

ESAB INDIA LIMITED
36TH ANNUAL GENERAL MEETING

Good Afternoon,

Ladies and Gentlemen,

I am G Balaji, Company Secretary of ESAB India Limited and it is my pleasure to welcome you all to this 36th Annual General Meeting of ESAB India Limited be held on virtual mode for a fourth year in succession. It is also my pleasure to introduce our Board of Directors and other dignitaries who have joined this virtual Annual General Meeting. I welcome Kevin Johnson, Chairman of this Annual General Meeting and other dignitaries.

With the permission of the Chairman, G Balaji, Company Secretary introduced the Directors to the shareholders including their membership details in the various committees and their place of attending the virtual Annual General Meeting as below:

Sl. No.	Name of the Dignitary		Attending from
1	Mr. Kevin Johnson, Chairman	i. Chairman of the Board ii. Chairman of Risk Management Committee iii. Member of the Audit Committee iv. Member of the Nomination and Remuneration Committee v. Member of the Stakeholders Relationship Committee vi. Member of the CSR Committee	UK
2	Mr. Rohit Gambhir, Managing Director	i. Managing Director ii. Member of Stakeholders Relationship Committee iii. Member of CSR Committee iv. Member of Risk Management Committee	Chennai
3	Mr. K Vaidyanathan, Independent Director	i. Chairman of the Audit Committee ii. Chairman of the Nomination and Remuneration Committee iii. Member of Stakeholders Relationship Committee	USA
4	Mr. Vikram Tandon, Independent Director	i. Chairman of Stakeholders Relationship Committee ii. Member of Audit Committee	USA
5	Ms. Cauvery Dharmaraj, Independent Director	i. Chairperson of CSR Committee ii. Member of Nomination and Remuneration Committee	Chennai
6	Mr. B Mohan, Director & CFO	i. Member of Risk Management Committee	Chennai

G Balaji, Company Secretary also introduced the Statutory Auditors and Secretarial Auditors to the shareholders of the company. He further informed that the Auditors have given their report and there were no adverse qualifications in their reports.

With the permission of the Chairman, G Balaji, Company Secretary has informed the following to the shareholders during the virtual Annual General Meeting:

Members constituting the quorum are present. The remote e-voting process was opened from 9.00 a.m. on 7th August, 2023 and closed at 5.00 pm. on 9th August, 2023. The e-voting process is also now open when this Annual General Meeting is on. Members who have not cast their vote already may do so right now before the closure of Annual General Meeting. The meeting is held on electronic mode and hence no proxies are taken cognizance in line with the MCA circular and SEBI guidelines.

G Balaji, Company Secretary has requested Mr. Kevin Johnson, Chairman to address the shareholders and to conduct the further proceedings of this meeting.

Kevin Johnson, Chairman

Thank you Balaji.

Good Afternoon, I welcome to the 36th Annual General Meeting of ESAB India Limited. This meeting is in order since the requisite quorum is present.

Kevin Johnson, Chairman informed the shareholders that pursuant to the SEBI circular and MCA guidelines, the soft copy of the Annual Report of the Company for the financial year ended 31 March, 2023 was sent electronically to the shareholders on 14th July, 2023. He further said that there were no adverse qualifications in the reports of the Statutory and Secretarial Auditors. The statutory registers are available for inspection by the Members at the website of the Company.

Chairman's Speech

I welcome all to the thirty sixth Annual General Meeting of ESAB India Ltd. As in the past 3 years, we are holding this meeting virtually. The Annual Report has been with you for a while and with your permission I take this as read.

During the financial year 2022-23 total revenue and profit improved. The Company continued to pursue expansion of its distribution channels and growth in exports by virtue of its access to global markets through the Esab network. On the services front, the Company continued to see steady trends for its shared services activities.

Productivity enhancement and cost reduction projects continued to be pursued alongside growth initiatives. The Company leveraged its access to ESAB's global tools and best practices on business processes to drive continuous improvements in its operations.

Based on the financial performance and after evaluation of cash flow requirements, your Board has proposed a final dividend of 20 Rupees per equity share.

We continue to look for growth opportunities in what continues to be a volatile market driven by monetary tightening and softness in commodity prices.

Environment, Health and Safety continues to be the highest priority and ESAB strives to deliver the highest standards on safe working practices at all its locations.

During the year 2022, it was unfortunate that Ms. Sabitha Rao, Independent Director had passed away due to her illness. I would like to remember her on this occasion and appreciate her contribution to the Board. I would like to thank Mr. Sudhir Chand, Independent Director who has resigned on 1st June 2023, for his contribution to the Board during his tenure. I would also take this opportunity to welcome our new directors and thank our board.

I would like to thank the entire team of ESAB and our customers, suppliers other stakeholders for all their support. Finally, thanks to you, our Shareholders.

Agenda

Kevin Johnson, Chairman has taken up the items of the businesses placed before the shareholders as below:

Agenda No.1:

To Consider and adopt the Balance Sheet as at 31 March, 2023 and the Profit and Loss Account for the Financial Year ended on that date together with the Reports of the Directors and Auditors thereon.

Agenda No.2:

To approve a final dividend of 20 rupees per equity share.

Agenda No.3:

To appoint a Director in place of Mr. Rohit Gambhir having **DIN 06686250** who retires by rotation and is eligible for re-appointment.

Agenda No.4:

To ratify the Remuneration to Cost Auditors of Rupees Five lakhs fifty thousand.

Agenda No.5:

To approve re-appointment of Mr. Rohit Gambhir having DIN 06686250 as Managing Director for a period of five years from 1st November 2023 to 31st October 2028.

The Chairman has said that the existing term of Mr. Rohit Gambhir as Managing Director will be ending on 31st October 2023. The Company propose to reappoint him as Managing Director for a further period of five years from 1st November 2023 to 31st October 2028. The details of the terms of his re-appointment have been given in the AGM Notice for the shareholders perusal and approval.

Agenda No.6:

To approve appointment of Mr. B Mohan, Chief Financial Officer as Director of the Company for a period of five years from 20th June 2023

The Chairman has said that Mr. B. Mohan has been functioning as Chief Financial Officer of the Company. The Company propose to appoint him as Director for a period of five years from 20th June 2023. The details of the terms of his appointment have been given in the AGM notice for the shareholders perusal and approval.

Agenda No.7 & 8:

To approve for material related party transactions with ESAB Europe GmbH, Switzerland and EWAC Alloys Limited

The Chairman has said that the Company has been doing the related party transactions with ESAB Europe GmbH, Switzerland and EWAC Alloys Limited, in its ordinary course of business and at arm's length basis for many years. The details of the past transactions are disclosed to the shareholders as part of notes to financial statements under the heading related party transactions in the Annual Report. These two related parties are fellow subsidiaries to the Company.

Since the value of the transactions with these two related parties may likely exceed the threshold limit of 10% of the turnover of the company in the current year, the company as an abundant precaution seeks approval of the shareholders for a value upto Rs.150 crores each.

The Chairman has checked with Balaji have there been any queries raised by the shareholders in advance. Can you share it with the Board to respond to such queries.

G Balaji, Company Secretary has read out the queries received from the shareholders as below:

Shareholder: Mr. J Abhishek (IN301637/41359155)

i) What is the REAL impact of Covid-19? In % terms how your supply chain has affected?

Rohit Gambhir, Managing Director responded that there were minimal interruptions in supply chain though there were some shutdowns in China during the financial year.

ii) Where you see the light in the end of the tunnel? What will be the growth triggers in first half and second half?

Rohit Gambhir responded that growth triggers are invariably linked to Steel and to a good extent, the investment cycle in the economy. Geopolitical developments globally and commodity price trends have a bearing on the Country and your company.

iii) Please give the production capacity utilisation figures in % for the month April, May and June 2022? What was capacity utilisation of last year? and Last 5 years on moving average basis ?

Rohit Gambhir responded that capacity utilization depends on product mix but at a broader level, the current machined capacities are largely adequate for our medium term.

iv) The Corona Virus and subsequent lockdowns have left virtually no industry untouched. After the Covid:

B Mohan, Director & CFO responded that we are largely unconstrained in terms of covid driven issues. There are a lot of other drivers in play when we assess economic outlook.

v) How many employees we have sacked, hired and salary cut in % if any ?

B Mohan responded that we have not sacked any employees. Senior management had pay cuts for some period of time in 2020.

vi) What are new innovations and new product launches did after April 1 and whats the response so far?

Rohit Gambhir responded that new products launches are an ongoing part of our business and there have been launches across both consumables and welding equipment; the response has been very good and we have a very strong pipeline.

vii) What is the cost cutting initiatives and production enhancement activity done by the management?

B Mohan responded that productivity improvements through benchmarking and rationalization of manufacturing capacities are an ongoing process with specific targets and timelines that the Company works on.

viii) What is the view of the management going forward > sustainability of the profit earning growth will remain the challenge in coming quarters?

Rohit Gambhir responded that the commodity prices, Inflationary pressures, geo political developments, concerns of a potential recession are key challenges. All key ratios are reviewed at periodic intervals for countermeasures wherever required.

ix) What are the management efforts to improve Working Capital to Sales ratio, ROCE, Net debt to EBITDA multiple, OPM, Debtor days and Interest coverage ratio ?

Mohan responded that the Company does not have debt and hence interest coverage is currently not relevant. All other parameters are reviewed as part of Budgets and Forecasts with the objective of continuous improvements.

x) What are the management efforts to improve company image thru investor relation exercise like Concall, Quarterly presentations and meeting Global Investors?

Mohan responded that we have not planned for any such interactions and would prefer to retain all management focus on growth and profitability. I am sure the shareholders would be happier with capital appreciation and returns than interactions.

xi) Please provide the details of parties in Other Current and Non current Liabilities. Please let me know the details of our Contingent liabilities and if the CS can arrange a video call with your legal head to learn the perspective in detail.

Mohan responded that the other current liabilities related details are in Page 130 of the Annual report. Please refer to Notes 34, 18 and 16. These include statutory dues, customer advances, CSR liability and accrued salaries and benefits. Non current liabilities relate to lease liabilities and a part of the retirement benefits identified as non-current in actuarial valuations. Contingent liabilities are covered in Note 33 and relate to ongoing matters of tax and other proceedings.

xii) What are the management efforts to reduce Other expenses, Legal Professional charges & Audit fees?

Mohan responded that these are based on benchmarks and evaluated periodically.

xiii) What are the credentials that the New & EXISTING directors are bringing on the table to take the company to next phase of growth or to guide the new generation ? Is the appointment being done after checking all the new amendments under clause 49.

Mohan responded that the details relating to Directors are shared in the Annual reports whenever their appointment or reappointment come up. We are compliant with all regulations with respect to their appointments.

xiii) What is the policy related to dividend in our company as most of the senior citizens only depend on that ?

Mohan responded that the dividends are paid based on cash flows and business needs. Members should be pleased to note that the Company has paid Rs.342 per Share of Rs.10 each over a 5 year period.

xiv) Where u see the industry in next 3 years and where our company will be placed with in the industry as other players are more pro active and prudent?

Rohit responded that the Company is ever committed to retaining and growing its presence in the markets we operate in.

xv) Myself and my team are running a Legal firm in the name and style of " 7 Wells Associates" in Chennai, i would request your goodselves to kindly enrol our firm in the Empanelment of the company, we will be glad to extend our services.

Mohan responded that we thank you for your interest in working with the Company. All engagements with third party firms are based on evaluation and merit. If and when a suitable opportunity comes up, we may look at any firm that can be of professional assistance.

Shareholder: Mr. Aniket Mittal representing SBI Mutual Fund

i) What is the market size for welding equipment and welding consumables in India. What is the addressable portion for ESAB?

Rohit responded that the overall market is estimated at between INR 6000 to INR 7000 crores. Addressable portion is assessed year on year based on review of product portfolio and new product launches. This is based on Company's strategic business plan and growth/ profitability considerations.

ii) How do you see the growth in welding equipment and the consumables market in India over the next 3-5 years?

Rohit responded that the fortunes of Welding market are linked predominantly to Steel growth and investment cycles in the economy. The Company has grown by 60% over a four year period and does look forward to riding volatilities and growing profitably.

iii) Which are the top 5 end user industries and how much do they contribute of the overall market?

Rohit responded that the Company has an assorted customer base with no single segment dominating. Broadly, these are around fabrication.

iv) How has ESAB's market share moved over the last 1 year and 3 years? Which are the end markets / sectors wherein ESAB would have gained and lost share respectively? Which are the end markets ESAB India has dominant positioning?

Rohit responded that we would not like to get into specifics on market shares. Information is available in public domain with respect to listed competitors as also some limited information on unlisted players. We have leadership positions in several product categories.

v) What is the breakup of revenues between welding consumables and welding equipment for ESAB ? How has this mix changed over the past 1 year and 3 years respectively, and how do you see it going forward?

Mohan responded that we operate in one segment- Fabrication technologies. Details with respect to product categories are not appropriate for sharing given that this information in public domain could do more harm than good.

vi) What are the new product launches in the past 1 year and what is their contribution to revenues? What are the key areas for new product development?

Rohit responded that new product launches have been across all product categories in Filler Metals, Equipment, PPE and other products. We derive benefits from global launches and work on variants customized for local markets.

vii) How is the market divided between SMAW, MIG/MAG, TIG, FCAW and SAW categories in terms of volumes and value ? Do you see a shift in their mix?

Rohit responded that it would not be in the Company's interest to share category level details. We did have volume growth in all key wires categories during the year.

viii) What is your outlook on the exports market? Which products is ESAB supplying for exports and do you plan to add new products?

Rohit responded that exports have been growing though on a small base. Opportunities do keep coming and we are equipped to handle growth in volumes.

ix) What is the sourcing policy with parent ? Which are the key raw materials and finished goods that we purchase from them and how do we see it going ahead?

Rohit responded that details of transactions with fellow subsidiaries of the Parent company are listed in the related party transactions in the Annual report. In value terms, the Net FX outflow is about Rs.99 Crores for the year.

x) We have seen a strong revenue growth in FY22 and FY23? How much of this is price led and what were the price hikes taken in FY23 and FY22 and Q1 FY24 respectively?

Rohit responded that growth has come through volumes, price and product mix. Prices have been aligned with underlying commodity price movements to the extent feasible.

xi) We have seen an increase in income from services over the past few years. Could you help us what this entails and what margins do we earn on it?

Mohan responded that service revenues are from global R&D and shared services centre operations in India. These are on a cost plus markup which is assessed based on benchmarks and transfer pricing guidelines. These are reviewed from time.

xii) We have seen a sharp rise in EBITDA margins in FY23 to 17.1%. What do you attribute this to ? What are the sustainable gross margins and EBITDA margins?

Mohan responded that this has arisen from a combination of product mix, cost downs on conversion costs and overheads apart from tight monitoring on Capex and Working Capital. Sustainable margins are a function of multiple extraneous and internal factors and it would be hard to put a number to this. We strive to grow in a profitable manner.

xiii) What is the policy for Royalty, Trademark and Licence fees to parent?

Mohan responded that these are based on benchmarks, global policies and internal evaluations backed by independent expert opinions wherever applicable.

xiv) What are the capex expenditure plans over FY24-26 and which areas would you invest?

Mohan responded that we are sufficiently invested in terms of current and immediate growth requirements on capacities. Process improvements, EHS, IT and replacement needs are other drivers of capex.

Shareholder: Mr. Sriram R (1208160064643350)

i) Competitive Scenario, Market share of ESAB and Market size India, outstanding orderbook as on date and outlook for the next 5 years

Rohit responded that we would not like to get into specifics on market shares. We have very good market share of the premium category in the country. The Company is ever committed to retaining and growing its presence in the markets we operate in. We have already said that we aspire to gain share in the next five years and grow.

Shareholder: Mr. Vihaan (1201170000087390)

ii) Could you please give us some idea about the market size for our products and the opportunity in the export markets

Rohit responded that this is similar question that has been raised by some other shareholder and it has been answered.

Shareholder: Mr. Keshav Garg (IN30021415646980)

i) What is the outlook for FY24 in terms of topline?

Rohit responded that we would like to grow higher than the GDP and gain share in the market.

Shareholder: Mr. Venkatakrisna N Subramanian (IN30163740628674)

This shareholder has congratulated the Management for the wonderful performance. ESAB India is every equity shareholders dream with an all time high in terms of Turnover, Profit, Dividend, EPS, PE Ratio. Networth etc. Great Going and Best Wishes to keep it going.

Shareholder: Mr. Vihaan (1201170000087390)

i) Request to have quarterly earnings call for institutional investors

Rohit responded that normally, we do not do quarterly calls rather we take this annual general meeting as an opportunity to explain and clarify the queries.

Shareholder: Mr. Jaichand P (IN30163741159143)

i) What steps taken for Stock Split. When can we expect a Bonus. Arrange for plant visit to investors.

Mohan responded that historically, we have never considered stock splits and have no plans to do that either release. I think, just would like to focus on growth and a good dividend payment and profitable growth. So, that's where the priority is, I think, in terms of visits, to the plants, we have responded to that as well earlier.

Shareholder: SBI Infrastructure Fund (IN30378610000916)

What are key competitive advantages of ESAB India? What are no of distributors and retail touch points in India? what has been the increase in the last 1 and 3 years? Which are the key areas for new product development focus by ESAB India and parent? Does ESAB as a group would have a play in Hydrogen electrolyzers or fuel cells? What is capital allocation policy? Is ESAB India open to acquisitions? why keep EWAC Alloys as a separate company and not merge with this entity to simplify the structure?

Rohit responded that I think the key competitive advantage of in India is being the product range that we have with a service offering that comes along with it, and the quality of products that we are able to give. We have a very strong R&D in India and a huge amount of global support. That has ensured that we have an unparalleled area of products available for the consumers. So, we have more than 300 active distributors and more than 5,000 traders. So that context, so the number of distribution distributors in the last 3 years, if I were to say, has increased. It is a process where some distributors would go on the system and more get added on an overall basis, there would have been a substantial increase in our overall distribution in the last 3 years. So, for both the group, and for each of India, we have been working on product managers across categories, equipment is obviously a key area of growth for new

products. Yeah, so, you know, in the manufacturing, if this question is related to manufacturing of vehicles and please. So, they are yes, in the these manufacturing as well as in the battery manufacturing and there are products which we have been selling in the market as well. We are open to acquisition if it is commercially feasible.

Mohan responded that there are capex requirements for immediate and upcoming requirements taking a view on this plus working capital changes. I mean, we also have a dividend distribution policy, which is aligned to distributing any cash, which is not immediately required. So, I think it's something we articulate a year on year based on, you know, how the plans are shaping.

Shareholder: Mr. Vihaan Dalal (1201170000087393)

i) Our margins this year expanding substantially from 12-13% to 17%, is this sustainable. what range of margin should we assume going ahead.

Rohit responded that we don't give forward guidances but I think what we have done in product mix and in new launches. So, new products obviously come at a higher margin.

Shareholder: Mr. Kumar (IN30154936654313)

i) Is there any expansion plan in current business or any plan of diversification in upcoming years.

Rohit responded that in terms of expansion, you know, we always continuously monitor what is our capacity and areas where we can increase. So, as we speak, we are working on.

Shareholder: Mr. Shiva (IN5524525)

i) Could you please brief about the future CSR spending plan

Rohit responded that the Company has identified certain CSR projects for the coming year and the action plan has been displayed in the website of the company.

The Chairman informed that all the questions of the shareholders were answered.

He further informed that the results of the Remote E-voting and E-voting exercised today by the shareholders would be announced on or before 12th August, 2023:

- i. At the website of Stock Exchanges – BSE and NSE;
- ii. At The website of NSDL;
- iii. At the Notice Board; and
- iv. At the website of the Company www.esabindia.com

I thank all the shareholders for their participation in the meeting and hereby declare that the 36th Annual General Meeting as closed.

Thank you