

Crompton Greaves Limited

Registered Office:

CG House, 6th Floor, Dr Annie Besant Road, Worli, Mumbai 400 030, India

T: +91 22 2423 7777 F: +91 22 2423 7733 W: www.cgglobal.com

Corporate Identity Number: L99999MH1937PLC002641



Smart solutions.
Strong relationships.

Our Ref : COSEC/13/2016

24th April 2015

BY EMAIL & COURIER

The Corporate Relationship Department

Stock Exchange, Mumbai
1st Floor, New Trading Ring
Rotunda Building
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

The Assistant Manager – Listing

National Stock Exchange of India
Exchange Plaza, Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

Dear Sirs,

CONSUMER BU DEMERGER – PRESS RELEASE

We refer to our announcement dated 23rd April 2015, wherein we had disclosed the information received from Avantha Holdings Limited indicating their proposal to divest their entire shareholding in Crompton Greaves Consumer Electricals Limited.

We have now received further, the press release jointly issued by Avantha Holdings Limited and Advent International, with respect to the above divestment, which is enclosed as Annexure A.

Please take the above information on record.

Yours faithfully
for Crompton Greaves Limited

MINAL BHOSALE
Company Secretary



AVANTHA
GROUP COMPANY



PRESS RELEASE

Advent International to lead acquisition of 34.37% of Crompton Greaves' consumer products business from promoter Avantha Holdings

- The consumer products business will be demerged from Crompton Greaves ("CG") and established as a standalone publicly listed company, Crompton Greaves Consumer Electricals Limited ("CGCEL").
- Advent will provide resources and sector expertise to support the growth of CGCEL as a free-standing enterprise.

MUMBAI, April 24, 2015 – Advent International ("Advent") and Avantha Holdings Limited ("Avantha"), the promoter of Crompton Greaves Limited ("CG") (NSE: CROMPGREAV; BSE: 500093), today announced that they have signed a share purchase agreement whereby Advent will lead the acquisition of 34.37% of CG's consumer products business, Crompton Greaves Consumer Electricals Limited ("CGCEL"). Temasek will be an independent co-investor alongside Advent in CGCEL.

CGCEL will be demerged from CG into a standalone company and will consequently be listed on the National Stock Exchange of India ("NSE") and Bombay Stock Exchange ("BSE"). Thereafter, Advent, a global private equity firm with a dedicated presence in India, and Temasek, an investment company based in Singapore, will make an open offer for additional shares of CGCEL in compliance with takeover regulations. The transaction values CGCEL at an enterprise value of INR 66 billion (US\$1.07 billion). The transaction is subject to closing conditions and receipt of all statutory and other approvals, including the successful demerger of CGCEL from CG and approval from the Reserve Bank of India and Competition Commission of India.

CGCEL, one of CG's largest and fastest-growing businesses, manufactures and markets a wide spectrum of consumer products, ranging from fans, lamps and luminaires to pumps and household appliances such as water heaters, mixer grinders, toasters, irons and electric lanterns. The business is India's market leader in fans, No. 1 player in residential pumps and has leading market positions in its other product categories. It employs approximately 3,500 people and has six manufacturing facilities.

"After an extensive search and careful evaluation, Avantha is pleased to have signed a share purchase agreement for the sale of stake in Crompton Greaves' consumer business," said Gautam Thapar, Founder and Chairman of the Avantha Group. "Both Advent and Temasek have extensive financial, sector and operational expertise, and we believe they are well-positioned to support CGCEL in its next phase of growth. I thank all of CGCEL's employees who have given their best and firmly believe that they will benefit from further expansion and focus under the new stewardship."

“CGCEL is an attractive business that we believe will thrive as a standalone company,” said Shweta Jalan, Managing Director at Advent International in Mumbai. “It has leading positions in several fast-growing product categories with strong brand names and extensive distribution capabilities. Post completion, we look forward to driving growth by investing in sales and marketing, distribution and enhanced product offerings.”

Demerger and share purchase details

Advent and Temasek will acquire ownership in CGCEL by purchasing shares in CGCEL from Avantha Holdings following the demerger of the consumer products business from CG and the listing of CGCEL on the BSE and NSE. The transaction is expected to be completed in the first quarter of 2016.

CG had filed with the BSE on March 3, 2015, regarding the demerger of CG’s consumer business into CGCEL, whereby all of CG’s shareholders will receive shares of CGCEL such that the shareholding of CGCEL upon completion of the demerger will mirror the shareholding of CG.

CGCEL’s growth and consumer product market growth

CGCEL has grown at a compound rate of 16% per year over the past six years and generated revenue of INR 28.5 billion (US\$459 million) for the fiscal year ended March 31, 2014. The business has benefited from robust long-term growth in the Indian consumer products market, where sales volume has increased approximately 1.5 to 1.9 times India’s real gross domestic product (GDP) from 2002 to 2014. With India’s GDP growth expected to accelerate in the coming years, prospects for the country’s consumer segment remain strong.

“As a standalone company, CGCEL would be able to pursue more strategic goals and thus maximize value for all its stakeholders,” said Laurent Demortier, CEO and Managing Director of CG. “I would like to thank our colleagues in the consumer products business for their commitment and achievements, and I am confident that they will continue to benefit as the business pursues further growth in India and beyond.”

Advent International in India

Advent International has been investing in India since 2007 and opened a Mumbai office in 2009. Its Indian investments include Computer Age Management Services (CAMS), a leading provider of business process outsourcing services to the asset management industry (subsequently acquired by the National Stock Exchange of India in 2014), and CARE Hospitals, the largest multi-specialty hospital chain in South and Central India. The Mumbai team also works with Advent’s existing global portfolio companies on growth strategies and acquisitions in the Indian market. Examples include Skillsoft’s acquisition of e-learning business Element K and TransUnion’s acquisition of a controlling stake in credit information company CIBIL.

Advent’s relevant experience

Advent has been investing in the consumer products and industrial sectors for over two decades. During that time, it has invested in nearly 50 manufacturers of consumer products and industrial products and equipment. The firm also has significant experience carving out businesses from corporations, with transactions over the last five years including Allnex (acquired from Cytex Industries), Oberthur Technologies (from Oberthur Fiduciaire), Partner in Pet Food (from Provimi Group), Worldpay (from Royal Bank of Scotland) and Vantiv (from Fifth Third Bank).

About Advent International

Founded in 1984, Advent International is one of the largest and most experienced global private equity investors. The firm has invested in more than 300 private equity transactions in 40 countries and as of December 31, 2014, had \$33 billion in assets under management. With offices on four continents, Advent has established a globally integrated team of over 180 investment professionals across North America, Europe, Latin America and Asia. The firm focuses on investments in five core sectors, including business and financial services; healthcare; industrial; retail, consumer and leisure; and technology, media and telecom. After 30 years dedicated to international investing, Advent remains committed to partnering with management teams to deliver sustained revenue and earnings growth for its portfolio companies. For more information, visit www.adventinternational.com

About Temasek

Incorporated in 1974, Temasek is an investment company based in Singapore, with a S\$223 billion portfolio as of March 31, 2014. Its portfolio covers a broad spectrum of sectors: financial services; transportation, logistics and industrials; telecommunications, media and technology; life sciences, consumer and real estate; energy and resources. Temasek's compounded annualized total shareholder return since inception in 1974 is 16% in Singapore dollar terms and 18% in US dollar terms. Temasek has offices in 11 cities around the world, including São Paulo and Mexico City in Latin America; and London and New York, which both opened in 2014. The remaining offices are all in Asia, including China and India. For more information, visit www.temasek.com.sg

About Crompton Greaves Consumer Electricals Limited

CGCEL will own, pursuant to the demerger, CG's consumer products business. The business manufactures and markets a wide spectrum of consumer products, ranging from fans, lamps and luminaires to pumps and household appliances such as water heaters, mixer grinders, toasters, irons and electric lanterns. The business is India's market leader in fans, No. 1 player in residential pumps and has leading market positions in its other product categories. The business has grown at a compound rate of 16% per year over the past six years and generated revenue of INR 28.5 billion (US\$459 million) for the fiscal year ended March 31, 2014. It employs approximately 3,500 people and has six manufacturing facilities.

About Crompton Greaves

Avantha Group Company CG is a global pioneering leader in the management and application of electrical energy. With more than 15,000 employees across its operations in around 85 countries, CG provides electrical products, systems and services for utilities, power generation, industries and consumers. The company is organized into four business groups: Power, Industrial, Automation and Consumer. For more information, please visit: www.cqglobal.com

About Avantha Group

The Avantha Group's entities in diversified sectors include Crompton Greaves (power transmission and distribution equipment and services), BILT (paper and pulp), The Global Green Company Limited (food processing), Biltech Building Elements Limited (infrastructure), Biltreetech (farm forestry), Avantha Power (energy), Avantha Business Solutions Limited (IT and ITES), Avantha Ergo (life insurance) and Jg Glass (glass containers). With a global footprint, the Group operates in 90 countries with more than 25,000 employees worldwide. For more information, visit: www.avanthagroup.com

Advisors

Advent International and Temasek are being advised on the transaction by Barclays and HSBC (financial); J. Sagar Associates and Khaitan & Co (legal); E&Y (accounting); and KPMG (tax). Amarchand & Mangaldas & Suresh A Shroff & Co is acting as legal advisor to Avantha.

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Media Contacts

Advent International

Anil Mathews / Ravikiran Iyengar
Ketchum Sampark
Tel: +91 98204 80317 / +91 98212 68368
anil.mathews@ketchumsampark.com
ravikiran.iyengar@ketchumsampark.com

Chuck Dohrenwend / Dana Gorman
Abernathy MacGregor Group
Tel: +1 212 371 5999
adventinternational@abmac.com

Temasek

Jeffrey Fang
Associate Director
Strategic & Public Affairs Group
Tel: +65 6828 6857
jeffreyyfang@temasek.com.sg

Avantha Group

Shravani Dang
Vice President & Group Head –
Corporate Communications
Tel: +91 11416 99282
s.dang@avanthagroup.com

Virendra Verma
Adfactors
Tel: +91 98925 02581
virendra.verma@adfactorspr.com

Crompton Greaves Limited

Paula Sengupta
Global Head – Communications
Tel: +91 22242 37516
paula.sengupta@cgglobal.com
