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ESAB India Limited

Annual Report

2021-2022

Annual Report 2021-2022

Board of Directors

Kevin J Johnson

Chairman

Rohit Gambhir

Managing Director

K Vaidyanathan

Independent Director

Vikram Tandon

Independent Director

Sudhir Chand

Independent Director

Sabitha Rao

Independent Director

Key Managerial Personnel

B Mohan

Vice President - Finance & Chief Financial Officer

S Venkatakrishnan (Upto 25th March 2022)

G Balaji (From 26th March 2022)

Company Secretary & Compliance Officer

Email : balaji.g@esab.co.in

investor.relations@esab.co.in

Registered Office

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

Tel : 044-4228 1100

Fax : 044-4228 1150

www.esabindia.com

CIN: L29299TN1987PLC058738

Bankers to the Company

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

Registrar & Share Transfer Agent

**Integrated Registry Management Services
Private Limited**

2nd Floor, 'Kences Towers' No.1,

Ramakrishna Street, North Usman Road,

T. Nagar, Chennai 600 017.

Tel : 044-2814 0801 / 02 / 03

Fax : 044-2814 2479 / 3378

E-mail : srirams@integratedindia.in

Audit Committee

K Vaidyanathan

Chairman

Vikram Tandon

Member

Sudhir Chand

Member

Kevin J Johnson

Member

Stakeholders Relationship Committee

Vikram Tandon

Chairman

Sudhir Chand

Member

Rohit Gambhir

Member

Kevin J Johnson

Member

Nomination & Remuneration Committee

K Vaidyanathan

Chairman

Sudhir Chand

Member

Sabitha Rao

Member

Kevin J Johnson

Member

Corporate Social Responsibility Committee

Sabitha Rao

Chairperson

Rohit Gambhir

Member

Kevin J Johnson

Member

Risk Management Committee

Kevin J Johnson

Chairman

Rohit Gambhir

Member

Sudhir Chand

Member

B Mohan

Member

Statutory Auditors

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

Chartered Accountants

6th Floor, "A" Block, Tidel Park,
No.4, Rajiv Gandhi Salai, Taramani,
Chennai 600 113.

Tel. No.044-6117 9000

Firm Regn No.101049W / E300004

Internal Auditors

M/s. KPMG Assurance & Consulting Services, LLP,

Chartered Accountants

Ground Floor, No. 1,
Harrington Road, Chetput, Chennai 600 031.

Tel. No. 044-3914 5000

Cost Auditors

M/s. Geeyes & Co.

Cost & Management Accountants

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

Tel.044-4203 3470

Secretarial Auditors

M/s. V Mahesh & Associates

No. 12/22, II Floor, 7th Main Road,
R.A. Puram, Chennai - 600 028.

Tel.: 044-4317 4474



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Five year Financial Highlights

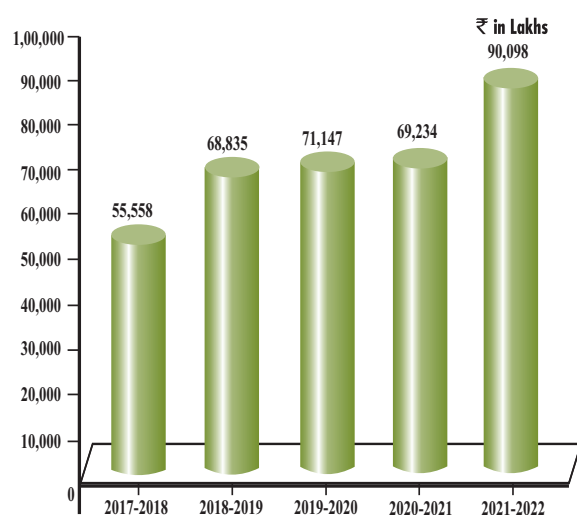
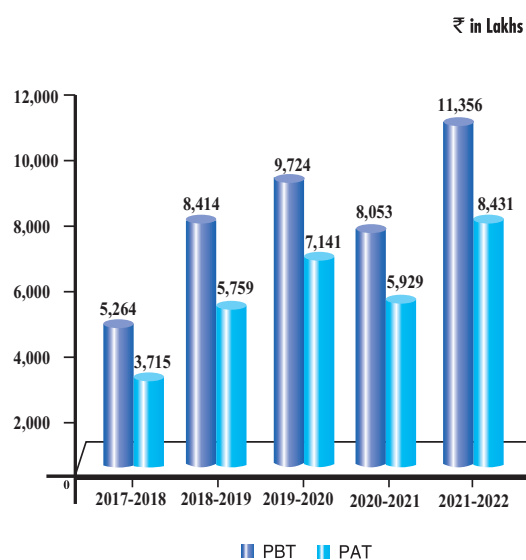
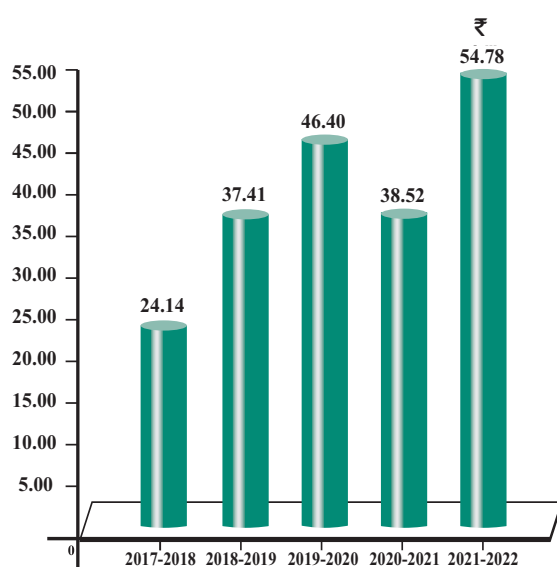
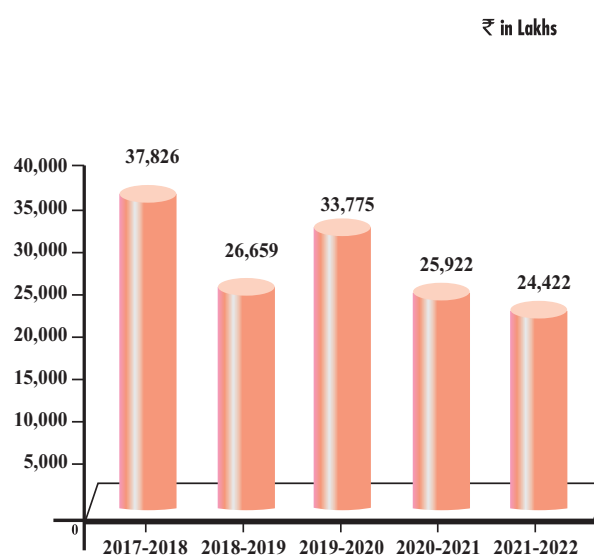
Highlights

₹ in Lakhs

Operating Results	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Total revenue	90,098	69,234	71,147	68,835	55,558
Materials	56,423	43,915	43,584	43,120	34,908
Manufacturing, Selling and Administrative Expenses	21,125	15,920	16,496	16,135	14,167
Interest and Finance Charges	61	175	85	28	22
Depreciation	1,133	1,171	1,258	1,070	1,009
Operating Profit	11,356	8,053	9,724	8,482	5,452
Exceptional/Extraordinary items	–	–	–	68	188
Profit before Tax	11,356	8,053	9,724	8,414	5,264
Taxation	(2,925)	(2,124)	(2,583)	(2,655)	(1,549)
Profit after Tax	8,431	5,929	7,141	5,759	3,715
Other comprehensive income	74	(82)	(25)	(38)	41
Total comprehensive income for the period, net of tax	8,505	5,847	7,115	5,721	3,756
Earnings per share (₹)	54.78	38.52	46.40	37.41	24.14
Dividends	9,236	6,773	10,775	13,854	154
Dividends Distribution Tax	–	–	–	2,848	31
Dividend per share (₹)	60*	44	70	90	1
Dividend Payout Ratio	109%	116%	151%	242%	4%

Financial Position	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Sources of Funds					
Capital	1,539	1,539	1,539	1,539	1,539
Reserves *	22,883	24,383	32,236	25,120	36,287
Net Worth	24,422	25,922	33,775	26,659	37,826
Borrowings	–	–	–	–	–
Deferred Tax Liability	–	–	–	–	–
Total	24,422	25,922	33,775	26,659	37,826
Application of Funds					
Fixed Assets	9,251	9,215	9,295	8,626	8,923
Investments	3,116	4,124	6,998	3,026	12,457
Deferred Tax Assets	162	145	153	141	166
Non Current Assets / Long Term Loans and Advances	557	342	463	839	639
Current Assets	30,524	24,993	29,032	25,244	25,852
Non Current Liabilities	(640)	(691)	(710)	(362)	(288)
Current Liabilities and Provisions	(18,548)	(12,206)	(11,456)	(10,855)	(9,923)
Total	24,422	25,922	33,775	26,659	37,826
Number of Employees	822	808	755	753	734

* Includes Final dividend of ₹ 20/- proposed by the BOD for approval of the shareholders at the forthcoming AGM.

Total Revenue

Profit Before & After Tax

Earnings per Share

Net Worth


Notice to Shareholders

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the Members of the Company will be held on Thursday the 11th August 2022 at 3.30 p.m. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March 2022 and the Statement of Profit and Loss Account for the financial year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a director in place of Mr. Rohit Gambhir having Director Identification Number 06686250, who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provision of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 5,50,000/- (Rupees Five Lakh Fifty Thousand Only), in addition to reimbursement of travel and out-of-pocket expenses, payable to M/s. Geeyes & Co., Practising Cost Accountants, Chennai holding Firm Registration No.000044, who have been appointed as Cost Auditor of the Company for the Financial Year ending 31st March 2023 as recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 27th May, 2022 be and is hereby ratified.

5. Approval for Material Transactions with ESAB Europe GmbH, Switzerland, Related Party

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Company's Policy on Related Party Transactions, consent of the members of the Company be accorded for entering into related party transactions with the above said related party for purchase of raw materials, components, finished goods & services and sales of goods & services as detailed in the Explanatory Statement annexed hereto:

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to approve transactions and the terms & conditions with the related party defined under the Act, and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient, or incidental thereto as the Board may at its absolute discretion deem fit, without being required to seek any further consent or approvals of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution for the purpose of giving effect to this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred herein, to any one of its directors or Committee of directors with power to further delegate to or any Key Managerial Personnel of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

By Order of the Board of Directors

Chennai
27 May, 2022

G. Balaji
Company Secretary

NOTES:

Explanatory Statement required pursuant to section 102 of the Companies Act, 2013 (Act) in relation to Item No.4 and 5 above is annexed hereto.

Voting rights shall be reckoned on the basis of the shares registered in the name of the Members / Beneficial Owners as on 4th August 2022.

In view of COVID-19 pandemic and pursuant to MCA General Circular No. 2/2022 dated May 5, 2022 all other relevant circulars issued from time to time, Companies are permitted to hold the Annual General Meeting through Video Conferencing (VC) / Other audio visual means (OAVM) without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the ensuing AGM through VC / OAVM.

The relevant details, pursuant to Regulations 36(3) of the SEBI LODR Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.

As per the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Pursuant to the General Circular No. 2/2022 dated May 5, 2022, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-Voting.

Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) are required to send to the Scrutinizer by e-mail to their registered email address maheshvenki@vmacs.co.in with a copy marked evoting@nsdl.co.in a certified copy of the relevant Board Resolution / Authorization etc., together with the specimen signatures authorizing their representative(s) to attend the AGM through VC / OAVM and to vote through remote e-Voting.

As per Regulation 40 of SEBI LODR Regulations, as amended, any request received for transfer, transmission or transposition of securities of listed companies held in physical form shall be effected only in dematerialised form. In view of this and to eliminate all the risks associated with physical shares and ease of portfolio management, members holding shares in physical form are requested to

consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Integrated Registry Management Services Private Limited for any assistance in this regard.

Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with Integrated Registry Management Services Private Limited in case the shares are held by them in physical form.

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.

Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Integrated Registry Management Services Private Limited in case the shares are held by them in physical form.

As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in a single name are advised, in their own interest, to avail the nomination facility by submitting Form SH 13. Members holding shares in dematerialized form may contact their Depository Participant for recording the nomination in respect of their shares.

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.

In case of joint holders attending the AGM, only such joint holder who is higher in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 4 August, 2022 through email on investor.relations@esab.co.in or balaji.g@esab.co.in. The same will be replied by the Company suitably.

Notice

Pursuant to the provisions of Section 124 (5) & (6) of the Companies Act, 2013, the Company has transferred on due dates, unpaid or unclaimed dividends up to the financial year ended 2013 to the Investor Education and Protection Fund (IEPF) established by the Central Government and is in the process of transferring its unpaid or unclaimed dividends for the financial year 2014-15. 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 12th August, 2021 (date of the last Annual General Meeting) on the website of the Company (www.esabindia.com), as also on the website of the Ministry of Corporate Affairs (www.mca.gov.in).

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

Year	Type of dividend	Dividend per share (₹)	Date of declaration	Due date for transfer	Unpaid / Unclaimed amount as on 31.03.2022
2014-15	Final	1.00	7.08.2015	12.09.2022	1,30,099.00
2015-16	Final	1.00	4.08.2016	09.09.2023	1,32,635.00
2016-17	Final	1.00	3.08.2017	08.09.2024	1,45,631.00
2017-18	Final	1.00	9.08.2018	14.09.2025	91,279.00
2018-19	Interim	90.00	23.11.2018	29.12.2025	49,35,960.00
2019-20	Interim	70.00	28.05.2020	03.07.2027	41,77,616.00
2020-21	Interim	19.00	10.02.2021	17.03.2028	10,57,953.00
2020-21	Final	25.00	12.08.2021	16.10.2028	14,00,663.00
2021-22	1 st Interim	22.00	10.11.2021	15.01.2029	11,49,610.00
2021-22	2 nd Interim	18.00	10.02.2022	16.03.2029	2,49,69,674.00
Total					3,81,91,120.00

Members are requested to note that pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, all such shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are also required to be transferred to IEPF. In pursuance of this provision, the Company has already transferred the shares pertaining to such shareholders who have not claimed their dividend for a consecutive period of 7 years to the Investor Education and Protection Fund.

The Company had already sent a communication to all the shareholders that henceforth all documents to be sent to the shareholders under the provisions of Companies Act, 2013 will be sent to their registered email address; thereby enabling paperless compliance. Further, in compliance with the aforesaid MCA General Circular No. 2/2022 dated May

5, 2022, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories.

In line with the Ministry of Corporate Affairs (MCA) General Circular No.2/2022 dated May 5, 2022 members may note that the Notice and Annual Report 2021-22 will be available on the Company's website www.esabindia.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL (agency for providing the Remote e-Voting facility) www.evoting.nsdl.com

The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

AGM has been convened through VC / OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA General Circular No.2/2022 dated May 5, 2022.

The Members can join the Annual General Meeting in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility for participation in the Annual General Meeting will be available for 1000 members on first come first served basis except for large shareholders (Holding more than 2% or more of shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circular issued by the Ministry of Corporate Affairs dated May 5, 2022 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-Voting on the date of the AGM will be provided by NSDL.

In terms of Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief profile of the Directors, who are proposed to be appointed /

re-appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee memberships, shareholding and relationship with other directors of the Company are given 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)	He is a Director in EWAC Alloys Limited.
Membership / Chairmanship of Audit and Stakeholders' Relationship Committees across Public Companies	Member of Audit Committee of EWAC Alloys Limited

Mr Rohit Gambhir, aged 49 years, is a B.Tech (Mechanical) from NIT Kurukshetra (1994) and EPGDM from IIM Indore (2004). He has an overall experience of 27 years. He started his career in August 1994 with Saint Gobain. He rose through the ranks to be the Sales Manager for Abrasive Industrial trade products by April 2003, and he served them till November 2007. In 2007, Mr. Rohit Gambhir joined Stanley Black & Decker as its Business Head. He joined ESAB India in March 2013 as its Head of Sales & Marketing.

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

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

INSTRUCTIONS FOR e-VOTING AND JOINING THE AGM THROUGH VC / OAVM ARE AS UNDER

VOTING THROUGH ELECTRONIC MEANS:

In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI LODR Regulations, and MCA General Circular No. 2, 2022 dated 5th May 2022 the Company is pleased to provide members with the facility to attend the AGM through VC / OAVM and to cast their vote electronically, through the NSDL e-Voting services, on all the resolutions set forth in the Notice.

The remote e-Voting period begins on 8 August 2022 at 09:00 A.M. and ends on 10 August 2022 at 05:00 P.M. The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., 4th August 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 4th August 2022.

The Members who have cast their vote by remote e-Voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through

e-Voting system during the time of conduct of Annual General Meeting and until conclusion of the Annual General Meeting.

The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

The Board of Directors has appointed Mr. V Mahesh (Membership No. F 4162) of V Mahesh & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

The Scrutinizer shall within two working days from the conclusion of the AGM, 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 or to any authorized signatory of the Company.

Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he / she is already registered with NSDL for remote e-Voting then he / she can use his / her existing User ID and password for casting the vote.

Notice

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

Step 1: Access to NSDL e-Voting system





A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Your User ID details are given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login Method
	<ol style="list-style-type: none"> Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com / either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on    
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/ Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e., NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e., NSDL where the e-Voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section.

3. A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on

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your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
- 6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details / Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- 8. Now, you will have to click on "Login" button.
- 9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- 1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

- 2. Select "EVEN" of the Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC / OAVM" link placed under "Join General Meeting".

The EVEN of the Company is "120278"

- 3. Now you are ready for e-Voting as the Voting page opens.
- 4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- 5. Upon confirmation, the message "Vote cast successfully" will be displayed.
- 6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- 7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- 1. Institutional / Corporate Shareholders (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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to maheshvenki@vmacs.co.in. with a copy marked to evoting@nsdl.co.in.
- 2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- 3. In case of any queries relating to e-Voting you may refer to the FAQs for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Attn : Ms. Sarita Mote

In case of any grievances connected with facility for e-Voting, please contact NSDL Official Ms. Sarita Mote, at 4th Floor, 'A' Wing, Trade World, Kamala Mills

Compound, Senapati Bapat Marg, Lower Parel, Mumbai
400 013 at Email ID: evoting@nsdl.co.in Tel: 1800 1020
990 and 1800 22 44 30

Process for those shareholders whose email ids are not registered with the depositories for procuring user ID and password and registration of e-mail ids for e-Voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to the Registrar and Transfer Agents of the Company srirams@integratedindia.in
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to the Registrar and Transfer Agents of the Company srirams@integratedindia.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively, shareholders / members may send a request to evoting@nsdl.co.in for procuring user id and password for e-Voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING AND ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.

2. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.
5. Members will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC / OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC / OAVM link placed under Join General Meeting menu. The link for VC / OAVM will be available in Shareholder / Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
6. Members are encouraged to join the Meeting through Laptops for better experience.
7. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
8. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Members who have any queries on the subjects detailed in the Annual Report, may send in their questions in advance from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile

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number to email ID balaji.g@esab.co.in on or before 4th August, 2022 (5:00 p.m. IST). Alternatively, a Q&A panel would also be made available for the Members on the date of AGM i.e., 11 August 2022 and the Members may raise questions through such panel also. The Company reserves the right to restrict the number of questions depending on the availability of time for the AGM.

Other Instructions:

The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-Voting and within two working days of conclusion of the AGM, submit a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.

The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.esabindia.com and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed. The resolution, if approved, will be taken as passed effectively on

the date of Annual General Meeting.

The Board of Directors at its meeting held on 27 May 2022 appointed the scrutinizer for e-Voting as per details given below:

Mr V Mahesh
V Mahesh and Associates
Practising Company Secretaries
C/o. Integrated Registry Management Services Private Ltd
Unit: ESAB India Limited
2nd Floor, 'Kences Towers',
No.1 Ramakrishna Street,
North Usman Road, T.Nagar,
Chennai 600017.

Members who have cast their vote already by remote e-Voting shall not be entitled to cast their vote again on the day of AGM.

The Scrutinizer, after completion of the Scrutiny, will submit his report to the Chairman of the Company or any person authorized by him in writing. The results will be declared by the Chairman or by any person authorized by him in this regard on or before 13 August 2022.

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

Item No.4

The Board at its meeting held on 27 May 2022 appointed M/s. Geeyes & Co., Practising Cost Accountants, holding Firm Registration No. 000044, as Cost Auditor of the Company in terms of Section 148 of the Companies Act, 2013 (the Act 2013) and fixed a sum of Rs. 5,50,000 (Rupees Five Lakh Fifty Thousand only) as remuneration payable to them, for the financial year ending 31 March 2023.

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

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no.4

The Board recommends the Ordinary Resolution as set out at item no.4 of the Notice for approval by the Shareholders.

Item No.5

Approval for Material transactions with related parties

Regulation 23 of SEBI (LODR) Regulations provide that all related party transactions and subsequent material modifications shall require prior approval of the audit committee and only those members of the audit committee, who are independent directors, shall approve the related party transactions.

The said regulation provides further that a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

The Company seeks to enter into transactions with related parties in the ordinary course of business and at arm's length basis with the prior approval of Audit Committee, as per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, material related party transactions (i.e value exceeding 10% of the

annual turnover or rupees one thousand crore whichever is lower) require shareholder's approval.

The proposed transactions would be in the normal course of business and relate to purchases and sales of goods and services, including reimbursement of expenses, if any. The approval of the shareholders is sought for the entire gamut of transactions to be entered with ESAB Europe GmbH, under the existing and future arrangements may exceed 10 per cent of the annual turnover of the Company which is considered as material related party transaction.

Nature of related party transactions and the business rationale for entering into such transactions:

The Company enters into transactions for purchase of raw materials, components, finished goods and services in the normal course of its business. The Company also enters into transactions for sales of goods and services.

As per Regulation 23 of SEBI (LODR) Regulations, 2015, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. Any transactions deemed material based on the above definition shall require prior approval of the shareholders through resolution.

Based on current and emerging business trends, the value of transactions with ESAB Europe GmbH may become material as defined in SEBI (LODR) Regulation as mentioned above.

All the independent directors on the Audit Committee approved the proposed material related party transaction with ESAB Europe GmbH at the meeting held on 27th May 2022.

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

None of the Directors or Key Managerial Personnel or their relatives, is concerned or interested in the said resolution.

By Order of the Board of Directors

Chennai
27 May, 2022

G. Balaji
Company Secretary

Directors' Report to Shareholders

Your Directors take pleasure in presenting the Thirty Fifth Annual Report together with the audited accounts of the Company for the financial year ended 31 March 2022.

1. FINANCIAL SUMMARY / HIGHLIGHTS

(₹ in Lakhs)		
Particulars	2021-22	2020-21
Total Revenue	90,098	69,234
Profit before Interest expense and Depreciation	12,518	9,265
Provision for Depreciation	(1,133)	(1,171)
Finance cost	(29)	(41)
Profit before exceptional and prior period items and tax	11,356	8,053
Exceptional items	—	—
Profit before Tax from continuing Operations	11,356	8,053
Provision for Tax	(2,925)	(2,124)
Net Profit After Tax	8,431	5,929

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

2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

Colfax Corporation had incorporated a wholly owned subsidiary in the name of ESAB Corporation, Delaware, USA and made ESAB Corporation, Delaware as the holding company of ESAB Holdings Limited, UK and Exelvia Group India B.V., Netherlands. Further, Colfax Corporation had separated itself from ESAB Corporation, Delaware, USA by selling 90% of the equity shares held in ESAB Corporation, Delaware, USA to the general public shareholders of Colfax Corporation thereby reducing its equity stake in ESAB Corporation, Delaware, USA to 10% with effect from April 4, 2022. The same has been reflected in Note No.36 of the financial statements.

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY

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

4. DIVIDEND

The shareholders at the Annual General Meeting held on 12th August 2021 had approved a Final Dividend of ₹ 25/- per equity share of ₹ 10/- each (250%) for the financial year 2020-21 resulting in a cash outflow of about ₹ 38.48 crores and the same was paid on 27 August 2021.

During the year under review, the Board of Directors had approved two Interim Dividends viz. i) first interim dividend of ₹ 22/- per equity share of ₹ 10/- each (220%) at its meeting held on 10th November 2021 resulting in a cash outflow of about ₹ 33.86 crores, which was paid on 9th December 2021; and ii) second interim dividend of ₹ 18/- per equity share of ₹ 10/- each (180%) at its meeting held on 10th February 2022 resulting in a total cash outflow of about ₹ 27.71 crores, which was paid on 11th March 2022.

In addition to the above two interim dividends of FY 2021-22, the Board has proposed a final dividend of ₹ 20/- per equity share of ₹ 10/- each (200%) for the financial year 2021-22, which is subject to approval of the shareholders at the ensuing Annual General Meeting to be held on 11th August 2022.

5. IND AS STANDARDS

Your Company had adopted IND AS in pursuance of Section 133 of the Companies Act, 2013 and in compliance with the Companies (Indian Accounting Standard) Rules, 2015. The financials for the current financial year ended 31st March 2022 and the comparative figures for the last financial year ended 31st March 2021 have been prepared and published based on such IND AS standards.

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

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

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

The Company had sent individual notices and also advertised in the newspapers seeking action from the Members who have not claimed their dividends for seven consecutive years or more. Accordingly, the Company had transferred the unpaid or unclaimed dividends and corresponding shares pertaining to Final Dividend 2013 on 14 June 2021 and 8 October 2021 respectively.

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

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

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

7. BOARD MEETINGS

The Board of Directors met 6 times during the financial year 2021-22. The Meetings were held on 21 May, 12 August, 28 October, 10 November of 2021, 10 February and 25 March of 2022.

8. DIRECTORS & KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company has six members.

Mr. Kevin Joseph Johnson is the nominee of ESAB Holdings Limited and a non-retiring Director in terms 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 1st November 2013. He was subsequently re-appointed for

a term of 5 years with effect from 1st November 2018 vide a postal ballot resolution of the shareholders dated 25th September 2018.

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

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

Key Managerial Personnel

In compliance with 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 (until 25th March 2022) and Mr. G Balaji, Company Secretary (from 26th March 2022) have been designated as the Key Managerial Personnel of the Company.

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

Mr. S Venkatakrishnan demitted his post as Company Secretary by the closing hours of the 25th of March 2022 in view of his impending retirement at the end of May 2022. Mr. G. Balaji was appointed as Company Secretary to succeed Mr. S. Venkatakrishnan as Company Secretary and Compliance Officer effective the 26th of March 2022. His appointment was approved by the Board of Directors at its meeting held on the 25th of March 2022.

9. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

As required under Section 149 (6) and (7) of the Companies Act, 2013 all the Independent Directors on the Board of the Company have individually issued the stipulated annual declaration confirming that they meet all the criteria of independence as stipulated under the Act. Further, the Independent Directors have completed their KYC confirmation on the MCA website and have also uploaded their profile in the Indian Institute of Company Affairs before the stipulated date. All the Directors are exempted from undergoing the mandatory online tests based on their quantum and areas of experience.

10.COMMITTEES OF THE COMPANY

A. AUDIT COMMITTEE

The Company's Audit Committee consists of three Independent Directors and one Non-executive Director. Mr. K Vaidyanathan, is the Chairman of the said Committee.

Directors' Report

Mr. Vikram Tandon, Mr. Sudhir Chand and Mr. Kevin J Johnson are the other members of the Committee.

The said Committee met 4 times during the financial year 2021-2022, on the 21st May, 12th August, 28th October of 2021 and 10th February 2022. The constitution and the terms of reference of the Committee are in line with the requirements of Section 177 of the Companies Act and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

B. NOMINATION AND REMUNERATION COMMITTEE

The Company's Nomination and Remuneration Committee consists of three Independent Directors and one Non-Executive Director. Mr. K Vaidyanathan is the Chairman of the said Committee. Mr. Sudhir Chand, Independent Director, Ms. Sabitha Rao, Independent Director and Mr. Kevin J Johnson, Chairman of the Board are the other members of the Nomination and Remuneration Committee.

This Committee met once during the financial year 2021-22 on 25th March of 2022.

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

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

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company's Stakeholders Relationship Committee consists of two Independent Directors, one Non-executive Director and the Managing Director. Mr. Vikram Tandon is the Chairman of the Committee, Mr. Sudhir Chand, Independent Director, Mr. Kevin J Johnson, Chairman of the Board and Mr. Rohit Gambhir, Managing Director are the Members of the Committee.

The Committee met four times during the year on 21st May, 12th August, 28th October of 2021 and on 10th February 2022.

The composition of the said Committee and the matters being placed before the Committee are in compliance with Section 178(5) of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company's Corporate Social Responsibility Committee consists of one Independent Director, one Non-executive Director and the Managing Director. Ms. Sabitha Rao is the Chairperson of the said Committee and Mr. Kevin J Johnson, Chairman of the Board, Mr. Rohit Gambhir, Managing Director are the other members of the said Committee.

The Committee met once during the financial year 2021-22 on 21st May 2021.

The Committee lays down the Policy on Corporate Social Responsibility stating therein the strategy, objectives, funding & allocation for the CSR projects, implementation, strategy and steps involved in achieving the CSR objectives. The Policy on Corporate Social Responsibility was revised by the Board of Directors at their meeting held on 27th May 2022. The budget allocation for CSR Projects for the year 2022-23 can be viewed on the Company's website www.esabindia.com

The formation of the Committee and its terms of reference are in line with the requirements of Section 135 (1) of the Companies Act, 2013. The CSR Report which is attached as annexure to this report is in compliance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

E. RISK MANAGEMENT COMMITTEE

The Company has a Risk Management Committee as stipulated by the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company's Risk Management Committee consists of Mr. Kevin J Johnson, Chairman of the Board, Mr. Rohit Gambhir, Managing Director, Mr. Sudhir Chand, Independent Director and Mr. B Mohan, Vice President Finance & Chief Financial Officer of the Company. A Risk Management Committee is mandatory for the Company since it is part of the Top 1,000 Companies in terms of market capitalization.

The said Committee met twice during the financial year on 12th August 2021 and 10th February 2022. As per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings. The first meeting of the Risk Management Committee of the Company was held on 12th August 2021 and the second was on 10th February 2022. By oversight, the Company had exceeded the prescribed timegap between the two meetings by two days.

The said Committee lays down the Policy on Risk Management. The main objective of this policy is to ensure sustainable business growth with stability and to promote a

pro-active approach in reporting, evaluating and mitigating those risks which are material in nature and are associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management.

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

11. VIGIL MECHANISM

The Company has set up a whistleblower policy which can be viewed on the Company's website www.esabindia.com. In terms of the said policy the Directors and employees are given direct access to the Chairman of the Audit Committee to report on alleged wrongdoings. The said policy has been made available at the Offices / Plants of the Company at conspicuous places to enable the employees to report concerns, if any, directly to the Chairman of the Board and to the Chairman of the Audit Committee. Employees who join the Company newly are apprised of the availability of the said policy as a part of their induction schedule.

Based on an internal review, the Company had updated the whistle blower policy and this was approved by the Board of Directors at its meeting held on 10th February 2022. The same can be viewed from the website of the company viz. www.esabindia.com.

The above complies with the requirements of Section 177 (9) & (10) of the Companies Act, 2013 and in terms of Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company did not receive any complaints under the whistle blower policy during the year under review.

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for the financial year ended 31st March 2022 the applicable accounting standards have been followed;
2. The Directors have selected such accounting policies listed in Note 2.2 to the Notes to the Financial Statements and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year on 31st March 2022 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 31st March 2022 on a going concern basis;
5. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. There were no instances of fraud reported by the auditors of the Company under sub-section 12 of Section 143 of the Companies Act, 2013.

14. MANAGEMENT DISCUSSION AND ANALYSIS

A. ECONOMIC & BUSINESS ENVIRONMENT

The financial year commenced with strong expectations of economic growth after the massive disruptions witnessed in the previous year due to impact of Covid. The impact of Covid continued to be felt during the initial part of the financial year. Global developments led to supply chain interruptions through the year with longer lead times and higher costs on imports. Strong inflationary trends were witnessed even in locally sourced raw materials driven by a surge in Steel prices throughout the year. The Company continued to focus on product mix and cost reductions to sustain growth and profitability. Capital goods segment witnessed some revival in activity over the previous years. New product launches continued to show encouraging results. The Company witnessed reasonably stable market conditions despite the volatilities to achieve growth in sales and profits.

B. OUTLOOK, OPPORTUNITIES AND THREATS

The calendar year 2022 started on an encouraging note only to run into more turbulence with the developments arising from the conflict in Europe. Supply chain disruptions have since become a key operational challenge apart from further doses of inflation in commodity prices. A weaker rupee, higher interest rates and extreme challenges on inflation globally are key concerns for the ongoing financial year. Despite inherent resilience, the impact of global developments are bound to affect demand and profitability during the rest of the year. Opportunities exist in product categories where our new product launches can help gain market share and in terms of improvements in productivity and costs. A sustained period of global turbulence and squeeze on liquidity are immediate threats.

Directors' Report

15. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Management evaluates the Company's internal controls from time to time and also works with independent internal auditors to test these and identify areas for improvement. Additionally, the Company is subjected to reviews applicable for Subsidiaries of US headquartered entities. The Company continues to list and evaluate key controls and process to an extent leveraging on the work done as part of its global reporting requirements. Key findings and actions taken to implement or remediate the same are reviewed by the Audit Committee periodically at its meetings. The scope and coverage of internal audits are aligned to have coverage in terms of key controls and locations. The endeavor is to align to the requirements of Internal Control on Financial Reporting (ICFR) framework while leveraging on work done as part of global reporting requirements. Management testing through independent audit teams followed by external testing were done during the year.

The scope of work of Internal Auditors includes review of controls on accounting, financial reporting, statutory and other compliances and operational areas in addition to reviews relating to efficiency and economy in operations. In the context of higher levels of work from home during the year, controls in Information Technology were a priority area as well during the Financial Year.

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

16. FINANCIAL PERFORMANCE OF THE COMPANY

A. INCOME AND EXPENDITURE

The Company's revenue from contract with customers grew by 31.1%. The growth was seen across all key product categories.

New product offerings and enhancements were areas of continuing focus as the Company pursued growth and market share. The Company saw good growth in income from services to related party entities which grew by 71% over the previous year.

Other income fell by about 26.8% driven by lower income from mutual funds mirroring the overall reduction in interest rates.

Finance income was lower due to higher dividend payouts resulting in lower disposable cash through the year.

Materials costs as a percentage to sales was comparable to previous year despite price increases.

Overheads including employee costs were higher by 31.6% over the previous year. The increase was driven by the growth in revenues and also the base effect of 2020-21 which witnessed multiple lockdowns. The increase was also due to

impact of wage inflation and general inflation in overheads lines.

The Company has continued to provide for Depreciation at useful lives based on a technical evaluation of useful life of assets.

Profit before tax was higher by 41% over the previous year with the impact of higher contributions from revenue growth.

B. BALANCE SHEET

Shareholders' funds were at ₹ 244.22 Crores at the end of the year as against ₹ 259.22 Crores at the end of the previous year. The Company had paid dividends of ₹ 100.05 Crores during the financial year.

Working capital and cash were key focus areas for Industry in general and this continued to be monitored closely to manage customer service levels without compromising on quality and turns on receivables and inventory. This resulted in the Company being able to manage working capital and cash flows at a consistently good level in relation to industry standards despite instability in supply chain

Capital Expenditure net of movements in capital work in progress was at ₹ 11.14 Crores as against ₹ 11.24 Crores in the preceding year. Capital expenditure was primarily on refurbishments on existing lines, productivity improvements, marginal capacity enhancements and upgrading IT systems.

Cash and equivalents were at ₹ 21.20 Crores at the end of the year as against ₹ 18.57 Crores at the end of the previous year. Investments in short term and debt funds were at ₹ 31.01 Crores as against ₹ 41.09 Crores at the end of the previous year. The Company is well positioned to ride through short term volatilities in working capital by virtue of its debt free position and cash flows.

17. SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANY

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

18. HOLDING COMPANY

As on 31st March 2022, Colfax Corporation, was the ultimate parent company of ESAB India Limited and subsequently, Colfax Corporation had offloaded its indirect equity control in ESAB India Limited in favour of ESAB Corporation, Delaware, USA. With effect from 4th April 2022 ESAB Corporation, Delaware, USA, is the ultimate parent company of ESAB India Limited.

19. ANNUAL RETURN

Pursuant to subsection (3) of section 92 of the Companies Act 2013, your Company has placed a copy of the annual return for the financial year 2021-22 on its website and it

can be viewed from the company's website viz. www.esabindia.com.

20. STATUTORY AUDITORS

M/s. S R Batliboi & Associates, LLP, Chennai (Firm Regn No.101049W / E300004) was re-appointed for a period of four years by the shareholders at the Annual General Meeting held on 28th August 2020 as the Statutory Auditors of the Company in compliance with Section 139 (1). The details of remuneration of the statutory auditors with break-up of fee paid to S R Batliboi & Associates and its network firms as required by the provisions of amended SEBI (LODR) Regulations for the financial year 2021-22 is given as part of the Corporate Governance Report.

Their remuneration is fixed in line with the recommendations of the audit committee and as duly approved by the Board of Directors.

The Statutory Auditors have issued a clean report on the financials of the Company and have not issued any qualifications for the financial year ended 31 March 2022. Members may please take note of the changes in the requirements with respect to the report of the Auditors including specific references to key audit matters.

21. SECRETARIAL AUDIT

In terms of Section 204 (1) of the Companies Act, 2013, the Company has appointed M/s. V Mahesh & Associates, Chennai to do the secretarial audit of the Company for the financial year 1st April 2021 to 31st March 2022. Their appointment was informed to the Registrar of Companies, Chennai vide SRN T19974682 form MGT-14 dated 25th May 2021.

M/s. V Mahesh & Associates have now completed their secretarial audit and have issued their certificate dated 19th May 2022 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 adverse observations in their report except for the time gap exceeded by two days between two consecutive meetings of Risk Management Committee. They have confirmed that the Company has proper board processes and a compliance mechanism in place. They have also affirmed that the Company has complied with the relevant statutes, rules and regulations and secretarial standards, as applicable.

In response to the observation made by the Secretarial Auditor, the Board explained that by oversight, the time gap between two consecutive meetings of the risk management committee held during the financial year 2021-22 was exceeded by two days than the permitted limit prescribed by SEBI (LODR) Regulations.

22. 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-1** and forms part of this Report.

23. DETAILS RELATING TO DEPOSITS

The Company has not accepted any deposits during the period under review as envisaged under Section 73, 74 & 76 of the Companies Act, 2013. There have been additional filing requirements introduced with respect to liabilities not in the nature of deposits. The necessary form DPT 3 has been filed for the financial year 2020-21 on 28.04.2021 vide SRN No. T16543431.

24. 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.

25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company had made a loan of ₹ 30 Crores to M/s. EWAC Alloys Limited, related party and a fellow subsidiary on an arm's length basis at a rate not exceeding 9% per annum (Floater rate) as per Section 186 and 188 of the Companies Act, 2013. The repayment schedule was extended from 30 September 2021 to 31 March 2022. M/s. EWAC Alloys Limited has completely repaid the Inter Company Loan as on 31 March 2022.

The Board of Directors from time to time has authorized the Company to invest the surplus funds of the Company in deposits with Bank and investments in debt funds, liquid funds and fixed maturity plans with mutual funds for a tenor not exceeding 100 days. The investments are made in debt funds and liquid funds. The Company has earned an income of around ₹ 77 Lakhs from investment in mutual funds for the period 1 April 2021 to 31 March 2022. The Company has not given any guarantees other than bank guarantees in the normal course of business to meet its contractual obligations.

26. RISK MANAGEMENT POLICY

In compliance with the requirements of Section 134 (3) (n) of the Companies Act, 2013 and as required under Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has constituted a Risk Management Committee consisting of Mr. Kevin J Johnson, as the Chairman, Mr. Rohit Gambhir, Managing Director, Mr. Sudhir Chand, Independent Director

Directors' Report

and Mr. B Mohan, Chief Financial Officer as the Members of the Committee. The said Committee lays down the procedures to identify risks and the mitigation procedures and adopted a policy in this regard. The Board of Directors defines the roles and responsibilities of the Committee.

The said committee updates the Board of Directors on a periodical basis on the material risks faced by the Company and the measures taken by the Company to mitigate the said risks. The Committee analyzed various risks including those arising from COVID-19, cyber security aspects and remote access control and other different controls necessary to be established with executives working from home. They suggested the actions to be taken to mitigate these risks which went a long way in the Company successfully managing all the risks. The Ministry of Home Affairs (MHA) had also during the pandemic had issued various guidelines for the plants to follow and the Company had complied with all these MHA guidelines to ensure that all the risks associated with the COVID-19 pandemic were adequately being addressed.

27. CORPORATE SOCIAL RESPONSIBILITY

As required under Section 134 (3) (o) read with Section 135 (1) of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee. The Committee has Ms. Sabitha Rao, as the Chairperson, Mr. Kevin J Johnson, Chairman of the Board and Mr. Rohit Gambhir, Managing Director are the members of the said Committee.

The Committee formulated a policy on CSR and the Board of Directors approved the same. The policy as required under Section 135 (4) (a) of the Companies Act, 2013 has been uploaded on the Company's website www.esabindia.com.

As part of CSR initiatives, the Company has been involved in promoting and educating safe welding practices including usage of all personal protective equipment during the process of welding to ensure total safety of the welders, especially at smaller towns through deployment of duly trained resources. The Company had also tied up with certain vocational institutions for educating the welders in Tier II and Tier III cities on welding through deployment of personnel.

During the year under review, the Company had the eligible 2% spend of Rs.172.90 lakhs in addition to the carried forward unspent amount of ₹ 21.65 lakhs aggregating to ₹ 194.55 lakhs. Out of CSR eligible spend of ₹ 194.55 lakhs, the company had pursued its CSR Ongoing Project 2020-21 with a budget amount of ₹ 154.55 lakhs and Other than Ongoing Project with a budget amount of ₹ 40 lakhs. This was approved by the CSR Committee and the Board of Directors in their meetings held on 21st May 2021.

In relation to Ongoing Project 2020-21, the Company could spend ₹ 86.33 lakhs leaving an unspent amount of

₹ 68.22 lakhs which was transferred to a separate bank account titled CSR Unspent A/c. 2021-22.

In relation to Other than Ongoing Project of 2021-22, the Company was not able to spend the earmarked amount of ₹ 40 lakhs and this unspent amount of ₹ 40 lakhs was also transferred to the CSR Unspent A/c. 2021-22.

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 - 3** to this report.

28. RELATED PARTY TRANSACTIONS

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

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

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

The details of related party transactions pursuant to Clause (h) of sub-section (3) of Section 134 of the Act, is enclosed in form no. AOC-2 as **Annexure - 4**.

29. FORMAL ANNUAL EVALUATION

As required under Section 134 (3) (p) of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors had already approved the evaluation criteria for evaluating the performance of the Board of Directors, its committees and the performance of Independent Directors.

Accordingly, as required under Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the

Independent Directors at their separate meetings held on 10th February 2022 and 25th March 2022 evaluated the performance of the non-independent Directors and the Board as a whole. They also reviewed the performance of the Chairman of the Company and also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

Also as required under Regulation 17 (10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board assessed the performance of the Independent Directors as per the criteria laid down and has recommended their continuation on the Board of the Company at its meeting held on 27th May 2022.

As required under the said regulations, the Board of Directors assessed the performance of the individual directors on the Board based on parameters such as, relevant experience and skills, ability and willingness to speak up, focus on shareholder value creation, high governance standards, knowledge of business, processes and procedures followed, openness of discussion / integrity, relationship with management, impact on key management decisions etc. The Members of the Committees of Audit, Nomination & remuneration, Stakeholders relationship, Corporate social responsibility and Risk management committee, were also assessed on the above parameters and also in the context of the committee's effectiveness vis-a-vis the Act and the listing regulations.

The Independent Directors fulfilled the independence criteria as specified under the above regulations and the Companies Act, 2013. The Board was satisfied with the evaluation results which reflected the overall engagement and the effectiveness of the Board and its committees. The Independent Directors also updated their current profiles by paying up the relevant fees in the website of the Indian Institute of Corporate Affairs on Independent Directors for a period of five years from 2020-21. Since all the four Independent Directors possess the necessary experience and the expertise, they are exempted from taking up the online assessment test of the Ministry.

30. COST AUDITOR

As required under Section 148 of the Companies Act, 2013 the Board of Directors at its meeting held on 27th May 2022 has appointed M/s. Geeyes & Co., Cost Accountants within the meaning of Cost & Works Accountants Act and holding a valid certificate of practice No.000044 as the Cost Auditor for conducting the Cost Audit for the financial year 2022-23. The Audit Committee recommended the appointment subject to the compliance of the requirements stipulated in the relevant notifications issued by Ministry of Corporate Affairs.

The Company has received a letter dated 12th May 2022 from the Cost Auditor stating that the appointment, if made, will be within the limit prescribed under the Act.

The relevant Form CRA 2 for appointment of Cost auditor for the financial year 2021-22 was filed with the Registrar of Companies on 25th May 2021 vide SRN T19980705.

The cost audit report issued by the Cost Auditor for the financial year ended 31 March 2021 was filed with the Registrar of Companies vide form CRA - 4 dated 9 September 2021 vide SRN T41667874.

31. 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 26:1 (25.8:1 for the year ended 31 March 2021).

- B. The percentage increase in remuneration of CFO and CS in the financial year 2021-22 was 7.7% and 8.00% respectively.
- C. The percentage increase in the median remuneration of employees in the financial year 2021-22 was (0.74%)
- D. The number of eligible permanent employees in the rolls of the Company as on 31 March 2022 is 557 (545 as on 31 March 2021).
- E. 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 increases in salaries of employees other than KMP proposed was 0.35 % while that of KMPs was Nil %.

The reduced percentage is due to the shift in the Increment cycle from January to December has shifted to April to March. Hence, in effect there were no increments in the financial year 2021-2022. The negligible increase in percentages other than the KMP is due to the CTC of the new hires till 30th September 2021.

As at the end of March 2022 the Company had 822 employees as against 808 at the end of 31 March 2021. 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.

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.

Directors' Report

As required under the provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, the name and other particulars of the employee is set out in the **Annexure- 5** to this Report. Further, as required under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 rule 5 sub-rule (2), the names of Top 10 employees in terms of the remuneration drawn is given in Annexure - 5.

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure - 5.

In terms of Section 136(1) of the Act, 2013 the Annual report, excluding the aforesaid annexure is now being sent. The annexure is available for inspection at the Registered Office of the Company and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

32. 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.

33. ENVIRONMENT, HEALTH AND SAFETY

The Company continued its commitment to industrial safety and environment protection and all its factories have obtained its ISO 14001 and OHSAS 18001 certification. Periodical audits are done by external and internal agencies to assess the continued levels of EHS efficiency of each of these plants and the OHSAS certification given is renewed after every such audit. The Company is also networked with the Group on EHS initiatives and works closely with them on initiatives and actions concerning EHS. During the year under review, the Company's Plants at Ambattur and Nagpur won global recognition for EHS initiatives.

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.

34. LISTING WITH STOCK EXCHANGES

The Company's equity shares are listed with a) BSE Limited and b) National Stock Exchange of India Limited. The annual

fees for both the exchanges have been paid promptly for the year 2021-22. Pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company had executed fresh listing agreements with BSE Limited and National Stock Exchange of India Limited on 9th November 2015.

The Company had 14,844 shareholders as at the end of the year 31st March 2022. 99.07% of the shares are held in dematerialized form.

The Company is part of the Top 500 Companies by way of Market capitalization. The Company has adopted a dividend policy, formed a risk management committee and have also prepared a Business Responsibility Report for the year under review.

As required under Regulation 39 (4) Read with Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the details of the shares issued by the Company consequent to amalgamation of erstwhile Maharashtra Weldaids Limited with the Company in 1994, the details of the physical shares which remains unclaimed and transferred to the Unclaimed Suspense Account and the reconciliation of the shares claimed by shareholders during the year 2021-22 and the shares outstanding in the suspense account as on 31st March, 2022 is given below:

Sl. No.	Details	No. of shareholders	No. of equity shares
1.	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. as on 1.4.2021	44	3,060
2.	Number of Shareholders who approached the Company during the year	NIL	NIL
3.	Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	NIL	NIL
4.	No. of shares transferred to Investor Education and Protection Fund	1	50
5.	Aggregate Number of shareholders and the outstanding shares lying in the unclaimed Suspense Account at the end of the year i.e. 31.3.2022	43	3,010



43 shareholders holding 3,010 equity shares constituting about 0.02% 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.

35. CORPORATE GOVERNANCE

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

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

The declaration by the Managing Director addressed to the Members of the Company pursuant to Clause D of Schedule V Read with Regulation 34 (3) Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Code of Conduct by the Members of the Board and by the Members of the Senior Management Personnel of the Company is also attached to this Report.

36. POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE ACT

The Company has also adopted the mandatory policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Employees have been sensitized on the provisions of this enactment and the Company has also constituted an internal complaints committee with effect from 30th October 2013 to deal with complaints, if any, under the said Act. The Committee also has an independent external NGO representative as one of its members. The Committee meets as and when requirement arises. The Company believes in providing safe working place

for the Women in the Company and adequate protection are given for them to carry out their duties without fear or favour. All the employees of the Company as a part of induction are sensitized about the provisions of the said Act.

As required under Section 21 of Chapter VIII of the said Act, the Committee has submitted its annual report in the prescribed format to the designated authority within the stipulated period.

37. SECRETARIAL STANDARDS

As on 31st March 2022 all the applicable Secretarial Standards which have been notified have been complied with by the Company.

A certificate of compliances issued by the Secretarial Auditor M/s. V Mahesh & Associates dated 19th May 2022 is enclosed as **Annexure - 2** and forms part of this Report.

38. 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.

39. 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 and more so in a difficult year that we went through.

For and on behalf of the Board of Directors

Kevin J Johnson
Chairman

Chennai
27 May, 2022

ANNEXURE 1

ANNEXURE TO 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 2022.

A. CONSERVATION OF ENERGY

- Modifications in Transformers to achieve energy savings.
- Packaging modifications to reduce usage of wood paper and items based on fossil fuels.
- Increased usage of recycled water.
- Initiatives to reduce usage of compressed Air.
- Ongoing and concluded initiatives for increased usage of renewable energy sources.

B. TECHNOLOGY ABSORPTION

- Installation and commissioning of new Fire detection system.
- Installation and commissioning of new Fire Hydrant unit.
- Installation of switch to reduce air consumption.
- Infra ray equipment introduced to reduce rejections.
- Machines revamped with latest equipments to cater additional capacity.

- De-bottlenecking to improve capacity on consumables.
- Building plan and construction started for Global R&D Centre in India.
- Actions initiated for reducing usage of plastic.

C. FOREIGN EXCHANGE

The Company exports its products and services to Bangladesh, Srilanka, Nepal, Singapore, Middle East, Indonesia, China, Malaysia, Uzbekistan, Thailand, Egypt, Vietnam, Germany, Australia, Sweden, Switzerland and USA.

During the year, the total outflows in foreign exchange amounted to ₹ 16,223 lakhs (which includes ₹ 14,067 lakhs for the import of raw materials, components and capital goods and ₹ 2156 lakhs towards expenditure in foreign currency).

During the year, the Foreign exchange earnings were ₹ 8,525 lakhs resulting in net foreign exchange outflow of ₹ 7,698 lakhs for the year.

For and on behalf of the Board of Directors

Place : Chennai
Date : 27 May, 2022

Kevin J Johnson
Chairman

ANNEXURE - 2

**FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022**

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

To

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period (01st April, 2021 to 31st March, 2022) covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of the below said Acts & subject to modifications/re-enactments wherever applicable:

- (i) The Companies Act, 2013 (the Act) and the rules made there under
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA ') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (vi) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Prohibition of insider Trading) Regulations, 2015;
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- 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;
- d. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

- (vii) The Following laws, are specifically applicable to the Company as per the representation given by the Company (apart from General Laws such as Environment Laws, Labour Laws etc):

- a. The Petroleum Act, 1964
- b. Gas Cylinder Storage Rules
- c. Batteries (Management and Handling) Rules, 2001
- d. Electricity Act, 2003
- e. The E-Waste (Management and Handling) Rules, 2016
- f. Indian Boilers Act, 1923
- g. Food Safety and Standards Act, 2006
- h. Legal Metrology Act, 2009 and Legal Metrology (Packaged Commodities) Rules, 2011
- i. The Environment Protection Act & Rules, 1986
- j. Plastic Waste Management Rules, 2016
- k. The Tamil Nadu Industrial Establishments (National and Festival Holidays) Act 1958
- l. Public Liability Insurance Act, 1991
- m. Air (Prevention and control of pollution) Act, 1991
- n. Water (Prevention and control of pollution) Act, 1974

Directors' Report

- o. The Noise pollution (Regulation and control) Rules 2000
- p. Employees State Insurance Act, 1948
- q. Maternity Benefit Act, 1961
- r. The Contract Labour (Regulation and abolition) Act, 1970 and Rules 1971
- s. The Child Labour (Prohibition and Regulation) Act, 1986
- t. The Apprentices Act, 1961
- u. The Inter-State migrant workmen (Regulation of employment and conditions of service) Act, 1979
- v. Employees Provident Fund and Miscellaneous provisions Act 1952
- w. Payment of Bonus Act, 1965
- x. Goods and Services Act, 2017
- y. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (PoSH)

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

1. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
2. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
3. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
4. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

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

- (i) Secretarial Standards with regard to Meeting of Board of Director (SS 1), General Meeting (SS 2) issued by The Institute of Company Secretaries of India subject to such modifications and amendments thereon;
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited (NSE) and BSE Limited;
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, subject to the following observations:

Observation No.1

Pursuant to Regulation 21(3C) of SEBI (LODR) Regulation, 2015, the meetings of the Risk Management Committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

During the period under review, the gap between two consecutive committee meetings was one hundred and eighty two days as against the prescribed time limit of one hundred and eighty days.

The National Stock Exchange of India Limited (NSE) had sought clarification vide mail dated 02nd May, 2022 to the aforesaid time gap and the same has been clarified and taken note of by the Management vide letter dated 04th May, 2022.

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. All the requisite committees that are required to be constituted by the Company as per prescribed Laws and Regulations are duly constituted.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were being sent at least seven days in advance in the manner provided under the Act and Secretarial Standards (SS- 1) and a system exists for seeking and obtaining further ' information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board was taken upon by the approval of majority of the Members of the Board and no dissenting views were expressed by any Board members on any of the subject matters discussed, that were required to be 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.

For V Mahesh & Associates

V Mahesh

Practising Company Secretary

M.No. 4162

C.P. No. : 2473

Place: Chennai

Peer Review No.:2107/2022

Date : 19.05.2022

UDIN: F004162D000347307

Annexure - A

To

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

Our Secretarial Audit report dated 19.05.2022 is to be read along with this letter.

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

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

For V Mahesh & Associates

V Mahesh

Practising Company Secretary

M.No. 4162

C.P. No. : 2473

Place: Chennai
Date : 19.05.2022

Peer Review No.:2107/2022
UDIN: F004162D000347307

SECRETARIAL COMPLIANCE REPORT OF ESAB INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2022

To

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

We have examined:

- (a) All the documents and records made available to us and explanation provided by **ESAB India Limited** ("the listed entity"),
- (b) The filings/ submissions made by the listed entity to the stock exchanges,
- (c) Website of the listed entity,
- (d) Any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the Financial Year ended 31st March, 2022 ("01st April, 2021 - 31st March, 2022") in respect of compliance with the provisions of:
 - i. the Securities and Exchange Board of India Act, 1992("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

- ii. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- e) Securities and Exchange Board of India (Depositories And Participants) Regulations, 2018.

Directors' Report

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

- (a) The listed entity has complied with the provisions of the above Regulations and circulars / guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations / circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.	Pursuant to Regulation 21(3C) of SEBI (LODR) Regulation, 2015, the meetings of the Risk Management Committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings	During the period under review, the gap between two consecutive committee meetings (held on 12.08.2021 and 10.02.2022 respectively) was one hundred and eighty two days as against the time period of one hundred and eighty days	The Management of the Company has clarified to the National Stock Exchange of India Limited (NSE) vide letter dated 04.05.2022 regarding the said gap and this clarification has been taken note of.

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

aforesaid Acts / Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc	Observations/ Remarks of the Practicing Company Secretary, if any
1.	Clarification vide mail dated 02 nd May, 2022 by the National Stock Exchange of India Limited (NSE)	Pursuant to Regulation 21 (3C) of SEBI (LODR) Regulation, 2015, the gap between two consecutive meetings of Risk Management Committee exceeded one hundred and eighty two days as against the prescribed time limit of one hundred and eighty days.	N A - o n l y clarification was sought by National Stock Exchange of India Limited (NSE)	The Management of the Company clarified to NSE vide letter dated 04 th May, 2022 and this clarification was taken due cognizance of.

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

Sr. No.	Observation of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31 st March, 2022	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken listed entity
				NA

For V Mahesh & Associates

V Mahesh

Practising Company Secretary

M.No. 4162

C.P. No. : 2473

Place: Chennai

Date : 19.05.2022

Peer Review No.:2107/2022

UDIN: F004162D000347560

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of
the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **ESAB INDIA LIMITED** having CIN L29299TN1987PLC058738 and having registered office at Plot No. 13, 3rd Main Road, Industrial Estate, Ambattur, Chennai - 600 058 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations/management representation letter furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been disqualified or debarred from being appointed or continuing as Directors of the Company for the Financial Year 2022-23 by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authorities.

S. No.	Name of the Director	DIN	Designation
1.	Kevin Joseph Johnson	09147729	Non -Executive Chairman
2.	Rohit Gambhir	06686250	Managing Director
3.	Vaidyanathan Kalyanasundaram	00063692	Non-Executive Independent Director
4.	Vikram Tandon	01727251	Non-Executive Independent Director
5.	Sudhir Chand	01385201	Non-Executive Independent Director
6.	Sabitha Rao	06908122	Non-Executive Independent Director

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V Mahesh & Associates

V Mahesh

Practising Company Secretary

M.No. F4162

C.P. No. : 2473

Date : 19th May, 2022

Place: Chennai

Peer Review No: 2107/2022

UDIN: F004162D000347219

ANNEXURE 3

REPORT ON CSR ACTIVITIES FOR THE YEAR 2021-2022

1. Brief Outline on CSR Policy of the Company

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".

https://www.esabindia.com/in/en/investors/policies/corporate_social_responsibility_policy.cfm

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation / nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee meeting attended during the year
1	Ms. Sabitha Rao,	Chairperson	1	1
2	Mr Rohit Gambhir	Member	1	1
3	Mr Kevin Joseph Johnson	Member	1	1

3. The web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.

www.esabindia.com>investor_relations>Policies>Policy on Corporate Social Responsibility

4. Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable.

5. Details of the amount available for set off in pursuance of sub-rules (3) of rule 7 of the Companies (Corporate

Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial year	Amount available for set-off from preceding financial year (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2021-2022	Nil	Nil

6. Average Net profit of the Company as per Section 135 (5) (₹ in lakhs)

Financial year	Net Profit as per Section 135	Average of the profits for the last three years
2018-19	8,423	
2019-20	9,551	
2020-21	7,962	8,645

7. (a) Two percent of average net profit of the Company as per Section 135 (5) ₹ 172.90 lakhs

(b) Surplus arising out of the CSR projects Programmes or activities of the previous Financial years Nil

(c) Amount required to be set off for the Financial year, if any Nil

(d) Total CSR Obligation for the financial year (7a + 7b - 7c) ₹ 172.90 lakhs

8(a) CSR amount spent or unspent for the financial year

Total amount Spent for the financial year	Amount unspent (in ₹)				
	Total amount transferred to unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of fund	Amount	Date of transfer
2020-21	21.65 lakhs	30.04.2021	Nil	Nil	Nil
2021-22	108.22 lakhs	27.04.2022			

(b) Details of CSR amount spent against ongoing projects for the financial year : NIL

(₹ in lakhs)

1	2	3	4	5	6	7	8	9	10	11
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to unspent CSR account for the project as per Section 135(6) (in ₹)	Mode of implementation - direct (Yes / No).	Mode of implementation - through implementing agency
				State District						Name CSR Reg. No.
NIL										

(c) Details of CSR Amount against other than ongoing projects for the financial year: Nil

(d) Amount spent in Administrative overheads - Nil

(e) Amount spent on Impact Assessment, if applicable - Nil

(f) Total amount spent for the Financial year (8b + 8c + 8d + 8e) = Nil

(g) Excess amount for set off, if any - Nil

9 (a) Details of Unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial years:

Financial Years	Amount in ₹.
2020-21	86,33,044/-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135 (5)

The Company had opening balance of Rs.21.65 lakhs in the CSR Unspent A/c. 2020-21 pursuant to its Ongoing Project 2020-21 and in addition the Company has obligations to spend an amount of ₹ 172.90 lakhs being

the 2% eligible CSR expenditure for FY 2021-22 aggregating to ₹ 194.55 lakhs. Out of ₹ 194.55 lakhs available for CSR spending during the FY 2021-22, the Company pursued its CSR obligations viz. i) Ongoing Project 2020-21 with a budget amount of ₹ 154.55 lakhs and ii) Other than Ongoing Project with a budget amount of ₹ 40 lakhs.

Pursuant to the Ongoing Project 2020-21, the Company has so far spent ₹ 86.33 lakhs leaving an unspent amount of ₹ 68.22 lakhs, which was transferred to a separate bank account titled CSR Unspent A/c. 2021-22. The Company will ensure to spend this unspent amount during the financial year 2022-23.

With reference to other than Ongoing Project for the financial year 2021-22, the company had earmarked ₹ 40 lakhs with identified CSR projects. But unfortunately, due to COVID-19 restrictions and administrative reasons, the Company was not able to carry out the other than Ongoing Projects during the financial year 2021-22 and hence ₹ 40 lakhs was lying unspent as of 31st March 2022. This amount of ₹ 40 lakhs was also transferred to CSR Unspent A/c. 2021-22. This unspent amount will be utilized in accordance with the provisions of the Companies Act 2013.

B. Mohan

Chief Financial Officer

Rohit Gambhir

Managing Director

Sabitha Rao

Chairperson
CSR Committee

Place : Chennai

Date : 27 May, 2022

ANNEXURE - 4

FORM No. AOC-2

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

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

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

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

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

Chennai
27 May, 2022

Kevin J Johnson
Chairman



Business Responsibility Report

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Introduction

ESAB India Limited started its operations in 1987 by acquiring the welding business of Peico Electronics & Electricals Limited (now Philips India Limited). The Company continued its expansion in the Indian market with the purchase of Indian Oxygen Limited's welding business in 1991 and Flotech Welding & Cutting Systems Limited in 1992, followed by the merger of Maharashtra Weldaids Limited in 1994.

ESAB India Limited is owned 73.72% by the ESAB Group. The remainder of its shares are held widely. The company is listed on the BSE Limited and the National Stock Exchange of India Limited.

ESAB India has established itself as one of the leading suppliers of welding and cutting products in the country. ESAB products are now widely used in industries like Shipbuilding, Petrochemical, Construction, Transport, Offshore, Energy, General Engineering and in Repair and Maintenance of Steel, Mills, Cement, Sugar Industry, etc.

All of the four manufacturing facilities of ESAB India comply with the welding industry's global quality standards and are triple certified for ISO 9001, ISO 14001 and OHSAS 18001. A state of art the development facility with a team of highly qualified product development engineers, support development of products suited for the local and global emerging requirements, in terms of new products and cost-effective solutions.

To emphasize both the cutting and welding capabilities of its wide range of ESAB product lines, ESAB India, like its affiliates globally, commonly does business under the commonly known name of ESAB India Limited D/B/A ESAB Welding & Cutting products.

Section A : General Information about the Company

1.	Corporate Identity Number	L29299TN1987PLC058738
2.	Name of the Company	ESAB India Limited
3.	Registered Address	Plot No.13, 3 rd Main Road, Industrial Estate, Ambattur Chennai 600 058.
4.	Website	www.esabindia.com
5.	Email id	Investor.relations@esab.co.in
6.	Financial Year Reported	2021-2022
7.	Sector(s) that Company is engaged in (industrial activity code-wise)	C7 - Manufacturing - Metal and metal products
8.	List three key products / services that the company manufactures / provides (as in balance sheet)	Welding Consumables Welding Equipment Cutting Equipment
9.	Total Number of locations where business activity is undertaken by the Company	Four Locations at (1) Ambattur, Chennai, (2) Irungattukottai, Kancheepuram, (3) Kalmeshwar, Nagpur, (4) Taratala, Kolkata.
a.	Number of international locations	Nil
b.	National Locations	4 (four only)

Business Responsibility Report

The Company has four manufacturing locations, viz.

	i. Tamil Nadu	1. Plot No.13, 3 rd Main Road, Industrial Estate Ambattur, Chennai 600 058.
		2. G22, Sipcot Industrial Park, Irungattukottai, Sriperumpudur, Kancheepuram Taluk, Chengalput District Tamil Nadu 602 105.
	ii. Maharashtra	3. B-28, MIDC Industrial Area, Kalmeshwar, Nagpur 441 501.
	iii. West Bengal	4. P-41, Taratala Road Kolkata 700 088.
10.	Markets served by the Company	ESAB India caters to All India market and to foreign countries like Bangladesh, Vietnam, Dubai, Indonesia, Nepal, Srilanka, Malaysia, Australia, Thailand, Singapore, South Africa, China, Uzbekistan, Hong Kong, Czech Republic, Taiwan, Korea, Ghana, Egypt, Germany and USA.

Section B : Financial Details of the Company

1	Paid up Capital (INR)	₹ 15,39,30,200
2.	Total Revenue	₹ 90,098 Lakhs
3.	Profit After tax	₹ 8,431 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	2% eligible spending: ₹ 172.90 lakhs Spent ₹ 64.68 lakhs (0.75%) Unspent (Other than ongoing project) ₹ 40 lakhs (0.46%) Unspent (Ongoing project) ₹ 68.22 lakhs (0.79%)
5.	List of activities in which expenditure in 4 above has been incurred.	Kindly refer to the annexure 3 of the Director's Report.

Section C : Other Details

Does the Company have any Subsidiary Company / Companies?

No.

Do the subsidiary Company / Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s). - N.A.

Do any other entity / entities (eg. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities> (Less than 30%, 30-60%, More than 60%) :

The Company encourages its suppliers, dealers, vendors and other stakeholders to support in its initiatives towards its business responsibility. Being a Manufacturing Company, the Suppliers are critical to the operations of the Company and its supply chain management. All contracts entered into with third parties insist on the third parties complying with the need for Employee Health & Safety requirements and the need to use personal protective equipment for their own safety and the safety and health of its employees. The Company also through various initiatives, drives the need to keep the environment safely without polluting, the air and water and reduce noise pollution.

Section D : BR Information

Details of Director / Directors responsible for implementation of the BR policy / policies.

DIN Number : 06686250
Name : Rohit Gambhir
Designation : Managing Director
Telephone Number : 044-4228 1101
Email id : rohit.gambhir@esab.co.in

1. Principle-wise (as per NVGs) BR Policy / policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are briefly are as under:

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability through their life cycle.
- P3 Businesses should promote the well-being of all employees.
- P4 Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect, protect and makes efforts to restore the environment.
- P7 Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner..

2. Principle-wise (As per National Voluntary Guidelines) Business Responsibility Policy / Policies (Reply in Y/N)

Sl. No	Question	Principle (Yes / No)								
		1	2	3	4	5	6	7	8	9
1	Do you have policy / policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify	All the policies of the company conform to national / international standards wherever applicable								
4	Has the policy been approved by the Board? If yes, has it been signed by Managing Director / Owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specific committee of the Board / Director / official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for policy to be viewed online	www.esabindia.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The reference to the policies are made in all the contracts entered into with the vendors, suppliers etc., as and when the transactions happen.								
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to policy / policies to address stakeholders' grievances related to the policy / policies?	The whistle blower mechanism provides a platform to report any concerns / grievances pertaining to any potential or actual violation of the Company's code of conduct. Further individual policies by and large prescribe grievance redressal mechanisms for the concerned stakeholders.								
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The internal audit team reviews various aspects of the policies from time to time. The Quality, Safety, Health and Environmental policies are subject to internal and external audits as part of the certification process and continuous assessments.								

Business Responsibility Report

2b. If answer to Sr. No.1 against any of the Principle is 'No', please explain why (Tick up to 2 options): Not Applicable

Sl. No	Question	Principle (Yes / No)								
		1	2	3	4	5	6	7	8	9
1	The Company has not understood the principle.	N.A.								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3	The Company does not have financial or manpower resources available for the task.									
4	It is planned to be done within next 6 months.									
5	It is planned to be done within the next 1 year.									
6	Any other reason (please specify).									

3. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, more than 1 year.

The assessment of BR performance is an ongoing exercise and an inherent part of corporate function. The Managing Director and his leadership team review the Business Responsibility performance through their monthly review meetings.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report is published annually in the Annual Report to the shareholders. The same can also be viewed at the Company's website www.esabindia.com.

Section E : Principle-wise Performance

Principle 1 : Business should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the Policy relating to ethics, bribery and corruption cover only the Company?

Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company's policies and value systems aligned with that of its parent Company ESAB Corporation, gives its highest priority, focus and commitment to ethical and lawful business conduct, which is considered fundamental to its operations. The Company has a reputation for excellence of its products and services which is built on a strong foundation of integrity and fair dealing in every aspect of business. This style of working by the Company helps it tide over complex, competitive and dynamic world, protecting this reputation in a very competitive market and helps in building blocks of confidence and trust of the Company's diverse stakeholders which are the basics of its edifice.

The Company has adopted a Code of Ethics and a policy on Anti-Bribery and Corruption, which applies to its employees and also to the other group Companies in India and also to its vendors who deal with the Company. All the contracts and agreements entered into with the third parties draw reference and request for adherence to these policies.

The Code of Conduct enables the Directors and Senior Management Personnel to strive to perform their duties with highest standards of integrity, accountability, confidentiality and independence. An annual declaration from the Managing Director towards affirmation to the code of conduct by all the Directors and Senior Management Personnel is part of the annual report. The Company's Code of Conduct, policy of prevention of sexual harassment at workplace, whistle blower policy, code of conduct for prevention of insider trading, policy for fair disclosure of material events, policy on related party transactions, policy on corporate social responsibility and policy on document retention, drives the Company to live up to the highest ethical standards, to meet its avowed obligations to all the statutes, commitments to customer service and responsibilities to each other, society and the shareholders.

The Company in alignment with its Parent Company's Mission, is committed towards excellent ethical practices in dealing with all its stakeholders with strong internal control systems especially while dealing with suppliers who are awarded business purely on their technical skills and based on merits. Robust system for financial controls and process operating in the Company ensure transparency, accuracy and timeliness in financial reporting.

The Company being a subsidiary of ESAB Corporation is subject to compliance under the Foreign Corrupt Practices Act, since ESAB Corporation is listed in the NYSE which is also monitored through SoX audit and internal audit mechanism.

2. How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so provide details thereof.

During the year the Company did not receive any complaint under the whistle blower mechanism.

Principle 2

The Company's Vision and Mission Statement are aligned to that of its group and Parent Company and ensure that through its strict adherence of quality policy. Being a ISO 14001 certified Company, all its products and services meets the quality standards, with a clear focus to ensure safety and efficiency at the usage points.

List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

- Stick Electrodes
- Industrial Gas Regulators & Cutting pipes
- Automated Gas Cutting Machines
- Engine Driven Welding Machine

For each such product provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

Products	Power / Unit	Water (Liters) / Unit
Gas Regulators	0.26 Units	NA
Blow pipes	0.30 Units	NA
Plasma Cutting systems	560 Units / Machine	70 Liters (In cutting tables for sample testing)
Engine driven welding	20 units / Machine	NA

These products have resulted in significant reduction in environmental pollution and energy savings including reduction in noise pollution.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If Yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.

The Company continuously emphasizes the need for qualifying suppliers who are bound with ESAB socially and ethically. Processes are established to evaluate suppliers on the basis of their Safety aspects, Quality performance, Environmental factors, ability to make out sustainable and continuous improvements in their operations and deliver the best goods for ESAB. Processes are put in place to execute confidentiality and Non-disclosure agreements between ESAB and the supplier. The company prescribes technical purchase specifications and insists the suppliers to comply and qualify their products to meet our requirements on every delivery. The organization, as a policy also strives in developing alternate suppliers for all critical Raw materials for better mitigation of supply risks and to have a constructive price competitiveness. Terms and Conditions of Contract are put in place and are transparently being shared in each of the Purchase orders released on the suppliers. In case of international purchasing, the Company always believe in qualifying its strategic suppliers for its Global needs and Purchase Agreements are signed off with the support of the Global sourcing and procurement teams. Contracts are being executed for transportation vendors who handle the Key inbound raw materials especially steel and international freight management are being handled with world class carriers approved by our Holding company, ESAB on an annual bidding process.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company puts continuous efforts towards localization of all its raw materials and inputs. Local vendors who are price competitive are preferred, if they meet required quality specifications. Specific initiatives are in place to impart training to suppliers on quality. The Company demands high standards of safety, health and environmental practices from its suppliers. All agreements and contracts specify adherence to safety and quality standards as basic condition for continuation of the contract / arrangement. They must ensure excellence in the design, manufacturing, distribution, recycling and disposal of the products they create in full compliance with applicable legislations. Company's product and quality experts continually train and develop skill sets of vendors on process knowledge and industry best practices.

Business Responsibility Report

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and was (separately as <5%, 5-10%, >10%). Also provide details thereof in about 50 words or so.

Yes, the process rejections are recycled either for re-use in the plant or to be sent back to the upstream recyclers. Typically, Stick electrodes and Welding wires are consumables for welding at our customer locations. During the production process in our facilities, the rejections are re-used/re-processed and the scrap is disposed off to the recyclers in the upstream process industry. This recycling is typically less than 5%.

Principle 3 - Business should promote the wellbeing of all Employees

The Company focuses on helping employees achieving their full potential which is considered absolutely necessity to the company's continued success. The Company provides merit-based opportunities both at the time of recruitment and during the course of employment, irrespective of caste, creed, gender, race, religion, disability etc. At workplace, the Company is committed to providing safe environment and hygienic conditions. Training during induction and periodic training on usage of protective equipment, identifying and eliminating unsafe working conditions are its top and continuing priority.

Prevention of accidents, loss time incidents are its basic principles in attaining its OHSAS 18001 certification, which goes a long way in employees working safely inside the premises. The employees are encouraged to report Near miss incidents to ensure timely actions and to prevent accidents. The Company nurtures a culture of mutual responsibility towards health and safety among colleagues, customers and business partners through its continual training process. The company has a policy for health and safety and expects its suppliers and others who contract to do business with the Company to adhere to the policy with same rigor.

The Company continues to focus on skill development of employees through its training and competency development programs. The Company provides subsidized food to its employees, medical insurance coverage including dependents. The company conducts various programs concerning well-being of employees and strives to employ and empower women employees and fosters a professional work environment with an objective of having inclusive growth.

The company has put in place a robust system for safety management and Safety policy that incorporates standard operating procedures, instructions, safe methods of work and work permit system.

The Company conducts safety audits at sites to identify strengths and weaknesses of the current system, identify risks of personal injury, and promote employee participation and morale. The scope of the audit also includes proper and safe use of equipment by employees.

Various activities like Health Check-up camps, Supply of tree sapling were carried out during the year under review.

1.	Total number of employees on rolls	822
2.	Total number of employees hired on temporary / contractual / casual basis	2
3.	No. of permanent women employees	57
4.	No. of permanent employees with disabilities	Nil
5.	Employee association that is recognized by management	There are recognized trade unions affiliated to various trade union bodies with which the Company's relationships are cordial.
6.	Percentage of permanent employees who are members of this recognized employee association	20.03%

7. No. of Complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No	Category	No. of complaints filed during the financial year	No. of Complaints pending during the financial year
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual Harassment at workplace	Nil	Nil
3.	Discriminatory employment	Nil	Nil

Your Company has a robust system of prevention of sexual harassment of women at workplace in the Company. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

8. Percentage of under mentioned employees were given safety & skill up-gradation training in the last year.

Permanent Employees	: 100%
Permanent Women Employees	: 100%
Casual / Temporary / Contractual Employee	: N.A.
Employees with Disabilities	: N.A.

Principle 4 : Business should respect the interests of, and be responsive towards all Stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

a. Has the Company mapped its internal and external stakeholders?

Yes. The Company has mapped its internal and external stakeholders, in a structured way and carried out engagements with investors, employees, customers, suppliers, the government regulatory authorities, trade unions and local community and follows a system of timely feedback and response from them.

b. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

Yes. The Company has identified marginalized and disadvantaged groups in and around the plant locations by engaging with the local communities. The Company's CSR policy drives initiatives towards the benefit of such marginalized, vulnerable and disadvantaged stakeholders.

c. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so provide details thereof in about 50 words or so.

The Company has always engaged itself in special initiatives with the disadvantaged, vulnerable and marginalized stakeholders especially those situated in and around the plant locations through its CSR policy driven initiatives. These initiatives are directed towards skill development, infrastructure, promoting safety and education. The Company continuously strives to achieve total inclusiveness by engaging with all stakeholders and encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives.

Principle 5 : Business should respect and promote human rights.

a. Does the policy of the company on human rights cover only the Company or extend to Group / Joint Ventures / Suppliers / Contractors / NGOs / Others :

The Company does not have a separate Human Rights Policy. However, these principles are imbibed in the Company's Code of Conduct and Ethics Policy which is applicable to all employees and is extended to all the vendors and persons who enter into contract / arrangement with the Company.

b. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company did not receive any complaints from the stakeholders during the financial year 2021-2022 under this principle.

Principle 6 : Business should respect, promote and make efforts to restore the environment.

a. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?

The Company has an EHS policy under which the top management is committed to environment protection. Commitment to Safety, Health & Environment is an integral part of all business processes.

b. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc?

Yes. The Company's environmental policy focuses using only permitted materials in material selection process, conservation of energy and reduction of waste. To support this commitment all of ESAB India's manufacturing plants are certified under ISO 14001 for the environment management systems and OHSAS 18001.

The Company demands high standards for safety, health and environmental practices from the suppliers. Excellence in design, manufacturing, distribution, recycling and disposal are ensured in full compliance with applicable legislations and internal policies.

Business Responsibility Report

The Company recognizes the need for greenery and plants trees in all its manufacturing locations on a yearly basis and ensures its growth and survival on a continuous basis.

- c. Does the Company identify and assess potential environmental risks?

Yes, the Company has a mechanism to continually evaluate and assess potential environmental risks and mitigation plans are formulated and implemented for the identified risks

- d. Does the Company have any project related to Clean Development Mechanism?

The Company periodically files returns to Pollution Control Board as per legal requirements. All the manufacturing locations of the Company are ISO 14001 and OHSAS 18001 certified

- e. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy etc?

The Company is already sourcing Wind energy for more than 50% of the requirement in one of the plants

- f. Are the emissions / wastes generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes. The emissions / waste generated by the Company are within the permissible limits given by State Pollution Control Board. All statutory requirements are tracked and reported periodically.

- g. There are no pending show cause / legal notice received from CPCB / SPCB (i.e. not resolved to satisfaction) as on end of the Financial Year.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

- a. Is your Company a member of any trade and chamber or association?

The Company is a member of Indian Institute of Welding (IIW) and Association of Welding Products Manufacturers (AWPM). At IIW the Company supports the promotion of welding knowledge through lectures, skill evaluation tests etc. At AWPM considerable efforts are made to promote welding through support of programs for propagating knowledge, safe welding practices, welding skill development etc.

The Company is also a member of various BIS Committees that develop standard for Welding Filler Metals and Equipment.

- b. Have you advocated / lobbied through above association for the advancement or improvement of public good?

The Company does not indulge in lobbying. However, as a responsible corporate citizen and as part of the welding industry and as a member of Association of Welding Products Manufacturers makes recommendations, representations, views and opinions before regulators and associations broadly on promoting growth and technological progress, energy conservation, sustainability, road safety etc. Efforts are also made to highlight the concerns of the industry to other bodies and agencies.

Principle 8 : Business should support inclusive growth and equitable development.

1. Does the Company have specified programs / initiatives / projects in pursuit of the policy related?

As a responsible corporate citizen, the Company engages in social responsibility and community development activities. This year the activities were conducted through internal engagement of employees and resources, driving activities which would help the needy sections of the society as per the Company's CSR policy with specific focus towards areas surrounding the company's plant locations. The activities during the year were largely directed towards skill development, promoting education, preventive health care, safety education, support on fighting COVID 19 etc. Details are given in Annexure to the Directors Report for the year 2021-2022 and in the Management discussion and analysis report.

- All the Senior Management were trained on Diversity, Equity, and Inclusion (DEI) during the year. The mission is to support the organization in building a diverse, inclusive, equitable and values-driven internal culture wherein, equity is defined in the workplace as an initiative to distribute resources based on need to close the opportunity gap or remove barriers. In other words, equity levels in the playing field.

2. Have you done any impact assessment of your initiative?

Not Applicable.

3. What is your company's direct contribution to community development projects and the details of the projects undertaken?

The Company has spent an amount of ₹ 86.33 lakhs on community development projects for the year 2021-2022. The Details of the projects undertaken are enclosed as Annexure 3 to the Director's Report.

4. Have you taken steps to ensure that this community development initiative is successfully adopted by the Community?
- The Company ensures that its presence is established right from the commencement of the initiatives. It collaborates within the communities right from the need identification to project implementation phase and participates physically and financially.

Principle 9 - Business should engage with and provide value to their customers and consumers in a responsible manner.

- a. What percentage of customer complaints / consumer cases are pending as on the end of the financial year.
- During the year 2021-2022, 21 complaints were received from the customers for filler metals and all of them were satisfactorily closed, 328 concerns reported on equipment, out of which 2 are pending and being worked upon.
- b. Does the Company display product information on the product labels, over and above what is mandated as per local laws?
- Yes the Company displays the product information with technical details of the products, usage, associated warning message, etc. by way of a separate label over and above the mandatory information given under the Legal Metrology Act.
- c. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of the financial year. If so, provide details thereof, in about 50 words or so.
- There were no cases filed by any stakeholders against the company which is pending as on the end of the financial year 2021-2022.
- d. Did your company carry out any consumer survey / consumer satisfaction trends?
- Yes. Customer Satisfaction Survey conducted across various customer segments during 2021-2022. A process is put in place to conduct the survey in a periodic manner.

For and on behalf of the Board of Directors

Kevin J Johnson
Chairman

Chennai
27 May, 2022

To

The Members of ESAB India Limited

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

I, Rohit Gambhir, Managing Director of ESAB India Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31 March, 2022.

Place : Chennai
Date : 27 May, 2022

Rohit Gambhir
Managing Director

Report on Corporate Governance

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

2. BOARD OF DIRECTORS

A. Composition of Board

In order to pursue the above said Corporate Governance philosophy in the right earnest all statutory and other significant material information is placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

The Board of Directors consists of six members. Mr. Rohit Gambhir is the Managing Director of the Company who was re-appointed for a period of five years effective 1 November 2018. There are 4 Independent Directors and 2 Non-Independent Directors in the Board of the Company. Other than the Managing Director, all the other members of the Board are Non-Executive Directors, including the four Independent Directors.

All Independent Directors possess the requisite qualifications and are very experienced in their own fields. These Independent Directors have the necessary experience and expertise and were qualified to be re-appointed as Independent Directors pursuant to the recent MCA notifications on Independent Director's database and the online training requirement. None of the Directors on the Board of your Company 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 27 May 2022.

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

During the period 1 April 2021 to 31 March 2022, 6 Board Meetings were held on 21 May 2021, 12 August 2021, 28 October 2021, 10 November 2021, 10 February and 25 March 2022 not more than 120 days has 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 12 August 2021 and particulars of their Directorships and Committee Memberships / Chairmanships in other Companies are given below:

Director	Category	Board Meetings held during the period 2021-2022	Attendance	
			at Board Meetings in 2021-2022	at previous AGM
Kevin J Johnson*	NE-NI	6	6	Yes
K Vaidyanathan	NEI	6	6	Yes
Vikram Tandon	NEI	6	6	Yes
Sudhir Chand	NEI	6	6	Yes
Sabitha Rao	NEI	6	6	Yes
Rohit Gambhir	Executive	6	6	Yes

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

NEI - Non-Executive Independent Directors

* Nominee of ESAB Holdings Limited

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

Name of the Director	Category	DIN	Number of Directorships in Other Companies		Number of Committee Memberships in other Companies		Name of the listed entities where he / she is a Director	Category of Directorship
			Chairman	Member	Chairman	Member		
Kevin J Johnson	Non-Executive Chairman	09147729	Nil	1	Nil	Nil	Nil	NA
Rohit Gambhir	Executive - Managing Director	06686250	1	Nil	Nil	1	Nil	NA
Vikram Tandon	Non -Executive & Independent	01727251	Nil	Nil	Nil	Nil	Nil	NA
Sudhir Chand	Non -Executive & Independent	01385201	Nil	3	1	1	Exide Industries Limited	Independent Director
K Vaidyanathan	Non -Executive & Independent	00063692	Nil	Nil	Nil	Nil	Nil	N.A.
Sabitha Rao	Non - Executive & Independent	06908122	Nil	2	Nil	1	Data Patterns (India) Limited	Independent Director

Membership of Audit Committee & Stakeholder's Relationship Committee alone have been considered for the above purpose as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance with Section 165 (1) of the Companies Act, 2013 and Regulation 17A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, none of the Directors is a Director in more than 10 public limited companies or an Independent Director in more than 7 listed Companies. The Managing Director does not serve as an Independent Director in any Listed Company. Further, none of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all Companies in which they are Directors.

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

Name of the Director	Meeting Dates					
	21.05.2021	12.08.2021	28.10.2021	10.11.2021	10.02.2022	25.03.2022
Kevin J Johnson	Yes	Yes	Yes	Yes	Yes	Yes
K Vaidyanathan	Yes	Yes	Yes	Yes	Yes	Yes
Vikram Tandon	Yes	Yes	Yes	Yes	Yes	Yes
Sudhir Chand	Yes	Yes	Yes	Yes	Yes	Yes
Sabitha Rao	Yes	Yes	Yes	Yes	Yes	Yes
Rohit Gambhir	Yes	Yes	Yes	Yes	Yes	Yes

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

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

G. The Independent Directors were appointed for a period of five years with effect from 29 January, 2015. Further, pursuant to the special resolution passed by the shareholders at the Annual General Meeting held on 13 August, 2019 the four Independent Directors were appointed for a further period of five years from 29 January, 2020. They were issued a letter of Appointment setting out in detail the terms of appointment, duties, responsibilities and expected time commitments. Their letter of appointment is available for viewing at the website of the Company www.esabindia.com. It's a general practice for the Company to introduce to the newly appointed independent director, the Company's practices by way of a booklet and other communications giving details about the Company. The Directors are also taken around all the plants of the Company for them to understand the Company's operations and other processes.

The Company Secretary / Statutory Auditors brief the Directors about legal, statutory and regulatory updates on a quarterly basis as part of the familiarization process. The details of such familiarization programs presented to the Independent Directors are given in the website of the Company www.esabindia.com.

Report on Corporate Governance

H. Chart setting out the skills, expertise, competence of the Board of Directors

The Board of Directors of the Company are highly competent professionals with varied experience and expertise in their niche area. The Board of Directors consists of six professional Directors having experience in areas like engineering, market strategy and planning, finance and accounts, Human Resources, legal and compliance related matters. Their contribution to the above said areas are derived by their extensive participation in the meetings of the board and its various committees. Their continuance on the board is based on assessment of their performance based on the skill matrix as given below:

Description	Kevin J Johnson	Rohit Gambhir	Vikram Tandon	Sudhir Chand	K Vaidya-nathan	Sabitha Rao
Experience	Yes	Yes	Yes	Yes	Yes	Yes
Ability to act as Directors of the Company	Yes	Yes	Yes	Yes	Yes	Yes
Willingness to speak up	Yes	Yes	Yes	Yes	Yes	Yes
Focus on shareholder value creation	Yes	Yes	Yes	Yes	Yes	Yes
Maintenance of high governance standards	Yes	Yes	Yes	Yes	Yes	Yes
Knowledge of business of the Company	Yes	Yes	Yes	Yes	Yes	Yes
Openness of discussion / integrity	Yes	Yes	Yes	Yes	Yes	Yes
Relationship with Management	Yes	Yes	Yes	Yes	Yes	Yes
Impact on key management decisions	Yes	Yes	Yes	Yes	Yes	Yes
Ability to carry others	Yes	Yes	Yes	Yes	Yes	Yes
Attendance at the Meetings	Yes	Yes	Yes	Yes	Yes	Yes
Ability to disagree and stand his / her ground	Yes	Yes	Yes	Yes	Yes	Yes

The profile of the Directors on the Board of the Company is as given below:

i. Mr Kevin J Johnson

Kevin J Johnson, aged 46 years, works as Chief Financial Officer for ESAB. Prior to this he held various positions in Colfax such as Vice President - Investor Relations, FP&A and also supported acquisition, diligence & integration. Prior to Colfax,

he was with Howden in the roles of increasing responsibility including CFO for its South African Publicly - listed Company.

Mr. Kevin earned his MBA from University of Hasselt, Belgium, Master's degree in accounting from Macquarie University, Sydney, Australia and also earned his CPA in Australia.

ii. Mr Rohit Gambhir

Mr Rohit Gambhir, aged 49 years, is a B.Tech (Mechanical) from NIT Kurukshetra (1994) and EPGDM from IIM Indore (2004). He has an overall experience of 27 years. He started his career in August, 1994 with Saint Gobain. He rose through the ranks to be the Sales Manager for Abrasive Industrial trade products by April, 2003 and he served them till November, 2007. In 2007 Mr Rohit Gambhir joined Stanley Black & Decker as its Business Head. He joined ESAB India in March, 2013 as its Head of Sales & Marketing.

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

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

iii. Mr Vikram Tandon

Mr. Vikram Tandon, aged 73 years, graduated from I.I.T. Delhi in 1970, and joined Hindustan Lever as a Management Trainee. His early career was in manufacturing. He started as production manager in a factory and was then factory manager successively in three factories across India, two with regional profit responsibility including sales. He then worked in Corporate Development to identify and set up new core sector businesses for the company, after which he ran the company's Fertiliser Business, and then moved on to run the entire Chemicals business. He later moved to Unilever's Head Offices in London and Rotterdam, where he worked on Corporate Strategy for Unilever's global chemicals businesses, in close conjunction with Dr Arnoldo Hax, Sloan professor of Management at Sloan School, MIT. He was also a member of Unilever's Technology Management Committee.

He returned to India in 1994 as Head of Corporate Strategy for the Unilever Group of companies in India. In 1995, Mr. Tandon joined the Board of Pepsico India as the Executive Director for Operations, with responsibility across South Asia. He was responsible for setting up the infrastructure and building the operating capability for Pepsico's beverages business over six years. The business grew meteorically in volume and share during that period, requiring a fourfold capacity enhancement. He then moved to New York to Pepsico's head office for 6 years, where he ran Pepsico's Worldwide Concentrate business. Mr Tandon retired from Pepsico and returned to India in 2007.

He does not hold any equity shares in the Company as on date. Mr. Vikram Tandon is not related to any other Director in the Board of the Company.

iv. Mr Sudhir Chand

Mr. Sudhir Chand aged 74 years, has over 49 years of work experience in various functions of General Management, Marketing, Sales, Manufacturing, HR and Consultancy. Worked with Crompton Greaves Ltd (7 yrs), Exide Industries Ltd (28 yrs) - where he held various leadership positions before being appointed to the main Board (10 yrs) first as Director Automotive (Marketing and Manufacturing) then as Director Corporate Affairs for the Company-including HR, Training and Corporate Social Responsibility. He retired from Exide in 2006. An Electrical Engineer from BITS Pilani with Dip in Marketing Management, University of Bombay, and Executive Development Programs at IIM Ahmedabad and Cranefield School of Management, UK - Sudhir has been visiting faculty at some Management Development Programs at IIM Calcutta and Calcutta Management Association. He is on the academic council of Globosyn Business School (Kolkata).

His areas of experience include Strategic and Corporate planning, Manufacturing, Marketing, Organization Structuring, HR Development, Collaborations and Technology absorption. He has served on various committees of Chambers of Commerce and CII. He is a Past President of Calcutta Management Association. He is an Associate of Grow Talent Company Ltd, the parent company of SOIL (School of Inspired Leadership) since 2006 and Right Management India (P) Ltd a Manpower group company of US (one of the World's largest talent and career management consulting firms) and has handled assignments in

areas of Talent Appreciation, Leadership Development and Executive Coaching. He was an Associate of MART (the country's pioneering organization in rural marketing) and has worked on some rural, social and marketing projects. He is a Non Executive Independent Director of Exide Industries Ltd the leaders in storage Batteries and ESAB India Ltd, the leaders in the Welding Industry. He is on the Audit Committee and Stakeholders Relationship committees of both Companies. He does not hold any equity shares in ESAB India Limited. Mr. Sudhir Chand is not related to any other director on the Board of the Company.

v. Mr Kalyanasundaram Vaidyanathan

Mr. Kalyanasundaram Vaidyanathan, aged 74 years, is a Chartered Accountant with a good academic background-Calcutta University-Rank holder both in M.Com & B.Com (Hons.) First Class, Recipient of medals, awards & merit scholarships. He was a Corporate Member of the National Institute of Personnel Management of India from 1978 till 2016-17.

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

He possesses proven track record of performance holding Board position for close to three decades. Board Level positions held includes TTK Group of Companies, Modi Rubber (makers of Continental Tyres) & Modistone (Firestone formerly) as independent Finance Director appointed by FI, Birla Vxl Ltd, ESSAR SWISS TELECOM & Samsons Group. He also served on the Board of L&T Howden Private Limited as an Independent Director and he retired during 2018-19.

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

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

Report on Corporate Governance

vi. Ms. Sabitha Rao

Ms. Sabitha Rao aged 65 years is a post graduate in Management from the Indian Institute of Management (Calcutta). She started her career with Citibank, Mumbai as an Assistant Manager. After a two year stint at their corporate office, she moved to AF Ferguson and Co. where she handled a diverse client base ranging from family managed organisations to multinationals and international aid organisations such as the World Bank and UNICEF. At AF Ferguson and Co. her assignments covered all aspects of HR including organisation restructuring, compensation surveys, training, performance management and job evaluations. Eight years later she moved to American President Lines, as HR where she was looking after the West Asia region accounting for about 450 employees.

With 19 years of experience behind her, Ms. Sabitha Rao joined Cerebrus in 1998 to head the South India Operations as well as Sri Lanka. Her experience includes a blend of Finance and Human resources. About 21+ years expertise in the area HR management covering on all areas of HR from strategy to implementation. She has executed HR assignments in India, Sri Lanka, South Africa, Middle East and South East Asia. She has traveled widely in Asia and has worked in consulting assignments across a cross section of sectors.

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

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

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

At the meeting of the Board of Directors held on 27th May, 2022 the performance of the

Independent Directors were evaluated under various criteria laid down and all of them in the opinion of the Board, fulfil the conditions specified in the SEBI (LODR) Regulations and are independent of the Management.

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

3. AUDIT COMMITTEE

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

The Members of the Committee were:

K Vaidyanathan	Chairman	Independent Director
VikramTandon	Member	Independent Director
Sudhir Chand	Member	Independent Director
Kevin J Johnson	Member	Non-Executive & Non-Independent Director

More than two-thirds of the members are Independent Directors and all the members of the Audit Committee are financially literate. Mr K Vaidyanathan the Chairman of the Audit Committee is a Chartered Accountant and the Company benefits in him being an expert in finance and related matters. The Company's Managing Director, Chief Financial Officer, its Statutory Auditors and its Internal Auditors are permanent invitees to the Committee's meetings held on a quarterly basis and as and when the need arises. The Company Secretary is Secretary to the Committee. The Cost Auditors are invited for the meetings as and when the Cost Audit Reports are considered by the Audit Committee. The Members of the Audit Committee are also given free access to other executives of the Company and such executives attend the meeting at the behest of the Audit Committee. The quorum for Committee meetings is two members or one third of the total strength of the Committee, whichever is higher, but a minimum of two Independent Directors presence is required to constitute a quorum.

Mr K Vaidyanathan the Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 12 August 2021 to answer the shareholder queries apart from Mr Rohit Gambhir, Managing Director and Mr B Mohan, Chief Financial Officer. The text of the Charter which describes the terms of reference of the Audit

Committee is available on the Company's website www.esabindia.com.

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management the annual financial statements and auditor's report thereon before submission to the Board for approval;
- Reviewing with the management the quarterly financial statements before submission to the Board for approval;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Approval of any subsequent modification of transactions of the Company with Related parties;
- Scrutiny of inter-corporate loans and investments;
- Evaluation of internal financial controls and risk management systems;

- Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems;
- Discussions with internal auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board;
- Discussions with the statutory auditors before the audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- To look into the reasons, if any, for substantial default in the payment to the shareholders and creditors;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial Officer;
- Carrying out any other function as is mentioned in the charter of the audit committee;
- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by the Management;
- Management Letters / Letters of Internal Control weaknesses issued by the statutory auditors; and
- Internal Audit reports relating to Internal Control weaknesses.

The Committee Members have also reviewed the performance of the Committee and the performance of its members at its meeting held on 27 May, 2022.

Details of constitution of the Audit Committee and the Meetings held during the year 2021-22 are as given below:

Audit Committee	Members	Meeting Dates			
		21.05.2021	12.08.2021	28.10.2021	10.02.2022
K Vaidyanathan	Chairman & Independent Director	Yes	Yes	Yes	Yes
Vikram Tandon	Member & Independent Director	Yes	Yes	Yes	Yes
Sudhir Chand	Member & Independent Director	Yes	Yes	Yes	Yes
Kevin J Johnson	Member & Non-executive Director	Yes	Yes	yes	Yes

Not more than 120 days elapsed between any two meetings during the year under review. The first audit committee meeting for the financial year 2021-2022 for consideration of audited financials for the financial year ended 31.03.2021 was convened on 21 May 2021.

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4. NOMINATION AND REMUNERATION COMMITTEE

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

Mr K Vaidyanathan the Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on 12 August 2021 to answer the shareholder queries.

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

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

- b. There was only one meeting held during the year 2021-22. The details of the Composition of the Committee and the attendance of the members at the meeting are as given below:

Nomination & Remuneration Committee	Members	Meeting Dates
		25.03.2022
K Vaidyanathan	Chairman & Independent Director	Yes
Sudhir Chand	Member & Independent Director	Yes
Sabitha Rao	Member & Independent Director	Yes
Kevin J Johnson	Member & Non-Executive Director	Yes

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

c. Remuneration Policy

The salient features of the policy *inter alia* are to:

- attract, recruit and retain good and exceptional talent;
- list down the criteria for determining the qualifications, positive attributes and independence of the directors of the Company;
- ensure that the remuneration of the Directors, Key managerial Personnel and other employees is performance driven, motivates them, recognizes their merits and achievements and promotes excellence in their performance.
- motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- ensure transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in Board; and
- fulfil the Company's objectives and goals, including in relation to good corporate governance, transparency and sustained long-term value creation for its stakeholders.

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

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

d. Policy on Board Diversity

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

e. Performance Evaluation of Independent Directors

As required under Section 134(3)(p) of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors assessed the performance of the Independent Directors as per the criteria laid down

at its meeting held on 27th May 2022.

The Board of Directors assessed the performance of the Independent Directors on the Board based on parameters as given in the matrix above. The Independent Directors fulfilled the independence criteria as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and their independence from the management.

The Members of the Committee of Audit, Nomination & Remuneration, Corporate Social Responsibility, Stakeholders' relationship and Risk management, were also assessed on the above parameters and also in the context of the Committee's effectiveness vis-à-vis the Act and the SEBI regulation requirements.

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

5. REMUNERATION OF DIRECTORS AND DISCLOSURES

The details of payment of remuneration to Directors during 2021-2022 are as follows:

(in ₹)

Directors	Salary	Perquisites	Provident Fund	Sitting Fees Paid	Commission
Kevin J Johnson	–	–	–	–	–
K Vaidyanathan	–	–	–	3,18,500	7,80,000
Vikram Tandon	–	–	–	3,14,000	7,15,000
Sudhir Chand	–	–	–	3,87,500	7,15,000
Sabitha Rao	–	–	–	2,45,000	7,15,000
Rohit Gambhir	1,93,77,535	1,33,049	3,79,440	–	21,08,930

A sitting fee of ₹ 24,500/- per meeting is paid to the Non-executive Independent Directors for attending one meeting of the Board / Audit Committee / Nomination and Remuneration Committee / Corporate Social Responsibility Committee, Independent Director's Meeting and the sitting fees paid to the non-executive directors of Stakeholders Relationship committee is ₹ 5,000/- per meeting. TDS @ 10% is deducted for the financial year 2021-22 from the sitting fee payable to the Independent Directors and GST @ 18% is also paid on reverse charge basis by the Company.

The payment of Commission to Non-Executive Directors up to 1% of the profit as calculated under the applicable provisions of the Companies Act, 2013 was approved by the Members at the Annual General Meeting held on 4 August 2016 for a period of five years. The same subject of payment of commission of 1% of the profit as calculated under the applicable

provisions of the Companies Act, 2013 for five years up to the year 2026 was placed before the shareholders at the annual general meeting to be held on 12 August 2021 and the same was approved. The approval was based on their roles and responsibilities and their contribution to the Company in their respective capacities. Based on the above principle, Commission has been individually determined for each Non-Executive Director based on their varying commitments of time and effort to the Board and to its Committees. Commission to Managing Director is based on performances and contributions to Company's performance.

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

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is related to each other and there are no other pecuniary relationships or transactions of the Non-Executive Directors' vis-à-vis of the Company.

The Company neither has any schemes for stock options nor has it granted any stock options to any of its Directors or employees during the year under review.

Criteria for making payments to Non-Executive Directors

The Company has laid down the criteria for making payments to the Non-Executive Directors. The details of such criteria are available in the Remuneration Policy. The said policy is available and can be disseminated on the website of the Company www.esabindia.com.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee functions under the Chairmanship of Mr Vikram Tandon, a Non-Executive Independent Director. The other members of the Committee were Mr Sudhir Chand, Mr Kevin J Johnson and Mr Rohit Gambhir.

Since Mr. S Venkatakrishnan, Company Secretary who is retiring from the services of the Company by end of May 2022, he has relinquished his office as Company Secretary by the closing hours of 25th March 2022 and his incumbent Mr. G Balaji was appointed as Company Secretary of the Company with effect from 26th March 2022 and the Compliance Officer of the Committee from thereon.

The Members of the Committee along with the Chairman.

- (1) Resolved the grievances of the security holders including complaints related to transfer / transmission / transposition / name change of shareholders of equity shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, dematerialization and rematerialization of shares etc.
- (2) Reviewed the measures taken for effective exercise of voting rights by shareholders.
- (3) Reviewed the adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent - Integrated Registry Management Services Private Limited.
- (4) Reviewed the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensured timely receipt of dividend warrants/annual reports/statutory notices to the shareholders of the Company.
- (5) Review transfer of unpaid dividend amount to Investor Education & Protection Fund and also the equity shares pertaining to shareholders which remained unclaimed for more than 7 years which are transferred to Investor Education & Protection Fund.

There were four meetings held during the year 2021-22. The details of the Composition of the Committee and the attendance of the members at such meetings are as given below:

Stakeholders Relationship Committee	Members	Meeting Dates			
		21.05.2021	12.08.2021	28.10.2021	10.02.2022
Vikram Tandon	Chairman & Independent Director	Yes	Yes	Yes	Yes
Sudhir Chand	Member & Independent Director	Yes	Yes	Yes	Yes
Kevin J Johnson	Member & Non-Executive Director	Yes	Yes	Yes	Yes
Rohit Gambhir	Member & Managing Director	Yes	Yes	Yes	Yes

During the year, the Company received 241 complaints from shareholders. The details of the complaints received from the shareholders are as given below:

Sl.No.	Nature of Complaint	June 2021	Sep 2021	Dec 2021	Mar 2022
1.	Non-receipt of dividend warrants	20	19	15	21
2.	Non-receipt of annual report	0	0	0	0
3.	Non-receipt of share certificate	15	30	29	39
4.	Others	7	13	13	20
	Total	42	62	57	80

All the complaints were responded to as per applicable guidelines and regulations as at 31 March, 2022. 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, 2022. V Mahesh & Associates, practicing company secretaries vide their certificate 04.04.2022 for the relevant year have certified that the Company has been prompt in transferring the shares to the shareholders and the same has been filed with the stock exchanges BSE and NSE by the Company.

SEBI vide circular Ref CIR/OIAE/2/2011 dated June 3, 2011 informed the Company that they had commenced processing of investor complaints in a web based complaints redressal system viz.Scores. Under this system all complaints pertaining to companies are electronically sent through Scores and the companies

are required to view the complaints pending against them and submit action taken report along with supporting documents electronically in SCORES.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with Section 135 (1) of the Companies Act, 2013 the Company has constituted a Corporate Social Responsibility Committee consisting of one Independent Director, one non-executive Director and the Managing Director. Ms. Sabitha Rao is the Chairperson of the said Committee, Mr. Kevin J Johnson, Chairman of the Board and Mr. Rohit Gambhir, Managing Director were the members of the said Committee.

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

The Committee met once on 21.05.2021 during the financial year 2021-22. The details of the attendance of the Committee members in the meeting are given below:

CSR Committee	Members	Meeting Dates
		21.05.2021
Sabitha Rao	Chairperson & Independent Director	Yes
Kevin J Johnson	Member & Non-Executive Director	Yes
Rohit Gambhir	Member & Managing Director	Yes

During the year under review the Company has spent money on projects identified under CSR. The unspent money budgeted for CSR on identified and ongoing projects was transferred to the Unspent CSR Account 2021-2022 opened with HDFC Bank Limited, Chennai on 27 April, 2022, in pursuance of the Companies (Corporate Social Responsibility) Amendment Rules, 2022. The details of CSR budget and spend for the year 2021-22 is given as an Annexure to the Director's Report.

8. RISK MANAGEMENT COMMITTEE

The Company has a Risk Management Committee consisting of Mr Kevin J Johnson, Chairman of the Board, Mr. Rohit Gambhir, Managing Director, Mr. Sudhir Chand, Independent Director and Mr. B Mohan, Vice President - Finance and Chief Financial Officer. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has

undergone various amendments on May 5, 2021, Regulation 21(2) states that the Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise of independent directors.

Based on the above amendment, Mr. Sudhir Chand, Independent Director was co-opted as a member of the Risk Management Committee with effect from 21 May 2021.

The Committee had laid down the Policy on Risk Management and its mitigation. The Policy on Risk Management of the Company can be viewed under the weblink www.esabindia.com.

The Committee met twice during the financial year 2021-22 on 12.08.2021 and 10.02.2022. The details of the attendance of the Committee members in the meeting are given below:

Risk Management Committee	Members	Meeting Date	
		12.08.2021	10.02.2022
Kevin J Johnson	Chairman & Non-Executive Director	Yes	Yes
Sudhir Chand	Member & Independent Director	Yes	Yes
Rohit Gambhir	Member & Managing Director	Yes	Yes
B Mohan	Member & Vice President Finance and Chief Financial Officer	Yes	Yes

As per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings. The first meeting of the Risk Management Committee of the Company was held on 12th August 2021 and the second was on 10th February 2022. By oversight, the Company had exceeded the prescribed time gap between the two meetings by two days.

9. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met during the year on 10th February 2022 and on 25th March 2022 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company and had assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board. The Independent

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Directors had after the conclusion of the meeting given their suggestions and opinions on various matters to the Chairman of the Board for his consideration.

The Board of Directors had during their meeting held on 27th May 2022 reviewed the individual performance of all the Independent Directors as per the standard evaluation criteria and format laid down. The Independent Director whose performance was reviewed by the Board excused themselves from attending that part of the meeting as required under the statute.

10. CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL & POLICY ON BUSINESS CONDUCT IN ORDER TO PREVENT BRIBERY AND CORRUPTION

The Board of Directors has adopted Code of Conduct, applicable to Directors and to Senior Management Personnel of the Company. The said Code of Conduct have been posted on the Company's website www.esabindia.com. The Company has obtained declarations from all its Directors and Senior Management Personnel affirming their compliances with the applicable Codes of Conduct. The declaration by the Managing Director under Schedule V Part D Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 affirming compliance of the Code of Conduct by all members of the Board and the Senior Management Personnel for the year ended 31 March, 2022 is attached to this Corporate Governance Report.

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

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

In accordance with the provisions of the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a policy on prevention of sexual harassment of women employees at work place and has constituted an Internal Complaints Committee to consider and redress complaints on sexual harassment, if any. All the employees have been sensitized on the provisions of the Act. No complaint was received during the year under review viz. 2021-2022.

12. SUBSIDIARY COMPANIES

There were no Subsidiary Companies of the Company as on 31 March, 2022.

13. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

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

As required under Regulation 7(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has submitted a compliance certificate to the exchange duly signed by the Compliance Officer and the Authorized representative of the Share Transfer Agent viz. M/s Integrated Registry Management Services Private Limited to both the stock exchanges on 11.04.2022 for the financial year ended 31 March, 2022 certifying compliance that all activities in relation to both physical and electronic share transfer facility are maintained by Registrar and Share Transfer Agent registered with SEBI.

14. GENERAL BODY MEETINGS

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

Year	Date	Time	Mode & Venue
2018-19	13 August, 2019	10.00 AM	P Obul Reddy Hall Vani Mahal, 103, G.N. Road, T. Nagar, Chennai 600 017.
2019-20	28 August, 2020	09.00 AM	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)
2020-21	12 August, 2021	09:00 AM	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices.

M/s. V Mahesh and Associates, the Practicing Company Secretaries were appointed as the Scrutinizers for e-Voting

process at the Annual General Meeting held on 12 August, 2021. The Company had entered into a tripartite agreement with NSDL and the Registrar and Transfer Agent viz. M/s Integrated Registry Management Services Private Limited and accordingly an e-Voting facility was provided to the shareholders to exercise their voting rights on the above said resolutions.

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

The procedures for casting votes under e-Voting has been elaborately given under the Notice calling the Annual General Meeting on 11 August 2022. The members are requested to read this document to cast their votes accordingly.

15. DISCLOSURES

1. The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2016. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with the Companies (Accounts) Rules, 2014 as amended.
2. There were no public, rights or preferential issues during the year.
3. 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.
4. The Company in compliance of the revised requirements of SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018, has adopted the Code of Conduct for prohibition of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Internal Procedure and Conduct for Regulation, Monitoring and Reporting of Trading in the securities for the designated employees and connected persons, policy on legitimate purpose and the whistle blower

policy. The said policy has been uploaded and made available on the website of the Company www.esabindia.com.

The same has been strictly adhered to by the Directors and the designated employees. The Company informs the Directors and the designated employees, about the date of the Board Meeting to consider any Unpublished Price Sensitive Information (UPSI) and advising them not to trade in Company's shares, during the closure of the Trading Window Period. The Company also obtains declaration from the Directors and the Senior Management Personnel with regard to their compliance with the Code of Conduct under SEBI's (Prohibition of Insider Trading) Regulations.

The Company also informs the stock exchanges promptly on the details of the trading window period and the fact that the designated employees have been instructed not to deal with the shares of the Company during such time the trading window is closed. All the other applicable compliances under the said statute have been done.

All contracts entered into by the Company now specifies the need for the contracting third party to adhere to the Company's policy on SEBI (Prohibition of Insider Trading) Regulations and draws attention of the said parties to the policy adopted by the Company and advises them to desist from dealing with the shares of the Company without prior intimation.

All the Directors and the designated persons have also executed a Non-disclosure agreement in favour of the Company stating therein that they are fully aware of the fact that they in their ordinary course of executing their day to day work would be coming across or be in possession of certain price sensitive information which they would not divulge to any third parties.

The Company has also identified the designated employees who are above certain grades in the Company as required under the SEBI (Prohibition of Insider Trading) Regulations and monitors their share purchases and sales, if any, on a weekly basis to ensure that none of the Directors or the designated person indulge in any insider trading in the shares of the Company.

The Company has also entered the details of all the Directors of the Board, Key Managerial Personnel and all employees in Grade E8 and above along with the PAN numbers in NSDL website to monitor if there are any transactions in the shares of the Company in compliance with the amended SEBI's (Prohibition of Insider Trading) Regulations.

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5. The Managing Director and the Chief Financial Officer of the Company certify to the Board every quarter on matters related to the financial statements and other matters in accordance with Regulation 33(2)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Key Managerial Personnel of the Company also certify on an annual basis to the Board of Directors on the existence of adequate Internal Financial Controls commensurate with the size of the Company as required under Section 134 (5) of the Companies Act, 2013 to enable the Board of Directors to confirm to the shareholders that the Company has laid down internal financial controls and that the same are adequate and such controls are operating effectively.
6. The Independent Directors have confirmed that they meet the criteria of "Independence" as stipulated under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
7. The Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The performance evaluation done on 27 May 2022 by the Board of Directors confirmed that all the Independent Directors meet the requisite criteria as given under Schedule IV of the Companies Act, 2013 and hence qualified to continue as Independent Directors on the Board of the Company.
8. To enhance standards of corporate governance and strengthen controls, the Company has set up a whistle blower policy which can be seen on Company's website www.esabindia.com. In terms of such whistle blower policy, it is affirmed that the employees have been given free access to the Audit Committee. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed else where in this report.
9. In compliance with Regulation 46 (2) (j) & (k) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and as required under the listing agreement entered into with the stock exchanges in compliance of Regulation 109 (2) of the said SEBI regulations, the Company has designated the mail ID balaji.g@esab.co.in and investor.relations@esab.co.in and posted this in the Company's website and also on the websites of the stock exchanges where the Company's shares are listed. The investors can send their grievances, if any, to these designated mail IDs'. Mr. G Balaji is the Company Secretary and the Compliance Officer of the Company.
10. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have vide Regulation 46 (1) stipulated that the Company should maintain a functional website containing basic information about the Company and to update the contents of the said website periodically. In pursuance of this clause the Company updates its website with all the relevant information as envisaged in the said regulation and as per the provisions of the Companies Act, 2013 and they are now available in its official website www.esabindia.com.
11. In line with the circular no. CIR/OIAE/2/2011 dated June 3, 2011 from SEBI, the Investor Complaints are now centrally monitored through web based complaints redressal system called SCORES. The Company processes the investor complaints through this system and updates status periodically.
12. In pursuance of the Regulation 31(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 100% shareholding of the promoter group Companies has been dematerialized and all the shares are held in dematerialized mode to allow the shares of the Company to be traded in the stock exchanges in the normal segment.
13. In line with the circular no. NSE/CML/2015/23 dated December 28, 2015 from the National Stock Exchange of India Limited, the Company now intimates the Board Meeting dates, uploads its quarterly shareholding pattern, Corporate Governance Report and the quarterly / Annual results, reconciliation of share capital audit report, certification under SEBI Regulation 40 (9) & (10) intimation of postal ballot results through a web based application designed for corporates by NSE called as NEAPS and NSE Digital Portal.
14. In line with the circular no. DCS/COMP/33/2015-16 dated March 11, 2016 from the Bombay Stock Exchange, the Company now intimates the stock exchanges on Compliance Certificate by Share Transfer Agent, Statement of Investor Complaints, Corporate Governance Report, Notice for Board Meeting, Outcome of Board Meeting, Shareholding Pattern, Financial Results, Annual Report, Compliance Certificate, Notice for Record Date, Voting Results, Disclosure under SAST and PIT Regulations and Reconciliation of Share Capital Audit Report through an online portal called as BSE Corporate Compliance & Listing Centre.
15. Pursuant to Rule 5 (8) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified on 5 September 2016 company has within a period of

sixty days after the Annual General Meeting i.e., 12 August 2021 has uploaded on Company's website www.esabindia.com statement of unclaimed and unpaid dividends and filed e-Form No. IEPF - 2 - Statement of unclaimed and unpaid dividends as referred in sub-section 2 of Section 125 of the Act vide SRN T36201390 dated 18 August 2021 and the same was revised on 15 September 2021 vide SRN T43260603.

16. Pursuant to applicable provisions of the Companies Act, 2013 ('the Act') read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("The Rules") all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the Members for seven consecutive years or more shall also be transferred to the dematerialization account created by the IEPF Authority. The Company had sent individual notices and also advertised in the newspapers seeking action from the Members who have not claimed their dividends for seven consecutive years or more. Accordingly, the Company has transferred such unpaid or unclaimed dividends and corresponding shares.
17. In terms of Section 173 (2) of the Companies Act, 2013 and in terms of the provisions of the Articles of Association of the Company and the Company now allows the option to the Directors of the Company to attend / participate in a meeting of Board / Committee of Director through electronic mode using video conference facility.

MCA vide its General Circular No.2 dated 5 May 2022, have extended the facility to hold the Annual General Meetings through Video Conferencing (VC) / Other Audio-Visual Means (OAVM). Hence, this Annual General Meeting is also being held on Video Conferencing Mode on 11 August 2022.
18. Maharashtra Weldaids Limited (MWL) merged with the Company with effect from 12 January, 1994. The Company had issued equity shares to the shareholders of MWL in the ratio of 1:2. These shares were issued in physical mode and were to be exchanged on submission of the old MWL share certificate. Some of these share certificates were not yet claimed by the share holders of the Company. As required under Regulation 39 (4) and Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the

Company after complying with the necessary procedural requirements have now dematerialized and transferred the remaining unclaimed shares to a single demat account titled "ESAB India Limited Unclaimed Suspense Account" opened with M/s Integrated Registry Management Services Private Limited.

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

Aggregate number of shareholders and outstanding shares lying in the unclaimed suspense account at the beginning of the year	44 shareholders holding 3,060 equity shares of ₹ 10/- each
Number of the shareholders who approached the issuer for transfer of shares from the unclaimed suspense account during the year	Nil
Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	Nil
Number of Shares transferred to Investor Education Protection Fund	50
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year	43 shareholders holding 3,010 equity shares of ₹ 10/- each

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, all such shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are also required to be transferred to IEPF. In pursuance of this provision, the Company has already transferred the shares pertaining to such shareholders who have not claimed their dividend for a consecutive period of 7 years to the Investor Education and Protection Fund.

43 Shareholders holding 3,010 equity shares constituting about 0.02% of shares have not made their claim from the Company on the shares outstanding in the Unclaimed Suspense Account of ESAB India Limited. The voting rights for these shares shall remain frozen until these are claimed by the rightful owners.

19. The Policy on Board Diversity as approved by the Board of Directors is available in the Company's web site www.esabindia.com.
20. The Company has vide Form No. MGT 15 dated 13 August, 2021 vide SRN T35378272 - have filed the report on the last year's Annual General Meeting held on 12 August 2021.

Report on Corporate Governance

21. The Independent Directors have intimated the Company that they have registered their details in the Independent Directors Data Bank being maintained by Indian Institute of Corporate Affairs and all the directors are exempted from undergoing the mandatory self-assessment tests required under the Companies Act, 2013.
22. The Company in pursuance of Rule 16 of Companies (Acceptance of Deposits) Rules, 2014 have filed form DPT-3 on 28 April 2021, vide SRN No. T16543431 with the Registrar of Companies giving details of transactions not considered as deposits.
23. The Company in pursuance of order 2 and 3 dated 22 January 2019 under Section 405 of the Companies Act, 2013 have filed the details of amount outstanding to Micro and Small Enterprises under the MSMED Act, vide form No. MSME Form 1 on 3 May 2021 vide SRN No. T17388851, T17388919 with respect to half yearly return i.e. as of 31 March 2021 and another MSME Form for the half year return i.e. as of 30 September 2021 vide MSME Form 1 on 22 October 2021 vide SRN No. T55325310, T55326243 in respect of outstanding payments to Micro and Small Enterprises.
24. Reserve Bank of India had mandated all Companies using the banking channel to obtain a Legal Entity Identification (LEI) Number. The Company has renewed the LEI No.3358001SJHTOXOICND66 dated 5 October 2021.

16. MEANS OF COMMUNICATION

The Company's quarterly financial results, after their approval by the Board of Directors, are promptly issued to all the Stock Exchanges with whom the Company has listing arrangements.

These financial results, in the prescribed format, as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are published in leading local language and national newspapers in compliance with Regulation 47(1)(b) of the said regulations. These results are not sent individually to the shareholders.

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

The Company has in place a website viz. www.esabindia.com. The quarterly / annual financial results, shareholding pattern, corporate governance report, the details on the Board of Directors, Senior Management Personnel, the composition of the Board of Directors / Committee of Directors, the various policies adopted by the Company viz. Whistle Blower Policy, Risk

Management Policy, Policy on Corporate Social Responsibility, Related Party Transactions Policy, Remuneration Policy, Policy on Disclosure of Material Events, Policy on Document Retention, Policy on Board Diversity are published in the Company's website. The Company makes use of its website for publishing official news release.

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

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

17. GENERAL SHAREHOLDER INFORMATION ANNUAL GENERAL MEETING

Date & Time 11 August, 2022 at 15.30 p.m.
Venue By Video Conference Mode /
Other Audio Visual Mode

Financial Year of the Company 1 April, 2021 to
31 March, 2022

Approval of financial results proposed	
Quarter ending 30 June, 2022	Within 45 days from the end of the quarter
Quarter ending 30 September, 2022	- do -
Quarter ending 31 December, 2022	- do -
Year ending 31 March, 2023	Within 60 days from the end of the Financial Year

Particulars of Dividend Payment for the year ended 31.03.2022

Final dividend 2020-2021

Date of declaration of Final dividend	12 August, 2021
Rate of Dividend	₹ 25/- per equity shares of ₹ 10/- each (i.e. 250%)
Book Closure Date	6 August, 2021 to 12 August, 2021
Date of payment of Dividend	27 August, 2021
Amount of Dividend Paid	₹ 38,48,25,500
Share capital	₹ 15,39,30,200

First interim Dividend 2021-2022

Date of declaration of interim dividend	10 November 2021
Rate of Dividend	₹ 22/- per equity shares of ₹ 10/- each (i.e. 220%)
Record Date	19 November 2021
Date of payment of Dividend	9 December 2021
Amount of Dividend Paid	₹ 33,86,46,440
Share capital	₹ 15,39,30,200

Second Interim Dividend 2021-2022

Date of declaration of Second interim dividend	10 February 2022
Rate of Dividend	₹ 18/- per equity shares of ₹ 10/- each (i.e. 180%)
Record Date	18 February 2022
Date of payment of Dividend	11 March 2022
Amount of Dividend Paid	₹ 27,70,74,360
Share capital	₹ 15,39,30,200

Listing of shares

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

The listing fees for the financial year 2021-22 were duly paid to the above stock exchanges during April 2022.

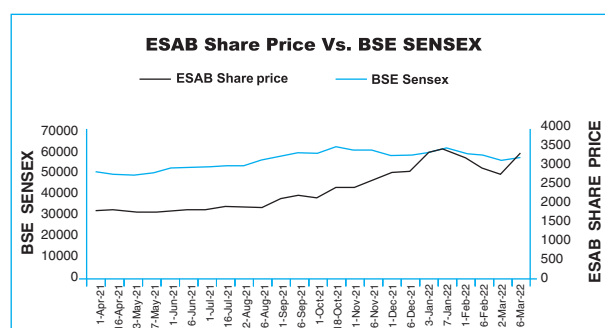
Dividend History

Year	Type of Dividend	Dividend Rate	Dividend Amount in ₹ in lakhs *
2014-15	Final Dividend	10%	186.14
2015-16	Final Dividend	10%	185.26
2016-17	Final Dividend	10%	185.26
2017-18	Final Dividend	10%	185.57
2018-19	Interim Dividend	900%	16,701.40
2019-20	Interim Dividend	700%	10,775.11
2020-21	Interim Dividend	190%	2,924.67
2020-21	Final Dividend	250%	3,848.26
2021-22	First Interim Dividend	220%	3,386.46
2021-22	Second Interim Dividend	180%	2,770.74

* Inclusive of dividend distribution tax and tax deducted at source.

Stock Market Price Data & Stock Performance

2021-22	BSE Limited		National Stock Exchange		BSE Sensex	
	High ₹	Low ₹	High ₹	Low ₹	High Points	Low Points
Apr, 2021	1,964	1,750	1,980	1,768	50,376	47,205
May, 2021	1,925	1,762	1,930	1,760	52,013	48,028
June, 2021	2,000	1,764	1,999	1,774	53,127	51,451
July, 2021	2,011	1,823	2,017	1,829	53,291	51,803
Aug, 2021	2,350	1,863	2,350	1,863	57,625	52,804
Sep, 2021	2,332	2,064	2,320	2,083	60,412	57,264
Oct, 2021	2,610	2,168	2,618	2,156	62,245	58,551
Nov, 2021	3,018	2,446	3,020	2,425	61,037	56,383
Dec, 2021	3,497	2,660	3,498	2,587	59,203	55,133
Jan, 2022	3,610	2,916	3,615	2,908	61,475	56,410
Feb, 2022	3,398	2,645	3,395	2,641	59,619	54,383
Mar, 2022	3,463	2,730	3,495	2,726	58,891	52,261



Registrar and Share Transfer Agent

Integrated Registry Management Services Private Limited
2nd Floor, 'Kences Towers'
No.1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai 600 017.
Contact Person: Suresh Babu K,
Director
Tel : 044-28140801-03,
Fax : 044-28142479, 28143378
E-mail : srirams@integratedindia.in

Report on Corporate Governance

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

Share Transfer System

- Integrated Registry Management Services Private Limited, Chennai is the Registrar & Share Transfer Agent for the Company.
- Share transfers are processed and approved, subject to receipt of all requisite documents.
- The Company seeks to ensure that all transfers are approved for registration within the stipulated period. Pursuant to Regulation 40 (9) & (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifications on yearly basis have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.
- Pursuant to SEBI (Depositories and Participants) Regulations, 2015, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.
- The Company as required under Regulation 46(2)(j) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has designated two mail IDs viz balaji.g@esab.co.in and investor.relations@esab.co.in for the purpose of registration of complaints, if any, by the investors and expeditious redressal of their grievances and the same has already been hosted on the Company's website.
- With a view to expediting the approval process, the Board of Directors has severally authorized the Chairman of the Board of Directors, the Chairman of the Stakeholders Relationship Committee and the Company Secretary to approve the transfer of shares.

Distribution of shareholding as on 31 March, 2022

Shareholding	Number of Shareholders	%	Number of Shares	%
Up to 500	14,917	96.78	9,16,065	5.95
501-1000	295	1.91	2,19,584	1.43
1001-2000	103	0.67	1,45,844	0.95
2001-3000	29	0.19	73,304	0.48
3001-4000	18	0.12	62,266	0.40
4001-5000	10	0.06	47,672	0.31
5001-10000	14	0.09	1,07,741	0.70
10001 and above	28	0.18	1,38,20,544	89.78
Grand Total	15,414	100.00	1,53,93,020	100.00

Note: The total number of shareholders is based on number of folios.

Share holding pattern as on 31 March, 2022

Category	Number of Shareholders	Number of Shares	% of total
Promoter Companies			
Esab Holdings Limited	1	57,43,200	37.31
Exelvia Group India BV	1	56,04,760	36.41
Sub-total	2	1,13,47,960	73.72
Mutual Funds & UTI	11	21,01,093	13.65
Alternate Investment Funds	1	3,000	0.02
Foreign Portfolio Investors	24	31,663	0.20
Financial Institutions / Banks	5	922	0.01
Insurance Companies	1	1,277	0.01
Indian Public	14,581	16,77,225	10.9
NBFC registered with RBI	1	25,000	0.16
Central Govt / State Govt / President of India	1	65,190	0.42
Others	217	1,39,690	0.91
Sub-total	14,842	40,45,060	26.28
G. Total	14,844*	1,53,93,020	100.00

* Based on PAN

Dematerialisation of shares and liquidity

As on 31 March 2022, 99.07% of the total paid-up equity capital was held in dematerialised form. The Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited to offer shareholders the option to dematerialise their shares with these depositories. The ISIN number of the Company's shares in demat form is **INE284A01012**.

Outstanding GDRs / ADRs

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

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does have exposure to Commodity Price Risks arising primarily from movements in prices of Metals used in the procured items of Raw materials and finished goods. The Company does not buy or sell Metals in any unprocessed form and items transacted are processed metals and alloys. The Company does not take any hedges.

The Company has exposure to Foreign Exchange risks arising from its international transactions on goods and services. The Company takes a considered view on hedging its risks based on underlying exposures in net terms and mix of currencies. During the Financial year

2021-22, the Company has not entered into any contracts for hedging on Foreign Exchange.

Plant Locations

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

Address for correspondence Company Secretary
ESAB India Limited
Plot No.13, 3rd Main Road,
Industrial Estate, Ambattur,
Chennai 600 058.

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

Credit Ratings

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

18. OTHER DISCLOSURES

1. Materially Significant Related Party Transactions

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

2. Details of Non-compliance

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

3. Vigil Mechanism

The Company has established a Whistle Blower Policy and the same has been uploaded in the Company's website www.esabindia.com. The said policy has also been made available at the Offices / Plants of the Company at conspicuous places to enable the employees to report concerns, if any, directly to the Chairman of the Board and to the Chairman of the Audit Committee. All the employees are given direct access to the Audit Committee Chairman to report their

concerns, if any. The employees are also apprised of the availability of the whistle blower policy at the time of their induction into the Company. There were no occasions during the year under review where any concerns were reported under the said policy.

4. Compliance with the Mandatory and Non-Mandatory Requirements

The Company has complied with all the Mandatory requirements stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has also adopted the non-mandatory requirements to the extent and in the manner as stated here-in-above.

5. The Company does not have any subsidiary for the financial year ended 31 March, 2022.
6. The Company has formulated a policy on Related Party Transactions in terms of Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee accorded its omnibus approval for the said related party transactions at its meeting held on 21 May 2021 in terms of Regulation 23(3) of the said Regulations. The said policy and the list of related parties have been uploaded in the Company's website viz. www.esabindia.com. The transactions with the related parties are being placed before the Audit Committee and the Board on a quarterly basis for it to review the same in terms of Regulation 23(3)(d) of the said Regulations.
7. The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

The Company does have exposure to Commodity Price Risks arising primarily from movements in prices of Metals used in the procured items of Raw materials and finished goods. The Company does not buy or sell Metals in any unprocessed form and items transacted are processed metals and alloys. The Company does not take any hedges.

The Company has exposure to Foreign Exchange risks arising from its international transactions on goods and services. The Company takes a considered view on hedging its risks based on underlying exposures in net terms and mix of currencies. During the Financial year 2021-22, the Company has not entered into any contracts for hedging on Foreign Exchange.

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

Report on Corporate Governance

9. M/s. V Mahesh & Associates have completed the secretarial audit and have issued their certificate dated 19th May, 2022 as per the prescribed format in MR-3 to the shareholders of the Company, which is annexed to the Director's Report as Annexure - 2. They have no adverse observations in their report except for the time gap exceeded by two days between two consecutive meetings of Risk Management Committee. They have confirmed that the Company has proper board processes and a compliance mechanism in place. They have also affirmed that the Company has complied with the relevant statutes, rules and regulations and secretarial standards, as applicable. The Annual Secretarial Compliance report for the year ended 31 March, 2022 was obtained from Mr. V Mahesh, Practising Company Secretary. The Company has filed the Annual Secretarial Compliance report dated 19th May, 2022 with the Stock Exchanges on 20th May, 2022.

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

11. Total fee paid to the Statutory Auditor:

The total fees to the statutory auditors viz. S R Batliboi & Associates, LLP, Chennai (SRBA) and other firms in the network entity for the financial year 2021-2022 is ₹ 68,80,000/- (Rupees Sixty eight lakhs eighty thousand only)

Fees for Audit and related services to SRBA	₹ 50,50,000
Other fees paid to SRBA and other Network firms	₹ 18,30,000
Total	₹ 68,80,000

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

No. of Complaints filed during the financial year 2021-2022	No. of complaints disposed of during the financial year 2021-2022	No. of complaints pending as on end of the financial year 2021-2022
Nil	Nil	Nil

13. All the four Independent Directors have entered their profile in the Independent Director's database of Indian Institute of Corporate Affairs under Ministry of Corporate Affairs. All the four Directors have been exempted from taking up the online test under the Independent Directors' requirement.

19. DISCRETIONARY REQUIREMENTS

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

1. The Board

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

2. Shareholder rights

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

3. Modified Opinion(s) in Audit Report

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

4. Reporting of Internal Auditor

M/s KPMG, Assurance & Consulting Services, LLP, Chennai, were the Internal Auditors of the Company during the year. The internal auditors report directly to the Audit Committee on a quarterly basis on their findings and corrective actions taken.

Request to Investors

- Investors are requested to communicate change of address, if any, directly to the registrar and share transfer agent of the Company.
- As required by SEBI, investors shall furnish details of their respective bank account number and name and address of the bank for incorporating in the dividend warrants to reduce the risk to them of fraudulent encashment.
- Investors holding shares in electronic form are requested to deal only with their respective depository participant for change of address, nomination facility, bank account number, etc.
- Electronic Clearing Service (ECS) helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility are requested to register their ECS details with the Share Transfer Agent or their respective Depository Participants.



- Shareholders who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
- Investors are requested to note that National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the respective transfers. These alerts will be sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs) and made a request for such services. No charge will be levied by NSDL / CDSL on DPs for providing this facility to investors. Further information is available on the website of NSDL and CDSL viz. www.nsdl.com and www.cdslindia.com respectively.
- The Ministry of Corporate Affairs (MCA) has launched a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011) by allowing various documents to be sent to you - under the provisions of Companies Act, 2013 - to your registered email address; thereby enabling paperless compliance. Keeping in view the underlying theme and the circular issued by MCA, we send all documents to you - like General Meeting Notices (including AGM), Audited

Financial Statements, Directors' Report and Auditors' Report, Postal Ballot Notice etc., in electronic form, to the e-mail address provided by you and made available to us by the Depositories.

The soft copy of the Annual Report would be uploaded in the Company's website www.esabindia.com under investor relations page.

Shares held in Dematerialised form

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

Shares held in Physical form

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

For and on behalf of the Board of Directors

Kevin J Johnson
Chairman

Place : Chennai
Date : 27 May, 2022

Auditor's Report on Corporate Governance

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

To

The Members of ESAB India Limited

1. The Corporate Governance Report prepared by ESAB India Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub - regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2022 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

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

Auditor's Responsibility

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

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

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31, 2022 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held April 1, 2021 to March 31, 2022:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee;
 - (g) Corporate Social Responsibility Committee.
 - v. Obtained necessary declarations from the directors of the Company.



- vi. Obtained and read the policy adopted by the Company for related party transactions.
 - vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting wherein such related party transactions have been pre-approved prior by the audit committee.
 - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Basis for Qualified Opinion

9. As explained in note 8 of the Corporate Governance Report of the Board of Directors for the year ended March 31, 2022, the time gap between two consecutive meetings of the Risk Management Committee held by the Company is more than one hundred and eighty days which is not in compliance with the requirements prescribed under Regulation 21(3C) of the Listing Regulations.

Qualified Opinion

10. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, except for the matter(s)

stated in paragraph 9 above, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2022, referred to in paragraph 4 above.

Other matters and Restriction on Use

11. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
12. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W / E300004

Per Chirag Shah

Partner

Place: Chennai

Membership No. 121648

Date : May 27, 2022

UDIN: 22121648AJSYLX3647

Independent Auditor's Report

to the Members of ESAB INDIA LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of ESAB India Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
(a) Revenue from Contracts with Customers <i>(as described in Note 21 of the financial statements)</i>	
Revenue from Contracts with Customers amounting to ₹ 89,280 involves key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized at a point of time. Due to the judgement relating to determination of point of time in satisfaction of performance obligations with respect to sale of products, this matter is considered as Key Audit Matter.	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> We evaluated the design of internal controls relating to the revenue accounting standard. We selected continuing and new contracts on sample basis, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving inquiry and observation, reperformance and inspection of evidence in respect of operating evaluation of these controls.



Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • We selected continuing and new contracts on sample basis and performed the following procedures: <ul style="list-style-type: none"> - Read, analysed and identified the distinct performance obligations in these contracts; - Compared these performance obligations with that identified and recorded by the Company; - Considered the terms of the contracts to determine if the transfer of control of goods is satisfied at a point of time and the transaction price attributable to each performance obligation is recognised upon completion of each performance obligation. • We tested on sample basis whether specific revenue transactions around the year end have been recognised in appropriate period on the basis of the sale contract.
Provisions and contingencies pertaining to disputes (as described in note 34 on contingent liabilities of the Ind AS financial statements)	
<p>The Company, in the normal course of business, is contesting various disputes, lawsuits, claims, proceedings including matters relating to taxes and commercial issues that arise from time to time. The Company assesses the need to make provision or disclose a contingency on a case-to-case basis considering the underlying facts of each such litigation or dispute. This assessment is significant to our audit, to assess adequacy of disclosure or provision in the books of account. The accounting and disclosure for contingent liabilities is complex & involves judgment in assessing the outcome of the matter and estimating the potential impact if the outcome is unfavorable, and the amounts involved are, or can be, material to the financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We assessed the Company's process for identification and evaluation of claims, monitoring significant developments arising from contingencies and the measurement of provisions for disputes, potential claims and litigation, contingent liabilities and disclosures. • We obtained a list of ongoing litigations from the Company. We selected a sample of litigations based on materiality and performed inquiries with the Company on the legal evaluation of these litigations. We have compared the said evaluation with the appropriateness of provision or disclosure in the financial statements. We have tested the underlying computation of the management in relation to the measurement of provision or the contingency. • We solicited legal letters from Company's external legal advisors with respect to the matters included in the summary. Where appropriate, we inspected correspondences connected with the cases. • We obtained the details of uncertain tax positions as at the year ended March 31, 2022. We inspected relevant communication with tax authorities. • We involved internal tax experts in assessing the nature and amount of material tax positions and assessed the technical merits of the Company's tax positions based on the correspondence, assessments and settlements from the relevant tax authorities. • Our internal tax experts also considered legal precedence and other rulings in evaluating management's position on these contingencies. • We also evaluated the adequacy of disclosures in the financial statements.

Other Information

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence



obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by

this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 34 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend

or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Companies Act, 2013 to the extent it applies to payment of dividend. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Companies Act 2013. As stated in note 15 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

For S R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W / E300004

Per Chirag Shah

Partner

Place: Chennai

Membership No. 121648

Date : May 27, 2022

UDIN: 22121648AJSXNA6652

Annexure 1 to the Independent Auditor's Report

of even date on the Ind AS financial statements of ESAB India Limited



- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2022 and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations.
- (b) As disclosed in note 10 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements (including revised returns) filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the

requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

- (c) The Company had granted a loan to a Company during the previous year whose repayment period was extended in the current year and repaid before the end of the year where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.
- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
- (e) The Company had granted a loan to a company which had fallen due during the year. The Company had extended the repayment period during the year for 192 days. Such loan has been settled in full during the year. The aggregate amount of such dues renewed / extended / settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year are as follows:

Name of the Party	Aggregate amount of overdues of existing loans renewed or extended or settled by fresh loans	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year	Number of days of extension and current status
EWAC Alloys Limited	Rs. 1100 lakhs	100%	192 (Fully repaid on February 18, 2022)

- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans in respect of which provisions of sections 186 of the Companies Act, 2013 is applicable have been complied with by the Company. There are no investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable. There are no loans in respect of which provisions of section 185 of the Companies Act, 2013 is applicable.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to certain products of the Company to which such rules apply, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (vii) (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Disputed dues	Period to which the amount relates	Forum where dispute is pending
Sales Tax	Non Submission of Sales tax Forms	973	1996-00	Assistant Commissioner, Commercial Taxes
		71	2014-18	Deputy Commissioner, Commercial Taxes
		85	2011-14	Madras High Court
Central Excise Act, 1944	Excise duty	935	1997-00	Central Excise & Service Tax Appellate Tribunal
		410	2007-11	Central Excise & Service Tax Appellate Tribunal
		47	2011-12	Central Excise & Service Tax Appellate Tribunal
		86	2012-15	Commissioner of Central Excise
		10	Various periods	Various forums
Finance Act, 1994	Service Tax	1	2006-10 and 2016-17	Commissioner of Central Excise (Appeals)
		107	2006-11	Central Excise & Service Tax Appellate Tribunal
		6	2003-05	Joint Commissioner , Service Tax
Income Tax Act, 1961	Income Tax	190	AY 2003-04	Deputy Commissioner of Income Tax
		78	AY 2004-05	Deputy Commissioner of Income Tax
		3	AY 2016-17	Commissioner of Income Tax (Appeals)
		238	AY 2017-18	Commissioner of Income Tax (Appeals)
		44	AY 2018-19	Commissioner of Income Tax (Appeals)

* Out of the total disputed dues, an amount of Rs. 88 lakhs for excise and service tax related matters, Rs.196 lakhs for income tax matters and Rs. 132 lakhs for sales tax matters was pre-deposited by the Company.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.



- (x) (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) (a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
- (c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current year or in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 42 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) The Company has not transferred the amount remaining unspent in respect of other than ongoing projects, to a Fund specified in Schedule VII to the Companies Act, 2013 (the Act), till the date of the report. However, the period for such transfer i.e. six months of the expiry of the financial year as permitted under second proviso to sub-section (5) of section 135 of the Act, has not elapsed till the date of our report. This matter has been disclosed in note 28 to the financial statements.
- (b) All amounts that are unspent under section (5) of Section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of Section 135 of the said Act. This matter has been disclosed in note 28 to the financial statements.

For S R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W / E300004

Per Chirag Shah

Partner

Place: Chennai

Membership No. 121648

Date : May 27, 2022

UDIN: 22121648AJXNA6652

Annexure 2 to the Independent Auditor's Report

of even date on the Ind AS financial statements of ESAB India Limited

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

We have audited the internal financial controls with reference to financial statements of ESAB India Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W / E300004

Per Chirag Shah

Partner

Place: Chennai

Date : May 27, 2022

Membership No. 121648

UDIN: 22121648AJXNA6652

Balance Sheet

as at March 31, 2022



ESAB INDIA LIMITED

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

	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	3	8,585	8,494
Capital work in progress	3	285	251
Intangible assets	3	61	69
Right-of-use assets	35	320	401
Financial assets			
(i) Other financial assets	4	474	261
Deferred tax assets (net)	32	162	145
Other assets	5	83	81
TOTAL		9,970	9,702
Current assets			
Inventories	6	10,490	7,349
Contract assets	9	238	—
Financial assets			
(i) Investments	7	3,116	4,124
(ii) Loans	8	—	1,800
(iii) Trade receivables	9	13,424	9,882
(iv) Cash and cash equivalents	10	2,120	1,857
(v) Bank balances other than (iv) above	10	2,378	2,345
(vi) Other financial assets	11	235	198
Other assets	12	1,036	947
Current tax assets (net)	13a	394	406
		33,431	28,908
Asset held for sale	14	209	209
Total assets		43,610	38,819
Equity and liabilities			
Equity			
Equity Share Capital	15	1,539	1,539
Other Equity	16	22,883	24,383
Total equity		24,422	25,922
Non-current liabilities			
Financial Liabilities			
Lease liabilities	35	68	193
Long term provisions	17	572	498
		640	691
Current liabilities			
Financial Liabilities			
Lease liabilities	35	200	146
Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises	18	3,682	1,901
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	18	10,711	7,738
Other financial liabilities	19	774	740
Short term provisions	17	620	494
Liabilities for current tax (net)	13b	107	5
Other current liabilities	20	2,454	1,182
		18,548	12,206
Total liabilities		19,188	12,897
Total equity and liabilities		43,610	38,819
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

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

Rohit Gambhir
Managing Director
DIN: 06686250

K Vaidyanathan
Director
DIN: 00063692

Chirag Shah
Partner
Membership No. 121648

B Mohan
Vice President - Finance and
Chief Financial Officer

G Balaji
Company Secretary

Place : Chennai
Date : May 27, 2022

Statement of Profit and Loss

for the year ended March 31, 2022

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

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from contracts with customers	21	89,280	68,116
Other income	22	818	1,118
Total income		90,098	69,234
Expenses			
Cost of raw materials and components consumed	23	44,161	31,063
Purchase of traded goods	23	13,519	12,434
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	23	(1,257)	418
Employee benefits expense	24	9,481	7,674
Depreciation and amortisation expense	25	1,133	1,171
Finance cost	26	29	41
Other expenses	27	11,676	8,380
Total expense		78,742	61,181
Profit before Exceptional items and taxes		11,356	8,053
Exceptional Items		—	—
Profit before tax		11,356	8,053
Current tax	32	2,967	2,055
Adjustment of tax relating to earlier periods	32	—	33
Deferred tax expense / (credit)	32	(42)	36
Income tax expense		2,925	2,124
Profit for the year		8,431	5,929
Other comprehensive income / (loss)	29		
Other comprehensive income not to be reclassified to Profit or Loss in subsequent periods:			
- Re-measurement gains / (losses) on defined benefit plans		99	(110)
- Income tax effect		(25)	28
Other comprehensive income / (loss) for the year, net of tax		74	(82)
Total comprehensive income for the year, net of tax		8,505	5,847
Earnings per share			
Basic and Diluted Earnings per share	30	54.78	38.52
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

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

Rohit Gambhir
Managing Director
DIN: 06686250

K Vaidyanathan
Director
DIN: 00063692

Chirag Shah
Partner
Membership No. 121648

B Mohan
Vice President - Finance and
Chief Financial Officer

G Balaji
Company Secretary

Place : Chennai
Date : May 27, 2022

Statement of Cash Flow

for the year ended March 31, 2022



ESAB INDIA LIMITED

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

Particulars	Notes	March 31, 2022	March 31, 2021
A. Cash flow from Operating Activities:			
Profit before tax after exceptional items		11,356	8,053
Adjustments to reconcile profit before tax to net cash flows:			
Fair value of investments	22	(1)	(9)
Profit on sale of investments	22	(76)	(130)
(Profit) / loss on sale of property, plant and equipment	22,27	(7)	(1)
Unrealised foreign exchange loss / (gain)		43	31
Provision / (Write back) of provision for doubtful receivables	22,27	110	(24)
Interest on bank deposits and others	22	(110)	(239)
Interest from loan to related party	22	(76)	(106)
Finance cost	26	29	41
Depreciation and amortisation expense	25	1,133	1,171
Provision for warranty	27	289	128
Property, plant and equipment written off	27	8	24
Working capital adjustments:			
(Increase) / decrease in inventories		(3,141)	492
(Increase) / decrease in trade receivables		(3,892)	(1,394)
(Increase) / decrease in other financial assets		(24)	64
(Increase) / decrease in other assets		(85)	544
Increase / (decrease) in trade payables		4,713	792
Increase / (decrease) in other financial liabilities		5	29
Increase / (decrease) in provisions		10	(290)
Increase / (decrease) in other current liabilities		1,022	299
Operating cash flow after working capital changes		11,306	9,475
Taxes paid, net of refund		(2,853)	(2,237)
Net cash flows from operating activities		8,453	7,238
B. Cash flow from Investing activities:			
Capital expenditure (including capital work in progress and capital advances)		(1,120)	(1,044)
Proceeds from sale of property, plant and equipment		25	10
Purchase of current investments		(19,700)	(18,849)
Proceeds from sale of current investments		20,785	21,862
Dividend received from investments		—	—
Loan to related party		—	(3,000)
Repayment received from loan to related party		1,800	1,200
Interest received from loan to related party		117	65
Investment in bank deposits		(2,256)	(2,082)
Redemption / maturity of bank deposits		2,225	7,917
Interest income		120	542
Net cash flows from/(used in) investing activities		1,996	6,621
C. Cash flow from Financing activities:			
Dividend to shareholders		(10,005)	(13,700)
Finance cost		(29)	(41)
Payment of principal portion of lease liabilities		(152)	(129)
Net cash flows used in financing activities		(10,186)	(13,870)
Net increase/(decrease) in cash and cash equivalents		263	(11)
Cash and cash equivalents at the beginning of the year	10.1	1,857	1,868
Cash and cash equivalents at year end	10.1	2,120	1,857
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

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

Rohit Gambhir
Managing Director
DIN: 06686250

K Vaidyanathan
Director
DIN: 00063692

Chirag Shah
Partner
Membership No. 121648
Place : Chennai
Date : May 27, 2022

B Mohan
Vice President - Finance and
Chief Financial Officer

G Balaji
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2022

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

A. Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	Numbers	₹
At 31 March 2021	15,393,020	1,539
At 31 March 2022	15,393,020	1,539

B. Other Equity

For the year ended 31 March 2022

Particulars	Reserves and Surplus				
	Securities Premium	Retained Earnings	Amalgamation Reserve	General Reserve	Total Other Equity
As at 1 April 2021	932	18,361	100	4,990	24,383
Profit for the year	–	8,431	–	–	8,431
Other comprehensive income (Refer note 29)	–	74	–	–	74
Total comprehensive income	–	8,505	–	–	8,505
Dividend to shareholders (Refer note 15)	–	(10,005)	–	–	(10,005)
At 31 March 2022	932	16,861	100	4,990	22,883

For the year ended 31 March 2021

Particulars	Reserves and Surplus				
	Securities Premium	Retained Earnings	Amalgamation Reserve	General Reserve	Total Other Equity
As at 1 April 2020	932	26,214	100	4,990	32,236
Profit for the year	–	5,929	–	–	5,929
Other comprehensive income (Refer note 29)	–	(82)	–	–	(82)
Total comprehensive income	–	5,847	–	–	5,847
Dividend to shareholders (Refer note 15)	–	(13,700)	–	–	(13,700)
At 31 March 2021	932	18,361	100	4,990	24,383

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

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

Rohit Gambhir
Managing Director
DIN: 06686250

K Vaidyanathan
Director
DIN: 00063692

Chirag Shah
Partner
Membership No. 121648

B Mohan
Vice President - Finance and
Chief Financial Officer

G Balaji
Company Secretary

Place : Chennai
Date : May 27, 2022

Notes to financial statements for the year ended March 31, 2022

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

1. Company Overview

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

The financial statements were authorized for issue in accordance with the resolution passed by the Board of Directors on May 27, 2022.

2. Significant Accounting Policies

2.1 Basis of Preparation

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

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

2.2 Summary of Significant Accounting Policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

b) Foreign currency transactions and balances

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

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

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

c. Fair value measurement

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended March 31, 2022

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

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

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

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

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

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

d. Revenue from contracts with customers

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

Sale of products

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

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

Installation services

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

The Company determined that both the equipment and installation are capable of being distinct.

The Company recognises revenue from installation services at a point in time when the service is completed, using an expected cost plus margin method to estimate the standalone selling price.

Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (l) Provisions.

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

Rendering of services

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

Dividend income

Dividend income is recognised when the Company's right to receive payment has been established.

Interest Income

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

Export Benefits

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

Trade receivables

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

Notes to the Financial Statements

for the year ended March 31, 2022

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



e. Taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.

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

Accruals for uncertain tax positions require management to make judgments of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognized unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

(ii) Deferred tax

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

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

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

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

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

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

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

(iii) Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales / value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

f. Non-current assets held for sale

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

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

Notes to the Financial Statements

for the year ended March 31, 2022

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

The Company treats sale of the asset to be highly probable when:

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

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

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

g. Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises its purchase price or its construction cost (net of applicable tax credits), any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. Such cost includes the cost of replacing part of the plant and equipment and professional fees. Any trade discounts and rebates are deducted in arriving at the purchase price. Parts of an item of Property, plant and equipment having different useful lives and significant value and subsequent expenditure on Property, plant and equipment arising on account of capital improvement or other factors are accounted for as separate components. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

Depreciation is provided on the cost of Property plant and equipment less their residual values, using the straight line method over the useful life of Property plant and equipment

as stated in the Schedule II to the Companies Act, 2013 or based on technical assessment by the Company. The Company has used the following useful lives to provide depreciation on its property, plant and equipment.

Particulars	Useful Life
Buildings	30 - 60 years
Plant & Machinery	4 - 21 years
Furniture and Fixtures	16 years
Vehicles	6 years

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

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

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

h. Intangible Assets

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

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

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

i. Impairment of tangible and intangible assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's

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recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

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

j. Inventories

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

Raw materials:

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

Finished goods and work in progress:

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

Traded goods:

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

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

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

k. Retirement and other employee benefits

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

i. Defined contribution plans

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

ii. Defined benefit plans

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

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

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

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

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

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

iii. Other employee benefits

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

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

I. Provisions

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

Warranty provision

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

m. Contingent liabilities

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

n. Financial instruments

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

i. Financial Assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the

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

Debt instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as Fair value through Other Comprehensive Income (FVTOCI), is classified as at FVTPL.

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

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

Derecognition

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

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

Equity instruments at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Equity instruments at FVTPL

Equity instruments at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss.

Impairment of financial assets

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

credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

Trade receivables

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

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

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

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

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

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

ii. Financial Liabilities

Initial recognition and measurement

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

Subsequent measurement

Financial liabilities at fair value through profit or loss

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

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

Derecognition

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

iii. Reclassification of financial assets

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

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

Offsetting of financial instruments

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

o. Cash and cash equivalents

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

p. Cash dividend

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

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

q. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted

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average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

r. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment. Right-of-use assets mainly consists of land and building.

b. Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of

penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c. Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

2.3 Changes in accounting policies and disclosures

New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 1 2021. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

(i) Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 CoVID-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020

These amendments had no impact on the financial statements of the Company.

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

Particulars	Property, Plant and Equipment					Capital work in progress (CWIP)	Intangible Assets
	Freehold land (Owned)	Buildings (Owned)	Plant and Equipment (Owned)	Furniture and Fixtures (Owned)	Vehicles (Owned)	Total	
Cost or valuation							
At 1 April 2020	227	2,895	8,091	548	82	11,843	503
Add : Additions	-	273	1,155	38	55	1,521	5
Less : Disposals / Write off	-	-	(61)	-	(30)	(91)	-
Less : Capitalised during the year	-	-	-	-	-	-	-
At 31 March 2021	227	3,168	9,185	586	107	13,273	508
Add : Additions	-	184	836	34	-	1,054	26
Less : Disposals / Write off	-	-	(50)	(1)	(7)	(58)	-
Less : Capitalised during the year	-	-	-	-	-	-	-
At 31 March 2022	227	3,352	9,971	619	100	14,269	534
Accumulated Depreciation/ Amortisation/ Impairment							
At 1 April 2020	-	451	3,283	132	42	3,908	356
Add : Depreciation charge for the year	-	120	751	43	15	929	83
Less : Disposals	-	-	(37)	-	(21)	(58)	-
At 31 March 2021	-	571	3,997	175	36	4,779	439
Add : Depreciation charge for the year	-	128	748	45	16	937	34
Less : Disposals	-	-	(25)	(1)	(6)	(32)	-
At 31 March 2022	-	699	4,720	219	46	5,684	473
Net book value							
At 31 March 2022	227	2,653	5,251	400	54	8,585	61
At 31 March 2021	227	2,597	5,188	411	71	8,494	69

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ESAB INDIA LIMITED

Capital work in progress (CWIP) Ageing Schedule

As at 31 March 2022

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	278	–	–	7	285
Projects temporarily suspended	–	–	–	–	–
Total	278	–	–	7	285

As at 31 March 2021

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	213	–	6	32	251
Projects temporarily suspended	–	–	–	–	–
Total	213	–	6	32	251

On transition to Ind AS, the Company has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment.

	31-Mar-22	31-Mar-21
4. Other non-current financial assets		
Unsecured, considered good - Carried at amortised cost		
Security deposits	197	261
Bank deposits with maturity greater than 12 months*	277	–
	474	261
*Includes margin money deposits with the Company's bankers having a carrying amount of ₹ 277 (March 31, 2021: NIL) which are subject to first charge to secure the Company's bank guarantees.		
5. Other assets		
Capital advance	53	47
Prepayments	30	34
	83	81
Considered doubtful		
Advance to employees	33	33
Other receivables	44	44
Less : Provision for doubtful advances	(77)	(77)
	83	81
6. Inventories (lower of cost and net realisable value)		
Raw materials [includes in transit ₹ 1,784 (March 31, 2021 - ₹ 1,030)]	5,066	3,178
Work in progress	652	341
Finished goods		
- Manufactured goods	1,597	1,748
- Traded goods [includes in transit ₹ 1,077 (March 31, 2021 - ₹ 546)]	3,006	1,909
Stores and Spares	169	173
Total inventories at the lower of cost and net realisable value	10,490	7,349

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	31-Mar-22	31-Mar-21
7. Investments		
a) Investments at fair value through profit or loss		
Quoted mutual funds		
NIL (March 31, 2021: 151,931) units in Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	—	500
NIL (March 31, 2021: 165,100) units in ICICI Prudential Liquid Fund - Growth	—	500
NIL (March 31, 2021: 16,299) units in IDFC Cash Fund Growth (Direct Plan)	—	405
NIL (March 31, 2021: 17,353) units in HDFC Liquid Fund-Direct Plan-Growth Option	—	702
NIL (March 31, 2021: 12,083) units in Kotak Liquid Regular Plan-Growth	—	501
NIL (March 31, 2021: 21,885) units in Axis Liquid Fund - Direct-Growth	—	500
NIL (March 31, 2021: 9,936) units in Nippon India Liquid Fund - Direct Plan-Growth Plan-Growth Option	—	500
43,678 (March 31, 2021: NIL) units in Aditya Birla Sun Life Overnight Fund - Regular - Growth	500	—
52,923 (March 31, 2021: NIL) units in IDFC Overnight Fund Direct Plan - Growth	600	—
12,054 (March 31, 2021: NIL) units in HDFC Liquid Fund-Regular Plan-Growth Option	500	—
44,577 (March 31, 2021: NIL) units in Axis Overnight Fund - Regular-Growth	501	—
4,39,638 (March 31, 2021: NIL) units in Nippon India Overnight Fund - Growth Plan	500	—
15,115 (March 31, 2021: 15,620) units in SBI Liquid Fund - Regular - Growth	500	501
Total investments at fair value through profit or loss	3,101	4,109
Total cost of investments	3,100	4,100
b) Unquoted equity shares		
30,000 equity shares (31 March 2021: 30,000) of M/s Clean Wind Power(Pratapgarh) Private Limited	15	15
Total investments at fair value (a + b)	3,116	4,124
8. Loans (Considered good - Secured)		
Loan to Related party (refer note 36)*	—	1,800
	—	1,800
* Secured by corporate guarantee from Colfax Corporation, the Ultimate Holding Company (Refer Note 36)		
9. Trade receivables and contract assets		
Trade receivables	10,322	8,398
Receivables from related parties (Refer note 36)	3,102	1,484
Total Trade receivables	13,424	9,882
Considered good - secured *	70	75
Considered good - unsecured	13,354	9,807
Trade Receivables - credit impaired	561	451
	13,985	10,333
Impairment Allowance (allowance for bad and doubtful debts)		
Trade Receivables - credit impaired	(561)	(451)
	13,424	9,882
* Secured against deposits from dealers		

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ESAB INDIA LIMITED

Trade receivables ageing schedule

As at 31 March 2022

	Outstanding for following periods from transaction date					
	Less than 6 months	6 months 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed Trade Receivables - considered good	13,279	126	1	5	13	13,424
Undisputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
Undisputed Trade receivable - credit impaired	201	137	61	17	37	453
Disputed Trade receivables - considered good	—	—	—	—	—	—
Disputed Trade receivables - which have significant increase in credit risk	—	—	—	—	—	—
Disputed Trade receivables - credit impaired	—	—	—	—	108	108
Total	13,480	263	62	22	158	13,985

As at 31 March 2021

	Outstanding for following periods from transaction date					
	Less than 6 months	6 months 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed Trade Receivables - considered good	9,797	26	25	34	—	9,882
Undisputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—
Undisputed Trade receivable - credit impaired	161	34	92	21	35	343
Disputed Trade receivables - considered good	—	—	—	—	—	—
Disputed Trade receivables - which have significant increase in credit risk	—	—	—	—	—	—
Disputed Trade receivables - credit impaired	—	—	—	—	108	108
Total	9,958	60	117	55	143	10,333

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. For terms and conditions relating to receivables from related parties, refer Note 36. Trade receivables are non-interest bearing and are generally on terms of 0 to 120 days based on the type of the customer.

As at March 31, 2022, the Company has contract assets of ₹ 238 (March 31, 2021: NIL) which is net off an allowance for expected credit losses of NIL (March 31, 2021: NIL). Revenues in excess of billing are classified as contract asset.

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	31-Mar-22	31-Mar-21
Opening balance	451	475
Provision for expected credit losses (Refer note 22,27)	110	(24)
	561	451
10.1 Cash and cash equivalents		
Balances with banks on current accounts	2,119	1,856
Cash on hand	1	1
	2,120	1,857

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the above balances.

Notes to the Financial Statements

for the year ended March 31, 2022

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

	31-Mar-22	31-Mar-21
10.2 Other bank balances		
In unpaid dividend accounts	382	103
Bank deposits with maturity greater than 3 months, less than 12 months*	1,996	2,242
	<u>2,378</u>	<u>2,345</u>
<p>* Includes margin money deposits with the Company's bankers having a carrying amount of ₹ 1,996 (March 31, 2021 - ₹ 2,242) which are subject to first charge to secure the Company's bank guarantees.</p> <p>Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and twelve months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.</p> <p>The Company has been sanctioned working capital limits from banks during the year on the basis of security of current assets of the Company. The quarterly returns / statements (including revised returns) filed by the Company with such banks are in agreement with the books of accounts of the Company.</p>		
11. Other financial assets (current)		
Management service fee receivable from related parties (refer note 36)	98	98
Interest accrued on loan to related party (refer note 36)	—	41
Interest accrued on fixed deposits	48	59
Security deposits	89	—
	<u>235</u>	<u>198</u>
12. Other assets (current)		
Prepayments	270	245
Balance with Government authorities	207	277
Advance to suppliers	545	406
Advance to employees	14	19
	<u>1,036</u>	<u>947</u>
13. Income tax		
a. Income tax assets (Net)		
Advance income-tax	394	406
	<u>394</u>	<u>406</u>
b. Liability for current income tax (Net)		
Liability for current income tax (net)	107	5
	<u>107</u>	<u>5</u>
14. Assets held for sale		
Assets held for sale*	209	209
	<u>209</u>	<u>209</u>

* The Company has discontinued its operations at Khardah factory at Kolkata during the year ended March 31, 2015 and is in the process of finalising the sale of land to a prospective buyer.

Notes to the Financial Statements
for the year ended March 31, 2022
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



ESAB INDIA LIMITED

	31-Mar-22	31-Mar-21
15. Share Capital		
Authorised:		
1,90,00,000 (Previous years: 1,90,00,000) equity shares of ₹ 10/- each	1,900	1,900
30,00,000 (Previous years: 30,00,000) unclassified shares of ₹ 10/- each	300	300
	2,200	2,200
Issued, subscribed and paid-up:		
1,53,93,020 (Previous years: 1,53,93,020) equity shares of ₹ 10/- each fully paid-up	1,539	1,539

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

Particulars	No. of Shares	Amount
As at March 31, 2020	1,53,93,020	1,539
Changes during the year	—	—
As at March 31, 2021	1,53,93,020	1,539
Changes during the year	—	—
As at March 31, 2022	1,53,93,020	1,539

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of equity share holders	No. of shares	31-Mar-22	31-Mar-21
Subsidiary companies of Colfax Corporation, the ultimate holding company (Refer Note: 36):			
ESAB Holdings Limited, UK	5,743,200	574	574
Exelvia Group India B.V, Netherlands	5,604,760	560	560
	11,347,960	1,134	1,134

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

Name of equity share holders	31-Mar-22		31-Mar-21	
	No. of shares	% of share holding	No. of shares	% of share holding
Equity shares of Rs.10 each fully paid held by				
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%
SBI Retirement Fund and allied plans	—	—	1,328,599	8.63%
SBI Small Cap Fund and allied plans	1,477,127	9.60%	—	—

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

Notes to the Financial Statements

for the year ended March 31, 2022

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

e) Details of shares held by promoters at the end of the year:-

Promoters	31-Mar-22		
	No. of shares	% of total shares	% of change during the year
Equity shares of ₹ 10/- each fully paid held by ESAB Holdings Limited, UK	5,743,200	37.31%	—
Exelvia Group India B.V, Netherlands	5,604,760	36.41%	—

Promoters	31-Mar-21		
	No. of shares	% of total shares	% of change during the year
Equity shares of ₹ 10/- each fully paid held by ESAB Holdings Limited, UK	5,743,200	37.31%	—
Exelvia Group India B.V, Netherlands	5,604,760	36.41%	—

	31-Mar-22	31-Mar-21
f) Distribution made and proposed		
Cash dividends on equity shares declared and paid:		
Interim dividend for the year ended on 31 March 2020: INR 70 per share	—	10,775
Interim dividend for the year ended on 31 March 2021: INR 19 per share	—	2,925
Final dividend for the year ended on 31 March 2021: INR 25 per share	3,848	—
Interim dividend - I for the year ended on 31 March 2022: INR 22 per share	3,386	—
Interim dividend - II for the year ended on 31 March 2022: INR 18 per share	2,771	—
	10,005	13,700
The Board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended on March 31, 2022: ₹ 20 (March 31, 2021: ₹ 25 per share)	3,079	3,848
	3,079	3,848
Proposed dividend on equity shares are subject to approval of the shareholders at the annual general meeting and are not recognised as a liability as at 31 March.		
16. Other equity		
Securities Premium	932	932
Amalgamation reserve	100	100
General reserve	4,990	4,990
Retained earnings	16,861	18,361
Total Other equity	22,883	24,383

Nature and purpose of reserves

Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Amalgamation reserve

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

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Notes to the Financial Statements
for the year ended March 31, 2022
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



ESAB INDIA LIMITED

	31-Mar-22	31-Mar-21
17. Provisions		
Current		
Sales tax	173	173
Litigations and disputes	99	73
Warranties	258	193
Provision for employee benefits		
Compensated absences	66	28
Pension*	24	27
	<u>620</u>	<u>494</u>
Non-current		
Provision for employee benefits		
Gratuity (refer note 33)	51	51
Pension (refer note 33)	206	244
Compensated absences	315	203
	<u>572</u>	<u>498</u>
* Pertains to liability towards defined contribution scheme		
	Sales Tax	Litigations
Balances as at April 1, 2020	278	73
Add: Provision made during the year	—	—
Less: Provision utilised during the year	(105)	—
Balances as at March 31, 2021	<u>173</u>	<u>73</u>
Add: Provision made during the year	—	26
Less: Provision utilised during the year	—	—
Balances as at March 31, 2022	<u>173</u>	<u>99</u>
	Warranties	
	247	
	128	
	(182)	
	<u>193</u>	
	70	
	(5)	
	<u>258</u>	
18. Trade Payable		
Dues to Micro, Small & Medium Enterprises*	3,682	1,901
Dues to other than Micro, Small & Medium Enterprises	7,387	5,712
Dues to Related Party (refer note 36) **	3,324	2,026
	<u>14,393</u>	<u>9,639</u>

As at 31 March 2022

	Outstanding for following periods from transaction date					
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	—	3,671	10	1	—	3,682
Total outstanding dues of creditors other than micro enterprises and small enterprises	911	9,601	66	47	86	10,711
Disputed dues of micro enterprises and small enterprises	—	—	—	—	—	—
Disputed dues of creditors other than micro enterprises and small enterprises	—	—	—	—	—	—
Total	911	13,272	76	48	86	14,393

Notes to the Financial Statements

for the year ended March 31, 2022

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

18. Trade Payable - (continued)

As at 31 March 2021

	Outstanding for following periods from transaction date					
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	–	1,900	1	–	–	1,901
Total outstanding dues of creditors other than micro enterprises and small enterprises	992	6,568	75	45	58	7,738
Disputed dues of micro enterprises and small enterprises	–	–	–	–	–	–
Disputed dues of creditors other than micro enterprises and small enterprises	–	–	–	–	–	–
Total	992	8,468	76	45	58	9,639

	31-Mar-22	31-Mar-21
* Disclosures relating to micro, small and medium enterprises		
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;***:		
- Principal amount due to micro and small enterprises	3,682	1,901
- Interest due on above		
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	–	–
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	70	20
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–
Trade payables are non interest bearing and normally settled on 60 days term.		
** Excludes payable to related party of ₹ 164 included in payable to Micro, Small & Medium Enterprises (March 31, 2021 ₹ 23)		
*** Includes overdue payables amounting of ₹ 461 (March 31, 2021 ₹ 202)		
19. Other financial liabilities (at amortised cost)		
Security deposit from dealers	192	187
Security deposit received for sale of land	450	450
Unclaimed dividend	132	103
	<u>774</u>	<u>740</u>
20. Other current liabilities		
Liability towards Corporate Social Responsibility	108	22
Advances from customers	255	170
Accrued salaries and benefits	962	543
Deferred Income	215	–
Statutory dues payable	914	447
	<u>2,454</u>	<u>1,182</u>

Notes to the Financial Statements
for the year ended March 31, 2022
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



ESAB INDIA LIMITED

	31-Mar-22	31-Mar-21
21. Revenue from contract with customers		
Sale of products		
Manufactured goods	62,756	46,412
Traded goods	18,765	16,820
Recovery of freight	1,366	1,205
	<u>82,887</u>	<u>64,437</u>
Other operating revenues		
Scrap sales	382	242
Export benefits	186	32
	<u>568</u>	<u>274</u>
Income from services		
Engineering, support and consulting services	5,825	3,405
Total revenue from contract with customers	<u>89,280</u>	<u>68,116</u>
India	81,283	62,564
Outside India	7,997	5,552
Total revenue from contract with customers	<u>89,280</u>	<u>68,116</u>
Contract balances		
Trade receivables	13,424	9,882
Contract Assets	238	—
Reconciling the amount of revenue recognised in the statement of profit and loss		
Revenue as per contracted price	90,886	69,288
Adjustments		
Sales return	(452)	(379)
Sales incentive	(1,154)	(793)
Revenue from contract with customers	<u>89,280</u>	<u>68,116</u>
22. Other income		
Fair value of investments	1	9
Profit on sale of investments	76	130
Profit on sale of property, plant and equipment (net)	7	1
Net gain on account of foreign exchange fluctuation	122	90
Write back of provision for doubtful receivables	—	24
Management service to related party (refer note 36)	350	357
Interest on bank deposits and others	110	239
Interest from loan to related party (refer note 36)	76	106
Miscellaneous income	76	162
	<u>818</u>	<u>1,118</u>

Notes to the Financial Statements

for the year ended March 31, 2022

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

	31-Mar-22	31-Mar-21
23. Cost of raw materials and components consumed		
a. Raw materials and components consumed		
Inventory at the beginning of the year	3,178	3,263
Add: Purchases during the year	46,049	30,978
Less: Inventory at the end of the year	(5,066)	(3,178)
	<u>44,161</u>	<u>31,063</u>
b. Traded goods		
Purchase of stock in trade	13,519	12,434
	<u>13,519</u>	<u>12,434</u>
c. Finished goods and work in progress		
(Increase) / Decrease in Inventories		
Opening Stock		
Manufactured goods	1,748	1,591
Work in progress	341	475
Traded goods	1,909	2,350
	<u>3,998</u>	<u>4,416</u>
Closing Stock		
Manufactured goods	1,597	1,748
Work in progress	652	341
Traded goods	3,006	1,909
	<u>5,255</u>	<u>3,998</u>
	<u>(1,257)</u>	<u>418</u>
24. Employee benefits expense		
Salaries, wages and bonus	8,383	6,809
Contribution to provident and other funds	233	212
Gratuity expense (refer note 33)	72	6
Pension expenses *	153	145
Staff welfare expenses	640	502
	<u>9,481</u>	<u>7,674</u>
* Includes expense towards defined benefit scheme ₹ 54 (March 31, 2021 ₹ 39) (refer note 33)		
The Code on Social Security (2020) and other Labour Codes received Presidential assent in September 2020. The Code is published in the Gazette of India. However, the respective State Government Rules were not yet finalised and hence the Central Government has deferred the effective date of these Codes to a later date. The Company will assess the impact of these Codes as and when they come to effect.		
25. Depreciation and Amortisation Expense		
Depreciation of property, plant and equipment	937	929
Amortisation of intangible assets	34	83
Depreciation on right-of-use assets (refer note 35)	162	159
	<u>1,133</u>	<u>1,171</u>
26. Finance cost		
Interest expenses on lease liabilities	29	41
	<u>29</u>	<u>41</u>

Notes to the Financial Statements

for the year ended March 31, 2022

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



ESAB INDIA LIMITED

	31-Mar-22	31-Mar-21
27. Other expenses		
Consumption of stores and spares	349	383
Power and fuel	1,340	1,058
External service charges	1,350	1,153
Rent	1	1
Repairs and maintenance		
- Building	28	48
- Plant and machinery	303	204
- Others	503	396
Insurance	148	98
Travelling expenses	595	428
Communication expenses	74	71
Rates and taxes	127	67
Transport and freight	2,400	1,843
Sales promotion and selling expenses	180	190
Trademark license fees to related party (refer note 36)	2,044	1,048
Legal and professional fees	139	112
Testing and development charges	1,099	531
Payment to auditors (refer note 27.1)	54	52
Printing and stationery	38	26
CSR expenditure (refer note 28)	173	155
Warranty expenses	289	128
Provision for doubtful receivables	110	-
Property, plant and equipment written off	8	24
Bank charges	32	134
Miscellaneous expenses	292	230
	11,676	8,380
27.1 Payment to auditors		
As auditor		
Audit	26	26
Tax audit	6	6
Limited reviews	9	9
Others*	10	10
Reimbursement of expenses	3	1
	54	52
<p>*Amount shown is net of recoveries in respect of audit services availed by the Company for reporting to Colfax Corporation. The Company has paid ₹ 13 (March 31, 2021: Nil) to the auditors in this regard which has been fully recovered from Group company.</p>		
28. CSR expenditure		
(a) Gross amount required to be spent by the company during the year	173	155
(b) Amount of expenditure incurred on:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	65	133
(c) Shortfall at the end of the year out of the amount required to be spent during the year	108	22
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	Due to the impact of COVID-19 and administrative reasons	
(f) Nature of CSR Activities	Employment enhancing vocational skills and safe welding practices	

Notes to the Financial Statements

for the year ended March 31, 2022

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

	31-Mar-22	31-Mar-21
28. CSR expenditure - (continued)		
(g) Details of related party transactions related to CSR expenditure as per relevant Accounting Standard	NA	NA
(i) Details related to spent/unspent obligations:		
i) Spent amount in relation to:		
- Promoting education	65	119
- Disaster management, including relief, rehabilitation and reconstruction activities	—	14
ii) Unspent amount in relation to:		
- Ongoing project	68	22
- Other than ongoing project	40	—

Details of ongoing project and other than ongoing project

In case of Section 135(6) (Ongoing Project)						
Opening Balance		Amount required to be spent during the year	Amount spending during the year		Closing balance	
With Company	In separate CSR unspent A/c.		from Company's bank A/c.	from separate CSR unspent A/c.	With Company	In separate CSR unspent A/c.
—	22	133	65	22	68	—

In case of Section 135(5) (Other than Ongoing Project)				
Opening Balance	Amount deposited in specified fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
—	—	40	—	40

29. Components of Other Comprehensive Income (OCI)

The disaggregation of changes by retained earnings to OCI in equity is shown below:

Re-measurement gains / (losses) on defined benefit plans (net of tax)

	74	(82)
	<u>74</u>	<u>(82)</u>

30. Earnings per share (EPS)

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

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

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

	31-Mar-22	31-Mar-21
Profit for the year (₹)	8,431	5,929
Weighted average number of Equity shares for EPS	1,53,93,020	1,53,93,020
Basic and Diluted earnings per share	54.78	38.52

31. Significant accounting judgements, estimates and assumptions

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

Notes to the Financial Statements

for the year ended March 31, 2022

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



ESAB INDIA LIMITED

Judgements

In the process of applying the Company's accounting policies, management has not made any judgement, which has significant effect on the amounts recognised in the Financial Statements.

Estimates and assumptions

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

Allowances for slow / Non-moving Inventory and obsolescence:

An allowance for Inventory is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory allowance is estimated taking into account various factors, including prevailing sales prices of inventory item and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

Deferred income taxes

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

Defined benefit plans

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

32. Income taxes

The major components of income tax expense for the year ended March 31, 2022 are:

	Year ended March 31, 2022	Year ended March 31, 2021
Current tax:		
Current income tax charge	2,967	2,055
Adjustment of tax relating to earlier periods	—	33
Deferred Tax:		
Relating to the origination and reversal of temporary differences	(42)	36
Income tax expense reported in the statement of profit and loss	<u>2,925</u>	<u>2,124</u>
Other comprehensive income		
Deferred tax related to items recognised in OCI		
Tax (income)/expense during the year recognised in OCI	25	(28)
Income tax charged to other comprehensive income	<u>25</u>	<u>(28)</u>

Notes to the Financial Statements

for the year ended March 31, 2022

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

	Year ended March 31, 2022	Year ended March 31, 2021
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate are:		
Profit before tax	11,356	8,053
Enacted tax rate in India	25.168%	25.168%
Income tax expense	2,858	2,027
Relating to the origination of Permanent differences:		
Adjustment of tax relating to earlier years	—	33
CSR expense	44	39
Others	23	25
Income tax expense recognised in profit or loss	2,925	2,124
Deferred tax balances		
The following is the analysis of deferred tax assets / (liabilities) presented in the statement of financial position:		
Deferred tax liabilities (net)		
Property, plant and equipment	453	415
Fair Value of Investments	—	2
Deferred tax assets (net)		
Provision for employee benefits	180	156
Provision for doubtful trade receivables	141	113
Provision for inventories	213	212
Provision for sales tax	72	72
Provision for others	9	9
Deferred tax assets (net)	162	145
Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.		
	Year ended March 31, 2022	Year ended March 31, 2021
Movement of deferred tax expense during the year ended:		
Deferred Tax (Liabilities) / Assets in relation to:		
Opening balance	145	153
Tax income /(expense) during the year recognised in profit or loss	42	(36)
Tax income /(expense) during the year recognised in OCI	(25)	28
Closing balance	162	145

Notes to the Financial Statements
for the year ended March 31, 2022
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ESAB INDIA LIMITED

	Note	31-Mar-22	31-Mar-21
33. Gratuity and other post-employment benefit plans			
Provisions for gratuity (refer note 17)	A	51	51
Pension fund liability (refer note 17)	B	206	244

A. Gratuity plan

The Company has a defined benefit gratuity plan for employees which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972 ("Act"). Under the Act, every employee who has completed five years or more of service is entitled to this Gratuity payment, on departure, of 15 days' salary (last drawn salary) for each completed year of service subject to a maximum of ₹ 20 lakhs. The Company has established a trust to setup an employee group gratuity scheme for providing gratuity benefits to eligible employees as per the rules of the scheme. The gratuity scheme is funded with Life Insurance Corporation of India ("LIC") for the purpose of providing gratuity benefits to its employees. The Trust is administered by the Board of Trustees, which is responsible for the administration of the plan assets.

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

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2022:

	Defined benefit obligation	Fair value of plan assets	Benefit liability
As at 1 April 2021	(717)	666	(51)
Gratuity cost charged to profit or loss			
Current service cost	(72)	—	(72)
Past service cost	—	—	—
Interest income / (expense)	(44)	44	—
Sub-total included in profit or loss (refer note 24)	(116)	44	(72)
Benefits paid	55	(55)	—
Remeasurement gains/(losses) in other comprehensive income			
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	19	—	19
Experience adjustments	—	—	—
Return on plan assets	—	(12)	(12)
(excluding amounts included in net interest expense)			
Sub-total included in other comprehensive income	19	(12)	7
Contributions by Employer	—	65	65
As at 31 March 2022	(759)	708	(51)

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2021:

As at 1 April 2020	(640)	507	(133)
Gratuity cost charged to profit or loss			
Current service cost	(64)	—	(64)
Past service cost	—	—	—
Interest income / (expense)	(40)	35	(5)
Sub-total included in profit or loss (refer note 24)*	(104)	35	(69)
Benefits paid	18	(18)	—

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A. Gratuity plan - (continued)

	Defined benefit obligation	Fair value of plan assets	Benefit liability
Remeasurement (gains) / losses in other comprehensive income			
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	3	—	3
Experience adjustments	6	—	6
Return on plan assets (excluding amounts included in net interest expense)	—	(1)	(1)
Sub-total included in other comprehensive income	(9)	(1)	(8)
Contributions by Employer	—	80	80
Assets acquired	—	63	63
As at 31 March 2021	(717)	666	(51)

* The amount as per Note 24 is net off the asset acquired of ₹ 63.

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

	31-Mar-22	31-Mar-21
Unquoted investments:		
Insurer managed funds	635	561
Others	73	105
Total	708	666

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

	31-Mar-22	31-Mar-21
Discount rate (%)	6.85%	6.55%
Future salary increases		
For management staff	5%	5%
For graded staff	8%	8%

Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption are shown below:

Particulars	Change	Impact on defined benefit obligation	
		31-Mar-22	31-Mar-21
Discount rate	-0.25%	2.08%	2.12%
Discount rate	+0.25%	-2.01%	-2.05%
Salary escalation rate	-0.25%	-2.00%	-2.05%
Salary escalation rate	+0.25%	2.06%	2.10%

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

Particulars	31-Mar-22	31-Mar-21
Within the next 12 months (next annual reporting year)	112	81
Year 2 to 5	244	253
Year 6 to 9	305	277
Year 10 and above	873	803
Total expected payments	1,534	1,414

The weighted average duration of the defined benefit plan obligation at the end of the reporting year is 8.19 years (31 March 2021: 8.34 years).

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B. Pension fund

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

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

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2022:

	Defined benefit obligation	Fair value of plan assets	Benefit asset / (liability)
As at 1 April 2021	(847)	603	(244)
Pension cost charged to profit or loss			
Current service cost	(41)	—	(41)
Interest income / (expense)	(45)	32	(13)
Sub-total included in profit or loss	(86)	32	(54)
Benefits paid	127	(127)	—
Remeasurement gains / (losses) in other comprehensive income			
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	10	—	10
Experience adjustments	76	—	76
Adjustment to recognise the effect of asset ceiling	—	—	—
Return on plan assets (excluding amounts included in net interest expense)	—	6	6
Sub-total included in other comprehensive income	86	6	92
Contributions by Employer	—	—	—
As at 31 March 2022 (refer note 17)	(720)	514	(206)

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2021:

	Defined benefit obligation	Fair value of plan assets	Benefit asset / (liability)
As at 1 April 2020	(738)	651	(87)
Pension cost charged to profit or loss			
Current service cost	(36)	—	(36)
Interest income / (expense)	(44)	—	(44)
Actual return on plan assets	—	41	41
Sub-total included in profit or loss	(80)	41	(39)
Benefits paid	87	(87)	—
Remeasurement gains / (losses) in other comprehensive income			
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	2	—	2
Experience adjustments	(118)	—	(118)
Adjustment to recognise the effect of asset ceiling	—	—	—
Return on plan assets (excluding amounts included in net interest expense)	—	(2)	(2)
Sub-total included in other comprehensive income	(116)	(2)	(118)
Contributions by Employer	—	—	—
As at 31 March 2021 (refer note 17)	(847)	603	(244)

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

	31-Mar-22	31-Mar-21
Unquoted investments:		
Insurer managed funds	505	594
Others	9	9
Total	514	603

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

	31-Mar-22	31-Mar-21
Discount rate	6.85%	6.55%
Future salary increases	5%	5%
Pension increase rate	0%	0%

Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption are shown below:

Particulars	Impact on defined benefit obligation		
	Change	31-Mar-22	31-Mar-21
Discount rate	-0.25%	1.12%	1.09%
Discount rate	+0.25%	-1.09%	-1.07%
Salary escalation rate	-0.25%	-0.95%	-0.93%
Salary escalation rate	+0.25%	0.97%	0.95%
Pension increase rate by 1 year	-0.25%	0%	0%
Pension increase rate by 1 year	+0.25%	0%	0%

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

Particulars	31-Mar-22	31-Mar-21
Within the next 12 months (next annual reporting period)	218	307
Year 2 to 5	218	202
Year 6 to 9	221	265
Year 10 and above	34	19
Total expected payments	691	793

The weighted average duration of the defined benefit plan obligation at the end of the reporting year is 4.43 years (31 March 2021: 4.34 years).

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ESAB INDIA LIMITED

	31-Mar-22	31-Mar-21
34. Commitment and contingencies		
a. Commitments		
Estimated amount of contracts to be executed and not provided for (net of advances) on capital account and not provided for	1,445	233
	1,445	233
b. Contingent Liabilities		
(i) Bank Guarantees outstanding in favour of Government and other parties	777	1,233
(ii) Claims against the company not acknowledged as debt *	824	824
(iii) Demand raised by authorities against which Company has filed appeals **	2,175	2,167
	3,776	4,224

* 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. The timing of the outflow in respect of the above are determinable only on receipt of judgements/decisions pending before various forums/authorities. The aforesaid amounts do not include any interest to the extent it has not been determined.

35. Leases

The Company has lease contracts for lease hold lands, lease hold premises and vehicles used in its operations. Leasehold lands generally have lease terms between 15 and 99 years, lease hold premises and motor vehicles have lease terms between 2 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has leases of premises with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of- use asset	Total	Land	Building	Motor Vehicles
Balance as at 1 April 2020	560	396	140	24
Additions	—	—	—	—
Depreciation expense	(159)	(109)	(39)	(11)
Balance as at 1 April 2021	401	287	101	13
Additions	81	—	—	81
Depreciation expense	(162)	(109)	(36)	(17)
Balance as at 31 March 2022	320	178	65	77

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liability	Total	Land	Building	Motor Vehicles
Balance as at 1 April 2020	468	297	146	25
Additions to Lease liability	—	—	—	—
Finance cost	41	26	13	2
Payments made during the year	(170)	(111)	(47)	(12)
Balance as at 1 April 2021	339	212	112	15
Additions to Lease liability	81	—	—	81
Finance cost	29	17	10	2
Payments made during the year	(181)	(115)	(46)	(20)
Balance as at 31 March 2022	268	114	76	78
Current	200	114	38	48
Non-current	68	—	38	30

The maturity analysis of lease liabilities is disclosed in Note 39.

The effective interest rate for lease liabilities is 10%, with maturity between 2021-2024.

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The following are the amounts recognised in profit or loss:	31-Mar-22	31-Mar-21
Depreciation expense of right-of-use assets	162	159
Interest expense on lease liabilities	29	41
Expense relating to short-term leases (included in other expenses)	1	1
Total amount recognised in profit or loss	192	201

The Company had total cash outflows for leases of ₹ 181 during the year (₹ 170 in March 31, 2021). All the payments are fixed lease payments. There are no variable lease payments in the Company.

36. Related party transactions

(a) Name of related Parties and related party relationship

Related Party where control exists

- i) As at March 31 2022, ESAB Holdings Limited, UK and Exelvia Group India B.V., Netherlands, being the Principal Shareholders of ESAB India Limited ("Company") hold 37.31% and 36.41% of the paid up equity share capital of the Company respectively and Colfax Corporation was the ultimate holding company of ESAB India Limited as on the said date.

Colfax Corporation had incorporated a wholly owned subsidiary in the name of ESAB Corporation, Delaware, USA and made ESAB Corporation, Delaware, USA as the holding company of ESAB Holdings Limited, UK and Exelvia Group India B.V., Netherlands. Further, Colfax Corporation had separated itself from ESAB Corporation, Delaware, USA by selling 90% of the equity shares held in ESAB Corporation, Delaware, USA to the general public shareholders of Colfax Corporation thereby reducing its equity stake in ESAB Corporation, Delaware, USA to 10% with effect from April 4, 2022.

ESAB Corporation, Delaware became the ultimate Parent Company of ESAB India Limited effective April 4, 2022.

I. Ultimate Holding Company

Colfax Corporation USA (Till April 04, 2022)

ESAB Corporation USA (From April 04, 2022)

II. Holding Companies

ESAB Holdings Limited, UK

Exelvia Group India B.V., Netherlands

III. Post Employment Benefit Funds

ESAB India Limited Executive Staff Pension Fund

ESAB India Limited Non-executive Staff Pension Fund

ESAB India Limited Executive Staff Gratuity Fund

ESAB India Limited Non-executive Staff Gratuity Fund

- ii) List of other related parties with whom transactions have taken place during the year and their relationship

Name of the Related Party	Nature of Relationship
Alcotec Wire Corporation USA	Entities under common control
ESAB Europe AG ,Switzerland	Entities under common control
Cigweld Pty Ltd., Australia	Entities under common control
ESAB AB, Sweden	Entities under common control
ESAB Asia/Pacific Pte Ltd,Singapore	Entities under common control
ESAB Automation Cutting & Welding Equipment (Wuxi) Co.,Ltd., China	Entities under common control
ESAB Cutting Systems GmbH, Germany	Entities under common control
ESAB Europe GmbH ,Switzerland	Entities under common control
ESAB Middle East FZE,UAE	Entities under common control
ESAB North America ,Global Cost Nam Florence, USA	Entities under common control
ESAB SeAH CORP, Korea	Entities under common control
ESAB Seah Welding Products(Yantai) Co Ltd, China	Entities under common control
ESAB Sp.Z.O.O., Poland	Entities under common control

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Name of the Related Party	Nature of Relationship
ESAB Vamberk Sro, CZ	Entities under common control
ESAB Welding & Cutting Product, USA	Entities under common control
ESAB Welding & Cutting Products (Shanghai) Management Co.,Ltd, China	Entities under common control
ESAB Welding Products (Jiangsu) Co Ltd, China	Entities under common control
EWAC Alloys Limited, India	Entities under common control
Gas Arc Group Limited, UK	Entities under common control
Howden Solyvent (India) Private Limited, India	Entities under common control
Howden Group Ltd, UK	Entities under common control
OZAS-ESAB Sp.Z.O.O., Poland	Entities under common control
P.T Karya Yasantra Cakti, Indonesia	Entities under common control
PT. Victor Teknologi, Indonesia	Entities under common control
Soldex S.A , Peru	Entities under common control
Victor Technologies Asia SDN BHD, Malaysia	Entities under common control
Victor Technologies International Inc., USA	Entities under common control
GCE India Private Limited, India	Entities under common control
TBi Industries GmbH, Germany	Entities under common control
ARC Machines Inc., USA	Entities under common control
ESAB Kazakhstan LLC	Entities under common control
The ESAB Group, Inc.Denton, TX	Entities under common control
GCE AUTOGEN S.R.O., Czech Republic	Entities under common control
Jinan Red Hawk International Trading, China	Entities under common control
Tbi (Shandong) Industries Ltd, China	Entities under common control
ESAB AB, Perstorp	Entities under common control
HKS Prozesstechnik GmbH, Germany	Entities under common control
Esab AB, Laxa, Sweden	Entities under common control
ESAB Industria e Comercio Ltda, Brazil	Entities under common control
GCE, s.r.o., Czech Republic	Entities under common control
ESAB Limited Liability Company, Russia	Entities under common control
Soldaduras West Arco S.A.S., Colombia	Entities under common control
Thermal Dynamics Europe Srl, Italy	Entities under common control
DJO Global, Inc., USA	Entities under common control
DJO Global India Healthcare Pvt Ltd	Entities under common control
ESAB MOR KFT	Entities under common control
GCE Technology (Shanghai) Co.,Ltd	Entities under common control
ESAB Welding and Cutting GMBH, Germany	Entities under common control
Mr. Rohit Gambir - Managing Director	Key Managerial Personnel
Mr. B. Mohan - Vice President Finance And Chief Financial Officer	Key Managerial Personnel
Mr. S. Venkatakrishnan - Company Secretary (Till March 25, 2022)	Key Managerial Personnel
Mr. G Balaji - Company Secretary (From March 26, 2022)	Key Managerial Personnel
Mr. K Vaidyanathan - Non-Executive Independent Director	Director
Mr. Vikram Tandon - Non-Executive Independent Director	Director
Mr. Sudhir Chand - Non-Executive Independent Director	Director
Mrs. Sabitha Rao - Non-Executive Independent Director	Director
Mr. Kevin J Johnson - Non-Executive And Non-Independent Director *	Director

* No remuneration has been paid by the Company.

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(b) Transactions with Related Parties:

Particulars	Ultimate Holding Company / Holding Company		Entities under Common Control		Others	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Transactions during the year ended						
Sale of products	-	-	4,508	1,958	-	-
ESAB Middle East FZE,UAE	-	-	391	470	-	-
ESAB Asia/Pacific Pte Ltd,Singapore	-	-	1	5	-	-
ESAB Welding & Cutting Product, USA	-	-	1	94	-	-
Cigweld Pty Ltd., Australia	-	-	150	126	-	-
PT. Victor Teknologi, Indonesia	-	-	205	95	-	-
Victor Technologies Asia SDN BHD, Malaysia	-	-	143	275	-	-
EWAC Alloys Limited, India	-	-	3,403	856	-	-
Soldex S.A , Peru	-	-	-	1	-	-
ESAB Industria e Comercio Ltda, Brazil	-	-	64	1	-	-
GCE India Private Limited, India	-	-	20	11	-	-
GCE, s.r.o., Czech Republic	-	-	-	-	-	-
OZAS-ESAB Sp.Z.O.O., Poland	-	-	12	1	-	-
ESAB Limited Liability Company, Russia	-	-	111	-	-	-
ESAB Europe GmbH ,Switzerland	-	-	3	-	-	-
Soldaduras West Arco S.A.S., Colombia	-	-	-	1	-	-
TBi Industries GmbH, Germany	-	-	-	1	-	-
Thermal Dynamics Europe Srl, Italy	-	-	1	2	-	-
ESAB Kazakhstan LLC	-	-	3	19	-	-
Income from services	-	-	5,839	3,405	-	-
ESAB AB, Sweden	-	-	2,698	1,668	-	-
Cigweld Pty Ltd., Australia	-	-	60	48	-	-
ESAB Asia/Pacific Pte Ltd,Singapore	-	-	133	127	-	-
ESAB Europe GmbH ,Switzerland	-	-	577	405	-	-
ESAB Middle East FZE,UAE	-	-	4	-	-	-
ESAB North America ,Global Cost Nam Florence, USA	-	-	1,390	841	-	-
Howden Group Ltd, UK	-	-	-	-	-	-
Victor Technologies International Inc., USA	-	-	391	173	-	-
The ESAB Group, Inc.Denton, TX	-	-	-	1	-	-
DJO Global, Inc., USA	-	-	570	142	-	-
DJO Global India Healthcare Pvt Ltd	-	-	11	-	-	-
ESAB Welding and Cutting GMBH, Germany	-	-	5	-	-	-
Management service income	-	-	350	357	-	-
EWAC Alloys Ltd, India	-	-	350	357	-	-
Rent paid	-	-	21	21	-	-
EWAC Alloys Ltd, India	-	-	21	21	-	-
Purchase of raw material / traded goods	-	-	8,259	6,218	-	-
Alcotec Wire Corporation USA	-	-	3	1	-	-
ARC Machines Inc., USA	-	-	-	7	-	-
Cigweld Pty Ltd., Australia	-	-	3	5	-	-
ESAB AB, Sweden	-	-	40	226	-	-
ESAB Middle East FZE,UAE	-	-	9	10	-	-

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

Particulars	Ultimate Holding Co / Holding Co		Entities under Common Control		Others	
ESAB Cutting Systems GmbH, Germany	-	-	249	177	-	-
ESAB Europe GmbH, Switzerland	-	-	5,207	3,996	-	-
ESAB SeAH CORP, Korea	-	-	75	27	-	-
ESAB Seah Welding Products(Yantai) Co Ltd, China	-	-	-	35	-	-
ESAB Sp.Z.O.O., Poland	-	-	11	-	-	-
ESAB Vamberk Sro, CZ	-	-	26	15	-	-
ESAB Welding & Cutting Product, USA	-	-	1,463	948	-	-
ESAB Welding & Cutting Products (Shanghai) Management Co.,Ltd, China	-	-	8	3	-	-
ESAB Welding Products (Jiangsu) Co Ltd, China	-	-	185	189	-	-
EWAC Alloys Limited, India	-	-	587	208	-	-
Gas Arc Group Limited, UK	-	-	19	16	-	-
GCE India Private Limited, India	-	-	11	10	-	-
HKS Prozesstechnik GmbH, Germany	-	-	1	3	-	-
P.T Karya Yasantra Cakti, Indonesia	-	-	27	32	-	-
TBi Industries GmbH, Germany	-	-	184	170	-	-
OZAS-ESAB Sp.Z.O.O., Poland	-	-	17	35	-	-
GCE AUTOGEN S.R.O., Czech Republic	-	-	-	6	-	-
Howden Solyvent (India) Private Ltd. India	-	-	-	-	-	-
Jinan Red Hawk International Trading, China	-	-	130	95	-	-
Tbi (Shandong) Industries Ltd, China	-	-	-	-	-	-
ESAB AB, Perstorp	-	-	4	4	-	-
Purchase of property, plant and equipment	-	-	31	155	-	-
ESAB Europe GmbH, Switzerland	-	-	25	15	-	-
ESAB Welding & Cutting Product, USA	-	-	6	118	-	-
OZAS-ESAB Sp.Z.O.O., Poland	-	-	0	21	-	-
TBi Industries GmbH, Germany	-	-	-	1	-	-
Trademark license fee expense	2,044	1,048	-	-	-	-
ESAB Holdings Limited, UK	2,044	1,048	-	-	-	-
Reimbursement of expenses received / receivable	-	-	21	6	-	-
ESAB North America, Global Cost Nam Florence, USA	-	-	13	-	-	-
EWAC Alloys Limited, India	-	-	8	6	-	-
Reimbursement of expenses Paid / Payable	-	-	106	75	-	-
ESAB Europe GmbH, Switzerland	-	-	41	16	-	-
OZAS-ESAB Sp.Z.O.O., Poland	-	-	12	32	-	-
ESAB Welding & Cutting Product, USA	-	-	48	10	-	-
Esab AB, Laxa	-	-	-	1	-	-
ESAB Cutting Systems GmbH, Germany	-	-	-	12	-	-
HKS Prozesstechnik GmbH, Germany	-	-	-	3	-	-
TBi Industries GmbH, Germany	-	-	4	1	-	-
ESAB Welding & Cutting Products (Shanghai) Management Co.,Ltd, China	-	-	1	-	-	-

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

Particulars	Ultimate Holding Co / Holding Co		Entities under Common Control		Others	
Dividend paid	6,770	9,339	–	–	–	–
ESAB Holdings Limited, UK	3,360	4,600	–	–	–	–
Exelvia Group India B.V., Netherlands	3,410	4,739	–	–	–	–
Loan granted	–	–	–	3,000	–	–
EWAC Alloys Limited, India	–	–	–	3,000	–	–
Loan repaid	–	–	1,800	1,200	–	–
EWAC Alloys Limited, India	–	–	1,800	1,200	–	–
Interest Income	–	–	76	106	–	–
EWAC Alloys Limited, India	–	–	76	106	–	–
Total compensation paid to key managerial personnel #	–	–	–	–	401	409
Short-term employee benefits						
Mr. Rohit Gambhir	–	–	–	–	220	235
Mr. B Mohan	–	–	–	–	118	114
Mr. S. Venkatakrishnan - Company Secretary (Till March 25, 2022)	–	–	–	–	62	60
Mr. G. Balaji - Company Secretary (From March 26, 2022)	–	–	–	–	1	–
Sale of Motor car	–	–	–	–	–	2
Mr. Rohit Gambhir	–	–	–	–	–	2
Sitting Fee	–	–	–	–	12	11
Mr. K Vaidyanathan	–	–	–	–	3	3
Mr. Vikram Tandon	–	–	–	–	3	3
Mr. Sudhir Chand	–	–	–	–	4	3
Mrs. Sabitha Rao	–	–	–	–	2	2
Director Commission	–	–	–	–	29.25	22.50
Mr. K Vaidyanathan	–	–	–	–	7.80	6.00
Mr. Vikram Tandon	–	–	–	–	7.15	5.50
Mr. Sudhir Chand	–	–	–	–	7.15	5.50
Mrs. Sabitha Rao	–	–	–	–	7.15	5.50
Contribution to Post Employment Benefit Funds	–	–	–	–	65	80
ESAB India Limited Executive Staff Gratuity Fund	–	–	–	–	61	60
ESAB India Limited Non-executive Staff Gratuity Fund	–	–	–	–	4	20
# The compensation paid to the key managerial personnel does not include the provisions made for post-employment benefit plans (gratuity), as they are not separately allocable since the same is determined on an actuarial basis for the Company as a whole.						
Loan receivable	–	–	–	1,800	–	–
EWAC Alloys Limited, India	–	–	–	1,800	–	–
Interest accrued on loan receivable	–	–	–	41	–	–
EWAC Alloys Limited, India	–	–	–	41	–	–
Management service fee receivable	–	–	98	98	–	–
EWAC Alloys Limited, India	–	–	98	98	–	–
Trade receivables	–	–	3,102	1,484	–	–
Cigweld Pty Ltd., Australia	–	–	7	73	–	–
ESAB AB, Sweden	–	–	233	193	–	–
ESAB Asia/Pacific Pte Ltd, Singapore	–	–	10	12	–	–

Notes to the Financial Statements

for the year ended March 31, 2022

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



ESAB INDIA LIMITED

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

Particulars	Ultimate Holding Co / Holding Co		Entities under Common Control		Others	
ESAB Europe GmbH, Switzerland	-	-	46	69	-	-
ESAB Middle East FZE, UAE	-	-	43	129	-	-
ESAB North America, Global Cost Nam Florence, USA	-	-	218	138	-	-
ESAB Welding & Cutting Product, USA	-	-	15	105	-	-
EWAC Alloys Limited, India	-	-	2,485	682	-	-
PT. Victor Teknologi, Indonesia	-	-	-	2	-	-
OZAS-ESAB Sp.Z.O.O., Poland	-	-	8	-	-	-
Victor Technologies International Inc., USA	-	-	28	23	-	-
Soldex S.A, Peru	-	-	-	1	-	-
ESAB Industria E Comercio Ltda, Brazil	-	-	-	1	-	-
DJO Global Inc. USA	-	-	-	56	-	-
DJO Global India Healthcare Pvt Ltd	-	-	1	-	-	-
ESAB Welding and Cutting GMBH, Germany	-	-	5	-	-	-
Thermal Dynamics Europe Srl, Italy**	-	-	0	-	-	-
GCE India Private Limited	-	-	4	-	-	-
Contract Assets	-	-	238	-	-	-
Cigweld Pty Ltd., Australia	-	-	4	-	-	-
ESAB AB, Sweden	-	-	111	-	-	-
ESAB Asia/Pacific Pte Ltd, Singapore	-	-	8	-	-	-
ESAB Europe GmbH, Switzerland	-	-	38	-	-	-
ESAB North America, Global Cost Nam Florence, USA	-	-	65	-	-	-
Victor Technologies International Inc., USA	-	-	12	-	-	-
Trade payables	557	292	2,931	1,757	-	-
Alcotec Wire Corporation USA	-	-	-	-	-	-
ARC Machines Inc., USA	-	-	-	-	-	-
Cigweld Pty Ltd., Australia	-	-	13	13	-	-
Esab AB, Laxa	-	-	24	8	-	-
ESAB AB, Sweden	-	-	-	2	-	-
ESAB Automation Cutting & Welding Equipment (Wuxi) Co., Ltd., China	-	-	1	1	-	-
ESAB Cutting Systems GmbH, Germany	-	-	120	126	-	-
ESAB Europe AG, Switzerland	-	-	3	4	-	-
ESAB Europe GmbH, Switzerland	-	-	1,832	998	-	-
ESAB Holdings Limited, UK	557	292	-	-	-	-
ESAB SeAH CORP, Korea	-	-	0	7	-	-
ESAB SP ZOO, Poland	-	-	9	-	-	-
ESAB Vamberk Sro, CZ	-	-	16	14	-	-
ESAB Welding & Cutting Products (Shanghai) Management Co.Ltd, China	-	-	13	11	-	-
ESAB Welding & Cutting Product, USA	-	-	603	386	-	-
ESAB Welding Products (Jiangsu) Co Ltd, China	-	-	20	63	-	-
Gas Arc Group Limited, UK	-	-	12	7	-	-
OZAS-ESAB Sp.Z.O.O., Poland	-	-	5	1	-	-

Notes to the Financial Statements

for the year ended March 31, 2022

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

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

Particulars	Ultimate Holding Co / Holding Co		Entities under Common Control		Others	
P.T Karya Yasantra Cakti, Indonesia	-	-	20	9	-	-
TBi Industries GmbH, Germany	-	-	70	55	-	-
EWAC Alloys Limited, India	-	-	164	23	-	-
GCE India Private Limited, India	-	-	2	1	-	-
Victor Technologies International Inc., USA	-	-	2	1	-	-
ESAB MIDDLE EAST FZE	-	-	-	3	-	-
HKS Prozesstechnik GmbH, Germany	-	-	-	1	-	-
Thermal Dynamics Europe Srl, Italy**	-	-	0	-	-	-
Jinan Red Hawk International Trading, China	-	-	2	23	-	-

** Amount is less than the rounding off norm adopted by the Company

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

37. Fair values

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

38. Fair value hierarchy related disclosures

Quantitative disclosures fair value measurement hierarchy for assets	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Units in Mutual Fund	March 31, 2022	3,101	-	-
Unquoted equity shares	March 31, 2022	-	-	15
Units in Mutual Fund	March 31, 2021	4,109	-	-
Unquoted equity shares	March 31, 2021	-	-	15

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

39. Major Financial risk management objectives

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

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

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

Notes to the Financial Statements

for the year ended March 31, 2022

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



ESAB INDIA LIMITED

Market Risk

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

Commodity Price Risk

The Company is exposed to commodity price risks primarily on Steel and Minerals. Price and supply disruptions arising from geopolitical and other developments could affect the Company's financial assets, profitability and future cash flows. The Company reviews its commercial arrangements with suppliers and customers at periodic intervals to adapt to changes arising from commodity price and availability risks.

Foreign Currency Risk

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

Unhedged foreign currency

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

As on March 31, 2022:

Particulars	Gross exposure	Exposure hedged	Net liability exposure on the currency
Impact of USD exposure	(3,260)	—	(3,260)
Impact of EURO exposure	(318)	—	(318)
Impact of other exposures	(43)	—	(43)
Net overall exposure - net assets / (net liabilities)	(3,621)	—	(3,621)

As on March 31, 2021:

Particulars	Gross exposure	Exposure hedged	Net liability exposure on the currency
Impact of USD exposure	(2,240)	—	(2,240)
Impact of EURO exposure	(240)	—	(240)
Impact of other exposures	(43)	—	(43)
Net overall exposure - net assets / (net liabilities)	(2,523)	—	(2,523)

Foreign currency sensitivity analysis:

The following tables demonstrate the sensitivity to 5% appreciation in USD and EURO exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Nature	As at	Increase / (Decrease) in PBT for change in USD rates	Increase / (Decrease) in PBT for change in EURO rates
Receivables	31-Mar-22	34	—
Payables		(197)	(16)
Receivables	31-Mar-21	46	4
Payables		(158)	(16)

Interest rate risk

The Company is not exposed to interest rate risk because there are no borrowings.

Notes to the Financial Statements

for the year ended March 31, 2022

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

Credit risk

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

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

Exposure to credit risk

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

The Company has provided for trade receivables amounting to ₹ 561 (March 31, 2021 ₹ 451) as there was no reasonable expectations of recovery.

Liquidity risk

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

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

Liquidity tables:

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

	Due in 1 st year	Due in 2 nd to 5 th year	Due after 5 th year
March 31, 2022			
Trade payables (refer note 18)	14,393	—	—
Other financial liabilities (refer note 19)	774	—	—
Lease Liabilities (refer note 35)	200	68	—
	15,367	68	—
March 31, 2021			
Trade payables (refer note 18)	9,639	—	—
Other financial liabilities (refer note 19)	740	—	—
Lease Liabilities (refer note 35)	146	193	—
	10,525	193	—

40. Capital management

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

Notes to the Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian rupees, unless otherwise stated)



ESAB INDIA LIMITED

41. Categories of Financial Instruments

	As at March 31, 2022	As at March 31, 2021
Financial assets carried at amortised cost		
Cash and bank balances	4,498	4,202
Trade Receivables	13,424	9,882
Loans	—	1,800
Others	709	459
Financial assets carried at fair value through profit or loss		
Investments	3,116	4,124
Financial liabilities carried at amortised cost		
Trade Payables	14,393	9,639
Lease liabilities	268	339
Others	774	740

42. Ratios

Ratio	Numerator	Denominator	31-Mar-22	31-Mar-21	% change	Denominator
Current ratio (in times)	Current Assets	Current Liabilities	1.8	2.4	-24%	
Debt- Equity Ratio (in times)	Total Debt consists of borrowings and lease liabilities.	Shareholder's Equity	0.01	0.01	-16%	
Debt Service Coverage ratio (in times)	Earnings for debt service = Net profit after taxes + Depreciation + Finance Cost	Debt service = Interest & Lease Payments + Principal Repayments	53.0	42.0	26%	There is an improvement in profitability due to revenue growth.
Return on Equity ratio (in %)	Net Profits after taxes	Average Shareholder's Equity	33.5%	19.9%	69%	Impact of 42% growth in Profit after tax and 650% dividends paid out.
Inventory Turnover ratio (in times)	Cost of goods sold	Average Inventory	6.3	5.8	9%	
Trade Receivable Turnover Ratio (in times)	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	7.7	7.4	3%	
Trade Payable Turnover Ratio (in times)	Net credit purchases	Average Trade Payables	5.0	4.7	5%	
Net Capital Turnover Ratio (in times)	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	6.0	4.1	47%	Impact due to revenue growth of 31%.
Net Profit ratio (in %)	Net Profit	Net sales = Total sales - sales return	9.4%	8.7%	8%	
Return on Capital Employed (in %)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	46.2%	30.9%	50%	Impact of higher profits and dividends paid.
Return on Investment (in %)	Profit on sale of Mutual funds and Interest on Bank deposits	Investments in Mutual funds and Bank deposits	3.5%	6.0%	-42%	Lower surpluses during the year and lower Interest rates

Notes to the Financial Statements

for the year ended March 31, 2022

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

43. Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off other than the below:

Nature of struck struck-off Company	Nature of transactions with Struckoff Company	Transactions during the year	Balance outstanding	Relationship with the struck off Company, if any.
Varuna Alloys Pvt Ltd	Purchase of goods	6	–	Vendor

- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

44. Impact of COVID

The Company has considered the possible effects that may result from COVID-19 in the preparation of these Financial Statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the Company has, at the date of approval of these Financial Statements, used internal and external sources of information which are relevant and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these Financial Statements and the Company will continue to monitor any material changes to the future economic conditions.

45. Previous year's figures

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

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

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

Rohit Gambhir
Managing Director
DIN: 06686250

K Vaidyanathan
Director
DIN: 00063692

Chirag Shah
Partner
Membership No. 121648

B Mohan
Vice President - Finance and
Chief Financial Officer

G Balaji
Company Secretary

Place : Chennai
Date : May 27, 2022

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ESAB India Limited

