



**ESAB INDIA LIMITED**  
**STRENGTH THROUGH COOPERATION**



**ANNUAL REPORT 2015 - 2016**



### Board of Directors

**Daniel A Pryor**

Chairman

**Rohit Gambhir**

Managing Director

**K Vaidyanathan**

Independent Director

**V Tandon**

Independent Director

**S Chand**

Independent Director

**Sabitha Rao**

Independent Director

### Key Managerial Personnel

**B Mohan**

Vice President - Finance & Chief Financial Officer

**S Venkatakrishnan**

Company Secretary & Compliance Officer

Email : [venkatakrishnan.s@esab.co.in](mailto:venkatakrishnan.s@esab.co.in)  
[investor.relations@esab.co.in](mailto:investor.relations@esab.co.in)

### Registered Office

Plot No.13, 3<sup>rd</sup> Main Road, Industrial Estate  
 Ambattur, Chennai 600 058.

Tel : 044-4228 1100

Fax : 044-4228 1150

[www.esabindia.com](http://www.esabindia.com)

CIN: L29299TN1987PLC058738

### Bankers to the Company

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

### Registrar & Share Transfer Agent

**Integrated Enterprises (India) Limited**

2<sup>nd</sup> 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](mailto:corpserv@integratedindia.in)  
[srirams@integratedindia.in](mailto:srirams@integratedindia.in)

### Audit Committee

**K Vaidyanathan** Chairman

**V Tandon** Member

**S Chand** Member

**Daniel A Pryor** Member

### Stakeholders Relationship Committee

**V Tandon** Chairman

**S Chand** Member

**Daniel A Pryor** Member

**Rohit Gambhir** Member

### Nomination & Remuneration Committee

**K Vaidyanathan** Chairman

**S Chand** Member

**Sabitha Rao** Member

**Daniel A Pryor** Member

### Corporate Social Responsibility Committee

**Sabitha Rao** Chairperson

**Daniel A Pryor** Member

**Rohit Gambhir** Member

### Risk Management Committee

**Daniel A Pryor** Chairman

**Rohit Gambhir** Member

**B Mohan** Member

### Statutory Auditors

**M/s. S R Batliboi & Associates, LLP,**

*Chartered Accountants*

6<sup>th</sup> & 7<sup>th</sup> Floor, "A" Block, Tidel Park,  
 (Module 601, 701 and 702) No.4,  
 Rajiv Gandhi Salai, Taramani, Chennai 600 113.

Tel. No.044-6654 8100

Firm Regn No.101049W / E300004

### Internal Auditors

**M/s. P K F Sridhar & Santhanam, LLP,**

*Chartered Accountants*

KRD Gee Gee Crystal, No.91-92, 7<sup>th</sup> Floor,  
 Dr Radhakrishnan Salai, Mylapore, Chennai 600 004.

Tel. No.044-2811 2989

### Cost Auditors

**M/s. Geeyes & Co.**

Cost & Management Accountants

A-3, III Floor, 56, Seventh Avenue,  
 Ashok Nagar, Chennai 600 083.

Tel.044-4203 3470

### Secretarial Auditors

**M/s. V Mahesh & Associates**

Company Secretaries

39/19, Aspen Court, 3<sup>rd</sup> Floor, 6<sup>th</sup> Main Road,  
 R A Puram, Chennai 600 028.

Tel. No.044-4317 4474



Contents	Page
Five year Financial Highlights	3
Notice	5
Directors' Report	10
Report on Corporate Governance	33
Independent Auditors' Report	48
Balance Sheet	54
Statement of Profit and Loss	55
Cash Flow Statement	56
Notes to the Financial Statements	57

# Five year Financial Highlights

## Highlights

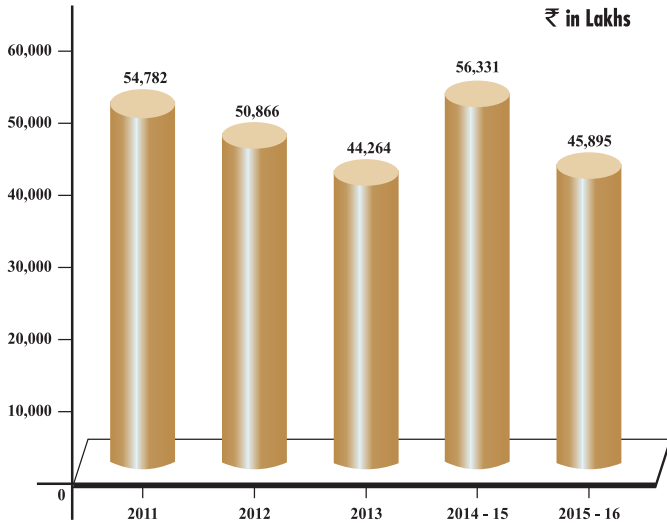
₹. in Lakhs

Operating Results	2015-2016	2014-2015 *	2013	2012	2011
<b>Sales and Other Income</b>	<b>45,895</b>	56,331	44,264	50,866	54,782
Materials	<b>28,096</b>	35,685	27,655	32,206	33,996
Manufacturing, Selling and Administrative Expenses	<b>12,350</b>	14,399	10,680	11,989	12,450
Interest and Finance Charges	<b>34</b>	50	58	73	99
Depreciation	<b>952</b>	1,375	1,123	1,182	1,175
<b>Operating Profit</b>	<b>4,463</b>	4,822	4,748	5,416	7,062
Exceptional / Extraordinary items	<b>353</b>	1,761	—	—	—
<b>Profit before Tax</b>	<b>4,110</b>	3,061	4,748	5,416	7,062
Taxation	<b>(1,276)</b>	(697)	(1,436)	(1,639)	(2,318)
<b>Profit after Tax</b>	<b>2,834</b>	2,364	3,312	3,777	4,744
<b>Earning per share (Rs)</b>	<b>18.41</b>	15.36	21.52	24.54	30.82
<b>Dividend</b>	<b>154</b>	154	154	1,154	2,308
<b>Dividend Distribution Tax</b>	<b>31</b>	32	26	187	375
<b>Dividend per share (Rs)</b>	<b>1.00</b>	1.00	1.00	7.50	15.00
<b>Dividend Payout Ratio</b>	<b>5%</b>	7%	5%	31%	49%
<b>Retained Earnings</b>	<b>2,649</b>	2,178	3,132	2,436	2,061

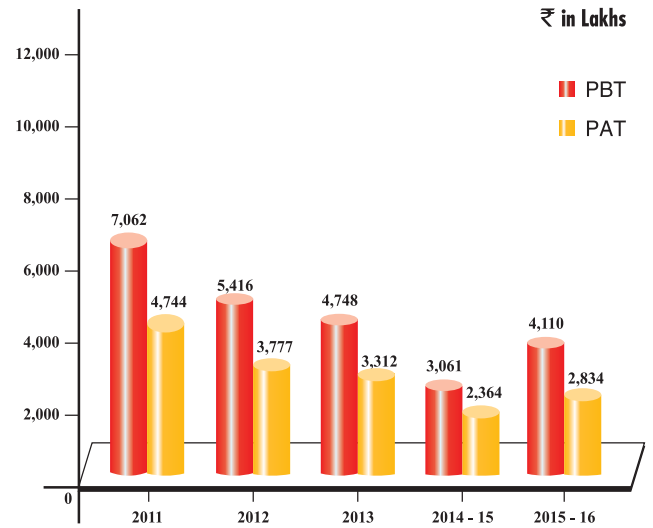
Financial Position	2015-2016	2014-2015 *	2013	2012	2011
<b>Sources of Funds</b>					
Capital	<b>1,539</b>	1,539	1,539	1,539	1,539
Reserves	<b>30,015</b>	27,366	25,188	22,056	19,620
<b>Net Worth</b>	<b>31,554</b>	28,905	26,727	23,595	21,159
Borrowings	—	—	—	—	—
Deferred Tax Liability	—	—	320	330	466
<b>Total</b>	<b>31,554</b>	28,905	27,047	23,925	21,625
<b>Application of Funds</b>					
Fixed Assets	<b>8,327</b>	8,428	9,899	9,933	10,661
Investments	<b>11,977</b>	12,189	10,476	7,777	3,402
Deferred Tax Assets	<b>178</b>	62	—	—	—
Long-term loans and Advances	<b>1,340</b>	1,568	1,431	1,259	2,020
Non Current Assets	<b>241</b>	236	200	—	—
Current Assets	<b>16,494</b>	14,386	13,022	14,139	13,081
Non Current Liabilities	<b>(421)</b>	(375)	(350)	(542)	(571)
Current Liabilities and Provisions	<b>(6,582)</b>	(7,589)	(7,631)	(8,641)	(6,968)
<b>Total</b>	<b>31,554</b>	28,905	27,047	23,925	21,625
No. of Employees	<b>622</b>	587	644	683	830

\* In order to comply with the requirements of Section 2(41) of the Companies Act, 2013, the financial year of the Company was changed from calendar year basis to April to March basis. Hence, the results for the previous year are drawn up for a 15 months period and not strictly comparable.

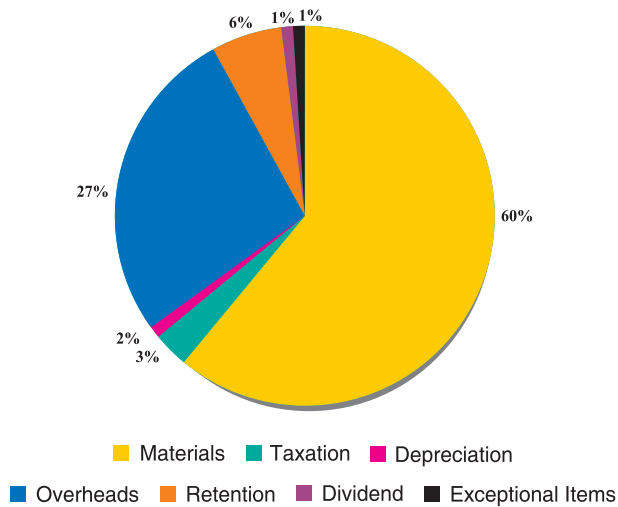
## Sales and Other Income



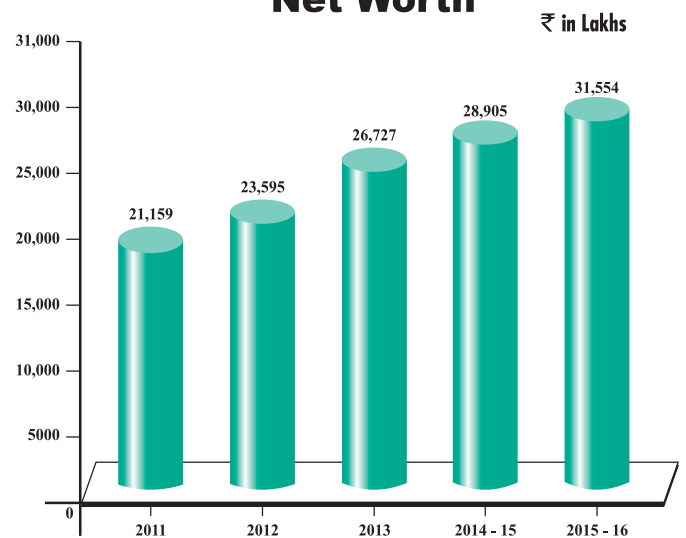
## Profit Before & After Tax



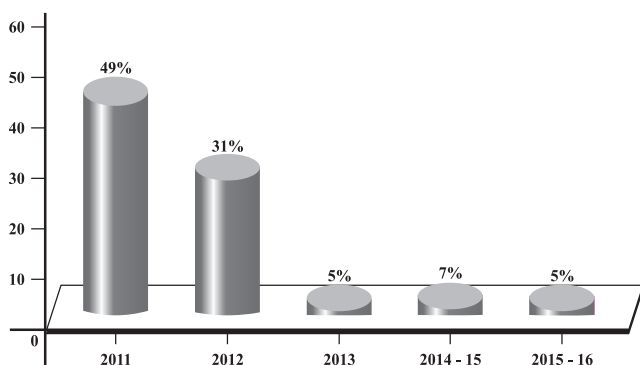
## Distribution of Earnings



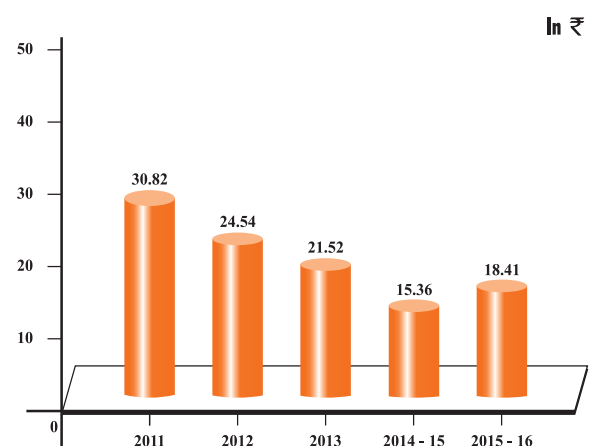
## Net Worth



## Dividend Payout Ratio



## Earnings Per Share



# Notice to Shareholders

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of the Company will be held at P Obul Reddy Hall, Vani Mahal, 103, G N Road, T. Nagar, Chennai 600 017, on Thursday the 4 August, 2016 at 10.00 a.m. to transact the following business:

## ORDINARY BUSINESS

- 1 To consider and adopt the Balance Sheet as at 31 March 2016 and the Profit and Loss Account for the financial year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Rohit Gambhir having Director Identification Number 06686250, who retires by rotation and is eligible for re-appointment.
4. To consider and to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT in terms of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Rules (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of M/s S. R. Battliboi & Associates, LLP, Chartered Accountants, (Firm Registration No. 101049W / E300004), as Statutory Auditors of the Company from the conclusion of this Annual General Meeting upto the conclusion of the Thirtieth Annual General Meeting, being the second consecutive year out of their term of five consecutive years approved at the Twenty Eighth Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company be and is hereby ratified.

## SPECIAL BUSINESS

5. To consider and to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT the remuneration of Rs.5,50,000/- (Rupees five lakhs fifty thousand only), in addition to

reimbursement of travel and out-of-pocket expenses, payable to M/s. Geeyes & Co., Practising Cost Accountants, Chennai holding Firm Registration No.000044 allotted by the Institute of Cost Accountants of India, who was appointed as Cost Auditor of the Company for the Financial Year ending 31.3.2017 as recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 19 May, 2016 in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 be and is hereby ratified.

6. To consider and pass the following resolution, as a Special Resolution :

RESOLVED THAT in terms of Regulation 17 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable provisions of the SEBI Regulations and pursuant to the provisions of Section 197(4) & (6) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the payment of remuneration by way of commission not exceeding 1% of the net profits of the Company for a period of five financial years commencing from 1 April, 2016 to 31 March, 2021 to Directors (other than Directors not resident in India but including Alternate Directors who are resident in India) who are not in the wholetime employment of the Company.

By Order of the Board of Directors

Chennai  
19 May, 2016

**S Venkatakrishnan**  
Company Secretary

**NOTES:**

1. The Explanatory Statement required pursuant to Section 102 of the Companies Act, 2013 (Act) in relation to Item Nos. 5 & 6 above is annexed hereto.
2. Voting rights shall be reckoned on the basis of the shares registered in the name of the Members / Beneficial Owners as on 27<sup>th</sup> July, 2016.
3. A statement giving the relevant details of the Directors seeking re-appointment under Item No. 3 of the accompanying Notice, as required by Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is annexed herewith.
4. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company. The instrument appointing a proxy should be addressed to the Company Secretary and received at the Registered Office of the Company at Plot No.13, 3<sup>rd</sup> Main Road, Industrial Estate, Ambattur, Chennai 600 058, not less than forty-eight hours before the scheduled start of the meeting.**
5. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
6. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. **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 Chief Financial Officer / Company Secretary) atleast seven days in advance of the Meeting.**
8. Members holding shares in physical form are requested to advise any change of communication address immediately to the Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited, 2<sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai 600 017. Attention Mr Suresh Babu, Vice President.
9. Members are requested to bring their copies of the Company's Annual Report and Accounts for the

financial year ended 31 March, 2016. Members are also requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No.

10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
11. 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 certificate to enable consolidation of their holding into one folio.
12. Members who hold shares in 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 the nomination facility. Members holding shares in dematerialized form may contact their Depository Participant for recording the nomination in respect of their shares.
13. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, from 10.00 a.m. to 12.00 noon. upto the date of the Annual General Meeting.
14. The Register of Members and Share Transfer Books of the Company will remain closed from **27.7.2016 to 4.8.2016** both days inclusive.
15. After the declaration of the dividend at the Annual General Meeting, the same will be paid to those Members of the Company whose names stand on the Register of Members of the Company as at the end of business hours on 27 July, 2016. The dividend in respect of shares held in dematerialized form in the Depository System will be paid to the beneficial owners of shares as on 27 July, 2016, as per the list provided by the Depositories for this purpose. The dividend will be payable on and from 16 August, 2016.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
17. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956 (which are still applicable as the relevant sections under the Companies Act, 2013



are yet to be notified), the Company has transferred on due dates, unpaid or unclaimed dividends for the financial year ended December 31, 2007 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 7, 2015 (date of the last Annual General Meeting) on the website of the Company ([www.esabindia.com](http://www.esabindia.com)), as also on the website of the Ministry of Corporate Affairs ([www.mca.gov.in](http://www.mca.gov.in)).

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 31.03.2016
2008	Final	2.50	22.04.2009	27.05.2016	3,45,449.50
2009	Interim	20.00	09.12.2009	15.01.2017	17,64,700.04
2010	Interim	10.00	17.05.2010	21.06.2017	10,98,870.00
2010	2 <sup>nd</sup> Interim	10.00	30.12.2010	03.02.2018	10,08,060.00
2011	Interim	15.00	21.07.2011	26.08.2018	13,62,915.00
2012	Final	7.50	25.04.2013	31.05.2020	11,11,342.50
2013	Final	1.00	25.04.2014	31.05.2021	1,70,917
2014-15	Final	1.00	07.08.2015	12.09.2022	1,35,305
TOTAL					69,97,559.04

18. Members are requested to note that pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, all such shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are also required to be transferred to IEPF.
19. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 read with Rules made thereunder would be available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 10.00 a.m. to 12.00 noon up to the date of the Annual General Meeting.

20. A route map (Ref: Page 80) showing directions to reach the venue of the 29<sup>th</sup> Annual General Meeting is given as a part of this Annual Report as per the requirements of the Secretarial Standard-2 on "General Meetings".
21. In terms of Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of the Director, who is proposed to be re-appointed / appointed in this AGM, nature of his expertise in specific functional areas, his other directorships and committee memberships, shareholding and relationship with other directors of the Company are given below:

Mr Rohit Gambhir

DIN: 06686250

Date of Birth: 06/03/1973

Nationality: Indian

Date of appointment on the Board: 1 November, 2013

Shareholding in ESAB : Nil

List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies): Nil

Memberships / Chairmanships of Audit and Stakeholders Relationship Committees across Public Companies: Nil

Mr Rohit Gambhir, aged 44 years, is a B.Tech (Mechanical) from NIT Kurukshetra (1994) and EPGDM from IIM Indore (2004). He has an overall experience of 21 years. He started his career in August, 1994 with Saint Gobain. He rose through the ranks to be the Sales Manager for Abrasive Industrial trade products by April, 2003 and he served them till November, 2007. In 2007 Mr Rohit Gambhir joined Stanley Black & Decker as its Business Head. He joined ESAB India in March, 2013 as its Head of Sales & Marketing.

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

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

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

## 22. Process for Members opting for e-Voting

Voting through electronic means: The Company is pleased to provide members a facility to exercise their right to vote on all the resolutions as set out in the Notice by 'electronic means' and all the businesses may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL), in compliance with the provisions of Section 108 of the Companies Act, 2013 Read with Rule 20 of the Companies (Management and Administration) Rules 2014 and the Regulation 44 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### (A) The instructions for e-Voting are as under:

In case of members' receiving e-mail from NSDL [for members whose e-mail IDs are registered with the Company / Depository Participant(s)]:

- (i) Open e-mail and then open PDF file viz., "ESAB India Limited e-Voting.pdf" with their Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL in the address bar: [www.eVoting.nsdl.com](http://www.eVoting.nsdl.com)
- (iii) Click on shareholder - Login
- (iv) Enter User ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
- (vi) Home page of e-Voting opens. Go to "eVoting" icon and select "Active Evoting Cycles".
- (vii) Select "EVEN" of ESAB INDIA LIMITED.
- (viii) Now members are ready for e-Voting as Cast Vote page opens.
- (ix) Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
- (xii) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy

(PDF / JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to [maheshvenki@vmacs.co.in](mailto:maheshvenki@vmacs.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### (B) In case of members receiving physical copy of the Notice

- (i) Initial password is provided at the bottom of the attendance slip

EVEN (e-Voting number)	USER ID	PASSWORD/ PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of above to cast vote.

In case of any queries, members may refer to the Frequently Asked Questions (FAQs) for Members and e-Voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following Telephone No: 022- 24994600.

If members are already registered with NSDL for e-Voting, then they can use their existing user ID and password for casting the vote. Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

The e-Voting period commences on 1 August, 2016 9.00 a.m. and ends on 3 August, 2016 5.00 p.m. During this period, members holding shares either in physical form or in dematerialized form, at the end of business as on 27 July, 2016, may cast their votes electronically. The e-Voting module will be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast "in favour" or "against", if any, forthwith to the Chairman of the Company.

The Results declared along with the Scrutinizer's Report will be placed on the Company's website [www.esabindia.com](http://www.esabindia.com) and on the website of NSDL within two days of passing of the resolutions communicated to the Stock Exchanges.

All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company from 10.00 a.m.

to 12.00 noon on all working days up to the date of the AGM.

The Board of Directors at its meeting held on 19 May, 2016 appointed the scrutinizer for e-Voting as per details given below :

Mr V Mahesh  
Scrutinizer  
C/o. Integrated Enterprises (India) Ltd  
Unit: ESAB India Limited  
2<sup>nd</sup> Floor, 'Kences Towers',  
No.1 Ramakrishna Street,  
North Usman Road,  
T. Nagar, Chennai 600017

The facility for voting through polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their vote through polling paper at the Annual General Meeting.

The Members who have cast their vote already by remote e-Voting shall not be entitled to cast their vote again.

The Scrutinizer, after completion of the Scrutiny, will submit his report to the Chairman of the Company. The results will be declared by the Chairman or by any person authorized by him in this regard on or before 6 August, 2016.

The result shall also be announced to the Stock Exchanges where shares of the Company are listed. The result will also be put up on the Company's website [www.esabindia.com](http://www.esabindia.com). The resolution, if approved, will be taken as passed effectively on the date of Annual General Meeting.

In case of any queries, members may contact the Company Secretary at the registered office of the Company.

#### EXPLANATORY STATEMENT (PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)

##### Item No.5

The Board at its meeting held on 19 May, 2016 appointed M/s. Geeyes & Co., Practising Cost Accountants, holding Firm Registration No.000044 allotted by the Institute of Cost Accountants of India, as Cost Auditor of the Company in terms of Section 148 of the Companies Act, 2013 (the Act 2013) and fixed a sum of Rs.5.50 lakhs as remuneration payable to them, for the financial year ending 31 March, 2017.

The remuneration, as recommended by the Audit Committee and approved by the Board, is required to be ratified by the shareholders of the Company, as per the requirements of the Companies (Audit and Auditors) Rules, 2014, read with Section 148 (3) of the Act 2013.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no.5.

The Board recommends the Ordinary Resolution as set out at item no.5 of the Notice for approval by the Shareholders.

##### Item No.6

The shareholders of the Company at the Twenty Fourth Annual General Meeting of the Company held on 27 April 2011, had approved the payment of remuneration by way of commission to the directors (other than directors not resident in India but including alternate directors who are resident in India) (referred to "Non-Wholetime Indian Directors") for a period of five financial years commencing from 1 January 2011.

With Corporate Governance attracting significant focus of all bodies corporate in India, the role played by the Non-Wholetime Directors and more so the Independent Directors has grown multifold. Their contributions during Board deliberations and at other times, immensely help the Company to streamline its strategy and helps it to grow and get the better of the competition in the market. Their differing roles based on their respective areas of personal expertise and experience have required varying levels of commitments of time in relation to their membership on committees of the Board. Taking into consideration the above, it is proposed that Non-Wholetime Indian Directors be compensated adequately and that in terms of Section 197 of the Companies Act, 2013, they be paid a remuneration not exceeding 1% of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013. The authority to determine the manner and quantum of the aforesaid commission to be paid to each of the Non-Wholetime Indian Director will vest with the Board. The proposed payment of commission requires shareholders' approval by way of a special resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, except the Indian non-wholetime Directors in the resolution as set out in item no.6.

The Board recommends the passing of this Special Resolution as set out at item no.6 of the Notice for approval by the Shareholders.

By Order of the Board of Directors

Chennai  
19 May, 2016

**S Venkatakrishnan**  
Company Secretary

# Directors' Report to Shareholders

Your Directors take pleasure in presenting the Twenty Ninth Annual Report together with the audited accounts of the Company for the financial year ended 31 March, 2016.

## 1. FINANCIAL SUMMARY / HIGHLIGHTS

(₹. in Lakhs)

Particulars	2015-16	2014-15*
Income	<b>45,895</b>	56,331
Profit before Interest and Depreciation	<b>5,415</b>	6,197
Finance Charges	—	—
Gross Profit	<b>5,415</b>	6,197
Provision for Depreciation	<b>(952)</b>	(1,375)
Profit before exceptional and prior period items and tax	<b>4,463</b>	4,822
Exceptional items	<b>(353)</b>	(1,761)
Profit before Tax	<b>4,110</b>	3,061
Provision for Tax	<b>(1,276)</b>	(697)
Net Profit After Tax	<b>2,834</b>	2,364
Balance Profit brought forward	<b>21,607</b>	19,666
Balance available for appropriations	<b>24,441</b>	22,030
Proposed Dividend on Equity Shares	<b>(154)</b>	(154)
Tax on Proposed Dividend	<b>(31)</b>	(32)
Transfer to General Reserve	<b>(283)</b>	(237)
Surplus carried to Balance Sheet	<b>23,973</b>	21,607

\* In order to comply with the requirement of Section 2 (41) of the Companies Act, 2013, the financial year of the Company was changed from calendar year basis to April - March basis. Hence the results for the previous year are drawn up for a 15 months period and not strictly comparable.

## 2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There were no events to report that has happened subsequent to the date of financial statements.

## 3. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There has been no material change in the nature of business during the period under review.

## 4. DIVIDEND

The Board of Directors has recommended a dividend of Re.1/- per equity share of Rs.10/- each (10%) at its meeting held on 19 May, 2016 resulting in an estimated outflow of about Rs.185 lakhs (Inclusive of dividend distribution tax) for approval of the shareholders at the Annual General Meeting. The proposed dividend takes into consideration a prolonged period of adverse market conditions and the consequent need to conserve resources for current and future business requirements.

## 5. BOARD MEETINGS

The Board of Directors met 5 times during this financial year from 1 April, 2015 to 31 March, 2016. The Directors met on 26 May, 29 June, 6 August, 5 November, 2015 and on 4 February, 2016.

## 6. DIRECTORS & KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company at present has six members.

Mr Daniel A Pryor is the nominee of ESAB Holdings Limited and a non-retiring Director in terms of the provisions of the Articles of Association.

Mr Rohit Gambhir is the Managing Director of the Company. He was appointed for a period of five years with effect from 1 November, 2013.

There are four Non-executive and Independent Directors on the Board of the Company.

In accordance with the provisions of Article 129 of the Company's Articles of Association, Mr Rohit Gambhir retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment. The details as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Mr Rohit Gambhir are published as part of the Notice calling the Annual General Meeting.

### Key Managerial Personnel

To comply with the requirement of Section 203 of the Companies Act, Mr Rohit Gambhir, Managing Director, Mr B Mohan, Vice President Finance & Chief Financial Officer and Mr S Venkatakrishnan, Company Secretary have



been designated as the Key Managerial Personnel of the Company.

Mr B Mohan, Chief Financial Officer joined the Company on 1 February, 2005 and Mr S Venkatakrishnan, Company Secretary joined the Company on 10 March, 2006.

## 7. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

As required under Section 149 (7) of the Companies Act, 2013 all the Independent Directors on the Board of the Company have individually issued their annual declaration stating that they meet all the criteria of independence as required under the Act.

## 8. COMMITTEES OF THE COMPANY

### A. AUDIT COMMITTEE

In compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an Audit Committee consisting of three Independent Directors and one Non-executive Director has been constituted. Mr K Vaidyanathan, is the Chairman of the said Committee with Mr Vikram Tandon, Mr Sudhir Chand and Mr Daniel A Pryor being the other members of the said Committee. The said Committee met four times on 26 May, 6 August, 5 November, 2015 and on 4 February, 2016.

There were no occasions during the year where the Board of Directors did not accept the recommendations of the Audit Committee.

### B. NOMINATION AND REMUNERATION COMMITTEE

In compliance with Section 178 (4) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Nomination and Remuneration Committee consisting of three Independent Directors and one Non-Executive Director. Mr K Vaidyanathan, is the Chairman of the said Committee with Mr Sudhir Chand & Ms Sabitha Rao, Independent Directors and Mr Daniel A Pryor, Chairman of the Board as Members of the Committee.

The said Committee met thrice on 26 May, 29 June and 5 November, 2015.

The said Committee lays down the Policy on Remuneration stating therein the positive attributes required for the Managing Director, Independent Directors and Key Managerial Personnel. The said policy also states the modus operandi for determining the remuneration to the above said personnel. The Remuneration Policy of the Company can be viewed on the Company's website [www.esabindia.com](http://www.esabindia.com)

### C. STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with Section 178 (5) of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015, the Company has constituted a Stakeholders Relationship Committee consisting of two Independent Directors, one Non-executive Director and the Managing Director. Mr Vikram Tandon is the Chairman of the Committee, Mr Sudhir Chand, Independent Director, Mr Daniel A Pryor, Chairman of the Board and Mr Rohit Gambhir, Managing Director are the Members of the said Committee.

The said Committee met on 26 May, 6 August, 5 November, 2015 and on 4 February, 2016.

### D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with Section 135 (1) of the Companies Act, 2013 the Company has constituted a Corporate Social Responsibility Committee consisting of one Independent Director, one Non-executive Director and the Managing Director. Ms Sabitha Rao is the Chairperson of the said Committee, Mr Daniel A Pryor, Chairman of the Board and Mr Rohit Gambhir, Managing Director are the Members of the said Committee.

The Committee met twice on 26 May and 5 November, 2015.

The Committee has laid down the Policy on Corporate Social Responsibility stating therein the strategy, objectives, funding & allocation for the CSR projects, implementation, strategy and steps involved in achieving the CSR objectives. The Policy on Corporate Social Responsibility of the Company can be viewed on the Company's website [www.esabindia.com](http://www.esabindia.com)

### E. RISK MANAGEMENT COMMITTEE

In order to comply with the requirements of the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee consisting of Mr Daniel A Pryor, Chairman of the Board, Mr Rohit Gambhir, Managing Director and Mr B Mohan, Vice President Finance & Chief Financial Officer of the Company.

The said Committee met twice on 6 August, 2015 and on 4 February, 2016.

The said Committee laid down the Policy on Risk Management stating therein the objectives and purpose of the said policy. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving those risks which are material in nature and are associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on material risk related issues.

The Risk Management Policy of the Company can be viewed on the Company's website [www.esabindia.com](http://www.esabindia.com)



## 9. VIGIL MECHANISM

In compliance of Section 177 (9) & (10) of the Companies Act, 2013 and in terms of Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has set up a whistleblower policy which can be viewed on the Company's website [www.esabindia.com](http://www.esabindia.com). In terms of the said policy the Directors and employees are given direct access to the Chairman of the Audit Committee to report on alleged wrongdoings. The said policy has been made available at the Offices / Plants of the Company at conspicuous places to enable the employees to report concerns, if any, directly to the Chairman of the Board and to the Chairman of the Audit Committee. The employees who join the Company newly are apprised of the availability of the said policy as a part of their induction schedule.

## 10. 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 134 (5) of the Companies Act, 2013.

1. In the preparation of the annual accounts for the financial year ended 31 March, 2016 the applicable accounting standards have been followed;
2. The Directors have selected such accounting policies listed in Note 2 to the Notes to the Financial Statements and applied consistently and made judgements and estimates that are reasonable and prudent 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 March, 2016 and of the Profit of the Company for that year;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts for the year ended 31 March, 2016 on a going concern basis;
5. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 11. MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC & BUSINESS ENVIRONMENT

The period under review witnessed multiple changes with limited impact on the overall business environment.

Economic indicators on manufacturing continued to reflect delayed investments, shrinkages in output, infrastructural bottlenecks and slackness in demand, especially in the rural economy.

The expected favorable impact of softening commodity prices was not felt strongly enough during the period and tariff barriers on Steel towards the latter half of the financial year deprived Steel consuming segments of price arbitrage opportunities. Volatilities in exchange rates with a downward bias on the Rupee contributed to higher costs on imports.

Key end customer segments for Welding products were affected to various degrees by the above elements.

The Company continued to focus on expanding its presence across segments through varied product offerings with support from the parent company on specific product ranges.

The challenging business environment demanded shoring up of internal efficiencies and control on costs. During the year under review, the Company discontinued manufacturing operations at its Khardah Plant. The Company is in the process of completing some of the transfer of assets from Khardah to its other Consumable manufacturing locations.

We continue to explore avenues to drive down costs and improve productivity through internal and global benchmarking of performance metrics.

### OUTLOOK, OPPORTUNITIES AND THREATS

The Business outlook continues to be relatively positive for the medium term with short term volatilities arising from local and global factors. Speed of policy execution in the economy, stability in commodity prices, monsoons and a revival in the investment cycle are key to outlook for the ongoing fiscal. We also bank on improved liquidity and lower financing costs for customers to achieve better turns on working capital and improved margins.

A favorable tax regime and implementation of GST can have significant changes in the way businesses work on supply chain and logistics with potential short term disruptions during the transition phase. Margins and working capital are expected to be under strong pressures with over capacities in the industry, aggressive pricing and credit terms by competitors.

### RISKS AND CONCERNS

Risks arising from delayed implementation of Government policies, exchange rate risks from a weaker rupee and global trends on oil prices can have a significant impact on the short term profitability. Competition from unorganized players with local advantages can have an impact especially on mass market products in Consumables business.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company operates in an environment where internal controls are continuously evaluated by Management and by the Internal Auditors. The Company had taken up a detailed evaluation based on risks and controls in key processes to an extent leveraging on the work done as part of its global reporting requirements. The Audit Committee reviews key findings and follow up actions at its meetings. The Company has modified the scope and coverage for audits with a focus on the Internal Control on Financial Reporting (ICFR) framework. Management testing through independent audit teams followed by external testing were done during the year.

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, financial reporting, statutory and other compliances and operational areas in addition to reviews relating to efficiency and economy in operations.

Our efforts as above are expected to ensure compliance with the requirements of Internal Controls on Financial Reporting.

## FINANCIAL PERFORMANCE OF THE COMPANY

### INCOME AND EXPENDITURE

Net Sales and other operating revenue grew by 2.15% on a comparable and annualized basis with growth in the Consumables and R&M businesses. Equipment business continued to be affected by a slowdown in the capital expenditure cycle.

Other income was lower by about 12.74% due to effect of exchange gains in the previous accounting year and lower interest rates that translated to lower yields on Investments in Mutual Funds. Cash surpluses were deployed in debt and liquid funds through the year.

Materials costs as a percentage to sales fell from 66.24% in the previous year to 63.98% on the back of softening in commodity prices and an improved product mix.

Overheads including employee costs were higher at 27.46% of Net Sales and Service Income as against 26.2% in the previous accounting period. The increases were primarily on account of;

- Employee cost higher by 4.79% on a comparable basis driven by wage inflation and retirement benefits costs increases based on actuarial valuations.
- Higher costs on transportation outwards in line with changes in terms of trade and customer mix.
- Fixed Assets written off during the year based on obsolescence reviews on an ongoing basis.

Depreciation was lower by 13.45% as compared to 2014-15 with reduced capital expenditure and ageing Plants. The reduction was also due to impairment of some of the Company's Plant and Machinery items at Khardah following

the discontinuance of manufacturing operations. The Company has continued to provide for Depreciation at rates aligned to the erstwhile Schedule XIV of the Companies Act, 1956. The rates are different from those recommended in Schedule II of the Companies Act, 2013. The decision to continue with the same rates as before is based on a technical evaluation of useful life of assets.

## BALANCE SHEET

The Company continued to focus on key Balance Sheet metrics to shore up internal efficiencies. Working capital situation was challenging with tight liquidity and short term difficulties in some customer segments. Despite strong pressures on working capital, the company closed the year with increase in cash and equivalents by 8.81% over the previous financial year.

Capital Expenditure was about Rs.1,044 lakhs as against Rs.560 lakhs in the previous year. The capital expenditure was primarily on productivity improvements, capacity enhancements and upgrading IT systems.

Current Investments and Cash grew by Rs.1,375 lakhs during the year due to internal accruals amidst strong pressures on working capital.

Inventories were higher by about 8.3% in value terms due to seasonal elements and forecast based inventory levels at the end of March 2016. Measured in days to sales, it went up from 45.7 days in the previous financial year to 48.6 days.

Trade receivables were relatively stable at 37.8 days to sales as compared to 37 days at the end of the previous financial year. This is due to higher sales to end customers and increases in credit cycles to trade.

## SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANY

The Company does not have any subsidiary, joint venture or an associate company.

## HOLDING COMPANY

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

## 12. EXTRACT OF THE ANNUAL RETURN

The Extract of the Annual Return in form MGT 9 of the Company made up as on the Financial Year ended 31 March, 2016 is attached by way of **Annexure - 1** to this report.

## 13. STATUTORY AUDITORS

M/s S R Batliboi & Associates, LLP, Chennai (Firm Regn No.101049W / E300004) were appointed by the shareholders at the Annual General Meeting held on

7 August, 2015 as the Statutory Auditors of the Company for a period of five years in compliance with Section 139 (1) of the Companies Act, 2013. Their appointment as statutory auditor was informed to the Registrar of Companies through Form ADT-1 dated 14 August, 2015 vide SRN S39001086.

Further as envisaged in Section 139 and 142 of the Companies Act, 2013, their appointment is subject to ratification by the shareholders of the Company at the Annual General Meeting. This being the second consecutive year out of the five years that they have been appointed, the subject is being placed before the shareholders at the Annual General Meeting on 4 August, 2016.

M/s S R Batliboi & Associates, LLP, Chartered Accountants, have vide their letter dated April 5, 2016 given their written consent to continue as the Statutory Auditors of the Company and have also issued a certificate that the appointment if made shall be in accordance with the conditions and that they satisfy the criteria provided under the relevant section and Chapter X of the Companies Act read with Companies (Audit and Auditors) Rules, 2014.

The Statutory Auditors have issued a clean report on the financials of the Company and have not issued any qualifications for the financial year ended 31 March, 2016.

## 14. SECRETARIAL AUDIT

In terms of Section 204 (1) of the Companies Act, 2013, the Company has appointed M/s V Mahesh & Associates, Chennai to do the secretarial audit of the Company for the financial year 1 April, 2015 to 31 March, 2016. The said firm has vide their letter dated 24 April, 2015 issued their consent to do the secretarial audit for the company for the said period. Their appointment was informed to the Registrar of Companies, Chennai vide form MGT-14 dated 11 June, 2015 vide SRN C55529101.

M/s V Mahesh & Associates, have now completed their secretarial audit and have issued their certificate as per the prescribed format in MR-3 to the shareholders of the Company, which is annexed to this Report as **Annexure - 2**. They have no observations in their report and have confirmed that the Company has proper board processes and a compliance mechanism in place. They have also complied with the relevant statutes, rules and regulations applicable to the Company and with the applicable secretarial standards.

## 15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

The information required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in the **Annexure - 3** and forms part of this Report.

## 16. DETAILS RELATING TO DEPOSITS

The Company has not accepted any deposits during the period under review as envisaged under Section 73, 74 & 76 of the Companies Act, 2013.

## 17. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, there have been no significant and material orders passed by any regulators / courts / tribunals that could impact the going concern status and the company's operations in future.

## 18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not made any loans to any third party as envisaged under Section 186 of the Companies Act, 2013 during the year under review.

The Board of Directors from time to time have authorized the Company to invest the surplus of the Company in deposits with Bank and the investments in debt funds, liquid funds and fixed maturity plans with mutual funds for a tenor not exceeding 100 days. The investments are made in liquid and debt funds. The Company has earned an income of around Rs.643 lakhs for the period 1 April 2015 to 31 March, 2016 in the form of dividends and profit on redemption of investments. The Company has not given any guarantees other than bank guarantees in the normal course of business to meet contractual obligations.

## 19. RISK MANAGEMENT POLICY

In order to comply with the requirements of Section 134 (n) of the Companies Act, 2013 and as required under Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has constituted a Risk Management Committee consisting of Mr Daniel A Pryor, as the Chairman and Mr Rohit Gambhir, Managing Director and Mr B Mohan, Chief Financial Officer as the Members of the Committee. The said Committee has laid down the procedures to identify the risks and the minimization procedures and the policy in this regard has been approved by the Board of Directors. The Board of Directors defined the roles and responsibilities of the said Committee. The policy on Risk Management has been hosted in the Company's website [www.esabindia.com](http://www.esabindia.com). The said Committee updates the Board of Directors on a periodical basis on the material risks faced by the Company and the measures taken by the Company to mitigate the said risks.

## 20. CORPORATE SOCIAL RESPONSIBILITY

As required under Section 134 (o) read with Section 135 (1) of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee. The Committee has Ms Sabitha Rao, as the Chairperson, Mr Daniel A Pryor and Mr Rohit Gambhir as the Members of the said Committee.

The said Committee formulated and recommended to the Board for approval a policy on Corporate Social Responsibility. The Board of Directors at its meeting held on 6 November, 2014 approved the policy on Corporate Social Responsibility. The said policy as required under Section 135 (4) (a) of the Companies Act, 2013 has been uploaded on the Company's website [www.esabindia.com](http://www.esabindia.com).

The Company's policy on CSR envisages expenditure in areas falling within the purview of Schedule VII of the Companies Act, 2013. The annual report on CSR activities is enclosed by way of **Annexure - 4** to this report. The Company was very selective in identifying the projects which were deserving and which qualified as focus of attention. The Company also wanted to ensure that the projects funded were well within the meaning of what is recognized under Schedule VII of the Companies Act, 2013.

However with the Company choosing to be very conservative in its approach and also to ensure that the money is spent only on projects where it would really benefit the deserving and genuine projects and at the same time improve the image of the Company, the Company has expended about Rs.22.29 lakhs only during the financial year. The Company would continue its search for identifying projects which are deserving and genuine to enable the Company to achieve its CSR objectives enshrined in its policy.

## 21. RELATED PARTY TRANSACTIONS

As required under Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company places before the audit committee the list of related parties from whom they buy raw materials or finished goods, to whom the Company extends services or exports goods. The details of the basis of pricing and the margins on such transactions are also tabled. The Audit Committee accords its omnibus approval for such related party transactions on an annual basis. The updates on the transactions with the related parties are placed before the Audit Committee on a quarterly basis. The details are also placed before the Board of Directors for its information.

As required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated a policy on related party transactions and the same was approved by the Audit Committee and the Board of Directors. The said policy has been uploaded on the Company's website [www.esabindia.com](http://www.esabindia.com).

All the transactions with the related parties entered into during the period under review have been in the ordinary course of business and at arms' length basis. There have been no material related party transactions entered into during this period which required the approval of the shareholders by way of special resolution. The details of related party transactions pursuant to Clause (h) of

sub-section (3) of Section 134 of the Act, is enclosed in form no. AOC 2 as **Annexure - 5**.

## 22. FORMAL ANNUAL EVALUATION

As required under Section 134 (p) of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors had already approved the evaluation criteria for evaluating the performance of the Board of Directors, its Committees and the performance of Independent Directors.

Accordingly, as required under Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors at their separate meeting held on 4 February, 2016 evaluated the performance of the Non-independent Directors and the Board as a whole. They also reviewed the performance of the Chairman of the Company and also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

Also as required under Regulation 17 (10) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board assessed the performance of the Independent Directors as per the criteria laid down and has recommended their continuation on the Board of the Company at its meeting.

The Board of Directors assessed the performance of the individual Directors on the Board based on parameters such as, relevant experience and skills, ability and willingness to speak up, focus on shareholder value creation, high governance standards, knowledge of business, processes and procedures followed, openness of discussion / integrity, relationship with management, impact on key management decisions etc. The Members of the Committee of audit, nomination & remuneration, stakeholders relationship, corporate social responsibility and risk management committee were also assessed on the above parameters and also in the context of the Committee's effectiveness vis-a-vis the Act and the listing regulations.

## 23. COST AUDITOR

As required under Section 148 of the Companies Act, 2013 the Board of Directors at its meeting held on 19 May, 2016 have appointed M/s Geeyes & Co., Cost Accountants within the meaning of Cost & Works Accountants Act and holding a valid certificate of practice No.000044 as the Cost Auditor for conducting the Cost Audit for the financial year 2016-17. The Audit Committee recommended the appointment subject to the compliance of the requirements stipulated in the relevant notifications issued by Ministry of Corporate Affairs.

The Company has received a letter from the Cost Auditor stating that the appointment, if made, will be within the limit prescribed under the Act.



The relevant Form CRA2 for appointment of Cost auditor for the financial year 2015-16 was filed with the Registrar of Companies on 29 June, 2015 vide SRN S38400693.

The cost audit report issued by the Cost Auditor for the financial year ended 31 March, 2015 was filed with the Registrar of Companies vide form I XBRL dated 28 September, 2015 vide SRN S39613369.

## 24. RATIO OF REMUNERATION TO EACH DIRECTOR

As required under Section 197 (12) and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of ratio of remuneration to each Director to the median employee remuneration are as given below:

### A. Executive Director

Ratio of remuneration paid to Mr Rohit Gambhir, Managing Director vs the median employee is : 16 : 1 (17 : 1 for the year ended 31.3.2015).

### Non-executive Independent Director

Ratio of remuneration paid to Mr Vikram Tandon, Non-executive Independent Director vs the median employee is : 0.58 : 1 (0.88 : 1 for the year ended 31.3.2015)

Ratio of remuneration paid to Mr Sudhir Chand, Non-executive Independent Director vs the median employee is : 0.66 : 1 (0.91 : 1 for the year ended 31.3.2015)

Ratio of remuneration paid to Mr K Vaidyanathan, Non-executive Independent Director vs the median employee is : 0.70 : 1 (0.98 : 1 for the year ended 31.3.2015)

Ratio of remuneration paid to Ms Sabitha Rao, Non-executive Independent Director vs the median employee is : 0.62 : 1 (0.11 : 1 for the year ended 31.3.2015)

- B. The percentage increase in the median remuneration of employees in the financial year was 9%.
- C. The number of permanent employees in the rolls of the Company as at 31 March, 2016 is 344 (329 as on 31 March, 2015).
- D. The average percentage increase in remuneration of employees to that of the increase in performance of the Company = 9% : 1.7%.
- E. Comparison of the remuneration to Key Managerial Personnel against the performance of the Company during the period 1 April, 2015 to 31 March, 2016.

	In Absolute figures (₹)	Increase in % terms
ESAB India's performance	458.95 crores	1.84
Mr Rohit Gambhir, Managing Director	160.79 lakhs	5
Mr B Mohan, CFO	71.36 lakhs	5
Mr S Venkatakrishnan, Company Secretary	40.90 lakhs	5

- F. Variations in the market capitalization of the Company and the PE Ratio.

Market Capitalisation as on 31.03.2015 - Rs.1,063.65 Crores.

Market Capitalisation as on 31.03.2016 - Rs.970.22 Crores.

PE Ratio as on 31.3.2015 - 45.98.

PE Ratio as on 31.3.2016 - 36.18.

The Company made a public offer of Equity Shares at par (Rs.10/- per Share) in the year 1989.

- G. Average percentile increase made in salaries of employees other than KMP in comparison to the percentile increase in the remuneration of KMP and the justification thereof.

The average percentile increase in salaries of employees other than KMP is 9% while that of KMPs is 5%.

Justification thereof : Compensation revisions take into account performance metrics on sales, operating profits and working capital apart from specific elements attributable to various functions within the organization. Despite difficulties in the operating environment, the Company's performance against the above metrics were close to expected levels. The revisions also need to be reviewed in the light of short and medium term forecasts and budgets. Taking into account all the above elements, we chose to consider higher percentage of increase to the lower and middle level management employees to sustain the morale and motivation levels. The final percentage of revision therefore was worked out with 5% for the senior most levels and a maximum of 9% at the junior levels.

- H. The key parameters for any variable component of remuneration availed by the Directors.

Variable Component to Mr Rohit Gambhir - This is linked to various parameters, financial and non-financial. Key elements include sales, operating profit, working capital, implementation of business systems.

Variable Component to Independent Directors - Is based on the roles and responsibilities and their contribution to the Company in their respective capacities. The Commission is individually determined based on their varying commitments of time and effort to the Board and to its Committees.

- I. The ratio of remuneration of highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year : NIL

The Board of Directors would like to affirm that the remuneration paid to the Executive and Non-executive Directors and the Key Managerial Personnel is in line with the Remuneration Policy of the Company.



As required under the provisions Section 203 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment of Remuneration of Managerial Personnel) Rules, 2014 as amended, the name and other particulars of the employee is set out in the **Annexure - 6** to this Report.

As at the end of March, 2016 the Company had 622 employees as against 587 at the end of 31 March, 2015. The Company believes in providing a working environment that is focused on the customers, teamwork, continuous improvement, innovation and a competitive environment where employees strive to improve value for shareholders.

## 25. FINANCE

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

## 26. ENVIRONMENT, HEALTH AND SAFETY

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

## 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.

## 27. LISTING WITH STOCK EXCHANGES

The Company's equity shares are listed with a) BSE Limited and b) National Stock Exchange of India Limited. The annual fee for both the exchanges have been paid promptly for the year 2015-2016. Pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company executed fresh listing agreements with BSE Limited and National Stock Exchange of India Limited on 9 November, 2015.

The Company had 9,512 shareholders as at the end of the year 31 March, 2016. 98.21% of shares are held in dematerialized form.

As required under Regulation 39 (4) Read with Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the details of the shares issued by the Company consequent to amalgamation of erstwhile Maharashtra Weldaids Limited with the Company in 1994, the details of the physical shares which remains

unclaimed and transferred to the Unclaimed Suspense Account and the reconciliation of the shares claimed by shareholders during the year 2015-16 and the shares outstanding in the suspense account as on 31.3.2016 is given below:

Sl. No.	Details	No. of shareholders	No. of equity shares
1.	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. as on 1.4.2015	131	9,715
2.	Number of Shareholders who approached the Company during the year	4	200
3.	Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	4	200
4.	Aggregate Number of shareholders and the outstanding shares lying in the unclaimed Suspense Account at the end of the year i.e. 31.3.2016	127	9,515

127 Shareholders holding 9,515 equity shares constituting about 0.06% of shares have not made their claim from the Company on the shares outstanding in the Unclaimed Suspense Account of ESAB India Limited. The voting rights for these shares shall remain frozen until these are claimed by the rightful owners.

## 28. CORPORATE GOVERNANCE

In terms of Chapter IV Regulation 15 Read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Corporate Governance Report is made part of this Annual report.

A certificate from the Statutory Auditors of the Company regarding compliance of the conditions stipulated for Corporate Governance as required under Clause E of Schedule V read with Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report.

The declaration by the Managing Director addressed to the Members of the Company pursuant to Clause D of Schedule V Read with Regulation 34 (3) and Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

## 29. POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORK PLACE ACT

The Company has also adopted the mandatory policy on Sexual Harassment of Women at Workplace (Prevention,

Prohibition & Redressal) Act, 2013. Employees have been sensitized on the provisions of this enactment and the Company has also constituted an internal complaints committee with effect from 30 October, 2013 to deal with complaints if any, under the said Act. The Committee meets twice every year. The Company believes in providing safe working place for the Women in the Company and adequate protection are given for them to carry out their duties without fear or favour. There were no complaints received during the year to report under the said statute.

### 30. SECRETARIAL STANDARDS

As on 31 March, 2016 the Secretarial Standard 1 & 2 on Board Meetings and General Meetings have been notified and the Company has complied with the requirements of the said Secretarial Standards.

A certificate of compliances issued by the Secretarial Auditor M/s V Mahesh & Associates dated 18 April, 2016 is enclosed as **Annexure - 2** and forms part of this Report.

### 31. ISSUE OF SHARES

The Company during the year under review has not issued any SWEAT equity shares or shares with differential rights or under Employee stock option scheme nor did it buy back any of its shares.

### 32. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

**Daniel A Pryor**  
Chairman

19 May 2016

## ANNEXURE - 1

## Form No. MGT - 9

## EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31<sup>st</sup> March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

CIN	L29299TN1987PLC058738
Registration Date	10 <sup>th</sup> November 1987
Name of the Company	<b>ESAB INDIA LIMITED</b>
Category / Sub-Category of the Company	PUBLIC LIMITED COMPANY
Address of the Registered office and Contact details	Plot No. 13, 3 <sup>rd</sup> Main Road, Industrial Estate, Ambattur, Chennai - 600 058. Mr. Rohit Gambhir, Managing Director <a href="mailto:rohit.gambhir@esab.co.in">rohit.gambhir@esab.co.in</a> Mr. B Mohan, Chief Financial Officer <a href="mailto:mohan.b@esab.co.in">mohan.b@esab.co.in</a> Mr. S Venkatakrishnan, Company Secretary <a href="mailto:venkatakrishnan.s@esab.co.in">venkatakrishnan.s@esab.co.in</a>
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited 2 <sup>nd</sup> Floor, Kences Towers, No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017.

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product / service	% to total turnover of the Company
1.	Welding Consumable	2592	73
2.	Welding Equipment	2710	27

## III. PARTICULARS OF HOLDING COMPANIES

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	<b>ESAB Holdings Limited</b> Hertford Road, Waltham Cross, England EN87RP	Foreign Company	Holding Company	37.31	2 (46)
2.	<b>Exelvia Group India B V</b> Lansinkesweg 4, 7553, AE, Hengelo, The Netherlands	Foreign Company	Holding Company	36.41	2 (46)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-Wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
SHAREHOLDING OF PROMOTER AND PROMOTER GROUP									
Indian									
Individual/Hindu Undivided Family	–	–	–	–	–	–	–	–	–
Central Government	–	–	–	–	–	–	–	–	–
State Government	–	–	–	–	–	–	–	–	–
Bodies Corporate	–	–	–	–	–	–	–	–	–
Financial Institutions/Banks	–	–	–	–	–	–	–	–	–
Any other(specify)	–	–	–	–	–	–	–	–	–
<b>SUB TOTAL A(1)</b>	–	–	–	–	–	–	–	–	–
Foreign									
Individual (Non-resident / foreign)	–	–	–	–	–	–	–	–	–
Bodies corporate	11347960	–	11347960	73.72	11347960	–	11347960	73.72	–
Institutions	–	–	–	–	–	–	–	–	–
Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Any other (specify)	–	–	–	–	–	–	–	–	–
<b>SUB TOTAL A(2)</b>	<b>11347960</b>	<b>-</b>	<b>11347960</b>	<b>73.72</b>	<b>11347960</b>	<b>–</b>	<b>11347960</b>	<b>73.72</b>	<b>–</b>
<b>Total Shareholding of Promoter and Promoter Group (A)=A(1)+A(2)</b>	<b>11347960</b>	<b>-</b>	<b>11347960</b>	<b>73.72</b>	<b>11347960</b>	<b>–</b>	<b>11347960</b>	<b>73.72</b>	<b>–</b>
Public Shareholding									
Institutions	–	–	–	–	–	–	–	–	–
Mutual funds / UTI	109951	8301	118252	0.77	99375	8301	107676	0.70	(0.07)
Financial Institutions / Banks	2027	520	2547	0.02	1582	470	2052	0.01	(0.01)
Central Government	–	–	–	–	–	–	–	–	–
State Government(s)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Venture Capital Funds	–	–	–	–	–	–	–	–	–
Insurance Companies	–	–	–	–	–	–	–	–	–
Foreign Institutional Investors	213563	300	213863	1.39	139997	300	140297	0.91	(0.48)
Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Any other(specify)	–	–	–	–	–	–	–	–	–
<b>SUB TOTAL B(1)</b>	<b>325541</b>	<b>9121</b>	<b>334662</b>	<b>2.17</b>	<b>240954</b>	<b>9071</b>	<b>250025</b>	<b>1.62</b>	<b>(0.56)</b>
Non - Institutions	–	–	–	–	–	–	–	–	–
Bodies Corporate (Indian / foreign / Overseas)	415422	5263	420685	2.73	397489	5263	402752	2.62	(0.11)
Individuals (Resident / NRI / Foreign National)	–	–	–	–	–	–	–	–	–
Individual shareholders holding Nominal share Capital upto Rs.1 Lakh	1348046	288890	1636936	10.63	1324681	261305	1585986	10.30	(0.33)
Individual shareholders holding Nominal share Capital above Rs.1 Lakh	84364	–	84364	0.55	121526	–	121526	0.79	+0.24
Any other (specify)	1568413	–	1568413	10.19	1684771	–	1684771	10.95	+0.76
<b>SUB TOTAL B(2)</b>	<b>3416245</b>	<b>294153</b>	<b>3710398</b>	<b>24.10</b>	<b>14876427</b>	<b>266568</b>	<b>15142995</b>	<b>98.38</b>	<b>+0.56</b>
<b>Total Public Share Holding (B) = B(1) + B(2)</b>	<b>3741786</b>	<b>303274</b>	<b>4045060</b>	<b>26.28</b>	<b>3769421</b>	<b>275639</b>	<b>4045060</b>	<b>26.28</b>	<b>–</b>
Shares held by Custodians and against which Depository Receipts have been issued (C)	–	–	–	–	–	–	–	–	–
<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>15089746</b>	<b>303274</b>	<b>15393020</b>	<b>100</b>	<b>15117381</b>	<b>275639</b>	<b>15393020</b>	<b>100</b>	<b>–</b>



(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	ESAB Holdings Limited	5743200	37.31	—	5743200	37.31	—	—
2	Exelvia Group India B V	5604760	36.42	—	5604760	36.42	—	—
	<b>Total</b>	<b>11347960</b>	<b>73.72</b>	<b>—</b>	<b>11347960</b>	<b>73.72</b>	<b>—</b>	<b>—</b>

(iii) Change in Promoters' Shareholding

Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	No Change during the year			
Date wise Increase / Decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change during the year			
At the end of the year	No Change during the year			

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Acacia Partners, LP	821140	5.33	821140	5.33
2	Bajaj Allianz Life Insurance Company Ltd.	325369	2.11	307117	2.00
3	Acacia Institutional Partners, LP	271098	1.76	271098	1.76
4	Acacia Banyan Partners	259200	1.68	259200	1.68
5	Acacia Conservation Fund LP	150000	0.97	150000	0.97
6	Alchemy India Long term Fund Limited	124772	0.81	139772	0.91
7	Labrador Partners LP	64247	0.42	64247	0.42
8	Religare Invesco Mid N Small Cap Fund	67340	0.44	58516	0.38
9	Tata Trustee Co. Ltd A/c Tata Mutual Fund - Tata Infrastructure Fund	40800	0.27	40800	0.27
10	Vikram Venture Capital Private Limited	32500	0.21	32500	0.21

(v) Shareholding of Directors and Key Managerial Personnel:

For each of the Directors	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	None of the Directors hold shares in the Company			
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	None of the Directors hold shares in the Company			
At the end of the year	None of the Directors hold shares in the Company			

Name of the KMP : Mr S Venkatakrishnan	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	1	—	—	—
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	—	—	—	—
At the end of the year	—	—	1	—

Name of the KMP : Mr B Mohan	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	—			
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	—			
At the end of the year	—			

**vi. Indebtedness**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the Beginning of the financial year</b>				
i) Principal Amount		Nil		
ii) Interest due but not paid		Nil		
iii) Interest accrued but not due		Nil		
<b>Total (i + ii + iii)</b>		<b>Nil</b>		
<b>Change in Indebtedness during the financial year</b>				
Addition		Nil		
Reduction		Nil		
Net Change		Nil		
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount		Nil		
ii) Interest due but not paid		Nil		
iii) Interest accrued but not due		Nil		
<b>Total (i + ii + iii)</b>		<b>Nil</b>		

**vii. Remuneration of Directors and Key Managerial Personnel**

**A. Remuneration to Managing Director, Whole-time Directors and / or Manager**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Mr. Rohit Gambhir Managing Director	Total amount
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	15,989,536	15,989,536
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	89,055	89,055
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission - as % of profit	Nil	Nil
5	Others, (Sitting Fees)	Nil	Nil
6	Others, please specify	Nil	Nil
	<b>Total</b>	<b>16,078,591</b>	<b>16,078,591</b>
	Ceiling as per the Act	<b>5% of the profits of the Company as calculated under the applicable provisions of the Companies Act, 2013</b>	

**B. Remuneration to other Directors**

(Amount in ₹)

Particulars of Remuneration	Name of Directors				Total amount
	Mr Sudhir Chand	Mr Vikram Tandon	Mr Vaidyanathan	Ms Sabitha Rao	
1 Independent Directors					
- Fee for attending board committee meetings	1,72,500	95,000	1,62,500	1,37,500	5,67,500
- Commission	4,75,000	4,75,000	5,25,000	4,75,000	19,50,000
- Others, please specify	—	—	—	—	—
<b>Total (1)</b>	<b>6,47,500</b>	<b>5,70,000</b>	<b>6,87,500</b>	<b>6,12,500</b>	<b>25,17,500</b>
2 Other Non-Executive Directors	—	—	—	—	—
- Fee for attending board committee meetings	—	—	—	—	—
- Commission	—	—	—	—	—
- Others, please specify	—	—	—	—	—
<b>Total (2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total (B) = (1 + 2)</b>	<b>6,47,500</b>	<b>5,70,000</b>	<b>6,87,500</b>	<b>6,12,500</b>	<b>25,17,500</b>
<b>Total Managerial Remuneration</b>	<b>6,47,500</b>	<b>5,70,000</b>	<b>6,87,500</b>	<b>6,12,500</b>	<b>25,17,500</b>
Overall Ceiling as per the Act	<b>1% of the profits of the Company as calculated under the applicable Provisions of the Companies Act, 2013</b>				

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total amount
		CEO	Company Secretary	CFO	
1	Gross salary				
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	Nil	3,844,967	6,834,237	10,679,204
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	246,029	301,989	548,018
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission as % of profit - Others, specify	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>4,090,996</b>	<b>7,136,226</b>	<b>11,227,222</b>

**viii. Penalties / Punishment / Compounding of Offences**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/NCLT / COURT)	Appeal made, if any (give Details)
<b>A. COMPANY</b> Penalty Punishment Compounding			None		
<b>B. DIRECTORS</b> Penalty Punishment Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding			None		

For and on behalf of the Board of Directors

**Daniel A Pryor**  
Chairman

19 May 2016



**ANNEXURE - 2**

**FORM MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,  
**M/s. ESAB INDIA LIMITED,**  
Plot No. 13, 3<sup>rd</sup> Main Road,  
Industrial Estate, Ambattur,  
Chennai - 600 058.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s ESAB India Limited** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period (01<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016) covering the financial year ended on 31<sup>st</sup> March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
  - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (v) Other laws specifically applicable to the Company (apart from General Laws such as Environment Laws and Labour laws):
- a. The Petroleum Act, 1934.
  - b. Gas Cylinder Storage rules.
  - c. The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989.
  - d. Batteries (Management and Handling) Rules, 2001.
  - e. The Explosives Act, 1884 & The Explosives Rules, 1983.

However during the year under purview there were no instances attracting the following Laws / regulations:

1. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
2. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
3. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
4. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
5. (The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also checked the compliance with the applicable clauses pertaining to the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange; and
- (iii) SEBI (Listing obligations and disclosure requirements) Regulations, 2015.

## We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda are being sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board was taken upon by the approval of majority of the Members of the Board.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We also state that** the Company has entered into Listing Agreement with BSE Limited and National Stock Exchange of India Limited on 9<sup>th</sup> day of November 2015 pursuant to clause 109 of SEBI (Listing obligations and disclosure requirements) Regulations, 2015.

**We further report that** during the audit period the Company had announced a voluntary separation scheme for all permanent workmen and permanent graded staff, on the rolls of the Company at Company's Khardah & Taratala plants at Kolkata. The Board of Directors have accorded their approval to the said scheme on 11 June, 2015.

**For V Mahesh & Associates**

**V Mahesh**

Practising Company Secretary

M.No. F4162

Place: Chennai

Date : 18.04.2016

C.P. No. : 2473

## Annexure - A

To,

The Members,

**M/s. ESAB INDIA LIMITED,**

Plot No. 13, 3<sup>rd</sup> Main Road,  
Industrial Estate, Ambattur,  
Chennai - 600 058.

Our Secretarial Audit report dated 18<sup>th</sup> April, 2016 is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained management representation about the compliance of laws, rules and regulations and happening of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For V Mahesh & Associates**

**V Mahesh**

Practising Company Secretary

M.No. F4162

Place: Chennai

Date : 18.04.2016

C.P. No. : 2473

## ANNEXURE - 3

### ANNEXURE TO THE DIRECTORS' REPORT

Statement under Section 134(3)(m) of the Companies Act, 2013 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 March, 2016.

#### A. CONSERVATION OF ENERGY

1. Energy savings project taken up in Ambattur plant for effective utilisation of LPG.
2. Lighting - LED lighting installed for all street lights inside the Factories.
3. Eliminated air leaks across factories and optimized compressor utilization to save energy.
4. AC System is being operated with timer in Division Office and New Factory Office at Taratala.
5. Installation of Timers in all major machines to conserve energy.
6. Introduction of Group's policy on Driver Safety and Vehicle Operations resulting in saving on diesel consumption.

#### B. TECHNOLOGY ABSORPTION

- 1 Conversion to Ultrasonic cleaning from acid cleaning resulting in reduction of effluent.
- 2 Batching plant upgraded with latest technology for ensuring homogenous mixing of powdered raw materials to delivery consistent quality.

#### C. FOREIGN EXCHANGE

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

During the year, the total outflows in foreign exchange amounted to Rs.6,568 lakhs (which includes Rs.5,630 lakhs for the import of raw materials, components and capital goods and Rs.938 lakhs towards expenditure in foreign currency).

During the year, the foreign exchange earnings were Rs.2,198 lakhs resulting in net foreign exchange outflow of Rs.4,370 lakhs for the year.

For and on behalf of the Board of Directors

**Daniel A Pryor**  
Chairman

19 May 2016

**ANNEXURE - 4****REPORT ON CSR ACTIVITIES FOR THE YEAR 2015-2016****1. Policy**

CSR policy encompasses the company's philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for carrying out socially useful activities / projects and programmes for welfare and sustainability, development of community at large and is titled "ESAB's CSR Policy".

[http://www.esabindia.com/investor\\_relations/corporate\\_social\\_responsibility\\_policy.htm](http://www.esabindia.com/investor_relations/corporate_social_responsibility_policy.htm)

**2. Composition of CSR Committee**

Ms Sabitha Rao - Chairperson

Mr Daniel A Pryor - Member

Mr Rohit Gambhir - Member

3. Average Net Profit of the Company for last three preceding financial years = Rs.4,408 lakhs.

2014-15 - Rs.3,061 lakhs.

2013 - Rs.4,748 lakhs.

2012 - Rs.5,416 lakhs.

4. Prescribed CSR Expenditure : 2% on 4,408 lakhs = Rs.88.16 lakhs.

5. (a) Total amount to be spent for the financial year = Rs.88.16 lakhs.

(b) Amount unspent = Rs.88.16 lakhs - Rs.22.29 lakhs = Rs.65.87 lakhs.

(c) Manner in which the amount spent during the financial year.

**Details of CSR Amount spent as on 31 March, 2016**

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1) Local area or other 2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects and programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementation agency
1	2	3	4	5	6	7	8
1	Education	Employment enhancing vocational skills/ promotion of education	West Bengal, Kolkata	11.05	11.05	11.05	Through Agency
2	Environment	Environmental Sustainability	Tamil Nadu - Ambattur, IGT, Maharashtra - Nagpur, Kolkata - Taratala	11.24	11.24	11.24	Direct
	<b>TOTAL</b>					<b>22.29</b>	

**6. Justification for unspent money out of 2% of the average net profit of the last 3 financial years.**

The Companies Act, 2013 was implemented in various stages during the year 2014-2015. The provisions with regard to CSR activity came into force on 1 April, 2014. The Company in pursuance of the requirements of the Companies Act, 2013 had formulated the CSR policy and constituted the CSR Committee. However, the Company was very selective in identifying the projects which were deserving and which qualified as focus of attention. The Company also wanted to ensure that the projects funded were well within the meaning of

what is recognized under Schedule VII of the Companies Act, 2013.

The Board of Directors approved the constitution of the Committee and the Policy at its meeting held on 31 July, 2014. The CSR Committee met twice 26 May, 2015 and 5 November, 2015 and discussed the various projects options for implementation of its CSR mandate and reviewed the projects which were taken up for implementation under CSR. There were projects on funding of educational institutions that were actively considered.

However with the Company choosing to be very conservative in its approach and also to ensure that the money is spent only on projects where it would really benefit the deserving and genuine projects and at the same time improve the image of the Company, the Company could not expend the full year budgeted figure on CSR projects. The Company would continue its search for identifying projects which are deserving and genuine and would strive to achieve the CSR objectives.

**7. Responsibility Statement of the CSR Committee for the implementation and monitoring of CSR policy in compliance with CSR objectives and Policy of the Company.**

The Company understands that in order to continue to prosper over the long term, community, environment and society at large must also prosper. The Company's activities are aimed at driving the above values through

its initiatives in the areas of education, environment and customer protection and has been committed to improving its initiatives on education and customer protection.

The Company's focus of its CSR activities was on imparting skilled education on welding and customer protection. Being an OHSAS 18000 certified Company, the Company focused mainly on its activities on environment protection. These initiatives are built upon the strong base of performance in environmental sustainability, applicable laws and the Company's CSR policy.

Sd/-	Sd/-
Rohit Gambhir	Sabitha Rao
Managing Director	Chairperson - CSR Committee
Persons specified under Clause (d) of sub-section (1) of Section 380 of the Act	
Chennai, 19 May 2016	

**ANNEXURE - 5**

**FORM No. AOC-2**

Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

**Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**A. Details of contracts or arrangements or transactions not at arm's length basis:**

(a) Name(s) of the related party and nature of relationship (b) Nature of contracts / arrangements / transactions (c) Duration of the contracts / arrangements / transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any (e) Justification for entering into such contracts or arrangements or transactions (f) Date(s) of approval by the Board (g) Amount paid as advances, if any (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	Nil
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**B. Details of Material contracts or arrangements or transactions at arm's length basis:**

(a) Name(s) of the related party and nature of relationship (b) Nature of contracts / arrangements / transactions (c) Duration of the contracts / arrangements / transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any (e) Justification for entering into such contracts or arrangements or transactions (f) Date(s) of approval by the Board (g) Amount paid as advances, if any	Nil
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19 May, 2016

Sd/-  
**Daniel A Pryor**  
Chairman

**ANNEXURE - 6**

Statement pursuant to Section 203 read with Chapter XIII Rule 5 (2) and (3)  
of the Companies Act, 2013

**Particulars of Employee Employed throughout the financial year and was in receipt of remuneration for the year  
in the aggregate in excess of the limits specified under rule 5 (2)**

Sl. No.	Name	Designation	Remuneration Received (₹)	Nature of Employment	Qualification & Experience	Date of Commencement of Employment	Age	Previous Employment	Percentage of Shares held by the Employee	Relative of a Director / Manager or not
1	B. Mohan	Vice President - Finance	7,136,226	Full time	B.Com., ACA., ACS., 28 years	01.02.2005	50	GM Finance and Company Secretary Amagamation Valeo Clutch (P) Ltd.	Nil	No
2	Jagannathan Pale Venkata	Vice President Operations	9,353,441	Full time	B.E. Mech & MS in Management Systems 27 years	25.08.2014	51	Chief Operating Officer Manufacturing & Supply Chain Management, Weirs Minerals (India) Ltd.	Nil	No
3	Manish Prasad	Vice President APAC and Operations	11,671,579	Full time	B.E. Mech 27 years	19.05.2014	51	Managing Director and Head Royal Bank of Scotland, India	Nil	No

19 May, 2016

Sd/-  
**Daniel A Pryor**  
Chairman



# Report on Corporate Governance

1. 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, accountability and transparency in transactions with the underlying objective of securing long-term shareholder value and wealth generation, while, at the same time, protecting the rights of all stakeholders.

## 2. 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 six members. Mr Rohit Gambhir was appointed as the Executive Director and Chief Executive for a period of five years effective 1 November, 2013. He was later re-designated as Managing Director with effect from 1 November, 2014. The Board of Directors at present consists of 4 Independent Directors and 2 Non-independent Directors. Other than the Managing Director, all the other members of the Board are Non-executive Directors, including the four Independent Directors.

All Independent Directors possess the requisite qualifications and are very experienced in their own fields. None of the Directors is a member of more than ten committees or Chairman of more than five committees in public limited companies in which they are Directors. Necessary disclosures have been obtained from all the Directors regarding their Directorship and have been taken on record by the Board at its meeting held on 19 May, 2016.

### B. Attendance of Director at the Board Meetings and the last Annual General Meeting

During the period 1 April, 2015 to 31 March, 2016 five Board Meetings were held on 26 May, 29 June, 6 August, 5 November, 2015 and on 4 February, 2016; 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 7 August, 2015 and particulars of their other Company Directorships and Committee Memberships / Chairmanships are given below:

Director	Category	Board Meetings held during the period 2015-2016	Attendance	
			at Board Meetings	at previous AGM
Daniel A Pryor*	NE - NI	5	4	Yes
K Vaidyanathan	NEI	5	5	Yes
V Tandon	NEI	5	4	No
S Chand	NEI	5	5	Yes
Sabitha Rao	NEI	5	5	Yes
Rohit Gambhir	Executive	5	4	Yes

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

NEI - Non-Executive Independent Directors

\* Nominee of ESAB Holdings Limited

C. The details of their other Company Directorships / Committee Memberships is given below:

Name of the Director	Category	DIN	Number of Directorships in Other Companies		Number of Committee Memberships in other Companies	
			Chairman	Member	Chairman	Member
Daniel A Pryor	Non-executive Chairman	05305621	Nil	1	Nil	Nil
Rohit Gambhir	Executive - Managing Director	06686250	Nil	Nil	Nil	Nil
Vikram Tandon	Non-Executive & Independent	01727251	Nil	1	Nil	Nil
Sudhir Chand	Non-Executive & Independent	01385201	Nil	6	2	4
K Vaidyanathan	Non-Executive & Independent	00063692	Nil	1	Nil	1
Sabitha Rao	Non-Executive & Independent	06908122	Nil	1	Nil	Nil

The details given on the membership in Committees takes into account only the memberships in Audit Committee and Stakeholders Relationship Committee as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. The Managing Director does not serve as Independent Director in any listed company. Further, none of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all Companies in which they are Directors.

D. Details of the number of meetings of the Board of Directors held and the dates on which it was held is as given below:

Name of the Director	Meeting Dates				
	26.5.2015	29.6.2015	6.8.2015	5.11.2015	4.2.2016
Daniel A Pryor	Yes	Yes	Yes	No	Yes
K Vaidyanathan	Yes	Yes	Yes	Yes	Yes
Vikram Tandon	Yes	Yes	No	Yes	Yes
Sudhir Chand	Yes	Yes	Yes	Yes	Yes
Sabitha Rao	Yes	Yes	Yes	Yes	Yes
Rohit Gambhir	Yes	No	Yes	Yes	Yes

E. None of the Directors is related to each other on the Board of the Company and to the Key Managerial Personnel of the Company.

F. None of the Directors holds any shares or convertible instruments in the Company.

G. The Independent Directors are issued a Letter of Appointment setting out therein details of the terms of appointment, duties, responsibilities and expected time commitments. This letter is available at the website of the Company [www.esabindia.com](http://www.esabindia.com). Each newly appointed Independent Director is introduced to the Company's practices by way of a booklet and other communication giving details about the Company. The Directors are also taken around the plants of the Company to understand the Company's consumables and equipment production and other processes. The Company Secretary / Statutory Auditors brief the Directors about legal and regulatory updates on a quarterly basis. The details of the familiarization program of the Independent Directors are given in the website of the Company [www.esabindia.com](http://www.esabindia.com).

### 3. AUDIT COMMITTEE

The terms of reference of the Committee are governed by a Charter, covering all applicable matters specified under Part C of Schedule II of Regulation 18 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 dealing with Corporate Governance and Section 177 of the Companies Act, 2013. The Members of the Committee are:

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

More than two-thirds of the members are Independent Directors and all the members of the Audit Committee are financially literate. The Company's Managing Director, Chief Financial Officer, its Statutory Auditors and its Internal Auditors are permanent invitees to the Committee's meetings held on a quarterly basis. The Company Secretary is Secretary to the Committee. The Cost Auditors are invited for the meetings as and when the Cost Audit Report is considered by the Audit Committee. The Members of the Audit Committee are also given free access to other executives of the Company and such executives attend the meeting at the behest of the Audit Committee. The quorum for Committee meetings is two members or one third of the total strength of the Committee, whichever is higher, but a minimum of two Independent Directors presence is required to constitute a quorum.

Mr K Vaidyanathan the Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 7 August, 2015 to answer queries from shareholders. 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](http://www.esabindia.com).

The Audit Committee assists the Board in the dissemination of financial information and in overseeing the financial and accounting processes in the Company. The terms of reference of the Audit Committee covers all matters specified in Part C of Schedule II of Regulation 18 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also those specified in Section 177 of the Companies Act, 2013. The terms of reference broadly include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors.

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Approval of any subsequent modification of transactions of the Company with related parties.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the management, the performance of statutory and internal auditors, adequacy of the internal control systems.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- Discussions with the Statutory Auditors before the audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- To look into the reasons, if any, for substantial default in the payment to the shareholders and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of Chief Financial Officer.
- Carrying out any other function as is mentioned in the charter of the Audit Committee.
- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by the management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.

The Committee Members have also reviewed the performance of the Committee and the performance of its members at its meeting held on 19 May, 2016.

Details of constitution of the Audit Committee and the Meetings held during the year 2015-2016 are as given below :

Audit Committee	Members	Meeting Dates			
		26.5.2015	6.8.2015	5.11.2015	4.2.2016
K Vaidyanathan	Chairman & Independent Director	Yes	Yes	Yes	Yes
Vikram Tandon	Member & Independent Director	No	No	Yes	Yes
Sudhir Chand	Member & Independent Director	Yes	Yes	Yes	Yes
Daniel A Pryor	Member & Non-executive Director	Yes	Yes	Yes	Yes

Not more than four months elapsed between any two meetings.

## 4. NOMINATION AND REMUNERATION COMMITTEE

- a. The Company, to comply with the requirements of Section 178 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has constituted a Nomination & Remuneration Committee.

Mr K Vaidyanathan the Chairman of the Nomination & Remuneration Committee was present at the Annual General Meeting of the Company held on 7 August, 2015 to respond to queries from the shareholders.

The terms of reference of the Committee are as stipulated under Schedule II Part (D) of the Regulation 19 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which inter alia includes the following:

- Formulation of criteria for determining qualifications, positive attributes and independence of a director and to recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and Other employees.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- Devising a policy on diversity of Board of Directors.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- To extend or continue the terms of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Director.
- Determination of the remuneration / incentives of Managing Director(s) / Executive Director(s) /

Whole time Director(s) / Key Managerial Personnel / Senior Management Personnel and review of the remuneration policy of the Company.

- The Committee also reviews recruitments one level below the Board of Directors and Direct reports to Key Managerial Personnel.
- The Committee also reviews the KPIs / KRAs of the Managing Director and its Direct Reports.

- b. There were three meetings held during the year 2015-2016. The details of the composition of the Committee and the attendance of the members at such meetings are as given below:

Nomination & Remuneration Committee	Members	Meeting Dates		
		26.5.2015	29.6.2015	5.11.2015
K Vaidyanathan	Chairman & Independent Director	Yes	Yes	Yes
Sudhir Chand	Member & Independent Director	Yes	Yes	Yes
Sabitha Rao	Member & Independent Director	Yes	Yes	Yes
Daniel A Pryor	Member & Non-executive Director	Yes	Yes	Yes

The Company Secretary is Secretary to the Committee. The Quorum of Meetings of the Committee is a minimum of two Independent Directors.

### c. Remuneration Policy

The salient features of the policy inter alia are to:

- attract, recruit and retain good and exceptional talent;

- (ii) list down the criteria for determining the qualifications, positive attributes and independence of the Directors of the Company;
- (iii) ensure that the remuneration of the Directors, Key Managerial Personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- (iv) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- (v) ensure a transparent nomination process for Directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- (vi) fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

#### d. Performance Evaluation of Independent Directors

As required under Section 134 (p) of the Companies Act, 2013 and Regulation 17 (10) of

the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors assessed the performance of the Independent Directors as per the criteria laid down and have recommended their continuation on the Board of the Company.

The Board of Directors assessed the performance of the Independent Directors on the Board based on parameters such as, relevant experience and skills, ability and willingness to speak up, focus on shareholder value creation, high governance standards, knowledge of business, processes and procedures followed, openness of discussion / integrity, relationship with management, impact on key management decisions etc. The Members of the Committee of audit, nomination & remuneration, a stakeholders relationship, corporate social responsibility and risk management were also assessed on the above parameters and also in the context of the committee's effectiveness vis-a-vis the Act and the SEBI regulation requirements.

The Directors were satisfied with the evaluation results, which reflected the overall engagement and the effectiveness of the Board and its Committees.

## 5. REMUNERATION OF DIRECTORS AND DISCLOSURES

The details of payment of remuneration to Directors during 2015-2016 are as follows:

Directors	Salary	Perquisites	Provident Fund	Sitting Fees Paid (in ₹)	Commission (in ₹)
Daniel A Pryor	–	–	–	–	–
K Vaidyanathan	–	–	–	1,62,500	5,25,000
V Tandon	–	–	–	95,000	4,75,000
S Chand	–	–	–	1,72,500	4,75,000
Sabitha Rao	–	–	–	1,37,500	4,75,000
Rohit Gambhir	1,37,91,269	89,055	2,97,000	–	19,01,267

A sitting fee of Rs.12,500/- per meeting is paid to the Non-executive Independent Directors for attending one meeting of the Board / Audit Committee / Nomination and Remuneration Committee / Corporate Social Responsibility Committee, Independent Director's Meeting and Rs.2,500/- per meeting is paid to them for the meetings of Stakeholders Relationship Committee.

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 for a period of five years. 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 performance and contribution to Company's performance. The approval of the shareholders for payment of such profit based commission not exceeding 1% of the profit as calculated under the applicable provisions of the Companies Act, 2013 is being placed at the forthcoming Annual General Meeting.

During the year, the Company did not have any transaction material or otherwise with any of the Non-executive Independent Directors and with the Key



Managerial Personnel. None of the Directors holds any equity shares of the Company. None of the Directors is related to each other and there are no other pecuniary relationships or transactions of the Non-executive Directors vis-à-vis of the Company.

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

## Criteria for making payments to Non-executive Directors

The Company has laid down the criteria for making payments to the Non-executive Directors. The details of such criteria are available in the Remuneration Policy. The said policy is available and can be viewed under the weblink of the Company [www.esabindia.com](http://www.esabindia.com).

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee functions under the Chairmanship of Mr V Tandon, a Non-executive Independent Director. The other members of the Committee are Mr S Chand, Mr Daniel A Pryor and Mr Rohit Gambhir.

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 Stakeholders Relationship Committee.

There were four meetings held during the year 2015-16. The details of the Composition of the Committee and the attendance of the members at such meetings are as given below:

Stakeholders Relationship Committee	Members	Meeting Dates			
		26.5.2015	6.8.2015	5.11.2015	4.2.2016
Vikram Tandon	Chairman & Independent Director	Yes	No	Yes	Yes
Sudhir Chand	Member & Independent Director	Yes	Yes	Yes	Yes
Daniel A Pryor	Member & Non- executive Director	Yes	Yes	No	Yes
Rohit Gambhir	Member & Managing Director	Yes	Yes	Yes	Yes

During the year, the Company received 29 complaints from shareholders. The details of the complaints received from the shareholders are as given below:

Sl.No.	Nature of Complaint	No. of Complaints
1.	Non-receipt of dividend warrants	27
2.	Non-receipt of annual report	0
3.	Non-receipt of Share Certificate	2
4.	Others	0
	Total	29

All the complaints were responded to as per applicable guidelines and regulations. As at 31 March, 2016 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 March, 2016.

SEBI vide circular Ref CIR/OIAE/2/2011 dated June 3, 2011 informed the Company that they had commenced processing of investor complaints in a web based complaints redress system viz. **SCORES**. Under this system all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit action taken report along with supporting documents electronically in SCORES.

## 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with Section 135 (1) of the Companies Act, 2013 the Company has constituted a Corporate Social Responsibility Committee consisting of one Independent Director, one Non-executive Director and the Managing Director. Ms Sabitha Rao is the Chairperson of the said Committee, Mr Daniel A Pryor, Chairman of the Board and Mr Rohit Gambhir, Managing Director are the Members of the said Committee.

The said Committee was newly constituted under the Act with effect from 31 July, 2014.

The Committee had laid down the Policy on Corporate Social Responsibility stating therein the strategy, objectives, funding & allocation for the CSR projects implementation strategy and steps involved in achieving the CSR objectives. The Policy on Corporate Social Responsibility of the Company can be viewed under the weblink [www.esabindia.com](http://www.esabindia.com).

The Committee met twice during the period 26 May and 5 November, 2015 and the details of attendance of the Committee members in these meetings are given below:

CSR Committee	Members	Meeting Dates	
		26.5.2015	5.11.2015
Sabitha Rao	Chairperson & Independent Director	Yes	Yes
Daniel A Pryor	Member & Non-Executive Director	Yes	Yes
Rohit Gambhir	Member & Managing Director	Yes	Yes

The Committee has been analysing various options through which the Company could meet its CSR Commitments. During the year under review the Company has spent money on projects identified under CSR and the CSR Committee monitors these projects on a regular basis.

## 8. RISK MANAGEMENT COMMITTEE

In compliance with Regulation 21 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee consisting of Mr Daniel A Pryor, Chairman of the Board, Mr Rohit Gambhir, Managing Director and Mr B Mohan, Vice President - Finance and Chief Financial Officer. The said Committee was constituted under the Act with effect from 6 November, 2014.

The Committee had laid down the Policy on Risk Management and its mitigation. The Policy on Risk Management of the Company can be viewed under the weblink [www.esabindia.com](http://www.esabindia.com).

The Committee met twice during the period 6 August, 2015 and 4 February, 2016 and the details of attendance of the Committee members in these meetings are given below:

Risk Management Committee	Members	Meeting Dates	
		6.8.2015	4.2.2016
Daniel A Pryor	Chairman & Non-Executive Director	Yes	Yes
Rohit Gambhir	Member & Managing Director	Yes	Yes
B Mohan	Chief Financial Officer	Yes	Yes

## 9. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met during the year on 4 February, 2016 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company and had assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Board of Directors had reviewed the individual performance of all the Independent Directors as per the standard criteria laid down. The Independent Director whose performance was reviewed by the Board excused themselves from attending that part of the meeting as required under the statute.

## 10. CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL & POLICY ON ANTI BRIBERY AND CORRUPTION

The Board of Directors has adopted Code of Conduct, applicable to Directors and to Senior Management Personnel of the Company. The said Code of Conduct have been posted on the Company's website [www.esabindia.com](http://www.esabindia.com). 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 Schedule V sub-clause (D) Regulation 34 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 affirming compliance of the Code of Conduct by all members of the Board and the Senior Management Personnel for the year ended 31 March, 2016 is attached to this Corporate Governance Report.

Being a subsidiary of Colfax Corporation, the Board of Directors of the Company has also adopted a Guideline on Business Conduct to prevent Bribery and Corruption and all the employees of the Company are bound to comply with the provisions of this policy. The details of this policy are also available on the Company's website [www.esabindia.com](http://www.esabindia.com).

## 11. POLICY ON PREVENTION OF SEXUAL HARASSMENT OF EMPLOYEES IN ESAB INDIA LIMITED

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

The Committee did not receive any complaint under the legislation during the year under review.

## 12. SUBSIDIARY COMPANIES

There were no Subsidiary Companies of the Company as on 31 March, 2016.

## 13. RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified practising 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.

As required under Regulation 7 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has submitted a compliance certificate to the exchange duly signed by the Compliance Officer and the authorized representative of the Share Transfer Agent viz. M/s Integrated Enterprises (India) Limited to both the stock exchanges on 6<sup>th</sup> of April, 2016 for the half year ended 31 March, 2016 certifying compliance that all activities in relation to both physical and electronic share transfer facility are maintained by Registrar and Share Transfer Agent registered with SEBI.

## 14. GENERAL BODY MEETINGS

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

Year	Date	Time	Venue
2013	25 April, 2013	3.00 PM	Sri Thyaga Brahma Gana Sabha Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.
2014	25 April, 2014	9.30 AM	Sri Thyaga Brahma Gana Sabha Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.
2014-15	7 August, 2015	10.00 AM	Sri Thyaga Brahma Gana Sabha Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.

No special resolutions, were passed by the shareholders during the last three Annual General Meetings.

Two special resolutions viz. for adoption of new set of articles of association containing regulations in conformity with the Companies Act, 2013 and to Sell / dispose / transfer of the moveable and immoveable assets pertaining to the plant at Khardah pursuant to Section 180(1)(a) of the Companies Act, 2013 were passed through postal ballot on 10 August, 2015. A summary of the postal ballot results is enclosed hereunder:

## RESULTS OF THE POSTAL BALLOT

Brief Particulars of Special Resolution	Total No. votes received No. of Shares	No. of shares and % of total votes cast in favour		No. of shares and % of total votes cast against		Invalid Votes	
		No. of Shares	% of votes	No. of Shares	% of votes	No. of members	No. of Shares
Adoption of new set of Articles of Association containing regulations in conformity with the Companies Act, 2013	11472329	11472129	99.976	200	0.024	14	602
Sell / dispose / transfer of the moveable and immoveable assets pertaining to the plant at Khardah pursuant to Section 180(1)(a) of the Companies Act, 2013	11473474	11473152	99.99	322	0.01	15	507

The special resolutions as set out above were passed with the requisite majority.

M/s V Mahesh and Associates, the Practising Company Secretaries were appointed as the Scrutineers for conducting the above said postal ballot. The Company had entered into a tripartite agreement with NSDL and the Registrar and Share Transfer Agent viz. M/s Integrated Enterprises (India) Limited and accordingly an e-Voting facility was also provided to the shareholders to exercise their voting rights on the above said resolutions.

All the resolutions set forth in the notice calling the Annual General Meeting are being passed through e-Voting in compliance with the provision of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014.

The procedures for casting votes under e-Voting has been elaborately given under the Notice calling the Annual General Meeting on 4 August, 2016. The Members are requested to read this document to cast their votes accordingly.

## 15. DISCLOSURES

1. The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these financial statements to comply in all material respects with the accounting standards specified under the Companies Act, 2013, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.
2. 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.
3. There has been no public, rights or preferential issues during the year.
4. The Key Managerial Personnel / 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. The Company did not have any materially significant related party transactions that may have potential conflict with the interests of the Company at large. All the other related party transactions which are in the ordinary course of business and at arms' length basis are approved by the Audit Committee and the Board of Directors of the Company on a regular basis.
5. In compliance with the SEBI (Prevention of Insider Trading) Regulations 2015, the Board of Directors had at its meeting held on 26 May, 2015 approved 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 Unpublished Price Sensitive Information 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.

The Code of Practices, Procedure for Fair disclosure of unpublished price sensitive information and the

Code of Internal Procedure and conduct for Regulation, Monitoring and Reporting of Trading in the securities for the designated employees and the connected persons have been adopted and have been posted on the Website of the Company viz [www.esabindia.com](http://www.esabindia.com). All the other compliance requirements under the said statute have been adhered to. All contracts entered into by the Company now specify the need for the contracting third party to adhere to the Company's policy on SEBI (Prevention of Insider Trading) Regulations and advises the third party to desist from dealing with the shares of the Company without prior intimation.

6. 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 Regulation 33 (2) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Key Managerial Personnel of the Company also certify on a quarterly basis to the Audit Committee and the Board of Directors on the statutory compliances under various statutes applicable to the Company. The Key Managerial Personnel also certify on an annual basis to the Board of Directors on the existence of adequate Internal Financial Controls commensurate with the size of the Company as required under the Section 134 (5) of the Companies Act, 2013 to enable the Board of Directors to confirm to the shareholders that the Company has laid down Internal Financial Controls and that the same are adequate and such controls are operating effectively.
7. The Independent Directors have confirmed that they meet the criteria of "Independence" as stipulated under the Companies Act, 2013 and the Listing Regulations.
8. The Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As a part of the compliance requirements with the said Regulations, the Company has executed a fresh listing agreement with the National Stock Exchange of India Limited and the BSE Limited on 9 November, 2015. All other regulations have also been complied with from the third quarter of 2015 since these regulations were effective from 1 December, 2015.
9. 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](http://www.esabindia.com). In terms of such whistleblower policy, it is affirmed that the employees have been given free access to the Audit Committee.



10. In compliance with Regulation 46 (2) (j) & (k) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and as required under the listing agreement entered into with the stock exchanges in compliance of Regulation 109 (2) of the said SEBI regulations, the Company has designated the mail id [venkatakrishnan.s@esab.co.in](mailto:venkatakrishnan.s@esab.co.in) and [investor.relations@esab.co.in](mailto:investor.relations@esab.co.in). These mail-ids have been posted on the Company's website and also on the websites of the stock exchanges where the Company's shares are listed. The investors can send their grievances, if any, to these designated mail ids. Mr S Venkatakrishnan is the Company Secretary and the Compliance Officer of the Company.
11. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have vide Regulation 46 (1) stipulated 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 updates its website with all the relevant information as envisaged in the said regulation and as per the provisions of the Companies Act, 2013 and they are now available in its official website [www.esabindia.com](http://www.esabindia.com).
12. In line with the circular no.CIR/OIAE/2/2011 dated June 3, 2011 from SEBI, the Investor Complaints are now centrally monitored through web based complaints redressal system called SCORES. The Company processes the investor complaints through this system and updates status periodically.
13. In pursuance of the Regulation 31 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.
14. In line with the circular no. NSE/CML/2015/23 dated December 28, 2015 from the National Stock Exchange Limited, the Company now intimates the Board Meeting dates, uploads its quarterly shareholding pattern, Corporate Governance Report, and the quarterly / Annual results, reconciliation of share capital audit report, certification under SEBI Regulation 40 (9) & (10) intimation of postal ballot results through a web based application designed for corporates by NSE called as NEAPS.
15. In line with the circular no.DCS/COMP/33/2015-16 from the Bombay Stock Exchange, the Company now intimates the stock exchanges on Compliance Certificate by Share Transfer Agent, Statement of Investor Complaints, Corporate Governance report, Notice for Board Meeting, Outcome of board Meeting, Shareholding Pattern, Financial results, Annual report, Compliance Certificate Notice for Record Date, Voting Results, Disclosure under SAST and PIT Regulations and Reconciliation of Share Capital Audit Report through an online portal called as BSE Corporate Compliance & Listing Centre.
16. In line with the notification no. G S R 352 (E) dated the 10 May, 2012 from the Ministry of Corporate Affairs, the Company has uploaded in its website the information regarding the unpaid and unclaimed dividends as on the date of the last AGM i.e. 7 August, 2015, including the name and address, of the shareholders who haven't claimed the dividend, the amount to which the shareholders are entitled and the due date of transfer to IEPF.
17. In terms of Section 173 (2) of the Companies Act, 2013 and in terms of the provisions of the Articles of Association of the Company, the Company now allows the option to the Directors of the Company to attend / participate in a meeting of Board / Committee of Directors through electronic mode using Video conference facility.
18. In terms of the Circular No. DBOD no. BP. BC.46/08.12.001/2008-09 issued by the Reserve Bank of India dated September 19, 2008, the Company is required to obtain regular certification by a professional, preferably a Company Secretary in practice, regarding compliance of various statutory prescriptions that are in vogue and submit the same to the Banks with whom the Company has credit facilities. Accordingly, a due diligence was carried out by a qualified Company Secretary in Practice and reports dated 07.03.2016 were submitted to Axis Bank Ltd. and HDFC Bank Ltd. being the bankers to the Company.
19. Maharashtra Weldaids Limited (MWL) merged with the Company with effect from 12 January, 1994. The Company had issued equity shares to the shareholders of MWL in the ratio of 1 : 2. These shares were issued in physical mode and were to be exchanged on submission of the old MWL share certificate. Some of these share certificates were not yet claimed by the shareholders of the Company. As required under Regulation 39 (4) Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company after complying with the necessary procedural requirements have now dematerialized and transferred the remaining unclaimed shares to a single demat account titled "ESAB India Limited - Unclaimed Suspense Account" opened with M/s Integrated Enterprises (India) Limited.



In terms of said Regulation 39 (4) Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the details of these shares are given below:

Aggregate number of shareholders and outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. as on 1.4.2015.	131 shareholders 9,715 equity shares of Rs.10/- each
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year.	4 shareholders claimed 200 equity shares of Rs.10/- each.
Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year.	4 shareholders 200 equity shares of Rs.10/- each
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year i.e. as on 31.3.2016.	127 shareholders holding 9,515 equity shares of Rs.10/- each

127 Shareholders holding 9,515 equity shares constituting about 0.06% of shares have not made their claim from the Company on the shares outstanding in the Unclaimed Suspense Account of ESAB India Limited. The voting rights for these shares shall remain frozen until these are claimed by the rightful owners.

20. The Company has vide Form No.MGT15 dated 17 August, 2015 vide SRN S39007109 have filed with ROC the report on the last year's Annual General Meeting held on 7 August, 2015.

## 16. 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 Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in leading local language and national newspapers in compliance with Regulation 47 (1) (b) of the said Regulations. 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](http://www.esabindia.com). The quarterly financial results, shareholding pattern, corporate governance report, the details on the Board of Directors, Senior Management Personnel, the composition of the Board of Directors / Committee of Directors, the various policies adopted by the Company viz. Whistle Blower Policy, Risk Management Policy, Policy on Corporate Social Responsibility, Related Party Transactions Policy, Remuneration Policy, Policy on disclosure of material events, Policy on document retention, Policy on Board

diversity are published in the Company's website. The Company makes use of its website for publishing official news release.

The Company as a part of its code of conduct adopted under the SEBI's (Prevention of Insider Trading) Regulations, does not meet any institutional investors or analysts. Only the Chairman of the Company is authorized to meet them and there have been no occasions in the past 12 months where the Chairman met the institutional investors or the analysts.

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

## 17. GENERAL SHAREHOLDER INFORMATION

### ANNUAL GENERAL MEETING

Date & Time	4 August, 2016 at 10.00 a.m.
Venue	P Obul Reddy Hall, Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.

Financial Year of the Company	1 April, 2015 to 31 March, 2016
-------------------------------	------------------------------------

Approval of financial results proposed	
Quarter ending 30 June, 2016	Within 45 days from the end of the quarter
Quarter ending 30 September, 2016	- do -
Quarter ending 31 December, 2016	- do -
Year ending 31 March, 2017	Within 60 days from the end of the Financial Year

### Particulars of Dividend Payment for the year ended 31.03.2016

Date of declaration	4 August, 2016
Rate of Dividend	Re. 1/- per share (10%)
Book Closure Date	27 July, 2016 to 4 August, 2016 (Both days inclusive)
Date of payment of Dividend	16 August, 2016
Amount of Dividend Paid	Rs.185 lakhs (Inclusive of Dividend Distribution Tax)
Share capital	1,53,93,020 equity shares of Rs.10/- each

### Listing of shares

Name and address of the stock exchange	Stock Code
BSE Limited 25 <sup>th</sup> Floor, P.J. Towers, Dalal Street, Fort, Mumbai 400 001.	500133
The National Stock Exchange of India Limited "Exchange Plaza" BKC, Bandra (E), Mumbai 400 051.	ESABINDIA
ISIN allotted by Depositories (Company ID Number)	INE284A01012

The listing fees for the financial year 2016-17 were duly paid to the above stock exchanges.

### Dividend History

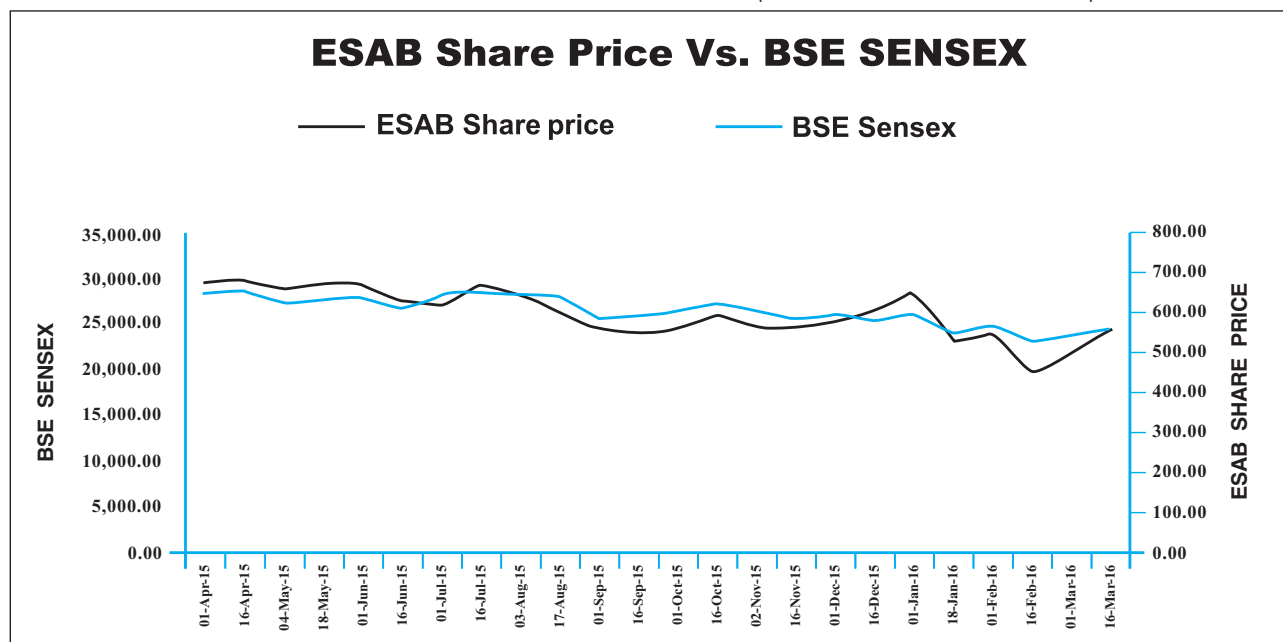
Year	Type of Dividend	Dividend Rate	Dividend Amount in ₹ in lakhs *
2009	Interim Dividend	200%	3,601.81
2010	Interim Dividend	100%	1,794.96
2010	Second Interim Dividend	100%	1,794.96
2011	Interim Dividend	150%	2,683.52
2012	Final Dividend	75%	1,341.76
2013	Final Dividend	10%	180.00
2014-15	Final Dividend	10%	186.14

\* Inclusive of dividend distribution tax.

### Stock Market Price\* Data & Stock Performance

2015/16	BSE Limited		National Stock Exchange		BSE Sensex	
	High ₹	Low ₹	High ₹	Low ₹	High ₹	Low ₹
Apr - 2015	705	640	710	635	29095	26898
May - 2015	729	640	735	637	28071	26424
June - 2015	725	600	725	595	27969	26307
July - 2015	685	620	688	624	28578	27416
Aug - 2015	673	540	670	541	28418	25298
Sept - 2015	580	530	600	530	26472	24834
Oct - 2015	610	545	615	550	27618	26168
Nov - 2015	587	550	590	538	26924	25451
Dec - 2015	655	553	658	554	26256	24868
Jan - 2016	670	523	676	524	26197	23840
Feb - 2016	552	435	548	438	25002	22495
Mar - 2016	674	477	689	471	25480	23133

\* Share prices are rounded off to the nearest Rupee.



Registrar and Share Transfer Agent

Integrated Enterprises (India) Ltd  
2<sup>nd</sup> Floor, 'Kences Towers'  
No.1, Ramakrishna Street,  
North Usman Road,  
T. Nagar, Chennai 600 017.  
Contact Person: Suresh Babu K,  
Vice President  
Tel : 044-28140801-03,  
Fax : 044-28142479, 28143378  
E-mail : [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)  
[srirams@integratedindia.in](mailto:srirams@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. Integrated Enterprises (India) Limited, Chennai is the Registrar & Share Transfer Agent for the Company.

- Share transfers are processed and approved, subject to receipt of all requisite documents.
- The Company seeks to ensure that all transfers are approved for registration within the stipulated period. Pursuant to Regulation 40 (9) & (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates on half-yearly basis have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.
- Pursuant to SEBI (Depositories and Participants) Regulations, 2015, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.
- The Company, as required under Regulation 46 (2) (j) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has designated two mail ids viz. [venkatakrishnan.s@esab.co.in](mailto:venkatakrishnan.s@esab.co.in) and [investor.relations@esab.co.in](mailto:investor.relations@esab.co.in) for the purpose of

registration of complaints, if any, by the investors and expeditious redressal of their grievances and the same has already been hosted on the Company's website.

- 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 Stakeholders Relationship Committee and the Company Secretary to approve the transfer of shares.

## Distribution of shareholding as on 31 March 2016

Shareholding	Number of Shareholders	%	Number of Shares	% of total
Up to 500	8953	94.11	955551	6.20
501-1000	329	3.46	252265	1.64
1001-2000	133	1.40	198598	1.29
2001-3000	33	0.35	80995	0.53
3001-4000	18	0.19	62149	0.40
4001-5000	9	0.09	41063	0.27
5001-10000	12	0.13	87416	0.57
10001 and above	25	0.27	13714983	89.10
Grand Total	9512	100.00	15393020	100.00

## Shareholding pattern as on 31 March 2016

Category	Number of Shareholders	Number of Shares	% of total
Esab Holdings Limited	1	5743200	37.31
Exelvia Group India BV	1	5604760	36.41
<b>ESAB Group</b>	<b>2</b>	<b>11347960</b>	<b>73.72</b>
Mutual Funds & UTI	12	107676	0.70
Foreign Portfolio Investors	9	1649686	10.72
Financial Institutions / Banks	8	2052	0.01
NBFC registered with RBI	1	32500	0.21
Indian Public	9249	1707512	11.10
Domestic Body Corporate	171	370152	2.40
Domestic Body Corporate - LLP	7	22012	0.14
Foreign Institutional Investor	4	140297	0.91
Others	49	13173	0.09
<b>Total</b>	<b>9512</b>	<b>15393020</b>	<b>100.00</b>

## Dematerialisation of shares and liquidity

As on 31 March, 2016, **98.21%** of the total paid-up equity capital was held in dematerialised form. The Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited to offer shareholders the option to dematerialise their shares with these depositories. The ISIN number of the Company's shares in demat form is **INE284A01012**.

## Outstanding GDRs / ADRs

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

## Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not have any activity towards Commodity Price Risk. The Company imports raw materials

and traded goods and exports finished goods and traded goods to companies resident outside India. This acts as a natural hedge to some extent for the Company and hence the Company neither has any hedging activity nor has any cover for foreign exchange risks.

## Plant Locations

- Plant No.1 Plot No.13, 3<sup>rd</sup> Main Road, Industrial Estate, Ambattur, Chennai 600 058.
- Plant No.2 G22, Sipcot Industrial Park, Irungattukottai, Sriperumbudur, Kancheepuram Taluk, Chengalput District, Tamilnadu - 602 105.
- Plant No.3 P-41, Taratala Road, Kolkata 700 088.
- Plant No.4 B-28, MIDC Industrial Area, Kalmeshwar, Nagpur - 441 501.

Address for correspondence Company Secretary  
ESAB India Limited  
Plot No.13, 3<sup>rd</sup> Main Road,  
Industrial Estate, Ambattur,  
Chennai 600 058.  
Tel : 044 42281100  
044 42281150  
E-mail [venkatakrisshnan.s@esab.co.in](mailto:venkatakrisshnan.s@esab.co.in)  
[investor.relations@esab.co.in](mailto:investor.relations@esab.co.in)

## 18. OTHER DISCLOSURE

### 1. Materially Significant Related Party Transactions

The Company did not have any materially significant related party transactions to disclose during the year under review.

### 2. Details of Non-compliance

The Company had no occasions to disclose regarding non-compliance during the last three years. There were no penalties, strictures imposed by stock exchange or the board of any statutory authority on any matter related to capital markets during the last three years.

### 3. Vigil Mechanism

The Company has established a Whistle Blower Policy and the same has been uploaded in the Company's website [www.esabindia.com](http://www.esabindia.com). The said policy has also been made available at the Offices / Plants of the Company at conspicuous places to enable the employees to report concerns, if any, directly to the Chairman of the Board and to the Chairman of the Audit Committee. All the employees are given direct access to the Audit Committee Chairman to report their concerns, if any. The employees are also apprised of the availability of the whistle blower policy at the time of their induction into the Company. There were no occasions during the year under review where any concerns were reported under the said policy.

### 4. Compliance with the Mandatory and Non-Mandatory Requirements

The Company has complied with all the Mandatory requirements stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015. The Company has also adopted the non-mandatory requirements to the extent and in the manner as stated hereinabove.

5. The Company does not have any subsidiary for the financial year ended 31 March, 2016.
6. The Company has formulated a policy on Related Party Transactions in terms of Regulation 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee accorded its omnibus approval for the said related party transactions at its meeting held on 26 May, 2015 in terms of Regulation 23 (3) of the said Regulations. The said policy and the list of related parties have been uploaded in the Company's website viz. [www.esabindia.com](http://www.esabindia.com). The transactions with the related parties are being placed before the audit committee and the board on a quarterly basis for it to review the same in terms of Regulation 23 (3) (d) of the said Regulations.

## 19. DISCRETIONARY REQUIREMENTS

As required under Part E of Schedule II the details of discretionary requirements are given below :

### 1. The Board

The Company has not set up any office for the Non-executive Chairman and no expenses and reimbursement of expenses are incurred in the performance of his duties.

### 2. Shareholder rights

The quarterly / half yearly un-audited results of the Company after being subjected to a Limited Review by the Statutory Auditors, are published in newspapers viz. Business Standard in English and Makkal Kural in Tamil and on the Company's website [www.esabindia.com](http://www.esabindia.com). These results are not sent to shareholders individually.

### 3. Modified Opinion(s) in Audit Report

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

### 4. Separate posts of Chairman and CEO

The Company's Chairman is a Non-executive Chairman duly appointed as its nominee by ESAB Holdings Limited in terms of Articles 111 of the Articles of Association of the Company. Mr Daniel A Pryor, is the Nominee Director appointed as Chairman of the Board for the year ended 31 March, 2016. Mr Rohit Gambhir is a Director liable to retire by rotation and has been appointed as the Managing Director of the Company with effect from 1 November, 2013 for a period of five years.

### 5. Reporting of Internal Auditor

The Company has appointed M/s PKF Sridhar & Santhanam, LLP, Chennai, as Internal Auditors to do the internal audit of the Company and they report directly to the Audit Committee on a quarterly basis on their findings and corrective actions taken.

### 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 Participant(s) (DPs) and made a request for such services. No charge will be levied by NSDL / CDSL on DPs for providing this facility to investors. Further information is available on the website of NSDL and CDSL viz. [www.nsdl.co.in](http://www.nsdl.co.in) and [www.cdslindia.com](http://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 the year 1 April, 2015 to 31 March, 2016, notice of AGM etc., would be sent by electronic mode only to such members who so desire and whose email addresses are available and registered with the Company / Depository participant and for those who have not opted to receive the same through e-mail, are being sent in physical form.

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

For and on behalf of the Board of Directors

**Daniel A Pryor**  
Chairman

19 May, 2016

# Auditor's Report on Corporate Governance

To

The Members of ESAB India Limited

We have examined the compliance of conditions of Corporate Governance by ESAB India Limited ("the Company") for the year ended on March 31, 2016 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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 provisions as specified in chapter IV Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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 S R Batliboi & Associates LLP**  
ICAI Registration No. 101049 W / E 300004  
*Chartered Accountants*

**S Balasubrahmanyam**  
*Partner*  
Membership No. 053315

Place: Chennai  
Date : May 19, 2016

To

The Members of ESAB India Limited

## **Declaration regarding Code of Conduct pursuant Clause D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

I, Rohit Gambhir, 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 March, 2016.

Chennai  
19 May, 2016.

**Rohit Gambhir**  
Managing Director



# Independent Auditors' Report

## to the Members of ESAB INDIA LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of ESAB India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 32 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S R BATLIBOI & ASSOCIATES LLP**

*Chartered Accountants*

ICAI Firm Registration No. 101049W / E300004

**per S Balasubrahmanyam**

*Partner*

Place : Chennai

Date : May 19, 2016

Membership No. 053315

## to the Independent Auditors' Report

**Annexure 1 referred to in our report of even date**

Re: ESAB India Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties, included in tangible assets are held in the name of the Company.
- (ii) The inventory has been physically verified by the management, during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a),(b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the period upto March 31, 2015, related to the products of the Company, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, sales tax, duty of custom, duty of excise, value added tax, income tax, service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in few cases in employees' state insurance and tax deducted at source.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, value added tax, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount * (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	Non Submission of Sales tax Forms	1,036	1991 - 00	Revision Board, Tribunal
		11	2008 - 09	Revision Board, Tribunal
		11	2009 - 10	Senior Joint Commissioner
		21	2010 - 11	Revision Board, Tribunal
		20	2011 - 12	Senior Joint Commissioner
		65	2011 - 13	Madras High Court
VAT	Disputed VAT Credit	164	2009 - 10	Senior Joint Commissioner
		45	2011 - 12	Senior Joint Commissioner
Central Excise Act, 1944	Excise duty	1,010	1997 - 00	Hon'ble High Court of Kolkata
		456	1996 - 00	Central Excise & Service Tax Appellate Tribunal
		55	2007 - 11	Commissioner of Central Excise (Appeals)
		115	2011 - 13	Commissioner of Central Excise
		46	Various periods	Various forums
Finance Act, 1994	Service Tax	1	2012 - 13	Central Excise & Service Tax Appellate Tribunal
		14	2010 - 11	Deputy Commissioner
		107	2006 - 11	Commissioner of Central Excise (Appeals)
Income Tax Act, 1961	Income Tax	1	AY 1997-98	Income Tax Appellate Tribunal
		50	AY 2004-05	Commissioner of Income Tax (Appeals)

\* Out of the total disputed dues, an amount Rs.77.6 lakhs for excise and service tax related matters, and Rs.23.8 lakhs for sales tax matters was pre-deposited by the Company.

- (viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company did not have any outstanding dues in respect of a financial institution or bank or debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under Clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanation given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on an overall examination of the balancesheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanation given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S R BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants

ICAI Firm Registration No. 101049W / E300004

**per S Balasubrahmanyam**  
Partner

Place : Chennai

Date : May 19, 2016

Membership No. 053315

# Annexure to the Independent Auditors' Report of even date on the financial statements of ESAB India Limited



ESAB INDIA LIMITED

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of **ESAB India Limited**

We have audited the internal financial controls over financial reporting of ESAB India Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating

effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are

subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note

on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.R. Batliboi & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 101049W/E300004

**per S Balasubrahmanyam**

*Partner*

Membership Number: 053315

Place : Chennai

Date : May 19, 2016



# Balance Sheet

## as at March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	Note	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,539	1,539
Reserves and surplus	4	30,015	27,366
		<b>31,554</b>	<b>28,905</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	5	—	—
Other long term liabilities	6	127	119
Long term provisions	7	294	256
		<b>421</b>	<b>375</b>
<b>Current liabilities</b>			
Trade payables	8	4,314	5,521
Other current liabilities	9	1,326	1,076
Short term provisions	7	942	992
		<b>6,582</b>	<b>7,589</b>
<b>TOTAL</b>		<b>38,557</b>	<b>36,869</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible fixed assets	10	7,734	8,159
Intangible fixed assets	11	68	145
Capital work-in-progress		525	124
Deferred tax assets (net)	5	178	62
Long term loans and advances	12	1,340	1,568
Other assets	13	241	236
		<b>10,086</b>	<b>10,294</b>
<b>Current assets</b>			
Current investments	14	11,977	12,189
Inventories	15	5,846	5,396
Trade receivables	16	4,544	4,370
Cash and bank balances	17	5,068	3,493
Short term loans and advances	18	958	1,066
Other assets	19	78	61
		<b>28,471</b>	<b>26,575</b>
<b>TOTAL</b>		<b>38,557</b>	<b>36,869</b>
Significant accounting policies	2		

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

As per our report of even date attached

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

For **S R Batliboi & Associates LLP**  
Chartered Accountants  
Firm's Registration No. 101049W / E300004

**Rohit Gambhir**  
Managing Director

**K Vaidyanathan**  
Director

**S Balasubrahmanyam**  
Partner  
Membership No. 053315

**B Mohan**  
Vice President - Finance and  
Chief Financial Officer

**S Venkatakrishnan**  
Company Secretary

Place : Chennai  
Date : 19 May, 2016

# Statement of Profit and Loss

## for the period ended March 31, 2016



**ESAB INDIA LIMITED**

(All amounts are in lakhs of Indian rupees, unless otherwise stated)

	Note	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>Income</b>			
Revenue from operations (gross)	20	<b>49,497</b>	60,348
Less: Excise duty		<b>4,402</b>	5,163
Revenue from operations (net)		<b>45,095</b>	55,185
Other income	21	<b>800</b>	1,146
<b>Total revenue</b>		<b>45,895</b>	56,331
<b>Expenses</b>			
Cost of raw materials and components consumed	22	<b>23,220</b>	29,098
Purchases of traded goods		<b>5,188</b>	5,813
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	23	<b>(312)</b>	774
Employee benefits expense	24	<b>4,681</b>	5,584
Depreciation and amortisation expense	25	<b>952</b>	1,375
Other expenses	26	<b>7,703</b>	8,865
<b>Total expenses</b>		<b>41,432</b>	51,509
<b>Profit before exceptional and prior period items and tax</b>		<b>4,463</b>	4,822
Less: Exceptional items	27	<b>353</b>	1,761
<b>Profit before tax</b>		<b>4,110</b>	3,061
<b>Tax expense</b>			
- Current tax		<b>1,392</b>	1,079
- Deferred tax (benefit) / charge		<b>(116)</b>	(382)
		<b>1,276</b>	697
<b>Profit for the year</b>		<b>2,834</b>	2,364
<b>Earnings per equity share (EPS)</b>			
Basic and Diluted (in Rs.)		<b>18.41</b>	15.36
Weighted average number of shares (Nos.)		<b>15,393,020</b>	15,393,020
Par value of equity share (in Rs.)		<b>10.00</b>	10.00
Significant accounting policies	2		

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

As per our report of even date attached

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

**For S R Batliboi & Associates LLP**  
Chartered Accountants  
Firm's Registration No. 101049W / E300004

**Rohit Gambhir**  
Managing Director

**K Vaidyanathan**  
Director

**S Balasubrahmanyam**  
Partner  
Membership No. 053315

**B Mohan**  
Vice President - Finance and  
Chief Financial Officer

**S Venkatakrishnan**  
Company Secretary

Place : Chennai  
Date : 19 May, 2016

# Cash Flow Statement



ESAB INDIA LIMITED

for the period from April 1, 2015 to March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)

	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>4,110</b>	<b>3,061</b>
Adjustments:		
Depreciation and amortisation	952	1,375
Impairment loss	39	584
Interest income	(157)	(192)
Dividend income from current investments	(537)	(745)
Profit on sale of Investments	(106)	(129)
Provision for doubtful debts	36	—
Fixed assets written off	146	33
Unrealised (gain) / loss on foreign exchange differences	(5)	(5)
Provision/liabilities no longer required written back	—	(49)
(Profit)/Loss on sale of fixed assets	3	30
Bad debts written off	—	59
<b>Operating cash flow before working capital changes</b>	<b>4,481</b>	<b>4,022</b>
(Increase) / decrease in trade receivables	(210)	(1,629)
(Increase) / decrease in loans and advances and other assets	204	(278)
(Increase) / decrease in inventories	(450)	743
Increase / (decrease) in current liabilities and provisions	(955)	(31)
<b>Cash generated from operations</b>	<b>3,070</b>	<b>2,827</b>
Less: Income tax paid	(1,251)	(1,185)
<b>Net cash flow from / (used in) operating activities (a)</b>	<b>1,819</b>	<b>1,642</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including capital work-in-progress and capital advances	(1,053)	(563)
Proceeds from sales of fixed assets	5	9
Purchase of current investments	(20,044)	(25,580)
Proceeds from sale of investments	20,256	23,867
Investments in bank deposits (having original maturity of more than three months)	2,292	(2,142)
Redemption/ maturity of bank deposits (having original maturity of more than three months)	(3,166)	2,142
Interest received	140	198
Dividend income from current investments	537	745
Profit on sale of Investments	106	129
<b>Net cash flow from/ (used in) investing activities (b)</b>	<b>(927)</b>	<b>(1,195)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid on equity shares	(154)	(154)
Tax paid on dividends	(32)	(26)
<b>Net cash flow from/ (used in) in financing activities (c)</b>	<b>(186)</b>	<b>(180)</b>
<b>Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)</b>	<b>706</b>	<b>267</b>
Cash and cash equivalents at the beginning of the period/ year	<b>2,005</b>	<b>1,738</b>
<b>Cash and cash equivalents at the end of the period/ year</b>	<b>2,711</b>	<b>2,005</b>
<b>Notes to cash flow statement</b>		
Components of cash and cash equivalents:		
Cash on hand	7	8
Cheques on hand	621	35
Balance with banks		
- on current accounts	2,083	1,962
<b>Total</b>	<b>2,711</b>	<b>2,005</b>

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

As per our report of even date attached

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

**For S R Batliboi & Associates LLP**

Chartered Accountants

Firm's Registration No. 101049W / E300004

**Rohit Gambhir**

Managing Director

**K Vaidyanathan**

Director

**S Balasubrahmanyam**

Partner

Membership No. 053315

Place : Chennai

Date : 19 May, 2016

**B Mohan**

Vice President - Finance and  
Chief Financial Officer

**S Venkatakrishnan**

Company Secretary

# Notes to financial statements for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)

## 1. Company Overview

ESAB India Limited ("the Company") was incorporated on November 10, 1987 and commenced its business operations in July 1988. The Company is a public company domiciled in India. Its shares are listed on two stock exchanges in India. 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. The Company caters to both domestic and International Markets.

## 2. Significant Accounting Policies

### a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except as disclosed otherwise.

### b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### c) Tangible fixed assets

Fixed assets, are stated at cost, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Company has evaluated the useful lives of its fixed assets consequent to the requirement of Schedule II of the Companies Act, 2013. The Company identifies and determines useful lives separately for each major component of its fixed assets if they have a useful life that is materially different from that of the remaining asset. The Company has based on a technical review and assessment by the management, have concluded that there are no significant components with useful life that is materially different from that of the main asset.

Fixed assets acquired but not put to use as at the balance sheet date are classified as Capital work-in-progress. Advances paid towards acquisition of fixed assets are disclosed under capital advances.

### d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its tangible fixed assets.

Particulars	Rate of depreciation
Buildings	1.63% - 3.34%
Plant & Machinery	4.75% - 25.00%
Furniture and fixtures	6.33%
Vehicles	16.67%
Leasehold Land	Over the period of the lease. (99 years)

All fixed assets individually costing Rs.5,000 or less are fully depreciated in the year of purchase.

### e) Intangible fixed assets and amortisation

Intangible assets are stated at cost of acquisition. The intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

A summary of amortization policies applied to the Company's intangible assets is as below:

Technical know-how fees and computer software are amortized on a straight-line basis over a period of 6 years and 4 years respectively.

### f) Impairment of tangible and intangible fixed assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment

# Notes to the Financial Statements

for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

## g) Operating lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the lease term are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of profit and loss over the lease term.

## h) Investments

Investments which are readily realisable and intended to be held for not more than a year from the date on which such investments are made classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## i) Inventories

Raw materials, components and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a first in first out basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first in first out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can

be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

### Sale of goods:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and Value Added Taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

### Income from services:

Incomes from services are recognised on the basis of cost-plus method in accordance with the specific terms of the contract with the customer.

### Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

### Dividend

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

### Export Benefits

Export Benefits are recognised on export of products / on availment of any such benefits, as applicable.

## k) Foreign exchange transactions

### Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

### Exchange differences

All exchange differences arising on settlement / conversion of foreign currency transactions are recognized as income or expenses in the period in which they arise.

## l) Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension (contribution scheme) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme and pension scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the



# Notes to the Financial Statements

for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates two defined benefit plans for its employees, viz., gratuity and pension. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss. The Company has funded this with Life Insurance Corporation of India ('LIC')

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss immediately.

## m) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually

certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

## o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

## p) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### Warranties

Provisions for warranty-related costs are recognized when the product is sold. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

## q) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## r) Segment reporting

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. Unallocated items include general corporate income and expense items which are not allocated to any business segment.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

# Notes to the Financial Statements

for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	As at March 31, 2016	As at March 31, 2015
<b>3. Share Capital</b>		
<b>Authorised:</b>		
19,000,000 (March 31, 2015 : 19,000,000) equity shares of Rs.10/- each	1,900	1,900
3,000,000 (March 31, 2015 : 3,000,000) unclassified shares of Rs.10/- each	300	300
	<u>2,200</u>	<u>2,200</u>
<b>Issued, subscribed and paid up:</b>		
15,393,020 (March 31, 2015: 15,393,020) equity shares of Rs.10/- each fully paid up	1,539	1,539
	<u>1,539</u>	<u>1,539</u>

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

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the commencement of the period / year	15,393,020	1,539	15,393,020	1,539
Add: Shares issued	—	—	—	—
At the end of the period / year	<u>15,393,020</u>	<u>1,539</u>	<u>15,393,020</u>	<u>1,539</u>

**b) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the period ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders was Re. 1/- (March 31, 2015: Re.1/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
<b>Equity shares of Rs.10/- each fully paid up held by</b>				
Subsidiary companies of Colfax Corporation, the ultimate holding company:				
ESAB Holdings Limited, UK	5,743,200	574	5,743,200	574
Exelvia Group India B.V, Netherlands	5,604,760	560	5,604,760	560
	<u>11,347,960</u>	<u>1,134</u>	<u>11,347,960</u>	<u>1,134</u>

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

	Number	% of shares in the class	Number	% of shares in the class
<b>Equity shares of Rs.10/- each fully paid held by</b>				
ESAB Holdings Limited, UK	5,743,200	37.31%	5,743,200	37.31%
Exelvia Group India B.V, Netherlands	5,604,760	36.41%	5,604,760	36.41%
Acacia Partners, LP, Mauritius	821,140	5.33%	821,140	5.33%

**Notes to the Financial Statements**  
for the year ended March 31, 2016  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

		As at March 31, 2016	As at March 31, 2015
<b>4. Reserves and surplus</b>			
<b>Amalgamation reserve</b>			
At the commencement and at the end of the period / year	(A)	100	100
<b>Securities premium account</b>			
At the commencement and at the end of the period / year	(B)	932	932
<b>Special capital incentive subsidy</b>			
At the commencement and at the end of the period / year	(C)	20	20
<b>General reserve</b>			
At the commencement of the period / year		4,707	4,470
Add : Amount transferred from Surplus		283	237
	(D)	4,990	4,707
<b>Statement of Profit and loss</b>			
At the commencement of the period / year		21,607	19,666
Add: Profit for the period / year		2,834	2,364
Less: Appropriations			
Equity dividend			
Final [Re.1/- (Previous year Re.1/- per share)]		154	154
Tax on equity dividend		31	32
Transfer to general reserve		283	237
		468	423
	(E )	23,973	21,607
<b>Total reserves and surplus</b>	(A + B + C + D + E)	30,015	27,366
<b>5. Deferred tax liabilities / (assets)</b>			
<b>Deferred tax liabilities</b>			
Excess of depreciation / amortisation on fixed assets under income tax law over depreciation / amortisation provided in books		884	902
		884	902
<b>Deferred tax assets</b>			
Effect of expenditure debited to the statement of profit and loss account in the current period but allowed for tax purposes in following years:			
Provision for employee benefits		275	213
Provision for doubtful trade receivables		92	73
Provision for inventories		283	241
Provision for sales tax		139	115
Provision for impairment losses		241	224
Provision for doubtful advances		11	11
Provision for others		21	87
		1,062	964
<b>Deferred tax liabilities / (assets)</b>		(178)	(62)
<b>6. Other long-term liabilities</b>			
Security deposits from customers		127	119
		127	119

# Notes to the Financial Statements

## for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	Long term		Short term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>7. Provisions</b>				
<b>Provision for employee benefits</b>				
Gratuity (refer note 28 (A))	266	256	—	—
Pension	—	—	9	10
Compensated absences	28	—	123	169
	<b>294</b>	<b>256</b>	<b>132</b>	<b>179</b>
<b>Other provisions</b> (refer note below)				
Provision for sales tax	—	—	403	337
Provision for Litigations	—	—	73	155
Provision for dividend	—	—	154	154
Provision for dividend distribution tax	—	—	31	32
Provision for warranties	—	—	149	135
	<b>—</b>	<b>—</b>	<b>810</b>	<b>813</b>
	<b>294</b>	<b>256</b>	<b>942</b>	<b>992</b>

### Additional disclosures relating to certain provisions (as per AS 29)

	Warranties	Sales tax	Others
Balances as at January 1, 2014	106	435	155
Add : Provision made during the period	199	31	—
Less : Provision utilised during the period	(170)	(129)	—
<b>Balances as at March 31, 2015</b>	<b>135</b>	<b>337</b>	<b>155</b>
Balances as at April 1, 2015	135	337	155
Add : Provision made during the year	145	66	—
Less : Provision utilised during the year	(131)	—	(82)
<b>Balances as at March 31, 2016</b>	<b>149</b>	<b>403</b>	<b>73</b>

	As at March 31, 2016	As at March 31, 2015
<b>8. Trade payables</b>		
Trade payables (refer note below)	4,314	5,521
	<b>4,314</b>	<b>5,521</b>
There are no overdue amounts payable to Micro Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro and Small Enterprises during the year ended March 31, 2016 and for 15 months period ended March 31, 2015		
<b>9. Other current liabilities</b>		
Accrued salaries and benefits	422	338
Voluntary Separation Scheme (VSS) [Refer note 40(a)]	188	150
Advances from customers	100	63
Unclaimed dividend *	70	82
Statutory liabilities	546	443
<b>Total</b>	<b>1,326</b>	<b>1,076</b>

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

## 10. Tangible fixed assets

Description of assets	Freehold land	Leasehold land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Total
<b>Gross block</b>							
Balances as at January 1, 2014	329	88	3,403	14,208	461	124	18,613
Additions	–	–	32	657	35	–	724
Less: Disposals / adjustments	–	–	(16)	(225)	–	(5)	(246)
<b>Balance as at March 31, 2015</b>	<b>329</b>	<b>88</b>	<b>3,419</b>	<b>14,640</b>	<b>496</b>	<b>119</b>	<b>19,091</b>
<b>Adjustments / Regrouping*</b>	<b>–</b>	<b>–</b>	<b>23</b>	<b>(11)</b>	<b>(5)</b>	<b>(0)</b>	<b>7</b>
Additions	–	–	139	394	73	24	630
Less: Disposals / adjustments	–	–	–	(10)	–	(17)	(27)
Less: Write off of Assets	–	–	(4)	(747)	(64)	(9)	(824)
<b>Balance as at March 31, 2016</b>	<b>329</b>	<b>88</b>	<b>3,577</b>	<b>14,266</b>	<b>500</b>	<b>117</b>	<b>18,877</b>
<b>Depreciation / amortisation and Impairment losses</b>							
Balances as at January 1, 2014	–	9	1,018	8,026	196	56	9,305
Depreciation / amortisation for the period	–	1	127	1,037	30	23	1,218
Impairment loss during the period (refer note 41)	–	–	272	308	3	–	583
Less: Accumulated depreciation on disposals / adjustments	–	–	(1)	(170)	–	(3)	(174)
<b>Balance as at March 31, 2015</b>	<b>–</b>	<b>10</b>	<b>1,416</b>	<b>9,201</b>	<b>229</b>	<b>76</b>	<b>10,932</b>
<b>Adjustments / Regrouping*</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>7</b>
Depreciation / amortisation for the period	–	1	92	720	30	19	862
Impairment loss during the period (refer note 41)	–	–	(21)	60	0	–	39
Less: Accumulated depreciation on disposals / adjustments	–	–	–	(8)	–	(11)	(19)
Less: Accumulated depreciation on Assets Written off	–	–	(1)	(629)	(39)	(9)	(678)
<b>Balance as at March 31, 2016</b>	<b>–</b>	<b>11</b>	<b>1,486</b>	<b>9,347</b>	<b>223</b>	<b>76</b>	<b>11,143</b>
<b>Net block</b>							
<b>As at March 31, 2015</b>	<b>329</b>	<b>78</b>	<b>2,003</b>	<b>5,439</b>	<b>267</b>	<b>43</b>	<b>8,159</b>
<b>As at March 31, 2016</b>	<b>329</b>	<b>77</b>	<b>2,091</b>	<b>4,919</b>	<b>277</b>	<b>41</b>	<b>7,734</b>

**Note:** \* The Company has made adjustments / regrouping to the opening gross block and the accumulated depreciation. However, the same does not have impact on the Statement of Profit and Loss.



## 11. Intangible fixed assets

Description of assets	Computer software	Technical know how	Total
<b>Gross block</b>			
Balances as at January 1, 2014	506	488	994
Additions	17	–	17
Disposals	–	–	–
<b>Balances as at March 31, 2015</b>	<b>523</b>	<b>488</b>	<b>1,011</b>
<b>Adjustments / Regrouping*</b>	<b>34</b>	<b>–</b>	<b>34</b>
Additions	13	–	13
Less: Disposals / adjustments	–	–	–
Less: Write off of Assets	(4)	–	(4)
<b>Balances as at March 31, 2016</b>	<b>566</b>	<b>488</b>	<b>1,054</b>
<b>Amortisation and Impairment losses</b>			
Balances as at January 1, 2014	287	421	708
Amortisation for the period	112	45	157
Impairment loss during the period (refer note 41)	–	1	1
Accumulated depreciation on disposals / adjustments	–	–	–
<b>Balances as at March 31, 2015</b>	<b>399</b>	<b>467</b>	<b>866</b>
<b>Adjustments / Regrouping*</b>	<b>34</b>	<b>–</b>	<b>34</b>
Amortisation for the period	69	21	90
Accumulated depreciation on disposals / adjustments	–	–	–
Accumulated depreciation on disposals / adjustments	(4)	–	(4)
<b>Balances as at March 31, 2016</b>	<b>498</b>	<b>488</b>	<b>986</b>
<b>As at March 31, 2015</b>	<b>124</b>	<b>21</b>	<b>145</b>
<b>As at March 31, 2016</b>	<b>68</b>	<b>–</b>	<b>68</b>

**Note:** \* The Company has made adjustments / regrouping to the opening gross block and the accumulated depreciation. However, the same does not have impact on the Statement of Profit and Loss.

	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>12. Long term loans and advances</b>		
<i>Unsecured and considered good</i>		
Capital advances	<b>67</b>	58
Advance recoverable in cash or in kind or for value to be received	<b>117</b>	150
Pension (Refer note 28(B))	<b>130</b>	135
Security deposits	<b>236</b>	265
Balance with government authorities	<b>384</b>	413
Advance income tax (net of provision for taxation)	<b>406</b>	547
	<b>1,340</b>	1,568
<i>Unsecured and considered doubtful</i>		
Advances to employees	<b>33</b>	33
Less: Provision for doubtful advances	<b>(33)</b>	(33)
	<b>–</b>	–
	<b>1,340</b>	1,568
<b>13. Other non current assets</b>		
Bank deposits (due to mature after 12 months from the reporting date) (Refer note 17)	<b>241</b>	236
	<b>241</b>	236

# Notes to the Financial Statements

for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	As at March 31, 2016	As at March 31, 2015
<b>14. Current investments</b>		
<b>Unquoted mutual funds</b>		
Nil (March 31, 2015 - 93,590) units in UTI Money Market Fund Institutional Plan - Daily dividend reinvestment plan	—	939
32,374 (March 31, 2015 - 30,569) units in UTI Treasury Advantage Fund Institutional Plan - Direct - Daily dividend reinvestment plan	325	306
32,204 (March 31, 2015 - 30,437) units in UTI Treasury Advantage Fund Institutional Plan - Daily dividend reinvestment plan	323	305
Nil (March 31, 2015 - 27,960) units in Tata Liquid Fund Plan A- Daily dividend reinvestment plan	—	312
11,735,156 (March 31, 2015 - 11,116,833) units in Kotak Treasury Advantage Fund - Daily Dividend (Regular Plan)	1,183	1,121
Nil (March 31, 2015 - 29074) units in Kotak Liquid Scheme Plan A - Direct Plan - Daily Dividend	—	356
5,185,298 (March 31, 2015 - 4,925,883) units in SBI Short term Debt Fund - Regular plan - Weekly dividend reinvestment plan	546	518
Nil (March 31, 2015 - 4,654,937) units in Templeton India Ultra Short Bond Fund Institutional Plan - Daily dividend reinvestment plan	—	468
890,369 (March 31, 2015 - 289,735) units in ICICI Prudential Flexible Income Plan - Dividend daily reinvestment plan	941	306
5,261,529 (March 31, 2015 - 4,951,418) units in ICICI Prudential Ultra Short Term Plan - Dividend daily reinvestment plan	532	504
2,214,867 (March 31, 2015 - 2,094,300) units in ICICI Prudential Banking & PSU Debt Plan Regular - Dividend daily reinvestment plan	223	211
958,149 (March 31, 2015 - 5,652,211) units in IDFC Money Manager fund - Daily dividend Reinvestment plan	97	569
1,060,290 (March 31, 2015 - 1,004,172) units in IDFC Banking Debt Fund - Direct Plan - Daily dividend Reinvestment plan	106	101
11,245,644 (March 31, 2015 - 10,634,187) units in HDFC floating rate Income fund- Short term plan- wholesale option - Daily dividend reinvestment plan	1,134	1,072
Nil (March 31, 2015 - 9,523,712) units in Templeton India Low Duration fund - Monthly dividend reinvestment plan	—	995
Nil (March 31, 2015 - 32,761) units Reliance Liquid Fund - Treasury Plan - Daily dividend plan	—	501
Nil (March 31, 2015 - 3,039,344) units Sundaram Ultra Short Term Fund - Direct Plan - Daily dividend plan	—	305
1,176,766 (March 31, 2015 - 1,176,766) units in Tata Short Term Bond Fund Direct Plan - Growth Option	300	300
Nil (March 31, 2015 - 1,180,134) units in Tata Short Term Bond Fund Plan A - Growth Option	—	300

# Notes to the Financial Statements

## for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	As at March 31, 2016	As at March 31, 2015
<b>14. Current investments (contd.)</b>		
<b>Unquoted mutual funds - (contd.)</b>		
277,107 (March 31, 2015 - 277,107) units in ICICI Prudential Gilt Investment Plan - Direct - Growth option	200	200
2,166,472 (March 31, 2015 - 2,166,472) units in IDFC Super Saver Income Fund - Medium Term Plan - Direct - Growth option - Direct Plan	500	500
1,042,709 (March 31, 2015 - 1,042,709) units in IDFC Super Saver Income Fund - Short Term Plan - Direct - Growth option - Direct Plan	300	300
Nil (March 31, 2015 - 1,154,166) units in L & T Short Term Opportunities Fund - Growth	—	150
781,506 (March 31, 2015 - 781,506) units in Reliance Short Term Fund - Direct - Growth	200	200
Nil (March 31, 2015 - 2,161,705) units in Reliance Short Term Fund - Growth	—	550
346,513 (March 31, 2015 - 346,513) units in Birla Sun Life Treasury Optimizer Plan Direct - Growth Plan	600	600
12,986 (March 31, 2015 - 12,986) units in Religare Invesco Gilt Fund Long Duration Plan - Direct Plan - Growth	200	200
30,265 (March 31, 2015 - Nil) units in Axis Liquid Fund - Daily dividend reinvestment plan	303	—
796,421 (March 31, 2015 - NIL) units in Birla Sun Life Treasury Optimizer Plan Monthly Dividend Reinvestment	829	—
313,777 (March 31, 2015 - NIL) units in Birla Sun Life Treasury Optimizer Plan Monthly Dividend Reinvestment	315	—
2,017,695 (March 31, 2015 - NIL) units in HDFC Short term opportunity Fund - Fortnightly dividend reinvestment plan	204	—
1,969,876 (March 31, 2015 - Nil) units in IDFC Super Saver Income Fund - Short Term Plan - Fortnightly Dividend Regular Plan	204	—
5,016,542 (March 31, 2015 - Nil) units in IDFC Corporate Bond Fund Regular Plan - Dividend	502	—
5,000,000 (March 31, 2015 - Nil) units in Reliance Fixed Horizon Fund - XXX - Series 9 - Direct Dividend Plan	500	—
40,933 (March 31, 2015 - Nil) units in Religare Invesco Credit Opportunities Fund - Daily Dividend	409	—
50,086 (March 31, 2015 - Nil) units in Religare Invesco Liquid Fund - Daily Dividend	501	—
4,992,860 (March 31, 2015 - Nil) units in UTI Fixed Income Interval Fund - III - Quarterly Interval Plan - Dividend Plan Payout	500	—
	<b>11,977</b>	<b>12,189</b>
Aggregate amount of unquoted instruments	<b>11,977</b>	<b>12,189</b>
Aggregate market value of unquoted instruments	<b>12,231</b>	<b>12,262</b>

# Notes to the Financial Statements

for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	As at March 31, 2016	As at March 31, 2015
<b>15. Inventories</b>		
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw materials [including Goods in transit Rs. 393 (March 31, 2015 - Rs. 365)]	2,325	2,157
Work-in-Progress	555	475
Finished goods		
- Manufactured goods	869	1,262
- Traded goods [including Goods in transit Rs. 186 (March 31, 2015 - Rs. 165)]	1,918	1,293
Stores and Spares	179	209
<b>Total</b>	<b>5,846</b>	<b>5,396</b>
<b>16. Trade receivables</b>		
<i>Receivables outstanding for a period exceeding six months from the date they became due for payment</i>		
(a) Secured, considered good *	1	1
(b) Unsecured, considered good	225	223
(c) Doubtful	265	229
Less: Provision for doubtful receivables	(265)	(229)
	226	224
<i>Other receivables</i>		
(a) Secured, considered good *	47	35
(b) Unsecured, considered good	4,271	4,111
(c) Unsecured, considered doubtful	—	—
Less: Provision for doubtful receivables	—	—
	4,318	4,146
<b>Total</b>	<b>4,544</b>	<b>4,370</b>
* Secured against deposits from dealers		
<b>17. Cash and bank balances</b>		
Cash and cash equivalents		
Cash on hand	7	8
Cheques on hand	621	35
Balance with banks		
- on current accounts	2,083	1,962
Earmarked Balances - Dividend	70	82
Other bank balances	2,287	1,406
<b>Total</b>	<b>5,068</b>	<b>3,493</b>
Bank deposits to the extent held as margin money or security against guarantees included under other bank balances	2,287	1,406
Bank deposits to the extent held as margin money or security against guarantees included under other non-current assets (refer note 13)	241	236
Bank deposits due to mature within 12 months of the reporting date included under other bank balances	—	—
<b>18. Short term loans and advances</b>		
<i>(unsecured, considered good)</i>		
Advance recoverable in cash or in kind or for value to be received	114	197
Balance with statutory / government authorities	430	407
Advance to Suppliers	381	450
Advance to employees	33	12
	958	1,066
<b>19. Other current assets</b>		
Interest accrued on fixed deposits	78	61
<b>Total</b>	<b>78</b>	<b>61</b>

**Notes to the Financial Statements**  
for the year ended March 31, 2016  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>20. Revenue from operations</b>		
<b>Sale of products</b>		
Manufactured goods	41,586	50,986
Traded goods	6,728	8,053
Sale of products (Gross)	48,314	59,039
Less : Excise duty	4,402	5,163
<b>Sale of products (Net)</b>	<b>43,912</b>	<b>53,876</b>
Income from services	811	682
<b>Other operating revenue</b>		
Scrap Sales	306	481
Export benefits	27	34
Provision / liabilities no longer required written back	—	49
Miscellaneous income	39	63
	<b>372</b>	<b>627</b>
<b>Revenue from operations</b>	<b>45,095</b>	<b>55,185</b>
<b>Break-up of revenue from sale of products (Gross)</b>		
<b>Manufactured goods</b>		
Consumables	33,037	39,961
Equipments & Cutting	8,549	11,025
<b>Traded goods</b>		
Consumables	2,917	3,781
Equipments & Cutting	3,811	4,272
<b>Total</b>	<b>48,314</b>	<b>59,039</b>
<b>21. Other income</b>		
Interest income	157	192
Dividend income from current investments	537	745
Profit on sale of current investments	106	129
Net gain on account of foreign exchange fluctuation	—	80
	<b>800</b>	<b>1,146</b>
<b>22. Cost of raw materials and components consumed</b>		
Inventory at the beginning of the period / year	2,157	2,098
Add: Purchases during the period / year	23,388	29,157
Less : Inventory at the end of the period / year	2,325	2,157
	<b>23,220</b>	<b>29,098</b>
<b>Break-up of cost of materials consumed</b>		
<b>Raw materials</b>		
Mild Steel / M S Wire Rods	9,997	12,880
Non Ferrous Metals	1,604	1,723
Minerals	2,714	3,501
Chemicals	2,063	2,842
Piece parts	5,410	6,261
Others	1,432	1,891
<b>Total</b>	<b>23,220</b>	<b>29,098</b>



**Notes to the Financial Statements**  
for the year ended March 31, 2016  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>Break-up of inventory - Raw material and components</b>		
Mild Steel / M S Wire Rods	446	411
Non Ferrous Metals	162	205
Minerals	256	327
Chemicals	179	214
Piece Parts	1,131	848
Others	151	152
<b>Total</b>	<b>2,325</b>	<b>2,157</b>
<b>23. (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods</b>		
Opening stock		
- Manufactured goods	1,262	1,879
- Traded goods	1,293	1,332
- Work-in-progress	475	593
	<b>3,030</b>	<b>3,804</b>
Closing stocks		
- Manufactured goods	869	1,262
- Traded goods	1,918	1,293
- Work-in-progress	555	475
	<b>3,342</b>	<b>3,030</b>
	<b>(312)</b>	<b>774</b>
<b>24. Employee benefits expense</b>		
Salaries, wages and bonus	4,009	4,680
Contributions to provident and other funds	153	181
Gratuity expense (Note 28 (A))	65	99
Pension expense / (reversal) (Note 28 (B))	5	85
Staff welfare expenses	449	539
	<b>4,681</b>	<b>5,584</b>
<b>25. Depreciation and amortisation</b>		
Depreciation of tangible fixed assets	862	1,218
Amortisation of intangible fixed assets	90	157
	<b>952</b>	<b>1,375</b>

**Notes to the Financial Statements**  
for the year ended March 31, 2016  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>26. Other expenses</b>		
Consumption of stores and spares	488	598
Power and fuel	1,121	1,499
External service charges	883	1,106
(Increase) / decrease of excise duty on inventory finished goods	83	(162)
Rent	195	246
Repairs and maintenance		
- Building	43	40
- Plant and machinery	187	150
- Others	248	362
Insurance	40	59
Travelling expenses	730	880
Communication expenses	114	166
Rates and taxes	232	325
Transport and freight	728	459
Sales promotion and selling expenses	679	865
Trademark fees	805	989
Legal and professional charges	294	372
Payment to auditors (Refer note below)	44	47
Printing and stationery	33	49
Bad debts written off	—	59
Loss on sale of fixed assets (net)	3	30
Exchange differences (net)	20	—
CSR expenditure	22	19
Provision for warranty	145	199
Provision for doubtful receivables	36	—
Royalty	59	92
Impairment loss on fixed assets	—	72
Fixed assets written off	146	33
Bank charges	34	50
Miscellaneous expenses	291	261
	<b>7,703</b>	<b>8,865</b>
<b>Note: Payment to auditors</b>		
As auditor		
Statutory audit	14	16
Tax audit	5	9
In other capacity		
Limited reviews	9	12
ICFR	8	—
Certification	—	1
Others	4	4
Reimbursement of expenses	4	5
	<b>44</b>	<b>47</b>

	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>27. Exceptional items (Refer note 40)</b>		
Voluntary Service Scheme to employees	314	409
Impairment loss on fixed assets ( <i>refer note 41</i> )	39	512
One time settlement to contractors	—	840
	<u>353</u>	<u>1,761</u>
<b>28. Employee benefits</b>		
The following table sets out the disclosure requirements as required under the AS 15 (Revised 2005)		
<b>A. Gratuity plan</b>		
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:		
<b>Change in present value of obligations</b>		
Obligations at the beginning of the period / year	420	546
Service cost	38	43
Interest cost	32	56
Actuarial (gain) / loss	7	23
Benefits paid	(94)	(248)
Obligations at the end of the period / year	<u>403</u>	<u>420</u>
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the period / year	164	313
Expected return on plan assets	14	28
Actuarial gain / (loss)	(2)	(5)
Contributions	55	76
Benefits paid	(94)	(248)
Fair value of plan assets at end of the period / year	<u>137</u>	<u>164</u>
Actual return on plan assets	11	23
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>		
Present value of the defined benefit obligation at the end of the period / year	403	420
Fair value of plan assets at the end of the period / year	137	164
Funded status amount of liability recognized in the balance sheet	<u>266</u>	<u>256</u>
<b>Gratuity cost for the period / year</b>		
Service cost	38	43
Interest cost	32	56
Expected return on plan assets	(14)	(28)
Actuarial (gain) / loss	9	28
Net gratuity cost	<u>65</u>	<u>99</u>

**Notes to the Financial Statements**  
for the year ended March 31, 2016  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>Assumptions</b>		
Interest rate	7.90%	8.00%
Estimated rate of return on plan assets *	7.50%	7.50%
Rate of growth in salary levels	5.00-8.00%	5.00-8.00%
Attrition rate	10.00%	10.00%
* This is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations		
<b>Percentage Allocation of Plan assets</b>		
Government of India securities	61%	51%
Corporate Bonds	—	—
Insurer Managed Fund	30%	37%
Other	9%	12%
<b>Gratuity - Experience adjustments</b>		
<b>Particulars</b>	<b>March 31, 2016</b>	March 31, 2015    December 31, 2013    December 31, 2012    December 31, 2011
Experience adjustments:		
- On plan liabilities	3	(16)    9    (1)    (15)
- On plan assets	(3)	(5)    8    1    8
Present value of obligation	403	420    546    552    582
Fair value of plan assets	137	164    313    339    427
Shortage of plan assets over obligation	(266)	(256)    (233)    (213)    (155)
	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>B. Pension plan</b>		
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:		
<b>Particulars</b>		
<b>Change in present value of obligations</b>		
Obligations at the beginning of the period / year	377	344
Service cost	21	22
Interest cost	28	35
Actuarial (gain) / loss	(3)	71
Benefits paid	(45)	(95)
Obligations at the end of the period / year	378	377
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the period / year	512	586
Expected return on plan assets	36	51
Actuarial gain / (loss)	5	(8)
Contributions by Employer	—	(22)
Benefits paid	(45)	(95)
Refund from Trust / Payment for defined contribution scheme	—	—
Fair value of plan assets at end of the period / year	508	512
Actual return on plan assets	41	43
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>		
Present value of the defined benefit obligation at the end of the period / year	378	377
Fair value of plan assets at the end of the period / year	508	512
Funded status amount of liability recognized in the balance sheet	(130)	(135)



**ESAB INDIA LIMITED**

	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>Pension cost for the period / year</b>		
Service cost	21	22
Interest cost	28	35
Expected return on plan assets	(36)	(51)
Actuarial (gain) / loss	(8)	79
Net pension cost	5	85
<b>Assumptions</b>		
Interest rate	7.90%	8.00%
Estimated rate of return on plan assets *	7.50%	7.50%
Rate of growth in salary levels	5.00%	5.00%
Attrition rate	10.00%	10.00%

\* This is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.

### Percentage allocation of plan assets

Government of India securities	9%	20%
Insurer Managed Fund	90%	75%
Other	1%	5%

### Pension - Experience adjustments

Particulars	March 31, 2016	March 31, 2015	December 31, 2013	December 31, 2012	December 31, 2011
Experience adjustments:					
- On plan liabilities	(6)	43	(11)	(83)	(14)
- On plan assets	5	(8)	1	26	72
Present value of obligation	377	377	344	354	424
Fair value of plan assets	509	512	586	590	655
Excess of plan assets over obligation	132	135	242	236	231

	For the year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>29. Operating leases</b>		
The Company has taken various residential and office premises under operating lease or leave & license agreements. These leases have a term of between 1 year and 3 years, and have no specific obligation for renewal. There are no restrictions placed upon the company by entering into these leases. Lease payments are recognised in the statement of profit and loss in the year incurred.		
Non - cancellable operating lease rentals payables (minimum lease payments) under these leases are as follows:		
Payable within one year	52	46
Payable between one and five years	57	107
Payable after five years	—	—
<b>Total</b>	<b>109</b>	<b>153</b>

During the year an amount of Rs.195 was recognised as an expense in the statement of profit and loss in respect of operating leases (March 31, 2015: Rs.246)



# Notes to the Financial Statements

for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

## 30. Segment Information

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

### Business Segments

**Consumables** : Welding electrodes, Copper coated wires, Flux Cored Wires and Welding fluxes including related services.

**Equipment** : Welding machines and Cutting equipment.

Particulars	Consumables		Equipment		Total	
	March 31, 2016	January 1, 2014 to March 31, 2015	March 31, 2016	January 1, 2014 to March 31, 2015	March 31, 2016	January 1, 2014 to March 31, 2015
<b>Revenue</b>						
External sales and services (net)	32,948	39,955	11,775	14,603	44,723	54,558
Segment results @	4,463	4,552	631	1,005	5,094	5,557
Less: Bank charges					34	50
Other unallocated expenses (net)					597	685
Less: Exceptional items (refer note 27)*	323	1,632	30	129	353	1,761
<b>Total profit before tax</b>					<b>4,110</b>	<b>3,061</b>
Segment assets	14,419	14,818	6,171	5,737	20,590	20,555
Add: Unallocated assets					17,967	16,314
<b>Total assets</b>					<b>38,557</b>	<b>36,869</b>
Segment liabilities	2,762	4,291	2,264	1,864	5,026	6,155
Add: Unallocated liabilities					1,977	1,809
<b>Total liabilities</b>					<b>7,033</b>	<b>7,964</b>
Capital expenditure	481	440	186	45	667	485
Add: Unallocated capital expenditure					377	75
<b>Total capital expenditure</b>					<b>1,044</b>	<b>560</b>
Depreciation / amortisation	707	995	145	206	852	1,201
Add: Unallocated depreciation					100	174
<b>Total depreciation</b>					<b>952</b>	<b>1,375</b>
Non cash expenses	124	664	97	41	221	705
Add: Unallocated non cash expenditure					3	1
<b>Total non cash expenditure</b>					<b>224</b>	<b>706</b>

@ Consumable segment includes impairment loss on fixed assets of one of the Company's plant at Irungattukottai, Chennai amounting to Rs. Nil (March 31, 2015 - Rs.72).

\* Consumable segment includes impairment loss on fixed assets of one of the Company's plant at Khardah, Kolkata amounting to Rs. 39 (March 31, 2015 - Rs.512).

### Geographical segments

The Company caters mainly to the needs of Indian market and the export turnover being 3.18 % (March 31, 2015 - 3.71 %) of the total turnover of the Company, there are no reportable geographical segments.

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

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

# Notes to the Financial Statements

for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

## 31. Related Party Disclosure

### Names of related parties and related party relationship

#### a) Parties where control exist

- i) ESAB Holdings Limited, UK - Principal Shareholder - Holds 37.31 % of the paid up equity share capital of the Company as at March 31, 2016. Colfax UK Holding Limited, Company incorporated under the laws of England and Wales, is an indirect wholly owned subsidiary of Colfax Corporation. Further, Colfax UK, Holdings Limited indirectly holds 100% equity shares of ESAB Holdings Ltd.
- ii) Exelvia Group India B.V., Netherlands - Holds 36.41 % of the paid up equity share capital of the Company as at March 31, 2016. Colfax UK, Holding Limited, Company incorporated under the laws of England and Wales, is an indirect wholly owned subsidiary of Colfax Corporation. Further, Colfax UK Holdings Limited indirectly holds 100% equity shares of Exelvia Group India B.V., Netherlands.

#### b) Related parties with whom transactions have taken place during the period / year: (Fellow Subsidiary)

ESAB Welding Products (Jiangsu) Co Limited, China	ESAB Middle East FZE, UAE
ESAB Asia/Pacific Pte Limited, Singapore	ESAB SeAH Corporation, Korea
ESAB Cutting Systems GmbH, Germany	ESAB Vamberk sro, Czech Republic
ESAB GmbH, Germany	ESAB Africa Welding and Cutting (Proprietary) Limited, South Africa
ESAB Europe AG, Switzerland	ESAB Welding & Cutting Product, USA
ESAB AB, Sweden	ESAB Polska Sp.z.o.o, Poland
PT Karya Yasantara Cakti, Indonesia	ESAB Equipment & Machinery Manufacturing (Zhangjiagang) Co Limited
Alcotec Wire Corporation, USA	ESAB - Victor Technologies International
ESAB Automation Cutting and Welding Equipment (Wuxi) Co.Ltd	ESAB - Victor (Ningo) Cutting and Welding Equipment
ESAB Seah Welding Products (Yantai) Co Ltd, China	Howden Solyvent (India) Private Limited

#### c) Key Management Personnel

Managing Director	Mr Rohit Gambhir
Vice President-Finance and Chief Financial Officer	Mr B Mohan
Company Secretary	Mr S Venkatakrishnan

### Related Party transactions:

Particulars	Control exists		Significant influence		Total	
	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
<b>Transactions during the period / year</b>						
<b>Sale of goods</b>	—	—	110	147	110	147
ESAB Africa Welding and Cutting (Proprietary) Limited, South Africa	—	—	—	54	—	54
ESAB Middle East FZE, UAE	—	—	100	85	100	85
Others	—	—	10	8	10	8

# Notes to the Financial Statements

for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



ESAB INDIA LIMITED

## Related Party transactions: (contd..)

Particulars	Control exists		Significant influence		Total	
	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>Income from services</b>	—	—	<b>811</b>	682	<b>811</b>	682
ESAB Welding & Cutting Product, USA	—	—	—	79	—	79
ESAB AB, Sweden	—	—	<b>470</b>	517	<b>470</b>	517
ESAB Europe AG, Switzerland	—	—	<b>140</b>	—	<b>140</b>	—
Others	—	—	<b>201</b>	86	<b>201</b>	86
<b>Commission income</b>	—	—	<b>2</b>	3	<b>2</b>	3
ESAB SeAH Corporation, Korea	—	—	<b>2</b>	3	<b>2</b>	3
<b>Purchase of raw material / traded goods</b>	—	—	<b>2,299</b>	2,793	<b>2,299</b>	2,793
ESAB AB, Sweden	—	—	<b>523</b>	—	<b>523</b>	—
ESAB Europe AG, Switzerland	—	—	<b>548</b>	1,378	<b>548</b>	1,378
ESAB Seah Welding Products (Yantai) Co Ltd, China	—	—	—	468	—	468
ESAB Welding & Cutting Product, USA	—	—	<b>343</b>	353	<b>343</b>	353
Others	—	—	<b>885</b>	594	<b>885</b>	594
<b>Purchase of Tangible fixed assets</b>	—	—	<b>32</b>	234	<b>32</b>	234
ESAB AB-Sweden	—	—	<b>32</b>	181	<b>32</b>	181
ESAB Vamberk sro, Czech Republic	—	—	—	53	—	53
Others	—	—	—	—	—	—
<b>Royalty</b>	<b>59</b>	92	—	—	<b>59</b>	92
ESAB Holdings Limited, UK	<b>59</b>	92	—	—	<b>59</b>	92
<b>Trademark license fees</b>	<b>805</b>	989	—	—	<b>805</b>	989
ESAB Holdings Limited, UK	<b>805</b>	989	—	—	<b>805</b>	989
<b>Technical / consultancy services</b>	—	—	<b>8</b>	—	<b>8</b>	—
ESAB AB, Sweden	—	—	<b>7</b>	—	<b>7</b>	—
ESAB Welding & Cutting Product, USA	—	—	<b>1</b>	—	<b>1</b>	—
<b>Dividend paid</b>	<b>113</b>	113	—	—	<b>113</b>	113
ESAB Holdings Limited, UK	<b>57</b>	57	—	—	<b>57</b>	57
Exelvia Group India B.V., Netherlands	<b>56</b>	56	—	—	<b>56</b>	56
<b>Reimbursement of Expenses paid</b>	—	—	—	3	—	3
ESAB Vamberk sro, Czech Republic	—	—	—	3	—	3
<b>Reimbursement of Expenses received</b>	—	10	—	—	—	10
ESAB Holdings Limited, UK	—	10	—	—	—	10
<b>Balances at the year end / period end</b>						
<b>Receivables</b>	—	—	<b>156</b>	122	<b>156</b>	122
ESAB AB, Sweden	—	—	<b>39</b>	30	<b>39</b>	30
ESAB Africa Welding and Cutting (Proprietary) Limited, South Africa	—	—	—	1	—	1
ESAB Welding Products (Jiangsu) Co Limited, China	—	—	<b>9</b>	26	<b>9</b>	26
PT Karya Yasantara Cakti, Indonesia	—	—	<b>12</b>	26	<b>12</b>	26
ESAB Automation Cutting and Welding Equipment (Wuxi) Co. Ltd	—	—	<b>19</b>	26	<b>19</b>	26
ESAB Europe AG, Switzerland	—	—	<b>29</b>	—	<b>29</b>	—
ESAB - Victor Technologies International	—	—	<b>15</b>	—	<b>15</b>	—
ESAB MIDDLE EAST FZE - UAE	—	—	<b>19</b>	—	<b>19</b>	—
Others	—	—	<b>14</b>	13	<b>14</b>	13

**Notes to the Financial Statements**  
for the year ended March 31, 2016  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**Related Party transactions: (contd..)**

Particulars	Control exists		Significant influence		Total	
	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
<b>Payables</b>	<b>193</b>	179	<b>1,215</b>	801	<b>1,408</b>	980
ESAB Holdings Limited, UK	193	179	—	—	193	179
ESAB Europe AG, Switzerland	—	—	505	378	505	378
ESAB AB, Sweden	—	—	10	2	10	2
ESAB SeAH Corporation, Korea	—	—	24	45	24	45
ESAB Seah Welding Products (Yantai) Co. Ltd, China	—	—	112	156	112	156
ESAB Welding & Cutting Product, USA	—	—	249	136	249	136
Others	—	—	315	84	315	84

**The remuneration paid to KMP is as follows:**

Particulars	Year ended March 31, 2016	For the period from January 1, 2014 to March 31, 2015
Remuneration paid		
Mr Rohit Gambhir	161	180
Mr B Mohan	71	85
Mr S Venkatakrishnan	41	50
<b>Total</b>	<b>273</b>	315

**32. Contingent liabilities and commitments**

(to the extent not provided for)

Particulars	As at March 31, 2016	January 1, 2014 to March 31, 2015
<b>Contingent liabilities</b>		
Claims against the Company not acknowledged as debts*	824	824
Tax matters in dispute under appeal (excluding possible interest)**	2,026	2,913
Bank guarantees outstanding	249	1,060
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	370	207
Estimated amount of contracts remaining to be executed on account of purchase of raw materials	431	1,197
<b>Total</b>	<b>3,900</b>	6,201

\* The Company is contesting the demands and the Management, including its legal counsel, believe that it is possible, but not probable, the action will succeed and accordingly no provision for liability has been recognised in the financial statements.

\*\* The Company is contesting the demands and the Management, including its tax advisors, believe that it is possible, but not probable, the action will succeed and accordingly no provision for liability has been recognised in the financial statements.

### 33. Details of imported and indigenous raw materials, components and spare parts consumed

Particulars	March 31, 2016		January 1, 2014 to March 31, 2015	
	Rs.	%	Rs.	%
<b>Raw materials (including packing material and components)</b>				
- Imported	3,114	13%	2,526	9%
- Indigenous	20,106	87%	26,572	91%
	23,220	100%	29,098	100%
<b>Spare parts</b>				
- Imported	90	18%	66	11%
- Indigenous	398	82%	532	89%
	488	100%	598	100%

### 34. Value of imports on CIF basis (accrual basis)

Particulars	March 31, 2016	January 1, 2014 to March 31, 2015
Raw materials (including packing material)	3,073	2,477
Components and traded goods	2,502	2,771
Capital goods	55	388
<b>Total</b>	<b>5,630</b>	<b>5,636</b>

### 35. Expenditure in foreign currency

Particulars	March 31, 2016	January 1, 2014 to March 31, 2015
Trademark fees	805	989
Travelling expenses	62	97
Royalty	59	92
Others	12	12
<b>Total</b>	<b>938</b>	<b>1,190</b>

### 36. Earnings in foreign currency

Particulars	March 31, 2016	January 1, 2014 to March 31, 2015
FOB value of exports	1,396	2,001
Income from services	800	682
Others	2	3
<b>Total</b>	<b>2,198</b>	<b>2,686</b>

### 37. Dividend remittances in foreign currency

Particulars	March 31, 2016	January 1, 2014 to March 31, 2015
Year to which the dividend relates	March, 2015	December 2013
Amount remitted during the year	11,347,960	11,347,960
Number of non-resident shareholders	2	2
Number of shares on which dividend was due	11,347,960	11,347,960



### 38. Derivative instruments

#### Unhedged foreign currency exposure

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

Particulars	March 31, 2016		January 1, 2014 to March 31, 2015	
	Amount in FC	Amount in INR	Amount in FC	Amount in INR
<b>Trade receivables</b>				
USD	799,543	522.98	511,071	315.13
<b>Advance from customers</b>				
EURO	266	0.20	266	0.17
USD	11,536	7.55	11,536	7.11
<b>Trade payables</b>				
EURO	196,197	149.00	131,316	90.55
USD	1,641,973	1,104.00	1,480,311	939.70
SGD	33,172	17.00	17,558	8.12
SEK	11,220	1.00	11,220	0.84
GBP	1,556	1.51	475	0.45
<b>Advance to Suppliers</b>				
EURO	45,071	34.00	12,960	8.94
USD	76,109	51.00	23,864	15.15
SGD	—	—	459	0.21
DKK	376,210	39.00	7,710	0.72

39. The Company has transactions with related parties. For the financial year ended March 31, 2015, the Company has obtained the Accountant's Report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and has filed the same with the tax authorities. For the financial year ended March 31, 2016, Management confirms that it maintains documents as prescribed by the Income Tax Act, 1961 to prove that these transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

### 40. Exceptional items

The Company had reviewed its manufacturing capacities across its Consumables Plant locations. Following that, the Board of Directors at its meeting held on 26 May, 2015 approved the discontinuance of operations of the Company's plant at Khardah, Kolkata and moving of its manufacturing and related equipment as required to its other plant locations. The Board had also approved the sale, disposal or transfer of the balance (or remaining) moveable and immoveable assets pertaining to the plant at Khardah, Kolkata.

Exceptional items of Rs.353 (March 31, 2015 Rs.1,761) during the period is on account of the following :

- A Voluntary Separation Scheme ('VSS') was offered to all the workmen of the Company at Taratala plant and Khardah plant in Kolkata. 43 employees accepted the VSS and a sum of Rs.314 (March 31, 2015 - Rs.409) was expended during the current year.
- Impairment loss on fixed assets aggregating to Rs.39 (March 31, 2015 - Rs.512).
- Expenditure on one time settlement made to contractors Rs.Nil (March 31, 2015 - Rs.840).

# Notes to the Financial Statements

for the year ended March 31, 2016

(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

## 41. Impairment loss on tangible and intangible assets

The impairment loss, in case of another factory at Khardah, Kolkata (consumable segment) is recognized on account of management's decision to discontinue the same. The Company written-down these assets to the net realizable value (net selling price). The losses have been recognized in the statement of profit and loss under the head "exceptional items" amounting to Rs. 39 (March 31, 2015 - Rs.512).

## 42. Prior year comparatives

The financials statement for the current year have been drawn up for a period of 12 months from April 2015 to March 2016 and hence are not comparable with the comparative information relating to the previous period as they are for a period of 15 months from January 2014 to March 2015. Prior year figures have been reclassified / regrouped wherever necessary to conform to current period's presentation.

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

For **S R Batliboi & Associates LLP**  
Chartered Accountants  
Firm's Registration No. 101049W / E300004

**Rohit Gambhir**  
Managing Director

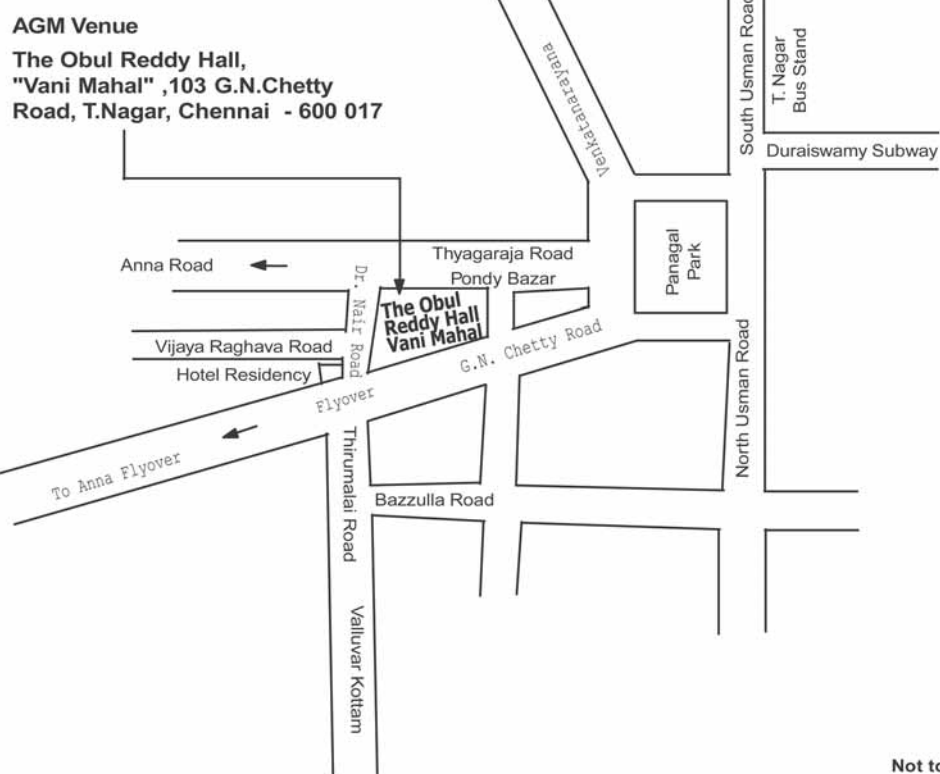
**K Vaidyanathan**  
Director

**S Balasubrahmanyam**  
Partner  
Membership No. 053315

**B Mohan**  
Vice President - Finance and  
Chief Financial Officer

**S Venkatakrishnan**  
Company Secretary

### Route map for the venue of AGM of **ESAB India Limited** to be held on **Thursday 4th August, 2016 at 10.00 A.M.**



**ESAB INDIA LIMITED**

CIN: L29299TN1987PLC058738

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

Tel : 044-4228 1100 Fax : 044-4228 1150 Email : investor.relations@esab.co.in Website : www.esabindia.com

**ATTENDANCE SLIP (29th ANNUAL GENERAL MEETING)**

Date : 4 August, 2016, Time : 10.00 a.m. Place: P. Obul Reddy Hall, Vani Mahal, 103, G.N. Road, T.Nagar, Chennai - 600 017.

Member's Folio / DP ID - Client ID No. \*

Member's / Proxy's Name in Block Letters

Member's / Proxy's Signature

**Note:** 1. Please fill Attendance Slip and hand it over at the entrance of the meeting hall 2. Joint shareholders may obtain additional slip at the venue of the meeting. 3. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation should be deposited with the Company.

The electronic voting particulars are set out below:

EVEN	USER ID	PASSWORD

Please refer Notice for instructions on e-Voting. E-Voting facility is available during the following voting period

Commencement of e-voting	End of e-voting
Monday, 1 <sup>st</sup> August, 2016 (from 9:00 a.m.)	Wednesday, 3 <sup>rd</sup> August, 2016 (upto 5:00 p.m.)

\*Applicable for investors holding shares in electronic form.

**ESAB INDIA LIMITED**

CIN: L29299TN1987PLC058738

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

Tel : 044-4228 1100 Fax : 044-4228 1150 Email : investor.relations@esab.co.in Website : www.esabindia.com

**PROXY FORM - Form No. MGT 11**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):

Registered address:

E-mail Id:

Folio No. / DP ID No:

Client ID No.:

I/We, being the member (s) of ..... shares of ESAB India Limited, hereby appoint:

1. Name: .....	2. Name: .....	3. Name: .....
Address: .....	Address: .....	Address: .....
E-mail id: .....	E-mail id: .....	E-mail id: .....
Signature: ..... or failing him/her	Signature: ..... or failing him/her	Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the company, to be held on the Thursday, 4<sup>th</sup> August, 2016 at 10:00 am at P.Obul Reddy Hall, Vani Mahal, 103, G N Road, T. Nagar, Chennai 600 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Particulars of Resolutions to be passed
1.	To consider and adopt the Balance Sheet as at 31 March 2016 and the Profit and Loss Account for the Financial Year ended on that date together with the Reports of Directors and the Auditors thereon.
2.	To declare a dividend.
3.	To appoint a Director in place of Mr Rohit Gambhir having Director Identification Number 06686250, who retires by rotation and is eligible for re-appointment.
4.	Ratification of appointment of M/s S.R. Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors, being the 2nd consecutive year out of their term of 5 years.
5.	Ratification of Remuneration to Cost Auditor.
6.	Remuneration by way of commission to Directors who are not in the whole time employment of the Company not exceeding 1% out of the net profits for a period of 5 Financial years commencing 1st April, 2016.

Signed this..... day of..... 20.....

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Affix  
Revenue  
Stamp of  
Re 1/-

----- ✂ ----- ✂ -----

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
5. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.





**ESAB INDIA LIMITED**  
**STRENGTH THROUGH COOPERATION**

Regd. Office : Plot No. 13, 3rd Main Road, Industrial Estate, Ambattur, Chennai - 600 058.  
[www.esabindia.com](http://www.esabindia.com)