

AGREEMENT ON STRATEGIC PARTNERSHIP COOPERATION

between

the Government of Hungary and CG Electric Systems Hungary Zrt.

This agreement is made by and between, on the one hand

The Government of Hungary (hereinafter referred to as "*Government of Hungary*"),

Represented by: Mr. Péter Szijjártó, State Secretary for Foreign Affairs and External Economic Relations (based on Gov. Resolution No. 1722/2013 (X.11.))

and on the other hand

CG Electric Systems Hungary Zrt. (address: H-1095 Budapest, Máriássy utca 7. Hungary., company reg. number: 01-10-044689, hereinafter referred to as: "*CG Electric Hungary*"),

represented by: Mr. Anil Bhargava, Group Vice President, Corporate Affairs, Avantha Group, a primary share holder of Crompton Greaves (CG) Limited as mother Company of CG Electric Systems Hungary Zrt

(the Government of Hungary and CG Electric Hungary hereinafter jointly referred to as "*Parties*")

with the following conditions:

The Government of Hungary and CG Electric Hungary wish to express their pleasure and satisfaction with the positive development trends observed in the economic relations and cooperation between the Parties.

Considering the Growth Plan, aimed at reinvigorating the Hungarian economy, as well as the important role CG Electric Hungary plays in the Hungarian economy, the Government of Hungary and CG Electric Hungary have decided to conclude this Strategic Cooperation Agreement.

The overall aims of this Strategic Cooperation Agreement are as follows:

- Establishing a dialogue, characterized by mutual trust and predictability, to foster the long-term presence of CG Electric Hungary,
- Supporting the expansion of the Hungarian production capacity of CG Electric Hungary in order to further embed the company into the Hungarian economy,
- Strengthening engagement of CG Electric Hungary in the implementation of the Government's economic policy aimed to improve the performance and international competitiveness of the Hungarian economy.

The Cooperation Agreement is intended to greatly promote maintaining and further cultivating the already fruitful cooperation between the Parties. The Government of Hungary wishes to express its pleasure and satisfaction with CG Electric Hungary as a long-term reliable partner.

The Parties have agreed on the following:

1. Production development

CG Electric Hungary expresses its readiness to expand its production capabilities in Hungary in the years to come, both in capacity and product line-up, as permitted by business results and market trends and conditions.

2. Service activity

CG Electric Hungary expresses its readiness to expand its business service activities in Hungary in the years to come, as permitted by business results and market trends and conditions.

3 Innovation and research and development

CG Electric Hungary expresses its readiness to conduct R&D and innovation related projects involving Hungarian educational institutions and research centres. The Hungarian Government is ready to support and promote these activities with all the available tools.

4. Training cooperation development, training subsidies

4.1 Renewing the statutory background for training cooperation

The Government of Hungary expresses its intent to make the training subsidy system more transparent, efficient and free of excessive bureaucracy. As part of the legislative renewal process, the Government of Hungary welcomes proposals in accordance with these targets.

4.2. Training subsidy for newly hired workforce

The Hungarian Government welcomes the intention of CG Electric Hungary to train its new hires, thereby empowering them to use high-tech equipment, and increasing their labour market value. As a part of the reform process referred to in article 4.1, the Government Decree No 149/2012 (VII.6.) on training subsidy granted by individual Government decision from the training fund of the National Labour Fund has been introduced. In case CG Electric Hungary meets the provided requirements and the Government of Hungary makes a positive decision, CG Electric Hungary may benefit from the individual subsidy earmarked for training newly hired workforce.

5. Cooperation with regards to the development of the vocational training system

- As a preliminary result of the process described in 4.1, aimed at renewing the vocational training system, the Act CLV of 2011 on vocational training contribution and support of training development effective as of 1 January, 2012 allows CG Electric Hungary to reduce the amount of vocational training contribution CG Electric Hungary is obliged to pay by the costs of practical training for vocational school students it receives. Provided that the criteria described in Act CLV of 2011 are met, CG Electric Hungary may have the opportunity to

deduct the normative training costs of its own employees from its vocational training contribution.

- Based on the new regulation on training subsidy granted by individual Government decision referred in 4.2, provided that the Government of Hungary makes a positive decision, CG Electric Hungary can benefit from the subsidy for establishing vocational workshops and for developing assets used in practical training, in case CG Electric Hungary holds curricular sessions of practical training on a contractual basis.

6. Cooperation with regards to suppliers

The Parties express their intent to promote and develop cooperation with regards to supply activities. CG Electric Hungary shall aim at incorporating Hungarian suppliers in the supply chain, an endeavour actively and intensely supported and coordinated by the Hungarian Investment and Trade Agency (HITA). The Parties are ready to meet regularly – at least once every six months if possible – in order to assess the state of the supply and development agreement and to determine the current projects.

The supplier credit programs provided by Eximbank can also facilitate a growing share of Hungarian suppliers of CG Electric Hungary.

7. Participating in the public life of communities

The Government of Hungary welcomes the efforts of CG Electric Hungary in line with its community programs and support strategies to take an active role in the public life of Hungary and is ready to support its various activities in field. This involvement includes education, cultural and sport activities and social and healthcare.

8. Cooperation with regards to promotion

As one of the most important investors in Hungary, CG Electric Hungary expresses its intent to introduce and promote Hungary to the world as a business partner and investment opportunity.

The company expresses its readiness also to organize professional conferences and training programs in Hungary, thereby familiarizing its employees and business partners with Hungary.

9. Cooperation with regards to strengthening the competitiveness of Hungary

CG Electric Hungary expresses its intent to take an active role in reviewing draft legislation that may have an impact on the competitiveness of Hungary, and in working groups set up by the Government aimed at improving the competitiveness of Hungary.

10. Assessment of the cooperation between the Government of Hungary and CG Electric Hungary.

The Parties intend to analyze the results of their cooperation on a regular - preferably at least on a six-months- basis in order to define their next projects. The cooperation is coordinated by the Ministry for National Economy (NGM) on the Government side.

In order to implement the collaboration, a working group will be established. The working group will consist of representatives of the Parties, and the designation of a permanent delegate will be requested from HITA. The date and place of the meetings will be defined by the head of the working group elected on the first meeting.

11. Miscellaneous


The Cooperation Agreement shall enter into force as of the day when signed by both Parties.

Should the publication of this Agreement become necessary, the Parties shall inform and consult one another prior to publishing it.

This Agreement was prepared in Hungarian and in English. The provisions of the Hungarian language Agreement shall prevail.

After reading and joint interpretation, the Parties have signed the Agreement as being in full agreement with their intentions. The Parties shall resolve any and all disputes and possible later differing standpoints with regards to this Agreement via friendly negotiations.

Dated: New Delhi, 15th October 2013



Péter Szijjártó
State Secretary for
Foreign Affairs and External Economic
Relations

On behalf of the Hungarian Government



Anil Barghava
Group Vice President
Corporate Affairs, Avantha Group

On behalf of CG Electric Hungary Zrt.