



ESAB INDIA LIMITED



ANNUAL REPORT 2016 - 2017

Your Partner in Welding & Cutting

Board of Directors

Daniel A Pryor

Chairman

Rohit Gambhir

Managing Director

K Vaidyanathan

Independent Director

Vikram Tandon

Independent Director

Sudhir 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

investor.relations@esab.co.in

Registered Office

Plot No.13, 3rd Main Road, Industrial Estate
Ambattur, Chennai 600 058.

Tel : 044-4228 1100

Fax : 044-4228 1150

www.esabindia.com

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 Registry Management Services
Private Limited**

2nd Floor, 'Kences Towers' No.1,
Ramakrishna Street, North Usman Road,
T. Nagar, Chennai 600 017.

Tel : 044-2814 0801 / 02 / 03

Fax : 044-2814 2479 / 3378

E-mail : srirams@integratedindia.in

Audit Committee

K Vaidyanathan

Chairman

Vikram Tandon

Member

Sudhir Chand

Member

Daniel A Pryor

Member

Stakeholders Relationship Committee

Vikram Tandon

Chairman

Sudhir Chand

Member

Daniel A Pryor

Member

Rohit Gambhir

Member

Nomination & Remuneration Committee

K Vaidyanathan

Chairman

Sudhir 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

6th & 7th 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, 7th 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, 3rd Floor, 6th Main Road,

R A Puram, Chennai 600 028.

Tel. No.044-4317 4474

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Five year Financial Highlights

Highlights

₹ in Lakhs

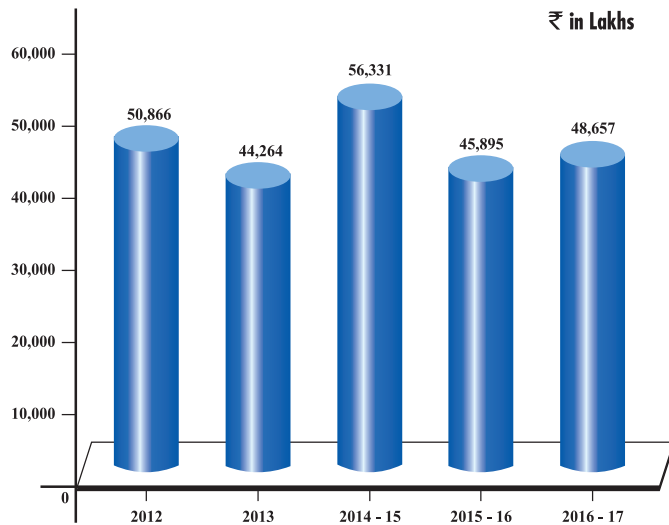
Operating Results	2016-2017	2015-2016	2014-2015 *	2013	2012
Sales and Other Income	48,657	45,895	56,331	44,264	50,866
Materials	29,775	28,096	35,685	27,655	32,206
Manufacturing, Selling and Administrative Expenses	13,271	12,350	14,399	10,680	11,989
Interest and Finance Charges	36	34	50	58	73
Depreciation	1,027	952	1,375	1,123	1,182
Operating Profit	4,548	4,463	4,822	4,748	5,416
Exceptional / Extraordinary items	911	353	1,761	—	—
Profit before Tax	3,637	4,110	3,061	4,748	5,416
Taxation	(1,037)	(1,276)	(697)	(1,436)	(1,639)
Profit after Tax	2,600	2,834	2,364	3,312	3,777
Earning per share (Rs)	16.89	18.41	15.36	21.52	24.54
Dividend**	154	154	154	154	1,154
Dividend Distribution Tax**	31	31	32	26	187
Dividend per share (Rs)	1.00	1.00	1.00	1.00	7.50
Dividend Payout Ratio %	6%	6%	7%	5%	31%
Retained Earnings	2,600	2,649	2,178	3,132	2,436

Financial Position	2016-2017	2015-2016	2014-2015 *	2013	2012
Sources of Funds					
Capital	1,539	1,539	1,539	1,539	1,539
Reserves	32,615	30,015	27,366	25,188	22,056
Net Worth	34,154	31,554	28,905	26,727	23,595
Borrowings	—	—	—	—	—
Deferred Tax Liability	—	—	—	320	330
Total	34,154	31,554	28,905	27,047	23,925
Application of Funds					
Fixed Assets	8,426	8,327	8,428	9,899	9,933
Investments	14,386	11,977	12,189	10,476	7,777
Deferred Tax Assets	296	178	62	—	—
Long-term Loans and Advances	1,359	1,378	1,568	1,431	1,259
Non Current Assets	1,919	1,818	236	200	—
Current Assets	16,336	14,879	14,386	13,022	14,139
Non Current Liabilities	(700)	(421)	(375)	(350)	(542)
Current Liabilities and Provisions	(7,868)	(6,582)	(7,589)	(7,631)	(8,641)
Total	34,154	31,554	28,905	27,047	23,925
No. of Employees	660	622	587	644	683

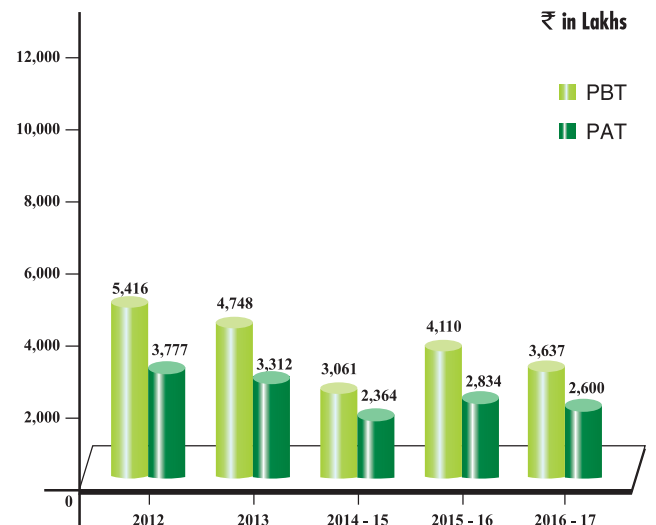
* In order to comply with the requirements of Section 2(41) of the Companies Act, 2013, the financial year of the Company was changed from calendar year basis to April to March basis. Hence, the results for the year 2014-15 were drawn up for a 15 months period and not strictly comparable.

** Refer note 2.1. Figures shown for comparative purposes only.

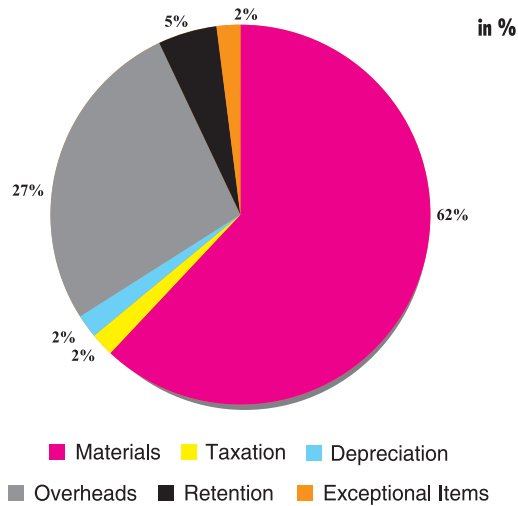
Sales and Other Income



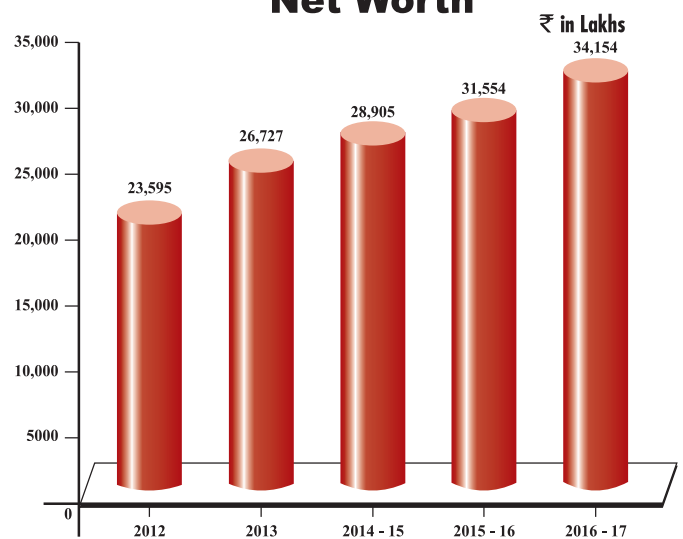
Profit Before & After Tax



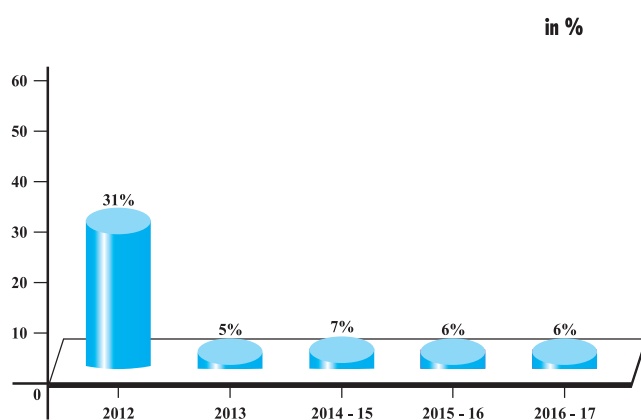
Distribution of Earnings



Net Worth

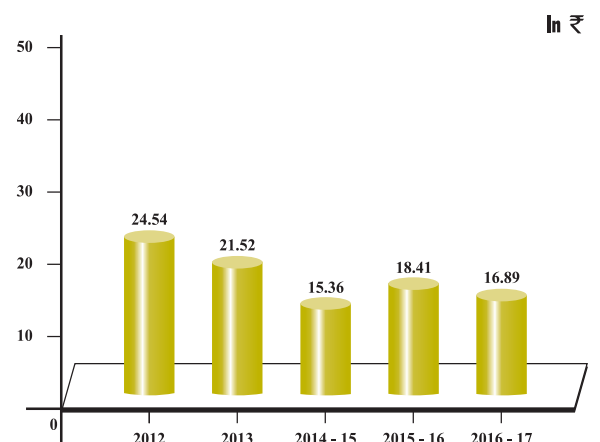


Dividend Payout Ratio



The financials for the year 2014-15 are drawn up for a period of 15 months

Earnings Per Share



Notice to Shareholders

NOTICE is hereby given that the Thirtieth 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 3 August, 2017 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

- 1 To consider and adopt the Balance Sheet as at 31 March 2017 and the Statement of 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. Batliboi & 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 Thirty First Annual General Meeting, being the third

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 31.3.2018 as recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 25 May, 2017 in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 be and is hereby ratified.

By Order of the Board of Directors

Chennai
25 May, 2017

S Venkatakrishnan
Company Secretary

NOTES:

1. The Explanatory Statement required pursuant to Section 102 of the Companies Act, 2013 (Act) in relation to Item No. 5 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 July, 2017 (EOD).
3. A statement giving the relevant details of the Director 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, 3rd 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 the specimen signatures of the authorized representative(s) attending and voting 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 Registry Management Services Private Limited, 2nd 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, 2017. 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 certificates 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 Meeting.
14. The Register of Members and Share Transfer Books of the Company will remain closed from 28.7.2017 to 3.8.2017 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, 2017. 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, 2017, as per the list provided by the Depositories for this purpose. The dividend will be payable on and from 16 August, 2017.
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 124 (5) & (6) of the Companies Act, 2013, the Company has transferred on due dates, unpaid or unclaimed dividends upto the financial year ended December 31, 2009 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 4, 2016 (date of the last Annual General Meeting) on the website of the Company (www.esabindia.com), as also on the website of the Ministry of Corporate Affairs (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 31.03.2017
2010	Interim	10.00	17.05.2010	21.06.2017	10,78,970.00
2010	2 nd Interim	10.00	30.12.2010	03.02.2018	9,81,260.00
2011	Interim	15.00	21.07.2011	26.08.2018	13,26,765.00
2012	Final	7.50	25.04.2013	31.05.2020	10,91,332.50
2013	Final	1.00	25.04.2014	31.05.2021	1,68,512.00
2014-15	Final	1.00	07.08.2015	12.09.2022	1,33,038.00
2015-16	Final	1.00	04.08.2016	09.09.2023	1,38,170.00
TOTAL					49,18,047.50

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 showing directions to reach the venue of the 30th 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 45 years, is a B.Tech (Mechanical) from NIT Kurukshetra (1994) and EPGDM from IIM Indore (2004). He has an overall experience of 22 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 include 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 email 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.
- (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 "e-Voting" 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 mareshvenki@vmacs.co.in with a copy marked to evoting@nsdl.co.in.

NSDL has now integrated its e-services website (<http://eservices.nsdl.com/>) with the aforesaid remote e-Voting system of NSDL, with enables you as registered user of IDeAS facility to also access remote e-Voting system of NSDL for casting your votes by using your existing login credentials viz. User ID and password for IDeAS facility. Thus, you would not be required to log into remote e-Voting system separately for casting votes in respect of the resolutions of Companies.

(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 downloads section of 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 31 July, 2017 9.00 a.m. and ends on 2 August, 2017 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, 2017, 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 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 am to 12.00 noon on all working days up to the date of the AGM.

The Board of Directors at its meeting held on 25 May, 2017 appointed the scrutinizer for e-Voting as per details given below :

Mr V Mahesh
Scrutinizer
C/o. Integrated Registry Management Services Private Limited
Unit: ESAB India Limited
2nd 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 4 August, 2017.

The result shall also be announced to the Stock Exchanges where the shares of the Company are listed. The result will also be put up on the Company's website 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 25 May, 2017 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 ₹ 5.50 lakhs as remuneration payable to them, for the financial year ending 31 March, 2018.

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.

By Order of the Board of Directors

Chennai
25 May, 2017

S Venkatakrishnan
Company Secretary

Directors' Report to Shareholders

Your Directors take pleasure in presenting the Thirtieth Annual Report together with the audited accounts of the Company for the financial year ended 31 March, 2017.

1. FINANCIAL SUMMARY / HIGHLIGHTS

(₹ in Lakhs)

Particulars	2016-17	2015-16
Income	48,657	45,895
Profit before Interest and Depreciation	5,575	5,415
Finance Charges	—	—
Gross Profit	5,575	5,415
Provision for Depreciation	(1,027)	(952)
Profit before exceptional and prior period items and tax	4,548	4,463
Exceptional items	(911)	(353)
Profit before Tax	3,637	4,110
Provision for Tax	(1,037)	(1,276)
Net Profit After Tax	2,600	2,834

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 ₹ 1/- per equity share of ₹ 10/- each (10%) at its meeting held on 25 May, 2017 resulting in an estimated outflow of about ₹ 185.27 lakhs (Inclusive of dividend distribution tax)

for approval of the shareholders at the Annual General Meeting. The proposed dividend takes into consideration current and anticipated future resource requirements of the business.

5. BOARD MEETINGS

The Board of Directors met 4 times during the financial year 2016-17. The Meetings were held on 19 May, 3 August and the 3 November of 2016 and on the 9 of February, 2017.

6. DIRECTORS & KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company 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

As stipulated under 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 the stipulated annual declaration confirming that they meet all the criteria of independence as stipulated under the Act.

8. COMMITTEES OF THE COMPANY

A. AUDIT COMMITTEE

The Company's Audit Committee consists of three Independent Directors and one Non-executive Director. Mr K Vaidyanathan, is the Chairman of the said Committee. Mr Vikram Tandon, Mr Sudhir Chand and Mr Daniel A Pryor are the other members of the said Committee. The said Committee met four times on 19 May, 3 August, 3 November, 2016 and on 9 February, 2017. The constitution and the terms of reference of the Committee are in line with the requirements of Section 177 of the Companies Act.

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

The Company's Nomination and Remuneration Committee consists of three Independent Directors and one Non-Executive Director. Mr K Vaidyanathan, is the Chairman of the said Committee while Mr Sudhir Chand & Ms Sabitha Rao, Independent Directors and Mr Daniel A Pryor, Chairman of the Board are the other Members of the Committee.

The said Committee met once during the financial year 2016-17 on 19 May, 2016.

The said Committee lays down the policy on remuneration stating therein the attributes required for the Managing Director, Independent Directors and Key Managerial Personnel. The said policy also states the modus operandi for determining the remuneration for the above referred personnel. The remuneration policy of the Company can be viewed on the Company's website www.esabindia.com.

The above are in compliance with Section 178 (4) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company's Stakeholders Relationship Committee consists 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 other Members of the Committee.

The Committee met four times during the year on 19 May, 3 August, 3 November, 2016 and on 9 February, 2017.

The Committee and the conduct of its business are in compliance with Section 178(5) of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company's Corporate Social Responsibility Committee consists 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 other Members of the said Committee.

The Committee met twice during the financial year on 19 May and 3 November, 2016.

The Committee lays 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.

The formation of the Committee and its terms of reference are in line with the requirements of Section 135 (1) of the Companies Act, 2013.

E. RISK MANAGEMENT COMMITTEE

The Company has a Risk Management Committee as stipulated by the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company's Risk Management Committee consists 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 3 August, 2016 and 9 February, 2017.

The said Committee lays 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.

9. VIGIL MECHANISM

The Company has set up a whistleblower policy which can be viewed on the Company's website 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. Employees who join the Company newly are apprised of the availability of the said policy as a part of their induction schedule.

The above is 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.

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 as per the requirements of Section 134 (5) of the Companies Act, 2013.

1. In the preparation of the annual accounts for the financial year ended 31 March, 2017 the applicable accounting standards have been followed;
2. The Directors have selected such accounting policies listed in Note 2.1 to the Notes to the Financial Statements and applied consistently and made judgments 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, 2017 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, 2017 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; and
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 financial year under review witnessed a slew of initiatives from the Government with varying ranges of present and potential impact. There appeared to be legislative intent in addressing multiple issues notably on financial sector reforms, digitization and policy push on infrastructure. The short term adverse impact on some of these initiatives affected business for a part of the financial year and we expect to have some more short term volatilities in the current fiscal year. This is specifically in the context of the proposed Goods and Services Tax. The longer term impact of these initiatives on digitization, demonetization and GST are expected to be positives for players in the organized sector including your Company. However, there are expected short term disruptions, compliance risks and multiple change management issues to address on the supply chain, IT and other business elements.

In the specific context of segments addressed by your Company, the indicators continued to reflect a continuing phase of low to often negative core manufacturing growth. The Investment cycle is reportedly yet to revive and steel consumption growth for relevant segments addressed by the Company continued to languish at low levels.

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

Input costs on Steel hardened in the face of reported cost increases on ore and coking coal. Pass through in terms of pricing changes was limited given the market conditions and the consequent squeeze on margins had to be addressed through productivity gains and cost reductions.

The Company enhanced its range of product offerings with the introduction of new products. The Company made a small beginning in terms of exports to South East Asian countries on a range of consumables that were hitherto sourced from another ESAB location outside India.

The Company discontinued manufacturing operations at its Khardah Plant and successfully completed the transfer of manufacture of products mainly to its Ambattur Plant. Some of the products relating to Wires are now being supplied out of the Company's Plant at Kalmeshwar, Nagpur.

The Company undertook a restructuring exercise at Taratala involving right sizing of headcount through a voluntary separation scheme for workmen and one time settlement of some of the contractors. This is expected to help us stay cost competitive in a difficult market.

The Company continued to make good progress on its support service activities out of India in the areas of R&D,

shared services and operational support for other subsidiaries of Colfax around the world. We have had encouraging response from the concerned end customers in the Colfax group. We continue to focus on this to grow employment opportunities in India and to optimize on costs apart from bringing in foreign exchange earnings.

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

OUTLOOK, OPPORTUNITIES AND THREATS

Despite mixed signals within various segments, the overall outlook appears to be moderately better for the current fiscal year. We expect to see the benefits of some of the reforms which tend to benefit the organized sector of the economy. We also expect to see some change management issues in the economy in the transition phase of GST when it is implemented. We also expect to see some benefits from the restructuring projects undertaken over the last 2 years to accrue in terms of costs and productivity.

RISKS AND CONCERNS

Acute price pressures on some of our key product segments, continuing volatility in Steel prices, Exchange rate volatilities with an upside bias on the Rupee and the eventual levels of Monsoon are some of the external elements to deal with. We also continue to see threats arising from excess capacities in the market and competition from the unorganized segment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal controls are continuously evaluated by Management and tested by our Auditors. Additionally, the Company is subjected to reviews applicable for Subsidiaries of US headquartered entities. The Company continues to list and evaluate key controls and process 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 scope and coverage of internal audits are aligned to have coverage in terms of key controls and locations. The endeavor is to align to the requirements of Internal Control on Financial Reporting (ICFR) framework while leveraging on work done as part of global reporting requirements. Management testing through independent audit teams followed by external testing were done during the year.

The scope of work of Internal Auditors 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 on the above lines are expected to ensure compliance with the requirements of Internal Controls on Financial Reporting.

FINANCIAL PERFORMANCE OF THE COMPANY INCOME AND EXPENDITURE

Revenue from operations grew by about 5% over the previous year. Consumables business grew by 3.9% while Equipment grew by 6.3%. The growth was driven by volume growth in Electrodes, Cored Wires, Gas Equipment and Automation businesses. Overall Equipment business continued to be affected by a continuing slowdown in the capital expenditure cycle.

Other income grew by 60.6% driven by higher investment income, exchange gains and profits on disposal of fixed assets primarily relating to Assets following the closure of the Khardah Plant. Cash surpluses were deployed in debt and liquid funds through the year.

Materials costs as a percentage to sales were higher at 65% as against 64% in the previous year. This was due to higher Steel costs and growth in traded items sales with relatively lesser margins.

Overheads including employee costs were higher at 28.3% of Net Sales and Service Income as against 27.7% in the previous accounting period. The increases were primarily on account of;

- Employee benefit expenses were higher by 12.4% on a comparable basis driven by recruitments primarily on global support functions, wage inflation and higher retirement benefits costs on funding due to reduction in interest rates.
- Higher costs on transportation outwards in line with changes in terms of trade and customer mix.
- Increases in sales promotion expenses for furthering sales and channel growth.

Depreciation was higher by 7.9% as compared to 2015-16 due impact of additions during the year. The Company has continued to provide for Depreciation at rates aligned to the erstwhile Schedule XIV of the Companies Act, 1956 based on a technical evaluation of useful life of assets.

BALANCE SHEET

Market conditions on liquidity continued to be tight throughout the year with a pronounced short term impact arising from demonetization during the year. Additionally, there were transition issues arising from product transfers and plant closure related activities.

The Company continued to monitor closely all key elements of working capital and capital expenditure. This resulted in a healthy cash conversion with a healthy growth of 19.8% in cash and current investments from the end of the previous financial year.

Capital Expenditure was about ₹. 1,491 lakhs as against ₹.1,053 lakhs in the previous year. The capital expenditure was primarily on productivity improvements, capacity enhancements and upgrading IT systems.

Inventories were higher by about 7.5% in value terms due to seasonal elements including product transfers and restructuring as also due to increases in forecast based inventory levels at the end of March, 2017. Measured in days to sales, it went up marginally from 48.6 days at the end of 2015-16 to 50.1 days.

Trade receivables were relatively stable at 38.2 days to sales as compared to 37.7 days at the end of the previous financial year.

Current liabilities were higher by 25.8% after negotiated improvements in payment terms with vendors.

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, 2017 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). 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 third 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 3 August, 2017.

M/s. S R Batliboi & Associates, LLP, Chartered Accountants, have vide their letter dated April 10, 2017 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, 2017.

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, 2016 to 31 March, 2017. The said firm had vide their letter dated 24 March, 2016 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 30 May, 2016 vide SRN G04321774.

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 affirmed that the Company has complied with the relevant statutes, rules and regulations and secretarial standards, as applicable.

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 has authorized the Company to invest the surplus funds of the Company in deposits with Bank and 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 ₹.935 Lakhs for the period 1 April 2016 to 31 March, 2017 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 lays down the procedures to identify risks and the mitigation procedures and adopted a policy in this regard. The Board of Directors defines the roles and responsibilities of the Committee. The policy on Risk Management has been hosted in the Company's website 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 Committee formulated a policy on CSR and the Board of Directors approved the same. The policy as required under Section 135 (4) (a) of the Companies Act, 2013

has been uploaded on the Company's website www.esabindia.com.

The Company promotes education on safe welding practices especially in smaller towns through deployment of consultants to work with welders. The Company is also in the process of identifying vocational institutions where it could contribute by way of education on welding through deployment of personnel and also through contributions in the form of Equipment and / or welding consumables.

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.

In addition to ongoing initiatives for promoting safe welding practices, the Company is concentrating on providing employment enhancing vocation / skill development training and promoting livelihood enhancement projects as an identified area. Towards this end, the Company is currently working on identifying vocational centers / beneficiaries of these projects, understanding their needs, shortlisting the partnering agencies and the implementing NGOs having the necessary expertise in this field. The Company is evaluating plans to scale up the identified CSR activities in a structured and controlled manner to ensure maximum advantage to the relevant communities.

The Company, has expended about ₹.8.22 lakhs during the financial year towards its CSR initiatives.

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.

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 9 February, 2017 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 and Corporate social responsibility 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 25 May, 2017 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 2017-2018. 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 CRA-2 for appointment of Cost Auditor for the financial year 2015-16 was filed with the Registrar of Companies on 6 June, 2016 vide SRN G04764023.

The cost audit report issued by the Cost Auditor for the financial year ended 31 March, 2016 was filed with the Registrar of Companies vide form CRA-4 dated 2 September, 2016 vide SRN G10496263.

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 23 : 1 (22 : 1 for the year ended 31.3.2016).

Non-executive Independent Director

Ratio of remuneration paid to Mr Vikram Tandon, Non-executive Independent Director vs the median employee is 0.77 : 1 (0.58 : 1 for the year ended 31.3.2016).

Ratio of remuneration paid to Mr Sudhir Chand, Non-executive Independent Director vs the median employee is 0.83 : 1 (0.66 : 1 for the year ended 31.3.2016).

Ratio of remuneration paid to Mr K Vaidyanathan, Non-executive Independent Director vs the median employee is 0.88 : 1 (0.70 : 1 for the year ended 31.3.2016).

Ratio of remuneration paid to Ms Sabitha Rao, Non-executive Independent Director vs the median employee is 0.78 : 1 (0.62 : 1 for the year ended 31.3.2016).

- B. The percentage increase in the median remuneration of employees in the financial year was 7%.
- C. The number of non-unionized employees in the rolls of the Company as at 31 March, 2017 is 371 (344 as on 31 March, 2016).

- D. 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 8.5% while that of KMPs is 8.6%.

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 or marginally above budgeted levels. The revisions also need to be reviewed in the light of short and medium term forecasts and budgets on profitability and working capital elements apart from qualitative objectives including safety, quality and leadership parameters. Taking into account all the above elements, we chose to consider an overall average increase of 6.6% to sustain the morale and motivation levels.

- E. 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 - This 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.

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 of Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and 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. Further, as required under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 rule 5 sub-rule (2), the names of Top 10 employees in terms of the remuneration drawn is given in **Annexure - 6**.

As at the end of March, 2017 the Company had 660 employees as against 622 at the end of

31 March, 2016. 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 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 2016-2017. Pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had executed fresh listing agreements with BSE Limited and National Stock Exchange of India Limited on 9 November, 2015.

The Company had **9,472 shareholders** as at the end of the year 31 March, 2017. 98.28% of the 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 2016-2017 and the shares outstanding in the suspense account as on 31.3.2017 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 1.4.2016	127	9,515
2.	Number of Shareholders who approached the Company during the year	1	50
3.	Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	1	50
4.	Aggregate Number of shareholders and the outstanding shares lying in the unclaimed Suspense Account at the end of the year i.e. 31.3.2017	126	9,465

126 Shareholders holding 9,465 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) 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 as and when requirement arises. 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. As required under Section 21 of Chapter VIII of the said Act, the Committee has submitted its annual report in the prescribed format to the designated authority within the stipulated period.

30. SECRETARIAL STANDARDS

As on 31 March, 2017 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 15 May, 2017 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

25 May, 2017

ANNEXURE - 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31st March, 2017

[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-November-1987
Name of the Company	ESAB INDIA LIMITED
Category / Sub-Category of the Company	PUBLIC LIMITED COMPANY
Address of the Registered office and Contact details	Plot No. 13, 3 rd Main Road, Industrial Estate, Ambattur, Chennai - 600 058. Mr Rohit Gambhir, Managing Director rohit.gambhir@esab.co.in Mr B Mohan, Chief Financial Officer mohan.b@esab.co.in Mr S Venkatakrishnan, Company Secretary venkatakrishnan.s@esab.co.in
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Private Limited 2 nd 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.	ESAB Holdings Limited Hertford Road, Waltham Cross, England EN87RP	Foreign Company	Holding Company	37.31	2 (46)
2.	Exelvia Group India B V 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)	-	-	-	-	-	-	-	-	-
SUB-TOTAL A(1)	-	-	-	-	-	-	-	-	-
Foreign									
Individual (Non-resident / foreign)	-	-	-	-	-	-	-	-	-
Bodies corporate	11347960	-	11347960	73.72	11347960	-	11347960	73.72	-
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any other (specify)	-	-	-	-	-	-	-	-	-
SUB-TOTAL A(2)	11347960	-	11347960	73.72	11347960	-	11347960	73.72	-
Total Shareholding of Promoter and Promoter Group (A) = A(1)+A(2)	11347960	-	11347960	73.72	11347960	-	11347960	73.72	-
Public Shareholding									
Institutions	-	-	-	-	-	-	-	-	-
Mutual funds / UTI	99375	8301	107676	0.70	158577	8301	166878	1.08	0.38
Financial Institutions / Banks	1582	470	2052	0.01	1582	470	2052	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	139997	300	140297	0.91	225	300	525	–	(0.90)
Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Any other(specify)	–	–	–	–	–	–	–	–	–
SUB-TOTAL B(1)	240954	9071	250025	1.62	160384	9071	169455	1.10	(0.52)
Non - Institutions	–	–	–	–	–	–	–	–	–
Bodies Corporate (Indian / foreign / Overseas)	397489	5263	402752	2.62	360637	5263	365900	2.38	(0.24)
Individuals (Resident / NRI / Foreign National)	–	–	–	–	–	–	–	–	–
Individual shareholders holding Nominal share Capital upto Rs.1 Lakh	1324681	261305	1585986	10.30	1272844	251080	1523924	9.90	(0.4)
Individual shareholders holding Nominal share Capital above Rs.1 Lakh	121526	–	121526	0.79	146327	–	146327	0.95	0.16
Any other (specify)	1684771	–	1684771	10.95	1839454	–	1839454	11.95	1
SUB-TOTAL B(2)	3528467	266568	3795035	24.66	3619262	256343	3875605	25.18	0.52
Total Public Share Holding (B) = B(1) + B(2)	3769421	275639	4045060	26.28	3779646	265414	4045060	26.28	–
Shares held by Custodians and against which Depository Receipts have been issued (C)	–	–	–	–	–	–	–	–	–
GRAND TOTAL (A) + (B) + (C)	15117381	275639	15393020	100	15127606	265414	15393020	100	–

(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 Pledged / encumbered to total 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	—	—
	Total	11347960	73.72	—	11347960	73.72	—	—

(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	Acacia Institutional Partners, LP	271098	1.76	271098	1.76
3	Acacia Banyan Partners	259200	1.68	259200	1.68
4	Bajaj Allianz Life Insurance Company Ltd.	307117	2.00	250861	1.63
5	Acacia Conservation Fund LP	150000	0.97	150000	0.97
6	Alchemy India Long term Fund Limited	139772	0.91	139772	0.91
7	Religare Invesco Trustee Company Ltd A/c Religare Invesco Mid Cap Fund	58516	0.38	130277	0.85
8	Labrador Partners LP	64247	0.42	18295	0.12
9	Kamalesh Navinchandra Shah	1	0.00	47444	0.31
10	Rising India Focus Fund Limited	26682	0.17	53020	0.34

(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 Directors 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 KMPs 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 KMPs 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
Indebtedness at the Beginning of the financial year				
i) Principal Amount		Nil		
ii) Interest due but not paid		Nil		
iii) Interest accrued but not due		Nil		
Total (i + ii + iii)		Nil		
Change in Indebtedness during the financial year				
Addition		Nil		
Reduction		Nil		
Net Change		Nil		
Indebtedness at the end of the financial year				
i) Principal Amount		Nil		
ii) Interest due but not paid		Nil		
iii) Interest accrued but not due		Nil		
Total (i + ii + iii)		Nil		

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	16,258,736	16,258,736
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	80,604	80,604
	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
	Total	16,339,340	16,339,340
	Ceiling as per the Act	5% of the profits of the Company as calculated under the applicable provisions of the Companies Act, 2013	

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	1,35,000	95,000	1,25,000	1,00,000	4,55,000
- Commission	4,75,000	4,75,000	5,25,000	4,75,000	19,50,000
- Others, please specify	—	—	—	—	—
Total (1)	6,10,000	5,70,000	6,50,000	5,75,000	24,05,000
2 Other Non-Executive Directors	—	—	—	—	—
- Fee for attending board committee meetings	—	—	—	—	—
- Commission	—	—	—	—	—
- Others, please specify	—	—	—	—	—
Total (2)	—	—	—	—	—
Total (B) = (1 + 2)	6,10,000	5,70,000	6,50,000	5,75,000	24,05,000
Total Managerial Remuneration	6,10,000	5,70,000	6,50,000	5,75,000	24,05,000
Overall Ceiling as per the Act	1% of the profits of the Company as calculated under the applicable Provisions of the Companies Act, 2013				

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	40,34,958	70,29,217	1,10,64,175
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	3,64,439	2,46,379	6,10,818
	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
	Total	Nil	43,99,397	72,75,596	1,16,74,993

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)
A. COMPANY Penalty Punishment Compounding			None		
B. DIRECTORS Penalty Punishment Compounding			None		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			None		

For and on behalf of the Board of Directors

Daniel A Pryor
Chairman

25 May, 2017

ANNEXURE - 2

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[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,

CIN: L29299TN1987PLC058738

Plot No. 13, 3rd 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 (01st April, 2016 to 31st March, 2017) covering the financial year ended on 31st March, 2017 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 31st March, 2017 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, 2015;
- 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;
- 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 thereunder 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. There was no change in the composition of the Board of Directors during the period under review.

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 in the manner provided under the Act and Secretarial Standards (SS-1) 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 pursuant to clause 109 of SEBI (Listing obligations and disclosure requirements) Regulations, 2015 and have made the necessary compliance.

We further report that during the audit period the Company has closed down its operations at Khardah plant at Kolkata and have duly complied with the requisite provisions of various laws. The Board of Directors and shareholders have accorded their approval for the same.

For V Mahesh & Associates

V Mahesh
Practising Company Secretary

Place: Chennai
Date : 15 May, 2017

M.No. F4162
C.P. No. : 2473

Annexure - A

To,

The Members,

M/s. ESAB INDIA LIMITED,
CIN:L29299TN1987PLC058738
Plot No. 13, 3rd Main Road,
Industrial Estate, Ambattur,
Chennai - 600 058.

Our Secretarial Audit report dated, 15 May, 2017 is to be read along with this letter.

1. Maintenance of secretarial record 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 the 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 the management representation about the compliance of laws, rules and regulations and happening of events etc.
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

Place: Chennai
Date : 15 May, 2017

M.No. F4162
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, 2017.

A. CONSERVATION OF ENERGY

1. Replacement of 250 watt Metal halide street light by 75 Watt LED Fittings-20 nos.
2. Replacement of 150 Watt High Bay Induction Lamp and Mercury Vapour Lamp by 80 Watt LED high bay Fittings in Shop floor-15 No's.
3. Eliminated air leaks across factories & optimized compressor utilization to save energy.
4. Installation of One 40 HP compressor instead of running two no's 25 HP (Total 50 HP) Compressor.
5. Installation of Electrically Actuated Auto Stop Valve in Water line in all Coppering Lines resulting in water (Natural Resource) saving by 50%.
6. Design of Tubular Air Heaters used for Ovens changed by adding cold zone in mounting area to eliminate failures of heaters. 5% electrical energy saving achieved on heating loads.
7. Polycarbonate roofing sheets provided in shop floor to maximise natural skylight thereby increasing resource efficiency and reduce environmental impact. 10% saving achieved on lighting loads.

8. LED lighting provided for all office areas. 23% saving achieved on lighting loads.
9. Compressor utilization was optimized by replacing lower capacity compressor and eliminating air leaks in the pipe lines, saving of 4% achieved.

B. TECHNOLOGY ABSORPTION

1. Installation of alarm system for uniform dosing of Copper in Coppering Lines.
2. Installation of Wear Plate Machineries for Job Work.

C. FOREIGN EXCHANGE

The Company exports its products to Bangladesh, South Africa, Singapore, Middle East, Indonesia, Australia and USA.

During the year, the total outflows in foreign exchange amounted to ₹.6,325 lakhs (which includes ₹.5,396 lakhs for the import of raw materials, components and capital goods and ₹.929 lakhs towards expenditure in foreign currency).

During the year, the Foreign exchange earnings were ₹.3,094 lakhs resulting in net foreign exchange outflow of ₹.3,231 lakhs for the year.

For and on behalf of the Board of Directors

Daniel A Pryor
Chairman

25 May, 2017

ANNEXURE - 4**REPORT ON CSR ACTIVITIES FOR THE YEAR 2016-2017****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

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 = ₹.4,678 lakhs.

2015-16 - ₹.4,463 lakhs.

2014-15 - ₹.4,822 lakhs.

2013 - ₹.4,748 lakhs.

4. Prescribed CSR Expenditure : 2% on 4,678 lakhs = ₹.93.56 lakhs.

5. (a) Total amount to be spent for the financial year = ₹.93.56 lakhs.

(b) Amount unspent = ₹.93.56 lakhs - ₹.8.22 lakhs = ₹.85.34 lakhs.

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

Details of CSR Amount spent as on 31 March, 2017

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 program 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	93.56	8.22	8.22	Through Agency
	TOTAL					8.22	

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

The Company promotes education on safe welding practices especially in smaller towns through deployment of consultants to work with welders. The Company is also in the process of identifying vocational institutions where it could contribute by way of education on welding through deployment of personnel and also through contributions in the form of equipment and / or welding consumables.

The Company's policy on CSR envisages expenditure in areas falling within the purview of Schedule VII of the Companies Act, 2013. In addition to ongoing initiatives for promoting safe welding practices, the Company is concentrating on providing employment enhancing vocation / skill development training and

promoting livelihood enhancement projects as an identified area. Towards this end, the Company is currently working on identifying vocational centers / beneficiaries of these projects, understanding their needs, shortlisting the partnering agencies and the implementing NGOs having the necessary expertise in this field. The Company is evaluating plans to scale up the identified CSR activities in a structured and controlled manner to ensure maximum advantage to the relevant communities.

However the Company based on need basis in order to help the community at large and to help improving the brand image of the Company is very conservative in its approach towards CSR spend. The Company's approach it feels would help in ensuring that the money is spent only on projects where it would really benefit

the deserving and genuine cases. As a result of this the Company could not expend the full year budgeted figure on CSR projects.

6. 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/-
Rohit Gambhir
Managing Director

Sd/-
Sabitha Rao
Chairperson
CSR Committee

25 May, 2017

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
---	-----

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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25 May, 2017

Sd/-
Daniel A Pryor
Chairman

ANNEXURE - 6

Statement pursuant to Section 197(12) read with Chapter XIII Rule 5 (2) and (3)
of the Companies Act, 2013

**Particulars of Employees 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	Jagannathan Palte Venkata	Vice President Operations	10,224,608	Full time	B.E. Mech & MS in Management Systems 28 years	25.08.2014	52	Weirs Minerals (India) Limited	Nil	No
2	Manish Prasad	Vice President APAC and Operations	11,154,019	Full time	B.E. Mech 29 years	19.05.2014	52	Royal Bank of Scotland, India	Nil	No

Statement pursuant to Section 197(12) read with Chapter XIII Rule 5 (2) and (3) of the Companies Act, 2013

Particulars of top ten employees employed in terms of remuneration drawn

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	Manish Prasad	Vice President - APAC and Operations	11,154,019	Full time	B.E. Mech 29 Years	19.05.2014	52	Managing Director and Head Royal Bank of Scotland, India	Nil	No
2	Jagannathan P V	Vice President - Operations	10,224,608	Full time	B.E. Mech & MS in Management Systems 29 Years	25.08.2014	52	Chief Operating Officer Manufacturing & Supply Chain Management, Weirs Minerals (India) Ltd	Nil	No
3	B Mohan	Vice President - Finance	7,275,596	Full time	B.Com, ACA, ACS 30 Years	01.02.2005	51	GM Finance and Company Secretary, Amagamation Valeo Clutch (P) Ltd	Nil	No
4	Vilas Tank	Deputy General Manager - ESD	6,663,693	Full time	B.E. Mech, MS in Industrial Engineering, MBA 13 Years	02.05.2014	38	Director - Sales & Marketing, Tank Auto Tools (P) Ltd	Nil	No
5	M Myilvaganan	Vice President - Human Resource	5,437,455	Full time	LLB, Masters in Social Work 34 Years	10.07.2005	58	General Manager - HR & Admin, Futura Polyesters Ltd	Nil	No
6	Amit Kumar De	Vice President - R&M Business	4,848,795	Full time	B.Sc. (Hons.) 39 Years	15.10.1979	60	Sales Representative, Indian Oxygen Ltd	Nil	No

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
7	S Venkata krishnan	Company Secretary	4,399,397	Full time	ACS, MA (Public Admin.), BGL, 31 Years	10.03.2006	53	Company Secretary TVS Group of Companies	Nil	No
8	Narula Anil Kumar	Deputy General Manager - Sales (Welding Consumables)	4,127,859	Full time	A.M.I.E, PGDBM, DEEE 31 Years	01.12.1986	53	–	Nil	No
9	Biswadeep Banerjee	Deputy General Manager - Equipment Sales & After Market)	3,815,420	Full time	B.E. Mech, I.C.W.A 31 Years	07.08.2000	52	Deputy General Manager - Planning and Product Development, ICLC Ltd	Nil	No
10	V Parthasarathy	Head - Sourcing	3,771,740	Full time	B.E. Mech 23 Years	27.06.2014	44	Senior Manager - Global Sourcing, Vestas Wind Technology	Nil	No

25 May, 2017

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' endeavor 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 is currently the Managing Director of the Company appointed for a period of five years effective 1 November, 2013. 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 are members 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 25 May, 2017

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

During the period 1 April, 2016 to 31 March, 2017 four Board Meetings were held on 19 May, 3 August, 3 November, 2016 and 9 February, 2017 and 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 4 August, 2016 and particulars of their other Company Directorships and Committee memberships / Chairmanships are given below:

Director	Category	Board Meetings held during the period 2016-2017	Attendance	
			at Board Meetings in 2016-2017	at previous AGM
Daniel A Pryor*	NE-NI	4	3	No
K Vaidyanathan	NEI	4	4	Yes
Vikram Tandon	NEI	4	3	No
Sudhir Chand	NEI	4	4	Yes
Sabitha Rao	NEI	4	4	Yes
Rohit Gambhir	Executive	4	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	5	2	2
K Vaidyanathan	Non-Executive & Independent	00063692	Nil	1	Nil	1
Sabitha Rao	Non-Executive & Independent	06908122	Nil	1	Nil	Nil

Membership of Audit & Stakeholder's Relationship Committees alone have been considered for the above purpose 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			
	19.5.2016	3.8.2016	3.11.2016	9.2.2017
Daniel A Pryor	Yes	No	Yes	Yes
K Vaidyanathan	Yes	Yes	Yes	Yes
Vikram Tandon	Yes	No	Yes	Yes
Sudhir Chand	Yes	Yes	Yes	Yes
Sabitha Rao	Yes	Yes	Yes	Yes
Rohit Gambhir	Yes	Yes	Yes	Yes

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

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

G. The Independent Directors who were appointed for a period of five years with effect from 29 January, 2015, were issued a Letter of Appointment setting out in details the terms of appointment, duties, responsibilities and expected time commitments. This letter is available for viewing at the website of the Company 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, statutory and regulatory updates on a quarterly basis. The details of the familiarization program imparted to the Independent Directors are given in the website of the Company 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
VikramTandon	Member	Independent Director
Sudhir 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 and as and when the need arises. 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 Vaidyanathan the Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 4 August, 2016 to answer the shareholder queries. The text of the Charter which describes the terms of reference of the Audit Committee is available on the Company's website www.esabindia.com.

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 statement 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 performance of statutory and internal auditors, adequacy of the internal control systems;
- Discussions with internal auditors of 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; and
- 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 25 May, 2017.

Details of constitution of the Audit Committee and the Meetings held during the year 2016-2017 are as given below:

Audit Committee	Members	Meeting Dates			
		19.5.2016	3.8.2016	3.11.2016	9.2.2017
K Vaidyanathan	Chairman & Independent Director	Yes	Yes	Yes	Yes
Vikram Tandon	Member & Independent Director	Yes	No	Yes	Yes
Sudhir Chand	Member & Independent Director	Yes	Yes	Yes	Yes
Daniel A Pryor	Member & Non-executive Director	No	No	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 and Remuneration Committee was present at the Annual General Meeting of the Company held on 4 August, 2016 to answer the shareholder queries.

The terms of reference of the Committee 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 the criteria for determining qualifications, positive attributes and independence of a director and 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 Director on the basis of the report of performance evaluation of Independent Director.
- Determination of the remuneration / incentives of Managing Directors / Executive Directors /

Wholetime Directors / 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 was one meeting held during the year 2016-2017. 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 Date
		19.5.2016
K Vaidyanathan	Chairman & Independent Director	Yes
Sudhir Chand	Member & Independent Director	Yes
Sabitha Rao	Member & Independent Director	Yes
Daniel A Pryor	Member & Non-Independent Director	No

The Company Secretary is Secretary to the Committee. The Quorum of Meetings of the Committee shall be 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;
- 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, recognizes 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 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 at its meeting held on 25 May, 2017 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 and Stakeholders' relationship were also assessed on the above parameters and also in the context of the Committee's effectiveness vis-à-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 2016-2017 are as follows:

(in ₹)

Directors	Salary	Perquisites	Provident Fund	Sitting Fees Paid	Commission
Daniel A Pryor	—	—	—	—	—
K Vaidyanathan	—	—	—	1,25,000	5,25,000
Vikram Tandon	—	—	—	95,000	4,75,000
Sudhir Chand	—	—	—	1,35,000	4,75,000
Sabitha Rao	—	—	—	1,00,000	4,75,000
Rohit Gambhir	1,49,33,856	80,604	3,15,630	—	10,09,250

A sitting fee of ₹. 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 ₹. 2,500/- per meeting is paid to them for the meetings of Stakeholders Relationship Committee.

The payment of Commission to Non-Executive Directors upto 1% of the profit as calculated under the applicable provisions of the Companies Act, 2013 was approved by the Members at the Annual General Meeting held on 4 August 2016 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 performances and contributions to Company's performance. The Commission given in the above table pertains to the year 2015-16 paid during May, 2016.

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 hold 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 disseminated on the website of the Company www.esabindia.com.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Mr S Venkatakrishnan, Company Secretary is the Compliance Officer of the Committee.

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 2016-2017. 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			
		19.5.2016	3.8.2016	3.11.2016	9.2.2017
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	No	No	Yes	Yes
Rohit Gambhir	Member & Managing Director	Yes	Yes	Yes	Yes

During the year, the Company received 33 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	31
2.	Non-receipt of annual report	1
3.	Non-receipt of share certificate	1
4.	Others	–
	Total	33

All the complaints were responded to as per applicable guidelines and regulations. As at 31 March, 2017 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, 2017.

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 alongwith 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 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.

The Committee met twice during the period 19 May and 3 November, 2016 and the details of the attendance of the Committee members in these meetings are given below:

CSR Committee	Members	Meeting Dates	
		19.5.2016	3.11.2016
Sabitha Rao	Chairperson & Independent Director	Yes	Yes
Daniel A Pryor	Member & Non-Executive Director	No	Yes
Rohit Gambhir	Member & Managing Director	Yes	Yes

During the year under review the Company has spent money on projects identified under CSR and the CSR Committee monitors these projects on regular basis. The details of CSR budget and spend for the year 2016-17 is given as an annexure to the Director's Report.

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 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.

The Committee met twice during the period 3 August, 2016 and 9 February, 2017 and the details of the attendance of the Committee members in these meetings are given below:

Risk Management Committee	Members	Meeting Dates	
		3.8.2016	9.2.2017
Daniel A Pryor	Chairman & Non-Executive Director	No	Yes
Rohit Gambhir	Member & Managing Director	Yes	Yes
B Mohan	Member & Vice President Finance and Chief Financial Officer	Yes	Yes

9. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met during the year on 9 February, 2017 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 during their meeting held on 25 May, 2017 reviewed the individual performance of all the Independent Directors as per the standard evaluation criteria and format 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 Codes of Conduct, applicable to Directors and to Senior Management Personnel of the Company. The said Codes of Conduct have been posted on the Company's website 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 (C) 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, 2017 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.

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

In accordance with the provisions of the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a policy on prevention of sexual harassment of women employees at work place 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 said legislation during the year under review. As required under Section 21 of Chapter VIII of the said Act, the Committee has submitted its annual report in the prescribed format to the designated authority within the stipulated period.

12. SUBSIDIARY COMPANIES

There were no Subsidiary Companies of the Company as on 31 March, 2017.

13. RECONCILIATION OF SHARE CAPITAL AUDIT

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

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 Registry Management Services Private Limited to both the stock exchanges on 5 of April, 2017 for the half year / financial year ended 31 March, 2017 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
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.
2015-16	4 August, 2016	10.00 AM	P Obul Reddy Hall Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices. At the AGM held on 4 August, 2016 a Special Resolution was passed with requisite majority for approval of 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 whole-time employment of the Company.

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 3 August, 2017. The members are requested to read this document to cast their votes accordingly.

15. DISCLOSURES

- 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.
- 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.
- There has been no public, rights or preferential issues during the year.
- 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 approved and adopted 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 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 Company also informs the stock exchanges promptly on the details of the trading window period and the fact that the designated employees have been instructed not to deal with the shares of the Company during such time the trading window is closed.

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. All the other compliances under the said statute have been done. All contracts entered into by the Company now specifies 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 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. The Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
9. To enhance standards of corporate governance and strengthen controls, the Company has set up a whistle blower policy which can be seen on the Company's website www.esabindia.com. In terms of such whistle blower policy, it is affirmed that the employees have been given free access to the Audit Committee. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed else where in this report.
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 and investor.relations@esab.co.in and posted this in the Company's website and also on the websites of the stock exchanges where the Company's shares are listed. The investors can send their grievances, if any, to 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.
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 share holding 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 dated March 11, 2016 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. Pursuant to Rule 5 (8) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified on 5 September, 2016 company has within a period of ninety days after the Annual General Meeting i.e 4 August, 2016 has uploaded on Company's website www.esabindia.com. Statement of unclaimed and unpaid dividends and filed e-Form No. IEPF - 2 - Statement of unclaimed and unpaid amounts as referred in sub-section 2 of Section 125 of the Act vide SRN G13646443 dated 6 October, 2016.

The Company has initiated necessary action for transfer of the shares held in dematerialized and physical form to the Demat account of IEPF Authority by way of a corporate action with respect to the shareholders who have not claimed their dividend for a continuous period of 7 years. The Company had sent a reminder to them three months before transfer requesting them to stake their claim on the unclaimed dividend, failing which the dividend would

be transferred to the Investor Education and Protection Fund.

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 and the Company now allows the option to the Directors of the Company to attend / participate in a meeting of Board / Committee of Director through electronic mode using video conference facility.
18. 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 share holders 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 Registry Management Services Private 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	127 shareholders 9,515 equity shares of ₹.10/- each
Number of shareholders who approached the issuer for transfer of shares from the unclaimed suspense account during the year	1 shareholder claimed 50 equity shares of ₹.10/- each.
Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	1 shareholders 50 equity shares of ₹.10/- each
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year.	126 shareholders holding 9,465 equity shares of ₹.10/- each

126 Shareholders holding 9,465 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.

19. The Board of Directors at its meeting held on 19 May, 2016 approved and adopted a policy on Board Diversity and the details of the said policy can be viewed at its web link www.esabindia.com
20. The Company has vide Form No. MGT 15 dated 11 August, 2016 vide SRN G09107368 have filed the report on the last year's Annual General Meeting held on 4 August, 2016.

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. The quarterly / annual financial results, share holding 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	3 August, 2017 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, 2016 to 31 March, 2017

Approval of financial results proposed	
Quarter ending 30 June, 2017	Within 45 days from the end of the quarter
Quarter ending 30 September, 2017	- do -
Quarter ending 31 December, 2017	- do -
Year ending 31 March, 2018	Within 60 days from the end of the Financial Year

Particulars of Dividend Payment for the year ended 31.03.2017

Date of declaration	3 August, 2017
Rate of Dividend	₹. 1/- per share (10%)
Book Closure Date	28 July, 2017 to 3 August, 2017 (Both days inclusive)
Date of payment of Dividend	16 August, 2017
Amount of Dividend Paid	₹.1,85,26,666/- (Inclusive of dividend distribution tax)
Share capital	1,53,93,020 equity shares of ₹.10/- each

Listing of shares

Name and address of the stock exchange	Stock Code
BSE Limited 25 th 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 2017-18 were duly paid to the above stock exchanges during April, 2017.

Dividend History

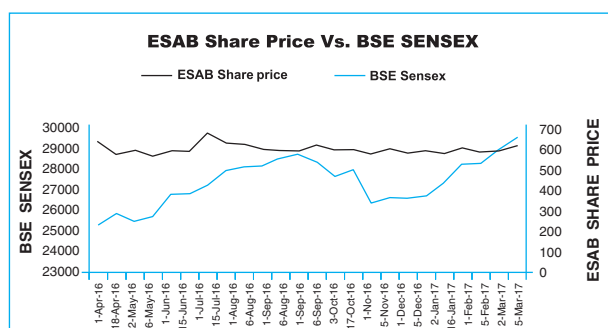
Year	Type of Dividend	Dividend Rate	Dividend Amount in ₹ in lakhs *
2010	Interim Dividend	100%	1,794.96
2010	Second Interim Dividend	100%	1,794.96
2011	Interim Dividend	150%	2,683.52
2012	Final Dividend	75%	1,341.76
2013	Final Dividend	10%	180.00
2014-15	Final Dividend	10%	186.14
2015-16	Final Dividend	10%	185.26

* Inclusive of dividend distribution tax.

Stock Market Price* Data & Stock Performance

2016-17	BSE Limited		National Stock Exchange		BSE Sensex	
	High ₹	Low ₹	High ₹	Low ₹	High ₹	Low ₹
Apr, 2016	623	540	643	532	26101	24523
May, 2016	630	543	640	550	26837	25058
June, 2016	671	540	688	535	27105	25911
July, 2016	670	587	674	581	28240	27034
Aug, 2016	629	570	639	567	28532	27628
Sept, 2016	627	563	630	560	29077	27717
Oct, 2016	615	571	619	567	28478	27488
Nov, 2016	659	531	658	525	28030	25718
Dec, 2016	636	532	618	540	26804	25754
Jan, 2017	605	553	613	554	27980	26447
Feb, 2017	623	571	613	565	29065	27590
Mar, 2017	619	563	614	561	29825	28716

* Share prices are rounded off to the nearest Rupee.



Registrar and Share Transfer Agent

Integrated Registry Management Services Private Limited
2nd Floor, 'Kences Towers'
No.1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai 600 017.

Contact Person: Suresh Babu K,
Vice President

Tel : 044-28140801-03,

Fax : 044-28142479, 28143378

E-mail : 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

- Integrated Registry Management Services Private Limited, Chennai is the Registrar & Share Transfer Agent for the Company. Consequent to the change in the name of the Registrar and Transfer Agent from M/s. Integrated Enterprises (India) Limited to Integrated Registry Management Services Private Limited, the Company entered into a fresh agreement with the Registrar and Transfer Agent dated 31 March, 2017.
- 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 and 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.
- 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 Stake holders Relationship Committee and the Company Secretary to approve the transfer of shares.

Distribution of shareholding as on 31 March, 2017

Shareholding	Number of Shareholders	%	Number of Shares	%
Up to 500	8932	94.29	9,31,290	6.05
501-1000	321	3.39	2,45,535	1.60
1001-2000	126	1.33	1,84,707	1.20
2001-3000	23	0.24	56,084	0.36
3001-4000	19	0.20	66,117	0.43
4001-5000	9	0.10	42,068	0.27
5001-10000	17	0.18	1,30,574	0.85
10001 and above	25	0.27	1,37,36,645	89.24
Grand Total	9472	100	1,53,93,020	100

Share holding pattern as on 31 March, 2017

Category	Number of Shareholders	Number of Shares	% of total
Esab Holdings Limited	1	57,43,200	37.31
Exelvia Group India BV	1	56,04,760	36.41
ESAB Group	2	1,13,47,960	73.72
Mutual Funds & UTI	13	1,66,878	1.08
Foreign Portfolio Investors	12	18,08,293	11.75
Financial Institutions / Banks	8	2,052	0.01
NBFC registered with RBI	1	32,500	0.21
Indian Public	8,992	15,92,876	10.35
Domestic Body Corporate	170	3,33,300	2.17
Domestic Body Corporate-LLP	6	12,612	0.08
Foreign Institutional Investor	3	525	0.01
Others	265	96,024	0.62
Total	9,472	1,53,93,020	100

Dematerialisation of shares and liquidity

As on 31 March, 2017, **98.28%** of the total paid-up equity capital was held in dematerialized form. The Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited to offer shareholders the option to dematerialize 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 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, 3rd 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, 3rd Main Road, Industrial Estate, Ambattur, Chennai 600 058.

Tel : 044 42281100
Fax: 044 42281150
E-mail venkatakrishnan.s@esab.co.in
investor.relations@esab.co.in

18. OTHER DISCLOSURES

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. 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 here-in above.

5. The company does not have any subsidiary for the financial year ended 31 March, 2017.
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 19 May, 2016 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. 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 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. 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, 2017. 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 the 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 Participants (DPs) and made a request for such services. No charge will be levied by NSDL / CDSL on DPs for providing this facility to investors. Further information is available on the website of NSDL and CDSL viz. www.nsdl.co.in and www.cdslindia.com respectively.
- The Ministry of Corporate Affairs has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice, annual report, etc., can be sent by email to their members. Accordingly, the Company has sent a communication dated 16 February, 2017 to all the shareholders who would be interested in getting the annual reports by e-mail. Many shareholders have responded to such requests and accordingly the annual reports for the year 1 April, 2016 to 31 March, 2017, notice of AGM etc., are being sent in electronic form to such shareholders to their respective e-mail ids. This has resulted in reduction of administrative expenditure pertaining to printing and posting of the annual reports to the shareholders. The Company continues to send physical copies of the annual report to those shareholders who have not opted to receive the same through e-mail.

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

For and on behalf of the Board of Directors

Daniel A Pryor
Chairman

25 May, 2017

Auditor's Report on Corporate Governance

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members of ESAB India Limited

1. The accompanying Corporate Governance Report prepared by **ESAB India Limited** (hereinafter the "**Company**"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2017. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered

Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
 - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Directors Register as on March 31, 2017 and verified that atleast one women director was on the Board during the year;
 - iv. Obtained and read the minutes of the following board and committee meetings held from April 1, 2016 to March 31, 2017:
 - (a) Board of Directors meeting;
 - (b) Audit committee;
 - (c) Nomination and remuneration committee;
 - (d) Stakeholders Relationship Committee;
 - (e) Risk management committee; and
 - (f) Corporate social responsibility committee.

- v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and
- vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

- 8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable as at March 31, 2017, referred to in paragraph 3 above.

Other matters and Restriction on Use

- 9. This report 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.

- 10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied with by a report thereon from the statutory auditors and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049 W / E 300004

Per S Balasubrahmanyam

Partner

Place: Chennai

Date : May 25, 2017

Membership No. 053315

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, 2017.

Chennai

25 May, 2017.

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, 2017, 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 and the Companies (Accounting Standards) Amendment Rules, 2016. 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, 2017, 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 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 33 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has not provided certain disclosures in the financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Accordingly, in the absence of information regarding denomination wise details, we are unable to comment on the reporting to the extent stated in Note 32 of the financial statements relating to opening balance as at November 8, 2016 and the dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and consequently do not report on the same. However, the disclosures given in the total column is in accordance with the books of account.
- For S R BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W / E300004
- per S Balasubrahmanyam**
Partner
Membership No. 053315
- Place : Chennai
Date : May 25, 2017

Annexure 1 to the Independent Auditors' Report of even date on the financial statements of ESAB India Limited

- (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 year 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 fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and 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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (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, 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 relating to provident fund, service tax 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
		22	2012 - 13	Joint Commissioner, Sales tax (Appeals)
		105	2011 - 15	Madras High Court
VAT	Disputed VAT Credit	7	2012-13	Joint Commissioner, Sales tax (Appeals)
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
		410	2007-11	Commissioner of Central Excise (Appeals)
		1	2011-13	Commissioner of Central Excise
		44	Various periods	Various forums
Finance Act, 1994	Service Tax	1	2012 - 13	Central Excise & Service Tax Appellate Tribunal
		107	2006-11	Commissioner of Central Excise (Appeals)
		6	2008-11	Central Excise & Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1	AY 1997-98	Income Tax Appellate Tribunal
		50	AY 2004-05	Commissioner of Income Tax (Appeals)
		6	AY 2013-14	Commissioner of Income Tax (Appeals)

* Out of the total disputed dues, an amount of ₹.40.0 lakhs for excise and service tax related matters, ₹. 5.7 lakhs for income tax matters and ₹.81.0 lakhs for sales tax matters was pre-deposited by the Company.

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to 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 according to 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) According to the information and explanations given by the management, 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) According to the information and explanations 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 explanations given to us and on an overall examination of the balance sheet, 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 25, 2017

Membership No. 053315

Annexure 2 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")

We have audited the internal financial controls over financial reporting of ESAB India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 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, 2017, 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 No. 101049W / E300004

per S Balasubrahmanyam

Partner

Place : Chennai

Date : May 25, 2017

Membership No. 053315

Balance Sheet

as at March 31, 2017

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



ESAB INDIA LIMITED

	Note	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,539	1,539
Reserves and surplus	4	32,615	30,015
		<u>34,154</u>	<u>31,554</u>
Non-current liabilities			
Other long-term liabilities	5	383	127
Long-term provisions	6	317	294
		<u>700</u>	<u>421</u>
Current liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	7	—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises	7	5,772	4,314
Other current liabilities	8	1,323	1,326
Short term provisions	6	773	942
		<u>7,868</u>	<u>6,582</u>
TOTAL		<u>42,722</u>	<u>38,557</u>
ASSETS			
Non-current assets			
Fixed assets			
Property, Plant and Equipment	9	7,520	7,734
Intangible assets	10	183	68
Capital work-in-progress		723	525
Deferred tax assets (net)	11	296	178
Long-term loans and advances	12	1,359	1,378
Other assets	13	1,919	1,818
		<u>12,000</u>	<u>11,701</u>
Current assets			
Current investments	14	14,386	11,977
Inventories	15	6,283	5,846
Trade receivables	16	4,798	4,544
Cash and bank balances	17	4,143	3,491
Short-term loans and advances	18	978	920
Other assets	19	134	78
		<u>30,722</u>	<u>26,856</u>
TOTAL		<u>42,722</u>	<u>38,557</u>
Significant accounting policies	2.1		

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 Registration No. 101049W / E300004

Rohit Gambhir
Managing Director
DIN: 06686250

K Vaidyanathan
Director
DIN: 00063692

S Balasubrahmanyam
Partner
Membership No. 053315

B Mohan
Vice President - Finance and
Chief Financial Officer

S Venkatakrishnan
Company Secretary

Place : Chennai
Date : May 25, 2017

Statement of Profit and Loss

for the year ended March 31, 2017



ESAB INDIA LIMITED

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

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations (gross)	20	51,742	49,497
Less: Excise duty		4,370	4,402
Revenue from operations (net)		47,372	45,095
Other income	21	1,285	800
Total income		48,657	45,895
Expenses			
Cost of raw materials and components consumed	22	24,287	23,220
Purchases of traded goods	23	5,669	5,188
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	23	(181)	(312)
Employee benefits expense	24	5,233	4,657
Depreciation and amortisation expense	25	1,027	952
Other expenses	26	8,074	7,727
Total expenses		44,109	41,432
Profit before exceptional items and tax		4,548	4,463
Less: Exceptional items	27	911	353
Profit before tax		3,637	4,110
Tax expense			
- Current tax		1,155	1,392
- Deferred tax (credit) / expense		(118)	(116)
		1,037	1,276
Profit after tax		2,600	2,834
Earnings per equity share (EPS)			
Basic and Diluted (in Rs.)		16.89	18.41
Weighted average number of shares (Nos.)		15,393,020	15,393,020
Nominal value of equity share (in Rs.)		10.00	10.00
Significant accounting policies	2.1		

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 Registration No. 101049W / E300004

Rohit Gambhir
Managing Director
DIN: 06686250

K Vaidyanathan
Director
DIN: 00063692

S Balasubrahmanyam
Partner
Membership No. 053315

B Mohan
Vice President - Finance and
Chief Financial Officer

S Venkatakrishnan
Company Secretary

Place : Chennai
Date : May 25, 2017

Cash Flow Statement

for the year ended March 31, 2017



ESAB INDIA LIMITED

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

	For the year ended March 31, 2017	For the year ended March 31, 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	3,637	4,110
Adjustments:		
Depreciation and amortisation	1,027	952
Impairment loss	256	39
Interest income	(203)	(157)
Dividend income from current investments	(653)	(537)
Profit on sale of current investments	(282)	(106)
Provision for doubtful debts	38	36
Fixed assets written off	10	146
Unrealised (gain) on foreign exchange differences	(4)	(5)
(Profit) / Loss on sale of fixed assets	(62)	3
Operating cash flow before working capital changes	3,764	4,481
(Increase) / decrease in trade receivables	(305)	(210)
(Increase) / decrease in loans and advances and other assets	39	204
(Increase) / decrease in inventories	(437)	(450)
Increase / (decrease) in liabilities and provisions	1,769	(955)
Cash generated from operations	4,830	3,070
Less: Income tax paid	(1,180)	(1,251)
Net cash flow from / (used in) operating activities (a)	3,650	1,819
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including capital work-in-progress and capital advances	(1,491)	(1,053)
Proceeds from sales of fixed assets	62	5
Purchase of current investments	(20,653)	(20,044)
Proceeds from sale of current investments	18,526	20,362
Investments in bank deposits (having original maturity of more than three months)	(450)	2,292
Redemption / maturity of bank deposits (having original maturity of more than three months)	907	(3,166)
Interest received	191	140
Dividend income from current investments	653	537
Net cash flow from / (used in) investing activities (b)	(2,255)	(927)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid on equity shares	(154)	(154)
Tax paid on dividends	(31)	(32)
Net cash flow from / (used in) in financing activities (c)	(185)	(186)
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	1,210	706
Cash and cash equivalents at the beginning of the year	2,711	2,005
Cash and cash equivalents at the end of the year	3,921	2,711
Notes to cash flow statement		
Components of cash and cash equivalents: (refer note 17)		
Cash on hand	6	7
Cheques on hand	675	621
Balance with banks		
- on current accounts	3,240	2,083
Total	3,921	2,711

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 Registration No. 101049W / E300004

Rohit Gambhir
Managing Director
DIN: 06686250

K Vaidyanathan
Director
DIN: 00063692

S Balasubrahmanyam
Partner
Membership No. 053315

B Mohan
Vice President - Finance and
Chief Financial Officer

S Venkatakrishnan
Company Secretary

Place : Chennai
Date : May 25, 2017

Notes to financial statements for the year ended March 31, 2017

(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 engaged in the business of welding consumables i.e. welding electrodes, copper coated wires, flux cored wires and welding fluxes and of welding equipment i.e. welding machines and cutting equipments. The Company caters to both domestic and international markets.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the 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 and Companies (Accounting Standards) Amendment Rules, 2016. 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 used in the previous year, except as disclosed otherwise.

2.1 Summary of significant accounting policies

a) Change in accounting policy

Accounting for Proposed Dividend

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed / declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the Company cannot create provision for dividend proposed / declared after the balance sheet date unless a statute requires otherwise. Rather, Company will need to disclose the same in notes to the financial statements.

Accordingly, the Company has disclosed dividend proposed by board of directors after the balance sheet date in the notes.

Had the Company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by Rs. 185 and current provision would have been higher by Rs. 185 (including dividend distribution tax of Rs. 31).

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) Property, Plant and Equipment

Property, plant and equipment, capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated

impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of property, plant and equipment 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 identifies and determines cost of each component / part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

d) Depreciation on property, plant and equipment

Leasehold land is amortized on a straight line basis over the period of lease.

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its property, plant and equipment.

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.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at least at each financial year end.

Gains or losses arising from derecognition of an intangible asset 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.

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

f) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, 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.

g) Impairment of property, plant and equipment

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

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.

h) Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term 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. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

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

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

Sale of goods:

Revenues from sale of goods are 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:

Revenues from sale of services are recognised in accordance with the agreements / arrangements with the customers.

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 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 as

an 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 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 Separation Scheme (VSS) 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

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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.

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.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax liabilities relate to the same taxable entity and the same taxation authority.

n) Segment reporting

Identification of segments

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.

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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.

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 recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Warranty provisions

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) 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.

r) 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.

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	As at March 31, 2017	As at March 31, 2016
3. Share Capital		
Authorised:		
19,000,000 (March 31, 2016 : 19,000,000) equity shares of Rs.10/- each	1,900	1,900
3,000,000 (March 31, 2016 : 3,000,000) unclassified shares of Rs.10/- each	300	300
	<u>2,200</u>	<u>2,200</u>
Issued, subscribed and paid up:		
15,393,020 (March 31, 2016 : 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, 2017		As at March 31, 2016	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the year	15,393,020	1,539	15,393,020	1,539
At the end of the year	<u>15,393,020</u>	<u>1,539</u>	<u>15,393,020</u>	<u>1,539</u>

b) Rights, preferences and restrictions attached to equity shares

The Company has 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 final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2017, the amount of per share dividend recognized as distributions to equity shareholders was Rs.Nil (March 31, 2016 : 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. [Also refer note 3(e)]

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

	As at March 31, 2017		As at March 31, 2016	
	Number	Amount	Number	Amount
Equity shares of Rs.10/- each fully paid up held by				
Subsidiary companies of Colfax Corporation, the ultimate holding company:				
ESAB Holdings Limited, 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

Equity shares of Rs.10/- each fully paid held by	Number	% of shares in the class	Number	% of shares in the class
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%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

	As at March 31, 2017	As at March 31, 2016
e) Proposed dividends on Equity shares:		
The board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended on March 31, 2017 : Rs. Nil (March 31, 2016: Re. 1 per share)	154	154
Tax on proposed dividend	31	31
	<u>185</u>	<u>185</u>

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		As at March 31, 2017	As at March 31, 2016
4. Reserves and surplus			
Amalgamation reserve			
At the commencement and at the end of the year	(A)	100	100
Securities premium account			
At the commencement and at the end of the year	(B)	932	932
Special capital incentive subsidy			
At the commencement and at the end of the year	(C)	20	20
General reserve			
At the commencement of the year		4,990	4,707
Add : Amount transferred from Statement of profit and loss		—	283
	(D)	4,990	4,990
Statement of Profit and loss			
At the commencement of the year		23,973	21,607
Add: Profit for the year		2,600	2,834
Less: Appropriations			
Equity dividend - Final [Rs. Nil (Previous year Re.1/- per share)]		—	154
Tax on equity dividend		—	31
Transfer to general reserve		—	283
	(E)	26,573	23,973
Total reserves and surplus	(A + B + C + D + E)	32,615	30,015
5. Other long-term liabilities			
Security deposits from customers		133	127
Advance received for sale of assets (Note 9)		250	—
Total		383	127

	Long term		Short term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
6. Provisions				
Provision for employee benefits				
Gratuity (refer note 28 (A))	294	266	—	—
Pension	—	—	10	9
Compensated absences	23	28	101	123
	317	294	111	132
Other provisions (refer note below)				
Provision for sales tax	—	—	398	403
Provision for litigations	—	—	73	73
Provision for dividend	—	—	—	154
Provision for dividend distribution tax	—	—	—	31
Provision for warranties	—	—	191	149
	—	—	662	810
	317	294	773	942

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

	Warranties	Sales tax	Others
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)
Balances as at March 31, 2016	149	403	73
Add : Provision made during the year	206	35	—
Less : Provision utilised during the year	(164)	(40)	—
Balances as at March 31, 2017	191	398	73

	As at March 31, 2017	As at March 31, 2016
7. Trade payables		
Trade payables (refer note below)	5,772	4,314
	<u>5,772</u>	<u>4,314</u>
There are no overdue amounts payable to Micro and Small 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, 2017 and for the year ended March 31, 2016.		
8. Other current liabilities		
Accrued salaries and benefits	426	422
Voluntary separation scheme (VSS) [refer note 41]	180	188
Advances from customers	183	100
Unclaimed dividend *	49	70
Statutory liabilities	485	546
Total	1,323	1,326

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

9. Property, Plant and Equipment

Description of assets	Freehold land**	Leasehold land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Total
Cost							
Balances as at April 1, 2015	329	88	3,419	14,640	496	119	19,091
Adjustments / Regrouping*	—	—	23	(11)	(5)	—	7
Additions	—	—	139	394	73	24	630
Less: Disposals	—	—	—	(10)	—	(17)	(27)
Less: Write off of assets	—	—	(4)	(747)	(64)	(9)	(824)
Balance as at March 31, 2016	329	88	3,577	14,266	500	117	18,877
Additions	—	—	339	597	39	18	993
Less: Disposals	—	—	(13)	(507)	(5)	(19)	(544)
Less: Write off of assets	—	—	—	(67)	(1)	—	(68)
Balance as at March 31, 2017	329	88	3,903	14,289	533	116	19,258
Accumulated Depreciation							
Balances as at April 1, 2015	—	10	1,416	9,201	229	76	10,932
Adjustments / Regrouping*	—	—	—	3	3	1	7
Depreciation for the year	—	1	92	720	30	19	862
Impairment loss during the year (refer note 42)	—	—	(21)	60	—	—	39
Less: Accumulated depreciation on disposals	—	—	—	(8)	—	(11)	(19)
Less: Accumulated depreciation on assets written off	—	—	(1)	(629)	(39)	(9)	(678)
Balance as at March 31, 2016	—	11	1,486	9,347	223	76	11,143

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9. Property, Plant and Equipment - (continued)

Description of assets	Freehold land	Leasehold land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Total
Depreciation for the year	–	1	105	787	29	19	941
Impairment loss during the year (refer note 41 and note (a) below)	–	–	1	241	14	–	256
Less: Accumulated depreciation on disposals	–	–	(13)	(508)	(5)	(18)	(544)
Less: Accumulated depreciation on assets written off	–	–	–	(57)	(1)	–	(58)
Balance as at March 31, 2017	–	12	1,579	9,810	260	77	11,738
Net block							
As at March 31, 2016	329	77	2,091	4,919	277	41	7,734
As at March 31, 2017	329	76	2,324	4,479	273	39	7,520

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

** Freehold land includes land held for sale. The Company has discontinued its operations of the Consumable plant at Khardah factory at Kolkatta during the year ended March 31, 2015. The Company has entered into a Memorandum of Understanding ('MOU') with the prospective buyer on March 14, 2017 to sell the land at this premises. The WDV of the land as at March 31, 2017 amounts to Rs. 102. The Company has obtained advance for sale of the aforesaid land amounting to Rs. 250 (refer note 5).

(a) During the year, the Company has recognised impairment loss on assets identified as not in use. The losses have been recognised in the statement of profit and loss under "Other expense" amounting to Rs. 47.

10. Intangible assets

Description of assets	Computer software	Technical know how	Total
Cost			
Balances as at April 1, 2015	523	488	1,011
Adjustments / Regrouping*	34	–	34
Additions	13	–	13
Less: Disposals	–	–	–
Less: Write off of assets	(4)	–	(4)
Balances as at March 31, 2016	566	488	1,054
Additions	203	–	203
Less: Disposals / adjustments	–	–	–
Less: Write off of assets	(2)	–	(2)
Balances as at March 31, 2017	767	488	1,255
Amortisation and Impairment losses			
Balances as at April 1, 2015	399	467	866
Adjustments / Regrouping*	34	–	34
Amortisation for the year	69	21	90
Accumulated depreciation on disposals / adjustments	(4)	–	(4)
Balances as at March 31, 2016	498	488	986
Amortisation for the year	86	–	86
Accumulated depreciation on disposals / adjustments	–	–	–
Balances as at March 31, 2017	584	488	1,072
As at March 31, 2016	68	–	68
As at March 31, 2017	183	–	183

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

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	As at March 31, 2017	As at March 31, 2016
11. Deferred tax assets (net)		
Deferred tax liabilities		
Excess of depreciation / amortisation on fixed assets under income tax law over depreciation / amortisation provided in books	874	884
Gross deferred tax liabilities [A]	874	884
Deferred tax assets		
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	296	275
Provision for doubtful trade receivables	105	92
Provision for inventories	290	283
Provision for sales tax	138	139
Provision for impairment losses	301	241
Provision for doubtful advances	11	11
Provision for others	29	21
Gross deferred tax assets [B]	1,170	1,062
Net deferred tax assets [B-A]	296	178
12. Long term loans and advances		
Unsecured and considered good		
Capital advances	164	67
Security deposits	260	236
Advance recoverable in cash or in kind or for value to be received	84	101
Other loans and advances		
Prepaid expenses	11	16
Pension (refer note 28 (B))	54	130
Deposits paid under protest	130	110
Claims receivable	225	312
Advance income tax (net of provision for taxation)	431	406
	1,359	1,378
Unsecured and considered doubtful		
Advances to employees	33	33
Less: Provision for doubtful advances	(33)	(33)
	—	—
	1,359	1,378
13. Other non current assets		
Non current bank balance (refer note 17)	1,919	1,818
	1,919	1,818

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	As at March 31, 2017	As at March 31, 2016
14. Current investments		
Unquoted mutual funds		
86,223 (March 31, 2016 - 32,374) units in UTI Treasury Advantage Fund Institutional Plan - Direct - Daily dividend reinvestment plan	852	325
84,981 (March 31, 2016 - 32,204) units in UTI Treasury Advantage Fund Institutional Plan - Daily dividend reinvestment plan	864	323
12,343,466 (March 31, 2016 - 11,735,156) units in Kotak Treasury Advantage Fund - Daily Dividend (Regular Plan)	1,244	1,183
Nil (March 31, 2016 - 5,185,298) units in SBI Short-term Debt Fund - Regular plan - Weekly dividend reinvestment plan	—	546
942,723 (March 31, 2016 - 890,369) units in ICICI Prudential Flexible Income Plan - Dividend daily reinvestment plan	997	941
5,559,124 (March 31, 2016 - 5,261,529) units in ICICI Prudential Ultra Short-term Plan - Dividend daily reinvestment plan	565	532
2,375,098 (March 31, 2016 - 2,214,867) units in ICICI Prudential Banking & PSU Debt Plan Regular - Dividend daily reinvestment plan	239	223
10,09,943 (March 31, 2016 - 958,149) units in IDFC Money Manager fund - Daily dividend Reinvestment plan	102	97
Nil (March 31, 2016 - 1,060,290) units in IDFC Banking Debt Fund - Direct Plan - Daily dividend Reinvestment plan	—	106
11,880,090 (March 31, 2016 - 11,245,644) units in HDFC floating rate Income fund - Short-term plan - wholesale option - Daily dividend reinvestment plan	1,198	1,134
1,176,766 (March 31, 2016 - 1,176,766) units in Tata Short-term Bond Fund Direct Plan - Growth Option	300	300
Nil (March 31, 2016 - 72,183) units in ICICI Prudential Gilt Investment Plan - Direct - Growth option	—	200
2,166,472 (March 31, 2016 - 2,166,472) units in IDFC Super Saver Income Fund - Medium Term Plan - Direct - Growth option - Direct Plan	500	500
Nil (March 31, 2016 - 1,042,709) units in IDFC Super Saver Income Fund - Short-term Plan - Direct - Growth option - Direct Plan	—	300
781,506 (March 31, 2016 - 781,506) units in Reliance Short-term Fund - Direct - Growth	200	200
Nil (March 31, 2016 - 346,513) units in Birla Sun Life Treasury Optimizer Plan Direct - Growth Plan	—	600
Nil (March 31, 2016 - 12,986) units in Religare Invesco Gilt Fund Long Duration Plan - Direct Plan - Growth	—	200
Nil (March 31, 2016 - 30,265) units in Axis Liquid Fund - Daily dividend reinvestment plan	—	303
840,299 (March 31, 2016 - 796,421) units in Birla Sun Life Treasury Optimizer Plan Monthly Dividend Reinvestment	876	829
Nil (March 31, 2016 - 313,777) units in Birla Sun Life Treasury Optimizer Plan Monthly Dividend Reinvestment	—	315
9,326,032 (March 31, 2016 - 2,017,695) units in HDFC Short-term opportunity Fund - Fortnightly dividend reinvestment plan	943	204

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	As at March 31, 2017	As at March 31, 2016
14. Current investments (contd.)		
Unquoted mutual funds - (contd.)		
2,075,373 (March 31, 2016 - 1,969,876) units in IDFC Super Saver Income Fund - Short-term Plan - Fortnightly Dividend Regular Plan	215	204
4,943,314 (March 31, 2016 - 5,016,542) units in IDFC Corporate Bond Fund Regular Plan - Dividend	504	502
Nil (March 31, 2016 - 5,000,000) units in Reliance Fixed Horizon Fund - XXX - Series 9 - Direct Dividend Plan	—	500
Nil (March 31, 2016 - 40,933) units in Religare Invesco Credit Opportunities Fund - Daily Dividend	—	409
Nil (March 31, 2016 - 50,086) units in Religare Invesco Liquid Fund - Daily Dividend	—	501
Nil (March 31, 2016 - 4,992,860) units in UTI Fixed Income Interval Fund - III - Quarterly Interval Plan - Dividend Plan Payout	—	500
3,432,343 (March 31, 2016 - Nil) units in Birla Sun Life Treasury Short-term Fund Monthly Dividend Reinvestment Regular	404	—
644,738 (March 31, 2016 - Nil) units in Birla Sun Life Treasury Short-term Fund - Direct Plan - Growth	400	—
323,712 (March 31, 2016 - Nil) units in Birla Sun Life Treasury Short-term Fund - Direct Plan - Growth	200	—
302,646 (March 31, 2016 - Nil) units in Birla Sun Life Treasury Floating Rate Long Term Fund - Direct - Reinvestment	304	—
6,027,874 (March 31, 2016 - Nil) units in DSP BlackRock Ultra Short-term Fund - Regular Plan - Daily Dividend	608	—
1,543,698 (March 31, 2016 - Nil) units in Franklin India Banking And PSU Debt Fund - Direct - Growth	200	—
1,122,965 (March 31, 2016 - Nil) units in HDFC Short-term opportunity Fund - Growth	200	—
381,535 (March 31, 2016 - Nil) units in ICICI Prudential Flexible Income Plan - Dividend daily reinvestment plan	403	—
1,998,108 (March 31, 2016 - Nil) units in ICICI Prudential Ultra Short-term Plan - Direct - Daily reinvestment	202	—
988,816 (March 31, 2016 - Nil) units in IDFC Super Saver Income Fund - Medium Term Plan - Fortnightly Dividend Direct Plan	100	—
41,708 (March 31, 2016 - Nil) units in Invesco India Ultra Short-term Fund - Daily Dividend	418	—
4,082,253 (March 31, 2016 - Nil) units in L & T Ultra Short-term - Regular Daily Dividend	416	—
4,140,503 (March 31, 2016 - Nil) units in Sundaram Banking & PSU Debt Fund Direct Plan - Daily dividend	416	—
31,120 (March 31, 2016 - Nil) units in Tata Ultra Short-term Fund Regular Plan - Daily Dividend	312	—
20,270 (March 31, 2016 - Nil) units in Tata Ultra Short-term Fund Direct Plan - Daily Dividend	204	—
	14,386	11,977
Aggregate amount of unquoted instruments	14,386	11,977
Aggregate market value of unquoted instruments	14,685	12,231

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

	As at March 31, 2017	As at March 31, 2016
15. Inventories		
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw materials [including Goods in transit Rs. 296 (March 31, 2016 - Rs. 393)]	2,578	2,325
Work-in-progress	415	555
Finished goods		
- Manufactured goods	1,111	1,421
- Traded goods [including Goods in transit Rs. 308 (March 31, 2016 - Rs. 186)]	1,997	1,366
Stores and Spares	182	179
Total	6,283	5,846
16. Trade receivables		
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>		
(a) Secured, considered good *	3	1
(b) Unsecured, considered good	156	225
(c) Doubtful	255	265
Less: Provision for doubtful receivables	(255)	(265)
	159	226
<i>Other receivables</i>		
(a) Secured, considered good *	30	47
(b) Unsecured, considered good	4,609	4,271
(c) Unsecured, considered doubtful	48	—
Less: Provision for doubtful receivables	(48)	—
	4,639	4,318
Total	4,798	4,544

* Secured against deposits from dealers

	Non current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
17. Cash and bank balances				
Cash and cash equivalents				
Cash on hand	—	—	6	7
Cheques on hand	—	—	675	621
Balance with banks				
- on current accounts	—	—	3,240	2,083
- on unpaid dividend accounts	—	—	49	70
	—	—	3,970	2,781
Other bank balances				
Deposits with remaining maturity for more than 12 months	277	241	—	—
Deposits with remaining maturity for less than 12 months	—	—	173	710
Margin money deposits	1,642	1,577	—	—
	1,919	1,818	173	710
Amount disclosed under non-current assets (note 13)	(1,919)	(1,818)	—	—
Total	—	—	4,143	3,491

Margin money given as security

Margin money deposits with the Company's bankers having a carrying amount of ₹ 1,642 (March 31, 2016 : ₹ 1,577) are subject to first charge to secure the Company's bank guarantees.

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

	As at March 31, 2017	As at March 31, 2016
18. Short term loans and advances (unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received	17	19
Balance with statutory / government authorities	428	346
Claims receivable	24	46
Prepaid expenses	195	180
Advance to suppliers	292	296
Advance to employees	22	33
Total	978	920
19. Other current assets		
Other claims receivable	44	—
Interest accrued on fixed deposits	90	78
Total	134	78
	For the year ended March 31, 2017	For the year ended March 31, 2016
20. Revenue from operations		
Sale of products		
Manufactured goods	42,366	41,586
Traded goods	7,822	6,728
Sale of products (Gross)	50,188	48,314
Less : Excise duty	4,370	4,402
Sale of products (Net) [A]	45,818	43,912
Income from services [B]	1,151	811
Other operating revenue		
- Scrap Sales	336	306
- Export benefits	30	27
- Miscellaneous income	37	39
[C]	403	372
Revenue from operations [A+B+C]	47,372	45,095
Break-up of revenue from sale of products (Gross)		
Manufactured goods		
Consumables	33,388	33,037
Equipments	8,978	8,549
Traded goods		
Consumables	3,708	2,917
Equipments	4,114	3,811
	50,188	48,314
Income from services		
Business support services	983	671
Shared services	168	140
Total	1,151	811

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

	For the year ended March 31, 2017	For the year ended March 31, 2016
21. Other income		
Interest income		
- from banks	188	143
- from others	15	14
Dividend income from current investments	653	537
Profit on sale of current investments	282	106
Exchange differences (net)	85	—
Profit on sale of fixed assets (net)	62	—
Total	1,285	800
22. Cost of raw materials and components consumed		
Inventory at the beginning of the year	2,325	2,157
Add : Purchases during the year	24,540	23,388
Less : Inventory at the end of the year	2,578	2,325
	24,287	23,220
Details of cost of materials consumed		
Raw materials		
Mild Steel / M S Wire Rods	11,306	9,997
Non Ferrous Metals	656	1,604
Minerals	2,958	2,714
Chemicals	2,461	2,063
Piece Parts	5,304	5,410
Others	1,602	1,432
Total	24,287	23,220
Details of inventory - Raw material and components		
Mild Steel / M S Wire Rods	224	446
Non Ferrous Metals	158	162
Minerals	236	256
Chemicals	200	179
Piece Parts	1,523	1,131
Others	237	151
Total	2,578	2,325

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, 2017	For the year ended March 31, 2016
23. (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods		
Opening stock		
- Manufactured goods	1,421	1,262
- Traded goods	1,366	1,293
- Work-in-progress	555	475
	<u>3,342</u>	<u>3,030</u>
Closing stock		
- Manufactured goods	1,111	1,421
- Traded goods	1,997	1,366
- Work-in-progress	415	555
	<u>3,523</u>	<u>3,342</u>
	<u>(181)</u>	<u>(312)</u>
Details of purchase of traded goods		
Consumables	2,661	2,485
Equipments	3,008	2,703
	<u>5,669</u>	<u>5,188</u>
Details of inventory		
Manufactured goods		
Consumables	712	833
Equipments	399	588
	<u>1,111</u>	<u>1,421</u>
Traded goods		
Consumables	707	595
Equipments	1,290	771
	<u>1,997</u>	<u>1,366</u>
Work-in-progress		
Consumables	165	318
Equipments	250	237
	<u>415</u>	<u>555</u>
24. Employee benefits expense		
Salaries, wages and bonus	4,460	4,009
Contributions to provident and other funds	197	153
Gratuity expense (note 28 (A))	84	65
Pension expense (note 28 (B))	76	5
Staff welfare expenses	416	425
Total	<u>5,233</u>	<u>4,657</u>
25. Depreciation and amortisation		
Depreciation of property, plant and equipment (note 9)	941	862
Amortisation of intangible assets (note 10)	86	90
Total	<u>1,027</u>	<u>952</u>

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

	For the year ended March 31, 2017	For the year ended March 31, 2016
26. Other expenses		
Consumption of stores and spares	620	488
Power and fuel	1,057	1,121
External service charges	810	893
(Increase) / decrease of excise duty on inventory finished goods	(68)	83
Rent (<i>refer note 29</i>)	218	195
Repairs and maintenance		
- Building	51	43
- Plant and machinery	167	187
- Others	300	248
Insurance	44	40
Travelling expenses	798	754
Communication expenses	170	114
Rates and taxes	263	232
Transport and freight	890	728
Sales promotion and selling expenses	887	679
Trademark fees	830	805
Legal and professional charges	292	294
Payment to auditors (<i>refer note below</i>)	44	44
Printing and stationery	31	33
Loss on sale of fixed assets (net)	—	3
Exchange differences (net)	—	20
CSR expenditure (<i>refer note A below</i>)	8	22
Provision for warranty	206	145
Provision for doubtful receivables	38	36
Royalty	56	59
Impairment loss on fixed assets	47	—
Fixed assets written off	10	146
Bank charges	36	34
Miscellaneous expenses	269	281
Total	8,074	7,727
Note: Payment to auditors		
As auditor		
Statutory audit	22	22
Limited reviews	9	9
Tax audit	5	5
In other capacity		
Certification	—	—
Others	4	4
Reimbursement of expenses	4	4
	44	44

A. Details of CSR expenditure

a) Gross amount required to be spent by the Company during the year	94	100
Amount spent during the year ended on March 31, 2017:		
In cash	8	—
Yet to be paid in cash	—	8
Amount spent during the year ended on March 31, 2016:		
In cash	22	—
Yet to be paid in cash	—	22

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

	For the year ended March 31, 2017	For the year ended March 31, 2016
27. Exceptional items		
Voluntary Separation Scheme to employees (<i>refer note 41</i>)	159	314
Impairment loss on fixed assets (<i>refer note 41 and 42</i>)	209	39
One time settlement to contractors (<i>refer note 41</i>)	543	—
	<u>911</u>	<u>353</u>
28. Employee benefits		
The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet:		
A. Gratuity plan		
The following table sets out the status of the gratuity plan and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:		
Change in present value of obligations		
Obligations at beginning of the year	403	420
Service cost	37	38
Interest cost	30	32
Actuarial (gain) / loss	23	7
Benefits paid	(70)	(94)
Obligations at the end of the year	<u>423</u>	<u>403</u>
Change in plan assets		
Fair value of plan assets at beginning of the year	137	164
Expected return on plan assets	12	14
Actuarial gain / (loss)	(6)	(2)
Contributions	56	55
Benefits paid	(70)	(94)
Fair value of plan assets at end of the year	<u>129</u>	<u>137</u>
Actual return on plan assets	6	11
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligation at the end of the year	423	403
Fair value of plan assets at the end of the year	129	137
Funded status amount of liability recognized in the balance sheet	<u>294</u>	<u>266</u>
Gratuity cost for the year		
Service cost	37	38
Interest cost	30	32
Expected return on plan assets	(12)	(14)
Actuarial (gain) / loss	29	9
Net gratuity cost	<u>84</u>	<u>65</u>

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

	For the year ended March 31, 2017	For the year ended March 31, 2016			
Assumptions					
Discount rate	7.10%	7.90%			
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					
Percentage Allocation of Plan assets					
Government of India securities	54%	61%			
Insurer Managed Fund	38%	30%			
Others	8%	9%			
Gratuity - Experience adjustments					
Particulars	March 31, 2017	March 31, 2016	March 31, 2015	December 31, 2013	December 31, 2012
Experience adjustments:					
- On plan liabilities	6	3	(16)	9	(1)
- On plan assets	(6)	(3)	(5)	8	1
Present value of obligation	423	403	420	546	552
Fair value of plan assets	129	137	164	313	339
Shortage of plan assets over obligation	(294)	(266)	(256)	(233)	(213)
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016			
B. Pension plan					
The following table sets out the status of the pension plan and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:					
Change in present value of obligations					
Obligations at beginning of the year	378	377			
Service cost	20	21			
Interest cost	28	28			
Actuarial (gain) / loss	63	(3)			
Benefits paid	(26)	(45)			
Obligations at the end of the year	463	378			
Change in plan assets					
Fair value of plan assets at beginning of the year	508	512			
Expected return on plan assets	36	36			
Actuarial gain / (loss)	(1)	5			
Contributions by Employer	—	—			
Benefits paid	(26)	(45)			
Refund from Trust / Payment for defined contribution scheme	—	—			
Fair value of plan assets at end of the year	517	508			
Actual return on plan assets	36	41			
Reconciliation of present value of the obligation and the fair value of plan assets					
Present value of the defined benefit obligation at the end of the year	463	378			
Fair value of plan assets at the end of the year	517	508			
Funded status amount of liability recognized in the balance sheet	(54)	(130)			

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

	For the year ended March 31, 2017	For the year ended March 31, 2016
Pension cost for the year		
Service cost	20	21
Interest cost	28	28
Expected return on plan assets	(36)	(36)
Actuarial (gain) / loss	64	(8)
Net pension cost	<u>76</u>	<u>5</u>

Assumptions

Discount rate	7.10%	7.90%
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	4%	9%
Insurer Managed Fund	89%	90%
Other	7%	1%

Pension - Experience adjustments

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	December 31, 2013	December 31, 2012
Experience adjustments:					
- On plan liabilities	5	(6)	41	(11)	(83)
- On plan assets	0	5	(8)	1	26
Present value of obligation	463	377	378	344	354
Fair value of plan assets	517	509	508	586	590
Excess of plan assets over obligation	54	132	130	242	236

	For the year ended March 31, 2017	For the year ended March 31, 2016
--	---	---

29. Operating leases

The Company has taken various 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	45	52
Payable between one and five years	12	57
Payable after five years	—	—
Total	<u>57</u>	<u>109</u>

During the year an amount of Rs. 218 was recognised as an expense in the statement of profit and loss in respect of operating leases (March 31, 2016 : Rs. 195)

Notes to the Financial Statements

for the year ended March 31, 2017

(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, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Revenue						
External sales and services (Gross)	38,081	36,643	13,661	12,854	51,742	49,497
Segment results	4,298	4,463	532	631	4,830	5,094
Less: Bank charges					36	34
Other unallocated expenses (net)					246	597
Less: Exceptional items (refer note 27)*	—	314	911	39	911	353
Total profit before tax					3,637	4,110
Segment assets	14,700	14,419	7,152	6,171	21,852	20,590
Add: Unallocated assets					20,870	17,967
Total assets					42,722	38,557
Segment liabilities	4,266	2,762	2,274	2,264	6,540	5,026
Add: Unallocated liabilities					2,028	1,977
Total liabilities					8,568	7,003
Capital expenditure	1,033	481	280	186	1,313	667
Add: Unallocated capital expenditure					81	377
Total capital expenditure					1,394	1,044
Depreciation / amortisation	756	707	142	145	898	852
Add: Unallocated depreciation					129	100
Total depreciation					1,027	952
Non cash expenses	57	124	248	97	305	221
Add: Unallocated non cash expenditure					—	3
Total non cash expenditure					305	224

* Consumable segment includes impairment loss on fixed assets of one of the Company's plant at Khardah, Kolkata amounting to Rs. Nil (March 31, 2016 - Rs. 39).

* Equipment segment includes VSS paid to employees and one time settlement to contractors for one of the Company's plant at Taratala, Kolkata amounting to Rs. 702 (March 31, 2016 - Nil). Also includes impairment of property plant and equipment amounting to Rs. 209 (March 31, 2016 - Nil)

Geographical segments

The Company caters mainly to the needs of Indian market and the export turnover being 4.79% (March 31, 2016 - 3.18%) of the total turnover of the Company, considered as not a 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, 2017

(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, 2017. 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, 2017. 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 year: (Fellow Subsidiary)

Alcotec Wire Corporation, USA	ESAB Polska Sp.Z.O.O., Poland
Cigweld (M) SDN BHD, Malaysia	ESAB Vamberk Sro, Czech Republic
Cigweld Pty Ltd., Australia	ESAB Welding Products, USA
ESAB AB, Sweden	ESAB Welding Products (Jiangsu) Co Ltd-China
ESAB Asia/Pacific Pte. Limited, Singapore	Howden Solyvent (India) Private Limited, India
ESAB Automation Cutting and Welding Equipment (Wuxi) Co., Ltd., China	OZAS-ESAB Sp.Z.O.O., Poland
Esab Cutting Systems GmbH, Germany	PT Esabindo Pratama, Indonesia
ESAB Europe GmbH, Switzerland	PT Karya Yasantara Cakti, Indonesia
ESAB Holdings Limited, UK	PT Victor Teknologi, Indonesia
ESAB Middle East FZE, UAE	Thermal Dynamics OY, Finland
Esab North America, Global Cost Nam Florence, USA	Victor (Ningbo) Cutting & Welding Equipment Trade & Commerce Co., Ltd., China
ESAB SeAH CORP, Korea	Victor Technologies Asia SDN BHD, Malaysia
ESAB Seah Welding Products(Yantai) Co Ltd China	Victor Technologies International, Inc., USA

c) Key Management Personnel

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

Related Party transactions:

Particulars	Control exists		Significant influence		Total	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Transactions during the year						
Sale of goods	—	—	372	110	372	110
Cigweld Pty Ltd., Australia	—	—	107	—	107	—
ESAB Middle East FZE, UAE	—	—	61	100	61	100
PT Victor Teknologi, Indonesia	—	—	49	—	49	—
Victor Technologies Asia SDN BHD, Malaysia	—	—	151	—	151	—
Others	—	—	4	10	4	10

Notes to the Financial Statements

for the year ended March 31, 2017

(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, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Income from services	—	—	1,151	811	1,151	811
ESAB AB, Sweden	—	—	628	470	628	470
ESAB Europe AG, Switzerland	—	—	144	140	144	140
Others	—	—	379	201	379	201
Commission income	—	—	—	2	—	2
ESAB SeAH Corporation, Korea	—	—	—	2	—	2
Purchase of raw material / traded goods	—	—	2,666	2,299	2,666	2,299
ESAB AB, Sweden	—	—	—	523	—	523
ESAB Europe AG, Switzerland	—	—	1,046	548	1,046	548
ESAB Welding & Cutting Product, USA	—	—	415	343	415	343
ESAB Welding Products (Jiangsu) Co Ltd	—	—	254	—	254	—
Others	—	—	951	885	951	885
Purchase of Tangible fixed assets	—	—	348	32	348	32
ESAB AB, Sweden	—	—	89	32	89	32
ESAB Welding Products (Jiangsu) Co Ltd	—	—	230	—	230	—
Cigweld (M) SDN Bhd, Malaysia	—	—	29	—	29	—
Royalty	56	59	—	—	56	59
ESAB Holdings Limited, UK	56	59	—	—	56	59
Trademark license fees	830	805	—	—	830	805
ESAB Holdings Limited, UK	830	805	—	—	830	805
Technical / consultancy services	—	—	—	8	—	8
ESAB AB, Sweden	—	—	—	7	—	7
ESAB Welding & Cutting Product, USA	—	—	—	1	—	1
Dividend paid	113	113	—	—	113	113
ESAB Holdings Limited, UK	57	57	—	—	57	57
Exelvia Group India B.V., Netherlands	56	56	—	—	56	56
Balances as the year end						
Receivables	66	—	262	156	328	156
ESAB Holdings Limited, UK	66	—	—	—	66	—
ESAB AB, Sweden	—	—	17	39	17	39
Cigweld Pty Ltd., Australia	—	—	41	—	41	—
Victor Technologies Asia SDN BHD, Malaysia	—	—	41	—	41	—
ESAB Welding Products (Jiangsu) Co Limited, China	—	—	30	9	30	9
PT Karya Yasantara Cakti. Indonesia	—	—	27	12	27	12
ESAB Automation Cutting and Welding Equipment (Wuxi) Co., Ltd., China	—	—	21	19	21	19
ESAB Europe AG, Switzerland	—	—	35	29	35	29
ESAB – Victor Technologies International	—	—	—	15	—	15
ESAB Middle East FZE, UAE	—	—	—	19	—	19
ESAB Welding & Cutting Product ,USA	—	—	22	—	22	—
ESAB Asia/Pacific Pte Limited, Singapore	—	—	16	—	16	—
Others	—	—	12	14	12	14

Notes to the Financial Statements

for the year ended March 31, 2017

(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, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Payables	201	193	770	1,215	971	1,408
ESAB Holdings Limited, UK	201	193	—	—	201	193
ESAB Europe AG, Switzerland	—	—	226	505	226	505
ESAB Welding Products (Jiangsu) Co Ltd	—	—	102	—	102	—
ESAB Seah Welding Products(Yantai) Co Ltd China	—	—	—	112	—	112
ESAB Welding & Cutting Product, USA	—	—	89	249	89	249
Others	—	—	353	349	353	349

The remuneration paid to KMP is as follows:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Remuneration paid		
Mr Rohit Gambhir	163	161
Mr B Mohan	73	71
Mr S Venkatakrishnan	44	41
Total	280	273

32. Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	8	8
(+) Permitted receipts	-	3	3
(+) Withdrawal from banks	-	14	14
(-) Permitted payments	-	(13)	(13)
(-) Amount deposited in Banks	(6)	(1)	(7)
Closing cash in hand as on 30.12.2016	(6)	11	5

The Company records do not facilitate identification of SBNs as at November 8, 2016. The Company has also received certain SBNs from employees and deposited the same along with Company's SBN during the period from November 8, 2016 to December 30, 2016.

33. Contingent liabilities and commitments

(to the extent not provided for)

Particulars	As at March 31, 2017	As at March 31, 2016
Contingent liabilities		
Claims against the Company not acknowledged as debts*	824	824
Tax matters in dispute under appeal (excluding possible interest)**	2,324	2,026
Bank guarantees outstanding	312	249
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	449	370
Estimated amount of contracts remaining to be executed on account of purchase of raw materials	734	431
Total	4,643	3,900

* 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.

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

Particulars	March 31, 2017		March 31, 2016	
	Rs.	%	Rs.	%
Raw materials (including packing material and components)				
- Imported	2,239	9%	3,114	13%
- Indigenous	22,048	91%	20,106	87%
	24,287	100%	23,220	100%
Spare parts				
- Imported	82	13%	90	18%
- Indigenous	538	87%	398	82%
	620	100%	488	100%

35. Value of imports on CIF basis (accrual basis)

Particulars	March 31, 2017	March 31, 2016
Raw materials (including packing material)	2,407	3,073
Components and traded goods	2,706	2,502
Capital goods	442	55
Total	5,555	5,630

36. Expenditure in foreign currency (accrual basis)

Particulars	March 31, 2017	March 31, 2016
Trademark fees	830	805
Travelling expenses	34	62
Royalty	56	59
Others	9	12
Total	929	938

37. Earnings in foreign currency (accrual basis)

Particulars	March 31, 2017	March 31, 2016
FOB value of exports	2,193	1,396
Income from services	1,136	800
Others	—	2
Total	3,329	2,198

38. Dividend remittances in foreign currency

Particulars	March 31, 2017	March 31, 2016
Year to which the dividend relates	March, 2016	March, 2015
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

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

39. 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, 2017		March 31, 2016	
	Amount in FC	Amount in INR	Amount in FC	Amount in INR
Trade receivables				
USD	782,364	500	799,543	523
Advance from customers				
EURO	—	—	266	—
USD	—	—	11,536	8
Trade payables				
EURO	261,921	185	196,197	149
USD	1,607,287	1,057	1,641,973	1,104
SGD	36,087	17	33,172	17
SEK	18,864	1	11,220	1
GBP	540	1	1,556	2
DKK	114	1	—	—
Advance to Suppliers				
Capital advance	55,867	39	—	—
EURO	54,117	38	45,071	34
USD	90,642	60	76,109	51
GBP	1,950	2	—	—
DKK	193,984	19	376,210	39

40. The Company has transactions with related parties. For the financial year ended March 31, 2016, 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, 2017, 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.

41. Restructuring of operations at Taratala, Kolkata

During the current year, the Company undertook a restructuring exercise at Taratala, Kolkata involving optimizing its capacities which resulted in reduction of headcount through a voluntary separation scheme for workmen and one time settlement of some of the contractors. The aforesaid exercise has resulted in the exceptional items of Rs. 911 (March 31, 2016 - Rs. 30) during the year as follows:

- A Voluntary Separation Scheme ('VSS') was offered to the workmen of the Company at Taratala plant in Kolkata in the month of January 2017. 11 employees have accepted the VSS and a sum of Rs.159 (March 31, 2016 - Rs. 30) was expended during the current year.
- Expenditure on one time settlement made to contractors Rs 543 (March 31, 2016 - Nil).
- Impairment loss on property, plant and equipment at Taratala, Kolkata was made to the extent of Rs. 209 (March 31, 2016 - Nil).

Notes to the Financial Statements

for the year ended March 31, 2017

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



ESAB INDIA LIMITED

42. Discontinuance of Khardah, Kolkata

The Board of Directors and Shareholders had approved discontinuance of manufacturing operations at its Consumables Plant at Khardah during earlier years. The Board had also approved voluntary separation schemes to the Company's workmen at Khardah. Consequential expenditure on voluntary separation schemes amounting to Rs. Nil (March 31, 2016 - Rs. 284) and impairment of assets aggregating to Rs. Nil (March 31, 2016 - Rs. 39) have been reported under exceptional items

43. Prior year comparatives

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

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

DIN: 06686250

K Vaidyanathan

Director

DIN: 00063692

S Balasubrahmanyam

Partner

Membership No. 053315

B Mohan

Vice President - Finance and
Chief Financial Officer

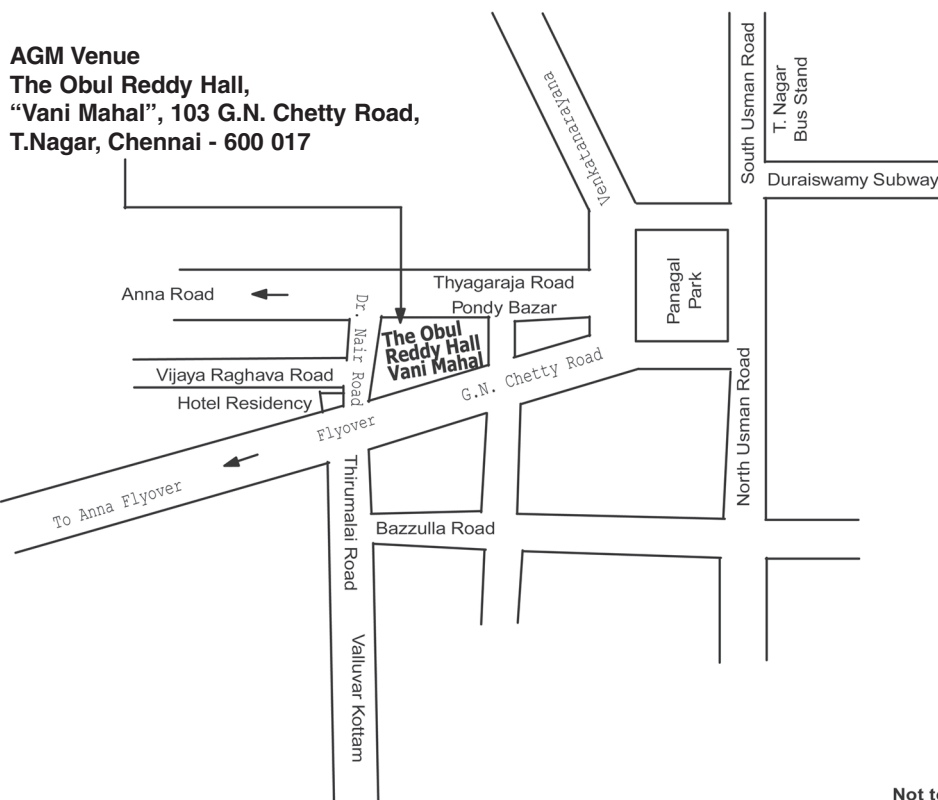
S Venkatakrishnan

Company Secretary

Place : Chennai

Date : May 25, 2017

Route map for the venue of AGM of **ESAB India Limited** to be held on **Thursday 3rd August, 2017 at 10.00 A.M.**



**ESAB INDIA LIMITED**

CIN: L29299TN1987PLC058738

Regd. Office : Plot No. 13, 3rd 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 (30th ANNUAL GENERAL MEETING)

Date : 3 August, 2017, 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, 31 st July, 2017 (from 9:00 a.m.)	Wednesday, 2 nd August, 2017 (upto 5:00 p.m.)

*Applicable for investors holding shares in electronic form.

**ESAB INDIA LIMITED**

CIN: L29299TN1987PLC058738

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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 30th Annual General Meeting of the company, to be held on the Thursday, 3rd August, 2017 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 2017 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 3 rd consecutive year out of their term of 5 years.
5.	Ratification of Remuneration to Cost Auditor.

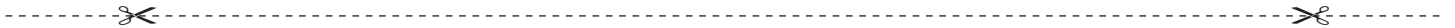
Signed this..... day of..... 20.....

Signature of first proxy holder

Signature of second proxy holder

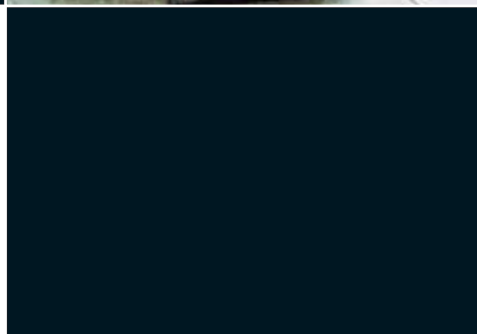
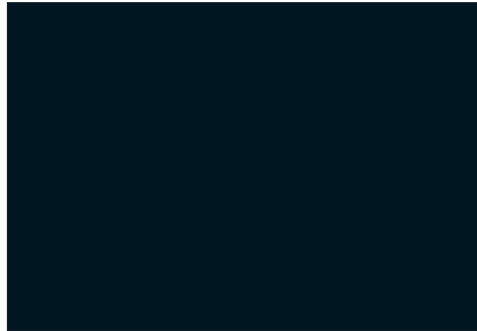
Signature of third proxy holder

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

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