

**ESAB INDIA LIMITED**  
**37<sup>TH</sup> 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 37<sup>th</sup> Annual General Meeting (AGM) of ESAB India Limited. This AGM is held on virtual mode for fifth year in succession. It is 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.

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 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 5<sup>th</sup> August, 2024 and closed at 5.00 pm. on 7<sup>th</sup> August, 2024. 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 you all to the 37<sup>th</sup> 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, 2024 was sent electronically to the shareholders on 12<sup>th</sup> July, 2024. He further said that there were no 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 Seventh Annual General Meeting of ESAB India Ltd. As in the past 4 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.

Environment, Health and Safety continues to be the highest priority at ESAB as we deliver the highest standards of safe working practices and minimize our impact on the environment.

On financial performance it was another good year with revenue growth of 13.8% across all products and services and profit growth of 20%. The performance benefits from access to ESAB's global business system EBX which has supported further productivity enhancements and cost reductions during the year.

Based on the financial performance and after evaluation of cash flow requirements, your Board has proposed a final dividend of 30 Rupees per equity share.

Our existing Statutory Auditors are retiring at the conclusion of this meeting on completion of their tenure as permitted under the Companies Act. I would like to thank them for their services. The Board has recommended the appointment of Deloitte Haskins & Sells as the new statutory auditors of the Company. This subject is in the agenda for consideration and approval by the shareholders at this AGM.

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

### **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 Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2024 together with the Reports of the Directors and Auditors thereon.

#### **Agenda No.2:**

To approve a final dividend of Thirty Rupees per equity share.

#### **Agenda No.3:**

To appoint a Director in place of Mr. B Mohan having DIN 00261434 who retires by rotation and is eligible for re-appointment.

#### **Agenda No.4:**

To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai as the statutory auditors of the Company for a period of five years commencing from the conclusion of this 37<sup>th</sup> AGM and until the conclusion of 42<sup>nd</sup> AGM.

#### **Agenda No.5:**

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

#### **Agenda No.6 & 7:**

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 transactions with related parties namely ESAB Europe GmbH, Switzerland and EWAC Alloys Limited, India, 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 for transactions with ESAB Europe GmbH, Switzerland and for a value upto Rs.200 crores for transactions with EWAC Alloys Limited, India.

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 will be the growth triggers in first half and second half?

Rohit Gambhir, Managing Director 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.

ii) What are new innovations and new product launches by the Company?

Rohit Gambhir, Managing Director 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.

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

B Mohan, Director & CFO 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.

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

B Mohan, Director & CFO 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.308 per Share of Rs.10 each over a 5 year period and it will become Rs.338 per share once this year final dividend of Rs.30 per share is paid.

**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 Gambhir, Managing Director 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 Gambhir, Managing Director 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 to the overall market?

Rohit Gambhir, Managing Director 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 Gambhir, Managing Director 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?

B Mohan, Director & CFO responded that we operate in one segment- Fabrication Technology. Details with respect to product categories are not appropriate for sharing.

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 Gambhir, Managing Director 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 Gambhir, Managing Director responded that it would not be in the Company's interest to share category level details. We did have volume growth in all key wire 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 Gambhir, Managing Director 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) How do you look at competition intensity within process automation and building automation sector domestically?

Rohit Gambhir, Managing Director responded that the Company continuously strives to improve in this front.

x) 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 Gambhir, Managing Director 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.114 Crores for the year.

xi) We have seen a revenue growth of 14% in FY24. How much of this is price led and what were the price hikes taken in the last 3 years?

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

xii) We have continued to see an increase in gross margins and EBITDA margins in FY24, reaching 40.2% and 18.3% respectively in FY24. What do you attribute this to ? What are the sustainable gross margins and EBITDA margins ?

B Mohan, Director & CFO responded that this has arisen from a combination of product mix, cost down 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) Royalty fee was increased last year from 3% to 5%. Could you provide some colour on the policy for Royalty, Trademark and Licence fees to parent and how one looks at it going forward ?

B Mohan, Director & CFO 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 FY25-27 and which areas would you invest?

B Mohan, Director & CFO 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. Saraj Sanjog (1206780000017642)**

i) This shareholder has congratulated the Chairman, MD, Board Members and CFO for the good performance despite the tough business competition.

B Mohan, Director & CFO, on behalf of the Board thanked him for the same.

ii) Does management have any thought to announce Buy back of shares to increase share value in market?

B Mohan, Director & CFO responded that the Company has no immediate plans for buy back of shares.

iii) Kindly let me know the impact on company income due to recent hike in price by many State Governments and companies in name of high cost of procuring

B Mohan, Director & CFO, responded any increase in the raw materials cost has an impact on the product cost. This is being handled in the normal course of business.

iv) Kindly let me know how management uses AI (Artificial Intelligent) technologies to increase business productivity and Profit etc.

B Mohan, Director & CFO, responded that we work closely with our parent company on current and emerging technology shifts including AI.

v) What steps are taken by management to increase % of female and differently abled persons in total numbers of permanent employees?

B Mohan, Director & CFO responded that we have strived to increase gender diversity and all internal data do indicate a positive shift on this.

vi) Let me know the impacts of Global Political disturbance

B Mohan, Director & CFO responded that our Company is no exception to the geo political issues. It is part of business risk and we are closely monitoring and devising our business strategy suitably.

**Shareholder: Mr. Mohit Surana (IN300513 20651368)**

i) Please discuss the reasons for the top-line and bottom-line growth deceleration this quarter versus the strong growth achieved in Q1/FY24. On this point, please can you also confirm if the electrode capacity expansion planned for last April is completed and what was the overall utilization for this quarter?

Rohit Gambhir, Managing Director responded that year on year data for June quarter does demonstrate a healthy growth in Sales and operating profits. Comparisons between Jan-Mar quarter would be distorted given the seasonality considerations. Electrode capacities are in line with business needs and scalable if and when required.

ii) Also, your EBITDA and PAT margin are down year-over-year. Is that because of the increase in royalty rate? Have we not been able to fully pass on the cost increase to the customers?

B Mohan, Director & CFO responded that operating margins are improving year on year and pricing has been reflective of underlying cost changes.

iii) Please provide an overview of the kind of services offered under “engineering, support and consultancy services”? How much was this as a percentage of revenue for Q1/FY25 and Q1/FY24 and what kind of growth and EBITDA margins can we expect in this segment?

B Mohan, Director & CFO responded that we offer a range of services on Finance and non Finance areas apart from supporting global R&D projects with appropriate recharge of costs and margins. Outlook remains stable for now based on current business plans.

iv) Please share your insights on the welding consumables and equipment market outlook in India and your strategy to increase TAM (Total Addressable Market). Please can you also provide some overview of the gas equipment market in India and your competitors in this segment? Market share overall?

Rohit Gambhir, Managing Director responded that we operate in Fabrication Technology as a segment with sales by product categories broadly in line with historical trends. We seek to look at increasing the total addressable market through product launches for specific market segments

v) What percentage of our sales constitute exports to Bangladesh? Does the parent company have any manufacturing facility in the country?

Rohit Gambhir, Managing Director responded that our exports to Bangladesh are negligible. By virtue of a recent acquisition, our Parent Company has a presence with manufacturing capacities in Bangladesh.

vi) Lastly, requesting management to consider improving liquidity in the shares through bonus issues or share splits.

B Mohan, Director & CFO responded that the Company has no immediate plans for bonus issues or share splits.

**Shareholder: Mr. Param Hans Sethia (1203230001290460)**

i) Sir margins are stagnating around 18 percent from last 2 years in spite of new products introduction and cost cutting measures, any views on upward trajectory of margins. Any updates on Khardah land sale as it has been 8 years of plant being closed. Any chance of the land utilisation for renewable energy.

B Mohan, Director & CFO responded that the margins are not stagnating and they were improvements in the margins. He further informed that the sale of Khardah land is yet to be concluded and it will be informed to the public through stock exchanges at appropriate time.

**Shareholder: Mr. Rohit Balakrishnan (1208160021324040)**

- i) The parent has been making a few acquisitions especially in gas control. Will those products be introduced in ESAB India.
- ii) What is the export opportunity for ESAB India? Are we focusing on increasing our export share as we are taking approvals for increased related party transaction limits.
- iii) Why are we not merging EWAC alloys with ESAB India?

Rohit Gambhir, Managing Director responded that any acquisition made by parent company will be part of ESAB group portfolio and whenever there is a need, parent company takes the services of ESAB India. He further responded that the export opportunities for the company are growing. He further informed that there are no plans for merging EWAC Alloys with ESAB India. They are two separate entities and doing business separately.

**Shareholder: Mr. Monil Shah (IN30154952458350)**

i) How much incremental sales can we achieve with our current capacity? ii) What are supply chain related issues we may have in the current geo political scenario? iii) Other expenses in Q1-FY25 has increased. What kind of costs added to the expense and should we consider this as a normal run rate?

B Mohan, Director & CFO responded that the Company is improving its sales year on year. He further informed that keeping in view the geo-political factors, the Company has devised its business strategy suitably to address supply chain issues.

**Shareholder: Mr. Mohit Surana (IN30051320651368)**

Are we also into repair and refurbishment services business? and how much that constitutes as a percent of total sales?

Rohit Gambhir, Managing Director responded that the Company is also into repair and refurbishment services and they are some minor portion of the total sales.

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 10<sup>th</sup> August, 2024:

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

I thank all the shareholders for their participation in the meeting and hereby declare that the 37<sup>th</sup> Annual General Meeting as closed.

Thank you

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