



# ESAB INDIA LIMITED

Plot No.13, 3rd Main Road, Industrial Estate, Ambattur, Chennai 600 058.  
Tel. : 044-4228 1100 ; Fax : 044-4228 1150 ; www.esabindia.com

## Notice of Postal Ballot pursuant to Section 192A of the Companies Act, 1956

Dear Member(s)

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956 (the Act) read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, for obtaining the consent of the members through postal ballot for approving the increase in the overall ceiling limit of the remuneration payable to Mr Jiri Kula, Managing Director of ESAB India Limited (the "Company").

The Board of Directors has appointed Mr V Mahesh, Practising Company Secretary, Chennai as Scrutinizer at its meeting held on 18 February, 2013, for conducting the postal ballot process in a fair and transparent manner.

The postal ballot form is enclosed. Members may kindly refer to the text of the special resolution reproduced below along with the Explanatory Statement annexed hereto.

Members are requested to carefully read the instructions set out in the postal ballot form and return the form duly completed, in the self addressed postage prepaid envelope, so as to reach the scrutinizer, not later than 2 April, 2013.

The Scrutinizer will submit his report to the Chairman of the Company or any person authorized by the Chairman, after completing the scrutiny of postal ballot forms. The results of the postal ballot will be announced by the Chairman or any person authorized by him in this regard on 5 April, 2013. The date of declaration of the results of the postal ballot will be taken to be the date of passing of the special resolution by the members of the Company.

Members requiring any clarification may contact Mr S Venkatakrishnan, Company Secretary at the registered office of the Company.

### Special Business:

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

RESOLVED that in supersession of the earlier Resolution passed by the members at the Annual General Meeting of the Company held on 2 May, 2012 and subject to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and such other applicable provisions of the Companies Act, 1956 including any statutory modification or replacement thereof (the "Companies Act") and subject to such statutory approvals, if any required in this regard, approval of the members of the Company be and is hereby accorded to pay such remuneration and to provide such benefits to Mr Jiri Kula, Managing Director of the Company with effect from 1 January, 2013 till the end of his current tenure i.e., upto 31 August, 2014 (the "Tenure") as may be determined by the Board of Directors from time to time in terms of Schedule XIII of the Companies Act, 1956 and any other applicable provisions of the Companies Act and subject to the maximum limits and conditions specified below:

### Remuneration:

Mr. Jiri Kula shall be paid remuneration by way of salary, allowances, special allowances, perquisites, incentives and/or bonus as a percentage of the net profits of the Company or such other quantum of the net profits of the Company as may be approved by the Board of Directors, at its absolute discretion, for each financial year computed in the manner provided under Sections 198, 309, 349, Schedule XIII and other applicable provisions of the Companies Act, (the "Remuneration") subject to an overall ceiling limit of Rs. 40,000,000 (Rupees Four Crores only) per specified year as set out hereunder and as may be approved by the Board of Directors of the Company from time to time. For this purpose "Specified Year" shall mean a period of 12 months commencing on 1 September of calendar year and ending on the 31 of August of the succeeding calendar year.

### Perquisites:

The Remuneration payable to Mr Jiri Kula, Managing Director shall include the following perquisites:

- a. Provision of car for both business and personal use. In case, no car is provided, an equivalent car allowance will be provided. Reimbursement of chauffeur expenses at actuals.
- b. The Managing Director and his family shall be entitled to the Company's insurance package for expatriates, which provides for first class medical and travel insurance coverage globally, at actuals. The Company shall also provide an accident insurance policy to provide appropriate coverage in case of accidental death or disability incurred during the course of ESAB group's business, at actuals.
- c. The Company shall reimburse reasonable international school fees and associated costs for Managing Director's son, at actuals.

- d. Home leave: The Company shall bear the cost of the equivalent of one and a half return air tickets, Business class or at least two return air tickets Economy class for every twelve months of the Managing Director's Tenure in India and in case of personal emergencies and natural disasters in Czech Republic, return air tickets, Business Class to the Managing Director, spouse and son to return to Czech Republic.
- e. Accommodation: The Company shall provide appropriate furnished accommodation for the Managing Director in a secured high standard expatriate area including gas, electricity and water utilities and other appropriate facilities and services commensurate with his position. The company may utilize the services of any Destination Services or Event Management Company in this regard to enable the Managing Director and his family to settle in India.
- f. Telephone: The Company shall provide a home telephone, mobile phone and high speed internet connections for official use, at actuals.
- g. Dental Expenses: The Company shall reimburse expenses incurred by the Managing Director and family for routine dental treatment in a first class international dental clinic, at actuals.
- h. Vacation: The Managing Director shall be entitled for vacation as per the rules of the Company. Leave accumulated at the end of each year shall be encashable, subject to deduction of tax at source, as per the rules of the Company.
- i. Shipping and moving costs: The Company shall pay reasonable costs as agreed upon and approved by the Chairman of the Board of Directors, for moving the Managing Director, his family and their personal and household effects to India subject to a maximum of 1500 lbs in weight as per the policy of the Company. At the termination of the said appointment, the Company shall also pay reasonable costs for moving the Managing Director, his family and their personal and household effects to Czech Republic, provided they return to Czech Republic within thirty days of the termination of the said appointment. A lump sum moving hardship allowance of 3000 Euros will be paid to the Managing Director to cover sundry moving expenses.
- j. Club Membership: Payment of club membership fees for two reputable clubs and reimbursement of all actual entertainment expenses reasonably incurred by the Managing Director in relation to the business of the Company.
- k. Provident Fund Contribution :The Company's contribution to provident fund not exceeding such percentage of the salary as may be fixed by the Central Government from time to time.
- l. Entertainment and Travel : The Managing Director shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling incurred by him in the course of the Company's business in line with the Company's Global/Domestic Travel Policy.
- m. Multi-cultural Course :The Company shall also pay all charges for an Indian Multicultural course for the Managing Director and his family or reimburse expenses incurred by the Managing Director for the same at actuals.
- n. Others :The Managing Director shall also be eligible for any other allowances, benefits and perquisites as per the rules made applicable to the Senior Executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.

The aggregate of salaries, allowances, incentives / bonus and perquisites as listed above and approved by the Board of Directors from time to time shall not exceed Rs.40,000,000 (Rupees Four Crores only) over a period of one Specified Year at any point of time. Year, for this purpose shall be construed as commencing on 1 September of every year and ending with the 31 of August of the succeeding year.

#### **Revision in remuneration:**

The Board of Directors of the Company may revise the remuneration payable to the Managing Director, in any financial year during the currency of the Tenure, in such manner as agreed to between the Board of Directors and the Managing Director subject to the condition that the revised Remuneration shall not exceed the lower of : (i) the overall ceiling limit of remuneration of Rs.40,000,000/- or (ii) an amount computed under applicable provisions of the Companies Act.

In the event of any loss or inadequacy of profits for any financial year, the Board of Directors shall pay remuneration to the Managing Director, in such manner as agreed to between the Board of Directors and the Managing Director and as prescribed in this behalf under the applicable provisions of the Companies Act.

#### **Other terms:**

- i. The Managing Director so long as he functions as such, shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- ii. Either of the Company or the Managing Director may terminate the said appointment of the Managing Director at any time with four-months prior notice before the expiry of the Tenure.
- iii. The Managing Director shall carry out such duties as may be entrusted to him by the Board of Directors from time to time.
- iv. The Managing Director shall exercise such powers as envisaged in the Articles of Association of the Company, subject to the approvals from the Board of Directors and such other powers as may be delegated from time to time by the Board of Directors.

- v In case, the Indian Rupee depreciates in comparison to Czech Crown (CZK) by more than 5% against the rate prevailing on the date hereof or on the date of last adjustment, under this paragraph, the gross salary in Indian Rupee shall be adjusted once in six months, subject to the approval by the Board of Directors, to preserve the Czech value of the Managing Director's annual salary.

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

By order of the Board of Directors  
For **ESAB India Limited**

Place : Chennai  
Date : 18 February, 2013

S Venkatakishnan  
Company Secretary

Encl:

1. Explanatory Statement
2. Postal Ballot form and self addressed postage pre-paid envelope

### **Annexure to the Notice of postal ballot dated 18 February, 2013**

#### **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

The members of the Company had at the Annual General Meeting held on 2 May, 2012 appointed Mr Jiri Kula as the Managing Director of the Company for a period of three years with effect from 1 September, 2011 and had also approved an overall ceiling limit of remuneration, perquisites and an incentive payable not exceeding Rs.30,000,000/- (Rupees Three Crores only). Mr Jiri Kula was at the forefront of the Company's drive towards achieving its excellence in products, procurement, packing and marketing them effectively. Considering the current market scenario and Mr Jiri Kula's global experience, the Board of Directors recommend the increase in the overall ceiling limit of Remuneration payable to Mr Jiri Kula to Rs.40,000,000/- (Rupees Four Crores only) with the power to the Board to fix his remuneration, perquisites and incentive within the overall limit.

The Nomination and Remuneration Committee of Directors appointed for this specific purpose based on the recommendation of the Board of Directors, have at their meeting held on 18 February, 2013 approved the increase in overall ceiling limit of remuneration payable to Mr Jiri Kula to Rs.40,000,000/- (Rupees Four crores only).

The Ministry of Corporate Affairs had by its General Circular No. 46 of 2011 dated 14.7.2011 had waived the requirement for listed companies which had no profits or inadequate profits to obtain the approval of the Central Government to pay remuneration in excess of Rs 4,00,000 per month to managerial person provided that the managerial person

- (a) is not having any direct or indirect interest in the capital of the company or its holding company or through any other statutory structures at any time during last two years before or on the date of appointment; and
- (b) is having a graduate level qualification with expert and specialized knowledge in the field of his profession.

Mr Jiri Kula does not hold any shares of the Company and has the requisite educational qualifications and experience, for the Company to qualify for exemption under the Circular. As Mr Jiri Kula satisfies both these conditions, the approval of the Central Government is not required for increase in the overall ceiling limit of remuneration payable to Mr Jiri Kula.

#### **Statement pursuant to Sub Clause C of Section II of Part II of Schedule XIII of the Companies Act, 1956**

##### **General Information about the Company**

The Company was incorporated in 10 November 1987 and commenced operations from July 1988. The Company is in the business of manufacture and sales and services of a comprehensive range of welding, cutting and allied products covering welding consumables, reclamation arc equipments, industrial gas equipments, cutting machines and products for specialized welding and cutting and allied needs.

The performance of the Company for the year 2012 is as follows :

Particulars	(₹ Million)	
	2012	
Sales and other income	5,087	
Earnings before interest, tax and depreciation	660	
Depreciation	(118)	
Profit before taxation	542	
Taxation	(164)	
Profit for the year	378	

While a predominant part of the Company's business is done in India, the Company also exports its products to Africa, Singapore, Bangladesh, Sri Lanka, Uganda, Tanzania and the Middle East. The Company also exports services to Europe and USA.

During the year, the total foreign exchange expenditure amounted to Rs.579 million (which includes Rs.470 million for the import of raw materials, components and capital goods and Rs.109 million towards expenditure in foreign currency). During the year, the Foreign exchange earnings were Rs.162 million resulting in net foreign exchange outflow of Rs.417 million for the year.

The Company is a subsidiary of Colfax Corporation which holds 73.72% of the paid up equity share capital of the company. Colfax is a Delaware, USA based industrial group with existing global business interests in gas and fluid handling and fabrication technology products and services.

#### **information about the appointee - Mr Jiri Kula**

Age - 51 years

#### **Education/Qualification :**

- University of Economy (1985)
- Management postgraduate at the University (1989)
- Continuous management education from companies Dynargie and Mercuri International (1993 - 2010)
- IMD executive development in Lausanne (10 weeks in 2002)
- Various ESAB talent and leadership training like 21<sup>st</sup> Leadership training, EMP 2000, Sandhurst Leadership Academy
- Various Lean Academies and trainings.

#### **ESAB experience:**

- Managing Director of Dalsburk - ESAB factory in Finland (2004- 2007)
- ESAB European Product Line Director for Solid Wires - part of this function was responsibility for three factories (in Czech, in Poland and in Italy (2003 - 2005)
- Managing Director of ESAB Vamberk, the biggest ESAB unit (1995 - 2011)
- Finance Director in ESAB Vamberk (1992 - 1995)
- Deputy production Director of Zelezarny (1991 - 1992)
- Project manager of Zelezarny AZ (1990 - 1991)
- Chief accountant of Zelezarny AZ (1989 - 1990)

#### **Previous Experience:**

- Analyst / Business controller in CEDOK- the largest Czech travel agency 1985 - 1989

#### **Directorship in other companies:**

- Chairman of Board of directors of ZOM Nymburk (1992 - 1995)

#### **Significant achievements:**

- Under Mr Jiri Kula's leadership in last decade ESAB Vamberk has become the flag ship among ESAB units in the world with the following highlights:
  - Size increased from 20 ktons to 120 ktons
  - Development, implementation and wide market coverage of Solid wire superior product - ARISTO MAG / MIG
  - Best in class in Health / Safety - over 2.4 mil hours without accident
  - Best in class for Solid wires - Centre of Excellence for whole of Esab
  - Best in Lean - the best score in audit
  - Superior delivery performance, introduction and implementation of Direct deliveries concept
  - Delivery of significant expansion programs in MAG and Stainless wires
  - Execution of several closures of factories in Western Europe and their transfer to Eastern Europe

#### **Other achievements:**

- Contribution to business books in Czech republic
- Lecturing at University of Economy in Prague - leadership
- Coaching ESAB colleagues

### Past Remuneration of Mr. Jiri Kula at the Company:

Year	Annual Remuneration	
	in ₹ Million	in US Dollars (in '000)#
2011	10.8 *	200*
2012	28.34	500

\* Pro-rata for the four months period from 1 September, 2011 to 31 December, 2011.

# Considered at Rs.54 to 1 USD.

### Proposed remuneration

Mr. Jiri Kula is proposed to be paid remuneration by way of salary, allowances, special allowances, perquisites, incentives / bonus and forex fluctuation allowance, if any, subject to an overall ceiling of Rs. 40,000,000 (Rupees Four Crores only). Any further payment of remuneration which could inter alia include increases arising out of fluctuation in foreign exchange is likely to exceed the overall ceiling limit of Rs.30,000,000 (Rupees Three Crores only) earlier approved by the shareholders at the Annual General Meeting held on 2 May, 2012 and hence the approval of the shareholders is now sought to increase the overall ceiling limit to Rs.40,000,000/- (Rupees Four Crores only).

The proposed remuneration is the overall ceiling limit for which approval of shareholders is being sought. Further the Board of Directors are to be authorized to fix such remuneration, perquisites and bonus within the overall ceiling of Rs. 40,000,000 (Rupees Four Crores only).

### Job Profile:

ESAB India Limited is a Public Limited Company and listed on BSE Limited and National Stock Exchange of India Limited. The Company has manufacturing operations through its five plants located at Chennai, Kolkata and Nagpur.

Mr. Jiri Kula was the Managing Director of ESAB Group Vamberk, Czech Republic, for over 16 years. He is an acknowledged expert in effecting organization turn arounds and driving up productivity levels. He had been associated with restructuring projects in Europe prior to his joining ESAB India Ltd.

He took over the reins of the company in the middle of a turbulent phase affecting the economy and also the industry. He was seen as incumbent with the requisite business acumen and credentials to plan and execute initiatives of long term interest to the Company.

His varied experience and networking within the ESAB Group is expected to procure technical support required to address vital operational issues and business development.

### Comparative remuneration profile

Name of the Company	Remuneration of Managing Director per annum
Bosch Limited	₹ 3.40 crores
Ador Welding Limited	₹ 1.33 crores
L & T Limited	₹ 2.65 crores

Mr. Jiri Kula does not have any pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel of the Company. He also does not hold any equity shares in the Company and the holding company.

### Other information:

The year saw consistently negative trends as per published data on Index of industrial production. The year also witnessed steep decline in profits / profitability of our competitors. Amidst all the challenges Mr. Jiri Kula brought in a strong focus on productivity, costs, selling prices and new product development. While the profits of the Company for the year 2012 dropped, its impact has been minimized through the actions initiated by Mr. Jiri Kula as listed above.

He has undertaken initiatives to drive the Company on a progressive path which have already started to yield results and has equipped the company for challenges in growth as and when a turnaround in the economy occurs.

Consequent to the initiatives championed by Mr. Jiri Kula the company ended the year with sales and profits though lower, compared favourably with the industry and other competitors.

The Company's cashflow was healthy during the year 2012 and remained a debt free Company.

The Company continued to maintain its position as a preferred partner in welding and cutting solutions and is well positioned as a leaner and focused organization with a strong Balance Sheet, to achieve growth. The Company is associated with projects of national interest and had also some small but significant breakthrough businesses in emerging segments.

Under Mr Jiri Kula's leadership, the Company has continued to focus on productivity improvements, resourcing, quality, costs, indigenization of raw materials and components, range rationalization and enrichment of product mix to enhance our market shares and margins going forward. Our association with Coffax is expected to bring in business systems that are world class and we expect to benefit from practices followed elsewhere in the Group.

The approval of the shareholders is now sought for increasing the overall ceiling limit of remuneration, perquisites and incentive to Rs.40,000,000/- (Rupees four crores only) in line with the global trends, payable to Mr. Jiri Kula as the Managing Director of the Company with effect from 1 January, 2013 till the end of his current tenure i.e., upto 31 August, 2014 subject to the terms and conditions set out in the resolution contained in the notice.

Your Board recommends the passing of this resolution.

None of the Directors except Mr Jiri Kula is deemed to be interested in or concerned with the resolution.

By order of the Board of Directors  
For **ESAB India Limited**

S Venkatakrisnan  
Company Secretary

Place : Chennai

Date : 18 February, 2013

Notes:

1. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of the business specified above is annexed hereto.
2. Voting rights are reckoned on the basis of the shares registered in the name of the Members/Beneficial Owners as on 22 February, 2013
3. Members are requested to read the instructions printed on the reverse of the Postal Ballot Form and return the Form duly completed in the attached self addressed Business Reply envelope so as to reach the Scrutinizer on or before 2 April, 2013, at the following address:  
Mr V Mahesh  
Scrutinizer  
C/o. Integrated Enterprises (India) Ltd  
Unit: ESAB India Limited  
2<sup>nd</sup> Floor, 'Kences Towers',  
No.1 Ramakrishna Street, North Usman Road,  
T. Nagar, Chennai 600017
4. The Scrutinizer, after completion of the Scrutiny, will submit his report to the Chairman of the Company. The result of the postal ballot will be declared by the Chairman or by any person authorized by him in this regard on 5 April, 2013. The result shall also be announced to the Stock Exchanges where shares of the Company are listed and intimated through a press release in the newspapers viz. Business Standard in English and Makkal Kural in Tamil. The result will also be put up on the Company's website [www.esabindia.com](http://www.esabindia.com). The resolution, if approved, will be taken as passed effectively on the date of declaration of the result, explained as above.
5. In case of any queries, members may contact the Company Secretary at the registered office of the Company.



# ESAB INDIA LIMITED

Plot No.13, 3rd Main Road, Industrial Estate, Ambattur, Chennai 600 058.  
Tel. : 044-4228 1100 ; Fax : 044-4228 1150 ; www.esabindia.com

## Postal Ballot Form

(to be returned to the Scrutinizer appointed by the Company)

1. Name(s) of the Member(s) :  
(including joint holders, if any)
  
2. Registered address of the :  
Sole / first Named member
  
3. Registered folio No / :  
DP ID No & Client ID No
  
4. Number of shares held :

I/We hereby exercise my / our vote in respect of the special resolution to be passed through postal ballot for the business stated in the postal ballot notice of the Company by conveying my / our assent or dissent to the said resolution by placing the tick( ✓ ) mark at the appropriate box below:

Item	Description	No of shares	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
1	Special resolution for approving the revision of overall ceiling limit of remuneration payable to Mr Jiri Kula, Managing Director			

Signature of the Member

Place :

Date :

Note: Kindly read the instructions printed overleaf before filling the form. Last date for receipt of postal ballot forms by the Scrutinizer is 2 April, 2013.

## NOTES / INSTRUCTIONS -

1. A member desiring to exercise his/her vote by postal ballot may complete this postal ballot form (no other form or photocopy thereof is permitted to be used for the purpose) and send it to the Scrutinizer at the address of the Company in the attached postage pre-paid self addressed envelope. The postage will be borne and paid by the Company. The Company shall also accept envelopes containing postal ballot forms, if deposited with the Company in person or if sent by courier at the expense of the member. Members residing outside India should stamp the envelopes appropriately.
2. The Board of Directors of the Company has at its meeting held on 18 February, 2013 appointed Mr V Mahesh, Partner, V Mahesh & Associates Practicing Company Secretaries as Scrutinizer for conducting the postal ballot process in a fair and transparent manner. The name and address of the Scrutinizer to whom the postal ballot papers are to be sent are given below:  
Mr V Mahesh  
Scrutinizer  
C/o. Integrated Enterprises (India) Ltd  
Unit: ESAB India Limited  
2<sup>nd</sup> Floor, 'Kences Towers',  
No.1 Ramakrishna Street, North Usman Road,  
T. Nagar, Chennai 600017
3. This form should be completed and signed by the members (as per specimen signature recorded with the Company/Depositories). In case of joint shareholding, this form should be completed and signed by the first named member and in his/her absence, by the next named member. In case, holders of power of attorney sign the postal ballot form, reference to the Power of Attorney registered with the Company should be mentioned in the postal ballot form. The right of voting by postal ballot cannot be exercised by proxy.
4. Unsigned postal ballot forms will be rejected. Duly completed postal ballot forms should reach to the Company not later than by the close of working hours at 17.30 hours on 2 April, 2013. Postal ballot forms received after this date and time will be strictly treated as if the reply from such member has not been received.
5. In the case of shares held by bodies corporate/trust/societies, the duly completed postal ballot form should be accompanied by a certified true copy of the relevant resolution/authorization.
6. There will be only one postal ballot form for every folio irrespective of the number of joint member(s).
7. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the members as on 22 February, 2013.
8. Members are requested not to send any other paper along with the postal ballot form such as envelopes to the Scrutinizer and the scrutinizer would destroy any extraneous paper found in such envelope.
9. Votes will be considered invalid on the following grounds:
  - a. If the ballot form is unsigned;
  - b. If the member's signature does not tally with the specimen signature in the records of the Company, depositories.
  - c. If the member has voted all his shares both in favour and also against in the ballot paper although member need not use all his votes or cast all his votes in the same way.
  - d. If the ballot paper received is torn or defaced or mutilated to an extent that it is difficult for the Scrutinizer to identify either the member or the number of votes or as to whether the votes are cast in favour or against the resolution or if the signature could not be checked or on one or more of the above grounds; or
  - e. On such other grounds which in the opinion of the scrutinizer makes the votes invalid.
10. The Scrutinizer's decision on the validity of a postal ballot form will be final and binding.
11. The result of the postal ballot will be announced by the Chairman or in his absence, any person authorized by the Chairman on 5 April, 2013. The date of the declaration of the results of the postal ballot will be taken to be the date of passing of the special resolution.
12. The results will thereafter be published in the website of the Company, [www.esabindia.com](http://www.esabindia.com) and in newspapers viz. Business Standard in English and Makkal Kural in Tamil.