



STRICTLY PRIVATE & CONFIDENTIAL

ESAB India Limited

Plot No.13,
3rd Main Road,
Industrial Estate,
Ambattur,
Chennai – 600058

Grant Thornton
Arihant Nitco Park, 6th floor
No.90, Dr Radhakrishnan Salai,
Mylapore
Chennai -600 004

T : 91 44 4294 0000
F : 91 44 4294 0044
www.wcqt.in

20 February 2012

For the Kind Attention of Mr. S Venkatakrishnan, General Manager - Legal and Secretarial

Dear Sir

Re: Advisory on the valuation of ESAB India Ltd. as per SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (“SEBI SAST Regulations 2011”)

With reference to our Engagement Letter dated 25 January 2012, we confirm our appointment by the Independent Directors of ESAB India Ltd. to provide an independent review of the Open Offer Price determined by HSBC Securities and Capital Markets (India) Private Ltd. (“HSBC”) as per the Regulation 8(3) and 8(12) of SEBI SAST Regulations 2011 (“SEBI SAST Regulations 2011”)

In the following paragraphs, we have summarized our review of the Open Offer Price determined by HSBC based on the explanations and information provided by the Management of ESAB India (“Management”) with respect to Regulation 8(3) and 8(12) of SEBI SAST Regulations 2011.

I. BACKGROUND INFORMATION

ESAB India Limited (“ESAB India” or the “Target Company” or the “Company”) commenced its operations in India in 1987 by acquiring the welding business of Peico Electronics & Electricals Limited (now Philips India Limited). Today, ESAB India is engaged in the business of manufacturing welding consumables and cutting equipment for industries like Shipbuilding, Petrochemical, Construction, Transport, Offshore, Energy and Repair and Maintenance. The Company is listed on Bombay Stock Exchange and National Stock Exchange in India.

As on 31 December 2011, 37.31% of the total outstanding shares of ESAB India is held by ESAB Holdings Ltd., UK ("ESAB UK") and 18.34% is held by Exelvia Group India BV, Netherlands ("Exelvia Netherlands"). ESAB UK and Exelvia Netherlands are wholly owned subsidiaries of Charter International Plc. ("Charter").

On 12 September 2011 ("Announcement Date"), Colfax Corporation ("Colfax" or the "Acquirer"), through its indirect wholly owned subsidiary Colfax UK Holdings Ltd. ("Colfax UK"), announced its intention to make an offer to acquire 100% of the issued and paid up share capital of Charter, the offer as recommended by the Board of Directors of Charter (hereinafter referred to as the "Announced Transaction"). Further, on the Announcement Date, the Acquirer, Colfax UK and Charter entered into an implementation agreement to record their respective obligations in relation to the steps to be taken to implement the Announced Transaction ("Implementation Agreement").

The announcement of the Announced Transaction and Implementation Agreement in the public domain by the Acquirer and Colfax UK triggered Regulation 3(1), 4 and 5(1) read with Regulation 13(2)(e) and 15(1) of the SEBI SAST Regulations 2011, resulting in the offer to be made by the Acquirer to acquire at least 26% of the total equity shares outstanding of ESAB India ("Open Offer").

Consequently, on 18 January 2012, HSBC, acting as manager to the Open Offer on behalf of the Acquirer, made a public announcement of the Open Offer for acquisition of 4,002,185 equity shares (representing 26% of the total outstanding equity shares) of ESAB India based on the price determined in accordance with Regulation 8(3) and 8(12) of SEBI SAST Regulations 2011 (such combined price hereinafter referred to as the "Open Offer Price").

Therefore, for their internal evaluation purpose, the Independent Directors of ESAB India ("Independent Directors") have approached Grant Thornton to confirm

- i. whether the Open Offer Price determined by HSBC is consistent with the Regulation 8(3) and 8(12) of SEBI SAST Regulations 2011 and
- ii. whether the selection of National Stock Exchange, instead of Bombay Stock Exchange, by HSBC in determining the Open Offer Price, is consistent with the Regulation 8(3) and 8(12) of SEBI SAST Regulations 2011.

We have carried out the verification on the above mentioned points and have provided our comments on the same below.

II. REVIEW OF OPEN OFFER PRICE

For the purpose of our review, we have considered the Open Offer document issued by HSBC on 18 January 2012.

As per SEBI SAST Regulations 2011 – sub section 8.3 (a) to (f), the Offer Price shall be the highest of:

8.3. (a) The highest negotiated price per share, if any, of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer

As indicated by the Management of the Company, and based on the information available in the public domain, we understand that there was no agreement for any acquisition of the shares of the Target Company as on the Announcement Date since this was the case of an indirect acquisition where Colfax UK acquired 100% shares of Charter. Therefore, 8.3 (a) is not applicable.

8.3. (b) the volume-weighted average price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain.

8.3. (c) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty-six weeks immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain;

8.3. (d) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, between the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, and the date of the public announcement of the open offer for shares of the target company made under these regulations;

As indicated by the Management of the Company, and based on the information available in the public domain, we understand that there was no acquisition of the shares of the Target Company by the Acquirer or by any person acting in concert with him as on the Announcement Date. Therefore, 8.3 (b) (c) and (d) are not applicable..

8.3. (e) the volume-weighted average market price of the shares for a period of sixty trading days immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded.

Section 2 (1) (j) of SEBI SAST Regulations 2011 defines frequently traded shares as the shares of a target company, in which the traded turnover on any stock exchange during the 12 calendar months preceding the calendar month in which the public announcement is made, is at least 10% of the total number of shares of such class of the target company.

Given that the Announcement Date is 12 September 2011, we have carried out thinly traded analysis of ESAB India, based on the information available on NSE and BSE, as per the above mentioned definition, for a period of 12 calendar months ended 31 August 2011 which is the month preceding the calendar month (September 2011) in which the public announcement was made. Based on our analysis, we conclude that ESAB India is thinly traded on BSE and frequently traded on NSE.

Therefore, the selection of NSE, instead of BSE, by HSBC in determining the Open Offer Price, is consistent with the Regulation 8(3) of SEBI SAST Regulations 2011.

Further, considering that 8.3 (a) to 8.3 (d) are not applicable, it is reasonable to calculate the Open Offer Price based on the volume-weighted average market price of ESAB India shares on NSE for a period of sixty trading days ended 11 September 2011 (one day preceding the Announcement Date) as per Regulation 8.3 (e).

8.3. (f) the per share value computed under sub-regulation (5).

As indicated by the Management of the Company, sub-regulation 8.(5) is not applicable and subsequently 8.(3) (f) is not applicable.

Therefore, the Open Offer Price determined by HSBC is consistent with the Regulation 8(3) of SEBI SAST Regulations 2011. .

Regulation 8 (12)

In the case of any indirect acquisition, other than the indirect acquisition referred in sub-regulation (2) of regulation 5, the offer price shall stand enhanced by an amount equal to a sum determined at the rate of ten per cent per annum for the period between the earlier of the date on which the primary acquisition is contracted or the date on which the intention or the decision to make the primary acquisition is announced in the public domain, and the date of the detailed public statement, provided such period is more than five working days.

This has been stated by HSBC in the Open Offer document.

III. SUMMARY:

We conclude that the Open Offer Price determined by HSBC and the selection of NSE, instead of BSE, by HSBC is consistent with the Regulation 8(3) and 8(12) of SEBI SAST Regulations 2011.

IV. SOURCES OF INFORMATION

The review is based on the SEBI SAST Regulations 2011 and the documents provided by the Management of the Company. The sources of information include:

- Regulation 8(3) and 8(12) of SEBI SAST Regulations 2011 from SEBI website;
- Detailed of shareholding pattern for the quarter ended 31 December, 2011;
- Historical price data of ESAB India from NSE and BSE (www.nse-india.com); and (www.bseindia.com);
- Representation from the Management of ESAB India.

V. CAVEATS

Provision of the independent review for the Open Offer Price and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, audit, and financial due diligence review, consulting, transfer pricing or domestic tax-related services that may otherwise be provided by Grant Thornton.

We have relied on explanations and information provided by the Management and accepted the information provided to us as accurate. Although we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Therefore, we assume no liability for the accuracy of the data.

Similarly we have relied on data from the NSE and the BSE websites. These sources are considered to be reliable and therefore, we assume no liability for the accuracy of the data.

The verification contained herein is not intended to represent the review at any time other than the date that is specifically stated in this report. We have no present or planned future interest in either the Company or its subsidiaries (if any) and the fee for this report is not contingent upon the values reported herein.

The scope of our work has been limited to provide independent review of the Open Offer Price as determined by HSBC as per the Regulation 8(3) and 8(12) of SEBI SAST Regulations 2011. Our scope does not include review of the areas of the business and operations of ESAB India. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

Our review of the Open Offer Price should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into this investment or related matter of the transaction.

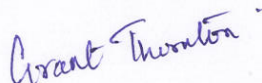
VI. DISTRIBUTION OF REPORT

This report is confidential and has been prepared exclusively for the Independent Directors of ESAB India for their internal evaluation purpose. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of Grant Thornton. Such consent will only be given after full consideration of the circumstances at the time.

Please feel free to contact us in case you require any additional information or clarifications.

Thanking you,

Yours sincerely,



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