Rediffusion-Dentsu, Young & Rubicam Pvt. Ltd.	Director	Nil
31	Sandvik Asia Pvt. Ltd.	Director	Chairman of Audit Committee
32	Shrenuj & Co. Ltd.	Director	Nil
33	Samson Maritime Ltd.	Director	Chairman of Remuneration Committee
34	Snowcem Paints Pvt. Ltd.	Director	Nil
35	Sonata Software Limited	Director	Member of Remuneration Committee
36	Swiss Re Shared Services (India) Pvt. Ltd.	Director	Nil
37	TTK Healthcare TPA Private Limited	Director	Nil
38	Warner Bros Pictures (India) Pvt. Ltd.	Director	Nil
39	Rhodia Speciality Chemicals India Ltd.	Alternate Director	Member of Remuneration Committee
40	Garware-Wall Ropes Ltd	Alternate Director	Nil
41	Johnson & Johnson Ltd.	Alternate Director	Nil
42	Uhde India Pvt. Ltd.	Alternate Director	Nil

Mr Suresh Talwar holds 1,440 equity shares in the Company as on 31 December, 2011. Mr Suresh Talwar is not related to any other Director on the Board of the Company.

Mr K Vaidyanathan

Mr K Vaidyanathan aged 64, 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 possess proven track record of performance holding Board Position for about 25 years. Board Level position held includes 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 (till recently Chairman) 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 Directorships 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

He does not hold any equity shares in the company as on 31 December, 2011. Mr K Vaidyanathan is not related to any other Director on the Board of the Company.

Mr Jiri Kula

Mr Jiri Kula, aged 50, is a graduate from University of Economy Management and also holds a postgraduate degree from the University. He had undergone

Continuous management education from companies such as Dynargie and Mercuri International from 1993 to 2010 and also IMD executive development in Lausanne in 2002.

Before taking over as the Managing Director of ESAB India Limited, Mr Jiri Kula was the Managing Director of ESAB Vamberk since 1995. Under his leadership, ESAB Vamberk has become the flagship unit among various ESAB units in the world.

He has more than 20 years of work experience across various industries. Before joining ESAB, he had worked as Analyst/Business controller in CEDOK- the largest Czech travel agency. He was also the Chairman of Board of Directors of ZOM Nymburk from 1992 to 1995.

Mr Jiri Kula also contributes articles to various business books in Czech Republic and he also lectures students on leadership at the University of Economy at Prague.

He does not hold Directorships in any other Company.

He does not hold any equity shares in the Company as on 31 December, 2011. Mr Jiri Kula is not related to any other Director on the Board of the Company.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.5

Mr K Vaidyanathan, was appointed as an Additional Director of the Company with effect from 21 July, 2011 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 K Vaidyanathan for the office of Director and to move the resolution as set out in item no.5 of this notice.

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.

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

Item No.6

Mr Jiri Kula was appointed as an Additional Director of the Company with effect from 21 July, 2011 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. Jiri Kula 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 Jiri Kula is deemed to be interested or concerned in the resolution.

Item No.7

The Board of Directors of the Company vide its Resolution adopted on 21 July, 2011 appointed Mr. Jiri Kula as the Managing Director of the Company, effective 1 September, 2011 subject to the approval of the shareholders of the Company on the terms set out in the resolution contained in the notice.

Mr. Jiri Kula has more than 20 years experience in ESAB group and under his leadership ESAB Vamberk had become the flagship unit among various ESAB units in the world. Considering the current market scenario and Mr. Jiri Kula's global experience, the Board of Directors had appointed Mr. Jiri Kula as the Managing Director taking into account the future prospects of the Company.

The approval of the shareholders is now sought for appointment of Mr. Jiri Kula as the Managing Director of the Company for a period of three years with effect from 1 September, 2011 on the terms and conditions set out in the resolution contained in the notice.

Your Board recommends the passing of this resolution.

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

Item No.8

The Ministry of Corporate Affairs through its green initiatives in corporate governance had issued a General Circular no.17/95/2011 CL-V dated 21 April 2011, amending the Section 53 of the Companies Act, 1956. Accordingly, the company can now service any document through electronic means to those shareholders who have registered their e-mail ids with the Company. This includes servicing of even the annual reports or any other communication to the shareholder.

The Ministry of Corporate Affairs had also issued another General Circular no.28/2011 dated 20.5.2011 stating that the directors of a company may participate in a meeting of Board / Committee of directors under the provisions of Companies Act, 1956 through electronic mode. Electronic mode in this regard is clarified as video conference facility i.e. audio visual electronic communication facility.

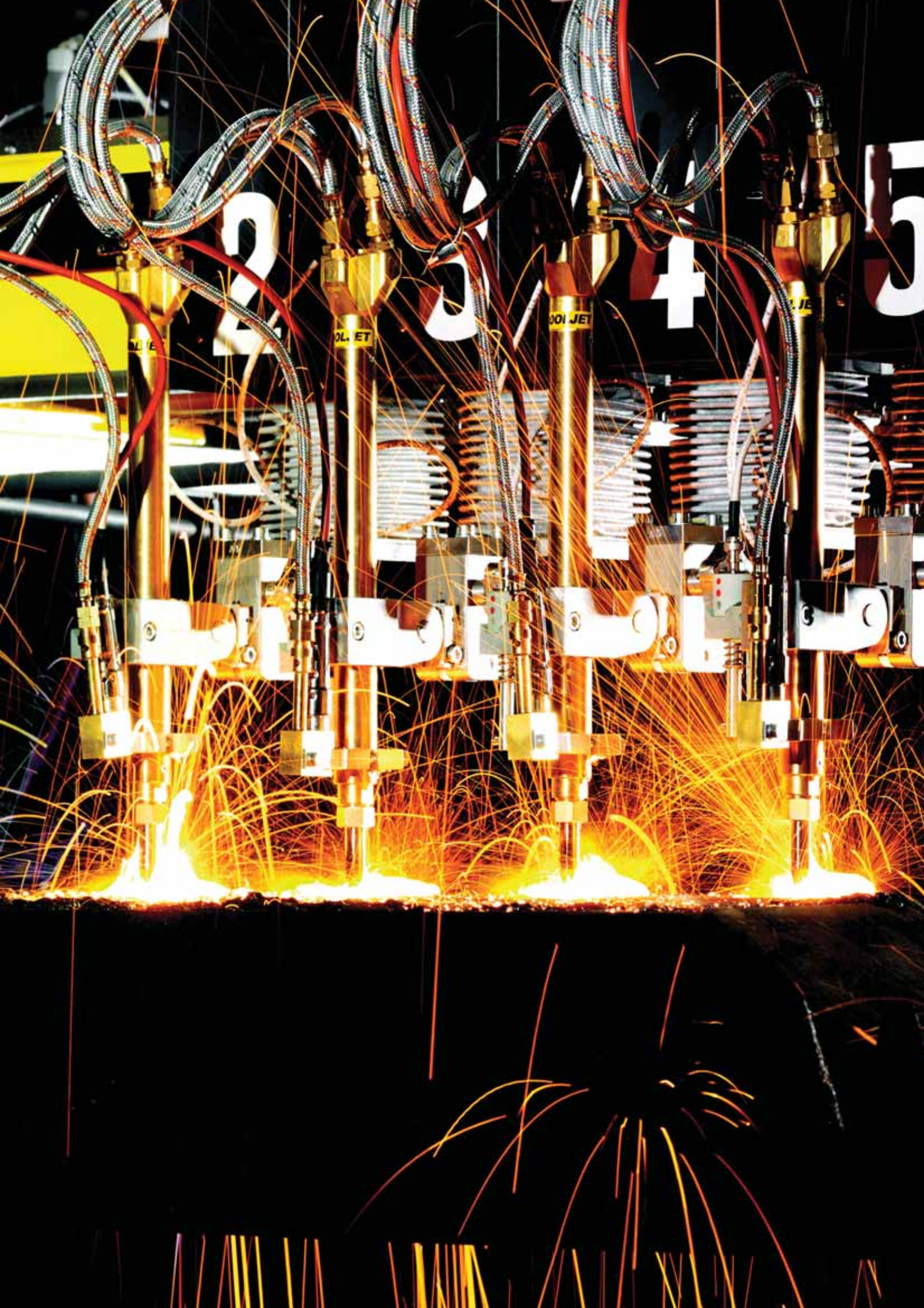
The Board of Directors recommends passing of the special resolutions as set out in Item No. 8 in terms of Section 31 of the Companies Act, 1956 to the shareholders for amending the Articles of Association of the Company.

None of the Directors are interested in this resolution.

By Order of the Board of Directors

Chennai
28 February 2012

S Venkatakrisnan
Company Secretary



Directors' Report to Shareholders

Your Directors take pleasure in presenting the Twenty Fifth Annual Report together with the audited accounts of the Company for the year ended 31 December 2011.

FINANCIAL RESULTS

(₹. Million)

Particulars	2011	2010
Sales and other income	5,478	5,145
Earnings before interest, tax and depreciation	834	996
Interest / Finance charges	(10)	(8)
Depreciation	(118)	(106)
Profit before taxation	706	882
Taxation	(232)	(292)
Profit for the year	474	590

DIVIDEND

The Board of Directors had declared an interim dividend of Rs.15/- per equity share of Rs.10/- each (150%) on the 21st of July 2011 entailing an outflow of Rs.268.4 Million. The Board of Directors has not recommended any final dividend for the year 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY & BUSINESS ENVIRONMENT

The year under review was challenging on many fronts. Inflationary pressures continued unabated during the year with adverse impact on our overheads. Fuel price hikes and a steep depreciation in the Indian Rupee added to input costs. Power outages and sporadic shortages in one of our key raw materials added to input and conversion costs that were not compensated by selling price increases in an increasingly competitive market. Liquidity conditions were very tight with persistent hardening of interest rates. Together with global economic developments, this affected inflows and investments into India, resulting in delayed and cancelled investments in manufacturing and infrastructure segments. This had an adverse impact on our businesses and more specifically on our Equipments business.

GDP growth and Steel consumption, two key indicators that have a bearing on the Industry's growth rates, were clearly below expectations. GDP growth during this period

was around 7% while Steel consumption relevant to our operating segments is estimated to have grown by less than 3% for the most part of 2011.

The year also witnessed the arrival of established International competitors set up operations in India and also the scaling up by those present already in India. With pricing pressures across all product ranges and an increasingly challenging product mix, margins remained under pressure throughout 2011.

From a sector wise point of view barring a small list of segments like pre fabricated buildings, gas and pipeline segments, mining equipments etc., all key segments like Power, Automobiles, Cement, Sugar and Infrastructure witnessed slackening of demand and soaring input costs.

Given the above backdrop, your Company recorded reasonable growth in Sales revenues which grew by 7% driven primarily on product mix related changes even as volumes dropped in key segments of consumables with the exception of solid wires which saw a very small growth during the year.

The Company maintained its market leadership position and is well positioned to achieve growth in terms of volumes and shares through better service levels and management of costs. The Company is proud to have been associated with projects of national interest and had also some breakthrough businesses in emerging segments.

HOLDING COMPANY

By virtue of a buy-out and consequent changes in shareholding pattern, your company is now a subsidiary of Colfax Corporation. Colfax is a Delaware, USA based industrial group with existing global business interests in gas and fluid handling and fabrication technology products and services, prior to acquisition of Charter International Plc, the erstwhile holding company.

MANAGEMENT

The Company recognized the need for operating efficiencies to control costs and drive growth and hence effected organizational changes to move towards a functional structure from a divisional structure to achieve greater focus on priority areas. Of particular importance were the changes on our Operations with enhanced focus on Manufacturing, Quality and Supply Chain.

Mr.G.Hariharan retired in August 2011 from his position as Managing Director on completion of his contractual term

after more than two decades of association with the Company. The Board would like to place on record its appreciation for the services rendered by Mr.G.Hariharan in various capacities till his retirement.

He has been replaced by Mr.Jiri Kula , who was appointed Managing Director, effective 1 September 2011. He brings with him rich experience in the Welding industry with operational experience in some of ESAB's major Plants.

The Company had also launched initiatives at its Plants on Maintenance, process controls and monitoring systems towards achieving operational excellence. In recognition of some of its initiatives, the Company won awards from the Quality Circle Forums in recognition of improvements at two of its Plants.

FINANCIAL STATEMENTS

The year saw a decline in profitability with lower growth in some parts of the business and marginal declines in a few other parts of the business. Margins declined with increase in input costs and overheads not compensated by selling price increases. The sales mix posed further challenges to our margins. The Company continued to maintain a good level of cash conversion and focused on efficiency and productivity improvements to partly compensate for lower margins.

INCOME AND EXPENDITURE

INCOME

Net Sales (Including income on Engineering services) were up by about 7% in 2011 with a growth of 8.7% in Consumables. Equipments business was flat with a small growth of 3.4% reflecting the underlying trade cycle.

Income from Services increased by 43% reflecting the full year's impact of the merger of the erstwhile Subsidiary, Esab Engineering Services Limited, with your Company in April 2010. While there are opportunities to grow activities in this segment, project management, retention of skilled resources and moving up the value chain on service offerings remain key challenges.

Other income was lower by 17% over 2010. This was primarily on account of non recurring profits on sale of investments in 2010 and higher commission income during that year. Income from scrap increased with better realizations in 2011.

EXPENDITURE

Material costs as a percentage to sales increased from 63% to 64.5%. This was due to the combined effect of cost increases that were not sufficiently compensated by improvement in realizations and also due to the effect of a less profitable sales mix.

Salaries and wages were higher by 19.5% over 2010 due to the combined effect of organizational changes, payroll revisions and the full year's impact of integration of the erstwhile EESL business into Esab India Limited.

Contribution to funds fell by nearly 60% to Rs.16.1 Million largely due to lower provisioning requirements on retirement benefits under pension schemes and favourable changes in underlying discounting assumptions for actuarial valuations.

Consumption of stores and spares was about 44% higher due to higher requirement of spares on ageing equipment and also due to higher costs on spares with respect to our new wires plant at Nagpur.

Power and Fuel expenditure increased by about 21% due to higher tariffs, higher production volumes at Nagpur together with higher costs arising from use of Diesel Generators and bought out power.

Repairs and Maintenance expenditure was up by Rs.22 Million with focus on overhauling older equipment in our Consumables Plants and controlling capital expenditure. Some of this expenditure was also directed at process improvements and up gradation of warehousing facilities.

Transportation costs representing freight payable on sales was higher by about 6% and in line with growth in sales. The expenditure was contained at this level through negotiations and recoveries amidst significant increases in fuel costs through the year.

Increased travel requirements from business requirements resulted in higher spend on **Travel and conveyance** expenditure by 28% in 2011.

Commission and sales incentives declined to Rs.36 Million from Rs.77 Million in 2010 due to rationalization of trade schemes to control net margins.

Trademark fees were higher by Rs. 51 Million in 2011 reflecting the full year's impact of Agreements executed in August 2010.

External service charges represent expenditure on outsourced support services at our Plant and Office locations. These were higher due to business requirements during the year.

Interest and finance charges represent charges on banking facilities including collection management schemes and were marginally higher than in 2010. The increase was commensurate with the growth in volume of banking transactions.

Depreciation was higher by 11% in 2011 with the full year's impact of capitalization of 2010 and additions of 2011, largely at Nagpur.

BALANCE SHEET

The Company closed the year with a stronger Balance Sheet having funded all its operating requirements internally and continuing to focus on working capital and productivity of assets.

Net Fixed Assets were 2.6% lower at Rs.107 Million as compared to Rs.109 Million in 2010.

Capital expenditure for the year was Rs.92 million, which represents about a 60% reduction as compared to capital

expenditure of 2010. During the year, the key items capitalized were the Plant and Machinery items relating to the expansion at Nagpur and additional office space / canteen at Ambattur.

Investments relate to short term surpluses deployed in debt and liquid schemes of Mutual Funds at the end of the year.

Inventory in value terms was up by 19% over the previous year with growth in sales. This translates to 44 days of sales as against 40 days in the previous year. There were planned increases in safety stocks of many products to improve customer service levels.

Sundry Debtors were significantly lower at Rs.201 Million as against Rs.272 Million at the end of 2010. This represents an improvement to about 13 days to Gross sales as against 19 days in 2010.

On an aggregated basis, the Inventory and Receivables figures compare favourably with the previous year.

Cash and Bank balances were lower by Rs.113 Million with the impact of dividend payouts in 2011 and an increase in Net Working Capital.

Other Current Assets, Loans and Advances increased by Rs.55 million due to higher supplier advances at the end of the year on Steel and Rutilles.

OUTLOOK, OPPORTUNITIES AND THREATS

The outlook for 2012 appears more challenging with established players expanding in India and with difficult liquidity and economic conditions continuing to exert pressures on margins and working capital. Of primary concern are high levels of inflation and relatively depressed market sentiments. Competition from the lower end manufacturers also continues to be intense.

Prices of Steel and other metals have been displaying erratic trends with upward bias driven by power shortages and rising input costs.

We are focusing on productivity improvements, resourcing, quality, costs, indigenization of raw materials and components, range rationalization and enrichment of product mix to enhance our market shares and margins.

Margins are expected to remain under pressure even as we adapt to a rapidly changing environment.

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 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 20 of Schedule O 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 consortium and other bankers continued to be cordial during the year. The Company would like to thank its Bankers for their support.

CORPORATE SOCIAL RESPONSIBILITY

The Company supports community welfare initiatives. The company has continued with its financial help to institutions in and around its plant at Ambattur, Chennai and in other cities to take care of their upkeep and welfare of the lesser privileged citizens.

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 ESAB group on EHS initiatives and works closely with the group 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 2011 the applicable accounting standards have been followed;
2. The accounting policies listed in Schedule O to the Notes to Accounts 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 2011 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 2011 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 Pradeep Mallick and Mr Suresh N Talwar, retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. Mr.K.Vaidyanathan and Mr.Jiri Kula joined the Board as Additional Directors. In terms of Section 260 of the Companies Act, 1956, these Directors hold office up to the date of this Annual General Meeting. Mr.Brendan Colgan and Mr.Nazmie Adams were appointed as Nominee Directors by Esab Holdings Limited during the year.

Mr.K.Vaidyanathan and Mr.Jiri Kula, being eligible for re-appointment have offered themselves for being elected as Directors of the Company liable to retire by rotation. 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. Michael Foster resigned from the Board on the 27 June, 2011. Mr. Nawshir Mirza resigned from the Board with effect from the 1 July 2011. Mr. G Hariharan retired from the services of the Company on the 31 August 2011. Mr. James R Deeley resigned from the Board on the 20 October 2011.

The Board would like to place on record, their appreciation for the contributions of the above Directors during their tenure of Directorships.

AUDITORS

M/s. B S R & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and are eligible for reappointment.

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 B S R & Co., 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 2011 the Company had 830 employees as against 812 at the end of 2010. The Company believes in providing a conducive and challenging work environment for nurturing potential, encouraging performance and retaining talents at all levels.

There are no employees covered under the disclosure requirements as required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

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.

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 Managing Director 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

David Egan
Chairman for the Meeting

Jiri Kula
Managing Director

Chennai, 28 February 2012

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 2011

A. CONSERVATION OF ENERGY

- Soft starter kit for Thyristorized MMA rectifier models SSR 400 / SSR 600 against specific customer requirement for reducing inrush of current at machine switch-on stage.
- Study and design of output inductors for inverter based power supplies for reducing power loss and improvement of ripple factor
- Installation of new apfc panel (automatic power factor controller)
- Replacement of 200 watt inspection lamp by 20 watt CFL lamp in extruders.
- Addition of more numbers of translucent sheets in the roof in order to get more natural light in shop floor & saving in electrical energy.
- Installation of centralized energy saver for lighting.
- Use of thyristorised PID controller in cobalt arc batch oven for optimum usage of electrical energy.
- Arresting of heat losses in Thermic Fluid heater line and batch ovens
- Reduction of electrical load in ETP Plant by reducing the plant operation load (effluent)
- Replacement of Acid treatment Plant by ultrasonic machine.

B. TECHNOLOGY ABSORPTION

- Special version of 400 amp Thyristorized MIG / MAG welding rectifier with IP 23 protection class and fan-on-demand feature, model AUTO K 400 COFMOW
- IP 23 version of 400 amp Thyristorized MIG / MAG welding rectifier model SCR 400 (S), with 400 amp @ 100% duty cycle rating

- New design Thyristorized 400 amp 60% duty cycle DC TIG / MMA rectifier with MMA / TIG / DC Pulse TIG functionalities, model PULSTIG 400
- SSO- (qualification of strategic sourcing office components)
- KASAW software project-implementing and testing the test cases
- Design of competitive IPS (internal power supplies)
- Evaluation of soft switching topology for single-phase main converter
- Evaluation of gate drivers for welding and cutting power sources
- Flashback arrestor-36ec
- Spool FE analysis
- Provision of timers for switching of equipment when not required. Eg: exhaust fans, chillers, compressors, conveyors.

C. FOREIGN EXCHANGE

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

During the year, the total foreign exchange expenditure amounted to Rs.569 million (which includes Rs.469 million for the import of raw materials, components and capital goods and Rs.100 million towards expenditure in foreign currency).

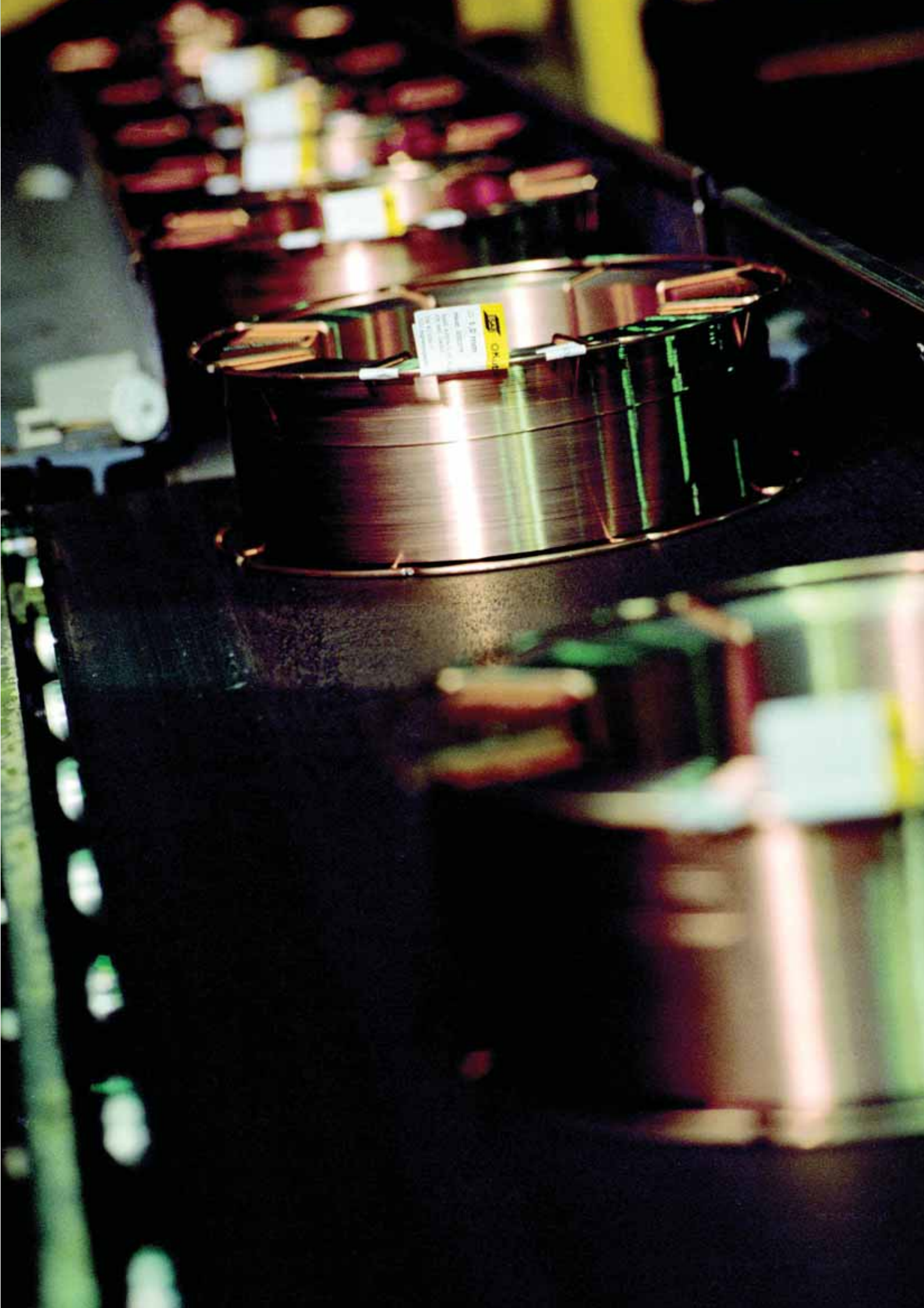
During the year, the Foreign exchange earnings were Rs.241 million resulting in net foreign exchange outflow of Rs.338 million for the year.

For and on behalf of the Board of Directors

David Egan
Chairman for the Meeting

Jiri Kula
Managing Director

Chennai, 28 February 2012



1.5" x 1000'
Copper Foil Tape
Grade: 99.95%
Thickness: 0.0015"
Width: 1.5"
Length: 1000'

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 nine members. Mr Brendan Colgan with effect from 20 October, 2011 and Mr Nazmie Adams with effect from 21 July 2011 were appointed as non-retiring nominee Directors of ESAB Holdings Limited. Mr K Vaidyanathan joined the Board as an Additional Director with effect from 21 July 2011. The Board of Directors at present consists of 5 independent Directors and 4 Non-independent Directors. Other than the Managing Director, 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 2011 five Board Meetings were held on 22 February, 27 April, 21 July, 20 October and 8 December; 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 27 April 2011 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 held in 2011	Last AGM		Membership	Of which Chairmanship
B Colgan * (1)	NE - NI	2	No	Nil	Nil	Nil
D J Egan *	NE - NI	4	Yes	Nil	Nil	Nil
N M Adams * (2)	NE - NI	1	No	Nil	Nil	Nil
Jiri Kula (3)	Executive	2	No	Nil	Nil	Nil
K Vaidyanathan (4)	NEI	2	No	1	1	Nil
P Mallick	NEI	5	Yes	8	6	1
V Tandon	NEI	4	Yes	1	Nil	Nil
S Chand	NEI	4	Yes	Nil	Nil	Nil
S N Talwar	NEI	2	No	11	10	4
M G Foster * (5)	NE - NI	1	Yes	Nil	Nil	Nil
J R Deeley * (6)	NE - NI	3	Yes	Nil	Nil	Nil
N H Mirza (7)	NEI	2	Yes	3	3	1
G Hariharan (8)	Executive	3	Yes	Nil	Nil	Nil

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

NEI - Non-Executive Independent Directors

* Nominees of ESAB Holdings Limited

- (1) Appointed as a Nominee Director of ESAB Holdings Limited with effect from 20 October, 2011
- (2) Appointed as a Nominee Director of ESAB Holdings Limited with effect from 21 July, 2011
- (3) Appointed as a Director on 21 July, 2011 and as a Managing Director of ESAB India Limited with effect from 1 September, 2011
- (4) Appointed as an Additional Director on 21 July, 2011 and as Chairman of the Audit Committee with effect from 20 October, 2011.
- (5) Ceased to be Nominee Director of ESAB Holdings Limited with effect from 27 June, 2011
- (6) Ceased to be Nominee Director of ESAB Holdings Limited with effect from 20 October, 2011
- (7) Resigned from the Board and Audit Committee with effect from 1 July, 2011
- (8) Retired as Managing Director of ESAB India Limited with effect from 31 August, 2011
 - 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 Committee across all Companies in which they are Directors.

C. Directors' compensation and disclosures

The details of payment of remuneration to Directors during 2011 are as follows:

Non-Executive Directors	Salary	Perquisites	Provident Fund	Sitting Free Paid (in ₹)	Commission (in ₹)
B Colgan	–	–	–	Nil	–
D J Egan	–	–	–	Nil	–
N M Adams	–	–	–	Nil	–
M G Foster	–	–	–	Nil	–
J R Deeley	–	–	–	Nil	–
K Vaidyanathan	–	–	–	45,000	417,000
P Mallick	–	–	–	123,000	833,000
V Tandon	–	–	–	85,000	833,000
S Chand	–	–	–	84,000	833,000
S N Talwar	–	–	–	22,500	833,000
N H Mirza	–	–	–	64,000	400,000
Jiri Kula	6,954,704	2,089,429	834,564	–	992,933
G Hariharan	7,264,435	437,022	867,383	–	900,000

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 is based on performances and contributions to Company's performance.

None of the Directors holds any equity shares of the Company, except for Mr. Suresh N. Talwar who holds 1,440 equity shares as on 31 December 2011. None of the Directors are related to each other and there are no other pecuniary relationships or transactions of the non-executive Directors' vis-à-vis of the Company.

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 Managing Director 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 2011 is attached to this Corporate Governance Report.

During 2011, being a subsidiary of Charter International Plc., 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.

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 J Egan	Member	Non-executive & Non-independent Director

Mr K Vaidyanathan was appointed as Member and Chairman of the Audit Committee with effect from 20 October 2011. Mr Nawshir Mirza resigned from the audit committee with effect from 1 July, 2011. More than two-thirds of the members are independent Directors and all the members of the Audit Committee are financially literate. The Company's 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 these should be a minimum of two independent Directors present. Mr Nawshir Mirza the previous Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 27 April 2011 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 2011 on 21 February, 26 April, 21 July, 20 October and 8 December and not more than four months elapsed between any two meetings.

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

	Number of meetings	
	Held during membership	Attended
K Vaidyanathan	2	2
P Mallick	5	5
V Tandon	5	4
S Chand	5	4
D J Egan	5	4
N H Mirza	2	2

Mr K Vaidyanathan was appointed as the member and as Chairman of the Audit Committee on 20 October, 2011. Mr N H Mirza resigned from the Committee with effect from 1 July, 2011.

SUBSIDIARY COMPANIES

There were no Subsidiary Companies of the Company as on 31 December, 2011.

REMUNERATION COMMITTEE

The Company has not set up a Remuneration Committee (which is not mandatory). The remuneration of Directors is determined and approved by the Board of Directors and is subject to the approval of the Company in General Meeting and of other applicable regulatory and statutory authorities. Interested Directors withdraw when their remuneration is being considered by the Board.

INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee was functioning under the Chairmanship of P Mallick, a Non-executive Independent Director. The other members of the Committee were N H Mirza and Mr D J Egan. N H Mirza resigned from the committee on 1 July, 2011 and Sudhir Chand was appointed as member of the Committee on 21 July, 2011. P Mallick, Chairman of the Committee resigned on 8 December, 2011 and V Tandon has been appointed in his place with effect from 8 December, 2011, as the new Chairman.

Mr S Venkatakrishnan, 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 2011, on 21 February, 26 April, 21 July and 20 October and the details of attendance of the Committee members in these meetings are given below :

	Number of meetings	
	Held during membership	Attended
Mr P Mallick	4	4
Mr N H Mirza	2	2
Mr S Chand	2	2
Mr D J Egan	4	3

Mr V Tandon, joined the Investor Grievance Committee on 8 December, 2011 only and no meetings were held after this date.

During the year, the Company received 23 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 share certificates	3
2.	Non-receipt of dividend warrants	18
3.	Non-receipt of annual report	1
4.	Others	1
	Total	23

All the complaints were responded to as per applicable guidelines and regulations. As at 31 December 2011 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 2011.

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. 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 20 to Schedule O 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 Pradeep Mallick and Mr Suresh N Talwar will retire in the ensuing Annual General Meeting. The Board has recommended the re-appointment of the retiring Directors. Mr Jiri Kula and Mr K Vaidyanathan joined the board as Additional Directors on 21 July, 2011. Mr Jiri Kula was appointed as Managing Director on 1 September, 2011. In terms of Section 260 of the Companies Act, 1956 these Directors hold office till the conclusion of the forthcoming Annual General Meeting, where they get re-elected by the members. The detailed profiles of these Directors are provided in the notice calling the forthcoming Annual General Meeting.
9. The Managing Director 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. 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 process 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 uploads its quarterly shareholding pattern and the Corporate Governance Report through a web based application designed for corporates by NSE called as NEAPS from the quarter ended 30 September, 2011.

GENERAL BODY MEETINGS

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

Year	Date	Time	Venue
2009	22 April 2009	3.00 PM	Narada Gana Sabha Trust Complex, No.314, T.T.K. Road, Chennai 600 018.
2010	22 April 2010	3.00 PM	P Obul Reddy Hall Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.
2011	27 April 2011	3.30 PM	P Obul Reddy Hall 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.

No special resolutions were put through postal ballot during the last year and the Company is not considering the introduction of a postal ballot for any resolution this year as well.

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, 2 May 2012 at 3.00 pm
 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 2012	Within 45 days from the end of the quarter
QE 30 Jun 2012	- Do -
QE 30 Sep 2012	- Do -
YE 31 Dec 2012	Within 60 days from the end of the Financial Year

Dates of Book Closure 26 April 2012 to 2 May 2012 (both days inclusive)

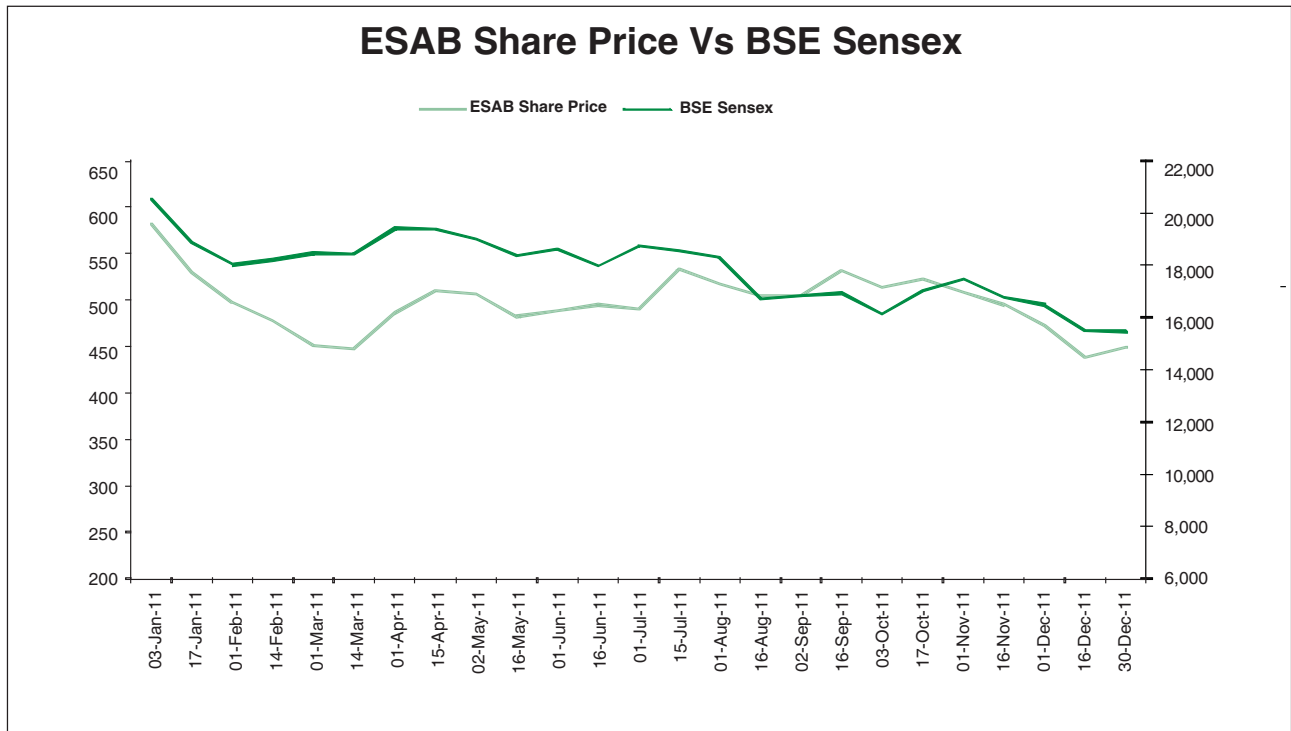
Listing on Stock Exchanges The Bombay Stock Exchange Limited
 The National Stock Exchange of India Limited
 The listing fees for the financial year 2011-12 were duly paid to the above stock exchanges.

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:

2011	Mumbai		National		BSE Sensex	
	High ₹	Low ₹	High ₹	Low ₹	High ₹	Low ₹
Jan	597	499	596	500	20665	18038
Feb	520	443	528	427	18691	17296
Mar	494	425	565	411	19575	17792
Apr	548	480	580	480	19811	18976
May	535	467	511	469	19254	17786
Jun	525	470	525	462	18873	17314
Jul	586	482	586	480	19132	18132
Aug	538	467	545	467	18440	15765
Sep	591	491	592	492	17212	15801
Oct	562	496	562	495	17908	15745
Nov	520	455	521	463	17702	15479
Dec	484	424	488	422	17004	15136

* Share prices are rounded off to the nearest Rupee.



Registrar and Transfer Agents 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.,
 General Manager
 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

- a. The Company has appointed Integrated Enterprises (India) Limited as its Registrar & Transfer Agents.
- b. Share transfers are processed and approved, subject to receipt of all requisite documents.
- c. 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.

- d. 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.
- e. The company as required under clause 47(f) of the Listing Agreement with Stock Exchanges has designated the mail id venkatakrishnan.s@esab.co.in for the purpose of registered complaints, if any, by the investors and expeditious redressal of their grievances.
- f. 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 2011

Shareholding	Shareholders	Number of Shares	% of total
Up to 500	12020	1311143	8.52
501-1000	488	371817	2.41
1001-2000	196	301023	1.96
2001-3000	67	168271	1.09
3001-4000	30	109109	0.71
4001-5000	15	69062	0.45
5001-10000	30	222000	1.44
10001 and above	48	12840595	83.42
TOTAL	12894	15393020	100.00

Shareholding pattern as on 31 December 2011

Category	Number of Shares	% of total
Esab Holdings Limited	5,743,200	37.31
Exelvia Group India BV	2,822,831	18.34
ESAB Group	8,566,031	55.65
Mutual Funds & UTI	1,363,428	8.86
Banks and Financial Institutions	5,152	0.03
Foreign Institutional Investors	1,855,734	12.06
Corporate Bodies	881,408	5.73
Directors & Relatives	1,440	0.01
Indian Public	2,719,827	17.66
Total	15,393,020	100.00

Dematerialisation of shares and liquidity

As on 31 December 2011, 97.58% 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 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 743 121.
 - 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 non-executive 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. Remuneration Committee

The Board has not constituted a Remuneration Committee as the need for the same has not arisen.

3. 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.

4. Audit Qualifications

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

5. 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.

6. Whistle Blower policy

The Company has setup a whistleblower policy which can be viewed on the Company's website www.esabindia.com. In terms of such whistle blower 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.nsd.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 2011, notice of AGM etc., would be sent by electronic mode to such members whose email addresses are available and registered with the Company / Depository participant and for those who have not opted to receive the same, 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

David Egan
Chairman for the Meeting

Jiri Kula
Managing Director

Chennai, 28 February 2012



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 2011 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.
Chartered Accountants
Firm Registration No. 101248W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date : 28 February 2012

To

The Members of ESAB India Limited

Declaration by the Managing Director under Clause 49 of the Listing Agreement

I, Jiri Kula, Managing Director 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 2011.

Chennai
28 February 2012

Jiri Kula
Managing Director

Auditors' Report

to the Members of ESAB INDIA LIMITED

- 1 We have audited the attached Balance Sheet of ESAB INDIA LIMITED ("the Company"), as at 31 December 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's 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 Companies Act, 1956 ('the Act'), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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 those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and 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;
 - (v) On the basis of written representations received from the directors, as on 31 December 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 December 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act,
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 31 December 2011;
 - b. in the case of the Profit and Loss Account, 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.

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

S Sethuraman
Partner

Place : Chennai,
Date : 28 February 2012

Membership No. 203491

to the 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 annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. 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 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 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 the 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.
- (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 an 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 with regard to the 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 specialised requirements and similarly for sale of certain goods and rendering of certain services for the specialised 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 electric motors, 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, Service tax, Customs duty, Wealth Tax, Excise Duty and other material statutory dues have been generally regularly deposited 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, Wealth Tax, Sales Tax, Service tax, Customs duty, Excise Duty and other material statutory dues were in arrears as at 31 December 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are dues in respect of Sales tax, Excise duty, Service tax and Income tax as listed below that have not been deposited with the appropriate authorities on account of disputes.

Name of the Statute	Nature of Dues	Amount (INR in Millions) (Net of amount paid under dispute)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Sales Tax	Non Submission of Sales tax Declaration Forms	2.52	1991-92	Revision Board, Tribunal
		2.38	1992-93	
		0.32	1995-96	
		38.00	1996-97	
		49.62	1997-98	
		7.71	1999-00	
		0.07	1999-00	Assistant Commissioner
		0.11	2001-02	Deputy Commissioner
		1.10	2005-06	
Central Excise Act	Determination of Price on which Duty is payable	100.80	1997-00	High Court
		45.71	1997-99	CESTAT
Finance Act, 1994	Differential service tax payable	1.92	2006-07	CESTAT
		1.32	Jan'08 to Dec'08	Commissioner (Appeals)
		1.00	2004-07	Commissioner (Appeals)
		0.30	2006-10	Deputy Commissioner
		1.85	2009-10	
		1.37	2010-11	
Income Tax Act	Disallowed Expenditure pertaining to various years	1.17	1988-89	High Court
		2.56	1989-90	Income Tax Appellate Tribunal
		0.12	1996-97	
		8.65	1997-98	
		4.60	1998-99	
		3.73	2000-01	Commissioner of Income Tax (Appeals)
		5.04	2003-04	
		54.00	2004-05	
		4.39	2005-06	
		4.59	2006-07	
8.14	2007-08			
Grand Total		353.09		

- (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) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures 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 or a 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) During the current year, the Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

S Sethuraman
Partner

Place : Chennai
Date : 28 February 2012

Membership No. 203491

Balance Sheet



ESAB INDIA LIMITED

as at 31 December 2011

(All amounts are in Indian Rupees thousands except otherwise stated)

	Schedule	As at 31 December 2011	As at 31 December 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	153,930	153,930
Reserves and Surplus	B	1,962,019	1,755,959
		<u>2,115,949</u>	<u>1,909,889</u>
DEFERRED TAX LIABILITY (net)	O(15)	46,605	30,671
		<u>2,162,554</u>	<u>1,940,560</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	C	1,859,336	1,635,886
Less: Accumulated depreciation / amortization		815,522	704,397
Net block		1,043,814	931,489
Capital work-in-progress (including capital advances)		26,253	166,719
		<u>1,070,067</u>	<u>1,098,208</u>
INVESTMENTS	D	340,193	335,011
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	E	639,990	536,988
Sundry debtors	F	201,183	272,448
Cash and bank balances	G	390,538	503,120
Other current assets and loans and advances	H	262,018	207,064
		<u>1,493,729</u>	<u>1,519,620</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	I	665,911	740,041
Provisions	J	75,524	272,238
		<u>741,435</u>	<u>1,012,279</u>
NET CURRENT ASSETS		<u>752,294</u>	<u>507,341</u>
		<u>2,162,554</u>	<u>1,940,560</u>
Notes to accounts	O		

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

This is the balance sheet referred to in our report of even date

For and on behalf of the Board of Directors

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

Jiri Kula
Managing Director

S Sethuraman
Partner
Membership No. 203491

K Vaidyanathan
Director

S Venkatakrishnan
Company Secretary

B Mohan
Vice President - Finance

Place : Chennai
Date : 28 February 2012

Profit and Loss Account

for the year ended 31 December 2011



ESAB INDIA LIMITED

(All amounts are in Indian Rupees thousands except otherwise stated)

	Schedule	For the year ended 31 December 2011	For the year ended 31 December 2010
INCOME			
Sales (Gross)		5,752,086	5,374,414
Less: Excise duty		451,820	413,349
Sales (Net)		5,300,266	4,961,065
Income from services		60,575	42,449
Other Income	K	117,468	141,128
		<u>5,478,309</u>	<u>5,144,642</u>
EXPENDITURE			
Material costs	L	3,415,835	3,124,598
Manufacturing, selling and administrative expenses	M	1,228,870	1,024,118
Interest and finance charges	N	9,891	8,219
Depreciation / amortization		117,502	105,474
		<u>4,772,098</u>	<u>4,262,409</u>
PROFIT BEFORE TAXATION			
		<u>706,211</u>	<u>882,233</u>
Taxation	O (16)	(231,799)	(292,658)
PROFIT AFTER TAXATION			
		<u>474,412</u>	<u>589,575</u>
Balance brought forward from previous year		1,322,047	1,138,113
Add: Transferred on amalgamation		–	12,309
PROFIT AVAILABLE FOR APPROPRIATION			
		<u>1,796,459</u>	<u>1,739,997</u>
APPROPRIATIONS			
Dividend			
- Interim		230,895	307,860
- Final		–	–
Total dividend		<u>230,895</u>	<u>307,860</u>
Dividend tax		37,457	51,132
Amount transferred to general reserve		47,441	58,958
Balance in profit and loss account		<u>1,480,666</u>	<u>1,322,047</u>
		<u>1,796,459</u>	<u>1,739,997</u>
Earnings per share			
Basic and Diluted (Rs.)	O(17)	30.82	38.30
Notes to accounts	O		

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

This is the profit and loss account referred to in our report of even date

For and on behalf of the Board of Directors

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

Jiri Kula
Managing Director

S Sethuraman
Partner
Membership No. 203491

K Vaidyanathan
Director

S Venkatakrisnan
Company Secretary

B Mohan
Vice President - Finance

Place : Chennai
Date : 28 February 2012

Cash Flow Statement



ESAB INDIA LIMITED

for the year ended 31 December 2011

(All amounts are in Indian Rupees thousands except otherwise stated)

	For the year ended 31 December 2011	For the year ended 31 December 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	706,211	882,233
(Profit) / loss on sale of fixed assets	(136)	4,582
Interest income	(13,239)	(23,628)
Profit on sale of investments	–	(20,237)
Dividend income	(19,138)	(7,804)
Provision for capital work in progress	2,000	1,200
Unrealised exchange differences	2,474	(1,119)
Depreciation / amortization	117,502	105,474
Interest and finance charges	9,891	8,219
Provision for bad and doubtful debts	14,402	1,134
Operating profit before working capital changes	819,967	950,054
Increase in sundry debtors	57,384	(179,374)
Increase in other current assets and loans and advances	(41,960)	5,585
Decrease / (increase) in inventories	(103,002)	(149,005)
Increase/ (decrease) in trade payables	(118,176)	252,432
Cash generated from operations	614,213	879,692
Voluntary separation compensation and related payments	245	(567)
Taxes paid - net	(203,431)	(283,525)
Net cash from operating activities	411,027	595,600
	A	
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(92,075)	(223,096)
Sale of fixed assets	850	480
Purchase of investments	(874,136)	(762,603)
Sale of investments	868,954	447,661
Interest received	9,087	33,300
Investment income received	19,138	7,804
Net cash used in investing activities	(68,182)	(496,454)
	B	
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(382,513)	(160,425)
Dividend distribution tax paid	(63,023)	(25,566)
Interest and finance charges paid	(9,891)	(8,219)
Net cash used in financing activities	(455,427)	(194,210)
	C	
Net increase/(decrease) in cash and cash equivalents	A+B+C	(112,582)
Cash and cash equivalents as at beginning of the year		503,120
Add: Cash and cash equivalents transferred on amalgamation		–
Cash and cash equivalents as at the end of the year *		390,538
Notes:		
*Cash and cash equivalents not available for use by the Company		76,995
Notes to accounts	O	105,156

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

This is the cash flow statement referred to in our report of even date

For and on behalf of the Board of Directors

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

Jiri Kula
Managing Director

S Sethuraman
Partner
Membership No. 203491

K Vaidyanathan
Director

Place : Chennai
Date : 28 February 2012

S Venkatakrishnan
Company Secretary

B Mohan
Vice President - Finance

to the Financial Statements 31 December 2011

(All amounts are in Indian Rupees thousands except otherwise stated)

	As at 31 December 2011	As at 31 December 2010
SCHEDULE A		
SHARE CAPITAL		
Authorised:		
19,000,000 (31 December 2010: 19,000,000) equity shares of Rs.10 each	190,000	190,000
3,000,000 (31 December 2010: 3,000,000) unclassified shares of Rs.10 each	30,000	30,000
(Refer note 25 of Schedule O)	<u>220,000</u>	<u>220,000</u>
Issued, subscribed and paid up :		
15,393,020 (31 December 2010: 15,393,020) equity shares of Rs.10 each fully paid up		
Of the above, 999,000 (31 December 2010: 999,000) equity shares were allotted as fully paid up pursuant to a Scheme of Amalgamation	153,930	153,930
	<u>153,930</u>	<u>153,930</u>
SCHEDULE B		
RESERVES AND SURPLUS		
Amalgamation reserve	10,000	10,000
Securities premium account	93,190	93,190
Special capital incentive subsidy	2,000	2,000
General Reserve		
Opening balance	328,722	274,660
Add : Transferred from profit and loss account	47,441	58,958
Less: Adjustment to reserves arising on account of amalgamation		
(Refer note 25 of Schedule O)	—	(4,896)
	<u>376,163</u>	<u>328,722</u>
Profit and Loss Account	1,480,666	1,322,047
	<u>1,962,019</u>	<u>1,755,959</u>

SCHEDULE C FIXED ASSETS

Particulars	Tangible Assets						Intangible Assets		Total	Previous Year
	Freehold land	Leasehold land	Building	Plant & machinery	Furniture & fixtures	Motor vehicles	Computer software	Technical know how		
GROSS BLOCK AT COST										
As at 1 January 2011	32,939	14,078	297,563	1,183,591	33,994	10,328	14,585	48,808	1,635,886	1,479,954
Transferred pursuant to Scheme of Amalgamation*	—	—	—	—	—	—	—	—	—	28,263
Additions	—	—	34,300	165,294	10,958	7,712	12,277	—	230,541	131,590
Deletions	—	—	—	2,877	423	3,791	—	—	7,091	3,921
	32,939	14,078	331,863	1,346,008	44,529	14,249	26,862	48,808	1,859,336	1,635,886
ACCUMULATED DEPRECIATION / AMORTIZATION										
As at 1 January 2011	—	5,900	72,628	579,361	12,154	6,387	4,802	23,165	704,397	590,188
Transferred pursuant to Scheme of Amalgamation*	—	—	—	—	—	—	—	—	—	12,236
Additions	—	89	9,460	89,048	2,718	1,688	6,368	8,131	117,502	105,474
Deletions	—	—	—	2,592	330	3,455	—	—	6,377	3,501
	—	5,989	82,088	665,817	14,542	4,620	11,170	31,296	815,522	704,397
NET BLOCK										
As at 31 December 2011	32,939	8,089	249,775	680,191	29,987	9,629	15,692	17,512	1,043,814	931,489
As at 31 December 2010	32,939	8,178	224,935	604,230	21,840	3,941	9,783	25,643	931,489	

* (Refer note 25 of Schedule O)

Schedules to the Financial Statements

31 December 2011



ESAB INDIA LIMITED

(All amounts are in Indian Rupees thousands except otherwise stated)

	As at 31 December 2011	As at 31 December 2010
SCHEDULE D		
INVESTMENTS		
CURRENT, UNQUOTED, LOWER OF COST AND FAIR VALUE		
Investment in Mutual Funds*		
<i>Face value: Rs. 10 per unit</i>		
Nil (31 December 2010 - 4,579,907) units in HDFC - Floating rate income fund - Short term plan - Wholesale plan - Daily dividend reinvestment	-	46,170
Nil (31 December 2010 - 4,582,455) units in Tata floater fund - Daily dividend reinvestment	-	45,988
Nil (31 December 2010 - 4,522,842) units in Fidelity ultra short term debt fund institutional- Daily dividend option	-	45,240
2,508,975 (31 December 2010 - 4,561,260) units in Sundaram BNP ultra short term fund - institutional - daily dividend reinvestment	25,184	45,781
Nil (31 December 2010 - 1,519,600) units HDFC cash management fund - Treasury advantage wholesale plan - Daily dividend reinvestment **	-	15,244
4,055,816 (31 December 2010 - Nil) units in Templeton India Ultra Short Bond Fund Institutional Plan	40,603	-
4,984,572 (31 December 2010 - Nil) units in Sundaram BNP Ultra short super institutional Dividend reinvestment daily	50,030	-
2,959,912 (31 December 2010 - Nil) units Reliance liquid fund - Treasury plan - Institutional option daily dividend option	45,249	-
<i>Face Value: Rs. 100 per unit</i>		
444,281 (31 December 2010 - 430,891) units in ICICI prudential flexible income premium - Dividend daily reinvestment	46,976	45,560
<i>Face Value: Rs. 1000 per unit</i>		
40,202 (31 December 2010 - Nil) units in Tata treasury managership daily dividend	40,617	-
46,260 (31 December 2010 - 45,597) units in UTI treasury advantage fund institutional plan - Daily dividend option reinvestment	46,270	45,606
Nil (31 December 2010 - 45,385) units DSP Blackrock money manager fund - institutional plan - Daily dividend reinvestment	-	45,422
45,250 (31 December 2010 - Nil) units in DSP Blackrock Liquid Fund Institutional Plan - daily dividend	45,264	-
	340,193	335,011
Aggregate fair value of investments in mutual funds Rs 340,193 (31 December 2010: Rs 335,011)		
* Also, refer to note 21 of schedule O for details of mutual funds purchased and sold during the year		
** Refer to note 25 of schedule O		
SCHEDULE E		
INVENTORIES *		
Raw and packing materials	244,981	247,663
Work-in-progress	65,430	44,900
Finished goods	305,828	230,378
Stores and spare parts	23,751	14,047
	639,990	536,988
* Includes goods in transit of Rs.43,807 (31 December 2010: Rs.60,664)		

Schedules to the Financial Statements

31 December 2011

(All amounts are in Indian Rupees thousands except otherwise stated)



ESAB INDIA LIMITED

	As at 31 December 2011	As at 31 December 2010
SCHEDULE F		
SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered good	15,221	25,592
- Considered doubtful	25,959	11,557
Other debts, considered good	185,962	246,856
	<u>227,142</u>	<u>284,005</u>
Less: Provision for bad and doubtful debts	25,959	11,557
	<u>201,183</u>	<u>272,448</u>
Debtors include amount due from Companies under the same management:		
Esab Asia Pacific Pte Ltd., Singapore	427	2,736
Esab Middle East LLC	52	50
Esab AB, Sweden	2,746	4,877
Esab Welding and Cutting Products, USA	3,516	4,541
Esab Seah Corporation, Korea	-	95
Esab Holdings Ltd, U.K	893	1,677
Esab Africa Welding Cutting (PTY)	2,216	-
SCHEDULE G		
CASH AND BANK BALANCES		
Cash on hand	538	711
Cheques on hand and remittances in transit	150,686	85,794
Balances with Scheduled Banks :		
- in current accounts	90,986	237,814
- in deposit accounts	82,500	82,500
- in margin money accounts	65,828	96,301
	<u>390,538</u>	<u>503,120</u>
SCHEDULE H		
OTHER CURRENT ASSETS, LOANS AND ADVANCES (Unsecured)		
<i>Considered good</i>		
Interest accrued on deposits	9,918	5,766
Advances recoverable in cash or in kind or for value to be received	180,855	148,823
Advances to Group Companies:		
To Esab Welding Products (Jiangsu) Co. Ltd, China	-	1,983
To Esab Cutting & Welding Automation Shanghai Co. Ltd, China	-	207
Advance income taxes (net of provisions)	13,612	5,922
Balances with customs, port trust, excise, etc.	57,633	44,363
	<u>262,018</u>	<u>207,064</u>
<i>Considered doubtful</i>		
Advances recoverable in cash or in kind or for value to be received	3,251	3,251
Less: Provision for doubtful advances	(3,251)	(3,251)
	<u>-</u>	<u>-</u>
	<u>262,018</u>	<u>207,064</u>
Maximum amount outstanding during the year:		
Esab Welding and Cutting Products, USA	-	109
Esab Welding Products (Jiangsu) Co. Ltd., China	14,232	8,181
Esab Cutting & Welding Automation Sanghai Co. Ltd., China	207	207

Schedules to the Financial Statements

31 December 2011

(All amounts are in Indian Rupees thousands except otherwise stated)



	As at 31 December 2011		As at 31 December 2010	
SCHEDULE I				
CURRENT LIABILITIES				
Sundry Creditors (Refer Note 23 of Schedule O)				
(i) total outstanding dues of micro and small enterprises; and	4,071		7,219	
(ii) total outstanding dues of creditors other than micro and small enterprises	549,342	553,413	629,894	637,113
Deposits from dealers		20,131		19,671
Advance from customers		16,125		21,160
Other Liabilities		65,075		53,242
Unclaimed Dividends *		11,167		8,855
		<u>665,911</u>		<u>740,041</u>
* There is no amount due and outstanding to be credited to the Investor Education and Protection Fund				
SCHEDULE J				
PROVISIONS				
Provision for Income-tax (Net of advance tax and tax deducted at source)		20,125		–
Provision for retirement benefits :				
- Gratuity		15,534		19,255
- Compensated absences		39,865		73,487
Interim dividend		–		153,930
Tax on dividend		–		25,566
		<u>75,524</u>		<u>272,238</u>
SCHEDULE K				
OTHER INCOME				
Interest income [(Tax Deducted at Source - Rs.581) (31 December 2010: Rs.2,921)]		13,239		23,628
Profit on sale of investments		–		20,237
Dividend income		19,138		7,804
Sale of scrap		64,531		56,460
Commission income [(Tax Deducted at Source Rs.Nil) (31 December 2010: Rs.1,133)]		–		12,197
Provision/liabilities no longer required written back		5,433		–
Profit on sale of fixed assets (net)		136		–
Exchange gain (net)		507		6,154
Miscellaneous income		14,484		14,648
		<u>117,468</u>		<u>141,128</u>
SCHEDULE L				
MATERIAL COSTS				
Raw and packing materials consumed		3,062,700		2,625,215
Purchases of finished goods		449,115		561,694
Opening Stock				
- Finished goods		230,378		165,284
- Work-in-progress		44,900		47,683
		<u>275,278</u>		<u>212,967</u>
Closing Stock				
- Finished goods		305,828		230,378
- Work-in-progress		65,430		44,900
		<u>371,258</u>		<u>275,278</u>
(Increase) / Decrease in Finished Goods and Work-in-Progress		<u>(95,980)</u>		<u>(62,311)</u>
		<u>3,415,835</u>		<u>3,124,598</u>

Schedules to the Financial Statements

31 December 2011

(All amounts are in Indian Rupees thousands except otherwise stated)



	For the year ended 31 December 2011	For the year ended 31 December 2010
SCHEDULE M		
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Salaries, wages and bonus	360,250	301,395
Contributions to provident and other funds	16,101	39,809
Workmen and staff welfare expenses	49,250	38,424
Consumption of stores and spare parts	71,996	49,928
Power and fuel	125,175	103,747
Repairs and maintenance:		
- Buildings	9,131	4,862
- Plant and machinery	31,937	17,619
- Others	12,614	9,079
Rent	18,429	14,815
Rates and taxes	11,012	4,371
Excise duty	15,310	12,081
Insurance	6,001	4,165
Transport and freight	74,030	69,861
Communication costs	16,807	16,794
Traveling and conveyance	85,557	66,733
Legal and professional charges	17,562	12,502
Printing and stationery	5,320	5,449
Commission	581	11,146
Sales incentives	35,359	65,443
Trademark fees	93,334	41,543
Advertising	1,575	2,111
Sales promotion and selling expenses	25,450	22,539
External service charges	68,321	45,742
Provision for bad and doubtful debts	14,402	1,134
Bad debts written off	-	9,769
Less : Provision existing	-	9,769
Loss on sale of fixed assets (net)	-	4,582
Provision for capital work in progress	2,000	1,200
Miscellaneous expenses	61,366	57,044
	<u>1,228,870</u>	<u>1,024,118</u>
SCHEDULE N		
INTEREST AND FINANCE CHARGES		
Bank Charges	9,891	8,219
	<u>9,891</u>	<u>8,219</u>

SCHEDULE O

NOTES TO ACCOUNTS

1. Background

Esab India Limited ("the Company") was incorporated on 10 November 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 equipment.

Pursuant to an offer for acquiring the entire paid up share capital of Charter International plc. (Charter) made on 12 September 2011 and duly approved by the shareholders of Colfax Corporation (Colfax) and the shareholders of Charter and confirmed by the Royal Court of Jersey vide its order dated 12 January, 2012, Charter has become an indirect subsidiary of Colfax Corporation, through Colfax UK Holding Ltd. As a result of this acquisition, ESAB Holdings Limited, UK and Exelvia Group India BV which were 100% subsidiaries of Charter, have now become indirect subsidiaries of Colfax Corporation.

Since 37.31% and 18.34% of the Company's shares are held by Esab Holdings Limited and Exelvia Group India BV respectively, being the majority equity shareholders, which are indirect subsidiaries of Colfax Corporation, the Company, subsequent to the balance sheet date, has become a subsidiary of Colfax Corporation. The remaining 44.35% shares are held by institutional investors and the public.

2. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

b) Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Fixed assets, Intangible assets, Depreciation and Amortization

Fixed assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Borrowing costs related to the acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or constructions are capitalized.

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.

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%.

Intangible assets are recorded at the consideration paid for acquisition and are amortized over their estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

Technical Know-how fees and computer software are amortized over a period of 6 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 yearend are disclosed under capital work in progress.

d) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net realizable value and value in use) of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that 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 depreciable historical cost.

SCHEDULE O NOTES TO ACCOUNTS (Continued)

e) Operating Lease

Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term.

f) Investments

Trade investments are investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on the management's intention. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

g) Inventories

Inventories of raw and packing materials are valued at the lower of cost on a first in first out basis and net realizable value. Work in-process, stores and spare parts and finished goods are valued at the lower of cost and net realizable value.

In the case of manufactured inventories, 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) Retirement benefits

Gratuity and pension costs with respect to defined benefit schemes are accrued based on actuarial valuations, carried out by an independent actuary as at the balance sheet date. These contributions are made to a registered trust.

Provision is made for leave encashment based on actuarial valuation, carried out by an independent actuary as at the balance sheet date.

The Company's contribution to Provident Fund, Employees' State Insurance Scheme, and defined contribution plans are charged to the Profit and Loss Account when incurred.

i) Revenue recognition

Revenue from the sale of goods is recognized on despatch 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) Transactions in foreign currency

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 recognized in the Profit and Loss Account 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 recognized in the Profit and Loss Account.

k) Taxation

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets.

Deferred tax assets are reviewed 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 realized.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off.

l) 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.

SCHEDULE O NOTES TO ACCOUNTS (Continued)

m) Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

n) Cash flows

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.

	As at 31 December 2011	As at 31 December 2010
3. Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances)	12,016	47,641
4. Contingent Liabilities:		
For Disputed Taxes and duties	261,049	277,090
Claims Against the Company not acknowledged as debts	82,380	82,380
	343,429	359,470
	For the year ended 31 December 2011	For the year ended 31 December 2010
5. Auditor's Remuneration:		
Audit fees	1,800	1,500
Tax audit and tax accounts	500	300
Other professional services and Certification	1,000	1,050
Reimbursement of out of pocket expenses	231	227
	3,531	3,077

6. Particulars of Licensed, Installed Capacity and Actual Production

Particulars	Unit	For the year ended 31 December 2011			For the year ended 31 December 2010		
		Licensed capacity	Installed capacity*	Actual production	Licensed capacity	Installed capacity*	Actual production
Welding Electrodes	'000 mtrs	318,988	274,808	206,897	318,988	274,808	210,279
	Tonnes	3,480	3,000	520	3,480	3,000	809
Continuous Electrodes/ Copper Coated Wires	Tonnes	28,140	19,600	11,095	28,140	17,800	9,976
Welding Fluxes	Tonnes	4,061	2,440	2,499	4,061	2,440	2,057
Gas and Electric, Welding and Cutting Equipment and Accessories	Nos.	233,540	651,756	166,927	233,540	651,756	172,903

*As Certified by the Management and relied upon by the auditors

SCHEDULE O NOTES TO ACCOUNTS (Continued)

7. Particulars of Closing Stock of Finished Goods

Particulars	Unit	As at 31 December 2011		As at 31 December 2010		As at 31 December 2009	
		Quantity	Value	Quantity	Value	Quantity	Value
Welding Electrodes	PCs ('000s)	17,847	75,303	17,266	68,122	9,237	35,354
	Tonnes	329	55,217	106	26,635	132	32,500
Continuous Electrodes/ Copper Coated Wires	Tonnes	516	46,224	471	38,658	220	20,760
Welding Fluxes	Tonnes	157	10,211	92	9,157	68	4,418
Gas and Electric, Welding and Cutting Equipment and Accessories		#	118,873	#	83,974	#	71,268
Others		#	-	#	3,832	#	984
# Quantity details have not been disclosed because the products are heterogeneous in nature			<u>305,828</u>		<u>230,378</u>		<u>165,284</u>

8. Particulars of sales

Particulars	Unit	For the year ended 31 December 2011		For the year ended 31 December 2010	
		Quantity	Value	Quantity	Value
Welding Electrodes	PCs ('000s)	440,415	2,040,920	464,349	1,896,324
	Tonnes	996	458,062	1,870	669,462
Continuous Electrodes/ Copper Coated Wires	Tonnes	11,529	1,224,372	10,592	907,102
Welding Fluxes	Tonnes	2,505	225,118	2,072	159,356
Gas and Electric, Welding and Cutting Equipment and Accessories			1,592,117		1,573,585
Others			211,497		168,585
			<u>5,752,086</u>		<u>5,374,414</u>

Notes:

- Since the company is engaged in both manufacture and trading activities the details pertaining to trading activity have been included in the above quantitative particulars.
- Of the total traded purchases of Rs.449 million (31 December 2010: Rs. 562 million), an amount of Rs.192 million (31 December 2010: Rs. 193 million) pertains to equipment and the balance pertains to consumables. Quantitative particulars pertaining to purchases of traded equipment are not disclosed because these are not measurable in homogeneous units. With respect to purchases of traded consumables, quantitative particulars are not conveniently available.
- Quantitative data for spares have not been given as it pertains to a large variety of individually insignificant items.
- Special electrodes, for which separate licenses were issued for some plants, are included with Welding Electrodes.

9. Details of raw and packing materials consumed

Description	For the year ended 31 December 2011		For the year ended 31 December 2010	
	Quantity (Tonnes)	Value	Quantity (Tonnes)	Value
Mild Steel / M S Wire Rods	25,375	1,120,394	25,344	1,021,873
Non Ferrous Metals	765	281,034	758	272,957
Minerals	11,160	343,931	10,490	283,959
Chemicals	3,383	265,872	4,072	319,089
Piece Parts	-	799,990	-	610,609
Others	-	251,479	-	116,728
		<u>3,062,700</u>		<u>2,625,215</u>

SCHEDULE O NOTES TO ACCOUNTS (Continued)

10. Value of imported and indigenous raw and packing materials, components and stores and spares consumed

Particulars	December 2011	December 2010	December 2011	December 2010
	Value	Value	% age of Total Consumption	% age of Total Consumption
Raw and Packing Materials				
– Imported	414,633	368,959	14	14
– Indigenous	2,648,067	2,256,256	86	86
	<u>3,062,700</u>	<u>2,625,215</u>	<u>100</u>	<u>100</u>
Stores and Spares				
– Imported	14,223	2,347	20	5
– Indigenous	57,773	47,581	80	95
	<u>71,996</u>	<u>49,928</u>	<u>100</u>	<u>100</u>

	For the year ended 31 December 2011	For the year ended 31 December 2010
11. CIF value of Imports		
Raw materials & packing materials	210,499	260,049
Components	182,729	99,072
Capital goods	75,817	4,935
	<u>469,045</u>	<u>364,056</u>
12. Expenditure in foreign currency		
Technical know how fees	–	1,751
Trademark license fees	93,334	35,388
Travelling	10,809	5,869
Royalty	4,297	4,524
Others	1,345	12
	<u>109,785</u>	<u>47,544</u>
13. Earnings in foreign exchange		
FOB value of exports	180,159	152,799
Income from services	60,575	42,449
Commission costs	–	2,580
	<u>240,734</u>	<u>197,828</u>

SCHEDULE O NOTES TO ACCOUNTS (Continued)

14. Managerial Remuneration

Particulars	For the year ended 31 December 2011	For the year ended 31 December 2010
Computation of net profit in accordance with Section 198 of the Companies Act, 1956 :		
Profit before Tax as per Profit & Loss Account	706,211	882,233
Add: Directors' remuneration	24,913	11,870
Provision for Bad & Doubtful Debts/advances	14,402	1,134
Loss on sale of Fixed Assets (net)	–	4,582
Provision for capital work in progress	2,000	1,200
	41,315	18,786
Less: Profit on sale of Fixed Assets (net)	136	–
Bad Debts Written off	–	9,769
	136	9,769
	<u>747,390</u>	<u>891,250</u>
Maximum commission allowed as per Companies Act, 1956 at 1%	7,474	8,912
Commission to non wholetime Directors proposed	4,149	4,116
i) Managing Director		
Salary	14,219	5,547
Contribution to Provident and superannuation fund	1,702	658
Perquisites	2,526	272
Incentive / Bonus	1,893	900
* Includes remuneration of Rs. 10,872 to Mr Jiri Kula, Managing Director to be approved by the shareholders.	20,340*	7,377
ii) Non-wholetime Directors		
Sitting fees	424	514
Commission	4,149	4,116
	4,573	4,630

Notes:

- The above remuneration excludes provision for pension, gratuity and leave encashment costs, since these are based on actuarial valuations done on an overall company basis.
- In respect of certain fixed assets, the Company depreciates such fixed assets based on estimated useful lives which are lower or equal to the implicit estimated useful lives prescribed by Schedule XIV of the Companies Act, 1956. Thus, the rate of depreciation in the books is higher than that prescribed as the minimum by the Companies Act, 1956 and this value has been considered as a deduction for the computation of managerial remuneration above.
- The Company, in accordance with Section 269 of the Companies Act, 1956, has filed an application with the Central Government seeking approval of the appointment of Mr. Jiri Kula, a non-resident, as Managing Director. The Company is currently awaiting such approval.

15. Deferred Taxation*

	As at 31 December 2011	As at 31 December 2010
Deferred Tax Asset		
Current assets	17,893	15,849
Current liabilities	25,042	40,543
Deferred Tax Liability		
Fixed Assets	(89,540)	(87,063)
Net Deferred Tax (Liability) / Asset	<u>(46,605)</u>	<u>(30,671)</u>
* Includes Deferred tax asset-net of Rs.1,242 transferred on amalgamation		

16. Taxation

	For the year ended 31 December 2011	For the year ended 31 December 2010
Tax expense for current year	215,865	292,007
Deferred Tax Charge	15,934	651
	<u>231,799</u>	<u>292,658</u>

17. Earnings per Share

Basic and Diluted Earnings per share (in Rs.)	30.82	38.30
Nominal value per share (in Rs.)	10.00	10.00
Earnings per share are calculated by dividing the Profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year		
Profit after taxation	474,412	589,575
Weighted average number of shares outstanding during the year (Nos.)	15,393,020	15,393,020

SCHEDULE O NOTES TO ACCOUNTS (Continued)

18. Operating lease

The Company has taken various residential and office premises under operating lease or leave & license agreements. These are cancellable; have a term of between 11 months and 3 years, and have no specific obligation for renewal. Lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term.

19. Segmental 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 including related services

Particulars	Consumables		Equipment		Total	
	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
Revenue						
External sales and services (Net)	3,835,223	3,527,666	1,525,618	1,475,848	5,360,841	5,003,514
Segment results	542,890	623,936	237,182	291,289	780,072	915,225
Less: Interest					9,891	8,187
Other common expenses (Net)					63,970	24,805
Total profit before tax					706,211	882,233
Capital employed						
Segment assets	1,667,418	1,580,647	559,132	611,515	2,226,550	2,192,162
Add: Common assets					677,439	760,677
Total assets					2,903,989	2,952,839
Segment liabilities	336,582	403,916	189,169	198,094	525,751	602,010
Add: Common liabilities					262,289	440,940
Total liabilities					788,040	1,042,950
Segment capital employed	1,330,836	1,176,731	369,963	413,421	1,700,799	1,590,152
Add: Common capital employed					415,150	319,737
Total capital employed					2,115,949	1,909,889
Capital expenditure	180,486	98,483	12,773	31,838	193,259	130,321
Add: Common capital expenditure					37,282	17,296
Total capital expenditure					230,541	147,617
Depreciation/Amortization	80,234	74,907	21,408	20,518	101,642	95,425
Add: Common depreciation					15,860	10,049
Total depreciation					117,502	105,474
Non cash expenses	6,050	(1,081)	12,826	1,099	18,876	18
Add: Common non cash expenditure					—	1,200
Total non cash expenditure					18,876	1,218

Geographical Segments

The Company caters mainly to the needs of Indian market. The export turnover is 3.36% (31 December 2010: 3.60%) of the total turnover of the Company and segment assets are 0.34% (31 December 2010: 0.55%) of the total assets.

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'.

SCHEDULE O NOTES TO ACCOUNTS (Continued)

20. 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 31 December 2011. Colfax UK Holding Ltd., a subsidiary of Colfax Corporation, holds indirectly 100% equity shares of Esab Holdings.

Exelvia Group India BV - Holds 18.34 % of the paid up equity share capital of the Company as at 31 December 2011. Exelvia Group India BV is an investment company and is an indirect wholly-owned subsidiary of Colfax Corporation.

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

ESAB Welding Products(Jiangsu)Co. Ltd., China	ESAB Middle East LLC., Dubai
ESAB Asia Pacific Pte. Ltd., Singapore	ESAB Middle East FZE., Dubai
ESAB Cutting Systems GmbH (Karben),Germany	ESAB SeAH Corporation, Korea
ESAB Europe AG, Switzerland	ESAB S.A. Industria E Comercio, Brazil
ESAB-ATAS GmbH, Germany	ESAB Saldatura S.p.a., Italy
ESAB AB, Sweden	OZAS ESAB Sp. Z.O.O., Poland
P.T. Karya Yasantara Kakti, Indonesia	ESAB Vamberk s.r.o., Czech Republic
ESAB-Mor Kft, Hungary	ESAB Africa Welding Cutting (PTY), South Africa
Alcotec Wire Corporation, USA	ESAB Welding & Cutting Product, USA
Conorco Alambres y Soldaduras SA, Argentina	Romar Positioning Eqp. Int. Pte Ltd., Singapore
ESAB GmbH Solingen, Belgium	ESAB Cutting & Welding Automation (Shanghai) Co. Ltd.,China
ESAB KK, Japan	

c) Key Management Personnel (KMP)

Managing Director - Mr.G.Hariharan (Upto 31 August 2011)

Managing Director - Mr. Jiri Kula (appointed on 1 September 2011 for a period of three years)

d) Transaction and outstanding balances with Related Parties:

Nature of Transaction	Parties where Control Exists (a)		Significant Influence Exists (b)		Key Management Personnel (c)		Total	
	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
Purchase of goods	-	-	302,929	471,874	-	-	302,929	471,874
Purchase of fixed assets	-	-	451	-	-	-	451	-
Sale of goods	-	-	19,655	18,725	-	-	19,655	18,725
Sale of services	-	-	60,575	42,449	-	-	60,575	42,449
Reimbursement of expenses paid	-	-	2,347	-	-	-	2,347	-
Payment of technical know-how	-	-	-	1,751	-	-	-	1,751
Commission income	-	-	-	2,175	-	-	-	2,175
Royalty	-	-	4,297	4,524	-	-	4,297	4,524
Trademark license fees	-	-	93,334	39,565	-	-	93,334	39,565
Remuneration	-	-	-	-	20,340	7,377	20,340	7,377
Dividend Paid	128,490	171,321	-	-	-	-	128,490	171,321
Advances	-	-	-	2,190	-	-	-	2,190
Outstanding payables	-	-	79,261	109,921	993	900	80,254	110,821
Outstanding receivables	-	-	9,850	13,977	*	*	9,850	13,977

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

* Note : Rs. 3.251 million recoverable from a former Managing Director is fully provided for.

SCHEDULE O NOTES TO ACCOUNTS (Continued)

20. Related Party Disclosure (Continued)

e) 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	
		31 Dec. 2011	31 Dec. 2010
Fellow subsidiary Companies:			
ESAB AB, Sweden	Commission - Income	–	2,080
ESAB Holdings Ltd., UK	Income from services	9,245	8,265
ESAB Welding & Cutting Product, USA	Income from services	20,032	11,081
ESAB AB, Sweden	Income from services	31,297	21,446
ESAB Asia Pacific Pte Ltd., Singapore	Sale of goods	8,778	13,179
ESAB Middle East LLC, Dubai	Sale of goods	8,660	5,545
ESAB Saldatura S.p.a, Italy	Purchase of Fixed Asset	451	–
ESAB SeaH Corporation, Korea	Purchase of goods	38,059	–
ESAB AB, Sweden	Purchase of goods	36,447	110,425
ESAB Welding & Cutting Product, USA	Purchase of goods	58,507	56,631
ESAB Cutting & Welding Automation (Shanghai) Co. Ltd., China	Purchase of goods	44,883	–
ESAB Europe AG, Switzerland	Purchase of goods	63,778	–
ESAB Welding Products(Jiangsu) Co. Ltd., China	Purchase of goods	–	52,350
ESAB Vamberk s.r.o – Czech Republic	Purchase of goods	–	51,415
ESAB Cutting System GmbH Karben, Germany	Technical Knowhow	–	1,575
ESAB SA Industria E Commerico, Brazil	Royalty	1,657	1,627
Ozas ESAB Sp Zoo, Poland	Royalty	609	580
ESAB AB, Sweden	Royalty	627	1,020
ESAB Cutting System GmbH Karben, Germany	Royalty	1,388	837
ESAB Holdings Ltd., UK	Trademark license fees	93,334	39,565
ESAB Welding Products (Jiangsu) Co. Ltd., China	Advance	–	1,983
ESAB AB, Sweden	Reimbursement of Expenses	343	–
ESAB Vamberk s.r.o – Czech Republic	Reimbursement of Expenses	1,371	–
ESAB Cutting System GmbH Karben, Germany	Reimbursement of Expenses	587	–
ESAB Holdings Ltd., UK	Dividend paid	86,148	114,864
ESAB Exelvia Group India BV, Netherlands	Dividend paid	42,342	56,457
ESAB Asia Pacific Pte Ltd, Singapore	Outstanding Receivable	–	2,736
ESAB Middle East LLC,Dubai	Outstanding Receivable	–	50
ESAB AB, Sweden	Outstanding Receivable	2,746	4,877
ESAB Welding & Cutting Product USA	Outstanding Receivable	3,516	4,541
ESAB Africa Welding Cutting (PTY), South Africa	Outstanding Receivable	2,216	–
ESAB Holdings Ltd. UK	Outstanding Receivable	–	1,677
ESAB AB,Sweden	Outstanding Payable	–	450
ESAB SeaH Corporation, Korea	Outstanding Payable	6,475	17,376
ESAB Cutting System GmbH Karben, Germany	Outstanding Payable	1,644	837
ESAB Holdings Ltd, UK	Outstanding Payable	48,318	34,661
ESAB SA Industria E Commerico, Brazil	Outstanding Payable	1,194	860
Ozas ESAB Sp Zoo, Poland	Outstanding Payable	423	283
ESAB Europe AG, Switzerland	Outstanding Payable	8,468	20,835
ESAB Welding & Cutting Product USA	Outstanding Payable	14,589	13,054
ESAB Vamberk s.r.o – Czech Republic	Outstanding Payable	–	7,467

SCHEDULE O NOTES TO ACCOUNTS (Continued)

21. Details of units in Mutual Funds purchased and sold during the year

Name of the Fund	Face Value	Year ended 31 December 2011				Year ended 31 December 2010			
		No. of units Purchased during the year	Purchase Value	No. of units Sold during the year	Sale Value	No. of units Purchased during the year	Purchase Value	No. of units Sold during the year	Sale Value
HDFC - Floating Rate Income Fund - Short Term Plan - Wholesale Option - Daily Dividend Reinvestment	10	16,291	164	4,596,198	46,334	13,553,030	8,973,123	90,457	
HDFC - Cash Management Fund - Treasury Advantage Plan-Wholesale - Daily Dividend Reinvestment	10	7,163,180	71,857	8,682,780	87,101	-	-	-	
HDFC - Liquid Fund- Dividend - Daily Reinvestment	10	1,982,940	20,222	1,982,940	20,222	-	-	-	
Tata Floater Fund- Daily Dividend Reinvestment	10	4,581,865	45,982	9,164,320	91,970	4,582,455	-	-	
Tata Liquid Super High Investment Fund-Daily Dividend Reinvestment	1,000	58,657	65,375	58,657	65,375	-	-	-	
Tata Treasury Management - Daily Dividend Reinvestment	1,000	40,202	40,617	-	-	-	-	-	
Reliance Medium Term Fund-Daily Dividend Plan	10	-	-	-	-	7,953,694	7,953,694	135,975	
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend Reinvestment	10	174,810	1,770	4,697,652	47,010	4,522,842	-	-	
Sundaram Bnp Ultra St Fund Inst. Daily Dividend Reinvestment	10	7,150,586	71,770	9,202,871	92,367	4,561,260	-	-	
LIC Liquid Fund - Daily Dividend Plan	10	-	-	-	-	4,136,438	4,136,438	45,419	
LIC Liquid Plus fund - Daily Dividend Reinvestment	10	-	-	-	-	4,507,460	4,507,460	45,075	
Templeton India Ultra Short Bond Fund Institutional Plan	10	8,556,600	85,661	4,500,784	45,058	-	-	-	
Reliance Money Manager Fund-Institutional Option Daily Plan	10	91,907	92,033	91,907	92,033	-	-	-	
SBI Premier Liquid Fund - Institutional - Daily Dividend Reinvestment	10	4,526,408	45,411	4,526,408	45,411	-	-	-	
Sundaram Ultra St Fund Super Inst.Div.Rein.Daily Dividend Reinvestment	10	4,984,572	50,030	-	-	-	-	-	
Reliance Liquid Fund-Treasury Plan-Institutional Option-Daily Dividend Option	10	2,959,912	45,249	-	-	-	-	-	
DSP Blackrock Liquid Fund-Institutional Plan - Daily Dividend Reinvestment	1,000	95,399	95,429	50,149	50,165	-	-	-	
DSP Blackrock Money Manager Fund - Institutional Plan - Daily Dividend Reinvestment	1,000	46,682	46,719	92,067	92,141	45,385	45,422	-	
UTI Treasury Advantage Fund Institutional Plan - Daily Dividend Option	1,000	48,090	48,100	47,427	47,437	136,327	136,356	90,750	
ICICI Prudential Flexible Income Plan Premium - Dividend Daily Reinvestment	100	451,573	47,747	438,183	46,331	430,891	45,560	-	
HDFC - Daily Dividend Reinvestment *	10	-	-	-	-	1,519,600	15,244	-	
Total		42,929,674	874,136	48,132,343	868,954	45,949,382	25,661,445	407,676	

* HDFC- Daily Dividend Reinvestment is held in the name of ESAB Engineering Services Limited which had been amalgamated with ESAB India Limited effective 1 April 2010 (Refer note 25 of Schedule O)

SCHEDULE O NOTES TO ACCOUNTS (Continued)

22. Retirement Benefits

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:

Particulars	Year ended 31 December 2011	Year ended 31 December 2010
Change in present value of obligations		
Obligations at beginning of the year	61,237	48,831
Service cost	3,490	3,294
Interest cost	4,000	3,388
Actuarial (gain) / loss	800	14,597
Benefits paid	<u>(11,264)</u>	<u>(8,872)</u>
Obligations at the end of the year	<u>58,263</u>	<u>61,238</u>
Change in Plan assets		
Fair value of plan assets at beginning of the year	41,983	35,137
Expected return on plan assets	2,698	2,980
Actuarial gain / (loss)	912	(1,262)
Contributions	8,400	14,000
Benefits paid	<u>(11,264)</u>	<u>(8,872)</u>
Fair value of plan assets at end of the year	<u>42,729</u>	<u>41,983</u>
Actual return on plan assets	3,610	1,718
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	58,263	61,238
Fair value of plan assets at the end of the year	42,729	41,983
Funded status amount of liability recognized in the balance sheet	<u>15,534</u>	<u>19,255</u>
Gratuity cost for the year (included in Contribution to provident and other funds in Schedule M)		
Service cost	3,490	3,294
Interest cost	4,000	3,388
Expected return on plan assets	<u>(2,698)</u>	<u>(2,980)</u>
Actuarial (gain) / loss	<u>(112)</u>	<u>15,859</u>
Net gratuity cost	<u>4,680</u>	<u>19,561</u>
Assumptions		
Interest rate	8.50%	7.95%
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	22.00%	25.00%
Corporate bonds	20.00%	30.00%
Insurer managed funds	40.00%	25.00%
Others	19.00%	20.00%

SCHEDULE O NOTES TO ACCOUNTS (Continued)

22. Retirement Benefits (Continued)

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:

Particulars	Year ended 31 December 2011	Year ended 31 December 2010
Change in present value of obligations		
Obligations at beginning of the year	48,828	50,835
Service cost	2,092	1,451
Interest cost	3,392	2,562
Actuarial (gain) / loss	(2,434)	1,385
Benefits paid	(9,547)	(7,404)
Obligations at the end of the year	<u>42,331</u>	<u>48,829</u>
Change in Plan assets		
Fair value of plan assets at beginning of the year	67,699	91,828
Expected return on plan assets	4,595	5,652
Actuarial gain / (loss)	6,995	(2,423)
Benefits paid	(9,547)	(7,404)
Refund from Trust / Payment for defined contribution scheme	(4,296)	(19,954)
Fair value of plan assets at end of the year	<u>65,446</u>	<u>67,699</u>
Actual return on plan assets	11,590	3,229
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	42,331	48,829
Fair value of plan assets at the end of the year	65,446	67,699
Funded status amount of liability recognized in the balance sheet	<u>(23,115)</u>	<u>(18,870)</u>
Pension cost for the year		
Service cost	2,092	1,451
Interest cost	3,392	2,562
Expected return on plan assets	(4,595)	(5,652)
Actuarial (gain) / loss	(9,429)	3,808
Net pension cost	<u>(8,540)</u>	<u>2,169</u>
Assumptions		
Interest rate	8.50%	7.95%
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	23.00%	22.00%
Corporate bonds	37.00%	37.00%
Insurer managed funds	33.00%	35.00%
Others	7.00%	5.00%

Gratuity:

Particulars	31 December 2011	31 December 2010	31 December 2009	31 December 2008	31 December 2007
Experience adjustments:					
- On plan liabilities	(1,477)	5,233	667	2,693	415
- On plan assets	826	(1,207)	(158)	(235)	1,171
Present value of obligation	58,262	61,237	48,831	54,976	48,488
Fair value of plan assets	42,729	41,983	35,137	33,220	38,453
Excess of obligation over plan assets	<u>(15,533)</u>	<u>(19,254)</u>	<u>(13,694)</u>	<u>(21,756)</u>	<u>(10,035)</u>

SCHEDULE O NOTES TO ACCOUNTS (Continued)

Pension:

Particulars	31 December 2011	31 December 2010	31 December 2009	31 December 2008	31 December 2007
Experience adjustments:					
- On plan liabilities	(1,358)	3,673	801	142	(3,409)
- On plan assets	7,205	(1,739)	2,425	(1,023)	522
Present value of obligation	42,331	48,828	50,835	56,081	54,247
Fair value of plan assets	65,446	67,699	91,828	92,601	95,583
Excess of Plan assets over obligation	23,115	18,871	40,993	36,520	41,336

23. Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 December 2011 has been made in the financials statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

24. Outstanding forward contracts

The Company does not use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company does not use forward contracts for speculative purposes.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Amounts receivable in foreign currency		Amounts payable in foreign currency	
	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
Euro equivalent (000)	134	–	633	440
USD equivalent (000)	717	8,551	1,062	903
SEK equivalent (000)	–	–	13	10
SGD equivalent (000)	–	–	7	64
GBP equivalent (000)	–	–	–	6
Rs (000)	47,528	381,221	101,225	69,838

25. Scheme of Amalgamation of ESAB Engineering Services Limited with the Company under Section 391 and 394 of the Companies Act, 1956

A Scheme of Amalgamation ('the Scheme') of Transferor Company viz, ESAB Engineering Services Limited ('EESL') with ESAB India Limited ('the Company' or 'Transferee Company') was sanctioned by the Honorable High Court of Judicature at Madras vide their order dated 9 December 2010 issued on 29 December 2010. Pursuant to this Scheme, the assets and liabilities of the Transferor Companies were transferred to and vested in the transferee company with effect from 1 April 2010 (Appointed Date). The amalgamation has been accounted under the 'pooling of interests' method.

The salient features of the Scheme are as follows:

- All the assets and liabilities recorded in the books of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their book values as appearing in the books of the Transferor Company;
- The Transferee Company shall record the Reserves of the Transferor Company in the same form and at the same values as they appear in the financial statements of the Transferor Company at the close of business of the day immediately preceding the Appointed Date. Balances in the Profit and Loss Account of the Transferor Company shall be similarly aggregated with the balances in Profit and Loss Account of the Transferee Company. Balances shown as Miscellaneous Expenditure (to the extent not written off or adjusted), if any, in the balance sheet of the Transferor Company shall be similarly aggregated with balances of the Transferee Company.
- The excess of, or deficit in, the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting the amounts recorded in terms of sub-clause (b) above, be adjusted in the Reserves in the books of the Transferee Company

SCHEDULE O NOTES TO ACCOUNTS (Continued)

- d. Further, in case of any differences in accounting policy between the Companies, the impact of the same till the amalgamation will be quantified and adjusted in the Profit & Loss Account mentioned earlier to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- e. To the extent that there are inter-company loans, deposits or balances as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of any such inter-company loans, deposits or balances, with effect from the Appointed date.
- f. The authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company. Accordingly, the authorised share capital of the Company is Rs. 220,000 divided into 19,000,000 Equity Shares of Rs. 10/- (Rupees ten) each; and 3,000,000 unclassified shares of Rs.10/- (Rupees ten) each.
- g. The shares of the Transferor Company held by the Transferee Company directly and/or through its nominee(s), constituting the entire paid up share capital of the Transferor Company will stand cancelled. No shares or consideration shall be issued / paid by the Transferee Company pursuant to the amalgamation of the Transferor Company, which is a wholly-owned subsidiary of the Transferee Company.

Accordingly, the Scheme has been given effect to in these financial statements and the following assets and liabilities of the Transferor Company as at 1 April 2010 have accounted by the Transferee Company at their respective book values.

Particulars	Net assets / liabilities taken over by the Company
A. Assets	
Fixed assets - Net	16,027
Other assets	28,770
Total Assets taken over	44,797
B. Liabilities	
Current liabilities and provisions	12,488
Total Liabilities taken over	12,488
C. Net Asset taken over (A-B)	32,309
Less: Profit & loss account transferred on amalgamation	12,309
Share capital of Transferor Company	20,000
Less: Cancellation of investment in books of the Transferee Company	24,896
Difference adjusted to Reserves in the books of Transferee Company	(4,896)

26. The Company has international transactions with related parties. For the financial year 31 March 2011, the Company had obtained the Accountant's Report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and had filed the same with the tax authorities. For the year ended 31 December 2011, the Company has maintained documents as prescribed by the Income-tax Act to prove that these international 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.

27. Prior year figures have been reclassified / regrouped wherever necessary to conform to the current year's classification.

For and on behalf of the Board of Directors

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

Jiri Kula
Managing Director

S Sethuraman
Partner
Membership No. 203491

K Vaidyanathan
Director

S Venkatakrishnan
Company Secretary

B Mohan
Vice President - Finance

Place : Chennai
Date : 28 February 2012

Balance Sheet Abstract and Company's General Business Profile

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956. :

I. Registration Details

Registration No. 5 8 7 3 8 State Code 1 8
Balance Sheet Date 3 1 1 2 1 1
Date Month Year

II. Capital raised during the year (Rs.'000)

Public Issue NIL Rights Issue NIL
Bonus Issue NIL Private Placement NIL

III. Position of Mobilisation and Deployment of Funds (Rs.'000)

Total Liabilities* 2 1 6 2 5 5 4 Total Assets* 2 1 6 2 5 5 4
* Includes Deferred Tax Liabilities (Net of Deferred Tax Asset) * Net of Current Liabilities & Provisions

Source of funds

Paid-up Capital 1 5 3 9 3 0 Reserves & Surplus 1 9 6 2 0 1 9
Secured Loans NIL Unsecured Loans NIL
Deferred Tax Liability* 4 6 6 0 5
* Net of Deferred Tax Asset

Application of funds

Net Fixed Assets 1 0 7 0 0 6 7 Investments 3 4 0 1 9 3
Net Current Assets 7 5 2 2 9 4 Misc. Expenditure NIL
Accumulated Losses NIL

IV. Performance of Company (Rs.'000)

Turnover * 5 4 7 8 3 0 9 Total Expenditure 4 7 7 2 0 9 8
* includes other/extra ordinary Income

+/- Profit/Loss Before Tax +/- Profit/Loss After Tax
+ 7 0 6 2 1 1 + 4 7 4 4 1 2
Earnings per Share 3 0 . 8 2 Dividend Rate % 1 5 0

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code (ITC Code) 8 3 1 1 1 0 . 0 0
Product Description W E L D I N G E L E C T R O D E S
Item Code (ITC Code) 8 5 . 1 5
Product Description A R C W E L D I N G M A C H I N E S
Item Code (ITC Code) 7 2 2 9 9 0 . 0 6
Product Description C O P P E R C O A T E D W I R E S

Schedules A to O form an integral part of the Accounts.

For and on behalf of the Board of Directors

Jiri Kula
Managing Director
K Vaidyanathan
Director

Place : Chennai
Date : 28 February 2012

S Venkatakrisnan
Company Secretary

B Mohan
Vice President - Finance



ESAB INDIA LIMITED

ESAB INDIA LIMITED

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

ATTENDANCE SLIP

25th Annual General Meeting on Wednesday 2 May 2012

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 Wednesday 2 May 2012 at 3.00 p.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

25th Annual General Meeting on Wednesday 2 May 2012

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 of

..... in the district of

as my/our proxy to vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday 2 May 2012 at 3.00 p.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 2012

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