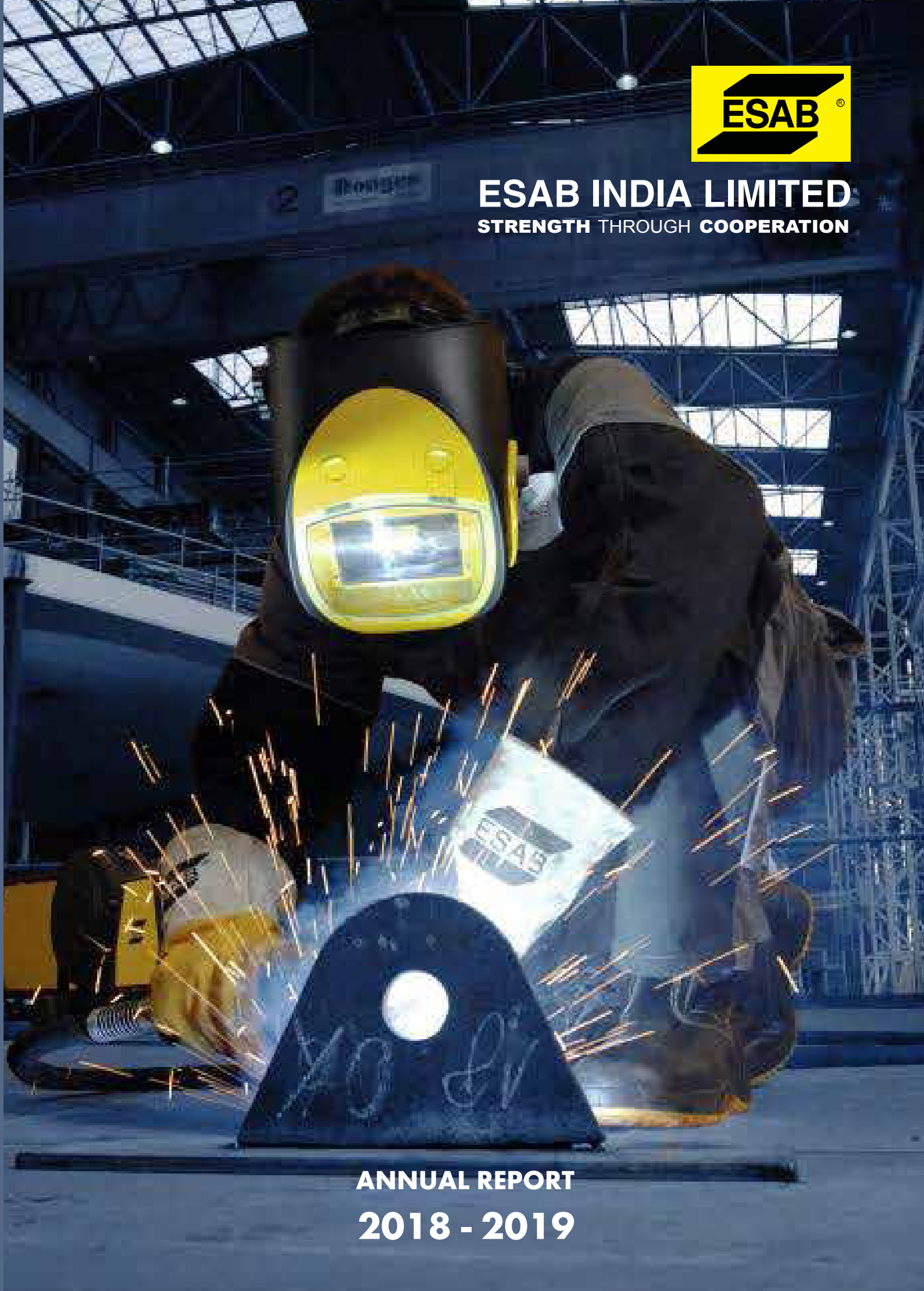




ESAB INDIA LIMITED
STRENGTH THROUGH COOPERATION



ANNUAL REPORT
2018 - 2019

Board of Directors

Scott A Grisham - (from 9.5.2019)
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 |
| Scott A Grisham | Member |

Stakeholders Relationship Committee

| | |
|------------------------|----------|
| Vikram Tandon | Chairman |
| Sudhir Chand | Member |
| Scott A Grisham | Member |
| Rohit Gambhir | Member |

Nomination & Remuneration Committee

| | |
|------------------------|----------|
| K Vaidyanathan | Chairman |
| Sudhir Chand | Member |
| Sabitha Rao | Member |
| Scott A Grisham | Member |

Corporate Social Responsibility Committee

| | |
|------------------------|-------------|
| Sabitha Rao | Chairperson |
| Scott A Grisham | Member |
| Rohit Gambhir | Member |

Risk Management Committee

| | |
|------------------------|----------|
| Scott A Grisham | 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.044-6117 9000
Firm Regn No.101049W / E300004

Internal Auditors

M/s. P K F Sridhar & Santhanam, LLP, - (upto 31.1.2019)
Chartered Accountants
KRD Gee Gee Crystal, No.91-92, 7th Floor,
Dr Radhakrishnan Salai, Mylapore, Chennai 600 004.
Tel. No.044-2811 2989

M/s. KPMG LLP, - (from 01.01.2019)

Chartered Accountants
KRM Tower, Ground Floor,
No. 1, Harrington Road, Chetput, Chennai 600 031.
Tel. No. 044-3914 5000

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

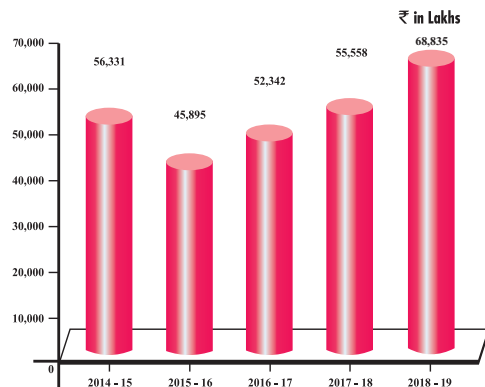
₹ in Lakhs

| Operating Results | 2018-2019 IND AS | 2017-2018 IND AS | 2016-2017 IND AS | 2015-2016 | 2014-2015 |
|--|---------------------|---------------------|---------------------|-----------|-----------|
| Revenue from Contract with Customers and Other Income | 68,835 | 55,558 | 52,342 | 45,895 | 56,331 |
| Materials | 43,120 | 34,908 | 29,775 | 28,096 | 35,685 |
| Manufacturing, Selling and Administrative Expenses | 16,135 | 14,167 | 16,826 | 12,350 | 14,399 |
| Interest and Finance Charges | 28 | 22 | 36 | 34 | 50 |
| Depreciation | 1,070 | 1,009 | 1,027 | 952 | 1,375 |
| Operating Profit | 8,482 | 5,452 | 4,678 | 4,463 | 4,822 |
| Exceptional/Extraordinary items | 68 | 188 | 911 | 353 | 1,761 |
| Profit before Tax | 8,414 | 5,264 | 3,767 | 4,110 | 3,061 |
| Taxation | (2,655) | (1,549) | (1,081) | (1,276) | (697) |
| Profit after Tax | 5,759 | 3,715 | 2,686 | 2,834 | 2,364 |
| Other comprehensive income | (38) | 41 | (60) | – | – |
| Total comprehensive income for the period, net of tax | 5,721 | 3,756 | 2,626 | 2,834 | 2,364 |
| Earnings per share (₹) | 37.41 | 24.13 | 17.45 | 18.41 | 15.36 |
| Dividends | 13,854 | 154 | 154 | 154 | 154 |
| Dividends Distribution Tax | 2,848 | 32 | 31 | 31 | 32 |
| Dividend per share (₹) | 90.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Dividend Payout Ratio | 242% | 4% | 6% | 6% | 7% |
| Retained Earnings | 5,721 | 3,756 | 2,626 | 2,649 | 2,178 |

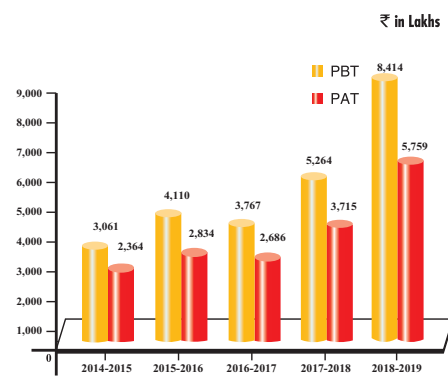
| Financial Position | 2018-2019 IND AS | 2017-2018 IND AS | 2016-2017 IND AS | 2015-2016 | 2014-2015* |
|---|---------------------|---------------------|---------------------|-----------|------------|
| Sources of Funds | | | | | |
| Capital | 1,539 | 1,539 | 1,539 | 1,539 | 1,539 |
| Reserves * | 25,120 | 36,287 | 32,716 | 30,275 | 27,366 |
| Net Worth | 26,659 | 37,826 | 34,255 | 31,814 | 28,905 |
| Borrowings | – | – | – | – | – |
| Deferred Tax Liability | – | – | – | – | – |
| Total | 26,659 | 37,826 | 34,255 | 31,814 | 28,905 |
| Application of Funds | | | | | |
| Fixed Assets | 8,835 | 8,923 | 8,426 | 8,327 | 8,428 |
| Investments | 3,026 | 12,457 | 14,685 | 12,231 | 12,189 |
| Deferred Tax Assets | 141 | 166 | 242 | 135 | 62 |
| Non Current Assets/ Long Term Loans and Advances | 839 | 639 | 2,879 | 2,778 | 1,804 |
| Current Assets | 25,035 | 25,852 | 16,611 | 15,173 | 14,386 |
| Non Current Liabilities | (362) | (288) | (317) | (294) | (375) |
| Current Liabilities and Provisions | (10,855) | (9,923) | (8,271) | (6,536) | (7,589) |
| Total | 26,659 | 37,826 | 34,255 | 31,814 | 28,905 |
| Number of Employees | 753 | 734 | 660 | 622 | 587 |

* Dividend for the year 2016-17 and 2017-18 has been directly adjusted against the reserves during the year.

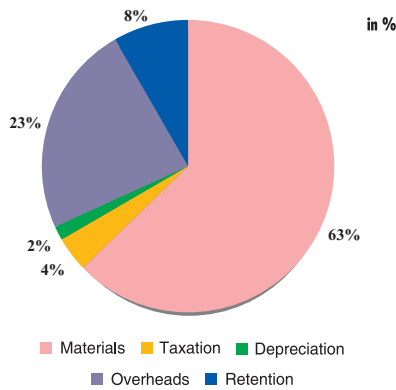
Revenue from Contract with Customers and Other Income



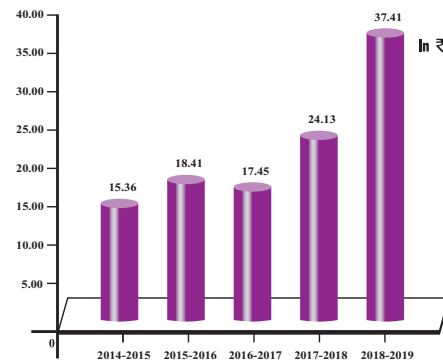
Profit Before & After Tax



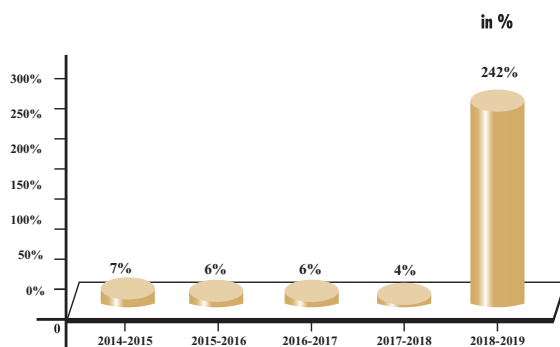
Distribution of Earnings



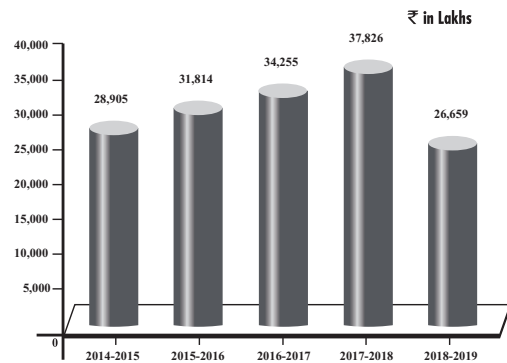
Earnings Per Share



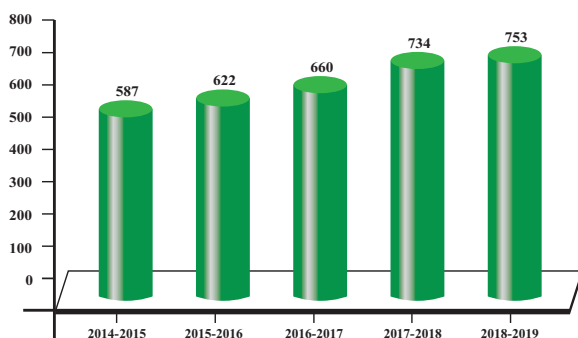
Dividend Payout Ratio



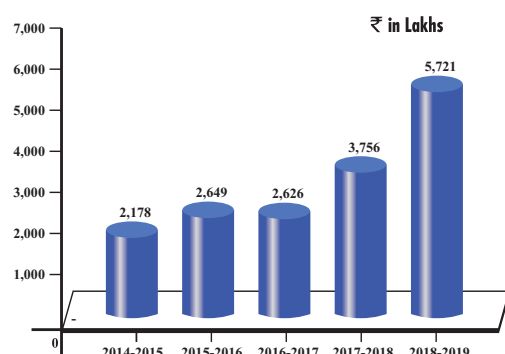
Net Worth



Number of Employees



Retained Earnings



Notice to Shareholders

NOTICE is hereby given that the Thirty Second 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 Tuesday the 13 August, 2019 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31 March 2019 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 appoint a Director in place of Mr Rohit Gambhir having Director Identification Number 06686250, who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS

3. To consider and to pass the following resolution as an ordinary resolution:

RESOLVED THAT the remuneration of ₹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 31.3.2020 as recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 9 May, 2019 in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 be and is hereby ratified.

4. To consider and to pass the following resolution as a special resolution:

RESOLVED THAT, subject to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and

pursuant to Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and any amendments thereto, Mr Vikram Tandon (holding DIN 01727251), Independent Director, whose first term of office as an Independent Director of the Company is coming to a close on 29 January, 2020 be and is hereby appointed as an Independent Director of the Company for a further term of five consecutive years upto 29 January 2025, not liable to retire by rotation and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations, 2018"), Mr Vikram Tandon on attaining the age of 75 (seventy five) years on 17 November, 2023, during the above term of re-appointment, the continuation of such appointment as an Independent Non-Executive Director of the Company for 5 years on the same terms and conditions of such re-appointment even after attaining the age of 75 years will be considered as requisite approval from shareholders as required in the Amendment Regulations, 2018.

RESOLVED FURTHER THAT the Board of Directors (which term, shall unless repugnant to the context or meaning thereof, be deemed to include a duly authorized 'Committee' thereof) be and is hereby authorized to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.

5. To consider and to pass the following resolution as a special resolution:

RESOLVED THAT, subject to the provisions of Sections 149, 150, 152 and other applicable provisions

of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and pursuant to Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and any amendments thereto, Mr Sudhir Chand (holding DIN 01385201), Independent Director, whose first term of office as Independent Director of the Company is coming to a close on 29 January, 2020 be and is hereby appointed as an Independent Director of the company for a further term of five consecutive years upto 29 January 2025, not liable to retire by rotation and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations, 2018"), Mr Sudhir Chand on attaining the age of 75 (seventy five) years on 21 August, 2022, during the above term of re-appointment, the continuation of such appointment as an Independent Non-Executive Director of the Company for 5 years on the same terms and conditions of such re-appointment even after attaining the age of 75 years will be considered as requisite approval from shareholders as required in the Amendment Regulations, 2018.

RESOLVED FURTHER THAT the Board of Directors (which term, shall unless repugnant to the context or meaning thereof, be deemed to include a duly authorized 'Committee' thereof) be and is hereby authorized to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.

6. To consider and to pass the following resolution as a special resolution:

RESOLVED THAT, subject to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and pursuant to Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and

any amendments thereto, Mr Kalyanasundaram Vaidyanathan (holding DIN 00063692), Independent Director, whose first term of office as Independent Director of the Company is coming to a close on 29 January, 2020 be and is hereby appointed as an Independent Director of the Company for a further term of five consecutive years upto 29 January 2025, not liable to retire by rotation and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations, 2018"), Mr K. Vaidyanathan on attaining the age of 75 (seventy five) years on 5 August, 2022, during the above term of re-appointment, the continuation of such appointment as an Independent Non-Executive Director of the Company for 5 years on the same terms and conditions of such re-appointment even after attaining the age of 75 years will be considered as requisite approval from shareholders as required in the Amendment Regulations, 2018.

RESOLVED FURTHER THAT the Board of Directors (which term, shall unless repugnant to the context or meaning thereof, be deemed to include a duly authorized 'Committee' thereof) be and is hereby authorized to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.

7. To consider and to pass the following resolution as a special resolution:

RESOLVED THAT, subject to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and pursuant to Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and any amendments thereto, Ms Sabitha Rao (holding DIN 06908122), Independent Director, whose first term of office as Independent Director of the Company is coming to a close on 29 January, 2020 be and is hereby appointed as an Independent Director of the Company for a further term of five consecutive years upto 29

January 2025, not liable to retire by rotation and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the board from time to time.

8. To consider and to pass the following resolution as an ordinary resolution:

RESOLVED THAT in supersession of the earlier Resolution passed by the members on 25 September, 2018 by way of postal ballot and pursuant to the recommendations of the Nomination and Remuneration Committee and approval of the Board dated 9 August, 2018 and pursuant to the provisions of Sections 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule V to the Act, including any statutory modification(s) or re-enactment(s) thereof approval of the members of the Company be and is hereby accorded to pay such remuneration and to provide such benefits to Mr Rohit Gambhir, Managing Director (DIN: 06686250) of the Company with effect from 1 January, 2019 till the end of his current tenure i.e., upto 31 October, 2023 (the "Tenure") as may be determined by the Board of Directors from time to time in terms of Schedule V of the Companies Act, 2013 and any other applicable provisions of the Companies Act and subject to the maximum limits and conditions specified below:

TERMS:

Remuneration / Performance Bonus / Incentive

Mr Rohit Gambhir shall be paid such remuneration by way of salary, perquisites, performance based bonus / incentive and other allowances and benefits, any or more than one of them as may be recommended by the Nomination and Remuneration Committee and approved by the Board, in accordance with Sections 197, 198, 203 and Schedule V of the Companies Act, 2013, and in any case not exceeding an overall ceiling limit of ₹ 40,000,000/- (Rupees four crores only).

Perquisites:

1. Mr Rohit Gambhir will be eligible for gratuity as applicable to other officers of the Company.
2. Mr Rohit Gambhir and family, subject to a maximum of 6 members, will be covered under Mediclaim policy for a total coverage of ₹ 900,000 @ ₹ 150,000 per person per annum.

3. Mr Rohit Gambhir will be eligible for a company owned car as per company's policy applicable from time to time.
4. Car provided to Mr Rohit Gambhir will be run and maintained by the Company and as may be approved by the Board of Directors from time to time.
5. Fuel reimbursement will be given as per HR policy of the Company. Unclaimed fuel and maintenance limit will be paid at the end of the year as allowance and taxed.
6. Leave Travel allowance for Mr Rohit Gambhir and his family, which shall include spouse, dependent children and parents, as per the Company's policy as applicable from time to time and as may be approved by the Board of Directors.
7. The Company shall pay an allowance for the medical expenses not exceeding ₹ 72,000 per annum for the Managing Director.
8. Telephone & Data Card: The Company shall provide a home telephone, a mobile phone and a Data card for official use and reimburse expenses, at actuals.
9. Leave: The Managing Director shall be entitled for Leave entitlement and encashment as per the rules of the Company.
10. Club Membership: Payment of club fees for one club and all actual entertainment expenses at the club reasonably incurred in or about the business of the company shall be reimbursed.
11. The Company's contribution to provident fund not exceeding such percentage of the salary as may be fixed by the Central Government from time to time and any amendments, thereto and superannuation fund as per the rules of the Company as may be applicable from time to time.
12. The Managing Director shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling incurred by him in the course of the Company's business in line with the Company's Global / Domestic Travel Policy.
13. The Managing Director shall also be eligible for any other allowances / benefits / perquisites, as per the rules made applicable to the Senior Executives of the Company, and / or which may become applicable in the future and / or any other allowance, perquisites as the Board may from time to time decide.

Revision in remuneration:

The Board of Directors of the Company, subject to the recommendation of the Nomination & Remuneration

Committee, may revise the remuneration payable to the Managing Director, in any financial year during the currency of the present tenure of office, in such manner as agreed to between the Board of Directors and the Managing Director subject to the condition that the remuneration by way of salary, perquisites, performance bonus / incentive and other allowances, shall not exceed such percentage of net profits of the Company as prescribed under Schedule V of the Companies Act, 2013 and in any case not exceeding an overall ceiling limit of ₹ 40,000,000/- (Rupees four crores only) as approved by the Shareholders.

Minimum Remuneration

In the event of any loss or inadequacy of profits for any financial year, the Board of Directors subject to the recommendation of Nomination & Remuneration Committee, shall revise the remuneration payable to the Managing Director, during such financial year, in such manner as agreed to between the said committee and the Managing Director and within the limits prescribed in this behalf under Section 197, 198, 203 read with Schedule V of the Companies Act, 2013.

Other terms:

1. The Managing Director so long as he functions as such, shall not be paid any sitting fees for attending the

meetings of the Board of Directors or Committees thereof.

2. The Company and the Managing Director shall have the right to terminate the said appointment at any time with three-month's prior notice before the employment period originally agreed upon is concluded.
3. The Managing Director shall carry out such duties as may be entrusted to him by the Board of Directors from time to time.
4. The Managing Director shall exercise such powers as envisaged in the Articles of Association, subject to the approvals from the Board of Directors and such other powers as may be delegated from time to time by the Board of Directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution.

By Order of the Board of Directors

Chennai
9 May, 2019

S Venkatakrishnan
Company Secretary

NOTES:

1. The Explanatory Statement required pursuant to Section 102 of the Companies Act, 2013 (Act) in relation to Item Nos.3 to 8 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 **6 August, 2019 (EOD)**.
3. A statement giving the relevant details of the Director seeking re-appointment under Item Nos.4 to 7 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 600058, 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 per cent 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 share holder.
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 authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. Queries on the Accounts and Operations of the Company, if any, may be sent to the Company at its Registered Office (and marked for the attention of the Chief Financial Officer / Company Secretary) atleast seven days in advance of the Meeting.
8. Company had already sent a communication to all the shareholders that henceforth all documents to be sent

to the shareholders under the provisions of Companies Act, 2013 will be sent to their registered email address; thereby enabling paperless compliance. Accordingly, all documents will be sent to the shareholders viz. General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report and Auditors' Report, Postal Ballot Notice etc., in electronic form, to the e-mail address provided by the shareholders and made available to us by the Depositories unless any member has requested for a physical copy of the same.

9. Pursuant to Section 101 and 136 of the act read with the relevant rules made thereunder, Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2, the copy of the Annual Report including Financial statements, Board's report and annexures thereto etc., and this Notice are being sent by electronic mode, to those members who have registered their email ids with their respective depository participants or with the share transfer agents of the Company, unless any member has requested for a physical copy of the same.

In case you wish to get a physical copy of the Annual Report, you may send your request to investor.relations@esab.co.in mentioning your Folio/ DP ID & Client ID. Members may also note that the Notice of this Annual General Meeting and the Annual Report for the year 2018-19 will also be available on the Company's website www.esabindia.com for their download.

10. Pursuant to SEBI notification No.SEBI/LAD-NRO/GN/2018/24 dated 8 June, 2018 and SEBI/LAD-NRO /GN/2018/49 dated 30th November, 2018 the Company had sent communication to the shareholders having shares in physical form to dematerialize their shareholding as the transfer of securities are not processed unless the securities are held in dematerialized form with a Depository with effect from 1 April, 2019. The shareholders having shares in physical form are requested to take note of this and dematerialize their holding.
11. 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.
12. Members holding shares under identical names (in the same order) in more than one folio are requested to write to the Company Secretary at the Registered Office of the Company, enclosing their share certificate to enable consolidation of their holding into one folio.

13. 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.

14. 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 up to the date of the Meeting.

15. The Register of Members and Share Transfer Books of the Company will remain closed from **07.08.2019 to 13.08.2019** both days inclusive.

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.

The shareholders having shares in physical form are required to dematerialize their shareholding as the transfer of securities are not processed unless the securities are held in dematerialized form with a Depository with effect from 1 April, 2019. The shareholders having shares in physical form are requested to take note of this and dematerialize their holding.

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 up to the financial year ended December 31, 2011 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 9, 2018 (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 31.03.2019 |
|---------|------------------|------------------------|---------------------|-----------------------|--|
| 2012 | Final | 7.50 | 25.04.2013 | 31.05.2020 | 1,072,822.50 |
| 2013 | Final | 1.00 | 25.04.2014 | 31.05.2021 | 167,920.00 |
| 2014-15 | Final | 1.00 | 07.08.2015 | 12.09.2022 | 132,895.00 |
| 2015-16 | Final | 1.00 | 04.08.2016 | 09.09.2023 | 134,841.00 |
| 2016-17 | Final | 1.00 | 03.08.2017 | 08.09.2024 | 148,724.00 |
| 2017-18 | Final | 1.00 | 09.08.2018 | 14.09.2025 | 93,698.00 |
| 2018-19 | Interim | 90.00 | 23.11.2018 | 29.12.2025 | 4,934,430.00 |
| TOTAL | | | | | 6,685,330.50 |

18. Members are requested to note that pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, 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. In pursuance of this provision, the Company has already transferred the shares pertaining to such shareholders who have not claimed their dividend for a consecutive period of 7 years to the Investor Education and Protection Fund.
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 32nd 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, brief profile of the Directors, who are proposed to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee memberships, shareholding and relationship with other directors of the Company are given below:

A. 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): He is a Director in EWAC Alloys Limited with effect from 16 November, 2017.

Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies: Member of Audit Committee of EWAC Alloys Limited with effect from 16 November, 2017.

Mr Rohit Gambhir, aged 46 years, is a B.Tech (Mechanical) from NIT Kurukshetra (1994) and EPGDM from IIM Indore (2004). He has an over all experience of 24 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.

His areas of expertise include Business Management and strategy, marketing plans and implementation, end user B2B 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 a Non-executive Director of EWAC Alloys Limited. 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.

B. Mr Vikram Tandon

DIN: 01727251

Date of Birth : 18/11/1948 Nationality: Indian

Date of appointment on the Board: 29 January, 2015
Shareholding in ESAB: Nil

List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies): Director in Greaves Cotton Limited since 7th August, 2007

Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies: Member of Audit Committee and Chairman of Stakeholders' Relationship Committee of ESAB India Limited.

Vikram Tandon 70, graduated from I.I.T. Delhi in 1970, and joined Hindustan Lever as a Management Trainee. His early career was in manufacturing. He started as production manager in a factory, and was then factory manager successively in three factories across India, two with regional profit responsibility including sales. He then worked in Corporate Development to identify and set up new core sector businesses for the company, after which he ran the company's Fertiliser Business, and then moved on to run the entire Chemicals business. He later moved to Unilever's Head Offices in London and Rotterdam, where he worked on Corporate Strategy for Unilever's global chemicals businesses, in close conjunction with Dr Arnoldo Hax, Sloan professor of Management at Sloan School, MIT. He was also a member of Unilever's Technology Management Committee. He returned to India in 1994 as Head of Corporate Strategy for the Unilever Group of companies in India. In 1995, Mr. Tandon joined the board of Pepsico India as the Executive Director for Operations, with responsibility across South Asia. He was responsible for setting up the infrastructure and building the operating capability for Pepsico's beverages business over six years. The business grew meteorically in volume and share during that period, requiring a fourfold capacity enhancement. He then moved to New York to Pepsico's head office for 6 years, where he ran Pepsico's Worldwide Concentrate business. Mr Tandon retired from Pepsico and returned to India in 2007.

He is a Director in Greaves Cotton Limited. He is the Chairman of the Shareholders & Investor Grievance Committee and is a member of the Audit Committee of ESAB India Limited. He does not hold any equity shares in the company as on date. Mr Vikram Tandon is not related to any other Director in the Board of the Company.

C. Mr Sudhir Chand

DIN: 01385201

Date of Birth: 21/08/1947 Nationality: Indian

Date of appointment on the Board: 29 January, 2015
Shareholding in ESAB: Nil

List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies):
Director in Exide Industries Limited.

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

Member of Audit Committee and Chairman of Stakeholders' Relationship Committee of Exide Industries Limited

Member of Audit Committee and Stakeholders' Relationship Committee of ESAB India Limited

Mr Sudhir Chand, 71 has over 46 years of work experience in various functions of General Management, Marketing, Sales, Manufacturing, HR and Consultancy. Worked with Crompton Greaves Ltd (7 years), Exide Industries Ltd (28 years) - where he held various leadership positions before being appointed to the main Board (10 years) first as Director Automotive (Marketing and Manufacturing) then as Director Corporate Affairs for the Company- including HR, Training and Corporate Social Responsibility. He retired from Exide in 2006. An Electrical Engineer from BITS Pilani with Dip. in Marketing Management, University of Bombay, and Executive Development programmes at IIM Ahmedabad and Cranefield School of Management, UK - Sudhir has been visiting faculty at Management Development Programs at IIM Calcutta and Calcutta Management Association. He is on the academic council of Globsyn Business School (Kolkata).

His areas of experience include Strategic and Corporate planning, Manufacturing, Marketing, Organization Structuring, HR Development, Collaborations and Technology absorption. He has served on various committees of Chambers of Commerce including CII and was Secretary General of Indian Battery Manufacturer's Association and a Past President of Calcutta Management Association. He is an Associate of Grow Talent Company Ltd, the parent company of SOIL (School of Inspired Leadership) since 2006 and Right Management India (P) Ltd., a Manpower group company of US (one of the World's largest talent and career management consulting firms) and handles assignments in areas of Talent Appreciation, Leadership Development and Executive Coaching. He is also an Associate of MART (the country's pioneering organization in rural marketing) and works on some rural, social and marketing projects.

He is a Non Executive Independent Director on the boards of BOI Axa Investment Managers Pvt. Ltd, (a joint venture between Bank of India and Axa of France), Exide Industries Ltd the leaders in storage Batteries and ESAB India Ltd, the leaders in the Welding Industry. He is on the Audit Committees of all three companies and on the Investor Grievance Committees of Exide and ESAB. He does not hold any equity shares in ESAB India Limited. Mr Sudhir Chand is not related to any other director on the Board of the Company.

D. Mr Kalyanasundaram Vaidyanathan

DIN: 00063692

Date of Birth: 05/08/1947

Nationality: Indian

Date of appointment on the Board: 29 January, 2015

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: Chairman of Audit Committee of ESAB India Limited.

Mr Kalyanasundaram Vaidyanathan, aged 71, is a Chartered Accountant with a good academic background-Calcutta University-Rank holder both in M.Com & B.Com (Hons.) First Class, Recipient of medals, awards & merit scholarships. He was a Corporate Member of the National Institute of Personnel Management of India since 1978 till recently.

Mr. Vaidyanathan has close to five decades of experience (out of which, around three decades has been at the Board level) in the areas of Corporate Finance, Corporate Restructuring and Advisory Services, Joint Venture Collaborations, Strategic Management, Internal Audit, Project Management, Human Resource and Industrial Relations etc.

He possesses proven track record of performance holding Board Position for close to three decades. Board Level positions held includes TTK Group of Companies, Modi Rubber (makers of Continental Tires) & Modistone (Firestone formerly) as independent Finance Director appointed by FI, Birla VxI Ltd, ESSAR SWISS TELECOM & Samsons Group. He also served on the Board of L&T Howden Private Limited as an independent director and he retired during the year.

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

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

E. Ms. Sabitha Rao

DIN: 06908122

Date of Birth: 06/11/1956

Nationality: Indian

Date of appointment on the Board: 29 January, 2015

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

Ms. Sabitha Rao, aged 62 years is a post graduate in Management from the Indian Institute of Management (Calcutta), She started her career with Citibank, Mumbai as an Assistant Manager. After a two year stint at their corporate office, she moved to AF Ferguson and Co. where she handled a diverse client base ranging from family managed organisations to multinationals and international aid organisations such as the World Bank and UNICEF. At AF Ferguson and Co. her assignments covered all aspects of HR including organisation restructuring, compensation surveys, training, performance management and job evaluations. Eight years later she moved to American President Lines, as HR where she was looking after the West Asia region accounting for about 450 employees.

With 18 years of experience behind her, Ms. Sabitha Rao joined Cerebrus in 1998 to head the South India Operations as well as Sri Lanka. Her experience includes a blend of Finance and Human resources. About 20+ years expertise in the area HR management covering on all areas of HR from strategy to implementation. She has executed HR assignments in India, Sri Lanka, South Africa, Middle East, and South East Asia. She has traveled widely in Asia and has worked in consulting assignments across a cross section of sectors.

She is an active member of the Madras Management Association (MMA). Cerebrus has been the knowledge partner for 4 years for a flagship event held by MMA every year on women's day and Ms Sabitha Rao is an invitee member of the management committee. She has authored articles for NHRD and the MMA newsletter. She has spoken at many industry fora in India and Sri Lanka including the CII, NHRD, MMA.

Ms. Sabitha Rao is a Director in Cerebrus Consultants. She does not hold any equity shares in ESAB India Limited as on date and is also not related to any other Director on the Board of the Company.

22. Process for Members opting for e-Voting

Voting through electronic means: The Company is pleased to provide members a facility to exercise their

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

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

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

- (i) Open e-mail and then open PDF file viz., "ESABIndiaLimite-de-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. Goto "eVoting" icon and select "Active Evoting Cycles".
- (vii) Select "EVEN" of ESAB INDIA LIMITED.
- (viii) Now members are ready for e-Voting as Cast Vote page opens.
- (ix) Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
- (xii) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant board resolution / authority letter etc., together with attested specimen signature of the duly authorized signatory(ies), who

are authorized to vote, to the Scrutinizer through e-mail to mareshvenki@vmacs.co.in. With a copy marked to evoting@nsdl.co.in.

NSDL has now integrated its e-Services website (<https://eservices.nsdl.com/>) with the aforesaid remote e-Voting system of NSDL, which enables you as a 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 of IDeAS facility. Thus, you would not be required to log-in to 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 10 August, 2019 9.00 a.m. and ends on 12 August, 2019 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 06 August, 2019, 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 9 May, 2019 appointed the scrutinizer for e-Voting as per details given below :

Mr V Mahesh
V Mahesh and Associates
Practising Company Secretaries
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.

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 14 August, 2019.

The results 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.3

The Board at its meeting held on 9 May, 2019 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 ₹ 5,50,000 as remuneration payable to them, for the financial year ending 31 March, 2020.

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.3.

The Board recommends the Ordinary Resolution as set out at item no.3 of the Notice for approval by the Shareholders.

Item Nos.4 to 7

In terms of Section 152, an independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. The Independent Directors were appointed for a period of 5 (five) years, in accordance with the provisions of Section 149 (10) of the Companies Act, 2013. The Independent Directors fulfil the eligibility criteria laid down for Independent Directors under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Both the Nomination and Remuneration Committee of Directors and the Board were of the opinion, after evaluation of their past performance and their other positive attributes, that their continued association would be of immense benefit to the Company and it is desirable to avail their services as IDs for the second term of five consecutive years. All these directors fulfill the criteria laid down specified under the Act, 2013 and rules made thereunder for their appointment as IDs by the shareholders and are independent of the management. The IDs are entitled to receive remuneration by way of sitting fees and reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of Section 197, 198, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, as determined by the board from

time to time, within the overall limits specified under the Act 2013.

At the AGM held on 4th August, 2016, the shareholders have already approved the payment of commission within the overall limits so as not to exceed in aggregate 1% of the net profits of the Company in each financial year calculated in accordance with the provisions of Section 198 of the Act, 2013.

A sitting fee of ₹ 18,500/- (Rupees Eighteen thousand five hundred only) is paid to the Independent Directors per meeting of the Board or a Committee thereof and ₹ 4,000/- (Rupees four thousand only) is paid as sitting fee for Stakeholder's Relationship Committee.

In terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief profile of the Independent Directors, who are proposed to be re-appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee memberships, shareholding and relationship with other directors of the Company are given in the notes to notice calling the Annual General Meeting.

Accordingly, the Board recommends the resolutions, as set out in item nos. 4 to 7, in relation to the terms of appointment of Mr Vikram Tandon, Mr Sudhir Chand, Mr Kalyanasundaram Vaidyanathan and Ms Sabitha Rao as Independent Directors for approval by the shareholders of the Company, by way of special resolution.

Copies of their letters of appointment, setting out the terms of appointment as IDs will be available for inspection without any fee by the members at the Registered Office of the Company, during normal business hours on any working day.

The Independent Directors are deemed to be interested in the resolutions for their individual re-appointment as set out in resolution nos. 4 to 7.

The Chairman, Managing Director and Key Managerial Personnel of the Company or their relatives are not concerned or interested, financially or otherwise, in the resolution as set out in item nos.4 to 7.

The Board recommends the Special Resolutions as set out in item nos.4 to 7 of the Notice for approval by the Shareholders.

Item No.8

The following statement sets out all material facts relating to the resolution mentioned in the accompanying notice.

Mr Rohit Gambhir has been the Managing Director with effect from 1 November, 2013. The Board of Directors noted the contribution made by Mr Rohit Gambhir, to the overall progress of the Company and after taking into consideration the complexities of the responsibilities handled by him and

industry benchmarks for similarly placed managerial personnel, had at their meeting held on 9th August, 2018, based on the recommendation of the Nomination and Remuneration Committee approved the re-appointment of Mr Rohit Gambhir as Managing Director. The Shareholders approved Mr Rohit Gambhir's re-appointment on 25th September, 2018 by way of postal ballot resolution. Moreover the Company has started scaling significant heights after Mr Rohit Gambhir took over. The Turnover of the Company which was at ₹ 45,895 lakhs in 2015-16 had grown to ₹ 68,835 lakhs in 2018-19 a growth of 50% and the Profit before tax has grown from ₹ 4,110 lakhs in 2015-16 to ₹ 8,414 lakhs in 2018-19 a growth of 105%.

The terms of appointment including the overall ceiling limit of remuneration payable to Mr Rohit Gambhir, Managing Director, as specified above are now being placed before the members for their approval by way of an ordinary resolution, as set out in this Notice, in compliance with the provisions of Sections 197, 198 and 203 read with Schedule V to the Act, 2013, as recommended by the Nomination and Remuneration Committee and the Board of Directors.

Rohit, with his rich and varied experience, has contributed significantly in growing sales and profitability in extremely challenging market conditions. The Board of Directors

reviewed his compensation based on performance metrics and in comparison with compensation paid to peers in Industry. Based on this, the Board of Directors recommends an increase in the overall ceiling limit of remuneration payable to Mr. Rohit Gambhir to ₹ 40,000,000 (Rupees Four Crores only) with the flexibility to fix the individual components on salary, perquisites and incentive within the overall limit.

The Nomination and Remuneration Committee of Directors and the Board of Directors at their respective meetings held on 9 May, 2019 approved the increase in overall ceiling limit of remuneration payable to Mr Rohit Gambhir to ₹ 40,000,000/- (Rupees Four Crores only).

The Ministry of Corporate Affairs had by its Notification dated 12 September, 2016 had waived the requirement for listed companies which had no profits or inadequate profits to obtain the approval of the Central Government to pay remuneration as stipulated under the schedule V subject to compliance of the conditions stipulated therein.

Mr Rohit Gambhir, does not hold any shares of the Company and has the requisite educational qualifications and experience.

Mr. Rohit Gambhir is deemed to be concerned / interested in this resolution, since it relates to the change in terms and conditions of his appointment.

Statement pursuant to Section II of Part II of Schedule V of the Companies Act, 2013 and also brief profile as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

| GENERAL INFORMATION | | | |
|---|---|---------------|-----------|
| Nature of Industry | The Company was incorporated on 10 November 1987 and commenced operations from July 1988. The Company is in the business of manufacture and sales and services of a comprehensive range of welding, cutting and allied products covering welding consumables, reclamation, arc equipments, industrial gas equipments, cutting machines and products for specialized welding and cutting and allied needs. | | |
| Date or expected date of commencement of commercial production | July, 1988 | | |
| In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable | | |
| Financial performance based on given indicators | (₹ In Lakhs) | | |
| | Particulars | 2018-2019 | 2017-2018 |
| | Income | 68,835 | 55,558 |
| | Profit before Interest and Depreciation | 9,580 | 6,483 |
| | Interest and Finance Charges | 28 | 22 |
| | Gross Profit | 9,552 | 6,461 |
| | Depreciation | (1,070) | (1,009) |
| | Profit before exceptional and prior period items and tax | 8,482 | 5,452 |

| GENERAL INFORMATION | | | |
|--|---|---------------------|-----------|
| Financial performance based on given indicators | (₹ In Lakhs) | | |
| | Particulars | 2018-2019 | 2017-2018 |
| | Exceptional items | (68) | (188) |
| | Profit before Tax from continuing operations | 8,414 | 5,264 |
| | Income tax expense | (2,655) | (1,549) |
| | Net Profit After Tax | 5,759 | 3,715 |
| Foreign investments or collaboration, if any | <p>While a predominant part of the Company's business is done in India, the Company also exports its products and services to Bangladesh, Srilanka, South Africa, Singapore, Middle East, Indonesia, Sweden, China, Malaysia, Switzerland, Peru, Australia, USA, Qatar, Equador, Vietnam, Dubai, Thailand, Saudi Arabia and Philippines.</p> <p>During the year, the total foreign exchange expenditure amounted to ₹ 7,892 lakhs and Foreign exchange earnings were ₹ 5,452 lakhs resulting in net foreign exchange outflow of ₹ 2,440 lakhs for the year.</p> <p>The Company is a subsidiary of Colfax Corporation which holds 73.72% of the paid up equity share capital of the company. Colfax is a Delaware, USA based industrial group with existing global business interests in industrial fans, fabrication technology products and medical technology products and services.</p> | | |
| INFORMATION OF THE APPOINTEE | | | |
| Background Details | <p>Mr Rohit Gambhir, aged 46 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 Aug, 1994 with Saint Gobain and rose through the ranks to be the Sales Manager for Abrasive Industrial trade products by April, 2003 and he served them till November, 2007. In 2007, Mr Rohit Gambhir joined Stanley Black & Decker as its Business Head till February, 2013 before joining ESAB India in March, 2013 as Head of Sales & Marketing.</p> <p>Mr Rohit Gambhir is a Director in EWAC Alloys Limited. He does not hold any equity shares in ESAB India as on date and is also not related to any other Director on the Board of the Company.</p> <p>His area of expertise includes Business Management and strategy, marketing plans and implementation, end user B 2 B sales, international projects with Emerging Market focus, Top line and Operation margin management; Working capital turnover, Organization development, Supply Chain Management and Segment development.</p> | | |
| Past Remuneration | (In ₹) | | |
| | Year | Annual Remuneration | |
| | 2017-18 | 2,16,18,887 | |
| | 2018-19 | 2,27,07,210 | |
| Job Profile and his suitability | <p>ESAB India Limited is a Public Limited Company listed on BSE Limited and National Stock Exchange of India Limited. The Company has manufacturing operations through its plants located at Chennai, Nagpur and Kolkata.</p> <p>Mr Rohit Gambhir, Managing Director was appointed on 1 November, 2013 to take over as Managing Director of the Company. He is the occupier of the Company's plants. He heads a 750 strong workforce of a listed Company, reporting to the Board of Directors and a dotted line reporting to the Group CEO.</p> | | |
| Remuneration proposed: By way of salary, allowances, perquisites, Variable pay etc., | <p>Mr Rohit Gambhir is proposed to be paid remuneration by way of salary, allowances, special allowances, perquisites, incentives / bonus within an overall ceiling of ₹ 40,000,000/- (Rupees Four Crores only). The proposed remuneration is the overall ceiling limit for which approval of shareholders is being sought. Further the Board of Directors are to be authorized to fix such remuneration, perquisites and bonus within the overall ceiling of ₹ 40,000,000/- (Rupees Four Crores only).</p> | | |

| INFORMATION OF THE APPOINTEE | | |
|--|---|---|
| Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of origin) | (₹ In Lakhs) | |
| | Name of the Company | Remuneration of Managing Director per annum |
| | TTK Prestige Limited | 343.86 |
| | Greaves Cotton Limited | 375.86 |
| | Wheels India Limited | 304.06 |
| | MM Forgings Limited | 440.46 |
| Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | Mr Rohit Gambhir does not have any pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel of the Company. He also does not hold any equity shares in the Company and the holding company. | |
| OTHER INFORMATION | | |
| Reasons for loss or inadequate profits | Does not arise | |
| Steps taken or proposed to be taken for improvement | – Do – | |
| Expected increase in productivity and profit in measurable terms | The Company expects to maintain its present growth rate. | |

The Board recommends the ordinary resolution, as set out for approval by the shareholders of the Company.

By Order of the Board of Directors

Chennai
9 May, 2019

S Venkatakrishnan
Company Secretary

Directors' Report to Shareholders

Your Directors take pleasure in presenting the Thirty Second Annual Report together with the audited accounts of the Company for the financial year ended 31 March, 2019.

1. FINANCIAL SUMMARY / HIGHLIGHTS

(₹ in Lakhs)

| Particulars | 2018-19 | 2017-18 |
|--|----------------|---------|
| Income | 68,835 | 55,558 |
| Profit before Depreciation | 9,552 | 6,461 |
| Provision for Depreciation | (1,070) | (1,009) |
| Profit before exceptional and prior period items and tax | 8,482 | 5,452 |
| Exceptional items | (68) | (188) |
| Profit before Tax from continuing operations | 8,414 | 5,264 |
| Income tax expense | (2,655) | (1,549) |
| Net Profit After Tax | 5,759 | 3,715 |

The financials of the Company for the year under review as also the financial statements of the previous year are prepared under IND AS.

2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There were no reportable events subsequent to the date of the 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 had recommended an interim dividend of ₹ 90/- per equity share of ₹ 10/- each (900%) at its meeting held on the 23 of November, 2018, resulting in a cash outflow

of about ₹ 167.01 Crores (Inclusive of dividend distribution tax). This was disbursed on the 17 of December, 2018. The dividend, was based on a consideration of current and anticipated future resource requirements of the business.

The Directors do not recommend any final dividend. Consequent to the declaration of the above said interim dividend, the current ratio of the Company has varied by more than 25%. The Company had declared a dividend of 900% (₹ 90 per share) based on its cash position and business requirements. This was paid entirely from internal accruals with a consequential impact on the current ratio.

5. IND AS STANDARDS

Your Company had adopted IND AS with effect from 1 April, 2017 pursuant to the notification dated February 15, 2015 under Section 133 of the Companies Act, 2013 issued by the Ministry of Corporate Affairs, notifying the Companies (Indian Accounting Standard) Rules, 2015. Your Company has now prepared the IND AS Financials for the year ended 31 March, 2019 along with comparable financials for the year ended 31 March, 2018.

The quarterly results published by the Company from the financial year 2018-19 are also based on IND AS. These have been published in newspapers and also made available in the Company's website www.esabindia.com and the website of the stock exchanges where the shares of the Company are listed.

6. TRANSFERS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013 ("the Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("The Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the Members for seven consecutive years or more shall also be transferred to the dematerialized account created by the IEPF authority.

The Company had sent individual notices and also advertised in the newspapers seeking action from the Members who have not claimed their dividends for seven consecutive years or more. Accordingly, the Company has transferred such unpaid or unclaimed dividends and corresponding shares up to the Interim Dividend 2011.

Members / claimants whose shares, unclaimed dividend, have been transferred to the IEPF Demat Account of the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on <http://www.iepf.gov.in>) along with requisite fee as decided by IEPF Authority from time to time. The Member / Claimant can file only one consolidated claim in a Financial year as per the IEPF Rules.

Due dates for transfer of Unclaimed Dividend to IEPF are provided elsewhere in the notice calling the Annual General Meeting.

Details of shares / shareholders in respect of which dividend has not been claimed, are provided on our website at www.esabindia.com. The shareholders are encouraged to verify their records and claim their dividends of all the preceding seven years, if not claimed.

7. BOARD MEETINGS

The Board of Directors met 6 times during the financial year 2018-19. The Meetings were held on 30 May, 9 August, 30 October, 23 November of 2018, 7 February and 20 March of 2019.

8. DIRECTORS & KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company has six members. Mr Daniel A Pryor was the nominee of ESAB Holdings Limited and a non-retiring Director in terms of the provisions of the Articles of Association. In terms of Articles of Association, the promoter Esab Holdings Limited has withdrawn the nomination of Mr Daniel A Pryor as Chairman of the Board with effect from the 9 of May 2019 and has nominated Mr Scott Allen Grisham as the Chairman of the Board. Consequently, Mr Scott Allen Grisham would replace Mr Daniel A Pryor in all the Committees of the Board as well with effect from the 9 of May 2019.

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. He was subsequently re-appointed for a term of 5 years with effect from 1 November 2018 vide a postal ballot resolution of the shareholders dated 25 September 2018.

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.

9. 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.

10.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 were the other members of the said Committee. The said Committee met 4 times on 30 May, 9 August, 30 October 2018 and 7 February 2019. 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 were the other Members of the Committee.

This Committee met twice during the financial year 2018-19 on the 9 August 2018 and on the 20 March 2019.

This 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 were the other Members of the Committee.

The Committee met four times during the year on 30 May, 9 August, 30 October 2018 and on the 7 February 2019.

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 were the other Members of the said Committee.

The Committee met once during the financial year on the 30 May 2018.

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 had 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 as members.

The said Committee met once during the financial year on 7 February 2019.

The said Committee lays down the Policy on Risk Management. 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 mitigating 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.

The Risk Management Policy of the Company can be viewed on the Company's website www.esabindia.com.

11. 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.

12. 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, 2019 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, 2019 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, 2019 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.

13. MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC & BUSINESS ENVIRONMENT

The financial year under review witnessed the Company achieve strong growth and profitability in a volatile and challenging economic environment. Continuing firm trends in raw materials costs, volatility in currency along with slackness in demand continued to pose challenges. The Company's continuing focus on product development along with the execution of a few relatively larger value orders during the year helped achieve the growth in Sales. Despite teething troubles in the GST infrastructure, low level of preparedness in some segments and multiple changes in the procedural aspects of the law, the overall impact did appear to be positive for the organized segment of the industry.

While the economy reportedly grew at around 7.2% during the financial year, relevant indicators for the company on manufacturing data and Index of Industrial Production (IIP) on segments relevant to fabrication technologies continued to indicate volatilities with low to moderate growth for most of the financial year. Liquidity conditions got tighter towards the end of the financial year with consequential impact on sales and working capital.

Steel costs continued to increase during the year reportedly driven by increases in input costs. Alternate sourcing options continued to be non-existent or limited. Profitability could be sustained and improved through better product mix and control on costs.

Despite the favorable impact of some large value orders, the investment cycle in the economy was weak for most part of the year with no significant capacity additions in key customer segments the Company deals with.

The Company continues to maintain its established market position as one of the leading players in the domestic welding industry pan-India presence, strong financial risk profile characterized by relatively stable cash accruals, zero debt & comfortable liquidity position apart from synergy benefits derived from being part of a group which has wide presence across the globe.

OUTLOOK, OPPORTUNITIES AND THREATS

The financial year witnessed a few positives with growth in volumes in some segments. There are some references to sporadic and recent uptick in the capital goods segment. A relatively stronger rupee and stable fuel costs would be positives if they continue to hold. Steel price trends and also emerging challenges in product mix could have a strong impact on the prospects as it has been on a rising curve for a prolonged period of time.

We continue to see threats arising from excess capacities in the market and competition from Tier II players in the Industry apart from volatilities in customer segments and any economy linked headwinds.

14. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal controls are 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.

15. FINANCIAL PERFORMANCE OF THE COMPANY

A. INCOME AND EXPENDITURE

The Company's revenue from Contract with Customers grew by about 23.8% despite the difficult backdrop. The growth was driven by higher growth in manufactured items including some large value orders as also growth in service income on support services on R&D and shared services.

The Company continued to increase its range of product offerings with the introduction of new products. The Company also had steady volumes in terms of exports to related party entities.

Service income grew by about 30% though on a small base, with increases in activity on R&D support, shared services and related activities undertaken for related party entities based outside of India. We continue to see some potential on this with the resultant foreign exchange earnings helping in partly offsetting exchange risks on imports.

Other income and finance income increased by about 29.6% driven by growth in management fee recharge and also due to reversals in provision for doubtful debts during the year. Income from bank deposits and investments in mutual funds were lower due to lower funds deployed.

Materials costs as a percentage to sales were comparable with the previous year after adjustment for Excise duty on Sales.

Overheads including employee costs were lower at 24.1% of Revenue from Contract with Customers as against 26.2% in the previous accounting period due to the impact of revenue growth outpacing increase in expenditure. The key variances were primarily on account of the following;

- Employee benefit expenses were higher by 18% on a comparable basis driven by recruitments primarily on global support functions, wage inflation and higher retirement benefits costs due to reduction in interest rates in the last quarter of the year.
- Higher costs on transportation outwards in line with changes in terms of trade and customer mix.
- Reduction in Excise duty on Sales with the introduction of GST effective July 1, 2017.

Profit from continuing businesses before exceptional items was higher by 55.6% over the previous year with the impact of sales growth and control on costs.

B. BALANCE SHEET

The year under review continued to witness issues in the banking and financing sector with no significant change in fortunes from the preceding year. Liquidity continued to be tight with apprehensions on defaults forcing lenders to exercise

extreme caution on lending. Key industrial indicators including sectors relevant to fabrication technology continued to throw up anemic growth data. Investment cycle and infrastructure driven projects continued to be sluggish.

The Company continued to focus on key metrics on working capital, cash flows and to push on operational efficiencies. Despite a significant dividend payout, the Company ended the year with a strong Balance sheet and on a debt free note.

Additions to tangible and intangible assets was about ₹ 1,577 lakhs as against ₹ 1,654 lakhs in the preceding year. The capital expenditure was primarily on productivity improvements, capacity enhancements and upgrading IT systems.

Inventories were lower in value terms despite sales growth with concerted actions on disposal of old inventory apart from improvements in the supply chain. Debtors were lower in terms of days sales outstanding with tight control on credit and collections. Balances in cash and investments in liquid and debt funds were at ₹ 7,333 lakhs even after the dividend payout in 2018.

16. SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANY

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

17. HOLDING COMPANY

Colfax Corporation is a Delaware, USA based industrial group with existing global business interests in industrial fans, fabrication technology products and medical 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.

18. 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, 2019 is attached by way of **Annexure 1**. This is also made available in the website of the Company viz. www.esabindia.com. Those interested may visit our website and see the details of MGT-9.

19. 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.

This is the fifth consecutive year out of the five years that they have been appointed. Their remuneration is fixed in line with the recommendations of the audit committee and as duly approved by the Board of Directors.

M/s. S R Battiboi & Associates, LLP, Chartered Accountants, have vide their letter dated May 8, 2019 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 Section 139(1) 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, 2019. Members may please take note of the changes the requirements with respect to the report of the Auditors including specific references to key audit matters.

20. SECRETARIAL AUDIT

In terms of Section 204 (1) of the Companies Act, 2013, the Company had appointed M/s. V Mahesh & Associates, Chennai to do the secretarial audit of the Company for the financial year 1 April, 2018 to 31 March, 2019. Their appointment was informed to the Registrar of Companies, Chennai vide SRN G89457873 form MGT-14 dated 14 June, 2018.

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.

21. 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.

22. 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. There have been additional filing requirements introduced recently with respect to liabilities not in the nature of deposits. The format for the details to be uploaded is yet to be notified.

23. 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.

24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company had lent a sum of ₹ 47.5 Crores to a related party entity viz. Howden Solyvent India Private Limited on terms which were benchmarked with market rates and on an arms' length basis under Section 186 of the Companies Act, 2013 during the year under review. There has been a repayment of ₹ 9 Crores and there is an amount of ₹ 38.5 Crores outstanding as of 31 March 2019.

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 ₹ 542 Lakhs for the period 1 April 2018 to 31 March, 2019 in the form of dividends and fair value gains of investments. The Company has not given any guarantees other than bank guarantees in the normal course of business to meet contractual obligations.

25. RISK MANAGEMENT POLICY

In compliance 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 had 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.

26. 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 had 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 has also made a beginning in term of working with certain vocational training 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 has also undertaken some activities with respect to environment through spends on gardening outside of company premises.

The Company's policy on CSR envisages expenditure in areas falling within the purview of Schedule VII of the Companies Act, 2013. The annual report on CSR activities is enclosed by way of **Annexure - 4** to this report.

The Company, has expended about ₹ 15.64 Lakhs as against ₹ 4.30 lakhs during the previous financial year towards its CSR initiatives.

27. 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.

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**.

28. 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 7 February, 2019 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) of 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.

As required under the said regulations, 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 Committees of audit, nomination & remuneration, stakeholders relationship and corporate social responsibility 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.

The independent Directors fulfilled the independence criteria as specified under the above regulations and the Companies Act, 2013. The Board was satisfied with the evaluation results which reflected the overall engagement and the effectiveness of the Board and its committees.

29. COST AUDITOR

As required under Section 148 of the Companies Act, 2013 the Board of Directors at its meeting held on 9 May, 2019 has 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 2019-2020. 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 dated April 15, 2019 from the Cost Auditor stating that the appointment, if made, will be within the limit prescribed under the Act.

The relevant Form CRA2 for appointment of Cost auditor for the financial year 2018-19 was filed with the Registrar of Companies on 18 June, 2018 vide SRN G89730162.

The cost audit report issued by the Cost Auditor for the financial year ended 31 March, 2018 was filed with the Registrar of Companies vide form CRA-4 dated 15 October, 2018 vide SRN H21460811.

30. 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 24 : 1 (24: 1 for the year ended 31.3.2018).

Non-executive Independent Director

Ratio of remuneration paid to Mr Vikram Tandon, Non-executive Independent Director vs the median employee is: 0.85: 1 (0.88: 1 for the year ended 31.3.2018)

Ratio of remuneration paid to Mr Sudhir Chand, Non-executive Independent Director vs the median employee is : 0.94:1 (0.93:1 for the year ended 31.3.2018)

Ratio of remuneration paid to Mr K Vaidyanathan, Non-executive Independent Director vs the median employee is: 0.99:1 (0.99 : 1 for the year ended 31.3.2018)

Ratio of remuneration paid to Ms. Sabitha Rao, Non-executive Independent Director vs the median employee is: 0.86:1 (0.85 : 1 for the year ended 31.3.2018)

- B. The percentage increase in the median remuneration of employees in the financial year was 7.4%.
- C. The number of non-unionised employees in the rolls of the Company as at 31 March, 2019 is 482 (426 as on 31 March, 2018).
- 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 8.1% while that of KMPs is 7.7%.

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 challenges in the operating environment, we exceeded the budget in all the three metrics. Taking into account the rate of inflation, it was decided to consider an average increase of 7.7%. This increase also includes a higher percentage of increase that has been considered for junior / middle level employees who have been considered for promotion.

- 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 - 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.

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure - 6. However in terms of first proviso to Section 136(1) of the Act, 2013 the Annual report, excluding the aforesaid annexure is now being sent. The annexure is available for inspection at the Registered

Directors' Report

Office of the Company and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

As at the end of 31 March, 2019 the Company had **753** employees as against **734** at the end of 31 March, 2018. 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.

31. 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.

32. ENVIRONMENT, HEALTH AND SAFETY

The Company continued its commitment to industrial safety and environment protection and all its factories have obtained its ISO 14001 and 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.

33. 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 fees for both the exchanges have been paid promptly for the year 2018-2019. 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 **10,456 shareholders** as at the end of the year 31 March, 2019. 98.79% 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 2018-2019 and the shares outstanding in the suspense account as on 31.3.2019 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 1.4.2018 | 65 | 4,710 |
| 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. | No. of shares transferred to Investor Education and Protection Fund | 3 | 250 |
| 5. | Aggregate Number of shareholders and the outstanding shares lying in the unclaimed Suspense Account at the end of the year i.e. 31.3.2019 | 61 | 4,410 |

61 Shareholders holding 4,410 equity shares constituting about 0.03% 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.

34. 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.

35. POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE 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 also has an independent external NGO representative as one of its members. 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.

The Committee received one complaint during the year from a female employee. The Committee met on 22nd February 2019 and conducted a thorough enquiry on the allegations. The Company initiated suitable action against the errant employee after the investigation.

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.

36. SECRETARIAL STANDARDS

As on 31 March, 2019 all the applicable Secretarial Standards which have been notified have been complied with by the Company.

A certificate of compliances issued by the Secretarial Auditor M/s. V Mahesh & Associates dated 25 April, 2019 is enclosed as **Annexure - 2** and forms part of this Report.

37. 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.

38. 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

Scott A Grisham
Chairman

9 May, 2019

Form No. MGT-9

EXTRACT OF ANNUAL RETURNas on the Financial Year ended on 31st March, 2019

[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 | 68 |
| 2. | Welding Equipment | 2710 | 32 |

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 PROMOTERS GROUP | | | | | | | | | |
| 1. Indian | | | | | | | | | |
| Individual / Hindu Undivided Family | – | – | – | – | – | – | – | – | – |
| Central Government | – | – | – | – | – | – | – | – | – |
| State Government(s) | – | – | – | – | – | – | – | – | – |
| Bodies Corporate | – | – | – | – | – | – | – | – | – |
| Financial Institutions / Banks | – | – | – | – | – | – | – | – | – |
| Any other (specify) | – | – | – | – | – | – | – | – | – |
| SUB-TOTAL A(1) | – | – | – | – | – | – | – | – | – |
| 2. 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 | 232114 | 8001 | 240115 | 1.56 | 189406 | 7701 | 197107 | 1.28 | – |
| Financial Institutions / Banks | 2992 | 400 | 3392 | 0.02 | 5319 | 400 | 5719 | 0.04 | – |
| Central Government | 43904 | – | 43904 | 0.29 | 48696 | – | 48696 | 0.32 | – |
| State Government(s) | – | – | – | – | – | – | – | – | – |

Directors' Report

| 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 | – | 300 | 300 | – | – | – | – | – | – |
| Foreign Venture Capital Investors | – | – | – | – | – | – | – | – | – |
| Qualified Foreign Investor | – | – | – | – | – | – | – | – | – |
| Any other (specify) | – | – | – | – | – | – | – | – | – |
| SUB-TOTAL B(1) | 279010 | 8701 | 287711 | 1.87 | 243421 | 8101 | 251522 | 1.63 | -0.24 |
| Non - Institutions | | | | | | | | | |
| Bodies Corporate (Indian / Foreign / Overseas) | 374757 | 3903 | 378660 | 2.46 | 456107 | 3603 | 459710 | 2.99 | – |
| Individuals (Resident / NRI / Foreign National) | – | – | – | – | – | – | – | – | – |
| Individual shareholders holding Nominal share capital upto ₹ 1 Lakh | 1413136 | 202107 | 1615243 | 10.49 | 1341928 | 174767 | 1516695 | 9.85 | – |
| Individual shareholders holding Nominal share capital above ₹ 1 Lakh | 81063 | – | 81063 | 0.53 | 171209 | – | 171209 | 1.11 | – |
| Any other (specify) | 1682383 | – | 1682383 | 10.93 | 1645924 | – | 1645924 | 10.69 | – |
| SUB-TOTAL B(2) | 3551339 | 206010 | 3757349 | 24.41 | 3615168 | 178370 | 3793538 | 24.64 | 0.24 |
| Total Public Share Holding (B) = B(1) + B(2) | 3830349 | 214711 | 4045060 | 26.28 | 3858589 | 186471 | 4045060 | 26.28 | – |
| Shares held by Custodians against which Depository Receipts have been issued (C) | – | – | – | – | – | – | – | – | – |
| GRAND TOTAL (A) + (B) + (C) | 15178309 | 214711 | 15393020 | 100.00 | 15206549 | 186471 | 15393020 | 100.00 | – |

(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 | 36.41 | — | 5604760 | 36.41 | — | — |
| | Total | 11347960 | 73.72 | — | 11347960 | 73.72 | — | — |

(iii) Change in Promoters' Shareholding

| Sl. No. | Name | Opening Balance | | Increase / Decrease | | Closing Balance | |
|---------|---|-----------------|------------|---------------------|--------|-----------------|------------|
| | | Shares | % | Shares | % | Shares | % |
| 1 | ESAB HOLDINGS LIMITED PAN : AABCE6787C Opening Balance as on 01/04/2018 Closing Balance as on 31/03/2019 | 5743200 — | 37.31 — | — — | — — | — 5743200 | — 37.31 |
| 2 | EXELVIA GROUP INDIA B V PAN : AABCE8359E Opening Balance as on 01/04/2018 Closing Balance as on 31/03/2019 | 5604760 — | 36.41 — | — — | — — | — 5604760 | — 36.41 |

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

| Sl. No. | Name | Opening Balance | | Increase / Decrease | | Closing Balance | |
|---------|---|-----------------|-----------|---------------------|--------|-----------------|-----------|
| | | Shares | % | Shares | % | Shares | % |
| 1 | ACACIA PARTNERS, LP PAN : AALFA7272K Opening Balance as on 01/04/2018 Closing Balance as on 31/03/2019 | 821140 — | 5.33 — | — — | — — | — 821140 | — 5.33 |
| 2 | ACACIA INSTITUTIONAL PARTNERS, LP PAN : AALFA7287Q Opening Balance as on 01/04/2018 Closing Balance as on 31/03/2019 | 271098 — | 1.76 — | — — | — — | — 271098 | — 1.76 |
| 3 | BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD. PAN : AADCA1701E Opening Balance as on 01/04/2018 | 270861 | 1.76 | — | — | — | — |
| | 06/04/2018 | — | — | 6256 | 0.04 | 277117 | 1.80 |
| | 15/06/2018 | — | — | 3000 | 0.02 | 280117 | 1.82 |
| | 24/08/2018 | — | — | 13000 | 0.08 | 293117 | 1.90 |
| | 04/12/2018 | — | — | 5000 | 0.03 | 298117 | 1.94 |
| | 07/12/2018 | — | — | 2000 | 0.01 | 300117 | 1.95 |
| | 14/12/2018 | — | — | 4882 | 0.03 | 304999 | 1.98 |
| | 21/12/2018 | — | — | 10742 | 0.07 | 315741 | 2.05 |
| | 28/12/2018 | — | — | 7600 | 0.05 | 323341 | 2.10 |
| | 31/12/2018 | — | — | 1500 | 0.01 | 324841 | 2.11 |
| | 04/01/2019 | — | — | 6000 | 0.04 | 330841 | 2.15 |
| | 11/01/2019 | — | — | 1000 | 0.01 | 331841 | 2.16 |
| | 01/02/2019 | — | — | -5900 | -0.04 | 325941 | 2.12 |
| | 08/02/2019 | — | — | 1000 | 0.01 | 326941 | 2.12 |

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

| Sl. No. | Name | Opening Balance | | Increase / Decrease | | Closing Balance | |
|---------|--|-----------------|------|---------------------|-------|-----------------|------|
| | | Shares | % | Shares | % | Shares | % |
| | 22/02/2019 | – | – | 2500 | 0.02 | 329441 | 2.14 |
| | 01/03/2019 | – | – | 4500 | 0.03 | 333941 | 2.17 |
| | 08/03/2019 | – | – | 2700 | 0.02 | 336641 | 2.19 |
| | 15/03/2019 | – | – | 7600 | 0.05 | 344241 | 2.24 |
| | 22/03/2019 | – | – | 3000 | 0.02 | 347241 | 2.26 |
| | 29/03/2019 | – | – | 8000 | 0.05 | 355241 | 2.31 |
| | Closing Balance as on 31/03/2019 | – | – | – | – | 355241 | 2.31 |
| 4 | ACACIA BANYAN PARTNERS PAN : AAGCA6900N | | | | | | |
| | Opening Balance as on 01/04/2018 | 259200 | 1.68 | – | – | – | – |
| | Closing Balance as on 31/03/2019 | – | – | – | – | 259200 | 1.68 |
| 5 | ACACIA CONSERVATION FUND LP PAN : ABCFA8290P | | | | | | |
| | Opening Balance as on 01/04/2018 | 150000 | 0.97 | – | – | – | – |
| | Closing Balance as on 31/03/2019 | – | – | – | – | 150000 | 0.97 |
| 6 | SUNDARAM MUTUAL FUND A/C SUNDARAM LONG TERM TAX ADVANTAGE FUND-SERIES-II PAN : AAATS2554B | | | | | | |
| | Opening Balance as on 01/04/2018 | 142645 | 0.93 | – | – | – | – |
| | 18/05/2018 | – | – | -1850 | -0.01 | 140795 | 0.92 |
| | 15/06/2018 | – | – | 60000 | 0.39 | 200795 | 1.30 |
| | 29/06/2018 | – | – | 839 | 0.01 | 201634 | 1.31 |
| | 06/07/2018 | – | – | 559 | 0.00 | 202193 | 1.31 |
| | 13/07/2018 | – | – | 1353 | 0.01 | 203546 | 1.32 |
| | 20/07/2018 | – | – | 1050 | 0.01 | 204596 | 1.33 |
| | 27/07/2018 | – | – | 1198 | 0.01 | 205794 | 1.34 |
| | 17/08/2018 | – | – | 1830 | 0.01 | 207624 | 1.35 |
| | 02/11/2018 | – | – | -4369 | -0.03 | 203255 | 1.32 |
| | 09/11/2018 | – | – | -759 | -0.01 | 202496 | 1.32 |
| | 16/11/2018 | – | – | -2985 | -0.02 | 199511 | 1.30 |
| | 23/11/2018 | – | – | -1498 | -0.01 | 198013 | 1.29 |
| | 30/11/2018 | – | – | -21619 | -0.14 | 176394 | 1.15 |
| | 04/01/2019 | – | – | -18081 | -0.12 | 158313 | 1.03 |
| | 11/01/2019 | – | – | 13607 | 0.09 | 171920 | 1.12 |
| | 25/01/2019 | – | – | 179 | 0.00 | 172099 | 1.12 |
| | 01/02/2019 | – | – | 12022 | 0.08 | 184121 | 1.20 |
| | 08/02/2019 | – | – | 606 | 0.00 | 184727 | 1.20 |
| | 15/02/2019 | – | – | 2316 | 0.02 | 187043 | 1.22 |
| | 22/02/2019 | – | – | 2363 | 0.02 | 189406 | 1.23 |
| | Closing Balance as on 31/03/2019 | – | – | – | – | 189406 | 1.23 |
| 7 | ITPL - INVESCO INDIA MID N SMALL CAP FUND PAN : AAATL5351M | | | | | | |
| | Opening Balance as on 01/04/2018 | 89469 | 0.58 | – | – | – | – |
| | 06/04/2018 | – | – | -9386 | -0.06 | 80083 | 0.52 |
| | 13/04/2018 | – | – | -4568 | -0.03 | 75515 | 0.49 |
| | 18/05/2018 | – | – | -593 | 0.00 | 74922 | 0.49 |
| | 01/06/2018 | – | – | -40 | 0.00 | 74882 | 0.49 |
| | 08/06/2018 | – | – | -74882 | -0.49 | 0 | 0.00 |
| | Closing Balance as on 31/03/2019 | – | – | – | – | 0 | 0.00 |

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

| Sl. No. | Name | Opening Balance | | Increase / Decrease | | Closing Balance | |
|---------|---|-----------------|------|---------------------|-------|-----------------|------|
| | | Shares | % | Shares | % | Shares | % |
| 8 | GYMKHANA PARTNERS L.P. PAN : AAQFG3264J Opening Balance as on 01/04/2018 | 54895 | 0.36 | — | — | — | — |
| | 14/12/2018 | — | — | -8965 | -0.06 | 45930 | 0.30 |
| | 01/02/2019 | — | — | -4430 | -0.03 | 41500 | 0.27 |
| | 22/02/2019 | — | — | -3665 | -0.02 | 37835 | 0.25 |
| | Closing Balance as on 31/03/2019 | — | — | — | — | 37835 | 0.25 |
| 9 | RISING INDIA FOCUS FUND LIMITED PAN : AAFCR0881E Opening Balance as on 01/04/2018 | 53020 | 0.34 | — | — | — | — |
| | 08/06/2018 | — | — | -53020 | -0.34 | 0 | 0.00 |
| | Closing Balance as on 31/03/2019 | — | — | — | — | 0 | 0.00 |
| 10 | INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS PAN : EXEMPTCATG Opening Balance as on 01/04/2018 | 43904 | 0.29 | — | — | — | — |
| | 06/07/2018 | — | — | 4792 | 0.03 | 48696 | 0.32 |
| | Closing Balance as on 31/03/2019 | — | — | — | — | 48696 | 0.32 |

(v) Shareholding of Directors and Key Managerial Personnel:

| For each of the Directors | Shareholding | | Cumulative | |
|--|--|----------------------------------|---------------|----------------------------------|
| | 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 | | Cumulative | |
|---|---------------|----------------------------------|---------------|----------------------------------|
| | 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 | — | 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 | — | 1 | — |

(v) Shareholding of Directors and Key Managerial Personnel: (contd.)

| Name of the KMP : Mr B Mohan | Shareholding | | Cumulative | |
|---|---------------|----------------------------------|---------------|----------------------------------|
| | 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 | | – | | |

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | Mr Rohit Gambhir Managing Director | Total amount (Amount in ₹) |
|---------|--|--|-------------------------------|
| 1 | Gross salary | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 2,22,62,262 | 2,22,62,262 |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 4,44,948 | 4,44,948 |
| | 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 | 2,27,07,210 | 2,27,07,210 |
| | 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 K. Vaidyanathan | Ms Sabitha Rao | |
| 1 Independent Directors | | | | | |
| - Fee for attending board / committee meetings | 2,23,500 | 1,52,500 | 2,10,500 | 1,61,000 | 7,47,500 |
| - Commission | 5,00,000 | 5,00,000 | 5,50,000 | 5,00,000 | 20,50,000 |
| - Others, please specify | — | — | — | — | — |
| Total (1) | 7,23,500 | 6,52,500 | 7,60,500 | 6,61,000 | 27,97,500 |
| 2 Other Non-Executive Directors | — | — | — | — | — |
| - Fee for attending board committee meetings | — | — | — | — | — |
| - Commission | — | — | — | — | — |
| - Others, please specify | — | — | — | — | — |
| Total (2) | — | — | — | — | — |
| Total (B) = (1 + 2) | 7,23,500 | 6,52,500 | 7,60,500 | 6,61,000 | 27,97,500 |
| Total Managerial Remuneration | 7,23,500 | 6,52,500 | 7,60,500 | 6,61,000 | 27,97,500 |
| Overall Ceiling as per the Act | 1% of the net 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 | 49,08,297 | 1,07,27,695 | 1,56,35,992 |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | 3,59,920 | 4,24,410 | 7,84,330 |
| | 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 | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | Total | Nil | 52,68,217 | 1,11,52,105 | 1,64,20,322 |

VII. 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

Scott A Grisham
Chairman

9 May, 2019

ANNEXURE - 2

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[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 "**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, 2018 to 31st March, 2019) covering the financial year ended on 31st March, 2019 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, 2019 according to the provisions of:

- | | |
|---|---|
| <p>(i) The Companies Act, 2013 (the Act) and the rules made there under and subject to such other modification, re-enactments and amendments thereon;</p> <p>(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other modifications, and amendments thereon;</p> <p>(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under and subject to such amendments thereon;</p> <p>(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;</p> | <p>(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-</p> <p>a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;</p> <p>b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;</p> <p>c. 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;</p> <p>d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;</p> <p>(vi) The Following laws, are specifically applicable to the Company as per the representation given by the Company (apart from General Laws such as Environment Laws and Labour laws):</p> <p>a. Food Safety and Standard Act, 2006 and Rules 2011 With Rules and regulation.</p> <p>b. Electricity Act, 2003</p> <p>c. The Petroleum Act, 1934</p> <p>d. Gas Cylinder Storage rules</p> <p>e. The prevention of food adulteration Act, 1954</p> <p>f. The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989</p> <p>g. Batteries (Management and Handling) Rules, 2001</p> <p>h. The Explosives Act, 1884 & The Explosives Rules, 1983</p> <p>i. Plastic Waste Management Rules, 2016</p> <p>j. Standard Weight and Measure Act, 1976</p> <p>However, during the year under purview there were no instances attracting the following Laws/regulations</p> <p>1. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;</p> |
|---|---|

Directors' Report

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 with regard to Meeting of Board of Director(SS 1), General Meeting (SS 2) and Dividend (SS 3) issued by The Institute of Company Secretaries of India subject to such modifications and amendments thereon.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange;
- (iii) The Securities and Exchange Board of India (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. All the requisite committees that are required to be constituted by the Company as per prescribed Laws and Regulations are duly constituted.

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.

For V Mahesh & Associates

V Mahesh

Practising Company Secretary

Place: Chennai

M.No. F4162

Date : 25th April, 2019

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, the 25th day of April, 2019 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

M.No. F4162

Date : 25th April, 2019

C.P. No. : 2473

SECRETARIAL COMPLIANCE REPORT OF ESAB INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2019

To

The Board of Directors,
M/s. ESAB INDIA LIMITED,
Plot No. 13, 3rd Main Road,
Industrial Estate, Ambattur,
Chennai - 600 058.

We have examined:

- (a) All the documents and records made available to us and explanation provided by **ESAB India Limited** ("the listed entity"),
- (b) The filing / submissions made by the listed entity to the stock exchanges,
- (c) Website of the listed entity,
- (d) Any other document / filing, as may be relevant, which has been relied upon to make this certification, for the Financial Year ended 31st March, 2019 (1st April, 2018 - 31st March, 2019) in respect of compliance with the provisions of:
 - i. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - ii. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- e) Securities and Exchange Board of India (Depositories & Participants) Regulations, 1996 & 2018 (amended Regulations)

Based on the above examination, we hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars / guidelines

issued thereunder, except in respect of matters specified below:-

| Sr. No. | Compliance Requirement (Regulations / circulars / guidelines including specific clause) | Deviations | Observations/ Remarks of the Practicing Company Secretary |
|---------|---|------------|---|
| NA | | | |

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued thereunder in so far as it appears from our examination of those records.
- (c) The following are the details of actions taken against the listed entity / its promoters / directors / material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts / Regulations and circulars / guidelines issued thereunder:

| Sr. No. | Action taken by | Details of violation | Details of action taken e.g. fines, warning letter, debarment, etc | Observations/ Remarks of the Practicing Company Secretary, if any |
|---------|-----------------|----------------------|--|---|
| NA | | | | |

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sr. No. | Observation of the Practicing Company Secretary in the previous reports | Observations made in the secretarial compliance report for the year ended | Actions taken by the listed entity, if any | Comments of the Practicing Company Secretary on the actions taken by the listed entity |
|---------|---|---|--|--|
| NA | | | | |

For V. Mahesh & Associates

V Mahesh
Practising Company Secretary

Place: Chennai
Date : 25th April, 2019

FCS.No. 4162
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, 2019.

A. CONSERVATION OF ENERGY

1. Initiation of activities to use renewable power sources for operational requirements.
2. Improvements in supply chain to reduce truck movements and consequential emissions.
3. Power saving measures in Office spaces.
4. Installation of Timer units to reduce power consumption.
5. Reduction of fuel and gas consumption achieved by effective utilization of equipment.
6. Optimization of compression units to reduce power consumption.
7. Water meters installed to monitor water consumption for monitoring and reducing water consumption and pumping requirements.

B. TECHNOLOGY ABSORPTION

1. Installation of indigenous Spiral elevators.
2. Automation in packing lines.
3. Machine modifications to handle multiple dimensions on steel coils and wires.

4. Set up changes to produce higher diameter products.
5. Introduction of indigenous dust collection systems.
6. Modifications in circuit breakers for transformers.
7. Modifications in fume handling equipment.
8. Improvements in storage and handling to optimize on space and utilization thereof.

C. FOREIGN EXCHANGE

The Company exports its products and services to Qatar, Bangladesh, Ecuador, Vietnam, Dubai, Indonesia, Srilanka, Malaysia, Australia, Thailand, Saudi Arabia, Philippines, Singapore, South Africa, Sweden, China, Switzerland, Peru, and USA.

During the year, the total outflows in foreign exchange amounted to ₹ 7,892 lakhs (which includes ₹ 6,603 lakhs for the import of raw materials, components and capital goods and ₹ 1,289 lakhs towards expenditure in foreign currency).

During the year, the Foreign exchange earnings were ₹ 5,452 lakhs resulting in net foreign exchange outflow of ₹ 2,440 lakhs for the year

For and on behalf of the Board of Directors

Scott A Grisham
Chairman

9 May, 2019

ANNEXURE - 4

REPORT ON CSR ACTIVITIES FOR THE YEAR 2018-2019

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 Alexis Pryor - Member
Mr Rohit Gambhir - Member

3. Average Net Profit of the Company for last three preceding financial years = ₹ 4,864 lakhs.

2017-18 - ₹ 5,452 lakhs

2016-17 - ₹ 4,678 lakhs

2015-16 - ₹ 4,463 lakhs

4. Prescribed CSR Expenditure : 2% on ₹ 4,864 lakhs = ₹ 97.28 lakhs.

5. (a) Total amount to be spent for the financial year = ₹ 97.28 lakhs.

(b) Amount unspent = ₹ 97.28 lakhs - ₹ 15.64 lakhs = ₹ 81.64 lakhs.

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

(₹ in lakhs)

| Details of CSR Amount spent as on 31 March, 2019 | | | | | | | |
|--|------------------------------------|---|--|--|--|--|---|
| 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, Ambattur & Irungattukottai, Chennai | 97.28 | 3.68 | 3.68 | Through Agency |
| 2 | Education | Employment enhancing vocational skills / promotion of education | Ambattur | 97.28 | 6.35 | 10.03 | Through Agency |
| 3 | Environment | Protection of Environment | Ambattur, Chennai | 97.28 | 5.61 | 15.64 | Direct |
| TOTAL | | | | | | 15.64 | |

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

As part of ongoing initiatives, the Company has been involved in promoting and educating safe welding practices including usage of all personal protective equipment during the process of welding to ensure total safety of the welders, especially at smaller towns through deployment of consultants. The Company had tied up with certain vocational institutions for a possible

tie-up 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.

During the year under review, the Company had taken up an initiative in terms of engaging with vocational training institutions in the neighbourhood of our Plant to provide training in welding consumables with the intent of providing skill sets relevant to employment.

The Company had also initiated actions on environmental protection with expenditure on greenery and gardening outside of one of its plant locations.

The Company's spend on CSR increased from ₹ 4.30 Lakhs in the previous year to ₹ 15.64 Lakhs during the year under review. We shall continue to evaluate and commit resources to CSR activities in a structured manner towards its stated objectives on CSR.

The Company has been selective in its approach on CSR spends, with an objective that the benefits from CSR spends reach the targeted segments and in turn would help in improving the brand and social image of the Company. The year under review did witness an increase in CSR spends and we shall continue to work on committing more resources to identified causes.

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

The Company understands that in order to continue to prosper over the long term, community, environment

and society at large must also prosper. The Company's activities are aimed at driving the above values through its initiatives in the areas of education, environment and customer protection and has been committed to improving its initiatives on education and customer protection.

The Company's focus of its CSR activities was on imparting skilled education on welding and customer protection. Being an OHSAS 18001 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

Chennai
9 May, 2019

Sd/-

Sabitha Rao
Chairperson
CSR Committee

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 |
|--|-----|

Sd/-

Chennai
9 May, 2019

Scott A Grisham
Chairman

Report on Corporate Governance

1. Your Company is committed to good Corporate Governance in all its activities and processes. The Director's 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

Pursuant to the above said 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 consists of six members. Mr Rohit Gambhir is the Managing Director of the Company who was re-appointed for a period of five years effective 1 November, 2018. There are 4 Independent Directors and 2 Non-Independent Directors in the Board of the Company. 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 9 May, 2019.

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

During the period 1 April, 2018 to 31 March, 2019 six Board Meetings were held on 30 May, 9 August, 30 October, 23 November 2018, 7 February 2019 and 20 March, 2019 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 9 August, 2018 and particulars of their Directorships and Committee Memberships / Chairmanships in other Companies are given below:

| Director | Category | Board Meetings held during the period 2018-2019 | Attendance | |
|-----------------|-----------|---|--------------------------------|-----------------|
| | | | at Board Meetings in 2018-2019 | at previous AGM |
| Daniel A Pryor* | NE-NI | 6 | 3 | No |
| K Vaidyanathan | NEI | 6 | 6 | Yes |
| Vikram Tandon | NEI | 6 | 5 | No |
| Sudhir Chand | NEI | 6 | 6 | Yes |
| Sabitha Rao | NEI | 6 | 6 | Yes |
| Rohit Gambhir | Executive | 6 | 6 | 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 | | Name of the listed entities where he / she is a Director | Category of Directorship |
|----------------------|-------------------------------|----------|--|--------|--|--------|--|--------------------------|
| | | | Chairman | Member | Chairman | Member | | |
| Daniel A Pryor | Non-Executive Chairman | 05305621 | 1 | Nil | Nil | Nil | Nil | N.A. |
| Rohit Gambhir | Executive - Managing Director | 06686250 | 1 | Nil | Nil | 1 | Nil | N.A. |
| Vikram Tandon | Non -Executive & Independent | 01727251 | Nil | 1 | Nil | Nil | Greaves Cotton Limited | Independent Director |
| Sudhir Chand | Non -Executive & Independent | 01385201 | Nil | 4 | 1 | 2 | Exide Industries Limited | Independent Director |
| K Vaidyanathan | Non -Executive & Independent | 00063692 | Nil | Nil | Nil | Nil | Nil | N.A. |
| Sabitha Rao | Non - Executive & Independent | 06908122 | Nil | 1 | Nil | Nil | Nil | N.A. |

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 an 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 | | | | | |
|----------------------|---------------|------------|------------|------------|------------|------------|
| | 30.05.2018 | 09.08.2018 | 30.10.2018 | 23.11.2018 | 07.02.2019 | 20.03.2019 |
| Daniel A Pryor | Yes | No | No | Yes | No | Yes |
| K Vaidyanathan | Yes | Yes | Yes | Yes | Yes | Yes |
| Vikram Tandon | No | Yes | Yes | Yes | Yes | Yes |
| Sudhir Chand | Yes | Yes | Yes | Yes | Yes | Yes |
| Sabitha Rao | Yes | Yes | Yes | Yes | Yes | Yes |
| Rohit Gambhir | Yes | Yes | 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 were appointed for a period of five years with effect from 29 January, 2015 and were issued a letter of Appointment setting out in detail the terms of appointment, duties, responsibilities and expected time commitments. The said Independent Directors based on the review of their performance during the last five years have been recommended for re-appointment for a further period of five years by the Board of Directors at their meeting held on 9 May, 2019. Their letter of appointment 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 communications giving details about the Company. The Directors are also taken around all the plants of the Company for them to understand the Company's operations and other processes. The Company Secretary / Statutory Auditors brief the Directors about legal, statutory and regulatory updates on a quarterly basis as part of the familiarization process. The details of such programs presented to the Independent Directors are given in the website of the Company www.esabindia.com.

H. Skills / Expertise / Competence of the board of directors

The Board of Directors of the Company are highly competent professionals with varied experience and expertise in their niche area. The Board of Directors consists of six professional Directors having experience in areas like engineering, market strategy and planning, finance and accounts, Human Resources, legal and compliance related matters. Their contribution to the above said areas are derived by their extensive participation in the meetings of the board and its various committees. Their continuance on the board is based on assessment of their performance based on various 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, positive contribution to discussions and decisions, ability to carry others, attendance at meetings, ability to disagree, stand his / her ground etc.

a. Mr. Daniel A Pryor

Daniel Alexis Pryor born on March 2, 1968 in Media, Pennsylvania and currently resides in Washington D.C. For the period of 1985 until 1989 Mr. Pryor attended Williams College where he earned his BA degree.

Mr Pryor worked for Gemini Consulting (f.k.a The Mac Group) between September 1989 and June 1992. For the period of September 1992 until June 1994, Mr Pryor attended Harvard Business School in Boston, Massachusetts where he earned his MBA.

While at Harvard Business School, Mr Pryor worked at Wiremold Corporation from June 1993 through September 1993 as an intern. Mr Pryor worked at Danaher Corporation where he was the Vice President of Strategic Development from June 1994 through September 2005.

In October 2005, Mr Pryor joined The Carlyle Group where he was a Managing Director until December 2010. Since January 2011, Mr Pryor has been the Senior Vice President of Strategy and Development of Colfax Corporation. His expertise includes corporate strategy, mergers & acquisitions, and corporate finance.

Mr Daniel A Pryor is a Non-executive Director of GCE India (Private) Limited, with effect from 12 December, 2018.

b. Mr Rohit Gambhir

Mr Rohit Gambhir, aged 46 years, is a B.Tech (Mechanical) from NIT Kurukshetra (1994) and EPGDM from IIM Indore (2004). He has an overall experience of 24 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.

His areas of expertise include Business Management and strategy, marketing plans and implementation, end user B2B 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 a Non-executive Director of EWAC Alloys Limited. 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.

c. Mr Vikram Tandon

Mr Vikram Tandon 70, graduated from I.I.T. Delhi in 1970, and joined Hindustan Lever as a Management Trainee. His early career was in manufacturing. He started as production manager in a factory, and was then factory manager successively in three factories across India, two with regional profit responsibility including sales. He then worked in Corporate Development to identify and set up new core sector businesses for the company, after which he ran the company's Fertiliser Business, and then moved on to run the entire Chemicals business. He later moved to Unilever's Head Offices in London and Rotterdam, where he worked on Corporate Strategy for Unilever's global chemicals businesses, in close conjunction with Dr Arnoldo Hax, Sloan professor of Management at Sloan School, MIT. He was also a member of Unilever's Technology Management Committee. He returned to India in 1994 as Head of Corporate Strategy for the Unilever Group of companies in India. In 1995, Mr. Tandon joined the board of Pepsico India as the Executive Director for Operations, with responsibility across South Asia. He was responsible for setting up the infrastructure and building the operating capability for Pepsico's beverages business over six years. The business

grew meteorically in volume and share during that period, requiring a fourfold capacity enhancement. He then moved to New York to Pepsico's head office for 6 years, where he ran Pepsico's Worldwide Concentrate business. Mr Tandon retired from Pepsico and returned to India in 2007.

He is a Director in Greaves Cotton Limited. He is the Chairman of the Shareholders & Investor Grievance Committee and is a member of the Audit Committee of ESAB India Limited. He does not hold any equity shares in the Company as on date. Mr Vikram Tandon is not related to any other Director in the Board of the Company.

d. Mr Sudhir Chand

Mr Sudhir Chand, 71 has over 46 years of work experience in various functions of General Management, Marketing, Sales, Manufacturing, HR and Consultancy. Worked with Crompton Greaves Ltd (7 years), Exide Industries Ltd (28 years) - where he held various leadership positions before being appointed to the main Board (10 years) first as Director Automotive (Marketing and Manufacturing) then as Director Corporate Affairs for the Company- including HR, Training and Corporate Social Responsibility. He retired from Exide in 2006. An Electrical Engineer from BITS Pilani with Dip in Marketing Management, University of Bombay, and Executive Development programmes at IIM Ahmedabad and Cranfield School of Management, UK - Sudhir has been visiting faculty at Management Development Programs at IIM Calcutta and Calcutta Management Association. He is on the academic council of Globsyn Business School (Kolkata).

His areas of experience include Strategic and Corporate planning, Manufacturing, Marketing, Organization Structuring, HR Development, Collaborations and Technology absorption. He has served on various committees of Chambers of Commerce including CII and was Secretary General of Indian Battery Manufacturer's Association and a Past President of Calcutta Management Association. He is an Associate of Grow Talent Company Ltd, the parent company of SOIL (School of Inspired Leadership) since 2006 and Right Management India (P) Ltd a Manpower group company of US (one of the World's largest talent and career management consulting firms) and handles assignments in areas of Talent Appreciation, Leadership Development and Executive Coaching. He is also an Associate of MART (the country's pioneering organization in rural marketing) and works on some rural, social and

marketing projects. He is a Non Executive Independent Director on the boards of BOI Axa Investment Managers Pvt Ltd, (a joint venture between Bank of India and Axa of France), Exide Industries Ltd the leaders in storage Batteries, Inflexion Management Services Private Limited, Chands Management Services Private Limited and ESAB India Ltd, the leaders in the Welding Industry. He is on the Audit Committees of all three companies and on the Investor Grievance Committees of Exide and ESAB. He does not hold any equity shares in ESAB India Limited. Mr Sudhir Chand is not related to any other director on the Board of the Company.

e. Mr Kalyanasundaram Vaidyanathan

Mr Kalyanasundaram Vaidyanathan, aged 71, is a Chartered Accountant with a good academic background-Calcutta University-Rank holder both in M.Com & B.Com (Hons.) First Class, Recipient of medals, awards & merit scholarships. He was a Corporate Member of the National Institute of Personnel Management of India from 1978 till recently.

Mr Vaidyanathan has close to five decades of experience (out of which, around three decades has been at the Board level) in the areas of Corporate Finance, Corporate Restructuring and Advisory Services, Joint Venture Collaborations, Strategic Management, Internal Audit, Project Management, Human Resource and Industrial Relations etc.

He possesses proven track record of performance holding Board Position for close to three decades. Board Level positions held includes TTK Group of Companies, Modi Rubber (makers of Continental Tyres) & Modistone (Firestone formerly) as independent Finance Director appointed by FI, Birla Vxl Ltd, ESSAR SWISS TELECOM & Samsons Group. He also served on the Board of L&T Howden Private Limited as an Independent Director and he retired during the year.

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

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

f. Ms Sabitha Rao

Ms Sabitha Rao, aged 62 years is a post graduate in Management from the Indian Institute of Management (Calcutta). She started her career with Citibank, Mumbai as an Assistant Manager. After a two year stint at their corporate office, she moved to AF Ferguson and Co. where she handled a diverse client base ranging from family managed organisations to multinationals and international aid organisations such as the World Bank and UNICEF. At AF Ferguson and Co. her assignments covered all aspects of HR including organisation restructuring, compensation surveys, training, performance management and job evaluations. Eight years later she moved to American President Lines, as HR where she was looking after the West Asia region accounting for about 450 employees.

With 18 years of experience behind her, Ms. Sabitha Rao joined Cerebrus in 1998 to head the South India Operations as well as Sri Lanka. Her experience includes a blend of Finance and Human resources. About 20+ years expertise in the area HR management covering on all areas of HR from strategy to implementation. She has executed HR assignments in India, Sri Lanka, South Africa, Middle East, and South East Asia. She has traveled widely in Asia and has worked in consulting assignments across a cross section of sectors.

She is an active member of the Madras Management Association (MMA). Cerebrus has been the knowledge partner for 4 years for a flagship event held by MMA every year on women's day and Ms. Sabitha Rao is an invitee member of the management committee. She has authored articles for NHRD and the MMA newsletter. She has spoken at many industry fora in India and Sri Lanka including the CII, NHRD, MMA.

Ms. Sabitha Rao is a Director in Cerebrus Consultants. She does not hold any equity shares in ESAB India Limited is also not related to any other Director on the Board of the Company.

- i. Confirmation that in the opinion of the board, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

At the meeting of the Board of Directors held on 9 May, 2019 the performance of the Independent Directors were evaluated under various criteria and all of them in the opinion of the Board, fulfil the conditions specified in the SEBI Listing Regulations and are independent of the Management and hence

the Board recommends their reappointment as Independent Directors in the Board of Directors of the Company.

- J. detailed reasons for the resignation of an independent director who resigns before the expiry of his / her tenure along with a confirmation by such director that there are no other material reasons other than those provided. Not Applicable.

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 and Disclosure Requirements) Regulations, 2015 dealing with Corporate Governance and Section 177 of the Companies Act, 2013.

The Members of the Committee were:

| | | |
|----------------|----------|--|
| 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 Reports are considered by the Audit Committee. The Members of the Audit Committee are also given free access to other executives of the Company and such executives attend the meeting at the behest of the Audit Committee. The quorum for Committee meetings is two members or one third of the total strength of the Committee, whichever is higher, but a minimum of two Independent Directors presence is required to constitute a quorum.

Mr K Vaidyanathan the Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 9 August, 2018 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 9 May, 2019.

Details of constitution of the Audit Committee and the Meetings held during the year 2018-19 are as given below:

| Audit Committee | Members | Meeting Dates | | | |
|-----------------|---------------------------------|---------------|------------|------------|------------|
| | | 30.05.2018 | 09.08.2018 | 30.10.2018 | 07.02.2019 |
| K Vaidyanathan | Chairman & Independent Director | Yes | Yes | Yes | Yes |
| Vikram Tandon | Member & Independent Director | No | No | Yes | Yes |
| Sudhir Chand | Member & Independent Director | Yes | Yes | Yes | Yes |
| Daniel A Pryor | Member & Non-executive Director | Yes | No | No | No |

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 9 August, 2018 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.
- recommend to the board, all remuneration, in whatever form, payable to senior management personnel.

- b. There were only 2 meetings held during the year 2018-2019. The details of the Composition of the Committee and the attendance of the members of the meeting are as given below:

| Nomination & Remuneration Committee | Members | Meeting Date | |
|-------------------------------------|---------------------------------|--------------|-----------|
| | | 9.8.2018 | 20.3.2019 |
| K Vaidyanathan | Chairman & Independent Director | Yes | Yes |
| Sudhir Chand | Member & Independent Director | Yes | Yes |
| Sabitha Rao | Member & Independent Director | Yes | Yes |
| Daniel A Pryor | Member & Non-Executive Director | No | Yes |

The Company Secretary is the Secretary to the Committee. The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance. This requirement was adhered to during the year under review.

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;
- 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.
- motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- ensure transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in Board; and
- fulfil the Company's objectives and goals, including in relation to good corporate governance, transparency and sustained long-term value creation for its stakeholders.

The nomination & remuneration committee reviews the policy on periodical basis and suggests changes to the Board as and when the need arises. They recommend the increase in salary and incentive

payable to the Managing Director subject to the approval of the Board. They also approve the increase in salary payable and the incentive payable to the senior management personnel of the Company i.e. one level below the board who are direct reports to the Managing Director.

d. Policy on Board Diversity

The Nomination & Remuneration Committee at its meeting held on 19 May, 2016 recommended the policy on Board Diversity as required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and duly approved by the Board of Directors. The said policy is available in the website of the company viz. www.esabindia.com.

e. 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 9 May, 2019 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, positive contribution to discussions and decisions, ability to carry others, attendance at meetings, ability to disagree, stand his/her ground etc. The Independent Directors fulfilled the independence criteria as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and their independence from the management.

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 2018-2019 are as follows:

(in ₹)

| Directors | Salary | Perquisites | Provident Fund | Sitting Fees Paid | Commission |
|----------------|-------------|-------------|----------------|-------------------|------------|
| Daniel A Pryor | — | — | — | — | — |
| K Vaidyanathan | — | — | — | 2,10,500 | 5,50,000 |
| Vikram Tandon | — | — | — | 1,52,500 | 5,00,000 |
| Sudhir Chand | — | — | — | 2,23,500 | 5,00,000 |
| Sabitha Rao | — | — | — | 1,61,000 | 5,00,000 |
| Rohit Gambhir | 1,73,12,262 | 96,612 | 3,48,336 | — | 49,50,000 |

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 upto the meetings held on 9.8.2018.

Effective the meetings held on and from 30.10.2018 a sitting fee of ₹ 18,500/- 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 ₹ 4,000/- per meeting is paid them for the meetings of Stakeholders Relationship Committee. TDS @ 10% is deducted from the sitting fee payable to the Independent Directors and GST @ 18% is also paid on reverse charge basis by the Company.

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 2017-18 paid during May, 2018.

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 neither has any schemes for stock options nor has it 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 were Mr Sudhir Chand, Mr Daniel A Pryor and Mr Rohit Gambhir.

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

The Members of the Committee along with the Chairman.

- (1) Resolved the grievances of the security holders including complaints related to transfer/ transmission / transposition / name change of shareholders of equity shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, dematerialization and rematerialization of shares etc.
- (2) Reviewed the measures taken for effective exercise of voting rights by shareholders.
- (3) Reviewed the adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent - Integrated Registry Management Services Private Limited.

- (4) Reviewed the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensured timely receipt of dividend warrants / annual reports / statutory notices to the shareholders of the Company.
- (5) Reviews transfer of unpaid dividend amount to Investor Education & Protection Fund and also the equity shares pertaining to shareholders which remained unclaimed for more than 7 years which are transferred to Investor Education & Protection Fund.

There were four meetings held during the year 2018-2019. 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 | | | |
|-------------------------------------|---------------------------------|---------------|------------|------------|----------|
| | | 30.05.2018 | 09.08.2018 | 30.10.2018 | 7.2.2019 |
| Vikram Tandon | Chairman & Independent Director | No | Yes | Yes | Yes |
| Sudhir Chand | Member & Independent Director | Yes | Yes | Yes | Yes |
| Daniel A Pryor | Member & Non-executive Director | Yes | No | No | No |
| Rohit Gambhir | Member & Managing Director | Yes | Yes | Yes | Yes |

During the year, the Company received 108 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 | 34 |
| 2. | Non-receipt of annual report | — |
| 3. | Non-receipt of share certificate | 74 |
| 4. | Others | — |
| | Total | 108 |

All the complaints were responded to as per applicable guidelines and regulations as at 31 March, 2019. 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, 2019. V Mahesh & Associates, practicing company secretaries vide their certificate dated 11.10.2018 and 15.4.2019 for the relevant half year have certified that the Company has been prompt in transferring the shares to the shareholders and the same has been filed with the stock exchanges BSE and NSE by the Company.

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 redressal system viz. SCORES. Under this system all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit action taken report along with supporting documents electronically in SCORES.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with Section 135 (1) of the Companies Act, 2013 the Company has constituted a Corporate Social Responsibility Committee consisting of one Independent Director, one non-executive Director and the Managing Director. Ms. Sabitha Rao is the Chairperson of the said Committee, Mr Daniel A Pryor, Chairman of the Board and Mr Rohit Gambhir, Managing Director were 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 on 30 May, 2018 during the financial year 2018-19. The details of the attendance of the Committee members in the meeting are given below:

| CSR Committee | Members | Meeting Dates |
|----------------|------------------------------------|---------------|
| | | 30.05.2018 |
| Sabitha Rao | Chairperson & Independent Director | Yes |
| Daniel A Pryor | Member & Non-Executive Director | Yes |
| Rohit Gambhir | Member & Managing Director | Yes |

During the year under review the Company has spent money on projects identified under CSR. The details of CSR budget and spend for the year 2018-19 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 had 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 once on 7 February, 2019 during the financial year 2018-19. The details of the attendance of the Committee members in the meeting are given below:

| Risk Management Committee | Members | Meeting Date |
|---------------------------|---|--------------|
| | | 7.2.2019 |
| Daniel A Pryor | Chairman & Non-Executive Director | No |
| Rohit Gambhir | Member & Managing Director | Yes |
| B Mohan | Member & Vice President Finance and Chief Financial Officer | Yes |

9. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met during the year on 7 February, 2019 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 Independent Directors had after the conclusion of the meeting given their suggestions and opinions on various matters to the Chairman of the Board for his consideration.

The Board of Directors had during their meeting held on 9 May, 2019 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 BUSINESS CONDUCT IN ORDER TO PREVENT BRIBERY AND CORRUPTION

The Board of Directors has adopted Code of Conduct, applicable to Directors and to Senior Management Personnel of the Company. The said Code of Conduct have been posted on the Company's website www.esabindia.com. 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, 2019 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. All the employees have been sensitized on the provisions of the Act.

The POSH Committee received one complaint during the year from a female employee. The POSH committee met on 22 February, 2019 with the members of the Committee and the external NGO representative and thoroughly enquired the complaint made by the Female Employee. At the end of enquiry the Members of the Committee concluded that the employee in question was guilty and hence recommended to the Managing Director suitable action to be taken against the erring employee. 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, 2019.

13. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

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 3 April, 2019 for the half year / financial year ended 31 March, 2019 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 |
|---------|----------------|----------|---|
| 2015-16 | 4 August, 2016 | 10.00 AM | P Obul Reddy Hall Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017. |
| 2016-17 | 3 August, 2017 | 10.00 AM | P Obul Reddy Hall Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017. |
| 2017-18 | 9 August, 2018 | 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.

Postal Ballot Resolutions

Ordinary Resolution dated 25 September, 2018 for re-appointment of Mr Rohit Gambhir, Managing Director for a period of 5 years from 1 November, 2018

A summary of the postal ballot results is as given hereunder:

| Brief Particulars of the Resolution | Total No. of votes | No. of shares and % of total votes cast in favour | | No. of shares and % of total votes cast against | | Invalid votes | |
|--|--------------------|---|------------|---|------------|---------------|------------|
| | No. of shares | No. of shares | % of votes | No. of shares | % of votes | No. of shares | % of votes |
| Re-appointment of Mr Rohit Gambhir, Managing Director for a period of five years from 1 November, 2018 | 13417980 | 13413240 | 99.96 | 2188 | 0.02 | 2552 | 0.02 |

The resolution as set out above was passed with requisite majority.

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

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

The procedures for casting votes under e-Voting has been elaborately given under the Notice calling the Annual General Meeting on 13 August, 2019. 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 Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2016. 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 as amended.
- There were 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.

- The Board of Directors at its meeting held on 7 February, 2019 to comply with the revised requirements of SEBI (Prevention of Insider Trading) Amendment Regulations, 2018, adopted the Code of Conduct for prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Internal Procedure and Conduct for Regulation, Monitoring and Reporting of Trading in the securities for the designated employees and connected persons, policy on legitimate purpose and the whistle blower policy under these regulations have been revised. The revised policy which is applicable on and from 1 April, 2019 has been uploaded and made available on the website of the Company www.esabindia.com. 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 (UPSI) 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. All the other applicable 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 draws attention of the said parties to the policy adopted by the Company and advises them to desist from dealing with the shares of the Company without prior intimation.

All the Directors and the designated persons have also executed a Non-disclosure agreement in favour

of the Company stating therein that they are fully aware of the fact that they in their ordinary course of executing their day to day work would be coming across or be in possession of certain price sensitive information which they would not divulge to any third parties.

5. 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 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.
6. 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.
7. The Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The performance evaluation done on 9 May, 2019 by the Board of Directors confirmed that all the Independent Directors meet the requisite criteria as given under Schedule IV of the Companies Act, 2013 and hence qualified to continue as Independent Directors on the Board of the Company.
8. To enhance standards of corporate governance and strengthen controls, the Company has set up a whistle blower policy which can be seen on 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.
9. 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.

10. 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.
11. 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.
12. In pursuance of the Regulation 31(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 100% 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.
13. In line with the circular no. NSE/CML/2015/23 dated December 28, 2015 from the National Stock Exchange Limited, the Company now intimates the Board Meeting dates, uploads its quarterly shareholding pattern, Corporate Governance Report and the quarterly / Annual results, reconciliation of share capital audit report, certification under SEBI Regulation 40 (9) & (10) intimation of postal ballot results through a web based application designed for corporates by NSE called as NEAPS.
14. 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.

15. During the year the unclaimed Interim dividend of 2011 was transferred to IEPF pursuant to rule 5(4) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 on 11 September, 2018 and an e-form IEPF -1 - Statement of amounts credited to Investor Education and Protection Fund was filed vide SRN H14083356 dated 17 September, 2018.
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 9 August, 2018 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 dividends as referred in sub-section 2 of Section 125 of the Act vide SRN H10646834 dated 12 September, 2018
17. Pursuant to applicable provisions of the Companies Act, 2013 ("the Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("The Rules") all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the Members for seven consecutive years or more shall also be transferred to the dematerialisation account created by the IEPF Authority. The Company had sent individual notices and also advertised in the newspapers seeking action from the Members who have not claimed their dividends for seven consecutive years or more. Accordingly, the Company has transferred such unpaid or unclaimed dividends and corresponding shares.
18. Pursuant to applicable provisions of the Companies Act, 2013 ("the Act") read with Rule 6(13) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has filed e-form IEPF - 7 - Statement of amounts credited to IEPF on account of shares transferred to the fund for the final dividend declared for the financial year ended 31 March, 2018 on 9 August, 2018 vide SRN H07270655 dated 5 September, 2018 and Interim Dividend declared on 23 November, 2018 for the financial year ending 31 March, 2019 vide SRN H41354069 dated 8 January, 2019.
19. SEBI vide notification No.SEBI/LAD-NRO/GN/2018/24 dated 8 June, 2018 has mandated that transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. The timeline which was provided for dematerialization of shares as 5 December, 2018 has been extended to 1 April, 2019 vide Notification No. SEBI/LAD-NRO /GN/2018/49 dated 30th November, 2018. The Company had sent communication to the shareholders having shares in physical form to dematerialize their shareholding.
20. SEBI vide circular No: SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 has mandated all listed Companies to update the Permanent Account Number (PAN) and Bank account details of all shareholders who are holding shares in physical form. Pursuant to which the Company has written to shareholders holding shares in physical form requesting them to furnish details regarding their PAN and also their bank details for payment of dividend through electronic mode vide letter and a reminder letter.
21. 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.
22. 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.

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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:

| | |
|---|--|
| Aggregated number of shareholders and outstanding shares lying in the unclaimed suspense account at the beginning of the year | 65 shareholders holding 4,710 equity shares of ₹ 10/- each |
| Number of the 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 shareholder claimed 50 equity shares of ₹ 10/- each |
| Number of Shares transferred to Investor Education Protection Fund | 3 Shareholders holding 250 shares of ₹ 10/- each |
| Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year | 61 shareholders holding 4,410 equity shares of ₹ 10/- each |

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. In pursuance of this provision, the Company has already transferred the shares pertaining to such shareholders who have not claimed their dividend for a consecutive period of 7 years to the Investor Education and Protection Fund.

61 Shareholders holding 4410 equity shares constituting about 0.03% 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.

23. 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.

24. The Company has vide Form No.MGT 15 dated 10 August, 2018 vide SRN G96394424 -have filed the report on the last year's Annual General Meeting held on 9 August, 2018.

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 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, shareholding pattern, corporate governance report, the details on the Board of Directors, Senior Management Personnel, the composition of the Board of Directors / Committee of Directors, the various policies adopted by the Company viz. Whistle Blower Policy, Risk Management Policy, Policy on Corporate Social Responsibility, Related Party Transactions Policy, Remuneration Policy, Policy on Disclosure of Material Events, Policy on Document Retention, Policy on Board Diversity are published in the Company's website. The Company makes use of its website for publishing official news release.

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

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

17. GENERAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Date & Time 13 August, 2019 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, 2018 to
31 March, 2019

| Approval of financial results proposed | |
|--|---|
| Quarter ending 30 June, 2019 | Within 45 days from the end of the quarter |
| Quarter ending 30 September, 2019 | - do - |
| Quarter ending 31 December, 2019 | - do - |
| Year ending 31 March, 2020 | Within 60 days from the end of the Financial Year |

Particulars of Dividend Payment for the year ended 31.03.2019

| | |
|-----------------------------|---|
| Date of declaration | 23 November, 2018 |
| Rate of Dividend | ₹ 90/- per share (900%) |
| Record Date | 4 December, 2018 |
| Date of payment of Dividend | 17 December, 2018 |
| Amount of Dividend Payable | ₹ 1,67,01,39,048/- (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 2018-19 were duly paid to the above stock exchanges during April, 2019.

Dividend History

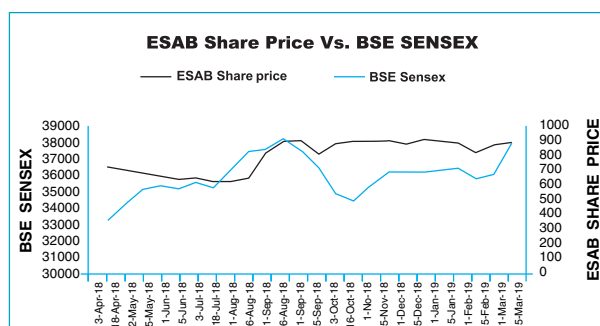
| Year | Type of Dividend | Dividend Rate | Dividend Amount in ₹ in lakhs * |
|---------|------------------|---------------|---------------------------------|
| 2012 | Final Dividend | 75% | 1,341.76 |
| 2013 | Final Dividend | 10% | 180.00 |
| 2014-15 | Final Dividend | 10% | 186.14 |
| 2015-16 | Final Dividend | 10% | 185.26 |
| 2016-17 | Final Dividend | 10% | 185.26 |
| 2017-18 | Final Dividend | 10% | 185.57 |
| 2018-19 | Interim Dividend | 900% | 16,701.40 |

* Inclusive of dividend distribution tax.

Stock Market Price Data & Stock Performance

| 2018-19 | BSE Limited | | National Stock Exchange | | BSE Sensex | |
|------------|-------------|--------|-------------------------|--------|-------------|------------|
| | High ₹ | Low ₹ | High ₹ | Low ₹ | High Points | Low Points |
| Apr, 2018 | 740.00 | 686.00 | 747.95 | 680.50 | 35,213.30 | 32,972.56 |
| May, 2018 | 713.30 | 620.00 | 719.90 | 618.55 | 35,993.53 | 34,302.89 |
| June, 2018 | 677.00 | 578.60 | 680.00 | 594.00 | 35,877.41 | 34,784.68 |
| July, 2018 | 659.00 | 600.05 | 664.95 | 601.30 | 37,644.59 | 35,106.57 |
| Aug, 2018 | 918.35 | 647.40 | 919.90 | 641.10 | 38,989.65 | 37,128.99 |

| 2018-19 | BSE Limited | | National Stock Exchange | | BSE Sensex | |
|-----------|-------------|--------|-------------------------|--------|-------------|------------|
| | High ₹ | Low ₹ | High ₹ | Low ₹ | High Points | Low Points |
| Sep, 2018 | 953.90 | 742.00 | 957.00 | 740.30 | 38,934.35 | 35,985.63 |
| Oct, 2018 | 969.00 | 743.00 | 994.40 | 746.80 | 36,616.64 | 33,291.58 |
| Nov, 2018 | 1044.00 | 866.15 | 1048.00 | 866.00 | 36,389.22 | 34,303.38 |
| Dec, 2018 | 960.00 | 807.20 | 939.05 | 801.85 | 36,554.99 | 34,426.29 |
| Jan, 2019 | 930.00 | 843.05 | 935.00 | 848.80 | 36,701.03 | 35,375.51 |
| Feb, 2019 | 895.00 | 815.55 | 902.00 | 815.00 | 37,172.18 | 35,287.16 |
| Mar, 2019 | 985.00 | 853.05 | 957.30 | 856.50 | 38,748.54 | 35,926.94 |



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,
Director
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.
- 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, certifications on half-yearly basis have been

Report on Corporate Governance

issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.

- d. Pursuant to SEBI (Depositories and Participants) Regulations, 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.
- e. 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.
- f. With a view to expediting the approval process, the Board of Directors has severally authorized the Chairman of the Board of Directors, the Chairman of the Stakeholders Relationship Committee and the Company Secretary to approve the transfer of shares.

Distribution of shareholding as on 31 March, 2019

| Shareholding | Number of Shareholders | % | Number of Shares | % |
|--------------------|------------------------|---------------|------------------|---------------|
| Up to 500 | 10439 | 95.22 | 960861 | 6.24 |
| 501-1000 | 318 | 2.90 | 239594 | 1.56 |
| 1001-2000 | 113 | 1.03 | 163507 | 1.06 |
| 2001-3000 | 26 | 0.24 | 63483 | 0.41 |
| 3001-4000 | 16 | 0.15 | 56139 | 0.36 |
| 4001-5000 | 7 | 0.06 | 31990 | 0.21 |
| 5001-10000 | 16 | 0.15 | 111081 | 0.72 |
| 10001 and above | 28 | 0.25 | 13766365 | 89.44 |
| Grand Total | 10963 | 100.00 | 15393020 | 100.00 |

Share holding pattern as on 31 March, 2019

| Category | Number of Shareholders | Number of Shares | % of total |
|--------------------------------|------------------------|------------------|---------------|
| Promoter Companies | | | |
| Esab Holdings Limited | 1 | 5743200 | 37.31 |
| Exelvia Group India BV | 1 | 5604760 | 36.41 |
| | | 11347960 | 73.72 |
| Mutual Funds & UTI | 6 | 197107 | 1.28 |
| Foreign Portfolio Investors | 8 | 1561333 | 10.14 |
| Financial Institutions / Banks | 9 | 5719 | 0.04 |
| NBFC registered with RBI | 3 | 25019 | 0.16 |
| Indian Public | 10071 | 1491275 | 9.69 |
| Domestic Body Corporate | 222 | 518970 | 3.37 |
| Foreign Institutional Investor | 0 | 0 | 0.00 |
| Others | 642 | 245637 | 1.60 |
| Total | 10963 | 15393020 | 100.00 |

Dematerialisation of shares and liquidity

As on 31 March, 2019, **98.79%** of the total paid-up equity capital was held in dematerialised form. The Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited to offer shareholders the option to dematerialise their shares with these depositories. The ISIN number of the Company's shares in demat form is **INE284A01012**.

Outstanding GDRs / ADRs

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

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not have any activity towards Commodity Price Risk. The Company imports raw materials and traded goods and exports finished goods and traded goods to companies resident outside India. This acts as a natural hedge 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

Credit Ratings

The Company has no debt instruments, fixed deposit programme or any scheme or proposal involving mobilization of funds, in India or abroad and the Company has not obtained any credit ratings during the year

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 or 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, 2019.

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 30 May, 2018 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.

7. The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

8. Mr V Mahesh, Practising Company Secretary from M/s. V Mahesh and Associates, have issued the certificate that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

9. M/s. V Mahesh & Associates, have completed the secretarial audit and have issued their certificate dated 25 April, 2019 as per the prescribed format in MR-3 to the shareholders of the Company, which is annexed to the Director's 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. The Annual Secretarial Compliance report for the year ended 31 March, 2019 is obtained from Mr.V Mahesh, Practising Company Secretary. The Company has filed the Annual Secretarial Compliance report dated 25 April, 2019 with the Stock Exchanges.

10. The Board has accepted all the recommendations made by the Committees.

11. Total fee paid to the Statutory Auditor :

The total fees paid to the statutory auditors viz. S R Batliboi & Associates, LLP, Chennai for the financial year 2018-2019 is ₹ 50,42,218/- (Rupees fifty lakhs forty two thousand two hundred and eighteen only).

12. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

| No. of Complaints filed during the financial year | No. of complaints disposed of during the financial year | No. of complaints pending as on end of the financial year |
|---|---|---|
| 1 | 1 | Nil |

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. Reporting of Internal Auditor

M/s PKF Sridhar & Santhanam, LLP, Chennai, were the Internal Auditors of the Company upto 31.1.2019 and they presented their internal audit report to the audit committee at its meeting held on 7 February, 2019. PKF Sridhar & Santhanam has been the internal auditors of the Company from the year 2011. With a view to further tighten all the internal controls and checks and to ensure that all the offices and plants comply with all the statutory requirements the Board of Directors based on the recommendations of the audit committee appointed KPMG, LLP, Chennai to do the internal audit of the Company with effect from 1 January, 2019. The internal auditors 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.
- 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 (MCA) has launched a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011) by allowing various documents to be sent to you - under the provisions of Companies Act, 2013 - to your registered email address; thereby enabling paperless compliance. Keeping in view the underlying theme and the circular issued by MCA, we send all documents to you - like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report and Auditors' Report, Postal Ballot Notice etc., in electronic form, to the e-mail address provided by you and made available to us by the Depositories.

Please note that you are entitled to be furnished free of cost, with a printed copy of the Annual Report of the Company and all other documents, upon receipt of a requisition from you, any time, as a Shareholder of the Company. The soft copy of the Annual Report would also be uploaded in the Company's website www.esabindia.com under investor relations page.

Shares held in Demat form

For Shareholders holding shares in Demat form, the Company will send documents in electronic form to the email ID registered with the Depository. All Shareholders are requested to ensure that the registered email ID with the Depository should be current and updated.

Shares held in Physical form

Shareholders having shares in physical form should provide their email ID to the Company for receiving notices and/or documents electronically. To register their email ID with the company, Shareholders are requested to send a communication addressed to the Company Secretary.

For and on behalf of the Board of Directors

Scott A Grisham
Chairman

Chennai
9 May, 2019

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 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, 2019. 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 with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Directors Register as on March 31, 2019 and verified that atleast one woman director was on the Board during the year;
 - iv. Obtained and read the minutes of the following committee meetings held April 01, 2018 to March 31, 2019:
 - (a) Board of Directors meeting;
 - (b) Audit committee;
 - (c) Annual General meeting;
 - (d) Nomination and remuneration committee;
 - (e) Stakeholders Relationship committee;
 - (f) Corporate Social Responsibility committee; and
 - (g) Risk management 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 for the year ended March 31, 2019, referred to in paragraph 2 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 compliance with the relevant regulations of Corporate Governance 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 09, 2019

Membership No. 053315
UDIN:19053315AAAAAE7375

To

The Members of ESAB India Limited

Declaration regarding Code of Conduct pursuant Part 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, 2019.

Chennai
9 May, 2019.

Rohit Gambhir
Managing Director

Independent Auditor's Report

to the Members of ESAB INDIA LIMITED

Report on the Audit of the Ind AS Financial Statements Opinion

We have audited the accompanying Ind AS financial statements of ESAB India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the Financial Statements, including Significant Accounting Policies.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 as amended ("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, 2019, its profit / loss, including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered

Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

| Key audit matters | Response to Key audit matters |
|--|--|
| Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" <i>(as described in note 2.2(d) on revenue recognition of the Ind AS financial statements)</i> | |
| <p>The application of the new revenue accounting standard involves key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> | <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> We evaluated the design of internal controls relating to adoption of the new revenue accounting standard. We selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of |

| Key audit matters | Response to Key audit matters |
|--|--|
| | <p>transaction price. We carried out a combination of procedures involving inquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</p> <ul style="list-style-type: none"> • We selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> • Read, analysed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company. • Considered the terms of the contracts to determine if the transfer of control of goods is satisfied over a period of time and the transaction price attributable to each performance obligation is recognized upon completion of each performance obligation. |
| <p align="center">Existence and Valuation of Inventories (as described in note 2.2(k) of the Ind AS financial statements)</p> | |
| <p>Inventories of ₹ 6,815 lakhs which represent 18% of total assets of the Company as at the Balance sheet date. Inventory is held across four factories as at the reporting date. Considering the number of locations and the level of inventory held across its factories, as well as the physical verification of inventory at these locations on different dates, the potential risk of existence of such inventory and the identification of non-moving, obsolete / damaged inventory is a significant area of audit importance.</p> <p>Inventories are valued at the lower of cost and net realisable value. The inventory valuation also requires management estimates towards write-down of inventory items to its net realizable value (wherever applicable) and allowance for slow moving or non-moving inventory.</p> | <p>Our audit response consisted of several procedures including those summarised below (as applicable in each case):</p> <ul style="list-style-type: none"> • Our audit procedures to verify the existence of inventories consisted of testing the relevant internal controls, including in specific the testing of the inventory physical verification process that are performed by the management at various point in time at their factories • As required under SA 501 "Audit Evidence - Additional Considerations for Specific Items", we have observed the physical verification of Inventory, conducted by management, in certain factories selected by us based on our professional judgment. Our procedures in this regard included: <ul style="list-style-type: none"> - observing compliance of stock count instructions by management personnel; observing steps taken by management to ascertain the existence of inventory on the date of the count (including identification of non-moving, obsolete / damaged inventory), - performing independent inventory counts on sample basis and reconciling the same to the management counts and reviewing the reconciliation of the differences in inventory quantity between the physical count and the books of accounts, and - performing roll forward procedures on sample basis from date of count to the reporting date as the physical verification of inventory was undertaken by management on different dates across various factories during the year. • We tested sample of inventory purchases throughout the audit period with purchase invoice and other supporting documents to ensure if the inventory is valued as per the Company's accounting policy. • We have evaluated whether the adjustments to bring down the cost of inventory items to their net realisable value and allowance for slow moving or non-moving inventory at the reporting date is appropriate by |

| Key audit matters | Response to Key audit matters |
|--|---|
| | <p>assessing the reasonability of the methodology and assumptions adopted by management in this regard including verification of the completeness of the related adjustments by testing a sample of inventory items as at the reporting date.</p> <ul style="list-style-type: none"> • We performed cut off testing for purchase and sales transactions made near the reporting date to assess whether transactions are recorded in the correct period by testing shipping records, sales / purchase invoices, etc., for sample transactions. |
| <p align="center">Provisions and contingencies pertaining to disputes (as described in note 34(c) on contingent liabilities of the Ind AS financial statements)</p> | |
| <p>The Company, in the normal course of business, is contesting various disputes, lawsuits, claims, proceedings including matters relating to intellectual property rights, taxes and commercial issues that arise from time to time. The Company assesses the need to make provision or disclose a contingency on a case-to-case basis considering the underlying facts of each such litigation or dispute. This assessment is significant to our audit, to assess adequacy of disclosure or provision in the books of account.</p> <p>The accounting and disclosure for contingent liabilities is complex & involves judgment in assessing the outcome of the matter and estimating the potential impact if the outcome is unfavorable, and the amounts involved are, or can be, material to the financial statements.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We evaluated the design and tested the operating effectiveness of controls relating to identification and evaluation of claims, proceedings and investigations at different levels in the Company, and the measurement of provisions for disputes, potential claims and litigation, contingent liabilities and disclosures. • We obtained a list of ongoing litigations from the Company. We selected a sample of litigations based on materiality and performed inquiries with the Company on the legal evaluation of these litigations. We have compared the said evaluation with the appropriateness of provision or disclosure in the financial statements. We have tested the underlying computation of the management in relation to the measurement of provision or the contingency. • We solicited legal letters from company's external legal advisors with respect to the matters included in the summary. Where appropriate, we examined correspondences connected with the cases. |

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes 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, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these Ind AS financial statements and the operating effectiveness of

such controls, refer to our separate Report in "Annexure 2" to this report;

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) 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, as amended 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 Ind AS financial statements - Refer Note 34 to the Ind AS 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.

For S R BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration No. 101049W / E300004

per S Balasubrahmanyam

Partner

Place : Chennai

Date : May 09, 2019

Membership No. 053315

Annexure 1 to the Independent Auditor's Report

of even date on the Ind AS 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 property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) The Company has granted loan to a Fellow Subsidiary covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is not prejudicial to the Company's interest.
- (b) The Company has granted loans to a Company covered in the register maintained under Section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
- (c) There are no amounts of loans granted to Companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (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, duty of custom, goods and service tax, income tax and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in relation to Professional Tax.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, duty of custom, goods and service tax, income-tax and other material statutory dues applicable to it 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 of Sales tax, Excise duty, Service tax and Income tax 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 | 986 | 1996-16 | Assistant Commissioner, Commercial Taxes |
| | | 37 | 1991-93 | West Bengal Commercial Taxes, Appellate and Revision Board, Tribunal |
| | | 107 | 2011-15 | Madras High Court |
| Central Excise Act, 1944 | Excise duty | 935 | 1997-00 | Central Excise & Service Tax Appellate Tribunal |
| | | 410 | 2007-11 | Central Excise & Service Tax Appellate Tribunal |
| | | 149 | 2009-15 | Commissioner of Central Excise (Appeals) |
| | | 42 | Various periods | Various forums |
| Finance Act, 1994 | Service Tax | 34 | 2006-17 | Commissioner of Central Excise (Appeals) |
| | | 74 | 2006-11 | Central Excise & Service Tax Appellate Tribunal |
| | | 6 | 2003-05 | Joint Commissioner, Service Tax |
| Income Tax Act, 1961 | Income Tax | 190 | AY 2003-04 | Commissioner of Income Tax (Appeals) |
| | | 6 | AY 2013-14 | Commissioner of Income Tax (Appeals) |

* Out of the total disputed dues, an amount of ₹ 94 lakhs for excise and service tax related matters, ₹ 13 lakhs for income tax matters and ₹ 90 lakhs for sales tax matters was pre-deposited by the Company.

- (viii) The Company did not have any outstanding loans or borrowings 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 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 explanations 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 09, 2019

Membership No. 053315

Annexure 2 to the Independent Auditor's Report of even date on the Ind AS financial statements of 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, 2019 in conjunction with our audit of the Ind AS 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 with reference to these financial statements 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, 2019, 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 09, 2019

Membership No. 053315

Balance Sheet

as at March 31, 2019

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



ESAB INDIA LIMITED

| | Notes | As at March 31, 2019 | As at March 31, 2018 |
|--|-------|-------------------------|-------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 8,118 | 7,697 |
| Capital work in progress | 3 | 314 | 759 |
| Intangible assets | 3 | 194 | 271 |
| Financial assets | | | |
| (i) Other financial assets | 4 | 513 | 283 |
| Deferred tax assets (net) | 32 | 141 | 166 |
| Other assets | 5 | 326 | 131 |
| TOTAL | | 9,606 | 9,307 |
| Current assets | | | |
| Inventories | 6 | 6,815 | 7,273 |
| Financial assets | | | |
| (i) Investments | 7 | 3,026 | 12,457 |
| (ii) Loans | 8 | 3,850 | 4,000 |
| (iii) Trade receivables | 9 | 6,362 | 5,898 |
| (iv) Cash and cash equivalents | 10 | 4,307 | 3,713 |
| (v) Bank balances other than (iv) above | 10 | 1,308 | 2,679 |
| (vi) Other financial assets | 11 | 228 | 284 |
| Other assets | 12 | 1,674 | 1,643 |
| Current tax assets (net) | 13a | 491 | 587 |
| | | 28,061 | 38,534 |
| Asset held for sale | 14 | 209 | 196 |
| Total assets | | 37,876 | 48,037 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity Share Capital | 15 | 1,539 | 1,539 |
| Other Equity | 16 | 25,120 | 36,287 |
| Total equity | | 26,659 | 37,826 |
| Non-current liabilities | | | |
| Long term provisions | 17 | 362 | 288 |
| | | 362 | 288 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| Trade payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises | 18 | 1,314 | — |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 18 | 7,129 | 7,447 |
| Other financial liabilities | 19 | 213 | 166 |
| Short term provisions | 17 | 929 | 823 |
| Liabilities for Current tax (net) | 13b | 131 | — |
| Other current liabilities | 20 | 1,139 | 1,487 |
| | | 10,855 | 9,923 |
| Total liabilities | | 11,217 | 10,211 |
| Total equity and liabilities | | 37,876 | 48,037 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date

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 9, 2019

Statement of Profit and Loss

for the year ended March 31, 2019

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

| | Notes | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|-------|---|---|
| Revenue from contract with customers | 21 | 67,163 | 54,267 |
| Other income | 22 | 1,104 | 924 |
| Finance income | 23 | 568 | 367 |
| Total income | | 68,835 | 55,558 |
| Expenses | | | |
| Cost of raw materials and components consumed | 24 | 35,958 | 29,028 |
| Purchase of traded goods | 24 | 7,084 | 6,451 |
| (Increase) / decrease in inventories | 24 | 78 | (571) |
| Employee benefits expense | 25 | 7,004 | 5,915 |
| Depreciation and amortization expense | 26 | 1,070 | 1,009 |
| Other expenses | 27 | 9,159 | 8,274 |
| Total expense | | 60,353 | 50,106 |
| Profit before Exceptional items and taxes | | 8,482 | 5,452 |
| Exceptional Items | 28 | 68 | 188 |
| Profit before tax | | 8,414 | 5,264 |
| Current tax | 32 | 2,586 | 1,494 |
| Adjustment of tax relating to earlier years | 32 | 24 | — |
| Deferred tax expense / (credit) | 32 | 45 | 55 |
| Income tax expense | | 2,655 | 1,549 |
| Profit for the year | | 5,759 | 3,715 |
| Other comprehensive income | | | |
| Items that will not be reclassified to Profit or Loss in subsequent years | | | |
| - Re-measurement gains / (losses) on defined benefit plans | | (58) | 62 |
| - Income tax effect | | 20 | (21) |
| Other comprehensive income for the year, net of tax | | (38) | 41 |
| Total comprehensive income for the year, net of tax | | 5,721 | 3,756 |
| Earnings per share | | | |
| Basic and Diluted Earnings per share | 30 | 37.41 | 24.13 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date

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 9, 2019

Statement of Cash Flow

for the year ended March 31, 2019



ESAB INDIA LIMITED

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

| | Notes | March 31, 2019 | March 31, 2018 |
|---|--------|----------------|----------------|
| Operating Activities | | | |
| Profit before tax | | 8,414 | 5,264 |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Dividend from investments | 22 | (435) | (545) |
| Fair value of investments | 22 | (20) | (143) |
| Profit on sale of investments | 22 | (87) | — |
| (Profit) / loss on sale of property, plant and equipment | 22, 27 | (54) | 10 |
| Unrealised foreign exchange gain | | (25) | (24) |
| Provision / (Write back) of provision for doubtful receivables | 22, 27 | (142) | 209 |
| Interest on bank deposits and others | 23 | (163) | (150) |
| Interest from loan to related party | 23 | (401) | (213) |
| Unwinding of finance cost | 23 | (4) | (4) |
| Depreciation of property, plant and equipment | 26 | 982 | 916 |
| Amortisation of intangible assets | 26 | 88 | 93 |
| Provision for warranty | 27 | 236 | 221 |
| Property, plant and equipment written off | 27 | 27 | 56 |
| Impairment loss on property, plant and equipment | 28 | 68 | 188 |
| Working capital adjustments: | | | |
| (Increase) / decrease in inventories | | 458 | (990) |
| Increase in trade receivables | | (309) | (1,400) |
| (Increase) / decrease in other financial assets | | 67 | (100) |
| Increase in other assets | | (133) | (251) |
| Increase in trade payables | | 1,008 | 1,655 |
| Increase in other financial liabilities | | 9 | 4 |
| Decrease in provisions | | (114) | (138) |
| Decrease in other current liabilities | | (348) | (37) |
| Operating cash flow after working capital changes | | 9,122 | 4,621 |
| Taxes paid, net of refund | | (2,383) | (1,648) |
| Net cash flows from operating activities | | 6,739 | 2,973 |
| Investing activities | | | |
| Purchase of property, plant and equipment, intangible assets, including capital work in progress and capital advances | | (1,238) | (1,651) |
| Proceeds from sale of property, plant and equipment | | 122 | 24 |
| Purchase of investments | | (20,572) | (11,045) |
| Proceeds from sale of investments | | 30,110 | 13,414 |
| Dividend from investments | | 435 | 545 |
| Investment in bank deposits | | (2,463) | (2,183) |
| Redemption/maturity of bank deposits | | 3,595 | 1,625 |
| Interest income | | 210 | 143 |
| Net cash flows from/(used in) investing activities | | 10,199 | 872 |
| Financing activities | | | |
| Dividend to shareholders | | (14,008) | (154) |
| Dividend distribution tax | | (2,880) | (31) |
| Loan to related party | | (750) | (4,000) |
| Repayment from loan to related party | | 900 | — |
| Interest received from loan to related party | | 394 | 132 |
| Net cash flows used in financing activities | | (16,344) | (4,053) |
| Net increase/(decrease) in cash and cash equivalents | | 594 | (208) |
| Cash and cash equivalents at the beginning of the year | 10.1 | 3,713 | 3,921 |
| Cash and cash equivalents at year end | 10.1 | 4,307 | 3,713 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date

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 9, 2019

Statement of Changes in Equity

for the year ended March 31, 2019

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

A. Equity Share Capital

| Equity shares of ₹ 10 each issued, subscribed and fully paid | Numbers | ₹ |
|--|------------|-------|
| At 31 March 2018 | 15,393,020 | 1,539 |
| At 31 March 2019 | 15,393,020 | 1,539 |

B. Other Equity

For the year ended 31 March 2019

| Particulars | Reserves and Surplus | | | | |
|---|----------------------|-------------------|----------------------|-----------------|--------------------|
| | Securities Premium | Retained Earnings | Amalgamation reserve | General reserve | Total Other Equity |
| As at 1 April 2018 | 932 | 30,265 | 100 | 4,990 | 36,287 |
| Profit for the year | – | 5,759 | – | – | 5,759 |
| Other Comprehensive income (Refer Note 29) | – | (38) | – | – | (38) |
| Total comprehensive income | – | 5,721 | – | – | 5,721 |
| Dividend to shareholders, including dividend distribution tax | – | (16,888) | – | – | (16,888) |
| At 31 March 2019 | 932 | 19,098 | 100 | 4,990 | 25,120 |

For the year ended 31 March 2018

| Particulars | Reserves and Surplus | | | | |
|--|----------------------|-------------------|----------------------|-----------------|--------------------|
| | Securities Premium | Retained Earnings | Amalgamation reserve | General reserve | Total Other Equity |
| As at 1 April 2017 | 932 | 26,694 | 100 | 4,990 | 32,716 |
| Profit for the year | – | 3,715 | – | – | 3,715 |
| Other comprehensive income (Refer Note 29) | – | 41 | – | – | 41 |
| Total comprehensive income | – | 3,756 | – | – | 3,756 |
| Dividend to shareholders including dividend distribution tax | – | (185) | – | – | (185) |
| At 31 March 2018 | 932 | 30,265 | 100 | 4,990 | 36,287 |

As per our report of even date

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

S Balasubrahmanyam
Partner
Membership No. 053315

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

Rohit Gambhir
Managing Director
DIN: 06686250

B Mohan
Vice President - Finance and
Chief Financial Officer

K Vaidyanathan
Director
DIN: 00063692

S Venkatakrishnan
Company Secretary

Place : Chennai
Date : May 9, 2019

Notes to financial statements for the year ended March 31, 2019

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

1. Company Overview

ESAB India Limited ("the Company") was incorporated on November 10, 1987 and commenced its business operations in July 1988. The Company is a Public Limited Company domiciled in India and has its primary listings on Bombay Stock Exchange Limited and National Stock Exchange of India Limited in India. The registered office of the Company is located at No.13, 3rd Main Road, Ambattur Industrial Estate, Chennai - 600 058, India. The Company is engaged in the business of fabrication technology. The Company caters to both domestic and international markets.

The financial statements were authorized for issue in accordance with a resolution of the directors on May 09, 2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments). The financial statements are presented in lakhs of Indian rupees and all values are rounded to the nearest lakhs, except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between

the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Foreign currency transactions and balances

Financial Statements are presented in Indian rupees (Rs.) which is also the functional currency of the Company. Transactions in foreign currencies are initially recorded by the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use of selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within

Notes to the Financial Statements

for the year ended March 31, 2019

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

the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

| | | |
|-------|---------|---|
| (i) | Level 1 | Quoted (unadjusted) market prices in active markets for identical assets or liabilities. |
| (ii) | Level 2 | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. |
| (iii) | Level 3 | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes to the financial statements.

d. Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of products:

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on despatch of products from the factory gate. The normal credit term is 0 to 120 days of sale.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Warranty obligations:

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to

the accounting policy on warranty provisions in section (m) Provisions.

The Company provides normal warranty provisions for one year on equipment products sold.

Installation services:

The Company provides installation services that are bundled together with the sale of certain products for which the installation services can be obtained from other providers and does not significantly customise or modify the product.

The Company recognises revenue from installation services over time, using an expected cost plus margin method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from the sale of products are recognised at a point in time, generally on despatch of product from factory gate.

Rendering of services:

Revenue from services is recognised when the services are rendered in accordance with the specific terms of contract and when collectability of the resulting receivable is reasonably assured.

Dividend income:

Dividend / profit on sale of investments is recognised when the Company's right to receive payment has been established.

Interest Income:

Interest income from financial assets is recognised at the effective interest rate method applicable on initial recognition. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Export Benefits:

Income from export incentives such as served from Service Exports from India Scheme (SEIS) are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Export Benefits are recognised on export of products and services on availment of any such benefits, as applicable.

Contract Balances

Trade receivables:

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (o) Financial instruments - initial recognition and subsequent measurement.

e. Income Taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the

amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 taxes relate to the same taxable entity and the same taxation authority.

f. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that it is unlikely that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

g. Property, plant and equipment

Property, plant and equipments held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises its purchase price or its construction cost (net of applicable tax credits), any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. Such cost includes the cost of replacing part of the plant and equipment and professional fees. Any trade

Notes to the Financial Statements

for the year ended March 31, 2019

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

discounts and rebates are deducted in arriving at the purchase price. Parts of an item of Property, plant and equipment having different useful lives and significant value and subsequent expenditure on Property, plant and equipment arising on account of capital improvement or other factors are accounted for as separate components. 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.

Capital work in progress is stated at cost, less any recognised impairment loss. Such assets are classified to the appropriate categories of Property, plant and equipment when completed and ready for intended use. Depreciation of these assets, commences when the assets are ready for their intended use.

Depreciation is provided on the cost of property, plant and equipment (other than leasehold land) less their residual values, using the straight line method over the useful life of property, plant and equipment as stated in the Schedule II to the Companies Act, 2013 or based on technical assessment by the Company. The Company has used the following rates to provide depreciation on its property, plant and equipment.

| Particulars | Useful Life |
|------------------------|---------------|
| Leasehold Land | 95- 99 years |
| Buildings | 30 - 60 years |
| Plant & Machinery | 4 - 21 years |
| Furniture and Fixtures | 16 years |
| Vehicles | 6 years |

The estimated useful lives, residual values and depreciation method are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

Depreciation on additions/deletions to Property, plant and equipment during the year is provided for on a pro-rata basis with reference to the date of additions/deletions. Depreciation on subsequent expenditure on Property, plant and equipment arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life. Depreciation on refurbished/revamped Property, plant and equipment which are capitalized separately is provided for over the reassessed useful life.

An item of Property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised as in the Statement of Profit and Loss.

h. Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives from the date of capitalisation. The estimated useful life is reviewed at the end of each reporting period and the effect of any changes in estimate being accounted for prospectively.

Computer software are amortized on a straight line basis over a period of 4 years.

Intangible assets is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognised in the Statement of Profit and Loss as and when the asset is derecognised.

i. Impairment of tangible and intangible assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, 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) fair value less costs of disposal and its value in use. 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. When 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.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover 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. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industry or country in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

Notes to the Financial Statements

for the year ended March 31, 2019

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ESAB INDIA LIMITED

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. In respect of agreements entered into by the Company before the date of transition to Ind AS, the Company has evaluated the transaction based on facts and conditions as at the transition date.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

k. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

Finished goods and work in progress:

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost is determined on first in, first out basis.

Traded goods:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

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

Stores and spares which do not meet the definition of Property, plant and equipment are accounted as inventories.

l. Retirement and other employee benefits

Employee benefits include salaries, wages, provident fund, gratuity, pension, compensated absences and other termination benefits.

i. Defined contribution plans

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 recognises 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.

ii. Defined benefit plans

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

Notes to the Financial Statements

for the year ended March 31, 2019

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occur in Other Comprehensive Income (OCI). The Company has funded this with Life Insurance Corporation of India ('LIC').

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (i) Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- (ii) Net interest expense or income.

iii. Other employee benefits

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 other comprehensive income 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.

iv. Voluntary Separation Scheme

Expenditure on Voluntary Separation Scheme (VSS) is charged to the Statement of Profit and Loss when incurred.

m. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it

is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

The Company provides normal warranty provisions for one year on equipment products sold, in line with the industry practice. Provisions for warranty-related costs are recognized as and when the products are sold to customers. Estimates are established using historical information as to the nature, frequency, and average costs of warranty claims. The estimate of such warranty-related costs is revised annually.

n. Contingent liabilities

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

o. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- (i) Debt instruments at amortised cost; and
- (ii) Debt instruments at fair value through profits or loss (FVTPL)

Notes to the Financial Statements

for the year ended March 31, 2019

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

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 9.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if by doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss account.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month

expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original Effective interest rate.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

Financial assets measured as at amortised cost - ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

ii. Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or payables, as appropriate. All financial liabilities are recognised initially at fair value. The Company's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities

Notes to the Financial Statements

for the year ended March 31, 2019

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

designated upon initial recognition as at fair value through profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / loss are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Derecognition

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

iii. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

| Original classification | Revised classification | Accounting treatment |
|-------------------------|------------------------|--|
| Amortised cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| FVTPL | Amortised cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| Amortised cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| FVTOCI | Amortised cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date. |

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

q. Cash dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is

authorised and the distribution is no longer at the discretion of the Company, i.e. liability is accrued on the date of authorisation. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

r. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.3 Standards issued and implemented during the year

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption.

2.3 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1st April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards from April 01, 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

Notes to the Financial Statements

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3. Property Plant & Equipment, Capital Work-in Progress & Intangible Assets

| Particulars | Property Plant and Equipment | | | | | Capital work in progress | Intangible Assets | | |
|---|------------------------------|----------------|-------------------|-----------------------------|--------------------------------|--------------------------|-------------------|----------|----------|
| | Freehold land | Leasehold land | Buildings (Owned) | Plant and Equipment (Owned) | Furniture and Fixtures (Owned) | Vehicles (Owned) | Total | Goodwill | Software |
| Cost or valuation | | | | | | | | | |
| At 1 April 2017 | 227 | 77 | 2,430 | 5,507 | 316 | 58 | 8,615 | 723 | 269 |
| Add: Additions | — | — | 270 | 1,098 | 83 | 22 | 1,473 | 1,690 | 121 |
| Less: Disposals/ Write off | — | — | (2) | (93) | (4) | (4) | (103) | — | — |
| Less: Capitalised during the year | — | — | — | — | — | — | — | (1,654) | — |
| At 31 March 2018 | 227 | 77 | 2,698 | 6,512 | 395 | 76 | 9,985 | 759 | 390 |
| Add: Additions | — | — | 171 | 1,252 | 143 | — | 1,566 | 1,132 | 11 |
| Less: Disposals/ Write off | — | — | (65) | (323) | (52) | (13) | (453) | — | (1) |
| Less: Capitalised during the year | — | — | — | — | — | — | — | (1,577) | — |
| At 31 March 2019 | 227 | 77 | 2,804 | 7,441 | 486 | 63 | 11,098 | 314 | 400 |
| Accumulated Depreciation / Amortization / Impairment | | | | | | | | | |
| At 1 April 2017 | — | 1 | 106 | 1,028 | 43 | 19 | 1,197 | — | 86 |
| Depreciation charge for the year | — | 1 | 120 | 748 | 32 | 15 | 916 | — | 93 |
| Disposals | — | — | — | (9) | — | (4) | (13) | — | — |
| Impairment charge for the year* | — | — | 56 | 113 | 19 | — | 188 | — | — |
| At 31 March 2018 | — | 2 | 282 | 1,880 | 94 | 30 | 2,288 | — | 179 |
| Depreciation charge for the year | — | 1 | 110 | 824 | 35 | 12 | 982 | — | 88 |
| Disposals | — | — | (58) | (261) | (35) | (4) | (358) | — | (1) |
| Impairment charge for the year* | — | — | 17 | 51 | — | — | 68 | — | — |
| At 31 March 2019 | — | 3 | 351 | 2,494 | 94 | 38 | 2,980 | — | 266 |
| Net book value | | | | | | | | | |
| At 31 March 2019 | 227 | 74 | 2,453 | 4,947 | 392 | 25 | 8,118 | 314 | 134 |
| At 31 March 2018 | 227 | 75 | 2,416 | 4,632 | 301 | 46 | 7,697 | 759 | 211 |

* During the year, the Company has recognised impairment loss identified as assets not in use. The losses have been recognised in the statement of profit and loss under "Exceptional items" (refer note 28).

Notes to the Financial Statements

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ESAB INDIA LIMITED

| | 31-Mar-19 | 31-Mar-18 |
|--|--------------|--------------|
| 4. Other non-current financial assets | | |
| Security Deposits | 236 | 242 |
| Bank deposits with maturity greater than 12 months * | 277 | — |
| Pension Fund (refer note 33) | — | 41 |
| | 513 | 283 |
| * Includes margin money deposits with the Company's bankers having a carrying amount of ₹ 277 (March 31, 2018 - ₹ NIL) which are subject to first charge to secure the Company's bank guarantees. | | |
| 5. Other assets | | |
| Capital advance | 124 | 31 |
| Advances other than capital advances | | |
| Prepaid Rent | 14 | 14 |
| Prepayments | 117 | 86 |
| Claims receivable | 71 | — |
| | 326 | 131 |
| Considered doubtful | | |
| Advance to employees | 33 | 33 |
| Other receivables | 44 | 44 |
| Less : Provision for doubtful advances | (77) | (77) |
| | 326 | 131 |
| 6. Inventories (lower of cost and net realisable value) | | |
| Raw materials [(includes in transit ₹ 844 March 31, 2018 - ₹ 461)] | 2,669 | 3,023 |
| Work in progress | 434 | 369 |
| Finished goods | | |
| - Manufactured goods | 1,519 | 908 |
| - Traded goods [(includes in transit ₹ 774 March 31, 2018 - ₹ 941)] | 2,063 | 2,817 |
| Stores and Spares | 130 | 156 |
| Total inventories at the lower of cost and net realisable | 6,815 | 7,273 |
| 7. Investments | | |
| a) Investments at fair value through profit or loss | | |
| Quoted mutual funds | | |
| 15,43,698 (March 31, 2018: 15,43,698) units in Franklin India Banking and PSU Debt Fund - Direct - Growth | 235 | 215 |
| 8,07,652 (March 31, 2018: Nil) units in Aditya Birla Sun Life Liquid Fund - Daily dividend - Regular Plan | 809 | — |
| 91,347 (March 31, 2018: Nil) units in Franklin India Liquid Fund - Super Institutional Plan-Direct-Daily Dividend Reinvestment | 916 | — |
| 46,596 (March 31, 2018: Nil) units in Reliance Liquid Fund- Daily Dividend Option | 713 | — |
| 35,140 (March 31, 2018: Nil) units in SBI Liquid Fund - Direct Daily Dividend | 353 | — |
| Nil (March 31, 2018: 3,23,712) units in Aditya Birla Sun Life short term fund - growth fund-Regular plan | — | 215 |
| Nil (March 31, 2018: 6,44,738) units in Aditya Birla Sun Life short term fund - growth fund-Direct plan | — | 431 |

Notes to the Financial Statements

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| | 31-Mar-19 | 31-Mar-18 |
|---|--------------|---------------|
| Nil (March 31, 2018: 11,22,965) units in HDFC short term opportunities fund - Regular plan - growth | — | 215 |
| Nil (March 31, 2018: 9,87,257) units in ICICI Prudential flexible income - Direct plan - Daily dividend | — | 1,045 |
| Nil (March 31, 2018: 1,04,39,595) units in Franklin India ultra short bond fund - super institutional plan-Daily dividend reinvestment | — | 1,052 |
| Nil (March 31, 2018: 1,28,93,288) units in Kotak Treasury advantage fund - Daily dividend (Regular plan) | — | 1,300 |
| Nil (March 31, 2018: 10,44,764) units in IDFC money manager fund - Investment plan - Daily dividend-(Regular plan) | — | 106 |
| Nil (March 31, 2018: 20,88,624) units in ICICI Prudential ultra short term fund - Direct - Daily dividend | — | 211 |
| Nil (March 31, 2018: 58,23,508) units in ICICI Prudential ultra short term fund - Regular plan - Daily dividend | — | 589 |
| Nil (March 31, 2018: 8,78,497) units in Aditya Birla Sun Life treasury optimizer plan - Monthly dividend-Regular plan reinvestment | — | 934 |
| Nil (March 31, 2018: 97,26,080) units in HDFC short term opportunities fund regular plan - Fortnightly dividend | — | 996 |
| Nil (March 31, 2018: 21,58,766) units in IDFC super saver income fund - short term fund regular plan - Fortnightly dividend | — | 224 |
| Nil (March 31, 2018: 51,43,571) units in IDFC corporate bond fund Regular plan - dividend | — | 543 |
| Nil (March 31, 2018: 36,23,626) units in Aditya Birla Sun Life short term fund - Monthly dividend-Regular plan - reinvestment | — | 420 |
| Nil (March 31, 2018: 3,99,210) units in ICICI Prudential flexible income - Regular plan - Daily dividend | — | 422 |
| Nil (March 31, 2018: 10,26,812) units in IDFC super saver income fund - medium term plan - Fortnightly dividend-Direct plan | — | 105 |
| Nil (March 31, 2018: 40,76,783) units in Franklin India ultra short bond fund - super institutional plan - Direct-Daily dividend reinvestment | — | 410 |
| Nil (March 31, 2018: 39,125) units in Invesco India medium term bond fund - Direct plan daily dividend | — | 404 |
| Nil (March 31, 2018: 22,25,099) units in Kotak flexi debt Direct Monthly dividend | — | 504 |
| Nil (March 31, 2018: 23,62,375) units in Reliance medium term fund - daily Direct dividend plan dividend reinvestment | — | 404 |
| Nil (March 31, 2018: 39,790) units in SBI ultra short term debt fund - Direct plan - Daily dividend reinvestment plan | — | 401 |
| Nil (March 31, 2018: 21,66,472) units in IDFC super saver income fund - medium term plan-growth-Direct plan | — | 653 |
| Nil (March 31, 2018: 7,81,506) units in Reliance short term fund - Direct growth plan | — | 263 |
| Nil (March 31, 2018: 11,76,766) units in TATA short term bond fund Direct plan - growth | — | 395 |
| Total investments at fair value through profit or loss | 3,026 | 12,457 |
| Total cost of investments | 2,968 | 12,029 |
| b) Investments in equity instruments | | |
| Investment in shares of M/s Clean Wind Power(Pratapgarh) Private Limited (3,600 shares at ₹ 10 each) | — | — |
| * Amount is less than the rounding off norm adopted by the Company | | |
| Total investments | 3,026 | 12,457 |

Notes to the Financial Statements

for the year ended March 31, 2019

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| | 31-Mar-19 | 31-Mar-18 |
|---|--------------|--------------|
| 8. Loans (Considered good - Secured) | | |
| Loan to Related party (refer note 35)* | 3,850 | 4,000 |
| | <u>3,850</u> | <u>4,000</u> |
| * Secured by corporate guarantee from Colfax Corporation, the Ultimate Holding Company. | | |
| 9. Trade receivables | | |
| Trade receivables | 5,760 | 5,406 |
| Receivables from related parties (refer note 35) | 602 | 492 |
| Total Trade receivables | <u>6,362</u> | <u>5,898</u> |
| Considered good - secured * | 44 | 58 |
| Considered good - unsecured | 6,318 | 5,840 |
| Receivables which have significant increase in credit risk | — | — |
| Trade Receivables - credit impaired | <u>441</u> | <u>583</u> |
| Impairment Allowance (allowance for bad and doubtful debts) | | |
| Trade Receivables - credit impaired | <u>(441)</u> | <u>(583)</u> |
| | <u>6,362</u> | <u>5,898</u> |
| * Secured against deposits from dealers | | |
| No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. For terms and conditions relating to receivables from related parties, refer Note 35. Trade receivables are non-interest bearing and are generally on terms of 0 to 120 days based on the type of the customer. | | |
| 10.1 Cash and cash equivalents | | |
| Balances with banks on current accounts | 3,095 | 3,076 |
| Bank deposits with original maturity of less than 3 months | 450 | — |
| Cheques / drafts on hand | 759 | 633 |
| Cash on hand | 3 | 4 |
| | <u>4,307</u> | <u>3,713</u> |
| For the purpose of the statement of cash flows, cash and cash equivalents comprise of the above balances. | | |
| 10.2 Other bank balances | | |
| In unpaid dividend accounts | 67 | 29 |
| Bank deposits with maturity greater than 3 months, less than 12 months* | 1,241 | 2,650 |
| | <u>1,308</u> | <u>2,679</u> |
| * Includes margin money deposits with the Company's bankers having a carrying amount of ₹ 1,241 (March 31, 2018 - ₹ 1,700) which are subject to first charge to secure the Company's bank guarantees. | | |
| 11. Other financial assets (current) | | |
| Management service fee receivable from related parties (refer note 35) | 90 | 106 |
| Interest accrued on loan to related party (refer note 35) | 88 | 81 |
| Interest accrued on fixed deposits | 50 | 97 |
| | <u>228</u> | <u>284</u> |

Notes to the Financial Statements

for the year ended March 31, 2019

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

| | 31-Mar-19 | 31-Mar-18 | |
|---|----------------------|------------------|------------------|
| 12. Other assets (current) | | | |
| Prepayments | 139 | 182 | |
| Balance with Government authorities | 576 | 539 | |
| Advance to suppliers | 935 | 884 | |
| Advance to employees | 24 | 38 | |
| | <u>1,674</u> | <u>1,643</u> | |
| 13. Income tax assets | | | |
| a. Income tax assets (Net) | | | |
| Advance income-tax | 491 | 587 | |
| | <u>491</u> | <u>587</u> | |
| b. Liability for current income tax (Net) | | | |
| Liability for current income tax (net) | 131 | — | |
| | <u>131</u> | <u>—</u> | |
| 14. Assets held for sale | | | |
| Assets held for sale* | 209 | 196 | |
| | <u>209</u> | <u>196</u> | |
| * The Company has discontinued its operations at Khardah factory at Kolkata during the year ended March 31, 2015 and is in the process of finalising the sale of land to a prospective buyer. | | | |
| 15. Share Capital | | | |
| Authorised: | | | |
| 1,90,00,000 (Previous years: 1,90,00,000) equity shares of ₹ 10/- each | 1,900 | 1,900 | |
| 30,00,000 (Previous years: 30,00,000) unclassified shares of ₹ 10/- each | 300 | 300 | |
| | <u>2,200</u> | <u>2,200</u> | |
| Issued, subscribed and paid-up: | | | |
| 1,53,93,020 (Previous years: 1,53,93,020) equity shares of ₹ 10/- each fully paid-up | 1,539 | 1,539 | |
| a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year | | | |
| Particulars | No. of Shares | Amount | |
| As at April 01, 2018 | 15,393,020 | 1,539 | |
| Changes during the year | — | — | |
| As at March 31, 2019 | <u>15,393,020</u> | <u>1,539</u> | |
| b) Terms / rights attached to equity shares | | | |
| The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. | | | |
| In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. | | | |
| c) Details of shares held by subsidiaries of ultimate holding company / holding and / or their subsidiaries / associates | | | |
| Name of equity share holders | No. of shares | 31-Mar-19 | 31-Mar-18 |
| Subsidiary companies of Colfax Corporation, the ultimate holding company: | | | |
| ESAB Holdings Limited, UK | 5,743,200 | 574 | 574 |
| Exelvia Group India B.V, Netherlands | 5,604,760 | 560 | 560 |
| | <u>11,347,960</u> | <u>1,134</u> | <u>1,134</u> |

Notes to the Financial Statements

for the year ended March 31, 2019

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



ESAB INDIA LIMITED

d) Details of shareholders holding more than 5% shares in the Company are as under:

| Name of equity share holders | No. of shares | 31-Mar-19 | 31-Mar-18 |
|---|---------------|---------------|-----------|
| Equity shares of ₹ 10 each fully paid held by | | | |
| ESAB Holdings Limited, UK | 5,743,200 | 37.31% | 37.31% |
| Exelvia Group India B.V, Netherlands | 5,604,760 | 36.41% | 36.41% |
| Acacia Partners, LP, Mauritius | 821,140 | 5.33% | 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.

e) Proposed dividends on Equity shares

| | 31-Mar-19 | 31-Mar-18 |
|---|-----------|------------|
| The board proposed dividend on equity shares after the balance sheet date | | |
| Proposed dividend on equity shares for the year ended on | | |
| March 31, 2019: Nil (March 31, 2018: ₹ 1 per share) | — | 154 |
| Tax on proposed dividend | — | 32 |
| | <u>—</u> | <u>186</u> |

The Board of Directors on November 23, 2018 approved an interim Dividend of ₹ 90/- per equity share of ₹ 10/- each on a total equity capital of ₹ 1,539 lakhs be paid to the equity shareholders of the Company whose name appear as on the record date December 4, 2018 and such interim dividend entailed a total outflow of ₹ 16,701 - inclusive of dividend distribution tax of ₹ 2,848.

16. Other equity

Securities Premium

| | | |
|---|------------|-----|
| Balance as at the beginning of the year | 932 | 932 |
| Balance as at the end of the year | 932 | 932 |

Other reserves

| | | |
|---------------------------|----------------------|---------------|
| Amalgamation reserve | 100 | 100 |
| General reserve | 4,990 | 4,990 |
| Retained Earnings | 19,098 | 30,265 |
| Total Other equity | <u>25,120</u> | <u>36,287</u> |

Amalgamation reserve

A scheme of amalgamation of Maharashtra Weldaids Limited (MWL) with the Company, with effect from April 1, 1992, became effective on February 18, 1994. Accordingly, the results of MWL have been incorporated in the results of the Company in the financial year ended March 31, 1994. On amalgamation the assets, liabilities and reserves of MWL have been incorporated at that Company's book values and the net difference between such values and the net consideration is accounted for as Amalgamation reserve.

Notes to the Financial Statements

for the year ended March 31, 2019

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

| | 31-Mar-19 | 31-Mar-18 |
|---|------------|------------|
| 17. Provisions | | |
| Current | | |
| Sales tax | 400 | 423 |
| Litigations and disputes | 73 | 73 |
| Warranties | 335 | 294 |
| Compensated absences | 23 | 20 |
| Pension* | 98 | 13 |
| | <u>929</u> | <u>823</u> |
| Non-current | | |
| Provision for employee benefits: | | |
| Gratuity (refer note 33) | 206 | 155 |
| Compensated absences | 156 | 133 |
| | <u>362</u> | <u>288</u> |

* Includes liability towards defined benefit scheme ₹ 55 lakhs. (refer note 33)

| | Sales Tax | Litigations | Warranties |
|--|-----------|-------------|------------|
| Balances as at April 1, 2017 | 398 | 73 | 191 |
| Add: Provision made during the year | 35 | — | 221 |
| Less: Provision utilised during the year | (10) | — | (118) |
| Balances as at March 31, 2018 | 423 | 73 | 294 |
| Add: Provision made during the year | 8 | — | 236 |
| Less: Provision utilised during the year | (31) | — | (195) |
| Balances as at March 31, 2019 | 400 | 73 | 335 |

18. Trade Payable

| | | |
|--|--------------|--------------|
| Dues to Micro Enterprises and Small Enterprises * | 1,314 | — |
| Dues to other than Micro, Small & Medium Enterprises | 5,074 | 5,648 |
| Dues to Related Party (refer note 35) | 2,055 | 1,799 |
| | <u>8,443</u> | <u>7,447</u> |

* Disclosures relating to micro, small and medium enterprises

| | | |
|---|-------|---|
| (a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;** | 1,314 | — |
| (b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | — | — |
| (c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | — | — |
| (d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and | 2 | — |
| (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | — | — |

** Includes overdue payables amounting of ₹ 48 lakhs (March 31, 2018 Nil)

Trade payables are non interest bearing and normally settled on 60 days term.

| | 31-Mar-19 | 31-Mar-18 |
|---|---------------|---------------|
| 19. Other financial liabilities at amortised cost | | |
| Security deposit from dealers | 146 | 137 |
| Unclaimed dividend | 67 | 29 |
| | <u>213</u> | <u>166</u> |
| 20. Other current liabilities | | |
| Advances from customers | 142 | 530 |
| Advance received for sale of land | 250 | 250 |
| Accrued salaries and benefits | 464 | 427 |
| Voluntary separation scheme | 4 | 59 |
| Statutory dues payable | 279 | 221 |
| | <u>1,139</u> | <u>1,487</u> |
| 21. Revenue from contract with customers | | |
| Sale of products | | |
| Manufactured goods | 51,455 | 41,943 |
| Traded goods | 11,505 | 10,033 |
| Recovery of freight | 1,234 | – |
| | <u>64,194</u> | <u>51,976</u> |
| Other operating revenues | | |
| Scrap sales | 308 | 227 |
| Export benefits | 208 | 172 |
| | <u>516</u> | <u>399</u> |
| Income from services | | |
| Engineering, support and consulting services | 2,453 | 1,892 |
| Total revenue from contract with customers | <u>67,163</u> | <u>54,267</u> |
| India | 61,556 | 50,117 |
| Outside india | 5,607 | 4,150 |
| Total revenue from contract with customers | <u>67,163</u> | <u>54,267</u> |
| Timing of revenue recognition | | |
| Transferred at a point in time | 66,642 | 54,267 |
| Transferred over time | 521 | – |
| Total revenue from contract with customers | <u>67,163</u> | <u>54,267</u> |
| Contract balances | | |
| Trade receivables | 6,362 | 5,898 |
| Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price | | |
| Revenue as per contracted price | 68,416 | 55,466 |
| Adjustments | | |
| Sales return | 204 | 324 |
| Sales incentive | 1,049 | 875 |
| Revenue from contract with customers | <u>67,163</u> | <u>54,267</u> |

Notes to the Financial Statements

for the year ended March 31, 2019

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

| | 31-Mar-19 | 31-Mar-18 |
|--|---------------|---------------|
| 22. Other income | | |
| Dividend from investments | 435 | 545 |
| Fair value of investments | 20 | 143 |
| Profit on sale of investments | 87 | – |
| Profit on sale of property, plant and equipment (net) | 54 | – |
| Net gain on account of foreign exchange fluctuation | 15 | 80 |
| Write back of provision for doubtful receivables | 142 | – |
| Management service to related party (refer note 35) | 276 | 67 |
| Miscellaneous income | 75 | 89 |
| | <u>1,104</u> | <u>924</u> |
| 23. Finance income | | |
| Interest on bank deposits and others | 163 | 150 |
| Interest from loan to related party (refer note 35) | 401 | 213 |
| Unwinding of finance cost | 4 | 4 |
| | <u>568</u> | <u>367</u> |
| 24. Cost of raw materials and components consumed | | |
| a. Raw materials and components consumed | | |
| Inventory at the beginning of the year | 3,023 | 2,578 |
| Add: Purchases during the year | 35,604 | 29,473 |
| Less: Inventory at the end of the year | (2,669) | (3,023) |
| | <u>35,958</u> | <u>29,028</u> |
| b. Traded goods | | |
| Purchase of traded goods | 7,084 | 6,451 |
| | <u>7,084</u> | <u>6,451</u> |
| c. Finished goods and work in progress (Increase) / Decrease in Inventories | | |
| Opening Stock | | |
| Manufactured goods | 908 | 1,111 |
| Work in progress | 369 | 415 |
| Traded goods | 2,817 | 1,997 |
| | <u>4,094</u> | <u>3,523</u> |
| Closing Stock | | |
| Manufactured goods | 1,519 | 908 |
| Work in progress | 434 | 369 |
| Traded goods | 2,063 | 2,817 |
| | <u>4,016</u> | <u>4,094</u> |
| | <u>78</u> | <u>(571)</u> |
| 25. Employee benefits expense | | |
| Salaries, wages and bonus | 6,054 | 5,129 |
| Contribution to provident and other funds | 183 | 180 |
| Gratuity expense (refer note 33) | 52 | 68 |
| Pension expenses * | 157 | 62 |
| Staff welfare expenses | 558 | 476 |
| | <u>7,004</u> | <u>5,915</u> |

* Includes expense towards defined benefit scheme Rs 25 lakhs. (refer note 33)

Notes to the Financial Statements
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(All amounts are in lakhs of Indian rupees, unless otherwise stated)



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| | 31-Mar-19 | 31-Mar-18 |
|---|--------------|--------------|
| 26. Depreciation and Amortisation Expenses | | |
| Depreciation of property, plant and equipment | 982 | 916 |
| Amortisation of intangible assets | 88 | 93 |
| | <u>1,070</u> | <u>1,009</u> |
| 27. Other expenses | | |
| Consumption of stores and spares | 496 | 456 |
| Excise duty on sales | — | 1,087 |
| Power and fuel | 1,201 | 1,039 |
| External service charges | 847 | 645 |
| Increase / (decrease) of excise duty on inventory finished goods | — | (336) |
| Rent | 159 | 189 |
| Repairs and maintenance | | |
| - Building | 37 | 37 |
| - Plant and machinery | 177 | 195 |
| - Others | 353 | 283 |
| Insurance | 40 | 43 |
| Travelling expenses | 975 | 911 |
| Communication expenses | 114 | 184 |
| Rates and taxes | 91 | 125 |
| Transport and freight | 2,134 | 977 |
| Sales promotion and selling expenses | 212 | 141 |
| Trademark license fees to related party (refer note 35) | 1,137 | 916 |
| Legal and professional charges | 385 | 450 |
| Payment to auditors (Refer note 27.1) | 52 | 45 |
| Printing and stationery | 38 | 37 |
| Loss on sale of property, plant and equipment | — | 10 |
| CSR expenditure (Refer note 27.2) | 16 | 4 |
| Warranty expenses | 236 | 221 |
| Provision for doubtful receivables | — | 209 |
| Property, plant and equipment written off | 27 | 56 |
| Bank charges | 28 | 22 |
| Miscellaneous expenses | 404 | 328 |
| | <u>9,159</u> | <u>8,274</u> |
| 27.1 Payment to auditors | | |
| As auditor | | |
| Audit | 24 | 22 |
| Tax audit | 7 | 7 |
| Limited reviews | 9 | 9 |
| Others | 10 | 4 |
| Reimbursement of expenses | 2 | 3 |
| | <u>52</u> | <u>45</u> |
| 27.2 CSR Expenditure | | |
| Gross amount required to be spent by the company during the year | 97 | 92 |
| Amount spent in cash during the year for other than construction / acquisition of any asset | 16 | 4 |

Notes to the Financial Statements

for the year ended March 31, 2019

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

| | 31-Mar-19 | 31-Mar-18 |
|---|-------------|------------|
| 28. Exceptional items | | |
| Impairment loss on Property, plant and equipment (refer note below) | 68 | 188 |
| | <u>68</u> | <u>188</u> |
| During the earlier years, the Company undertook a restructuring exercise at Taratala, Kolkata involving optimizing its capacities. Impairment loss on Property, plant and equipment at Taratala, Kolkata was made to the extent of ₹ 68 (March 31, 2018 - ₹ 188). | | |
| 29. Components of Other Comprehensive Income (OCI) | | |
| The disaggregation of changes by retained earnings to OCI in equity is shown below: | | |
| Re-measurement gains / (losses) on defined benefit plans | (38) | 41 |
| | <u>(38)</u> | <u>41</u> |

30. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

| | 31-Mar-19 | 31-Mar-18 |
|--|--------------|--------------|
| Profit for the year (₹) | 5,759 | 3,715 |
| Weighted average number of Equity shares for EPS | 15,393,020 | 15,393,020 |
| Basic and Diluted earnings per share | 37.41 | 24.13 |

31. Significant accounting judgements, estimates and assumptions

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF (Discounted Cash Flow) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU (Cash Generating Unit) being tested. The recoverable amount is sensitive to the discount rate used for the DCF (Discounted Cash Flow) model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Notes to the Financial Statements

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Deferred income taxes

The Company's tax expense for the year is the sum of the total current and deferred tax charges. The calculation of the total tax expense necessarily involves a degree of estimation and judgement in respect of certain items. A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore involves judgement regarding the prudent forecasting of future taxable gains and profits of the business.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about defined benefit obligations are given in Note 33.

32. Income taxes

The major components of income tax expense for the years ended March 31, 2019 are:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Current tax: | | |
| Current income tax charge | 2,610 | 1,494 |
| Deferred Tax: | | |
| Relating to the origination and reversal of temporary differences | 45 | 55 |
| Income tax expense reported in the statement of profit and loss | <u>2,655</u> | <u>1,549</u> |
| Other comprehensive income | | |
| Deferred tax related to items recognised in OCI | | |
| Income tax expense / (credit) on Re-measurement of defined benefit plans | 20 | (21) |
| Income tax charged to other comprehensive income | <u>20</u> | <u>(21)</u> |
| Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 are: | | |
| Profit before tax | 8,414 | 5,264 |
| Enacted tax rate in India | 34.944% | 34.608% |
| Income tax expense | 2,940 | 1,822 |
| <u>Relating to the origination of Permanent differences:</u> | | |
| Exempt income (Income from Mutual fund) | (187) | (180) |
| Tax impact of sale value of mutual fund | (97) | — |
| Tax effect on sale of mutual fund - growth fund | (6) | — |
| Tax provision made for prior year | 24 | — |
| Loss on sale of property, plant and equipment | — | 3 |
| Profit on sale of property, plant and equipment (net) | (19) | — |
| Property, plant and equipment written off | — | 19 |
| CSR expense | 6 | 1 |
| Excise duty on inventory as on 31 March 2017 | — | (116) |
| Impact of tax rate difference | (6) | — |
| Income tax expense recognised in profit or loss | <u>2,655</u> | <u>1,549</u> |

The tax rate used for the reconciliations above is the corporate tax rate of 34.944% (for the year 2018-19) and 34.608% (for the year 2017-18) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

Notes to the Financial Statements

for the year ended March 31, 2019

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

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| 32. Income taxes (contd) | | |
| Deferred tax balances | | |
| The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position: | | |
| Deferred tax liabilities (net) | | |
| Property, plant and equipment - Impact of difference between tax depreciation and depreciation or amortisation or impairment charged for financial reporting | 931 | 915 |
| Fair Value of Investments | 12 | 153 |
| Deferred tax assets (net) | | |
| Provision for employee benefits | 152 | 134 |
| Provision for doubtful trade receivables | 154 | 125 |
| Provision for expected credit loss | — | 77 |
| Provision for inventories | 309 | 341 |
| Provision for sales tax | 140 | 146 |
| Fair valuation of security deposit | — | 3 |
| Provision for Impairment losses | 309 | 366 |
| Provision for doubtful advances | — | 26 |
| Provision for others | 20 | 8 |
| Provision for straight lining | — | 8 |
| Deferred tax assets (net) | 141 | 166 |

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Movement of deferred tax expense during the year ended March 2018-19: | | |
| Deferred tax (liabilities) / assets in relation to: | | |
| Opening balance | 166 | 242 |
| Tax income/(expense) during the year recognised in profit or loss | (45) | (55) |
| Tax income/(expense) during the year recognised in OCI | 20 | (21) |
| Closing balance | 141 | 166 |

| | Note | 31-Mar-19 | 31-Mar-18 |
|---|------|-----------|-----------|
| 33. Gratuity and other post-employment benefit plans | | | |
| Provisions for gratuity (refer note 17) | A | 206 | 155 |
| Pension fund (asset) / liability (refer note 4 and 17) | B | 55 | (41) |

A. Gratuity plan

The Company has a defined benefit gratuity plan for employees which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972 ("Act"). Under the Act, every employee who has completed five years or more of service is entitled to this Gratuity payment, on departure, of 15 days' salary (last drawn salary) for each completed year of service subject to a maximum of ₹ 20 lakhs. The Company has funded the defined benefit obligation with Life Insurance Corporation of India.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet.

Notes to the Financial Statements

for the year ended March 31, 2019

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



ESAB INDIA LIMITED

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2019:

| | Defined benefit obligation | Fair value of plan assets | Benefit liability |
|---|----------------------------|---------------------------|-------------------|
| As at 1 April 2018 | 460 | 305 | 155 |
| Gratuity cost charged to profit or loss | | | |
| Current service cost | 45 | — | 45 |
| Past service cost | — | — | — |
| Interest income / (expense) | 33 | 26 | 7 |
| Sub-total included in profit or loss | 78 | 26 | 52 |
| Benefits paid | (32) | (32) | — |
| Remeasurement (gains) / losses in other comprehensive income | | | |
| Changes in demographic assumptions | — | — | — |
| Changes in financial assumptions | 22 | — | 22 |
| Experience adjustments | 1 | — | 1 |
| Return on plan assets (excluding amounts included in net interest expense) | — | (6) | 6 |
| Sub-total included in other comprehensive income | 23 | (6) | 29 |
| Contributions by Employer | — | 30 | (30) |
| As at 31 March 2019 (refer note 17) | 529 | 323 | 206 |

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2018:

| | | | |
|---|------------|------------|------------|
| As at 1 April 2017 | 423 | 129 | 294 |
| Gratuity cost charged to profit or loss | | | |
| Current service cost | 41 | — | 41 |
| Past service cost | 10 | — | 10 |
| Interest income / (expense) | 28 | 11 | 17 |
| Sub-total included in profit or loss | 79 | 11 | 68 |
| Asset acquired / Liabilities settled | 13 | 13 | — |
| Benefits paid | (12) | (12) | — |
| Remeasurement (gains) / losses in other comprehensive income | | | |
| Changes in demographic assumptions | (6) | — | (6) |
| Changes in financial assumptions | (31) | — | (31) |
| Experience adjustments | (6) | — | (6) |
| Return on plan assets (excluding amounts included in net interest expense) | — | 12 | (12) |
| Sub-total included in other comprehensive income | (43) | 12 | (55) |
| Contributions by Employer | — | 152 | (152) |
| As at 31 March 2018 (refer note 17) | 460 | 305 | 155 |

The major categories of plan assets of the fair value of the total plan assets are as follows:

| | 31-Mar-19 | 31-Mar-18 |
|-------------------------------------|------------|------------|
| Quoted investments: | | |
| Bonds issued by Government of India | 76 | 76 |
| Unquoted investments: | | |
| Insurer managed funds | 227 | 203 |
| Others | 20 | 26 |
| Total | 323 | 305 |

Notes to the Financial Statements

for the year ended March 31, 2019

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

The principal assumptions used in determining defined benefit obligations for the companies' gratuity plan are shown below:

| | 31-Mar-19 | 31-Mar-18 |
|-------------------------|-----------|-----------|
| Discount rate (%) | 7.35% | 7.85% |
| Future salary increases | | |
| For management staff | 5% | 5% |
| For graded staff | 8% | 8% |

Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption are shown below:

| Particulars | Impact on defined benefit obligation | | |
|------------------------|--------------------------------------|-----------|-----------|
| | Change | 31-Mar-19 | 31-Mar-18 |
| Discount Rate | -0.25% | 2.20% | 2.20% |
| Discount Rate | +0.25% | -2.12% | -2.12% |
| Salary Escalation rate | -0.25% | -2.13% | -2.14% |
| Salary Escalation rate | +0.25% | 2.21% | 2.21% |

The following payments are expected contributions to the defined benefit plan in future years:

| Particulars | 31-Mar-19 | 31-Mar-18 |
|--|--------------|--------------|
| Within the next 12 months (next annual reporting year) | 52 | 53 |
| Year 2 to 5 | 189 | 164 |
| Year 6 to 9 | 218 | 155 |
| Year 10 and above | 720 | 723 |
| Total expected payments | 1,179 | 1,095 |

The weighted average duration of the defined benefit plan obligation at the end of the reporting year is 8.64 years (31 March 2018: 8.63 years).

B. Pension fund

The Company has a defined benefit pension plan for employees which requires contributions to be made to a separately administered fund. The pension benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The Company has funded the defined benefit obligation with Life Insurance Corporation of India.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet.

Notes to the Financial Statements

for the year ended March 31, 2019

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



ESAB INDIA LIMITED

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2019:

| | Defined benefit obligation | Fair value of plan assets | Benefit asset / (liability) |
|---|-------------------------------|------------------------------|--------------------------------|
| As at 1 April 2018 | (547) | 588 | 41 |
| Pension cost charged to profit or loss | | | |
| Current service cost | (28) | — | (28) |
| Interest income / (expense) | (39) | — | (39) |
| Actual return on plan assets | — | 42 | 42 |
| Sub-total included in profit or loss | (67) | 42 | (25) |
| Benefits paid | 9 | (9) | — |
| Remeasurement gains / (losses) in other comprehensive income | | | |
| Changes in demographic assumptions | — | — | — |
| Changes in financial assumptions | (17) | — | (17) |
| Experience adjustments | (32) | — | (32) |
| Adjustment to recognise the effect of asset ceiling | — | — | — |
| Return on plan assets (excluding amounts included in net interest expense) | — | 20 | 20 |
| Sub-total included in other comprehensive income | (49) | 20 | (29) |
| Contributions by Employer | — | (42) | (42) |
| As at 31 March 2019 (refer note 17) | (654) | 599 | (55) |

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2018:

| | Defined benefit obligation | Fair value of plan assets | Benefit asset / (liability) |
|---|-------------------------------|------------------------------|--------------------------------|
| As at 1 April 2017 | (463) | 517 | 54 |
| Pension cost charged to profit or loss | | | |
| Current service cost | (25) | — | (25) |
| Interest income / (expense) | (31) | — | (31) |
| Actual return on plan assets | — | 36 | 36 |
| Sub-total included in profit or loss | (56) | 36 | (20) |
| Benefits paid | 25 | (25) | — |
| Remeasurement gains / (losses) in other comprehensive income | | | |
| Changes in demographic assumptions | (44) | — | (44) |
| Changes in financial assumptions | 23 | — | 23 |
| Experience adjustments | (35) | — | (35) |
| Adjustment to recognise the effect of asset ceiling | 3 | — | 3 |
| Return on plan assets (excluding amounts included in net interest expense) | — | 60 | 60 |
| Sub-total included in other comprehensive income | (53) | 60 | 7 |
| As at 31 March 2018 (refer note 4) | (547) | 588 | 41 |

Notes to the Financial Statements

for the year ended March 31, 2019

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

The major categories of plan assets of the fair value of the total plan assets are as follows:

| | 31-Mar-19 | 31-Mar-18 |
|-------------------------------------|------------|------------|
| Quoted investments: | | |
| Bonds issued by Government of India | — | — |
| Unquoted investments: | | |
| Insurer managed funds | 591 | 584 |
| Others | 8 | 4 |
| Total | 599 | 588 |

The principal assumptions used in determining defined benefit obligations for the companies' pension fund are shown below:

| | 31-Mar-19 | 31-Mar-18 |
|-------------------------|-----------|-----------|
| Discount rate | 7.35% | 7.85% |
| Future salary increases | 5% | 5% |
| Pension increase rate | 0% | 0% |

Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption are shown below:

| Particulars | Impact on defined benefit obligation | | |
|---------------------------------|--------------------------------------|-----------|-----------|
| | Change | 31-Mar-19 | 31-Mar-18 |
| Discount Rate | -0.25% | 1.31% | 1.43% |
| Discount Rate | +0.25% | -1.28% | -1.39% |
| Salary Escalation rate | -0.25% | -1.13% | -1.24% |
| Salary Escalation rate | +0.25% | 1.15% | 1.26% |
| Pension increase rate by 1 year | -0.25% | 0% | 0% |
| Pension increase rate by 1 year | +0.25% | 0% | 0% |

The following payments are expected contributions to the defined benefit plan in future years:

| Particulars | 31-Mar-19 | 31-Mar-18 |
|--|------------|------------|
| Within the next 12 months (next annual reporting period) | 131 | 107 |
| Year 2 to 5 | 267 | 201 |
| Year 6 to 9 | 145 | 137 |
| Year 10 and above | 54 | 46 |
| Total expected payments | 597 | 491 |

The weighted average duration of the defined benefit plan obligation at the end of the reporting year is 5.20 years (31 March 2018: 5.66 years).

34. Commitment and contingencies

a. Leases

Operating Lease commitments - Company as a lessee

The Company has taken various residential and office premises under operating lease or leave & license agreements. These leases have a term of between 1 year and 3 years, and have no specific obligation for renewal. There are no restrictions placed upon the Company by entering into these leases. The lease rentals incurred during the current year have been charged as an expense in the statement of profit and loss. The future lease rental payables as follows:

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|-----------|-----------|
| Within one year | 24 | 35 |
| After one year but not more than five years | 38 | 41 |
| More than five years | — | — |
| | 62 | 76 |

During the year an amount of ₹ 159 was recognised as an expense in the statement of profit and loss in respect of operating leases (March 31, 2018: ₹ 189).

b. Commitments

Estimated amount of contracts to be executed and not provided for (net of advances) on capital account and not provided for

| | |
|------------|-----|
| 176 | 106 |
| 176 | 106 |

c. Contingent Liabilities

| | | |
|---|--------------|--------------|
| (a) Bank Guarantees outstanding in favour of Government and other parties | 315 | 540 |
| (b) Claims against the company not acknowledged as debt * | 896 | 824 |
| (c) Demand raised by authorities against which Company has filed appeals ** | 1,893 | 2,715 |
| | 3,104 | 4,079 |

* 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.

Notes to the Financial Statements

for the year ended March 31, 2019

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

35. Related party transactions

(a) Name of related Parties and related party relationship

Related Party where control exists

- i) ESAB Holdings Limited, UK - Principal Shareholder - Holds 37.31% of the paid up equity share capital of the Company as at March 31, 2019. Colfax UK Holdings 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 (refer note 15).
- ii) Exelvia Group India B.V., Netherlands - Holds 36.41% of the paid up equity share capital of the Company as at March 31, 2019. Colfax UK, Holdings 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 (refer note 15).

iii) List of Other related parties with whom transactions have taken place during the year and their relationship

| Name of the Related Party | Nature of Relationship |
|---|-------------------------------|
| Colfax Corporation USA | Ultimate holding company |
| Alcotec Wire Corporation USA | Entities under common control |
| ESAB Europe AG ,Switzerland | Entities under common control |
| Cigweld (M) SDN, BHD, Malaysia. | Entities under common control |
| Cigweld Pty Ltd., Australia | Entities under common control |
| ESAB AB, Sweden | Entities under common control |
| ESAB Asia/Pacific Pte Ltd, Singapore | Entities under common control |
| ESAB Automation Cutting & Welding Equipment (Wuxi) Co., Ltd., China | Entities under common control |
| ESAB Cutting Systems GmbH, Germany | Entities under common control |
| ESAB Europe GmbH, Switzerland | Entities under common control |
| ESAB Middle East FZE, UAE | Entities under common control |
| ESAB North America ,Global Cost Nam Florence, USA | Entities under common control |
| ESAB SeAH CORP, Korea | Entities under common control |
| ESAB Seah Welding Products (Yantai) Co Ltd, China | Entities under common control |
| ESAB Sp.Z.O.O., Poland | Entities under common control |
| ESAB Vamberk Sro, CZ | Entities under common control |
| ESAB Welding & Cutting Product, USA | Entities under common control |
| ESAB Welding & Cutting Products (Shanghai) Management Co., Ltd, China | Entities under common control |
| ESAB Welding Products (Jiangsu) Co Ltd, China | Entities under common control |
| EWAC Alloys Limited, India | Entities under common control |
| Gas Arc Group Limited, United Kingdom | Entities under common control |
| Howden Solyvent (India) Private Limited, India | Entities under common control |
| Howden Group Ltd, UK | Entities under common control |
| OZAS-ESAB Sp.Z.O.O., Poland | Entities under common control |
| P.T Karya Yasantra Cakti, Indonesia | Entities under common control |
| PT. Victor Teknologi, Indonesia | Entities under common control |
| Soldex S.A, Peru | Entities under common control |
| Thermal Dynamics OY, Finland | Entities under common control |
| Victor (Ningbo) Cutting & Welding Equipment Trade & Commerce Co., Ltd., China | Entities under common control |
| Victor Technologies Asia SDN BHD, Malaysia | Entities under common control |
| Victor Technologies International Inc., USA | Entities under common control |
| Victor Technologies S.R.L, Italy | Entities under common control |

Notes to the Financial Statements

for the year ended March 31, 2019
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



| Name of the Related Party | Nature of Relationship |
|--|-------------------------------|
| GCE India Private Limited, India | Entities under common control |
| TBi INDUSTRIES GmbH | Entities under common control |
| TLT BABCOCK INDIA PVT. LTD | Entities under common control |
| ARC Machines, Inc | Entities under common control |
| Mr. Rohit Gambir - Managing Director | Key Management Personnel |
| Mr. B. Mohan - Vice President Finance And Chief Finance Officer | Key Management Personnel |
| Mr. S. Venkatakrishnan - Company Secretary | Key Management Personnel |
| Mr. Daniel A Pryor - Non-Executive And Non-Independent Director* | Director |
| Mr. K Vaidyanathan - Non-Executive Independent Director | Director |
| Mr. Vikram Tandon - Non-Executive Independent Director | Director |
| Mr. Sudhir Chand - Non-Executive Independent Director | Director |
| Ms. Sabitha Rao - Non-Executive Independent Director | Director |

* No remuneration has been paid by the Company.

(b) Transactions with Related Parties:

| Particulars | Ultimate Holding Co / Holding Co | | Entities under Common Control | | Others | |
|---|----------------------------------|-----------|-------------------------------|--------------|-----------|-----------|
| | 31-Mar-19 | 31-Mar-18 | 31-Mar-19 | 31-Mar-18 | 31-Mar-19 | 31-Mar-18 |
| Transactions during the year ended | | | | | | |
| Sale of products | - | - | 916 | 627 | - | - |
| ESAB Middle East FZE, UAE | - | - | 145 | 74 | - | - |
| ESAB Asia / Pacific Pte Ltd, Singapore | - | - | 11 | 2 | - | - |
| ESAB Europe GmbH, Switzerland | - | - | 14 | - | - | - |
| ESAB Welding & Cutting Product, USA | - | - | 13 | - | - | - |
| Cigweld Pty Ltd., Australia | - | - | 119 | 143 | - | - |
| PT. Victor Teknologi, Indonesia | - | - | 135 | 65 | - | - |
| Victor Technologies Asia SDN BHD, Malaysia | - | - | 274 | 231 | - | - |
| EWAC Alloys Ltd, India | - | - | 196 | 1 | - | - |
| Howden Solyvent (India) Private Limited, India | - | - | - | 109 | - | - |
| Soldex S.A, Peru | - | - | 9 | 2 | - | - |
| Income from services | 15 | - | 2,438 | 1,880 | - | - |
| ESAB AB, Sweden | - | - | 1,335 | 998 | - | - |
| Cigweld Pty Ltd., Australia | - | - | 39 | - | - | - |
| ESAB Asia/Pacific Pte Ltd, Singapore | - | - | 130 | 105 | - | - |
| ESAB Automation Cutting & Welding Equipment (Wuxi) Co., Ltd., China | - | - | - | 3 | - | - |
| ESAB Europe GmbH, Switzerland | - | - | 380 | 277 | - | - |
| ESAB Holdings Limited, UK | 15 | - | - | - | - | - |
| ESAB North America, Global Cost Nam Florence, USA | - | - | 485 | 339 | - | - |
| ESAB Welding Products (Jiangsu) Co Ltd, China | - | - | - | 3 | - | - |
| Howden Group Ltd, UK | - | - | 8 | - | - | - |
| P.T Karya Yasantra Cakti, Indonesia | - | - | - | 4 | - | - |
| Victor Technologies International Inc., USA | - | - | 61 | 46 | - | - |

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for the year ended March 31, 2019

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

(b) Transactions with Related Parties: (contd.)

| Particulars | Ultimate Holding Co / Holding Co | | Entities under Common Control | | Others | |
|---|----------------------------------|---|-------------------------------|--------------|--------|---|
| Cigweld Pty Ltd., Australia | - | - | - | 35 | - | - |
| Monroe (Colfax Fluid Handling) | - | - | - | 51 | - | - |
| Cigweld (M) SDN, BHD, Malaysia | - | - | - | 19 | - | - |
| Management service income | - | - | 276 | 67 | - | - |
| EWAC Alloys Ltd, India | - | - | 276 | 67 | - | - |
| Purchase of raw material / traded goods | - | - | 3,003 | 4,003 | - | - |
| Alcotec Wire Corporation USA | - | - | 9 | 39 | - | - |
| ARC Machines, Inc | - | - | 25 | - | - | - |
| Cigweld Pty Ltd., Australia | - | - | 4 | 6 | - | - |
| ESAB AB, Sweden | - | - | 20 | 950 | - | - |
| ESAB Automation Cutting & Welding Equipment (Wuxi) Co., Ltd., China | - | - | 99 | 242 | - | - |
| ESAB Cutting Systems GmbH, Germany | - | - | 157 | 439 | - | - |
| ESAB Europe AG, Switzerland | - | - | 156 | - | - | - |
| ESAB Europe GmbH, Switzerland | - | - | 1,145 | 846 | - | - |
| ESAB SeAH CORP, Korea | - | - | - | 81 | - | - |
| ESAB Seah Welding Products (Yantai) Co Ltd, China | - | - | 28 | 98 | - | - |
| ESAB Sp.Z.O.O., Poland | - | - | - | 2 | - | - |
| ESAB Vamberk Sro, CZ | - | - | 2 | 103 | - | - |
| ESAB Welding & Cutting Product, USA | - | - | 682 | 413 | - | - |
| ESAB Welding & Cutting Products (Shanghai) Management Co., Ltd, China | - | - | 10 | 26 | - | - |
| ESAB Welding Products (Jiangsu) Co Ltd, China | - | - | 167 | 173 | - | - |
| EWAC Alloys Ltd, India | - | - | 24 | - | - | - |
| Gas Arc Group Limited, United Kingdom | - | - | 9 | 9 | - | - |
| GCE India Private Limited, India | - | - | 39 | - | - | - |
| P.T Karya Yasantra Cakti, Indonesia | - | - | 23 | 37 | - | - |
| TBi INDUSTRIES GmbH | - | - | 89 | - | - | - |
| OZAS-ESAB Sp.Z.O.O., Poland | - | - | - | 5 | - | - |
| Thermal Dynamics OY, Finland | - | - | - | 15 | - | - |
| Victor (Ningbo) Cutting & Welding Equipment Trade & Commerce Co., Ltd., China | - | - | - | 14 | - | - |
| Victor Technologies Asia SDN BHD, Malaysia | - | - | - | 2 | - | - |
| Victor Technologies International Inc., USA | - | - | 315 | 502 | - | - |
| Victor Technologies S.R.L, Italy | - | - | - | 1 | - | - |
| Purchase of property, plant and equipment | - | - | 52 | - | - | - |
| Esab AB, Laxa | - | - | 10 | - | - | - |
| ESAB Cutting Systems GmbH, Germany | - | - | 28 | - | - | - |
| ESAB Welding & Cutting Product, USA | - | - | 11 | - | - | - |
| Victor Technologies International Inc., USA | - | - | 2 | - | - | - |
| TBi INDUSTRIES GmbH | - | - | 1 | - | - | - |

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(b) Transactions with Related Parties: (contd.)

| Particulars | Ultimate Holding Co / Holding Co | | Entities under Common Control | | Others | |
|--|----------------------------------|------------|-------------------------------|--------------|------------|------------|
| Trademark license fee expense | 1,137 | 916 | - | - | - | - |
| ESAB Holdings Limited, UK | 1,137 | 916 | - | - | - | - |
| Reimbursement of expenses received / receivable (net) | - | 113 | 62 | 11 | - | - |
| EWAC Alloys Limited, India | - | - | 60 | 11 | - | - |
| ESAB AB, Sweden | - | 106 | 2 | - | - | - |
| Colfax Corporation USA | - | 7 | - | - | - | - |
| Reimbursement of expenses Paid / Payable (net) | - | - | 16 | - | - | - |
| OZAS-ESAB Sp.Z.O.O., Poland | - | - | 16 | - | - | - |
| Dividend paid | 10,289 | 113 | - | - | - | - |
| ESAB Holdings Limited, UK | 5,226 | 57 | - | - | - | - |
| Exelvia Group India B.V., Netherlands | 5,063 | 56 | - | - | - | - |
| Loan granted | - | - | 750 | 4,000 | - | - |
| Howden Solyvent (India) Private Limited, India | - | - | 750 | 4,000 | - | - |
| Loan repaid | - | - | 900 | - | - | - |
| Howden Solyvent (India) Private Limited, India | - | - | 900 | - | - | - |
| Interest Income | - | - | 401 | 213 | - | - |
| Howden Solyvent (India) Private Limited, India | - | - | 401 | 213 | - | - |
| Total compensation paid to key management personnel # | - | - | - | - | 392 | 373 |
| Short-term employee benefits | | | | | | |
| Mr. Rohit Gambhir | - | - | - | - | 227 | 216 |
| Mr. B Mohan | - | - | - | - | 112 | 109 |
| Mr. S Venkatakrishnan | - | - | - | - | 53 | 48 |
| Sitting Fee | - | - | - | - | 8 | 6 |
| Mr. K Vaidyanathan | - | - | - | - | 2 | 2 |
| Mr. Vikram Tandon | - | - | - | - | 2 | 1 |
| Mr. Sudhir Chand | - | - | - | - | 2 | 2 |
| Ms. Sabitha Rao | - | - | - | - | 2 | 1 |
| Director Commission | - | - | - | - | 21 | 21 |
| Mr. K Vaidyanathan | - | - | - | - | 6 | 6 |
| Mr. Vikram Tandon | - | - | - | - | 5 | 5 |
| Mr. Sudhir Chand | - | - | - | - | 5 | 5 |
| Ms. Sabitha Rao | - | - | - | - | 5 | 5 |

The compensation paid to the key managerial personnel does not include the provisions made for post-employment benefit plans, as they are not separately allocable since the same is determined on an actuarial basis for the Company as a whole.

Notes to the Financial Statements

for the year ended March 31, 2019
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(b) Balances as at year end with related parties

| Particulars | Ultimate Holding Co / Holding Co | | Entities under Common Control | | Others | |
|--|----------------------------------|-----|-------------------------------|-------|--------|---|
| Loan receivable (refer note below) | - | - | 3,850 | 4,000 | - | - |
| Howden Solyvent (India) Private Limited, India | - | - | 3,850 | 4,000 | - | - |
| Interest accrued on loan receivable | - | - | 88 | 81 | - | - |
| Howden Solyvent (India) Private Limited, India | - | - | 88 | 81 | - | - |
| Management service fee receivable | - | 7 | 81 | 99 | - | - |
| EWAC Alloys Limited, India | - | - | 81 | 99 | - | - |
| Colfax Corporation USA | - | 7 | - | - | - | - |
| Trade receivables | - | - | 602 | 492 | - | - |
| Cigweld (M) SDN, BHD, Malaysia. | - | - | - | 19 | - | - |
| Cigweld Pty Ltd., Australia | - | - | 10 | 57 | - | - |
| ESAB AB, Sweden | - | - | 94 | 122 | - | - |
| ESAB Asia/Pacific Pte Ltd, Singapore | - | - | 11 | 29 | - | - |
| ESAB Europe GmbH, Switzerland | - | - | 38 | 77 | - | - |
| ESAB Middle East FZE, UAE | - | - | 8 | 1 | - | - |
| ESAB North America, Global Cost Nam Florence, USA | - | - | 90 | 114 | - | - |
| ESAB Welding & Cutting Product, USA | - | - | 13 | - | - | - |
| EWAC Alloys Limited, India | - | - | 168 | 1 | - | - |
| Howden Group Ltd, UK | - | - | 1 | - | - | - |
| P.T Karya Yasantra Cakti, Indonesia | - | - | 0 | 0 | - | - |
| PT. Victor Teknologi, Indonesia | - | - | 21 | 18 | - | - |
| TLT BABCOCK INDIA PVT. LTD | - | - | 12 | - | - | - |
| Victor Technologies Asia SDN BHD, Malaysia | - | - | 129 | 47 | - | - |
| Victor Technologies International Inc., USA | - | - | 7 | 5 | - | - |
| Soldex S.A, Peru | - | - | - | 2 | - | - |
| Trade payables | 270 | 244 | 1,785 | 1,555 | - | - |
| Alcotec Wire Corporation USA | - | - | 6 | 8 | - | - |
| ARC Machines, Inc | - | - | 10 | - | - | - |
| Cigweld (M) SDN, BHD, Malaysia. | - | - | - | 28 | - | - |
| Cigweld Pty Ltd., Australia | - | - | 5 | 3 | - | - |
| Esab AB Production Equipment | - | - | - | 5 | - | - |
| Esab AB, Laxa | - | - | 12 | 697 | - | - |
| ESAB AB, Sweden | - | - | 2 | - | - | - |
| ESAB Automation Cutting & Welding Equipment (Wuxi) Co.,Ltd., China | - | - | 34 | 32 | - | - |
| ESAB Cutting Systems GmbH, Germany | - | - | 104 | 106 | - | - |
| ESAB Europe AG, Switzerland | - | - | 173 | 43 | - | - |
| Esab Europe GmbH | - | - | 665 | 178 | - | - |

(b) Balances as at year end with related parties

| Particulars | Ultimate Holding Co / Holding Co | | Entities under Common Control | | Others | |
|---|----------------------------------|-----|-------------------------------|-----|--------|---|
| ESAB Holdings Limited, UK | 270 | 244 | – | – | – | – |
| Esab Seah Corp | – | – | 12 | 2 | – | – |
| ESAB Seah Welding Products (Yantai) Co Ltd, China | – | – | 4 | 31 | – | – |
| ESAB Vamberk Sro, CZ | – | – | – | 45 | – | – |
| ESAB Welding & Cutting Product, USA | – | – | – | 121 | – | – |
| ESAB Welding & Cutting Products (Shanghai) Management Co., Ltd, China | – | – | 11 | 20 | – | – |
| ESAB Welding & Cutting Product, USA | – | – | 485 | 5 | – | – |
| ESAB Welding Products (Jiangsu) Co Ltd, China | – | – | 122 | 17 | – | – |
| Gas Arc Group Limited, United Kingdom | – | – | 3 | – | – | – |
| OZAS-ESAB Sp.Z.O.O., Poland | – | – | 2 | 9 | – | – |
| P.T Karya Yasantra Cakti, Indonesia | – | – | 21 | 16 | – | – |
| TBI INDUSTRIES GmbH | – | – | 4 | – | – | – |
| Victor (Ningbo) Cutting & Welding Equipment Trade & Commerce Co., Ltd., China | – | – | 6 | 5 | – | – |
| EWAC Alloys Limited, India | – | – | 32 | – | – | – |
| GCE India Private Limited | – | – | 5 | – | – | – |
| Victor Technologies International Inc., USA | – | – | 67 | 184 | – | – |

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables, except for corporate guarantee from Colfax Corporation, the Ultimate Holding Company for the loan granted to Howden Solyvent (India) Private Limited. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36. Fair values

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

37. Fair value hierarchy related disclosures

| Quantitative disclosures fair value measurement hierarchy for assets | Date of valuation | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|--|-------------------|---|---|---|
| Units in Mutual Fund | March 31, 2019 | 3,026 | – | – |
| Units in Mutual Fund | March 31, 2018 | 12,457 | – | – |

The fair values of the financial assets included in the level 1 categories above have been determined in accordance with generally accepted pricing models.

Notes to the Financial Statements

for the year ended March 31, 2019

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

38. Major Financial risk management objectives

The Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including commodity price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Management reviews and approves risk management framework and policies for managing these risks and monitor suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

Commodity Price Risk

The primary commodity price risks that the Company is exposed to includes steel price movement that could adversely affect the value of the Company's financial assets or expected future cash flows. The Company primarily enters into monthly contracts and revisits the prices periodically.

Foreign Currency Risk Management

The Company imports raw materials, components and capital good from outside India, incurs few expenditure as well as make export sales to countries outside India. The Company is, therefore, exposed to foreign currency risk principally arising out of foreign currency movement against the Indian Currency.

Unhedged foreign currency

The carrying amounts in Indian Rupees of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2019:

| Particulars | Gross exposure | Exposure hedged | Net liability exposure on the currency |
|---|----------------|-----------------|--|
| Impact of USD exposure | (605) | — | (605) |
| Impact of EURO exposure | (170) | — | (170) |
| Impact of other exposures | 52 | — | 52 |
| Net overall exposure - net assets / (net liabilities) | (723) | — | (723) |

As on March 31, 2018:

| Particulars | Gross exposure | Exposure hedged | Net liability exposure on the currency |
|---|----------------|-----------------|--|
| Impact of USD exposure | (545) | — | (545) |
| Impact of EURO exposure | (121) | — | (121) |
| Net overall exposure - net assets / (net liabilities) | (666) | — | (666) |

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Company against major foreign currencies may not impact the Company's revenues from its operations. Any weakening of the functional currency may not impact the Company's cost of imports and consequently may not significantly impact the cost of financing the Company's capital expenditures.

Interest rate risk management:

The Company is not exposed to interest rate risk because of absence of debt.

Notes to the Financial Statements

for the year ended March 31, 2019

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



ESAB INDIA LIMITED

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across India. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, trade receivables and other financial assets.

The Company has provided for trade receivables amounting to ₹ 441 (March 31, 2018: ₹ 583) as there was no reasonable expectations of recovery.

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

Liquidity tables:

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

| | Due in 1 st year | Due in 2 nd to 5 th year | Due after 5 th year |
|---|-----------------------------|--|--------------------------------|
| March 31, 2019 | | | |
| Trade payables (Refer note 18) | 8,443 | — | — |
| Other financial liabilities (Refer note 19) | 213 | — | — |
| | 8,656 | — | — |
| March 31, 2018 | | | |
| Trade payables (Refer note 18) | 7,447 | — | — |
| Other financial liabilities (Refer note 19) | 166 | — | — |
| | 7,613 | — | — |

39. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximise the shareholder value.

Notes to the Financial Statements

for the year ended March 31, 2019

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

| | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| 40. Categories of Financial Instruments | | |
| Financial assets carried at amortised cost | | |
| Cash and bank balances | 5,615 | 6,392 |
| Trade Receivables | 6,362 | 5,898 |
| Loans | 3,850 | 4,000 |
| Others | 741 | 567 |
| Financial assets carried at fair value through profit or loss | | |
| Units in Mutual Fund | 3,026 | 12,457 |
| Financial liabilities carried at amortised cost | | |
| Trade Payables | 8,443 | 7,447 |
| Others | 213 | 166 |

41. Previous year figures

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

As per our report of even date

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

S Balasubrahmanyam
Partner
Membership No. 053315

Place : Chennai
Date : May 9, 2019

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

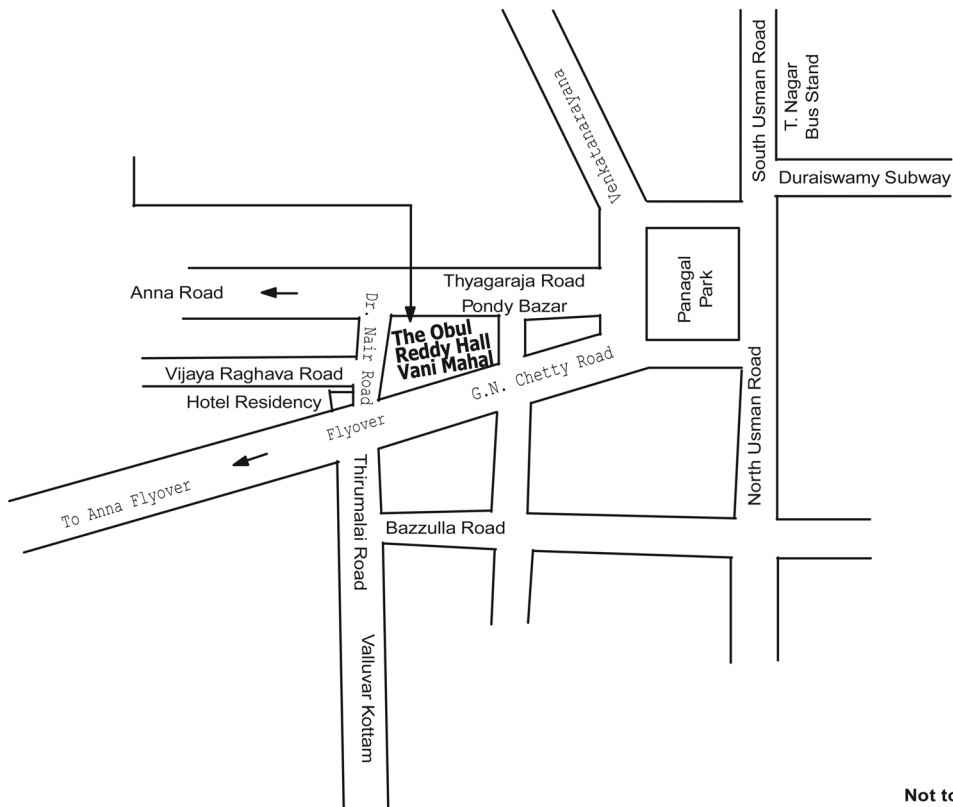
Rohit Gambhir
Managing Director
DIN: 06686250

B Mohan
Vice President - Finance and
Chief Financial Officer

K Vaidyanathan
Director
DIN: 00063692

S Venkatakrisnan
Company Secretary

Route map for the venue of AGM of **ESAB India Limited** to be held on **Tuesday 13th August, 2019 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****32nd ANNUAL GENERAL MEETING****Date: Tuesday, August 13, 2019 Time: 10.00 A.M.****Place: P Obul Reddy Hall, Vani Mahal, 103, G.N Road, T.Nagar, Chennai – 600 017**

I/We hereby record my/our presence at the **32nd ANNUAL GENERAL MEETING** of the Company being held on **Tuesday, August 13, 2019 Time: 10.00 A.M.** at 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**NOTES:**

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 (Electronic Voting Event Number) | 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 |
|--|---|
| Saturday, 10th August, 2019 (from 9:00 a.m.) | Monday, 12th August, 2019 (up to 5:00 p.m.) |

*Applicable for investors holding shares in electronic form.

**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**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. / Client ID. : _____ DP ID. : _____

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

(1) Name : _____ Address : _____

E-mail ID : _____ Signature : _____, or failing him/her

(2) Name : _____ Address : _____

E-mail ID : _____ Signature : _____, or failing him/her

(3) Name : _____ Address : _____

E-mail ID : _____ Signature : _____, or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the company, to be held on the Tuesday, 13th August, 2019 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 2019 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 appoint Mr Rohit Gambhir, Director who is having Director Identification Number 06686250, who retires by rotation and is eligible for re-appointment. |
| 3. | Ratification of Remuneration to Cost Auditor. |
| 4. | Re-appointment of Mr.Vikram Tandon having Director Identification Number 01727251 as an Independent Director for further term of five consecutive years upto 29th January, 2025. |
| 5. | Re-appointment of Mr.Sudhir Chand having Director Identification Number 01385201 as an Independent Director for further term of five consecutive years upto 29th January, 2025. |
| 6. | Re-appointment of Mr.Kalyanasundaram Vaidyanathan having Director Identification Number 00063692 as an Independent Director for further term of five consecutive years upto 29th January, 2025 |
| 7. | Re-appointment of Ms.Sabitha Rao having Director Identification Number 06908122 as an Independent Director for further term of five consecutive years upto 29th January, 2025. |
| 8. | To approve the increase in overall ceiling limit of the remuneration payable to Mr.Rohit Gambhir, Managing Director |

Signed thisday of2019.

Affix
Re.1/-
Revenue
Stamp_____
Signature of first proxy holder_____
Signature of second proxy holder_____
Signature of third proxy holder**NOTES :**

- (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.

Notes

[illegible]

[illegible]



ESAB INDIA LIMITED
STRENGTH THROUGH COOPERATION

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