

Date: January 20, 2014

**The Board of Directors,
Crompton Greaves Limited**
6th Floor, CG House,
Dr. Annie Besant Road,
Worli, Mumbai – 400 030

**The Board of Directors,
CG Energy Management Limited**
6th Floor, CG House,
Dr. Annie Besant Road,
Worli, Mumbai – 400 030

**The Board of Directors,
CG-ZIV Power Automation Solutions Limited**
6th Floor, CG House,
Dr. Annie Besant Road,
Worli, Mumbai – 400 030

Dear Sirs,

Re: Fairness opinion on valuation report issued by M/s. K. K. Mankeshwar & Co., Chartered Accountants, for the proposed amalgamation of CG Energy Management Limited and CG-ZIV Power Automation Solutions Limited with Crompton Greaves Limited

BACKGROUND

Pantomath Capital Advisors Private Limited ("Pantomath" or "we" or "us") is a Category I Merchant Banker registered with The Securities Exchange Board of India ("SEBI"). Pursuant to clause 24(h) of Listing Agreement, we have been requested to issue a fairness opinion on valuation report issued by M/s. K. K. Mankeshwar & Co., Chartered Accountants, for the proposed amalgamation of CG Energy Management Limited ("**CGEML**" or "**Transferor Company No. 1**") and CG-ZIV Power Automation Solutions Limited ("**CG-ZIV**" or "**Transferor Company No. 2**") with Crompton Greaves Limited ("**CGL**" or "**Transferee Company**")

Page 1 of 5



Progress with Values...

Pantomath Capital Advisors (P) Ltd. (SEBI Registered Category-I Merchant Bankers)

Corporate Office: 108, Madhava Premises Co-operative Society Limited, Bandra Kurla Complex, Bandra East, Mumbai – 400 051

Regd. Office: B-901, Sai Sanskar, S. T. Road, Deonar, Chembur, Mumbai - 400 088

Website: www.pantomathgroup.com | **CIN:** U74120MH2013PTC248061 | **Tel:** 022-26598687/91 | **Fax:** 022-26598690

CGL is a public company incorporated under the Companies Act, 1913 having its registered office at 6th Floor, CG House, Dr. Annie Besant Road, Worli, Mumbai – 400 030. CGL is one of the world’s leading engineering corporations. It provides end-to-end solutions, helping its customers use electrical power effectively and increase industrial productivity with sustainability. Since incorporation, CGL has been a pioneer and has retained its leadership position in the management and application of electrical energy.

CGEML is a public company incorporated under the Companies Act, 1956 having its registered office at 6th Floor, CG House, Dr. Annie Besant Road, Worli, Mumbai – 400 030. CGEML is presently not carrying on any business as such but holds investments, *inter-alia*, in other companies and its other activities are incidental thereto. CGEML is a wholly owned subsidiary of CGL.

CG-ZIV is a public company incorporated under the Companies Act, 1956 having its registered office at 6th Floor, CG House, Dr. Annie Besant Road, Worli, Mumbai – 400 030. CG-ZIV is presently engaged in manufacturing of Substation Automation Systems for Substations in EHV and UHV range, including protective relays, differential relays, bay control units, bus-bar systems, substation units, etc. CG-ZIV is a wholly owned subsidiary of CGL.

The management of CGL is considering amalgamation of its subsidiaries CGEML and CG-ZIV with itself with effect from appointed date i.e 1st April, 2014

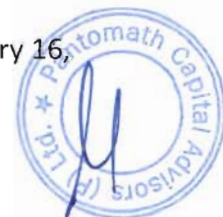
Shareholding Pattern of Crompton Greaves Limited (Transferee Company)

Particulars	Pre		Post	
	No of Shares	% Holdings	No of Shares	% Holdings
Promoters	26,74,51,070	42.67%	26,74,51,070	42.67%
Public	35,92,95,072	57.33%	35,92,95,072	57.33%
Total	62,67,46,142	100.00%	62,67,46,142	100.00%

SOURCES OF INFORMATION

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- Valuation Report by M/s K. K. Mankeshwar & Co., Chartered Accountants, dated January 16, 2014;
- Annual Reports of CGL, CGEML and CG-ZIV for the financial year ended March 2013;



- Draft Scheme of Amalgamation of CGEML and CG-ZIV with CGL
- Latest Shareholding Patterns of CGL, CGEML and CG-ZIV (Pre and Post amalgamation)

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

FAIRNESS OPINION

With reference to the above and based on the information and explanation provided by the management of the Companies and after analyzing the Scheme of Amalgamation, we understand that CGEML and CG-ZIV are wholly owned subsidiaries of CGL and thus no shares shall be issued by CGL as consideration for the proposed amalgamation and there is no change in shareholding pattern of CGL post proposed amalgamation.

Accordingly, no valuation process is applicable to the Scheme. Thus in our opinion, we state that the valuation arrived by M/s K. K. Mankeshwar & Co., Chartered Accountants, is fair and reasonable.

EXCLUSIONS AND LIMITATIONS

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by CGL, CGEML and CG-ZIV for the purpose of this opinion without carrying out any audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of CGL, CGEML and CG-ZIV.

We have solely relied upon the information provided to us by CGL, CGEML and CG-ZIV. We have not reviewed any books or records of CGL, CGEML and CG-ZIV.

We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of CGL, CGEML and CG-ZIV and neither express any opinion with respect thereto nor accept any responsibility therefore.

We have not made any independent valuation or appraisal of the assets or liabilities of CGL, CGEML and CG-ZIV. In particular we do not express any opinion as to the value of assets of CGL, CGEML and CG-ZIV, whether at current market prices or in future.

We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly



available or provided or otherwise made available to us by CGL, CGEML and CG-ZIV for the purpose of this opinion.

We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of CGL, CGEML and CG-ZIV with respect to these matters. In addition, we have assumed that the Draft Scheme of Amalgamation will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Amalgamation.

We understand that the managements of CGL, CGEML and CG-ZIV during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.

We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Amalgamation, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that CGL, CGEML and CG-ZIV may have contemplated.

Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving CGL, CGEML and CG-ZIV or any of its assets, nor did we negotiate with any other party in this regard.

It is understood that this letter is solely for the benefit of confidential use by the Board of Directors of CGL, CGEML and CG-ZIV for the purpose of facilitating companies to comply with clause 24(f) and 24(h) of the listing agreement and SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4,2013 read with clarifications provided by SEBI CIR/CFD/DIL/8/2013 dated May 21,2013 and it shall not be valid for any other purpose. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

Valuation, as it is said, is an art as well as a science. It is very subjective and based on individual perception. Large number of valuation models and its countless variants are in vogue, each of which has its own strength and weakness. Such practices leads to varying values arrived at by expert which at times may differ by larger margin. We express no opinion whatever and make no recommendation at all as to CGL's, CGEML's and CG-ZIV's underlying decision to effect to



the proposed transaction or as to how the holders of equity shares or secured or unsecured creditors of CGL, CGEML and CG-ZIV should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of CGL will trade following the announcement of the transaction or as to the financial performance of CGL, CGEML and CG-ZIV following the consummation of the transaction.

In no circumstances however, will Pantomath or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Pantomath or its associates, directors or employees by any third party, CGL, CGEML and CG-ZIV and their affiliates shall indemnify them.

For Pantomath Capital Advisors Private Limited



Mahavir Lunawat
Managing Director