Special Purpose Financial Information

ZIV do Brasil Ltda.

March 31, 2016

with Independent Auditor’s Report on Special Purpose Financial Information

ZIV do Brasil Ltda.

Special purpose financial information

March 31, 2016

Contents

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Independent auditor's report on special purpose financial information

To Stockholders and Management of
ZIV do Brasil Ltda.
Niterói - RJ

We have audited the accompanying financial information, which comprises the Balance Sheet as at March 31, 2016 of ZIV do Brasil Ltda. ("the Company") and the related statements of operations, changes in equity (capital deficiency) and cash flows for the year ended March 31, 2016. The financial information have been prepared by management of ZIV do Brasil S.A. based on the accounting practices described in the explanatory notes, for the sole purpose of consolidation into the Crompton Greaves Group financial statements ("Crompton").

Management's responsibility for the special purpose financial information

Management is responsible for the preparation and presentation of this special purpose financial information in accordance with accounting practices describe in the explanatory notes, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the special purpose financial information.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying special purpose financial information referred are presented, in all material respects, in accordance with the accounting practices described in the explanatory notes.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to note 1 to the special purpose financial information, which describes the basis of accounting. The special purpose financial information is prepared to assist ZIV do Brasil Ltda. to meet Crompton Greaves Group reporting requirements for consolidation purpose. As a result, the special purpose financial information may not be suitable for another purpose. Our report is intended solely for Crompton Greaves Limited and Sharp & Tannan, Statutory Auditors of Crompton Greaves Limited and should not be used by other parties. If you have any questions on this report, please contact Cintia Menezes (Cintia.menezes@br.ey.com) or me.

Rio de Janeiro, April 22, 2016

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP 015.199/F-6

Walter G. Neumayer
Accountant CRC-1RJ 091.659/O-0

ZIV do Brasil Ltda.

Balance sheets
March 31, 2016
(In thousands of Reais)

	March 31, 2016	March 31, 2015
Assets		
Current assets		
Cash and cash equivalent	**1.124**	588
Account receivable	**2.690**	2.041
Recoverable taxes	**1.792**	1.467
Advances	**474**	255
Inventories	**1.575**	1.524
Prepaid expenses	**8**	27
Other assets	**12**	3
Total current assets	**7.675**	5.905
Non-current assets		
Account receivable	**159**	-
Property, plant and equipment	**597**	615
Total non-current assets	**756**	615
Total assets	**8.431**	6.520

Liabilities and shareholders' equity (capital deficiency)

Current liabilities		
Trade accounts payable	**225**	374
Loans	**234**	-
Tax payables	**126**	-
Labor charges	**71**	59
Related parties	**205**	15
Provision	**264**	231
Total current liabilities	**1.125**	679
Non-current liabilities		
Related parties	**5.734**	7.165
Provision for contingency	**-**	60
	5.734	7.225
Shareholders' equity (capital deficiency)		
Capital	**5.144**	2.426
Accumulated losses	**(3.572)**	(3.810)
Total shareholders' equity (capital deficiency)	**1.572**	(1.384)
Total liabilities and shareholders' equity (capital deficiency)	**8.431**	6.520

ZIV do Brasil Ltda.

Statements of operations
Period from March 31, 2015 to March 31, 2016
(In thousands of reais)

	March 31, 2016	March 31, 2015
Revenue from sales of goods and/or services	**6.513**	6.483
Cost of goods and/or services sold	**(3.708)**	(3.110)
Gross income	**2.805**	3.373
Operating expenses		
Expenses from sales	**(406)**	(344)
Administrative and general expenses	**(1.080)**	(1.014)
Maintenance costs and technical assistance	**(1.723)**	(1.442)
Depreciation and amortization expenses	**(103)**	(105)
Other operating expenses	**-**	1
Loss before financial expenses and taxes	**(507)**	469
Financial expenses	**(1.578)**	(692)
Loss before income and social contribution taxes	**(2.085)**	(223)
Current income and social contribution taxes	**(103)**	-
Loss for the year	**(2.188)**	(223)

ZIV do Brasil Ltda.

Statement of changes in equity (capital deficiency)
Period from March 31, 2015 to March 31, 2016
(In thousands of reais)

	Capital	Accumulated losses	Total
Balance at March 31, 2015	2.426	(3.810)	(1.384)
Absorption of accumulated profit and loss	**(2.426)**	**2.426**	**-**
Capital Increase	**5.144**	**-**	**5.144**
Loss for the period	**-**	**(2.188)**	**(2.188)**
Balance at March 31, 2016	**5.144**	**(3.572)**	**1.572**

ZIV do Brasil Ltda.

Statement cash flows
Period from March 31, 2015 to March 31, 2016
(In thousands of reais)

	March 31, 2016	March 31, 2015
Cash flows from operating activities		
Loss for the year before the taxes	**(2.085)**	(223)
Adjustments to reconcile loss for the period to cash flow from operating		
Depreciation	**103**	105
Interested on loans	**68**	-
Unrealized exchange variation	**522**	675
Allowance for doubtful accounts	**23**	-
Provision for contingencies	**(60)**	60
	(1.951)	617
Increase and decrease in assets and liabilities		
Trade accounts receivable	**(831)**	(1.374)
Inventories	**(51)**	(460)
Recoverable taxes	**(325)**	(347)
Advances - Assets	**(219)**	781
Prepaid expenses	**19**	(15)
Other assets	**(9)**	10
Suppliers	**(149)**	214
Labor charges	**12**	(5)
Provision	**33**	46
Advances - Liabilities	**-**	(773)
Related Parties	**(1.189)**	775
Other liabilities	**59**	5
	(2.702)	(1.143)
Net cash generated by (used in) operating activities	**(4.653)**	(526)
Cash flows from investing activities		
Purchase of fixed assets	**(121)**	(28)
Net cash generated by investing activities	**(121)**	(28)
Cash flows from financing activities		
Loans obtained	**300**	-
Loans paid	**(134)**	-
Capital Increase	**5.144**	651
Net cash generated by financing activities	**5.310**	651
Net increase in cash and cash equivalents	**536**	97
Cash and cash equivalents at beginning of period	**588**	491
Cash and cash equivalents at end of period	**1.124**	588
Net increase in cash and cash equivalents	**536**	97

ZIV do Brasil Ltda.

Summary of significant accounting policies
March 31, 2016

1. Basis for preparation and presentation of the Special Purpose Financial Information

The Special Purpose Financial Information, which includes the balance sheet as at March 31, 2016 and the related statements of operations, changes in equity (capital deficiency) and cash flows for the year ended March 31, 2016 and the summary of the significant accounting policies, has been prepared in accordance with accounting practices adopted in Brazil, except for the fact that a comprehensive set of notes to the financial statements has not been prepared, as required under the Brazilian Generally Accepted Accounting Principles.

This special purpose financial information has been prepared solely to provide information to Crompton to enable it to prepare the Consolidated financial statements of the group as at March 31, 2016.

The Company has shown recurrent losses. Management understands that the Company's shareholders will provide the funds for keeping the Company's operations, if necessary. Accordingly, the special purpose financial information has been prepared under the assumption that the Company's operations will continue in a going concern.

The Company has recurring losses as of March 31, 2016. Management believes that, based on the commitment of business and financial support provided by Crompton and ZIV Aplicaciones y Tecnologia, S.L., the Company will be able to meet its short-term debts and returns to be profitable.

2. Cash and cash equivalents

Cash and cash equivalents are held so as to meet short-term cash commitments rather than for investment or other purposes. Cash equivalents are construed by the Company as short-term investments immediately convertible into a known cash amount, posing low risk of any change in market value. As such, an investment normally qualifies as cash equivalent when redeemable in the short-term, for instance, within three months from transaction date.

3. Accounts receivable

Accounts receivable are shown at realizable value. Sales of goods not yet invoiced at the balance sheet date are recorded on an accrual basis. The allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on realization of accounts receivable, considering the risks involved.

4. Taxes

Current tax assets and liabilities are measured at the amount expected to be recoverable or payable to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively into force in the countries where the Group operates and generates taxable income. Management periodically evaluates the tax position in situations where tax regulation requires interpretation and establishes provisions where appropriate.

5. Inventories

Materials and equipment in stock, classified in current assets are recorded at average cost of acquisition and do not exceed their replacement cost or realizable value, net of any provision for losses, when applicable.

6. Property, plant and equipment

Property, plant and equipment items are recorded at acquisition cost, less accumulated depreciation by the straight line method and any impairment, when applicable. Leasehold improvements are amortized based on the lease term or expected useful life of the real estate, whichever is shorter. The percentages applied for the calculation of the annual allocation are as follows:

	Method	%
Furnishings	Straight-line	10%
Plant and machinery	Straight-line	10%
Data processing equipment	Straight-line	20%
Improvement in third party properties	Straight-line	11%

7. Related parties

The Company has agreements with related parties domiciled abroad contracts relating to the import of equipment. Materials and equipment are imported primarily from Ziv Aplicaciones y Tecnología SLU (parent Company) to provide support for equipment protection, control, measurement and communication of public and private companies in the Brazilian electric sector.

8. Provision

Provisions are recorded when the Company has a present (legal or constructive) obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits, in an amount that can be reliably estimated. When the Company expects to recover a provision amount, in total or in part, for instance by force of an insurance agreement, the recovery is recognized as a separate asset, but only when the recovery is practically certain. Expenses with any provision are recorded in P&L, net of any reimbursement.

9. Loans

After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of operations when liabilities are derecognized, and through the amortization process by the effective interest rate method.