



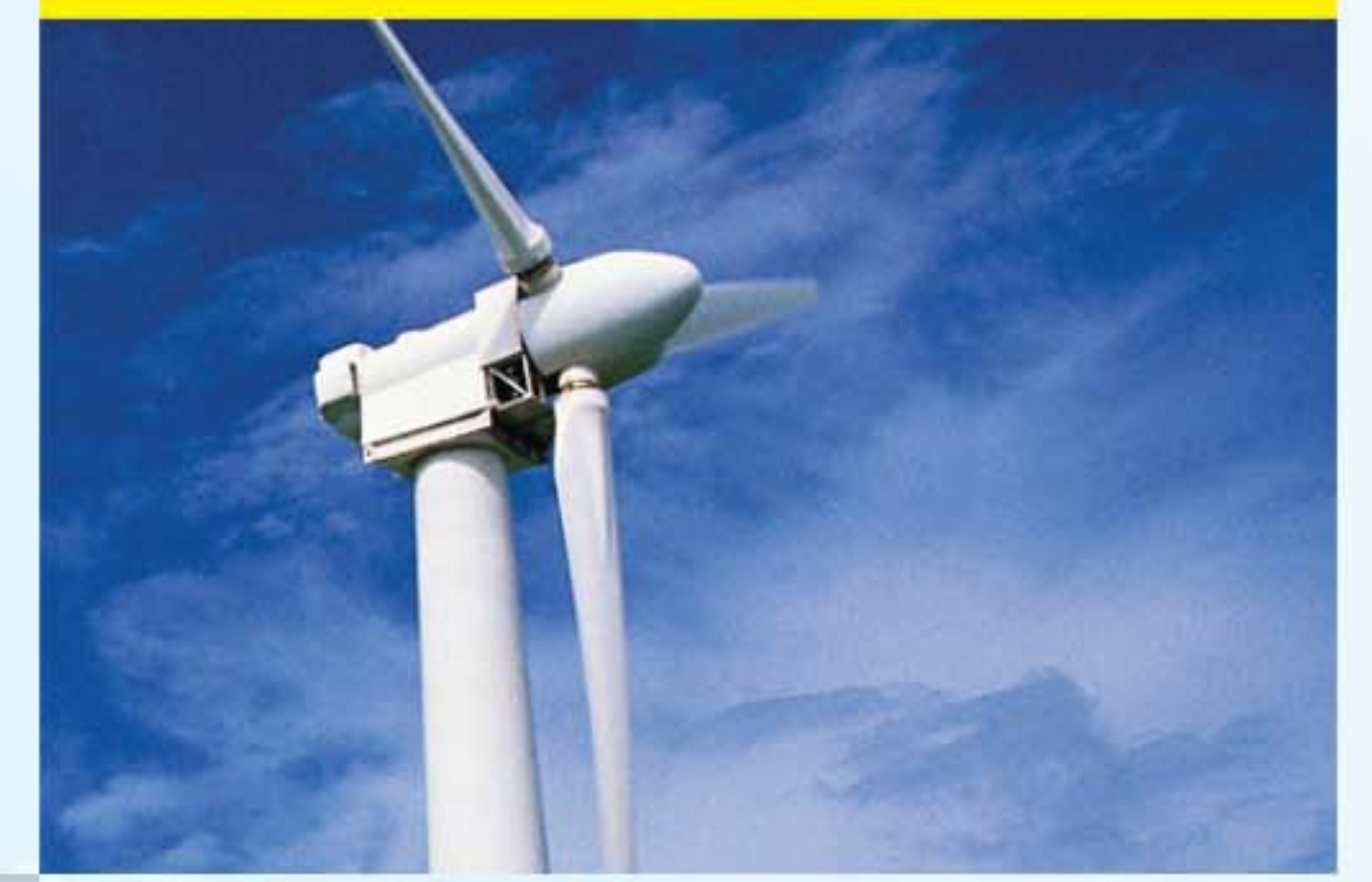
# ESAB INDIA LIMITED

**STRENGTH THROUGH COOPERATION**

**Automotive**



**Power generation**



***SERVING INDUSTRIES  
THAT SERVE THE WORLD***

**General fabrication and civil construction**



**Pipelines**



**Process industry**



**Pipe mills**



**Shipbuilding  
and offshore**



**Transport and  
mobile machinery**



**Repair and  
maintenance**



**ANNUAL REPORT  
2014 - 2015**



### Board of Directors

**Daniel A Pryor**

Chairman

**Rohit Gambhir**

Managing Director

**K Vaidyanathan**

Independent Director

**V Tandon**

Independent Director

**S Chand**

Independent Director

**Sabitha Rao**

Independent Director

### Key Managerial Personnel

**B Mohan**

Vice President - Finance & Chief Financial Officer

**S Venkatakrishnan**

Company Secretary & Compliance Officer

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

### Registered Office

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

Tel : 044-4228 1100

Fax : 044-4228 1150

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

CIN: L29299TN1987PLC058738

### Bankers to the Company

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

### Registrar & Share Transfer Agent

**Integrated Enterprises (India) Limited**

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

Tel : 044-2814 0801 / 02 / 03

Fax : 044-2814 2479 / 3378

E-mail : [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

### Audit Committee

**K Vaidyanathan** Chairman

**V Tandon** Member

**S Chand** Member

**Daniel A Pryor** Member

### Stakeholders Relationship Committee

**V Tandon** Chairman

**S Chand** Member

**Daniel A Pryor** Member

**Rohit Gambhir** Member

### Nomination & Remuneration Committee

**K Vaidyanathan** Chairman

**S Chand** Member

**Sabitha Rao** Member

**Daniel A Pryor** Member

### Corporate Social Responsibility Committee

**Sabitha Rao** Chairperson

**Daniel A Pryor** Member

**Rohit Gambhir** Member

### Risk Management Committee

**Daniel A Pryor** Chairman

**Rohit Gambhir** Member

**B Mohan** Member

### Statutory Auditors

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

*Chartered Accountants*

6<sup>th</sup> & 7<sup>th</sup> Floor, "A" Block, Tidel Park,

(Module 601, 701 and 702) No.4,

Rajiv Gandhi Salai, Taramani, Chennai 600 113.

Tel. No.044-6654 8100

### Internal Auditors

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

*Chartered Accountants*

KRD Gee Gee Crystal, No.91-92, 7<sup>th</sup> Floor,

Dr Radhakrishnan Salai, Mylapore, Chennai 600 004.

Tel. No.044-2811 2985

### Cost Auditors

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

Cost & Management Accountants

A-3, III Floor, 56, Seventh Avenue,

Ashok Nagar, Chennai 600 083.

Tel.044-4203 3470

### Secretarial Auditors

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

Company Secretaries

39/19, Aspen Court, 3<sup>rd</sup> Floor, 6<sup>th</sup> Main Road,

R A Puram, Chennai 600 028.

Tel. No.044-4317 4474

Contents	Page
Five year Financial Highlights	3
Notice	5
Directors' Report	10
Report on Corporate Governance	35
Independent Auditor's Report	48
Balance Sheet	52
Statement of Profit and Loss	53
Cash Flow Statement	54
Notes to the Financial Statements	55

# Five year Financial Highlights

## Highlights

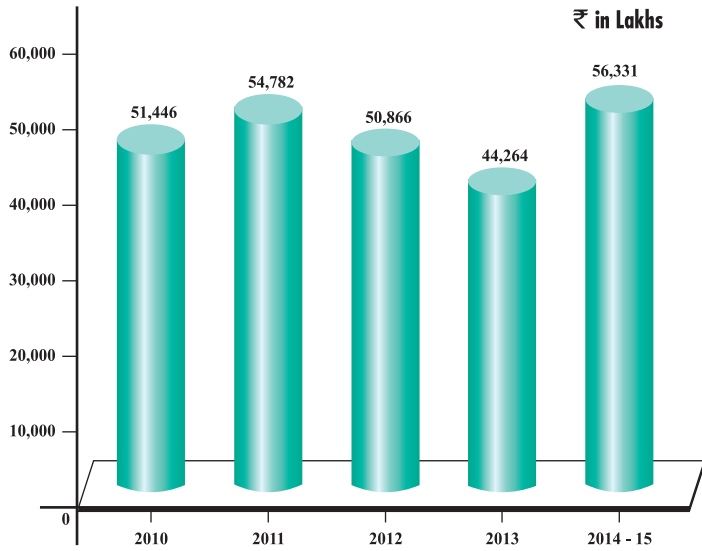
₹. in Lakhs

Operating Results	2014-2015 *	2013	2012	2011	2010
<b>Sales and Other Income</b>	<b>56,331</b>	44,264	50,866	54,782	51,446
Materials	35,685	27,655	32,206	33,996	31,246
Manufacturing, Selling and Administrative Expenses	14,399	10,680	11,989	12,450	10,241
Interest and Finance Charges	50	58	73	99	82
Depreciation	1,375	1,123	1,182	1,175	1,055
<b>Operating Profit</b>	<b>4,822</b>	4,748	5,416	7,062	8,822
Exceptional/Extraordinary items	1,761	—	—	—	—
<b>Profit before Tax</b>	<b>3,061</b>	4,748	5,416	7,062	8,822
Taxation	(697)	(1,436)	(1,639)	(2,318)	(2,927)
<b>Profit after Tax</b>	<b>2,364</b>	3,312	3,777	4,744	5,895
<b>Earning per share (Rs)</b>	<b>15.36</b>	21.52	24.54	30.82	38.30
<b>Dividend</b>	<b>154</b>	154	1,154	2,308	3,078
<b>Dividend Distribution Tax</b>	<b>32</b>	26	187	375	511
<b>Dividend per share (Rs)</b>	<b>1.00</b>	1.00	7.50	15.00	20.00
<b>Dividend Payout Ratio</b>	<b>7%</b>	5%	31%	49%	52%
<b>Retained Earnings</b>	<b>2,178</b>	3,132	2,436	2,061	2,306

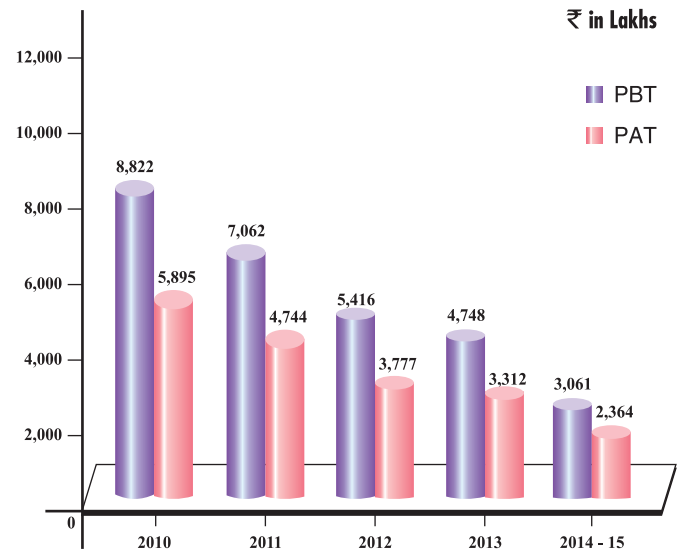
Financial Position	2014-2015	2013	2012	2011	2010
<b>Sources of Funds</b>					
Capital	1,539	1,539	1,539	1,539	1,539
Reserves	27,366	25,188	22,056	19,620	17,560
<b>Net Worth</b>	<b>28,905</b>	26,727	23,595	21,159	19,099
Borrowings	—	—	—	—	—
Deferred Tax Liability	—	320	330	466	307
<b>Total</b>	<b>28,905</b>	27,047	23,925	21,625	19,406
<b>Application of Funds</b>					
Fixed Assets	8,428	9,899	9,933	10,661	10,982
Investments	12,189	10,476	7,777	3,402	3,350
Deferred Tax Assets	62	—	—	—	—
Long-term loans and Advances	1,568	1,431	1,259	2,020	—
Non Current Assets	236	200	—	—	—
Current Assets	14,386	13,022	14,139	13,081	15,197
Non Current Liabilities	(375)	(350)	(542)	(571)	—
Current Liabilities and Provisions	(7,589)	(7,631)	(8,641)	(6,968)	(10,123)
<b>Total</b>	<b>28,905</b>	27,047	23,925	21,625	19,406
No. of Employees	587	644	683	830	812

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

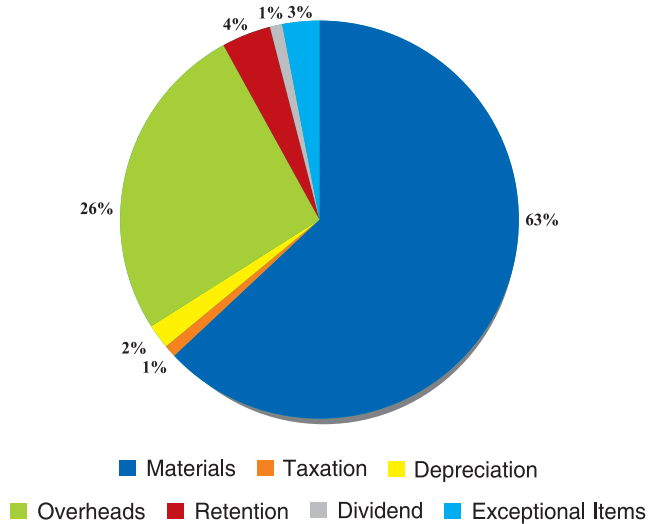
## Sales and Other Income



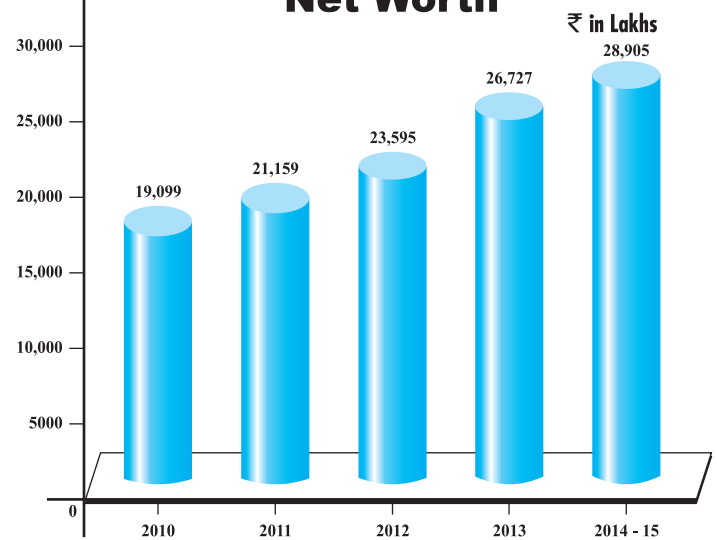
## Profit Before & After Tax



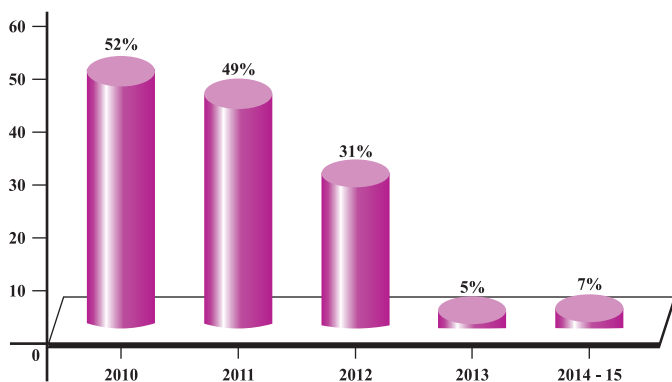
## Distribution of Earnings



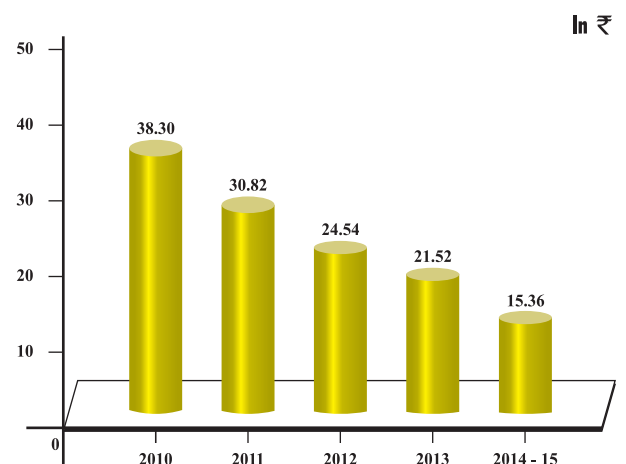
## Net Worth



## Dividend Payout Ratio



## Earnings Per Share



# Notice to Shareholders

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of the Company will be held at Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Road, T. Nagar, Chennai 600 017, on Friday the 7 August, 2015 at 10.00 a.m. to transact the following business:

## ORDINARY BUSINESS

- 1 To consider and adopt the Balance Sheet as at 31 March 2015 and the Profit and Loss Account for the 15 months period ended on that date together with the Reports of Directors and the Auditors thereon.
- 2 To declare a dividend.
- 3 To appoint a Director in place of Mr Rohit Gambhir having Director Identification Number 06686250, who retires by rotation and is eligible for re-appointment.
- 4 To consider and to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and The Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s S. R. Batliboi & Associates, LLP, Chartered Accountants, (Firm Registration No. 101049W), who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company for a period of five years, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held in the year 2020, subject to ratification at every annual general meeting, on such remuneration as may be agreed upon by the Board of Directors and the Auditors,

in addition to service tax and re-imbusement of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company.

## SPECIAL BUSINESS

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

RESOLVED THAT the remuneration of Rs.5,00,000/- (Rupees five lakhs only), in addition to reimbursement of travel and out-of-pocket expenses, payable to M/s. Geeyes & Co., Practising Cost Accountants, Chennai holding Membership 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 31.3.2016 as recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 26 May, 2015 in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 be and is hereby ratified.

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

RESOLVED THAT the approval of the Company be and is hereby accorded to the re-designation of Mr Rohit Gambhir, Executive Director and Chief Executive of the Company as Managing Director of the Company with effect from 1 November, 2014 without any variations in the terms and conditions like remuneration, balance tenure and other terms relating to his appointment earlier approved by the shareholders at their Annual General Meeting held on 25 April, 2014.

By Order of the Board of Directors

Chennai  
26 May, 2015

**S Venkatakrishnan**  
Company Secretary

**NOTES:**

1. The Explanatory Statement required pursuant to Section 102 of the Companies Act, 2013 (Act) in relation to Item Nos. 5 & 6 above is annexed hereto.
2. Voting rights are reckoned on the basis of the shares registered in the name of the Members / Beneficial Owners as on 31<sup>st</sup> July, 2015.
3. A statement giving the relevant details of the Directors seeking re-appointment under Item No. 3 of the accompanying Notice, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed herewith.
4. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The instrument appointing a proxy should be addressed to the Company Secretary and received at the registered office of the Company at Plot No. 13, 3<sup>rd</sup> Main Road, Industrial Estate, Ambattur, Chennai 600 058, not less than forty-eight hours before the scheduled start of the meeting.**
5. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
6. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with the specimen signatures of the person authorized, 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) at least seven days in advance of the Meeting.**
8. Members holding shares in physical form are requested to advise any change of communication address immediately to the Registrar and Transfer Agent, Viz. M/s. Integrated Enterprises (India) Limited, 2<sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai 600 017 - Attention Mr Suresh Babu, Vice President.
9. Members are requested to bring their copies of the Company's Annual Report and Accounts for the 15 months period ended 31 March, 2015. Members are also requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No.
10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
11. Members holding shares under identical names (in the same order) in more than one folio are requested to write to the Company Secretary at the Registered Office of the Company, enclosing their share certificate to enable consolidation of their holding into one folio.
12. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in a single name are advised, in their own interest, to avail of the nomination facility. Members holding shares in dematerialized form may contact their Depository Participant for recording the nomination in respect of their shares.
13. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours upto the date of the Meeting.
14. The Register of Members and Share Transfer Books of the Company will remain closed from 5.8.2015 to 7.8.2015 both days inclusive.
15. After the declaration of the dividend at the Annual General Meeting, the same will be paid to those Members of the Company whose names stand on the Register of Members of the Company as at the end of the business hours on 4 August, 2015. The dividend in respect of shares held in dematerialized form in the Depository System will be paid to the beneficial owners of shares as on 4 August, 2015, as per the list provided by the Depositories for this purpose. The dividend will be payable on and from 21 August, 2015.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.

17. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956 (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified), the Company has transferred on due dates, the unpaid or unclaimed dividends for the financial year ended December 31, 2007 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on April 25, 2014 (date of the last Annual General Meeting) on the website of the Company ([www.esabindia.com](http://www.esabindia.com)), as also on the website of the Ministry of Corporate Affairs ([www.mca.gov.in](http://www.mca.gov.in)).

In accordance with the following schedule, the dividend for the years mentioned below, if unclaimed within a period of seven years will be transferred to IEPF.

Year	Type of dividend	Dividend per share (₹)	Date of declaration	Due date for transfer	Unpaid/ Unclaimed amount as on 31.03.2015
2008	Interim	13.00	24.07.2008	28.08.2015	12,66,564.00
2008	Final	2.50	22.04.2009	27.05.2016	3,45,574.50
2009	Interim	20.00	09.12.2009	15.01.2017	17,64,700.04
2010	Interim	10.00	17.05.2010	21.06.2017	11,01,820.00
2010	2 <sup>nd</sup> Interim	10.00	30.12.2010	03.02.2018	10,12,010.00
2011	Interim	15.00	21.07.2011	26.08.2018	13,70,415.00
2012	Final	7.50	25.04.2013	31.05.2020	11,15,647.50
2013	Final	1.00	25.04.2014	31.05.2021	1,72,357.00
TOTAL					81,49,088.04

18. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a brief profile of Director, who is proposed to be re-appointed / appointed in this AGM, nature of his expertise in specific functional areas, his other directorships and committee memberships, shareholding and relationship with other directors of the Company are given below:

Mr.Rohit Gambhir

DIN: 06686250

Date of Birth: 06/03/1973

Nationality: Indian

Date of appointment on the Board: 1 November 2013

Shareholding in ESAB : Nil

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

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

Mr Rohit Gambhir, aged 43 years, is a B.Tech (Mechanical) from NIT Kurukshetra (1994) and EPGDM from IIM Indore (2004). He has an overall experience of 20 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. Mr Rohit Gambhir joined Stanley Black & Decker as its Business Head in 2007. He joined ESAB India in March, 2013 as its Head of Sales & Marketing.

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

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

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

#### 19. 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 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).

The Company is providing facility for voting by electronic means in compliance with the provisions of Section 108 of the Companies Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised Clause 35B of the Listing Agreement.



(A) The instructions for e-Voting are as under: In case of members' receiving an e-mail from NSDL [for members whose email IDs are registered with the Company / Depository Participants]:

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

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

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

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

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

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

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

The e-Voting period commences on 4 August, 2015 and ends on 6 August, 2015. During this period, members holding shares either in physical form or in dematerialized form, as on 31 July, 2015, may cast their votes electronically. The e-Voting module will be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast "in favour" or "against", if any, forthwith to the Chairman of the Company. The Results declared along with the Scrutinizer's Report will be placed on the Company's website [www.esabindia.com](http://www.esabindia.com) and on the website of NSDL within two days of passing of the resolutions communicated to the Stock Exchanges. All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company during 10.00 am to 12.00 noon on all working days up to and including the date of the AGM.

The Board of Directors at its meeting held on 26<sup>th</sup> May 2015 appointed this scrutinizer for e-Voting as per details given below:

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

The Facility for voting, through polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote may



exercise their vote through polling paper at the Annual General Meeting.

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

The Scrutinizer, after completion of the Scrutiny, will submit his report to the Chairman of the Company. The result will be declared by the Chairman or by any person authorized by him in this regard on 10 August, 2015. The result shall also be announced to the Stock Exchanges

where shares of the Company are listed and intimated through a press release in the newspapers viz. Business Standard in English and Makkal Kural in Tamil. The result will also be put up on the Company's website [www.esabindia.com](http://www.esabindia.com). The resolution, if approved, will be taken as passed effectively on the date of declaration of the result, explained as above.

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

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

### Item No.5

The Board at its meeting held on 26 May, 2015 appointed M/s. Geeyes & Co., practicing Cost Accountants, holding Membership No.000044 allotted by the Institute of Cost Accountants of India, as Cost Auditor of the Company in terms of Section 148 of the Companies Act, 2013 (the Act 2013) and fixed a sum of Rs.5.00 lakhs as remuneration payable to them, for the financial year ending 31 March, 2016.

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

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

The Board recommends the Ordinary Resolution as set out at Sr. No.5 of the Notice for approval by the shareholders.

### Item No.6

Mr Rohit Gambhir joined the Company in March, 2013 and took charge of the Company as Executive Director and Chief Executive (ED&CE) on 1 November, 2013 after Mr Jiri Kula resigned as Managing Director. Mr Rohit Gambhir's appointment as ED&CE was approved by the

shareholders at the Annual General Meeting held on 25 April, 2014. Mr Rohit Gambhir, in his stint as ED&CE has taken additional responsibilities and has brought in stability to the senior management team and the organization as a whole. He had nurtured ESAB India's growth in difficult market conditions and had aligned ESAB India with the global team operations.

The Board of Directors at its meeting held on 6 November, 2014 has re-designated Mr Rohit Gambhir as the Managing Director of the Company with effect from 1 November, 2014. Except for the above change in designation, all the other terms and conditions as approved by the shareholders vide their resolution dated 25 April, 2014 shall remain unaltered till the end of the current tenure. The proposal as set out in the Notice is placed for consideration and approval of the shareholders.

Mr Rohit Gambhir, is deemed to be interested in the said resolution. None of the other Directors, Key Managerial Personnel of the Company and their relatives is in any way, deemed to be concerned or interested financially or otherwise in the ordinary resolution as set out in the Notice.

The Board recommends the Ordinary Resolution as set out at Sr. No.6 of the Notice for approval by the shareholders.

By Order of the Board of Directors

Chennai  
26 May, 2015

**S Venkatakrishnan**  
Company Secretary



# Directors' Report to Shareholders

Your Directors take pleasure in presenting the Twenty Eighth Annual Report together with the audited accounts of the Company for the 15 months period ended 31 March, 2015.

## 1. FINANCIAL SUMMARY / HIGHLIGHTS

(₹. in Lakhs)

Particulars	2014-15*	2013
Income	<b>56,331</b>	44,264
Profit before Interest and Depreciation	<b>6,197</b>	5,871
Finance Charges	–	–
Gross Profit	<b>6,197</b>	5,871
Provision for Depreciation	<b>(1,375)</b>	(1,123)
Profit before exceptional and prior period items and tax	<b>4,822</b>	4,748
Exceptional items	<b>(1,761)</b>	–
Profit before Tax	<b>3,061</b>	4,748
Provision for Tax	<b>(697)</b>	(1,436)
Net Profit After Tax	<b>2,364</b>	3,312
Balance Profit brought forward	<b>19,666</b>	16,865
Balance available for appropriations	<b>22,030</b>	20,177
Proposed Dividend on Equity Shares	<b>(154)</b>	(154)
Tax on Proposed Dividend	<b>(32)</b>	(26)
Transfer to General Reserve	<b>(237)</b>	(331)
Surplus carried to Balance Sheet	<b>21,607</b>	19,666

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

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

The Company has been reviewing its industrial footprint and manufacturing capacities by product groups based on current and expected demand. Based on this, it has been proposed to shift certain operations from our Khardah

Factory to our other manufacturing facilities. The Board of Directors has approved the proposal at its meeting held on 26 May, 2015. The Company has given effect to the requisite adjustments arising out of this decision under 'Exceptional items' in the Income statement for 2014-15. The charge on this account represents expenditure on impairment of assets, compensation to employees covered by a voluntary separation scheme and one time settlement costs payable to sub-contractors.

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

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

## 4. DIVIDEND

The Board of Directors has recommended a dividend of Re. 1/- per equity share of Rs.10/- each (10%) at its meeting held on 26 May, 2015 resulting in an estimated outflow of about Rs.186 Lakhs (Inclusive of dividend distribution tax) for approval of the shareholders at the Annual General Meeting. The proposed dividend takes into consideration a prolonged period of adverse market conditions and the consequent need to conserve resources for current and future business requirements.

## 5. BOARD MEETINGS

The Board of Directors met 5 times during this period of 15 months from 1 January, 2014 to 31 March, 2015. The Directors met on 19<sup>th</sup> February, 25<sup>th</sup> April, 31<sup>st</sup> July, 6<sup>th</sup> November, 2014 and 29<sup>th</sup> January, 2015.

## 6. DIRECTORS & KEY MANAGERIAL PERSONNEL

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

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

Mr Rohit Gambhir, is the Managing Director of the Company. He was appointed for a period of five years with effect from 1 November, 2013 as Executive Director and Chief Executive. He was re-designated as the Managing Director with effect from 1 November, 2014.



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 Clause 49 of the Listing Agreement regarding Mr Rohit Gambhir are published as part of the Notice calling the Annual General Meeting.

## Re-designation

Mr Rohit Gambhir, who was appointed as Executive Director & Chief Executive effective 1 November, 2013 was re-designated the Managing Director of the Company with effect from 1 November, 2014. Form DIR-12 was filed with the Registrar of Companies on 02.12.2014 vide SRN C35113976 and Form MR-1 was filed on 02.12.2014 vide SRN C35112846.

## Resignations

Mr Suresh N Talwar, Non-executive Independent Director of the Company resigned from the Board of the Company with effect from 1 August, 2014 after an association spanning over 26 years on the Board. Mr Talwar has stated in his resignation letter that he is resigning from the Board to comply with the stipulation of Clause 49 of the listing agreement which does not permit more than 7 directorships in listed Companies. Form DIR-12 recording this change, was filed with the Registrar of Companies on 04.08.2014 vide SRN C14335277.

Mr Pradeep Mallick, Non-executive Independent Director of the Company resigned from the Board of the Company with effect from 23 January, 2015 after an association of over 11 years on the Board. In his letter of resignation Mr Pradeep Mallick has stated that he is resigning from the Board to pursue his personal goals. Form DIR-12 was filed with the Registrar of Companies on 10.02.2015 vide SRN C42671198

ESAB Holdings Limited vide its letter dated 29 January, 2015 withdrew the nomination of Mr Kenneth D Konopa from the Board of the Company with effect from the close of business hours on 29 January, 2015. Mr Kenneth D Konopa had joined the Board of the Company on 11.02.2013. Form DIR-12 was filed with the Registrar of Companies on 16.02.2015 vide SRN C43273267.

The Board of Directors would like to place on record its appreciation to all the above Directors, for their individual contributions while they were on the Board and its Committees.

## Appointments

Ms. Sabitha Rao joined the Board with effect from 31 July, 2014 as an Independent Director. She brings with her rich and varied experience in business consulting with specialization in HR and Finance. With her induction, the Company is also compliant with the requirements of Section 149 (1) (b) of the Companies Act, 2013 and Clause 49 (II) (A) (1) of the Listing Agreement entered into with the Stock

Exchanges, Form DIR-12 was filed with the Registrar of Companies on 4.8.2014 vide SRN C14335277.

In order to comply with the requirement of Section 149 (4) & (5) of the Companies Act, 2013, the Board of Directors recommended the appointment of the four Independent Directors on the Board as Independent Directors under the provisions of the Companies Act, for a period of five years with effect from 29 January, 2015, subject to the approval of the shareholders. The approval of the shareholders was obtained by Postal Ballot and the results of the said postal ballot were announced to the stock exchanges and published in the leading newspapers (the details of the said results are published elsewhere in the Corporate Governance Report forming part of this Directors' Report). The terms of appointment for these Independent Directors were issued by way of a letter duly signed by the Chairman of the Board. The above referred terms & conditions of the letter are available for viewing on the website of the Company viz. [www.esabindia.com](http://www.esabindia.com)

## Key Managerial Personnel

To comply with the requirement of Section 203 of the Companies Act, Mr Rohit Gambhir, Managing Director, Mr. B.Mohan, Vice President Finance & Chief Financial Officer and Mr S Venkatakrishnan, Company Secretary have been re-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. Form DIR-12 relating to their re-designation as Key Managerial Personnel, was filed with the Registrar of Companies on 3.12.2014 vide SRN C35205897 and Form MR-1 relating to their individual consent, was filed on 3.12.2014 vide SRN C35222546.

## 7. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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

## 8. COMMITTEES OF THE COMPANY

### A. AUDIT COMMITTEE

In compliance with Section 177 of the Companies Act, 2013 and Clause 49 (III) of the Listing Agreement, an Audit Committee consisting of three Independent Directors and one Non-executive Director has been constituted. Mr K Vaidyanathan, is the Chairman of the said Committee with Mr. Vikram Tandon, Mr. Sudhir Chand and Mr. Daniel A Pryor being the other members of the said Committee. The said Committee met on 19<sup>th</sup> February, 25<sup>th</sup> April, 31<sup>st</sup> July, 6<sup>th</sup> November, 2014 and 29<sup>th</sup> January, 2015.

Mr Pradeep Mallick resigned from the Board of the Company with effect from 23<sup>rd</sup> January, 2015 and consequently ceased to be a Member of the Audit Committee from that date.

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

## B. NOMINATION AND REMUNERATION COMMITTEE

In compliance with Section 178 (4) and Clause 49 (IV) of the Listing Agreement, the Company has constituted a Nomination & Remuneration Committee consisting of three Independent Directors and one Non-Executive Director. Mr. K Vaidyanathan, is the Chairman of the said Committee with Mr. Sudhir Chand & Ms. Sabitha Rao, Independent Directors and Mr. Daniel A Pryor, Chairman of the Board as Members of the Committee.

Mr. Suresh Talwar resigned from the Board of the Company with effect from 1 August, 2014 and consequently ceased to be a Member of the Nomination and Remuneration Committee from that date.

Ms. Sabitha Rao joined the Board with effect from 31<sup>st</sup> July, 2014 and was co-opted into the said Committee with effect from that date.

The said Committee met on 25<sup>th</sup> April, 31<sup>st</sup> July, 6<sup>th</sup> November, 2014 and 29<sup>th</sup> January, 2015.

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

## C. STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with Section 178 (5) of the Companies Act, 2013 the Company has a Stakeholders Relationship Committee consisting of two Independent Directors, one Non-executive Director and the Managing Director. Mr Vikram Tandon is the Chairman of the Committee, Mr Sudhir Chand, Independent Director, Mr Daniel A Pryor, Chairman of the Board and Mr Rohit Gambhir, Managing Director are the Members of the said Committee.

Mr Rohit Gambhir was co-opted into this Committee with effect from 31<sup>st</sup> July, 2014 as a Member.

The said Committee met on 19<sup>th</sup> February, 25<sup>th</sup> April, 31<sup>st</sup> July, 6<sup>th</sup> November, 2014 and 29<sup>th</sup> January, 2015.

## D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with Section 135 (1) of the Companies Act, 2013 the Company has constituted a Corporate Social Responsibility Committee consisting of one Independent Director, one Non-executive Director and the Managing

Director. Ms Sabitha Rao is the Chairperson of the said Committee, Mr Daniel A Pryor, Chairman of the Board and Mr Rohit Gambhir, Managing Director are the Members of the said Committee.

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

The Committee met twice on 30<sup>th</sup> September, 2014 and 29<sup>th</sup> January, 2015.

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

## E. RISK MANAGEMENT COMMITTEE

In Compliance with the requirement of Clause 49 of the Companies Act, 2013, the Company has also constituted a Risk Management Committee consisting of Mr Daniel A Pryor, Chairman of the Board, Mr Rohit Gambhir, Managing Director and Mr B Mohan, Vice President Finance & Chief Financial Officer of the Company.

The said Committee was newly constituted during the year on 6<sup>th</sup> November, 2014 and they met once on 29<sup>th</sup> January, 2015.

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

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

## 9. VIGIL MECHANISM

In compliance of Section 177 (9) & (10) of the Companies Act, 2013 and in terms of Clause 49 (VIII) (H) (2) of the Listing Agreement, the Company has set up a whistleblower policy which can be viewed on the Company's website [www.esabindia.com](http://www.esabindia.com). In terms of the said policy the Directors and employees are given direct access to the Chairman of the Audit Committee to report on alleged wrongdoings.

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief, and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 (5) of the Companies Act, 2013.



1. In the preparation of the annual accounts for the financial year ended 31 March, 2015 the applicable accounting standards have been followed;
2. The Directors have selected such accounting policies listed in Note 2 to the Notes to the Financial Statements and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year on 31 March, 2015 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, 2015 on a going concern basis;
5. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 11. MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC & BUSINESS ENVIRONMENT

Economic headwinds encountered during 2013 continued to hurt growth during the period under review. There was visibility of intent in removing blockades to growth in terms of policy pronouncements and schemes announced from time to time. We are yet to see the impact of this at the ground level and continue to hope for a turnaround in the manufacturing segment that is key to your Company's prospects.

The index of industrial production (IIP) languished in negative to marginally positive levels during the period and steel consumption continued to be low. Paucity of funds and poor overall business sentiments were dampeners coming in the way of capital investments and projects. Despite relatively favorable trends on commodity and oil prices, the overall business environment remained challenging due to a combination of domestic and global issues.

Key drivers for your Company's prospects including Steel growth remained negative to flat through the year. Power and infrastructure segments suffered from policy and funding issues. Execution of policies especially kick starting investments on infrastructure could create the much needed impetus for manufacturing segment growth.

To sustain and expand its presence in various product segments and across locations, the Company launched

new products in both consumables and equipment businesses. These have been well received in the market.

Your Company continued to focus relentlessly on productivity and costs. The management has been reviewing capacities in the light of current and projected demand to realign capacities and facilities wherever necessary. The Company has initiated a project for shifting certain operations from its Plant at Khardah to its other Plants. It is expected that this would enable achieve significantly improved levels of capacity utilization and costs. The Company has also been working on initiatives to right size the organization with a view to achieving flexibility and global productivity levels.

### OUTLOOK, OPPORTUNITIES AND THREATS

The Business outlook appears relatively positive for the medium term if the policy changes and infrastructure spends take effect. We also bank on improved liquidity and lower financing costs for customers to achieve better turns on working capital and improved margins. The short term outlook is getting increasingly harder to predict as there are multiple interwoven elements including many that are not localized to India.

A favorable tax regime and implementation of GST can have significant changes in the way businesses work on supply chain and logistics with potential short term disruptions during the transition phase. In summary, execution by the Government is key and even if a part of the promises translate to actions, there would be reasonably positive implications for the economy and the Company.

Our new product launches and a potentially leaner organization would augur well for our sales and profitability. We are targeting to grow our service activities to cushion the impact of any sustained difficulties in the manufacturing segment.

Margins and working capital are expected to be under strong pressures with over capacities, aggressive pricing and credit terms by competitors.

### RISKS AND CONCERNS

Risks arising from delayed implementation of Government policies, exchange rate risks from a weaker rupee and global trends on oil prices can have a significant impact on the short term profitability. Competition from unorganized players with local advantages can have an impact especially on mass market products in Consumables. There are also potential industrial relations related risks given the current restructuring of capacities. Increasing legal and statutory requirements bring compliance risks including local requirements in locations that we operate in.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company operates in an environment where internal controls are continuously evaluated by Management and by the Internal auditors. The scope and coverage for Audits are drawn up based on detailed discussions including feedback on concerns from previous year. Findings from internal audits are reviewed regularly by the Management and by the Audit Committee of Directors and corrective actions and controls put in place wherever necessary. The Company is also subjected to reviews and audits as part of listing requirements in the USA of its Holding Company. These reviews help supplement the Company's efforts in strengthening internal controls.

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

The Company being a subsidiary of Colfax Corporation is bound to comply with the requirements of Sarbanes Oxley Act ( SoX). For reasons of independence and accountability, we have engaged our internal auditors to help draw up the documentation and process requirements on Internal controls. We have been reviewing gaps in internal controls and addressed these through remediation processes as prescribed under SoX.

It is expected that our efforts as above would help us greatly in complying with the framework under Internal Controls on Financial Reporting, which is mandated from the next financial year.

## FINANCIAL PERFORMANCE OF THE COMPANY

### INCOME AND EXPENDITURE

Net Sales (Including Service Income) grew by 1.4% on a comparable basis in a small but significant reversal of declining sales trends witnessed from 2011. This was achieved in an extremely challenging environment. Relatively better performances in the R & M business and Exports that were aided by a weakening Rupee, helped in softening the impact of declines in all other product groups.

Other income was higher on a comparable basis by about 29.3% due to increase in dividend income from mutual funds, redemption gains on mutual funds and foreign exchange gains. Cash surpluses were deployed in debt and liquid funds.

Material costs as a percentage to sales increased from 63.5% to 64.7% due to a combination of poorer product mix, increases in steel costs and price pressures, especially on mass market products.

Overheads including employee costs were higher at 26.2% of Net Sales and Service Income as against 24.7% in 2013 on a comparable basis. The increases were primarily on account of;

- Employee costs higher by 5% on a comparable basis driven by retirement benefits costs increases based on actuarial valuations.
- Higher costs on transportation outwards and sales promotion expenses in line with changes in terms of trade and customer mix.

Depreciation was lower by 2% as compared to 2013 with reduced capital expenditure and aging Plants. The Company has continued to provide for Depreciation at rates aligned to the erstwhile Schedule XIV of the Companies Act, 1956. The rates are different from those recommended in Schedule II of the Companies Act, 2013. The decision to continue with the same rates as before is based on a technical evaluation of useful life of assets.

## BALANCE SHEET

The Company weathered a difficult year with a focus on fundamentals and efficiencies. Despite strong pressures on working capital, the company closed the year with healthy cash flows and prudent deployment of resources on capital expenditure.

Capital Expenditure was about Rs.741 Lakhs as against 932 Lakhs in 2013 and projects with productivity enhancements and Quality improvements were prioritized to conserve resources.

Current Investments and Cash grew by 14.2% over 2013 due to internal accruals amidst strong pressures on working capital.

Inventories were lower by about 12% in value terms due to strong improvements in supply chain and forecasting process. Measured in terms of days to sales, Inventory fell from 52 days in 2013 to 45 days in 2014-15.

Trade receivables were up from 23 days in 2013 to 36 days. This is reflective of higher sales to end customers and increases in credit cycles to trade.

## SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANY

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

## HOLDING COMPANY

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



## 12. EXTRACT OF THE ANNUAL RETURN

The Extract of the Annual Return of the Company made up as at the end of the Financial Year i.e. 31 March, 2015 is attached by way of **Annexure -1** to this report.

## 13. STATUTORY AUDITORS

M/s. S R Batliboi & Associates, LLP, Chennai (Firm Regn No.101049W) were appointed by the shareholders at the Annual General Meeting held on 25 April, 2014 as the statutory auditors of the Company to hold office until the conclusion of this Annual General Meeting.

As required under Section 139 (1) of the Companies Act, 2013, M/s. S R Batliboi & Associates, LLP, Chennai are now being appointed as statutory auditors of the Company to hold office for a term of five years from the end of this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2020.

M/s. S R Batliboi & Associates, LLP, Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have vide their letter dated 8 April, 2015 given their written consent to being appointed as the statutory auditors of the Company and have also issued a certificate that the appointment if made shall be in accordance with the conditions and that they satisfy the criteria provided under the relevant Section and Chapter X of the Companies Act read with Companies (Audit and Auditors) Rules, 2014.

The Directors recommend that M/s S.R.Batliboi & Associates LLP, Chennai, be appointed as the Company's Auditors to hold office until the conclusion of the Annual General Meeting to be held in the year 2020.

The statutory auditors have issued a clean report on the financials of the Company and have not issued any qualifications for the period 1 January, 2014 to 31 March, 2015.

## 14. SECRETARIAL AUDIT

In terms of Section 204 (1) of the Companies Act, 2013, the Company has appointed M/s. V Mahesh & Associates, Chennai to do the secretarial audit of the Company for the period 1 January, 2014 to 31 March, 2015. The said firm has vide letter dated 31 December, 2014 issued their consent to do the secretarial audit for the Company for the said period. Their appointment was informed to the Registrar of Companies, Chennai vide form MGT-14 dated 10.02.2015 vide SRN C42738104.

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, a compliance mechanism in place and has also complied

with the relevant statutes, rules and regulations applicable to the Company. They have also confirmed that the Company has complied with the necessary secretarial standards, as applicable.

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

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

## 16. DETAILS RELATING TO DEPOSITS

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

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

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

## 18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

The Board of Directors from time to time have authorized the Company to invest the surplus of the Company in deposits with Banks and the investments in fixed maturity plans with mutual funds for a tenor not exceeding 100 days and have authorized the personnel of the Company in this regard. The investments are made in liquid and debt funds with no lock in period. The Company has earned an income of around Rs.8.74 crores for the period 1 January, 2014 to 31 March, 2015 in the form of dividends and profit on redemption of investments. The Company has not given any guarantees other than bank guarantees in the normal course of business to meet contractual obligations.

## 19. RISK MANAGEMENT POLICY

As required under Section 134 (n) of the Companies Act, 2013 and as required under Clause 49 (VI) of the Listing Agreement, the Company has constituted a Risk Management Committee consisting of Mr. Daniel A Pryor, as the Chairman and Mr Rohit Gambhir, Managing Director and Mr B Mohan, Chief Financial Officer as the Members of the Committee. The said committee has laid down the procedures to identify the risks and the minimization procedures. The Board at its meeting held on 29 January, 2015 have approved the said policy on Risk Management. The Board of Directors defined the roles and responsibilities of the said Committee. The policy on Risk Management has been hosted in the Company's

website [www.esabindia.com](http://www.esabindia.com). The said committee on a periodical basis updates the Board of Directors on the material risks faced by the Company and the measures taken by the Company to mitigate the said risks.

## 20. CORPORATE SOCIAL RESPONSIBILITY

As required under Section 134 (o) read with Section 135 (1) of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee on 31 July, 2014. The Committee has Ms. Sabitha Rao, as the Chairperson, Mr Daniel A Pryor and Mr Rohit Gambhir as the Members of the said Committee.

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

The Company's policy on CSR envisages expenditure in areas falling within the purview of Schedule VII of the Companies Act, 2013. The annual report on CSR activities is enclosed by way of **Annexure - 4** to this report. The policy on CSR was adopted on 6 November, 2014 after formation of the Committee. Since the time available for implementation of the CSR activities was very limited and it is of utmost importance that the amounts are defrayed on deserving and genuine projects, the Company has expended about Rs.19.13 Lakhs during the financial year. The Company is in the process of identifying more projects on which CSR spends could be effected.

## 21. RELATED PARTY TRANSACTIONS

As required under Section 188 of the Companies Act, 2013 and Clause 49 (VII) & (VIII) of the Listing Agreement 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 Clause 49 of the listing agreement 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 in the company's website [www.esabindia.com](http://www.esabindia.com).

All the transactions with the related parties entered into during the period under review have been in the ordinary course of business and at arms' length basis. There have been no material related party transactions entered into

during this period which required the approval of the shareholders by way of special resolution. The details of related party transactions pursuant to Clause (h) of sub-section (3) of Section 134 of the Act, is enclosed in form no. AOC 2 as **Annexure - 5**.

## 22. FORMAL ANNUAL EVALUATION

As required under Section 134 (p) of the Companies Act, 2013 and Clause 49 (2) (B) (5) of the listing agreement the Board of Directors at its meeting held on 6 November, 2014 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 Clause 49 (II) (B) (6), of the listing agreement the Independent Directors at their separate meeting held on 29 January, 2015 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 timelines 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 Clause 49 of the Listing Agreement, the Board assessed the performance of the Independent Directors as per the criteria laid down and have recommended their continuation on the Board of the Company at its meeting held on the 26<sup>th</sup> of May 2015.

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, governance standards, knowledge of business, processes and procedures followed, openness of discussion / integrity, relationship with management, impact on key management decisions etc. The Members of the Committee of audit, nomination & remuneration and stakeholders relationship were also assessed on the above parameters and also in the context of the Committee's effectiveness vis-a-vis the Act and the listing requirements.

## 23. COST AUDITOR

As required under Section 148 of the Companies Act, 2013 the Board of Directors at its meeting held on 26 May, 2015 have appointed M/s. Geeyes & Co., Cost Accountants within the meaning of Cost & Works Accountants Act and holding a valid certificate of practice No.000044 as the Cost Auditor for conducting the Cost Audit for the financial year 2015-2016. The Audit Committee recommended the appointment subject to the compliance of the requirements stipulated in the relevant notifications issued by Ministry of Corporate Affairs.

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



The relevant Form 23 C for appointment of Cost auditor for the financial year 2014-15 was filed with the Registrar of Companies on 26.02.2014 vide SRN S29411832.

The Cost Audit Report issued by the Cost Auditor for the year ended 31 December, 2013 was filed with the Registrar of Companies vide form I XBRL dated 24.06.2014 SRN S30375265.

## 24. RATIO OF REMUNERATION TO EACH DIRECTOR

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

### A. Executive Director

Ratio of remuneration paid to Mr Rohit Gambhir, Managing Director vs the median employee is : 17 : 1.

### Non-executive Independent Director

Ratio of remuneration paid to Mr Vikram Tandon, Non-executive Independent Director vs the median employee is : 0.88 : 1

Ratio of remuneration paid to Mr Sudhir Chand, Non-executive Independent Director vs the median employee is : 0.91 : 1

Ratio of remuneration paid to Mr K Vaidyanathan, Non-executive Independent Director vs the median employee is : 0.98 : 1

Ratio of remuneration paid to Ms Sabitha Rao, Non-executive Independent Director vs the median employee is : 0.11 : 1

- B. The percentage increase in the median remuneration of employees in the financial year was 9%.
- C. The number of permanent employees in the rolls of the Company as at 31 March, 2015 is 355 (347 as on 31 December, 2013).
- D. The average percentage increase in remuneration of employees to that of the increase in performance of the Company = 9% : 2%
- E. Comparison of the remuneration to Key Managerial Personnel against the performance of the Company during the period 1 January, 2014 to 31 March, 2015.

	In Absolute figures (₹)	In % terms
ESAB India's performance	5633 million	2%
Mr Rohit Gambhir, Managing Director	1,80,24,431	15%
Mr B Mohan, Chief Financial Officer	85,01,459	7%
Mr S Venkatakrishnan, Company Secretary	49,48,788	7%

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

Market Capitalisation as on 31.12.2013 - Rs.710.23 Crores.

Market Capitalisation as on 31.03.2015 - Rs.1063.65 Crores

PE Ratio as on 31.12.2013 - 21.44

PE Ratio as on 31.03.2015 - 45.98

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

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

The average percentile increase in salaries of employees other than KMP is 9% while that of KMPs is 11.5%.

Justification thereof : The increase for Rohit Gambhir was considered at 15% in November, 2014 when he was designated as Managing Director. In respect of employees other than KMP an average increase of 9% was considered. Even within this, average of 9% was considered for employees below the level of Manager and about 7% for Managers and above - range varying between 3% and 13% based on performance. The overall increase of 9% also includes an average increase of about 13.7% that was considered for those employees who were promoted to the next higher grade based on performance.

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

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

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

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

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

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

As at the end of March, 2015 the Company had 587 employees as against 644 at the end of December, 2013. The Company believes in providing a working environment that is focused on the customers, teamwork, continuous improvement, innovation and a competitive environment where employees strive to improve value for shareholders.

## 25. FINANCE

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

## 26. ENVIRONMENT, HEALTH AND SAFETY

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

## Cautionary Statement

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

## 27. LISTING WITH STOCK EXCHANGES

The Company's equity shares are listed with (a) Bombay Stock Exchange Limited and (b) National Stock Exchange of India Limited. The annual fee for both the exchanges have been paid promptly for the year 2015-2016.

The Company had 9,908 shareholders as at the end of the year 31 March, 2015. 98.03% of shares are held in dematerialized form.

As required under Clause 5A (II) (h) of the listing agreement 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 2014-2015 and the shares outstanding in the suspense account as on 31.3.2015 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 1.1.2014	176	13,370
2.	Number of Shareholders who approached the Company during the year	45	3,655
3.	Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	45	3,655
4.	Aggregate Number of shareholders and the outstanding shares lying in the unclaimed Suspense Account at the end of the year	131	9,715

131 Shareholders holding 9,715 equity shares constituting about 0.06% of shares have not made their claim from the Company on the shares outstanding in the Unclaimed Suspense Account of ESAB India Limited. The voting rights for these shares shall remain frozen until these are claimed by the rightful owners.

## 28. CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement with the stock exchanges 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 under clause 49 of the Listing Agreement is attached to this report.

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

The declaration by the Managing Director addressed to the members of the Company pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct by the Members of the Board and by the Members





of the Senior Management Personnel of the Company is also attached to this Report.

### 29. SECRETARIAL STANDARDS

As on 31 March, 2015 the Secretarial Standard 1 & 2 on Board Meetings and General Meetings have been notified and the Company has complied with the requirements of the said Secretarial Standard.

A certificate of compliances issued by the Secretarial Auditor M/s. V Mahesh & Associates dated 9 May, 2015 is enclosed as **Annexure - 2** and forms part of this Report.

### 30. 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.

### 31. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

**Daniel A Pryor**  
Chairman

Chennai, 26 May 2015

**ANNEXURE - 1****Form No. MGT - 9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31<sup>st</sup> March, 2015**

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

**I. REGISTRATION AND OTHER DETAILS**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**III. PARTICULARS OF HOLDING COMPANIES**

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



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

### i) Category-Wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
SHAREHOLDING OF PROMOTER AND PROMOTER GROUP									
Indian									
Individual/Hindu Undivided Family	–	–	–	–	–	–	–	–	–
Central Government	–	–	–	–	–	–	–	–	–
State Government	–	–	–	–	–	–	–	–	–
Bodies Corporate	–	–	–	–	–	–	–	–	–
Financial Institutions/Banks	–	–	–	–	–	–	–	–	–
Any other(specify)	–	–	–	–	–	–	–	–	–
<b>SUB TOTAL A(1)</b>	–	–	–	–	–	–	–	–	–
Foreign									
Individual (Non-resident/foreign)	–	–	–	–	–	–	–	–	–
Bodies corporate	11347960		11347960	73.72	11347960		11347960	73.72	
Institutions	–	–	–	–	–	–	–	–	–
Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Any other(specify)	–	–	–	–	–	–	–	–	–
<b>SUB TOTAL A(2)</b>	11347960	–	11347960	73.72	11347960	–	11347960	73.72	–
<b>Total Shareholding of Promoter and Promoter Group (A)=A(1)+A(2)</b>	11347960	–	11347960	73.72	11347960	–	11347960	73.72	–
Public Shareholding									
Institutions	–	–	–	–	–	–	–	–	–
Mutual funds/UTI	2839	8301	11140	0.07	109951	8301	118252	0.77	
Financial Institutions/Banks	1582	520	2102	0.01	2027	520	2547	0.02	
Central Government	–	–	–	–	–	–	–	–	–
State Government(s)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Venture Capital Funds	–	–	–	–	–	–	–	–	–
Insurance Companies	–	–	–	–	–	–	–	–	–
Foreign Institutional Investors	1706417	300	1706717	11.09	213563	300	213863	1.39	
Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
Qualified Foreign Investor	4750	–	4750	0.03	–	–	–	–	–
Any other(specify)	–	–	–	–	–	–	–	–	–
<b>SUB TOTAL B(1)</b>	<b>1715588</b>	<b>9121</b>	<b>1724709</b>	<b>11.20</b>	<b>325541</b>	<b>9121</b>	<b>334662</b>	<b>2.17</b>	<b>–9.03</b>
Non - Institutions	–	–	–	–	–	–	–	–	–
Bodies Corporate (Indian/foreign/ Overseas)	384453	5263	389716	2.53	415422	5263	420685	2.73	–
Individuals (Resident/NRI/ Foreign National)	–	–	–	–	–	–	–	–	–
Individual shareholders holding Nominal share Capital upto Rs.1 Lakh	1490531	303761	1794292	11.66	1348046	288890	1636936	10.63	–
Individual shareholders holding Nominal share Capital above Rs.1 Lakh	120616	–	120616	0.78	84364	–	84364	0.55	–
Any other(specify)	15727	–	15727	0.10	1568413	–	1568413	10.19	–
<b>SUB TOTAL B(2)</b>	<b>2011327</b>	<b>309024</b>	<b>2320351</b>	<b>15.07</b>	<b>3416245</b>	<b>294153</b>	<b>3710398</b>	<b>24.10</b>	<b>9.03</b>
<b>Total Public Share Holding (B) = B(1)+B(2)</b>	<b>3726915</b>	<b>318145</b>	<b>4045060</b>	<b>26.28</b>	<b>3741786</b>	<b>303274</b>	<b>4045060</b>	<b>26.28</b>	<b>–</b>
<b>TOTAL (A)+(B)</b>	<b>15074875</b>	<b>318145</b>	<b>15393020</b>	<b>100.00</b>	<b>15089746</b>	<b>303274</b>	<b>15393020</b>	<b>100.00</b>	<b>–</b>
Shares held by Custodians and against which Depository Receipts have been issued	–	–	–	–	–	–	–	–	–
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>15074875</b>	<b>318145</b>	<b>15393020</b>	<b>100.00</b>	<b>15089746</b>	<b>303274</b>	<b>15393020</b>	<b>100.00</b>	<b>–</b>



## (ii) Shareholding of Promoters

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

## (iii) Change in Promoters' Shareholding

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

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

Sl. No.	Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Acacia Partners, LP	821140	5.33	821140	5.33
2	Acacia Institutional Partners, LP	271098	1.76	271098	1.76
3	Acacia Banyan Partners	259200	1.68	259200	1.68
4	Acacia Conservation Fund LP	150000	0.97	150000	0.97
5	Master Capital Services Ltd	139140	0.90	51	0.00
6	Alchemy India Long term fund Limited	100000	0.65	124772	0.81
7	Bajaj Allianz Life Insurance Company Ltd.	71459	0.46	325369	2.11
8	Labrador Partners LP	51790	0.34	64247	0.42
9	Rajasthan Global Securities Ltd.	33956	0.22	1493	0.01
10	Vikram Venture Capital Private Limited	32500	0.21	32500	0.21

(v) Shareholding of Directors and Key Managerial Personnel:

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

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

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

## vi. Indebtedness

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

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

## vii. Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Mr. Rohit Gambhir Managing Director	Total amount
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,79,05,754	1,79,05,754
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,18,677	1,18,677
	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
	Others, (Sitting Fees)	Nil	Nil
5	Others, please specify	Nil	Nil
	<b>Total</b>	<b>1,80,24,431</b>	<b>1,80,24,431</b>
	Ceiling as per the Act	<b>5% of the profits of the Company as calculated under the applicable provisions of the Companies Act.</b>	



**B. Remuneration to other Directors**

(Amount in ₹)

Particulars of Remuneration	Name of Directors				Total amount
	Mr. Sudhir Chand	Mr. Vikram Tandon	Mr. Vaidyanathan	Ms. Sabitha Rao	
1. Independent Directors					
- Fee for attending board committee meetings	2,00,000	1,22,500	1,87,500	1,00,000	6,10,000
- Commission	6,50,000	6,50,000	7,25,000	3,00,000	23,25,000
- Others, please specify					
<b>Total (1)</b>	<b>8,50,000</b>	<b>7,72,500</b>	<b>9,12,500</b>	<b>4,00,000</b>	<b>29,35,000</b>
2. Other Non-Executive Directors					
- Fee for attending board committee meetings	—	—	—	—	—
- Commission					
- Others, please specify					
<b>Total (2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total (B) = (1 + 2)</b>	<b>8,50,000</b>	<b>7,72,500</b>	<b>9,12,500</b>	<b>4,00,000</b>	<b>29,35,000</b>
<b>Total Managerial Remuneration</b>	<b>8,50,000</b>	<b>7,72,500</b>	<b>9,12,500</b>	<b>4,00,000</b>	<b>29,35,000</b>
Overall Ceiling as per the Act	1% of the profits of the Company as calculated under the applicable Provisions of the Companies Act				

**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	47,90,398	83,06,966	1,30,97,364
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	1,58,390	1,94,493	3,52,883
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission as % of profit - Others, specify	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>49,48,788</b>	<b>85,01,459</b>	<b>1,34,50,247</b>

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

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

**ANNEXURE - 2**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period (01<sup>st</sup> January, 2014 to 31<sup>st</sup> March, 2015) covering the financial year ended on 31<sup>st</sup> March 2015 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 as given in Annexure - A for the financial year ended on 31<sup>st</sup> March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

Other Laws which are specifically applicable to the Company (apart from the general acts such as Factories Act, 1948, Minimum Wages Act, 1948 etc.) are as follows:

- (v) Petroleum Act, 1934
- (vi) The Gas Cylinder Storage Rules
- (vii) The Explosives Act, 1884 & The Explosives Rules, 1983
- (viii) The Manufacture, storage and import of hazardous Chemical Rules, 1989
- (ix) Batteries (Management & Handling) Rules, 2001

However during the year under purview there were no instance attracting the following laws/regulations:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (iii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (iv) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (vi) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange;

During the period under review and based on the documents provided and declarations given by the Company we are of the opinion that the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observation(s):

- a. The proceedings of the Annual General Meeting held on Friday the 25<sup>th</sup> day of April, 2014 was not filed with the Ministry vide Form MGT-15 as the notice convening the meeting was on 19<sup>th</sup> February, 2014, much before the announcement and implementation



of Companies Act, 2013. However, a copy of AGM proceedings were filed with the Stock Exchanges pursuant to clause 31 of the Listing Agreement.

- b. A separate code of conduct was formulated as required under SEBI (Prohibition of Insider Trading) Regulations, 1992. Based on the documents provided to us we observed that the management is taking steps to implement the same under the SEBI (Prohibition of Insider Trading) Regulations, 2015 in the ensuing Board Meeting to be held on Tuesday, the 26<sup>th</sup> day of May 2015 and the same shall be updated on the website of the Company.

### We further report that

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

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

**We further report that** during the audit period the Company has announced a voluntary separation scheme for all permanent workmen and permanent graded staff, who are on the rolls of the Company at Company's Khardah & Taratala plants at Kolkata. The Board of Directors have accorded their approval to the said scheme on June 16, 2014.

### For V. Mahesh & Associates

**V. Mahesh**

Practicing Company Secretary

Place: Chennai

M.No. F4162

Date : 09.05.2015

C.P. No. : 2473

**Note:** This report is to be read with our letter of even date which is annexed as 'ANNEXURE A & B' and forms an integral part of this report.

### Annexure - A

#### List of documents verified during the process of Audit:

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31<sup>st</sup> December, 2011, 2012 & 2013.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee and CSR Committee along with Attendance Register held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Notices calling for Board and Committee Meetings.
6. Declarations received from the Directors of the Company pursuant to the provisions of Section 299, 274(1)(g) of the Companies Act, 1956 and Section 164 & 184 of the Companies Act, 2013 read with relevant rules framed thereunder.
7. e-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the financial year under report.
8. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the financial year under report.
9. Report in connection with compliance of various Acts and regulations applicable to various factories by the respective managers in charge for compliances.
10. News Paper Advertisement made by the Company as required under the listing agreement.
11. Various Intimations made to the Stock Exchange pursuant to the listing agreement entered into by the Company with National Stock Exchange & Bombay Stock Exchange.

## Annexure - B

To,

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

Our report of even date 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. Whereever 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**  
 Practicing Company Secretary

Place: Chennai  
 Date : 09.05.2015

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

## ANNEXURE - 3

### ANNEXURE TO THE DIRECTORS' REPORT

Statement under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 March, 2015.

#### A. CONSERVATION OF ENERGY

1. Introduction of one induction lamp (150Watts) in place of two MH lamps (250 Watts) which reduced the power savings as well as repairing cost.
2. Air Compressor - Installation of VFD in place of star delta starter for main motor, thus running the motor in closed control loop with minimum required frequency.
3. Lighting - Replacement of Tube lights with LED lighting for entire factory completed.
4. Eliminated air leaks across factory & optimizing compressor utilization to save energy.
5. AC System has operated by timer in Division Office and New Factory Office at Taratala.

#### B. TECHNOLOGY ABSORPTION

- Extrusion lines revamped to produce high quality electrodes with minimum energy requirements

- Auto packing line modified for increased productivity
- Conversion to Ultra sonic cleaning from acid cleaning resulting in reduction of effluent.

#### C. FOREIGN EXCHANGE

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

During the year, the total outflows in foreign exchange amounted to Rs.6,827 Lakhs (which includes Rs.5,637 Lakhs for the import of raw materials, components and capital goods and Rs.1,190 Lakhs towards expenditure in foreign currency).

During the year, the Foreign exchange earnings were Rs.2,686 Lakhs resulting in net foreign exchange outflow of Rs.4,141 Lakhs for the year.

For and on behalf of the Board of Directors

**Daniel A Pryor**  
Chairman

Chennai, 26 May 2015

## ANNEXURE - 4

### REPORT ON CSR ACTIVITIES FOR THE YEAR 2014-2015

#### 1. Policy

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

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

#### 2. Composition of CSR Committee

Ms.Sabitha Rao - Chairperson  
Mr.Daniel A Pryor - Member  
Mr.Rohit Gambhir - Member

3. Average Net Profit of the Company for last three preceding financial years = Rs.5742 lakhs  
2013 -Rs.4748 lakhs  
2012 -Rs.5416 lakhs  
2011 -Rs.7062 lakhs
4. Prescribed CSR Expenditure : 2% on 5742 lakhs = Rs.114.84 lakhs
- 5 (a) Total amount to be spent for the financial year = Rs.114.84 lakhs  
(b) Amount unspent = Rs.114.84 lakhs - Rs.19.13 lakhs = Rs.95.71 lakhs  
(c) Manner in which the amount spent during the financial year



Details of CSR Amount spent as on 31 March, 2015 *							
S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1) Local area or other 2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects and programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementation agency
1	2	3	4	5	6	7	8
1	Education	Employment enhancing vocational skills/ promotion of education	West Bengal, Kolkata	10.00	9.48	9.48	Through Agency
2	Community work	Social business projects	Tamil Nadu, Ambattur	1.46	1.46	10.94	Direct
3	Environment	Environmental Sustainability	Tamil Nadu - Ambattur, IGT, Maharashtra - Nagpur, Kolkata - Taratala and Khardah	8.19	8.19	19.13	Direct
	<b>TOTAL</b>					<b>19.13</b>	

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

The Companies Act, 2013 was implemented in various stages during the year 2014-2015. The provisions with regard to CSR activity came into force on 1 April, 2014. The Company in pursuance of the requirements of the Companies Act, 2013 had formulated the CSR policy and constituted the CSR Committee and were in the process of identifying suitable projects and focus areas for implementation of its CSR initiatives.

The Board of Directors approved the constitution of the Committee and the Policy at its meeting held on 31 July, 2014. The CSR Committee met on 30 September, 2014 and discussed the various projects options for implementation of its CSR mandate.

The policy on CSR was adopted on 6 November, 2014 after formation of the Committee. Since the time available for implementation of the CSR activities was very limited and it is of utmost importance that the amounts are defrayed on deserving and genuine projects, the Company has expended about Rs.19.13 Lakhs during the financial year. The Company is in the process of identifying more projects on which CSR spends could be effected.

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

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

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

Sd/-

SABITHA RAO  
Chairperson - CSR Committee

Person specified under clause (d) of sub-section (1) of Section 380 of the Act

\*All amounts are in Indian Rupees lakhs

**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	Nil
(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	

**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	Nil
(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:	

Sd/-  
**Daniel A Pryor**  
Chairman

## ANNEXURE - 6

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

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

Sl. No.	Name	Designation	Remuneration Received (₹)	Nature of Employment	Qualification & Experience	Date of Commencement of Employment	Age	Previous Employment	Percentage of Shares held by the Employee	Relative of a Director / Manager or not
1	B. Mohan	Vice President - Finance	85,01,459	Full time	B.Com., ACA., ACS., 28 years	01.02.2005	49	GM Finance and Company Secretary Amagamation Valeo Clutch (P) Ltd.	Nil	No

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

Sl. No.	Name	Designation	Remuneration Received (₹)	Nature of Employment	Qualification & Experience	Date of Commencement of Employment	Age	Previous Employment	Percentage of Shares held by the Employee	Relative of a Director / Manager or not
1	Jagannathan Palle Venkata	Head Operations	52,27,815	Full time	B.E. Mech & MS in Management Systems 27 years	25.08.2014	50	Weir Minerals (India) Limited	Nil	No
2	Manish Prasad	Vice President Asia CBS	85,50,955	Full time	B.E. Mech 27 years	19.05.2014	50	Royal Bank of Scotland, India	Nil	No



# Report on Corporate Governance

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

## 2. BOARD OF DIRECTORS

### A. Composition of Board

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

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

All Independent Directors possess the requisite qualifications and are very experienced in their own fields. None of the Directors 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 26 May, 2015. The details of their other Company Directorships / Committee Memberships is given below :

Name of the Directors	Category	DIN	Number of Directorships in Other Companies		Number of Committee Memberships in other Companies	
			Chairman	Member	Chairman	Member
Daniel A Pryor	Non-executive Chairman	05305621	Nil	Nil	Nil	Nil
Rohit Gambhir	Executive - Managing Director	06686250	Nil	Nil	Nil	Nil
Vikram Tandon	Non-Executive & Independent	01727251	Nil	1	Nil	Nil
Sudhir Chand	Non-Executive & Independent	01385201	Nil	6	3	5
K Vaidyanathan	Non-Executive & Independent	00063692	Nil	1	Nil	1
Sabitha Rao	Non-Executive & Independent	06908122	Nil	1	Nil	Nil

Membership of Audit & Stakeholders Relationship Committees alone considered for the above purpose as stipulated in the Listing Agreement.

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

During the period 1 January, 2014 to 31 March, 2015 five Board Meetings were held on 19 February, 25 April, 31 July, 6 November, 2014 and 29 January, 2015; not more than four months elapsed between any two meetings.

The details of the Directors' attendance at the Board Meetings during the year and at the last Annual General Meeting held on 25 April, 2014 and particulars of their other Company Directorships and Committee memberships / Chairmanships are given below:

Director	Category	Board Meetings held during the period 2014-2015	Attendance	
			at Board Meetings	at previous AGM
Daniel A Pryor*	NE - NI	5	3	Yes
K D Konopa* (1)	NE- NI	5	1	No
K Vaidyanathan	NEI	5	5	Yes
P Mallick (2)	NEI	5	3	Yes
V Tandon	NEI	5	4	Yes
S Chand	NEI	5	5	Yes
S N Talwar (3)	NEI	5	2	Yes
Sabitha Rao (4)	NEI	5	3	No
Rohit Gambhir	Executive	5	5	Yes

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

NEI - Non-Executive Independent Directors

\* Nominees of ESAB Holdings Limited

- (1) Mr K D Konopa resigned from the Board of the Company with effect from 29 January, 2015.
- (2) Mr P Mallick resigned from the Board of the Company with effect from 23 January, 2015.
- (3) Mr S N Talwar resigned from the Board of the Company with effect from 1 August, 2014.
- (4) Ms. Sabitha Rao joined the Board of the Company with effect from 31 July, 2014.

The details given on the membership in Committees takes into account only the memberships in Audit Committee and Stakeholders Relationship Committee as stipulated in the Listing Agreement. None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all Companies in which they are Directors.

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

### 3. AUDIT COMMITTEE

The terms of reference of the Committee are governed by a Charter, covering all applicable matters specified under Clause 49 of the Listing Agreement dealing with Corporate Governance and Section 177 of the Companies Act, 2013. The Members of the Committee are:

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

\* Mr P Mallick resigned from the Board of the Company with effect from 23 January, 2015 and hence ceased to be a member of the audit committee with effect from that date.

More than two-thirds of the members are Independent Directors and all the members of the Audit Committee are financially literate. The Company's Managing Director, Chief Financial Officer, its Statutory Auditors and its Internal Auditors are permanent invitees to the Committee's meetings. The Company Secretary is Secretary to the Committee. The quorum for Committee meetings is two members or one third of the total strength of the Committee, whichever is higher, but there should be a minimum of two independent Directors present. Mr K Vaidyanathan the Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 25 April, 2014 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](http://www.esabindia.com).

The Audit Committee assists the Board in the dissemination of financial information and in overseeing the financial and accounting processes in the Company. The terms of reference of the audit committee covers all matters specified in Clause 49 of the listing agreement and also those specified in Section 177 of the Companies Act, 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems / financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements

and accords approval for the related party transactions on an annual basis and reviews the information on related party transactions on a quarterly basis and reports its findings to the Board.

The Committee also recommends the appointment and remuneration of internal, statutory and the cost auditors to the Company. The Audit Committee takes note of any default in the payments to creditors and shareholders, if any, and the working of the whistle blower mechanism in the Company. The Committee also looks into those matters specifically referred to it by the Board. The Committee Members have also reviewed the performance of the Committee and the performance of its members at its meeting held on 26 May, 2015.

There were five meetings of the Audit Committee held during the period 1 January 2014 to 31 March, 2015 on 19 February, 25 April, 31 July, 6 November, 2014 and 29 January 2015 and not more than four months elapsed between any two meetings.

The number of meetings attended by each member of the Audit Committee in 2014-2015 is as follows:

Name of the Member	Number of meetings	
	Held during the year	Attended
K Vaidyanathan	5	5
P Mallick	5	3
V Tandon	5	4
S Chand	5	5
Daniel A Pryor	5	3

## 4. NOMINATION AND REMUNERATION COMMITTEE

- a. The Company to comply with the requirements of Section 178 and Clause 49 of the Listing Agreement, has constituted a Nomination & Remuneration Committee.

The said Committee functions under the Chairmanship of Mr. K Vaidyanathan. The other members of the Committee are Mr S Chand, Ms Sabitha Rao and Mr Daniel A Pryor.

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

There were four meetings of the Nomination & Remuneration Committee held during the period 1 January 2014 to 31 March, 2015 on 25 April, 31 July, 6 November, 2014 and 29 January 2015.

- b. The Composition of the Committee and the attendance of the members at such meetings are as given below:

Name of the Member	Type of Director	Number of Meetings	
		Held during the year	Attended
K Vaidyanathan	Independent	4	4
S Chand	Independent	4	4
Sabitha Rao @	Independent	4	2
S N Talwar *	Independent	4	2
Daniel A Pryor	Non-Independent	4	2

@ Ms. Sabitha Rao joined the Board of the Company with effect from 31 July, 2014.

\* Mr Suresh N Talwar resigned from the Board of the Company with effect from 1 August, 2014.

The Committee recommends the appointment / reappointment of Executive Director / Managing Director and the appointment of employees who are direct reports of Executive Director / Managing Director and their remuneration to be paid to them. The Remuneration is fixed keeping in mind the persons' track record, his / her potential individual performance, the market trends and scales prevailing in the similar industry.

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

## c. Remuneration Policy

The policy inter alia provides for the following:

- 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, recognises 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 a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

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

#### d. Directors' compensation and disclosures

The details of payment of remuneration to Directors during 2014-2015 are as follows:

Directors	Salary	Perquisites	Provident Fund	Sitting Fees Paid (in ₹)	Commission (in ₹)
Daniel A Pryor	–	–	–	Nil	-
K D Konopa (1)	–	–	–	Nil	-
K Vaidyanathan	–	–	–	1,87,500	7,25,000
P Mallick (2)	–	–	–	75,000	5,00,000
V Tandon	–	–	–	1,22,500	6,50,000
S Chand	–	–	–	2,00,000	6,50,000
S N Talwar (3)	–	–	–	50,000	3,00,000
Sabitha Rao (4)	–	–	–	1,00,000	3,00,000
Rohit Gambhir	1,58,40,081	1,18,677	3,21,750	–	17,43,923

- (1) Mr K D Konopa resigned from the Board with effect from 29 January, 2015
- (2) Mr P Mallick resigned from the Board of the Company with effect from 23 January, 2015.
- (3) Mr S N Talwar resigned from the Board of the Company with effect from 1 August, 2014.
- (4) Ms. Sabitha Rao joined the Board of the Company with effect from 31 July, 2014.

A sitting fee of Rs.12,500 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 and Rs.2,500 is paid to them for the meetings of Stakeholders Relationship Committee.

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

During the year, the Company did not have any transaction material or otherwise with any of the Non-Executive Independent Directors and with the Key Managerial Personnel. None of the Directors hold any equity shares of the Company. None of the Directors is related to each other and there are no other pecuniary relationships or transactions of the Non-executive Directors' vis-à-vis of the Company.

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

### 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

The Directors review the position on all major investors' grievances at meetings of the Board of Directors and the Stakeholders Relationship Committee. The Committee met five times during the period 1 January, 2014 to 31 March, 2015, on 19 February, 25 April, 31 July, 6 November, 2014 and 29 January, 2015 and the details of attendance of the Committee members in these meetings are given below:

Name of the Member	Number of meetings	
	Held during the year	Attended
V Tandon	5	4
S Chand	5	5
Daniel A Pryor	5	3
Rohit Gambhir *	5	3

\* Mr Rohit Gambhir was co-opted into the Stakeholders Relationship Committee with effect from 31 July, 2014.



During the year, the Company received 72 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	60
2.	Non-receipt of annual report	1
3.	Others	11
	Total	72

All the complaints were responded to as per applicable guidelines and regulations. As at 31 March, 2015 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, 2015.

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

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

The Committee met twice during the period 1 January, 2014 to 31 March, 2015, on 30 September 2014 and 29 January, 2015 and the details of attendance of the Committee members in these meetings are given below:

Name of the Member	Number of meetings	
	Held during the year	Attended
Sabitha Rao	2	2
Daniel A Pryor	2	1
Rohit Gambhir	2	2

## 7. RISK MANAGEMENT COMMITTEE

In compliance with Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee consisting of Mr. Daniel A Pryor, Chairman of the Board, Mr Rohit Gambhir, Managing Director and Mr B Mohan, Vice President - Finance and Chief Financial Officer.

The said Committee was newly constituted under the Act with effect from 6 November, 2014.

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

The Committee met once on 29 January, 2015 and the details of attendance of the Committee Members in these meetings are given below:

Name of the Member	Number of meetings	
	Held during the year	Attended
Daniel A Pryor	1	1
Rohit Gambhir	1	1
B Mohan	1	1

## 8. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met during the year on 29 January, 2015 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company and had assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Board of Directors had during their meeting held on 26 May, 2015 reviewed the individual performance of all the Independent Directors as per the standard criteria laid down. The Independent Director whose performance was reviewed by the Board excused himself from attending that part of the meeting as required under the statute.

## 9. CODE OF CONDUCT & POLICY ON ANTI BRIBERY AND CORRUPTION

The Board of Directors has adopted Codes of Conduct, applicable to Directors and to employees of the Company. The said Codes of Conduct have been posted on the Company's website [www.esabindia.com](http://www.esabindia.com). The Company has obtained declarations from all its Directors and senior management personnel affirming their compliances with the applicable Codes of Conduct. The declaration by the Managing Director under Clause 49 affirming compliance of the Code of Conduct by all members of the Board and the Senior Management Personnel for the year ended 31 March, 2015 is attached to this Corporate Governance Report.

Being a subsidiary of Colfax Corporation, the Board of Directors of the Company has also adopted a Guideline on Business Conduct to prevent Bribery and Corruption and all the employees of the Company are bound to comply with the provisions of this policy.

The details of this policy are also available on the Company's website [www.esabindia.com](http://www.esabindia.com).

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

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

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

## 11. SUBSIDIARY COMPANIES

There were no Subsidiary Companies of the Company as on 31 March, 2015.

## 12. RECONCILIATION OF SHARE CAPITAL AUDIT

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

the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## 13. GENERAL BODY MEETINGS

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

Year	Date	Time	Venue
2012	2 May 2012	3.00 PM	Sri Thyaga Brahma Gana Sabha Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.
2013	25 April 2013	3.00 PM	Sri Thyaga Brahma Gana Sabha Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.
2014	25 April 2014	9.30 AM	Sri Thyaga Brahma Gana Sabha Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices. At the AGM held on 2 May, 2012 a Special Resolution was passed with the requisite majority for amending the Articles of Association of the Company to bring the articles to be in line with the green initiatives of the Ministry of Corporate Affairs communicated vide its General Circular No.17/95/2011 CL-V dated 21 April, 2011 and also General Circular No.28/2011 dated 20 May, 2011.

Four special resolutions to appoint the Independent Directors in terms of Section 149 (4) & (5) were passed through postal ballot on 19 March, 2015. A summary of the postal ballot results is enclosed hereunder:

## RESULTS OF THE POSTAL BALLOT

Brief Particulars of Special Resolution	Total No. votes received No. of Shares	No. of shares and % of total votes cast in favour		No. of shares and % of total votes cast against		Invalid Votes	
		No. of Shares	% of votes	No. of Shares	% of votes	No. of members	No. of Shares
Appointment of Mr. Vikram Tandon as Independent Director	12961997	12955603	99.95%	3209	0.02%	15	3185
Appointment of Mr. Sudhir Chand as Independent Director	12962347	12955753	99.94%	3409	0.03%	15	3185
Appointment of Mr. K. Vaidyanathan as Independent Director	12962347	12956038	99.95%	3414	0.03%	15	2895
Appointment of Ms. Sabitha Rao as Independent Director	12962347	12955633	99.95%	3229	0.02%	16	3485

The special resolution to appoint the Independent Directors was passed with the requisite majority.

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

As required under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 the Company is offering the shareholders an option to exercise their voting rights through Postal Ballot dated 26<sup>th</sup> May, 2015 for the following two Special Resolutions:

- 1) Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013.
- 2) To sell / dispose / transfer of the moveable and immoveable assets pertaining to the plant at Khardah, Kolkatta pursuant to Section 180 (1) (a) of the Companies Act, 2013.

The Board of Directors at its meeting held on 26<sup>th</sup> May, 2015 have appointed Mr V Mahesh, Practising Company Secretary, No.39/19, Aspen court, 3<sup>rd</sup> Floor, 6<sup>th</sup> Main Road, R A Puram, Chennai - 600 028 as scrutinizer for conducting Postal Ballot process in a fair and transparent manner.

Members are requested to refer to the said Postal Ballot notice dated 26 May, 2015 for details of the said resolution and the explanatory statement thereon.

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 7 August, 2015. The members are requested to read this document to cast their votes accordingly.

## 14. DISCLOSURES

1. The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these financial statements to comply in all material respects with the accounting standards specified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.
2. There were no instances of non-compliances by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets during the last three years.

3. There has been no public, rights or preferential issues during the year.
4. The Key Managerial Personnel / Senior Management Personnel have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have any personal interest that could result in conflict with the interest of the Company at large. The Company did not have any materially significant related party transactions that may have potential conflict with the interests of the Company at large. All the other related party transactions which are in the ordinary course of business and at arms' length basis are approved by the audit committee and the board of directors of the Company on a regular basis.
5. In compliance with the SEBI (Prevention of Insider Trading) Regulations 1992, as amended the Company had a Code of Conduct for prevention of Insider Trading and the same has been strictly adhered to by the Directors and the designated employees. The Company informs the Directors and the designated employees, about the date of the board meeting to consider any price sensitive subjects and advising them not to trade in Company's shares, during the closure of the trading window period. The Company also obtains a declaration from the Directors and the senior management personnel with regard to their compliance with the Code of Conduct under SEBI's (Prevention of Insider Trading) Regulations. The Company has now adopted the new amended SEBI's (Prevention of Insider Trading) Regulations, 2015 duly approved by the Board of Directors at its meeting held on 26 May, 2015. The Code of practices procedures for fair disclosure of unpublished price sensitive information and the Code of Internal procedures and conduct for regulation, monitoring and reporting of trading in the securities for the designated employees and the connected persons have been adopted and have been posted on the website of the Company viz [www.esabindia.com](http://www.esabindia.com). All the other compliances under the said statute have been done.
6. The Managing Director and the Chief Financial Officer of the Company certify to the Board every quarter on matters related to the financial statements and other matters in accordance with Clause 49 of the Listing Agreement. The Key Management Personnel of the Company also certify on a quarterly basis to the audit committee and the board of directors on the statutory compliances under various statutes applicable to the Company.
7. The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. To enhance standards of corporate governance and strengthen controls, the Company has setup a whistleblower policy which can be seen on the Company's website [www.esabindia.com](http://www.esabindia.com). In terms of such whistleblower policy, it is affirmed that the employees have been given free access to the Audit Committee. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

8. In compliance with Clause 47 (f) of the listing agreement with the stock exchanges the Company has designated the mail id [venkatakrishnan.s@esab.co.in](mailto:venkatakrishnan.s@esab.co.in) and posted this in the Company's website and also on the websites of the stock exchanges where the Company's shares are listed. The investors can send their grievances, if any, to the designated mail id. Mr S Venkatakrishnan is the Company Secretary and the Compliance Officer of the Company.

The Company has also created another mail id viz. [investor.relations@esab.co.in](mailto:investor.relations@esab.co.in) and any complaints by any of the stakeholders can be sent to this mail id as well.

9. The Stock Exchanges have vide clause 54 to the Listing Agreement 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 clause and as per the provisions of the Companies Act, 2013 and they are now available in its official website [www.esabindia.com](http://www.esabindia.com)
10. 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.
11. In pursuance of the circular no.CIR/ISD/3/2011 dated June 17, 2011, 100% of shareholding of the promoter group Companies has been dematerialized and all the shares are held in dematerialized mode to allow the shares of the Company to be traded in the stock exchanges in the normal segment.
12. In line with the circular no.NSE/LIST/C/2011 dated 29 September, 2011 from the National Stock Exchange Limited, the Company now intimates the Board Meeting dates, uploads its quarterly shareholding pattern, Corporate Governance Report, and the quarterly/Annual results reconciliation of share capital audit report, certification under Clause 47 (c), intimation of postal ballot results through a web based application designed for corporates by NSE called as NEAPS.
13. In line with the notice no. 20130208-6 dated 8 February, 2013 from the Bombay Stock Exchange, the Company now intimates the Board Meeting dates, uploads its quarterly shareholding pattern, Corporate Governance Report, and the quarterly/ Annual results and other compliances like

reconciliation of share capital audit report, certification under Clause 47 (c), intimation of postal ballot results through an online portal called as BSE Corporate Compliance & Listing Centre.

14. In line with the notification no. G S R 352 (E) dated the 10 May, 2012 from the Ministry of Corporate Affairs, the Company has uploaded in its website the information regarding the unpaid and unclaimed dividends as on the date of the AGM including the name and address, of the shareholders who haven't claimed the dividend, the amount to which the shareholders are entitled and the due date of transfer to IEPF.
15. 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 Directors through electronic mode using Video conference facility.
16. In terms of the Circular No. DBOD no. BP. BC.46/08.12.001/2008-09 issued by the Reserve Bank of India dated September 19, 2008, the Company needs to obtain regular certification by a professional, preferably a Company Secretary, regarding compliance of various statutory prescriptions that are in vogue and submit the same to the Banks with whom the Company has credit facilities. Accordingly, due diligence was carried out by a qualified practicing Company Secretary and periodical reports were submitted to Axis Bank Ltd. and HDFC Bank Ltd. being the bankers to the Company.
17. Maharashtra Weldaids Limited (MWL) merged with the Company with effect from 12 January, 1994. The Company had issued equity shares to the shareholders of MWL in the ratio of 1 : 2. These shares were issued in physical mode and were to be exchanged on submission of the old MWL share certificate. Some of these share certificates were not yet claimed by the shareholders of the Company. As required under Clause 5 A (II) of the listing agreement the Company had sent three reminders to the shareholders at the addresses lodged with the Company and as last available as per the Company's / Registrar's records. Some of the shareholders responded to the reminders and have claimed their share certificates.

The share certificates which have remained unclaimed have now been dematerialized and transferred to a single demat account titled "ESAB India Limited - Unclaimed Suspense Account" opened with M/s. Integrated Enterprises (India) Limited.



In terms of said Clause 5 A (II) (h) the details of these shares are given below:

Aggregate number of shareholders and outstanding shares lying in the unclaimed suspense account at the beginning of the year	176 shareholders 13,370 equity shares of Rs.10/- each
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	45 shareholders claimed 3,655 equity shares of Rs.10/- each.
Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	45 shareholders 3,655 equity shares of Rs.10/- each
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year.	131 shareholders holding 9,715 equity shares of Rs.10/- each

131 Shareholders holding 9,715 equity shares constituting about 0.06% of shares have not made their claim from the Company on the shares outstanding in the Unclaimed Suspense Account of ESAB India Limited. The voting rights for these shares shall remain frozen until these are claimed by the rightful owners.

## 15. MEANS OF COMMUNICATION

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

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

The Company has in place a website viz. [www.esabindia.com](http://www.esabindia.com). The quarterly financial results, shareholding pattern, corporate governance report, the details on the Board of Directors, Senior Management Personnel, the composition of the Board of Directors / Committee of Directors, the various policies adopted by the Company viz. Whistle Blower Policy, Risk Management Policy, Policy on Corporate Social Responsibility, Related Party Transactions Policy, Remuneration Policy 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 15 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.

## 16. GENERAL SHAREHOLDER INFORMATION

### ANNUAL GENERAL MEETING

Date & Time 7 August, 2015 at 10.00 a.m.  
Venue Sri Thyaga Brahma Gana Sabha,  
Vani Mahal, 103, G.N. Road,  
T. Nagar, Chennai 600 017.

Financial Year of the Company 1 January, 2014 to  
31 March, 2015

Approval of financial results proposed	
Quarter ending 30 June, 2015	Within 45 days from the end of the quarter
Quarter ending 30 September, 2015	- do -
Quarter ending 31 December, 2015	- do -
Year ending 31 March, 2016	Within 60 days from the end of the Financial Year

### Particulars of Dividend Payment for the year ended 31.03.2015

Date of declaration	7 August, 2015
Rate of Dividend	Re.1/- per share (10%)
Book Closure Date	5 August, 2015 to 7 August, 2015 (Both days inclusive)
Date of payment of Dividend	21 August, 2015
Amount of Dividend Paid	Rs.1,86,13,984/- (Inclusive of Dividend Distribution Tax).
Share capital	1,53,93,020 equity shares of Rs.10/- each

### Listing of shares

Name of the stock exchange	Stock Code
The Bombay Stock Exchange Limited	500133
The National Stock Exchange of India Limited	ESABINDIA
ISIN allotted by Depositories (Company ID Number)	INE284A01012

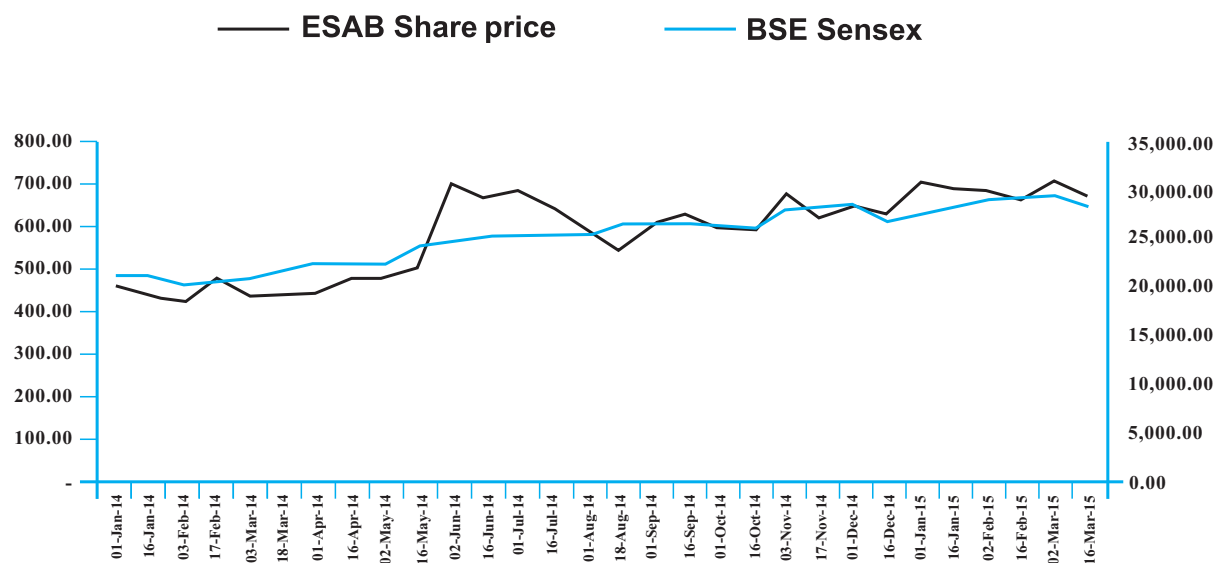
The listing fees for the financial year 2015-16 were duly paid to the above stock exchanges.

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

2014/15	Mumbai		National		BSE Sensex	
	High ₹	Low ₹	High ₹	Low ₹	High ₹	Low ₹
Jan, 2014	477	415	481	412	21410	20344
Feb, 2014	494	415	495	414	21141	19963
Mar, 2014	465	420	467	429	22467	20921
Apr, 2014	509	440	508	442	22939	22198
May, 2014	690	460	690	455	25376	22277
June, 2014	753	631	750	642	25725	24270
July, 2014	708	579	715	577	26300	24892
Aug, 2014	614	525	618	530	26674	25233
Sept, 2014	690	565	714	565	27355	26220
Oct, 2014	758	580	758	566	27894	25911
Nov, 2014	695	604	690	600	28822	27740
Dec, 2014	699	550	700	604	28810	26469
Jan, 2015	730	651	725	651	29844	26776
Feb, 2015	739	635	739	631	29560	29844
Mar, 2015	746	605	749	605	30025	27248

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

## ESAB Share Price Vs. BSE SENSEX



Registrar and Share Transfer Agent

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

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

### Share Transfer System

- Integrated Enterprises (India) Limited, Chennai is the Registrar & Share Transfer Agent for the Company.
- Share transfers are processed and approved, subject to receipt of all requisite documents.
- The Company seeks to ensure that all transfers are approved for registration within the stipulated period. Pursuant to Clause 47 (c) of the Listing Agreement with Stock Exchanges, certificates on half-yearly basis have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.
- Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received

from a Company Secretary-in-practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

- The Company as required under Clause 47(f) of the Listing Agreement with Stock Exchanges has designated two mail ids viz. [venkatakrishnan.s@esab.co.in](mailto:venkatakrishnan.s@esab.co.in) and [investor.relations@esab.co.in](mailto:investor.relations@esab.co.in) for the purpose of registration of complaints, if any, by the investors and expeditious redressal of their grievances.
- 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 2015

Shareholding	Number of Shareholders	Percentage	Number of Shares	% of total
Up to 500	9329	94.15	1007334	6.55
501-1000	355	3.59	271090	1.76
1001-2000	129	1.30	193527	1.26
2001-3000	39	0.39	95639	0.62
3001-4000	19	0.19	66673	0.43
4001-5000	5	0.05	23163	0.15
5001-10000	10	0.10	72380	0.47
10001 and above	22	0.23	13663214	88.76
Grand Total	9908	100.00	15393020	100.00

## Shareholding pattern as on 31 March 2015

Category	Number of Shareholders	Number of Shares	% of total
Esab Holdings Limited	1	5743200	37.31
Exelvia Group India B.V.	1	5604760	36.41
<b>ESAB Group</b>	<b>2</b>	<b>11347960</b>	<b>73.72</b>
Mutual Funds & UTI	14	118252	0.77
Banks and Financial Institutions	10	2547	0.02
Foreign Institutional Investors	6	213863	1.39
Qualified Foreign Investor	0	0	0
Corporate Bodies	204	420685	2.73
Directors & Relatives	0	0	0
Indian Public	9615	1721300	11.18
Others	57	1568413	10.19
<b>Total</b>	<b>9908</b>	<b>15393020</b>	<b>100.00</b>

## Dematerialisation of shares and liquidity

As on 31 March, 2015, 98.03% of the total paid-up equity capital was held in dematerialised form. The Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited to offer shareholders the option to dematerialise their shares with these depositories. The ISIN number of the Company's shares in demat form is **INE284A01012**.

## Outstanding GDRs / ADRs

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

## Plant Locations

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, Chengalpattu District, Tamilnadu - 602 105.
Plant No.3	P-41, Taratala Road, Kolkata 700 088.
Plant No.4	B.T. Road, Khardah, P.O. B.D. Sopan, North 24 Parganas, Kolkata 700 116.
Plant No.5	B-28, MIDC Industrial Area, Kalmeshwar, Nagpur 441 501.

Address for correspondence	Company Secretary ESAB India Limited Plot No.13, 3 <sup>rd</sup> Main Road, Industrial Estate, Ambattur, Chennai 600 058. Tel : 044 42281100 Fax: 044 42281150
E-mail	<a href="mailto:venkatakrishnan.s@esab.co.in">venkatakrishnan.s@esab.co.in</a> <a href="mailto:investor.relations@esab.co.in">investor.relations@esab.co.in</a>

## 17. NON-MANDATORY DISCLOSURE

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

### 1. The Chairman's Office / Board

The 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. The Independent Directors were appointed for a period of five years with effect from 29 January, 2015 which was duly approved by the shareholders vide postal ballot, the results of which are published elsewhere in this report.

### 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](http://www.esabindia.com). These results are not sent to shareholders individually.

### 3. Audit Qualifications

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

### 4. Separate posts of Chairman and CEO

The Company's Chairman is a non-executive Chairman duly appointed as its nominee by ESAB Holdings Limited in terms of Articles 111 of the Articles of Association of the Company. Mr Daniel A Pryor, is the Nominee Director appointed as Chairman of the Board for the year ended 31 March, 2015. Mr Rohit Gambhir is a Director liable to retire by rotation and has been appointed as the Executive Director and Chief Executive with effect from 1 November, 2013 for a period of five years. Mr Rohit Gambhir, subject to the approval of the shareholder is now re-designated as Managing Director with effect from 1 November 2014 of the Company.

### 5. Reporting of Internal Auditor

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

## REQUEST TO INVESTORS

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

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

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

- The Ministry of Corporate Affairs has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice, annual report, etc., can be sent by email to their members.

Accordingly, the annual report for the year 1 January, 2014 to 31 March, 2015, notice of AGM etc., would be sent by electronic mode to only to such members who so desire and whose email addresses are available and registered with the Company / Depository participant and for those who have not opted to receive the same through e-mail, are being sent in physical form.

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

For and on behalf of the Board of Directors

**Daniel A Pryor**  
Chairman

Chennai, 26 May, 2015



# Auditor's Report on Corporate Governance

To

The Members of ESAB India Limited

We have examined the compliance of conditions of Corporate Governance of ESAB India Limited ('the Company') for the 15 Months period from January 1, 2014 to March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

**For S R Batliboi & Associates LLP**

ICAI Registration No. 101049 W

*Chartered Accountants*

**per S Balasubrahmanyam**

*Partner*

Membership No. 053315

Place: Chennai

Date : May 26, 2015

To

The Members of ESAB India Limited

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

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 financial year ended 31 March, 2015.

Chennai

26 May, 2015.

**Rohit Gambhir**

Managing Director

# Independent Auditor's Report

## to the Members of ESAB INDIA LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of ESAB India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the period from January 1, 2014 to March 31, 2015 ("the period"), and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting standards) Rules 2006, as amended, specified under the Companies Act, 1956, read with General circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) in the case of the Statement of Profit and Loss, of the profit for the period from January 1, 2014 to March 31, 2015; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period from January 1, 2014 to March 31, 2015.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General

Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs; and

- (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**Other Matter**

The Ministry of Corporate Affairs had vide its General Circular No. 07/2014, 'Dissemination of information with regards to the provisions of the Companies Act, 2013 as notified till date vis a vis corresponding provisions of the Companies Act, 1956' ('MCA Circular'), dated April 01, 2014, identified such sections of the Companies Act, 1956 that would cease/ continue to have effect from April 01,

2014. Accordingly, in terms of the aforesaid MCA Circular, our reporting in respect of Section 227(3)(f) of the Companies Act, 1956, and clauses (iii), (v) (a) and (b), (vi), (viii), (xiv), (xviii) of the Companies (Auditor's Report) Order, 2003 (dealing with sections 49, 58A, 58AA, 209(1)(d) and 301 of the Companies Act, 1956) is only for the period beginning from ie., January 1, 2014 till March 31, 2014 since as per the aforementioned MCA Circular these sections have ceased to have effect from April 01, 2014

**For S R BATLIBOI & ASSOCIATES LLP**

*Chartered Accountants*

ICAI Firm Registration No. 101049W

**per S Balasubrahmanyam**

*Partner*

Place : Chennai

Date : May 26, 2015

Membership No. 053315

## to the Independent Auditors' Report

**Annexure referred to under paragraph 1 of the Report on Other Legal and Regulatory Requirements of the Auditors' Report**

Re: ESAB India Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the period.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were material, and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, for the period the said section was applicable. Accordingly, the provisions of clause 4 (iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, for the period the said section was applicable. Accordingly, the provisions of Clause 4 (iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered, for the period the said section was applicable.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rupees five lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for purchase of certain item of inventories and fixed assets which are for the Company's specialized requirements and similarly for sale of certain goods and rendering of certain services for the specialized requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the period upto March 31, 2014 (the Companies Act, 1956, and relevant sections has been replaced by Companies Act 2013 effective April 1, 2014) related to the products of the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, investor education and protection fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.



(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax and excise duty on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount * (INR in Lakhs)	Period to which the amount relates	Forum where dispute is pending
<b>Sales Tax</b>	Non Submission of Sales tax Forms	1,036	1991 - 00	Revision Board, Tribunal
		11	2008 - 09	Revision Board, Tribunal
		11	2009 - 10	Senior Joint Commissioner
		21	2010 - 11	Revision Board, Tribunal
		20	2011 - 12	Senior Joint Commissioner
<b>VAT</b>	Disputed VAT Credit	164	2009-10	Senior Joint Commissioner
		45	2011-12	Senior Joint Commissioner
<b>Central Excise Act, 1944</b>	Excise duty	1,010	1997-00	Hon'ble High Court of Kolkata
		523	1996-00	Central Excise & Service Tax Appellate Tribunal
		63	2007-11	Commissioner of Central Excise (Appeals)
		115	2011-13	Commissioner of Central Excise
		46	Various periods	Various forums
<b>Finance Act, 1994</b>	Service Tax	39	2004-07	Central Excise & Service Tax Appellate Tribunal
		14	2010-11	Deputy Commissioner
		107	2006-11	Commissioner of Central Excise (Appeals)
<b>Income Tax Act, 1961</b>	Income Tax	87	AY 1997-99	Income Tax Appellate Tribunal
		824	AY 2004-08	Commissioner of Income Tax (Appeals)

\* Out of the total disputed dues, an amount of Rs.143.9 lakhs has been paid under protest for income tax related matters, Rs.77.6 lakhs for excise and service tax related matters and `Rs.23.8 lakhs for sales tax matters.

- |  |   |
|--|---|
| <p>(x) The Company has no accumulated losses at the end of the financial period and it has not incurred cash losses in the current and immediately preceding financial period.</p> <p>(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.</p> <p>(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.</p> <p>(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.</p> <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>(xvi) The Company did not have any term loans outstanding during the period.</p> | <p>(xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.</p> <p>(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956, for the period the said section was applicable.</p> <p>(xix) The Company did not have any outstanding debentures during the period.</p> <p>(xx) The Company has not raised any money by public issues and accordingly, provisions of Clause 4(xx) of the Order are not applicable to the Company.</p> <p>(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.</p> |
|--|---|

**For S R BATLIBOI & ASSOCIATES LLP**

*Chartered Accountants*

ICAI Firm Registration No. 101049W

**per S Balasubrahmanyam**

*Partner*

Place : Chennai

Date : May 26, 2015

Membership No. 053315

# Balance Sheet

## as at March 31, 2015



**ESAB INDIA LIMITED**

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

	Note	As at March 31, 2015	As at December 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,539	1,539
Reserves and surplus	4	27,366	25,188
		<b>28,905</b>	<b>26,727</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	5	—	320
Other long term liabilities	6	119	117
Long term provisions	7	256	233
		<b>375</b>	<b>670</b>
<b>Current liabilities</b>			
Trade payables	8	5,521	5,258
Other current liabilities	9	1,076	1,208
Short term provisions	7	992	1,165
		<b>7,589</b>	<b>7,631</b>
<b>TOTAL</b>		<b>36,869</b>	<b>35,028</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible fixed assets	10	8,159	9,308
Intangible fixed assets	11	145	286
Capital work-in-progress		124	305
Deferred tax assets (net)	5	62	—
Long term loans and advances	12	1,568	1,431
Other assets	13	236	200
		<b>10,294</b>	<b>11,530</b>
<b>Current assets</b>			
Current investments	14	12,189	10,476
Inventories	15	5,396	6,139
Trade receivables	16	4,370	2,738
Cash and bank balances	17	3,493	3,262
Short term loans and advances	18	1,066	816
Other assets	19	61	67
		<b>26,575</b>	<b>23,498</b>
<b>TOTAL</b>		<b>36,869</b>	<b>35,028</b>
Significant accounting policies	2		

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

As per our report of even date attached

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

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

**K Vaidyanathan**  
Director

**Rohit Gambhir**  
Managing Director

**S Balasubrahmanyam**  
Partner  
Membership No. 053315

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

**S Venkatakrishnan**  
Company Secretary

Place : Chennai  
Date : May 26, 2015

# Statement of Profit and Loss



**ESAB INDIA LIMITED**

for the period from January 1, 2014 to March 31, 2015

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

	Note	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013
<b>Income</b>			
Revenue from operations (gross)	20	60,348	47,893
Less: Excise duty		5,163	4,338
Revenue from operations (net)		55,185	43,555
Other income	21	1,146	709
<b>Total revenue</b>		<b>56,331</b>	<b>44,264</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	22	29,098	23,071
Purchases of traded goods		5,813	4,060
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	23	774	524
Employee benefits expense	24	5,584	4,253
Depreciation and amortisation expense	25	1,375	1,123
Other expenses	26	8,865	6,485
<b>Total expenses</b>		<b>51,509</b>	<b>39,516</b>
<b>Profit before exceptional and prior period items and tax</b>		<b>4,822</b>	<b>4,748</b>
Less: Exceptional items	27	1,761	—
<b>Profit before tax</b>		<b>3,061</b>	<b>4,748</b>
<b>Tax expense</b>			
- Current tax		1,079	1,446
- Deferred tax (benefit) / charge		(382)	(10)
		697	1,436
<b>Profit for the year</b>		<b>2,364</b>	<b>3,312</b>
<b>Earnings per equity share (EPS)</b>			
Basic and Diluted (in Rs.)		15.36	21.52
Weighted average number of shares (Nos.)		15,393,020	15,393,020
Par value of equity share (in Rs.)		10.00	10.00
Significant accounting policies	2		

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

As per our report of even date attached

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

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

**K Vaidyanathan**  
Director

**Rohit Gambhir**  
Managing Director

**S Balasubrahmanyam**  
Partner  
Membership No. 053315

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

**S Venkatakrishnan**  
Company Secretary

Place : Chennai  
Date : May 26, 2015

# Cash Flow Statement



ESAB INDIA LIMITED

for the period from January 1, 2014 to March 31, 2015

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

	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>3,061</b>	<b>4,748</b>
Adjustments:		
Depreciation and amortisation	1,375	1,123
Impairment loss	584	45
Interest income	(192)	(132)
Dividend income from current investments	(745)	(577)
Profit on sale of investments	(129)	—
Provision for doubtful debts	—	121
Fixed assets written off	33	18
Unrealised (gain) / loss on foreign exchange differences	(5)	26
Provision / liabilities no longer required written back	(49)	(23)
(Profit) / Loss on sale of fixed assets	30	3
Bad debts written off	59	45
<b>Operating cash flow before working capital changes</b>	<b>4,022</b>	<b>5,397</b>
(Increase) / decrease in trade receivables	(1,629)	(611)
(Increase) / decrease in loans and advances and other assets	(278)	1,752
(Increase) / decrease in inventories	743	603
Increase / (decrease) in current liabilities and provisions	(31)	(1,794)
<b>Cash generated from operations</b>	<b>2,827</b>	<b>5,347</b>
Less: Income tax paid	(1,185)	(1,842)
<b>Net cash flow from / (used in) operating activities (a)</b>	<b>1,642</b>	<b>3,505</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including Capital Work-in-Progress and capital advances	(563)	(906)
Proceeds from sales of fixed assets	9	23
Purchase of current investments	(25,580)	(15,600)
Proceeds from sale of investments	23,867	12,901
Investments in bank deposits (having original maturity of more than three months)	(2,142)	(1,740)
Redemption/ maturity of bank deposits (having original maturity of more than three months)	2,142	1,799
Interest received	198	254
Dividend income from current investments	745	577
Profit on sale of Investments	129	—
<b>Net cash flow from/ (used in) investing activities (b)</b>	<b>(1,195)</b>	<b>(2,692)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid on equity shares	(154)	(1,178)
Tax paid on dividends	(26)	(187)
<b>Net cash flow from/ (used in) in financing activities (c)</b>	<b>(180)</b>	<b>(1,365)</b>
<b>Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)</b>	<b>267</b>	<b>(552)</b>
Cash and cash equivalents at the beginning of the period/ year	1,738	2,290
<b>Cash and cash equivalents at the end of the period/ year</b>	<b>2,005</b>	<b>1,738</b>
<b>Notes to cash flow statement</b>		
Components of cash and cash equivalents:		
Cash on hand	8	6
Cheques on hand	35	630
Balance with banks		
- on current accounts	1,962	1,102
<b>Total</b>	<b>2,005</b>	<b>1,738</b>

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

As per our report of even date attached

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

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

**K Vaidyanathan**  
Director

**Rohit Gambhir**  
Managing Director

**S Balasubrahmanyam**  
Partner  
Membership No. 053315

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

**S Venkatakrishnan**  
Company Secretary

Place : Chennai  
Date : May 26, 2015



## Notes to the financial statements for the period from January 1, 2014 to March 31, 2015

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

### 1. Company Overview

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

### 2. Significant Accounting Policies

#### a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these financial statements to comply in all material respects with the Companies (Accounting standards) Rules 2006, as amended, specified under the Companies Act, 1956, read with General circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

#### b) Use of Estimates

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

#### c) Tangible fixed assets

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

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

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

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

#### d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its tangible fixed assets.

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

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

#### e) Intangible fixed assets and amortisation

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

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

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

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

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does

not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**g) Operating lease**

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

**h) Investments**

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

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

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

**i) Inventories**

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

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

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

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

**j) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**Sale of goods:**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed

to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

**Income from services:**

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

**Interest**

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

**Dividend**

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

**Export Benefits**

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

**k) Foreign exchange transactions**

**Initial recognition**

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

**Conversion**

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

**Exchange differences**

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

**l) Retirement and other employee benefits**

Retirement benefit in the form of provident fund and pension (contribution scheme) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme and pension scheme as expenditure, when an employ renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

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

#### **m) Income taxes**

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

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

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

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

#### **n) Contingent liabilities**

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

#### **o) Earnings per share**

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

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

#### **p) Provisions**

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

##### **Warranties**

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

#### **q) Cash and cash equivalents**

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

#### **r) Segment reporting**

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

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

	As at March 31, 2015	As at December 31, 2013
<b>3. Share Capital</b>		
<b>Authorised:</b>		
19,000,000 (December 31, 2013 : 19,000,000) equity shares of Rs 10/- each	1,900	1,900
3,000,000 (December 31, 2013 : 3,000,000) unclassified shares of Rs.10/- each	300	300
	<u>2,200</u>	<u>2,200</u>
<b>Issued, subscribed and paid up:</b>		
15,393,020 (December 31, 2012: 15,393,020) equity shares of Rs.10 each fully paid up	1,539	1,539
	<u>1,539</u>	<u>1,539</u>

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

	As at March 31, 2015		As at December 31, 2013	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the commencement of the period / year	15,393,020	1,539	15,393,020	1,539
Add: Shares issued	—	—	—	—
At the end of the period / year	<u>15,393,020</u>	<u>1,539</u>	<u>15,393,020</u>	<u>1,539</u>

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

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

During the period ended March 31, 2015, the amount of per share dividend recognized as distributions to equity shareholders was Re. 1/-(December 31, 2013: Re.1/-).

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

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

	As at March 31, 2015		As at December 31, 2013	
	Number	Amount	Number	Amount
<b>Equity shares of Rs. 10/- each fully paid up held by</b>				
Subsidiary companies of Colfax Corporation, the ultimate holding company:				
ESAB Holdings Limited, UK	5,743,200	574	5,743,200	574
Exelvia Group India B.V, Netherlands	5,604,760	560	5,604,760	560
	<u>11,347,960</u>	<u>1,134</u>	<u>11,347,960</u>	<u>1,134</u>

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

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



**Notes to the Financial Statements**  
for the period from January 1, 2014 to March 31, 2015  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

		As at March 31, 2015	As at December 31, 2013
<b>4. Reserves and surplus</b>			
<b>Amalgamation reserve</b>			
At the commencement and at the end of the period / year (A)		100	100
<b>Securities premium account</b>			
At the commencement and at the end of the period / year (B)		932	932
<b>Special capital incentive subsidy</b>			
At the commencement and at the end of the period / year (C)		20	20
<b>General reserve</b>			
At the commencement of the period / year		4,470	4,139
Add : Amount transferred from Surplus		237	331
(D)		4,707	4,470
<b>Statement of Profit and loss</b>			
At the commencement of the period / year		19,666	16,865
Add: Profit for the period/ year		2,364	3,312
Less: Appropriations			
Equity dividend			
Final [Re.1/- per share (Previous year Re.1/- per share)]		154	154
Tax on equity dividend		32	26
Transfer to general reserve		237	331
		423	511
(E)		21,607	19,666
<b>Total reserves and surplus (A + B + C + D + E)</b>		<b>27,366</b>	<b>25,188</b>
<b>5. Deferred tax liabilities (net)</b>			
<b>Deferred tax liabilities</b>			
Excess of depreciation/amortisation on fixed assets under income tax law over depreciation/amortisation provided in books		902	930
		902	930
<b>Deferred tax assets</b>			
Effect of expenditure debited to the statement of profit and loss account in the current period but allowed for tax purposes in following years:			
Provision for employee benefits		213	95
Provision for doubtful trade receivables		73	99
Provision for inventories		241	257
Provision for sales tax		115	148
Provision for impairment losses		224	—
Provision for doubtful advances		11	11
Provision for others		87	—
		964	610
<b>Deferred tax liabilities / (assets)</b>		<b>(62)</b>	<b>320</b>
<b>6. Other long-term liabilities</b>			
Security deposits from customers		119	117
		119	117

**Notes to the Financial Statements**  
for the period from January 1, 2014 to March 31, 2015  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	Long term		Short term	
	As at March 31, 2015	As at December 31, 2013	As at March 31, 2015	As at December 31, 2013
<b>7. Provisions</b>				
<b>Provision for employee benefits</b>				
Gratuity (Refer note 28(A))	256	233	—	—
Pension	—	—	10	50
Compensated absences	—	—	169	239
	<u>256</u>	<u>233</u>	<u>179</u>	<u>289</u>
<b>Other provisions</b> (refer note below)				
Provision for sales tax	—	—	337	435
Provision for others	—	—	155	155
Provision for dividend	—	—	154	154
Provision for dividend distribution tax	—	—	32	26
Provision for warranties	—	—	135	106
	<u>—</u>	<u>—</u>	<u>813</u>	<u>876</u>
	<u>256</u>	<u>233</u>	<u>992</u>	<u>1,165</u>

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

	Warranties	Sales tax	Others
Balances as at January 1, 2013	109	509	155
Add: Provision made during the year	121	51	—
Less: Provision utilised during the year	(124)	(125)	—
<b>Balances as at December 31, 2013</b>	<u>106</u>	<u>435</u>	<u>155</u>
Balances as at January 1, 2014	106	435	155
Add: Provision made during the period	199	31	—
Less: Provision utilised during the period	(170)	(129)	—
<b>Balances as at March 31, 2015</b>	<u>135</u>	<u>337</u>	<u>155</u>

	As at March 31, 2015	As at December 31, 2013
<b>8. Trade payables</b>		
Trade payables (refer note below)	5,521	5,258
	<u>5,521</u>	<u>5,258</u>
There are no overdue amounts payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro and Small Enterprises during the 15 months period ended March 31, 2015 and year ended December 31, 2013.		
<b>9. Other current liabilities</b>		
Accrued salaries and benefits	338	220
Voluntary Separation Scheme (VSS) [Refer note 40(a)]	150	—
Advances from customers	63	57
Unclaimed dividend *	82	84
Statutory liabilities	443	847
<b>Total</b>	<u>1,076</u>	<u>1,208</u>

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

## 10. Tangible fixed assets

Description of assets	Freehold land	Leasehold land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Total
<b>Gross block</b>							
Balances as at January 1, 2013	329	88	3,409	13,806	455	124	18,211
Additions	–	–	22	752	6	7	787
Less: Disposals/adjustments	–	–	(28)	(350)	–	(7)	(385)
<b>Balance as at December 31, 2013</b>	<b>329</b>	<b>88</b>	<b>3,403</b>	<b>14,208</b>	<b>461</b>	<b>124</b>	<b>18,613</b>
Balances as at January 1, 2014	329	88	3,403	14,208	461	124	18,613
Additions	–	–	32	657	35	–	724
Less: Disposals/adjustments	–	–	(16)	(225)	–	(5)	(246)
<b>Balance as at March 31, 2015</b>	<b>329</b>	<b>88</b>	<b>3,419</b>	<b>14,640</b>	<b>496</b>	<b>119</b>	<b>19,091</b>
<b>Depreciation / amortisation and Impairment losses</b>							
Balances as at January 1, 2013	–	8	930	7,463	171	44	8,616
Depreciation / amortisation for the year	–	1	102	841	24	19	987
Impairment loss during the year	–	–	14	29	1	–	44
Less: Accumulated depreciation on disposals / adjustments	–	–	(28)	(307)	–	(7)	(342)
<b>Balance as at December 31, 2013</b>	<b>–</b>	<b>9</b>	<b>1,018</b>	<b>8,026</b>	<b>196</b>	<b>56</b>	<b>9,305</b>
Balances as at January 1, 2014	–	9	1,018	8,026	196	56	9,305
Depreciation / amortisation for the period	–	1	127	1,037	30	23	1,218
Impairment loss during the period (Refer note 41)	–	–	272	308	3	–	583
Less: Accumulated depreciation on disposals / adjustments	–	–	(1)	(170)	–	(3)	(174)
<b>Balance as at March 31, 2015</b>	<b>–</b>	<b>10</b>	<b>1,416</b>	<b>9,201</b>	<b>229</b>	<b>76</b>	<b>10,932</b>
<b>Net block</b>							
<b>As at December 31, 2013</b>	<b>329</b>	<b>79</b>	<b>2,385</b>	<b>6,182</b>	<b>265</b>	<b>68</b>	<b>9,308</b>
<b>As at March 31, 2015</b>	<b>329</b>	<b>78</b>	<b>2,003</b>	<b>5,439</b>	<b>267</b>	<b>43</b>	<b>8,159</b>

## 11. Intangible fixed assets

Description of assets	Computer software	Technical know how	Total
<b>Gross block</b>			
Balances as at January 1, 2013	361	488	849
Additions	145	—	145
Disposals	—	—	—
<b>Balances as at December 31, 2013</b>	<b>506</b>	<b>488</b>	<b>994</b>
Balances as at January 1, 2014	506	488	994
Additions	17	—	17
Disposals	—	—	—
<b>Balances as at March 31, 2015</b>	<b>523</b>	<b>488</b>	<b>1,011</b>
<b>Amortisation and Impairment losses</b>			
Balances as at January 1, 2013	187	384	571
Amortisation for the year	100	36	136
Impairment loss during the year	—	1	1
Accumulated depreciation on disposals / adjustments	—	—	—
<b>Balance as at December 31, 2013</b>	<b>287</b>	<b>421</b>	<b>708</b>
Balances as at January 1, 2014	287	421	708
Amortisation for the period	112	45	157
Impairment loss during the year (Refer note 41)	—	1	1
Accumulated depreciation on disposals / adjustments	—	—	—
<b>Balance as at March 31, 2015</b>	<b>399</b>	<b>467</b>	<b>866</b>
<b>Net block</b>			
<b>As at December 31, 2013</b>	<b>219</b>	<b>67</b>	<b>286</b>
<b>As at March 31, 2015</b>	<b>124</b>	<b>21</b>	<b>145</b>

	As at March 31, 2015	As at December 31, 2013
<b>12. Long term loans and advances</b>		
<i>Unsecured and considered good</i>		
Capital advances	58	55
Advance recoverable in cash or in kind or for value to be received	150	163
Pension (Refer note 28(B))	135	242
Security deposits	265	270
Balance with government authorities	413	260
Advance income tax (net of provision for taxation)	547	441
	<u>1,568</u>	<u>1,431</u>
<i>Unsecured and considered doubtful</i>		
Advances to employees	33	33
Less: Provision for doubtful advances	(33)	(33)
	<u>—</u>	<u>—</u>
	<u>1,568</u>	<u>1,431</u>
<b>13. Other non current assets</b>		
Bank deposits (due to mature after 12 months from the reporting date) (Refer note 17)	236	200
	<u>236</u>	<u>200</u>



**Notes to the Financial Statements**  
for the period from January 1, 2014 to March 31, 2015  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	As at March 31, 2015	As at December 31, 2013
<b>14. Current investments</b>		
<b>Unquoted mutual funds</b>		
93,590 (December 31, 2013 - 86,610) units in UTI Money Market Fund Institutional Plan - Daily dividend reinvestment plan	939	869
30,569 (December 31, 2013 - Nil) units in UTI Treasury Advantage Fund Institutional Plan - Direct -Daily dividend reinvestment plan	306	—
30,437 (December 31, 2013 - Nil) units in UTI Treasury Advantage Fund Institutional Plan - Daily dividend reinvestment plan	305	—
27,960 (December 31, 2013 - 41,719) units in Tata Liquid Fund Plan A- Daily dividend reinvestment plan	312	465
Nil (December 31, 2013 - 19,817) units in Kotak Floater Short term - Daily dividend reinvestment plan	—	200
Nil (December 31, 2013 - 40,87,545) units in Kotak Floater Long term - Daily dividend reinvestment plan	—	413
1,11,16,833 (December 31, 2013 - Nil) units in Kotak Treasury Advantage Fund - Daily Dividend (Regular Plan)	1,121	—
29,074(December 31, 2013 - Nil) units in Kotak Liquid Scheme Plan A - Direct Plan - Daily Dividend	356	—
49,25,883 (December 31, 2013 - 45,66,861) units in SBI Short term Debt Fund - Regular plan - Weekly dividend reinvestment plan	518	476
Nil (December 31, 2013 - 20,031) units in Templeton India Treasury Management Accounts - Super Institutional Fund - Daily dividend reinvestment plan	—	200
46,54,937 ( December 31, 2013 - 19,95,281) units in Templeton India Ultra Short Bond Fund Institutional Plan - Daily dividend reinvestment plan	468	200
2,89,735 (December 31, 2013 - 8,40,524) units in ICICI Prudential Flexible Income Plan - Dividend daily reinvestment plan	306	841
49,51,418 (December 31, 2013 - Nil) units in ICICI Prudential Ultra Short Term Plan - Dividend daily reinvestment plan	504	—
20,94,300 (December 31, 2013 - Nil) units in ICICI Prudential Banking & PSU Debt Plan Regular - Dividend daily reinvestment plan	211	—
Nil (December 31, 2013 - 43,179) units in DSP Blackrock Liquid Fund Institutional Plan - Daily dividend reinvestment plan	—	432
Nil (December 31, 2013 - 52,34,243) units in IDFC Ultra short term fund - Daily dividend reinvestment plan	—	527
56,52,211 (December 31, 2013 - 42,21,646) units in IDFC Money Manager fund - Daily dividend Reinvestment plan	569	423
10,04,172 (December 31, 2013 - Nil) units in IDFC Banking Debt Fund - Direct Plan - Daily dividend Reinvestment plan	101	—
Nil (December 31, 2013 - 58,644) units in Canara Rebeco Treasury Advantage fund - Daily dividend reinvestment plan	—	728
1,06,34,187 (December 31, 2013 - 83,90,316) units in HDFC floating rate Income fund- Short term plan - wholesale option- Daily dividend reinvestment plan	1,072	846
Nil (December 31, 2013 - 20,087) units in State Bank of India - SHF Ultra STD Fund - Daily dividend reinvestment plan	—	201

**Notes to the Financial Statements**  
for the period from January 1, 2014 to March 31, 2015  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	As at March 31, 2015	As at December 31, 2013
<b>14. Current investments (contd.)</b>		
<b>Unquoted mutual funds - (contd.)</b>		
Nil (December 31, 2013 - 20,045) units in Axis liquid fund - Daily dividend reinvestment plan	—	200
Nil (December 31, 2013 - 49,434) units in L&T Liquid fund- Daily dividend reinvestment plan	—	500
Nil (December 31, 2013 - 45,546) units in LIC Nomura MF Liquid Fund Account - Daily dividend reinvestment plan	—	500
Nil (December 31, 2013 - 14,962) units in IDBI fund- Regular Daily dividend plan	—	150
95,23,712 (December 31, 2013 - 49,62,613) units in Templeton India Low Duration fund-Monthly dividend reinvestment plan	995	517
Nil (December 31, 2013- 78,733) units Reliance Money manager fund - Daily dividend plan	—	788
32,761 (December 31, 2013- Nil) units Reliance Liquid Fund - Treasury Plan - Daily dividend plan	501	—
30,39,344(December 31, 2013- Nil) units Sundaram Ultra Short Term Fund - Direct Plan - Daily dividend plan	305	—
Nil (December 31, 2013 - 4,23,311) units in HDFC High Interest Fund - Short Term Plan - Growth plan	—	100
Nil (December 31, 2013 - 13,22,431) units in Kotak Bond (Short Term) - Growth	—	300
Nil (December 31, 2013 - 19,18,643) units in Axis Short Term Fund - Growth	—	250
Nil (December 31, 2013 - 18,02,737) units in SBI Short Term Debt Fund - Regular Plan-Growth option	—	250
Nil (December 31, 2013 - 4,08,142) units in ICICI Prudential Short Term - Regular Plan - Growth Option	—	100
11,76,766 (December 31, 2013 - Nil) units in Tata Short Term Bond Fund Direct Plan - Growth Option	300	—
11,80,134 (December 31, 2013 - Nil) units in Tata Short Term Bond Fund Plan A - Growth Option	300	—
2,77,107 (December 31, 2013 - Nil) units in ICICI Prudential Gilt Investment Plan - Direct -Growth option	200	—
21,66,472 (December 31, 2013 - Nil) units in IDFC Super Saver Income Fund-Medium Term Plan - Direct -Growth option-Direct Plan	500	—
10,42,709 (December 31, 2013 - Nil) units in IDFC Super Saver Income Fund-Short Term Plan - Direct -Growth option-Direct Plan	300	—
11,54,166 (December 31, 2013 - Nil) units in L & T Short Term Opportunities Fund - Growth	150	—
7,81,506 (December 31, 2013 - Nil) units in Reliance Short Term Fund - Direct - Growth	200	—
21,61,705 (December 31, 2013 - Nil) units in Reliance Short Term Fund - Growth	550	—
3,46,513 (December 31, 2013 - Nil) units in Birla Sun Life Treasury Optimizer Plan Direct - Growth Plan	600	—
12,986 (December 31, 2013 - Nil) units in Religare Invesco Gilt Fund Long Duration Plan -Direct Plan - Growth	200	—
	<b>12,189</b>	<b>10,476</b>
Aggregate amount of unquoted instruments	<b>12,189</b>	<b>10,476</b>
Aggregate market value of unquoted instruments	<b>12,262</b>	<b>10,502</b>

**Notes to the Financial Statements**  
for the period from January 1, 2014 to March 31, 2015  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	As at March 31, 2015	As at December 31, 2013
<b>15. Inventories</b>		
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw materials [including goods in transit Rs.365 (December 31, 2013 Rs.117)]	2,157	2,098
Work-in-Progress	475	593
Finished goods		
- Manufactured goods	1,262	1,879
- Traded goods [including Goods in transit Rs. 165 (December 31, 2013 - Rs. 213)]	1,293	1,332
Stores and Spares	209	237
<b>Total</b>	<b>5,396</b>	<b>6,139</b>
<b>16. Trade receivables</b>		
<i>Receivables outstanding for a period exceeding six months from the date they became due for payment</i>		
(a) Secured, considered good *	1	1
(b) Unsecured, considered good	223	—
(c) Doubtful	229	234
Less: Provision for doubtful receivables	(229)	(234)
	224	1
<i>Other receivables</i>		
(a) Secured, considered good *	35	30
(b) Unsecured, considered good	4,111	2,707
(c) Unsecured, considered doubtful	—	57
Less: Provision for doubtful receivables	—	(57)
	4,146	2,737
<b>Total</b>	<b>4,370</b>	<b>2,738</b>
* Secured against deposits from dealers		
<b>17. Cash and bank balances</b>		
Cash and cash equivalents		
Cash on hand	8	6
Cheques on hand	35	630
Balance with banks		
- on current accounts	1,962	1,102
Earmarked Balances - Dividend	82	84
Other bank balances	1,406	1,440
<b>Total</b>	<b>3,493</b>	<b>3,262</b>
Bank deposits to the extent held as margin money or security against guarantees included under other bank balances	1,406	940
Bank deposits to the extent held as margin money or security against guarantees included under other non - current assets (Refer note 13)	236	200
Bank deposits due to mature within 12 months of the reporting date included under other bank balances	—	500
<b>18. Short term loans and advances</b>		
(unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received	197	168
Balance with statutory / government authorities	407	353
Advance to Suppliers	450	269
Advance to employees	12	26
	1,066	816
<b>19. Other current assets</b>		
Interest accrued on fixed deposits	61	67
<b>Total</b>	<b>61</b>	<b>67</b>

	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013
<b>20. Revenue from operations</b>		
<b>Sale of products</b>		
Manufactured goods	50,986	41,595
Traded goods	8,053	5,331
Sale of products (Gross)	59,039	46,926
Less : Excise duty	5,163	4,338
<b>Sale of products (Net)</b>	<b>53,876</b>	<b>42,588</b>
Income from services	682	387
<b>Other operating revenue</b>		
Scrap Sales	481	446
Export benefits	34	26
Provision / liabilities no longer required written back	49	23
Miscellaneous income	63	85
	<b>627</b>	<b>580</b>
<b>Revenue from operations</b>	<b>55,185</b>	<b>43,555</b>
<b>Break-up of revenue from sale of products (Gross)</b>		
<b>Manufactured goods</b>		
Consumables	39,961	32,204
Equipments & Cutting	11,025	9,391
<b>Traded goods</b>		
Consumables	3,781	2,428
Equipments & Cutting	4,272	2,903
<b>Total</b>	<b>59,039</b>	<b>46,926</b>
<b>21. Other income</b>		
Interest income	192	132
Dividend income from current investments	745	577
Profit on sale of current investments	129	—
Net gain on account of foreign exchange fluctuation	80	—
	<b>1,146</b>	<b>709</b>
<b>22. Cost of raw materials and components consumed</b>		
Inventory at the beginning of the period / year	2,098	2,183
Add: Purchases during the period / year	29,157	22,986
Less : Inventory at the end of the period / year	2,157	2,098
	<b>29,098</b>	<b>23,071</b>
<b>Break-up of cost of materials consumed</b>		
<b>Raw materials</b>		
Mild Steel / M S Wire Rods	12,880	9,796
Non Ferrous Metals	1,723	1,832
Minerals	3,501	2,974
Chemicals	2,842	2,426
Piece parts	6,261	4,468
Others	1,891	1,575
<b>Total</b>	<b>29,098</b>	<b>23,071</b>



	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013
<b>Break-up of inventory - Raw material and components</b>		
Mild Steel / M S Wire Rods	411	400
Non Ferrous Metals	205	82
Minerals	327	387
Chemicals	214	138
Piece Parts	848	991
Others	152	100
<b>Total</b>	<b>2,157</b>	<b>2,098</b>
<b>23. (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods</b>		
Opening stock		
- Manufactured goods	1,879	2,925
- Traded goods	1,332	928
- Work-in-progress	593	475
	<b>3,804</b>	<b>4,328</b>
Closing stocks		
- Manufactured goods	1,262	1,879
- Traded goods	1,293	1,332
- Work-in-progress	475	593
	<b>3,030</b>	<b>3,804</b>
	<b>774</b>	<b>524</b>
<b>24. Employee benefits expense</b>		
Salaries, wages and bonus	4,680	3,629
Contributions to provident and other funds	181	166
Gratuity expense (note 28(A))	99	27
Pension expense / (reversal) (note 28 (B))	85	(7)
Staff welfare expenses	539	438
	<b>5,584</b>	<b>4,253</b>
<b>25. Depreciation and amortisation</b>		
Depreciation of tangible fixed assets	1,218	987
Amortisation of intangible fixed assets	157	136
	<b>1,375</b>	<b>1,123</b>

**Notes to the Financial Statements**  
for the period from January 1, 2014 to March 31, 2015  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013
<b>26. Other expenses</b>		
Consumption of stores and spares	598	516
Power and fuel	1,499	1,220
External service charges	1,106	874
(Increase) / decrease of excise duty on inventory finished goods	(162)	(285)
Rent	246	211
Repairs and maintenance		
- Building	40	41
- Plant and machinery	150	137
- Others	362	288
Insurance	59	59
Travelling expenses	880	718
Communication expenses	166	142
Rates and taxes	325	155
Transport and freight	459	45
Sales promotion and selling expenses	865	522
Trademark fees	989	793
Legal and professional charges	372	270
Payment to auditors (Refer note below)	47	35
Printing and stationery	49	44
Bad debts written off	59	44
Loss on sale of fixed assets (net)	30	3
Exchange differences (net)	—	16
CSR expenditure	19	—
Provision for warranty	199	121
Provision for doubtful receivables	—	121
Royalty	92	113
Impairment loss on fixed assets (Refer note 41)	72	45
Fixed assets written off	33	18
Bank charges	50	58
Miscellaneous expenses	261	161
	<b>8,865</b>	<b>6,485</b>
<b>Note: Payment to auditors</b>		
As auditor		
Statutory audit	16	16
Tax audit	9	3
In other capacity		
Limited reviews	12	6
Certification	1	1
Others	4	7
Reimbursement of expenses	5	2
	<b>47</b>	<b>35</b>

Particulars	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013
<b>27. Exceptional items (Refer note 40)</b>		
Voluntary Service Scheme to employees	409	—
Impairment loss on fixed assets	512	—
One time settlement to contractors	840	—
	<u>1,761</u>	<u>—</u>
<b>28. Employee benefits</b>		
The following table sets out the disclosure requirements as required under the AS 15 (Revised 2005)		
<b>A. Gratuity plan</b>		
The following table sets out the status of the gratuity plan and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:		
<b>Change in present value of obligations</b>		
Obligations at beginning of the period/year	546	552
Service cost	43	38
Interest cost	56	41
Actuarial (gain) / loss	23	(28)
Benefits paid	(248)	(57)
Obligations at the end of the period/year	<u>420</u>	<u>546</u>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of the period/year	313	339
Expected return on plan assets	28	24
Actuarial gain / (loss)	(5)	7
Contributions	76	—
Benefits paid	(248)	(57)
Fair value of plan assets at end of the period/year	<u>164</u>	<u>313</u>
Actual return on plan assets	23	25
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>		
Present value of the defined benefit obligation at the end of the period/year	420	546
Fair value of plan assets at the end of the period/year	164	313
Funded status amount of liability recognized in the balance sheet	<u>256</u>	<u>233</u>
<b>Gratuity cost for the period / year</b>		
Service cost	43	38
Interest cost	56	41
Expected return on plan assets	(28)	(24)
Actuarial (gain) / loss	28	(28)
Net gratuity cost	<u>99</u>	<u>27</u>

	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013			
<b>Assumptions</b>					
Interest rate	8.00%	9.15%			
Estimated rate of return on plan assets *	7.50%	7.50%			
Rate of growth in salary levels	5.00-8.00%	5.00-8.00%			
Attrition rate	10.00%	10.00%			
* This is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations					
<b>Percentage Allocation of Plan assets</b>					
Government of India securities	51%	30%			
Coporate Bonds	—	9%			
Insurer Managed Fund	37%	48%			
Other	12%	13%			
<b>Gratuity - Experience adjustments</b>					
<b>Particulars</b>	<b>March31, 2015</b>	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Experience adjustments:					
- On plan liabilities	(16)	9	(1)	(15)	52
- On plan assets	(5)	8	1	8	(12)
Present value of obligation	420	546	552	582	612
Fair value of plan assets	164	313	339	427	420
Shortage of plan assets over obligation	(256)	(233)	(213)	(155)	(192)
	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013			
<b>B. Pension plan</b>					
The following table sets out the status of the pension plan and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:					
<b>Particulars</b>					
<b>Change in present value of obligations</b>					
Obligations at beginning of the period/year	344	354			
Service cost	22	19			
Interest cost	35	29			
Actuarial (gain) / loss	71	(12)			
Benefits paid	(95)	(46)			
Obligations at the end of the period/year	377	344			
<b>Change in plan assets</b>					
Fair value of plan assets at beginning of the period/year	586	590			
Expected return on plan assets	51	41			
Actuarial gain / (loss)	(8)	2			
Contributions by Employer	(22)	—			
Benefits paid	(95)	(47)			
Refund from Trust / Payment for defined contribution scheme	—	—			
Fair value of plan assets at end of the period/year	512	586			
Actual return on plan assets	43	31			
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>					
Present value of the defined benefit obligation at the end of the period / year	377	344			
Fair value of plan assets at the end of the period / year	512	586			
Funded status amount of liability recognized in the balance sheet	(135)	(242)			



	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013			
<b>Pension cost for the period / year</b>					
Service cost	22	19			
Interest cost	35	29			
Expected return on plan assets	(51)	(41)			
Actuarial (gain) / loss	79	(14)			
Net pension cost	85	(7)			
<b>Assumptions</b>					
Interest rate	8.00%	9.15%			
Estimated rate of return on plan assets *	7.50%	7.50%			
Rate of growth in salary levels	5.00%	5.00%			
Attrition rate	10.00%	10.00%			
* This is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.					
<b>Percentage allocation of plan assets</b>					
Government of India securities	20%	22%			
Insurer Managed Fund	75%	73%			
Other	5%	5%			
<b>Pension - Experience adjustments</b>					
Particulars	March 31, 2015	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Experience adjustments:					
- On plan liabilities	43	(11)	(83)	(14)	37
- On plan assets	(8)	1	26	72	(17)
Present value of obligation	377	344	354	424	488
Fair value of plan assets	512	586	590	655	677
Excess of plan assets over obligation	135	242	236	231	189
	For the period from January 1, 2014 to March 31, 2015	For the year ended December 31, 2013			

## 29. Operating leases

The Company has taken various residential and office premises under operating lease or leave & license agreements. These leases have a term of between 1 year and 3 years, and have no specific obligation for renewal. There are no restrictions placed upon the company by entering into these leases. Lease payments are recognised in the statement of profit and loss in the year incurred.

Non-cancellable operating lease rentals payables (minimum lease payments) under these leases are as follows:

Payable within one year	46	74
Payable between one and five years	107	76
Payable after five years	—	—
<b>Total</b>	<b>153</b>	<b>150</b>

During the period an amount of Rs.246 was recognised as an expense in the statement of profit and loss in respect of operating leases (December 31, 2013 : Rs.211)

# Notes to the Financial Statements

for the period from January 1, 2014 to March 31, 2015  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

## 30. Segment Information

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

### Business Segments

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

**Equipment** : Welding machines and Cutting equipment

Particulars	Consumables		Equipment		Total	
	January 1, 2014 to March 31, 2015	December 31, 2013	January 1, 2014 to March 31, 2015	December 31, 2013	January 1, 2014 to March 31, 2015	December 31, 2013
<b>Revenue</b>						
External sales and services (net)	39,955	31,478	14,603	11,497	54,558	42,975
Segment results @	4,552	4,348	1,005	1,325	5,557	5,673
Less: Bank charges					50	58
Other unallocated expenses (net)					685	867
Less: Exceptional items (Refer note 27)*	1,632	—	129	—	1,761	—
<b>Total profit before tax</b>					<b>3,061</b>	<b>4,748</b>
Segment assets (Refer note 10 and note 11)	14,818	15,399	5,737	5,745	20,555	21,144
Add: Unallocated assets					16,314	13,884
<b>Total assets</b>					<b>36,869</b>	<b>35,028</b>
Segment liabilities	4,291	4,089	1,864	1,806	6,155	5,895
Add: Unallocated liabilities					1,809	2,406
<b>Total liabilities</b>					<b>7,964</b>	<b>8,301</b>
Capital expenditure	440	938	45	114	485	1,052
Add: Unallocated capital expenditure					75	124
<b>Total capital expenditure</b>					<b>560</b>	<b>1,176</b>
Depreciation / amortisation	995	779	206	170	1,201	949
Add: Unallocated depreciation					174	174
<b>Total depreciation</b>					<b>1,375</b>	<b>1,123</b>
Non cash expenses	664	198	41	41	705	239
Add: Unallocated non cash expenditure					1	19
<b>Total non cash expenditure</b>					<b>706</b>	<b>258</b>

@ Consumable segment includes impairment loss on fixed assets of one of the Company's plant at Irungattukottai, Chennai amounting to Rs. 72 (December 31, 2013 - 45).

\* Consumable segment includes impairment loss on fixed assets of one of the Company's plant at Khardah, Kolkata amounting to Rs. 512 (December 31, 2013 - Nil).

### Geographical segments

The Company caters mainly to the needs of Indian market and the export turnover being 3.71 % (December 31, 2013 - 3.67 %) of the total turnover of the Company, there are no reportable geographical segments.

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

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

### 31. Related Party Disclosure

#### Names of related parties and related party relationship

##### a) Parties where control exist

- i) ESAB Holdings Limited, UK - Principal Shareholder - Holds 37.31% of the paid up equity share capital of the Company as at March 31, 2015. Colfax UK Holding Limited, Company incorporated under the laws of England and Wales, is an indirect wholly owned subsidiary of Colfax Corporation. Further, Colfax UK, Holdings Limited indirectly holds 100% equity shares of ESAB Holdings Ltd.
- ii) Exelvia Group India B.V., Netherlands - Holds 36.41% of the paid up equity share capital of the Company as at March 31, 2015. Colfax UK, Holding Limited, Company incorporated under the laws of England and Wales, is an indirect wholly owned subsidiary of Colfax Corporation. Further, Colfax UK Holdings Limited indirectly holds 100% equity shares of Exelvia Group India B.V., Netherlands.

##### b) Related parties with whom transactions have taken place during the period / year (Significant influence)

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

##### c) Key Management Personnel

Managing Director	Mr. Jiri Kula (until October 31, 2013)
Executive Director and Chief Executive	Mr. Rohit Gambhir (with effect from November 1, 2013 to October 31, 2014)
Managing Director	Mr. Rohit Gambhir (with effect from November 1, 2014)
Vice President-Finance and Chief Financial Officer	Mr. B Mohan
Company Secretary	Mr. S Venkatakrishnan

#### Related Party transactions:

Particulars	Control exists		Significant influence		Total	
	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013
<b>Transactions during the period / year</b>						
<b>Sale of goods</b>						
ESAB Africa Welding and Cutting (Proprietary) Limited, South Africa	—	—	147	262	147	262
ESAB Middle East FZE, UAE			54	157	54	157
ESAB Middle East LLC, UAE			85	—	85	—
Others			—	77	—	77
			8	28	8	28

**Notes to the Financial Statements**  
for the period from January 1, 2014 to March 31, 2015  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

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

Particulars	Control exists		Significant influence		Total	
	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013
<b>Income from services</b>	–	385	<b>682</b>	385	<b>682</b>	770
ESAB Holding Limited, UK	–	385			–	385
ESAB Welding & Cutting Product ,USA			<b>79</b>	108	<b>79</b>	108
ESAB AB, Sweden			<b>517</b>	247	<b>517</b>	247
Others			<b>86</b>	30	<b>86</b>	30
<b>Commission income</b>	–	–	<b>3</b>	3	<b>3</b>	3
ESAB SeAH Corporation, Korea			<b>3</b>	3	<b>3</b>	3
<b>Purchase of raw material / traded goods</b>	–	–	<b>2,793</b>	2,156	<b>2,793</b>	2,156
ESAB SeAH Corporation, Korea			–	314	–	314
ESAB Europe AG, Switzerland			<b>1,378</b>	905	<b>1,378</b>	905
ESAB Seah Welding Products (Yantai) Co Ltd China			<b>468</b>	118	<b>468</b>	118
ESAB Welding & Cutting Product ,USA			<b>353</b>	253	<b>353</b>	253
Others			<b>594</b>	566	<b>594</b>	566
<b>Purchase of Tangible fixed assets</b>	–	–	<b>234</b>	403	<b>234</b>	403
ESAB AB–Sweden			<b>181</b>	371	<b>181</b>	371
ESAB Vamberk sro, Czech Republic			<b>53</b>	–	<b>53</b>	–
Others			–	32	–	32
<b>Royalty</b>	<b>92</b>	82	–	31	<b>92</b>	113
ESAB Holding Limited, UK	<b>92</b>	82			<b>92</b>	82
ESAB AB, Sweden			–	31	–	31
<b>Trademark license fees</b>	<b>989</b>	793	–	–	<b>989</b>	793
ESAB Holding Limited, UK	<b>989</b>	793			<b>989</b>	793
<b>Technical / consultancy services</b>	–	–	–	10	–	10
ESAB AB, Sweden			–	10	–	10
<b>Dividend paid</b>	<b>113</b>	851	–	–	<b>113</b>	851
ESAB Holding Limited, UK	<b>57</b>	431			<b>57</b>	431
Exelvia Group India B.V., Netherlands	<b>56</b>	420			<b>56</b>	420
<b>Reimbursement of Expenses paid</b>	–	8	<b>3</b>	19	<b>3</b>	27
ESAB Holding Limited, UK	–	8			–	8
ESAB Vamberk sro, Czech Republic			<b>3</b>	7	<b>3</b>	7
ESAB AB, Sweden			–	12	–	12
<b>Reimbursement of Expenses received</b>	<b>10</b>	9	–	–	<b>10</b>	9
ESAB Holding Limited, UK	<b>10</b>	9			<b>10</b>	9
<b>Balances as the period / year end</b>						
<b>Receivables</b>	–	11	<b>122</b>	140	<b>122</b>	151
ESAB Holding Limited, UK	–	11			–	11
ESAB AB, Sweden			<b>30</b>	43	<b>30</b>	43
ESAB Group Inc, USA			–	20	–	20
ESAB Africa Welding and Cutting (Proprietary) Limited, South Africa			<b>1</b>	51	<b>1</b>	51
ESAB Welding Products (Jiangsu) Co Limited, China			<b>26</b>	–	<b>26</b>	–
PT Karya Yasantara Cakti. Indonesia			<b>26</b>	–	<b>26</b>	–
Wuxi Romar Heavy Industry Automatic Equipment Co. Ltd			<b>26</b>	–	<b>26</b>	–
Others			<b>13</b>	26	<b>13</b>	26

# Notes to the Financial Statements

for the period from January 1, 2014 to March 31, 2015  
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



**ESAB INDIA LIMITED**

## Related Party transactions: (contd..)

Particulars	Control exists		Significant influence		Total	
	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013
<b>Payables</b>	<b>179</b>	406	<b>801</b>	1,001	<b>980</b>	1,407
ESAB Holding Limited, UK	179	406			179	406
ESAB Europe AG, Switzerland			378	209	378	209
ESAB AB, Sweden			2	229	2	229
ESAB SeAH Corporation, Korea			45	117	45	117
ESAB Seah Welding Products (Yantai) Co Ltd China			156	84	156	84
ESAB Welding & Cutting Product, USA			136	62	136	62
Others			84	300	84	300

## The remuneration paid to KMP is as follows:

Particulars	For the period from January 1, 2014 to March 31, 2015	Year ended December 31, 2013
Remuneration paid		
Mr. Jiri Kula	—	297
Mr. Rohit Gambhir	180	21
Mr. B Mohan	85	—
Mr. S Venkatakrishnan	50	—
<b>Total</b>	<b>315</b>	318

## 32. Contingent liabilities and commitments

(to the extent not provided for)

Particulars	As at March 31, 2015	As at December 31, 2013
<b>Contingent liabilities</b>		
Claims against the Company not acknowledged as debts*	824	824
Tax matters in dispute under appeal (excluding possible interest)**	2,913	2,610
Bank guarantees outstanding	1,060	480
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	207	248
Estimated amount of contracts remaining to be executed on account of purchase of raw materials	126	152
<b>Total</b>	<b>5,130</b>	<b>4,314</b>

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

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



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

Particulars	January 1, 2014 to March 31, 2015		December 31, 2013	
	Rs.	%	Rs.	%
<b>Raw materials (including packing material and components)</b>				
- Imported	2,526	9%	2,672	12%
- Indigenous	26,572	91%	20,399	88%
	29,098	100%	23,071	100%
<b>Spare parts</b>				
- Imported	66	11%	37	7%
- Indigenous	532	89%	479	93%
	598	100%	516	100%

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

Particulars	January 1, 2014 to March 31, 2015	December 31, 2013
Raw materials (including packing material)	2,477	1,683
Components and traded goods	2,771	2,473
Capital goods	388	725
<b>Total</b>	<b>5,636</b>	<b>4,881</b>

### 35. Expenditure in foreign currency

Particulars	January 1, 2014 to March 31, 2015	December 31, 2013
Trademark fees	989	793
Travelling expenses	97	53
Royalty	92	113
Others	12	22
<b>Total</b>	<b>1,190</b>	<b>981</b>

### 36. Earnings in foreign currency

Particulars	January 1, 2014 to March 31, 2015	December 31, 2013
FOB value of exports	2,001	1,561
Income from services	682	387
Others	3	3
<b>Total</b>	<b>2,686</b>	<b>1,951</b>

### 37. Dividend remittances in foreign currency

Particulars	January 1, 2014 to March 31, 2015	December 31, 2013
Year to which the dividend relates	<b>December 2013</b>	December 2012
Amount remitted during the year	11,347,960	85,109,700
Number of non-resident shareholders	2	2
Number of shares on which dividend was due	11,347,960	11,347,960

### 38. Derivative instruments

#### Unhedged foreign currency exposure

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

Particulars	January 1, 2014 to March 31, 2015		December 31, 2013	
	Amount in FC	Amount in INR	Amount in FC	Amount in INR
<b>Trade receivables</b>				
USD	511,071	315.13	445,551	272.94
EURO	—	—	—	—
<b>Advance from customers</b>				
EURO	266	0.17	—	—
USD	11,536	7.11	13,343	8.17
<b>Trade payables</b>				
EURO	131,316	90.55	509,372	438.98
USD	1,480,311	939.70	12,26,608	766.38
SGD	17,558	8.12	29,286	14.53
SEK	11,220	0.84	4,169	0.41
GBP	475	0.45	1,673	1.72
<b>Advance to Suppliers</b>				
EURO	12,960	8.94	33,572	28.93
USD	23,864	15.15	33,536	20.95
SGD	459	0.21	384	0.19
DKK	7,710	0.72	150,625	17.62
GBP	—	—	19,523	20.11

- 39 The Company has transactions with related parties. For the financial year ended March 31, 2014, the Company has obtained the Accountant's Report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and has filed the same with the tax authorities. For the financial year ended March 31, 2015, Management confirms that it maintains documents as prescribed by the Income Tax Act, 1961 to prove that these transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

### 40 Exceptional items

The Company has been reviewing its manufacturing capacities across its Consumables Plant locations. Following this, the Board of Directors at its meeting held on 26 May, 2015 approved the discontinuance of operations of the Company's plant at Khardah, Kolkata and moving of its manufacturing and related equipment as required to its other plant locations. The Board also approved the sale, disposal or transfer of the balance (or remaining) moveable and immoveable assets pertaining to the plant at Khardah, Kolkata subject to the approval of the shareholders at the forthcoming Annual General Meeting scheduled on August 7, 2015.

Exceptional items of Rs.1,761 (December 31, 2013 Rs.Nil) during the period is on account of the following :

- A Voluntary Separation Scheme ('VSS') was offered to all the workmen of the Company at Taratala plant and Khardah plant in Kolkata in the month of June 2014. 43 employees accepted the VSS and a sum of Rs. 409 (December 31, 2013 - Nil) was expended during the current period.
- Impairment loss on fixed assets aggregating to Rs.512 (December 31, 2013 - Rs.Nil).
- Expenditure on one time settlement made to contractors Rs.840 (December 31, 2013 - Rs.Nil).

### 41 Impairment loss on tangible and intangible assets

- In case of one of the factories which manufactures flux cored wires (consumable segment), lower demand triggered this impairment loss. The recoverable amount was based on value in use and was determined at the level of the

cash-generating unit. The cash-generating unit consisted of the flux cored wires manufacturing unit at Irungattukottai, Chennai. In determining value in use for the cash-generating unit, the cash flows were discounted at a appropriate rate on a pre-tax basis. The losses have been recognized in the statement of profit and loss under the head "other expenses" amounting to Rs. 72 (December 31, 2013 - Rs. 45).

- (b) The impairment loss, in case of another factory at Khardah, Kolkata (consumable segment) is recognized on account of management's decision to discontinue the same. The Company written-down these assets to the net realizable value (net selling price). The losses have been recognized in the statement of profit and loss under the head "exceptional items" amounting to Rs. 512 (December 31, 2013 - Nil).

#### **42 Prior year comparatives**

The figures of the previous year were audited by a firm of Chartered accountants other than S.R. Batliboi & Associates LLP.

The financials statement for the current period have been drawn up for a period of 15 months from January 1, 2014 to March 31, 2015 and hence are not comparable with the comparative information relating to the previous year as they are for a period of 12 months. Prior year figures have been reclassified / regrouped wherever necessary to conform to current period's presentation.

---

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

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

**K Vaidyanathan**  
Director

**Rohit Gambhir**  
Managing Director

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

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

**S Venkatakrishnan**  
Company Secretary

Place : Chennai  
Date : May 26, 2015

[illegible]

[illegible]



**ENGINEERED FOR EXCELLENCE**

**Manual plasma**



**Cutting systems**



**Automated plasma**



**Welding automation**



**Gas apparatus**



**Personal protection equipment**



**Arc equipment**



**Consumables**



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

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

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