

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(CIN): L99999MH1937PLC002641



Smart solutions.
Strong relationships.

Our Ref: COSEC\191\2016

Dated: March 22, 2016

FOR THE ATTENTION OF THE COMPANY'S SHAREHOLDERS

The Hon'ble High Court of Judicature at Bombay has vide it's Order dated November 20, 2015 sanctioned the Scheme of Arrangement between Crompton Greaves Limited ('CGL'/'Demerged Company') and Crompton Greaves Consumer Electricals Limited ('CGCEL'/'Resulting Company'), and their respective shareholders and creditors under Sections 391 to 394 read with Section 78 (Corresponding Section 52 of the Companies Act, 2013) and Sections 100-103 of the Companies Act, 1956 (the 'Scheme')

The Scheme, *inter-alia* provided for the transfer / vesting by way of demerger of the 'Consumer Products Business' of CGL ('Demerged Undertaking') on a going concern basis to CGCEL with effect from October 1, 2015 ('Appointed Date') and issue of equity share by CGCEL to the shareholders of CGL in terms of the said Scheme.

CGL has fixed March 16, 2016 as the 'Record Date' to determine eligibility of its shareholders, who would be entitled to receive shares of CGCEL, pursuant to the Scheme. In terms of the Scheme, CGCEL will issue and allot, to each member of CGL, whose name appears in the Register of Members of CGL and/ or in the records of the depositaries as member of CGL on the Record Date, 1 (one) fully paid up equity share of the face value of Rs. 2/- each of CGCEL for every 1 (one) share of Rs. 2/- each fully paid held by such member in CGL. CGCEL after allotment of the shares shall apply for listing of the shares in BSE Limited and National Stock Exchange Limited.

This Communication is being issued for the general guidance of the shareholders of CGL for computing the proportionate cost of the acquisition of the equity shares of CGCEL vis-a-vis the cost of acquisition of the original equity shares of CGL for the purpose of computing the capital gain/loss as per the provisions of the Income Tax Act, 1961 (the 'Act') arising upon sale of the equity shares.

Section 49(2C) of the Act provides that the cost of acquisition of the shares of the resulting company i.e. CGCEL, is to be computed by applying the proportion of the net book value of the assets of the Demerged Undertaking (Consumer Products Business) to the net worth of



Demerged Company (CGL) immediately before the demerger. Accordingly the cost of acquisition of the equity shares of the Demerged Company (CGL) shall be the original cost of acquisition reduced by the cost of acquisition ascertained for the shares of CGCEL under Section 49(2D) of the Act.

Shareholders are advised to apportion their pre-demerger / original cost of acquisition of CGL shares in the following manner:

Name of Company	% of the original Cost of shares of CGL
Crompton Greaves Limited	100.00%
Crompton Greaves Consumer Electricals Limited	0.00%
Total	100.00%

In terms of Section 47(vii) of the Act, the issue of the shares by the Resulting Company (CGCEL) to the shareholder of the Demerged Company (CGL) pursuant to the Scheme is not a transfer and hence not taxable in the hands of the shareholder. Further, in respect of the equity shares to be issued by CGCEL, the date of acquisition of such equity shares, for the purpose of computation of capital gain / loss in the hands of shareholder, as and when the shares are sold, will be the date of acquisition of the original shares of CGL for each shareholder, as per Clause (g) in explanation 1 to section 2 (42A) of the Income Tax Act, 1961.

Please note that this Communication is merely for the general guidance of the shareholders, and should not be considered as a substitute for any independent opinion that the shareholders may obtain. The Concerned regulatory, statutory or judicial authority, including any assessing officer/ appropriate appellate authority, could take a different view. The Company takes no express or implied liability in relation to this guidance.

Further note that if there is any change, including change having a retrospective effect in the statutory laws and regulations, the comments expressed in this communication would necessarily have to be re-evaluated in the light of changes the Company does not take the responsibility of updating this communication at any time in future.

Thanking You.

Yours faithfully

For Crompton Greaves Limited


Manoj Koul
Company Secretary