

# Investor Presentation

On Proposed Merger

March 2023

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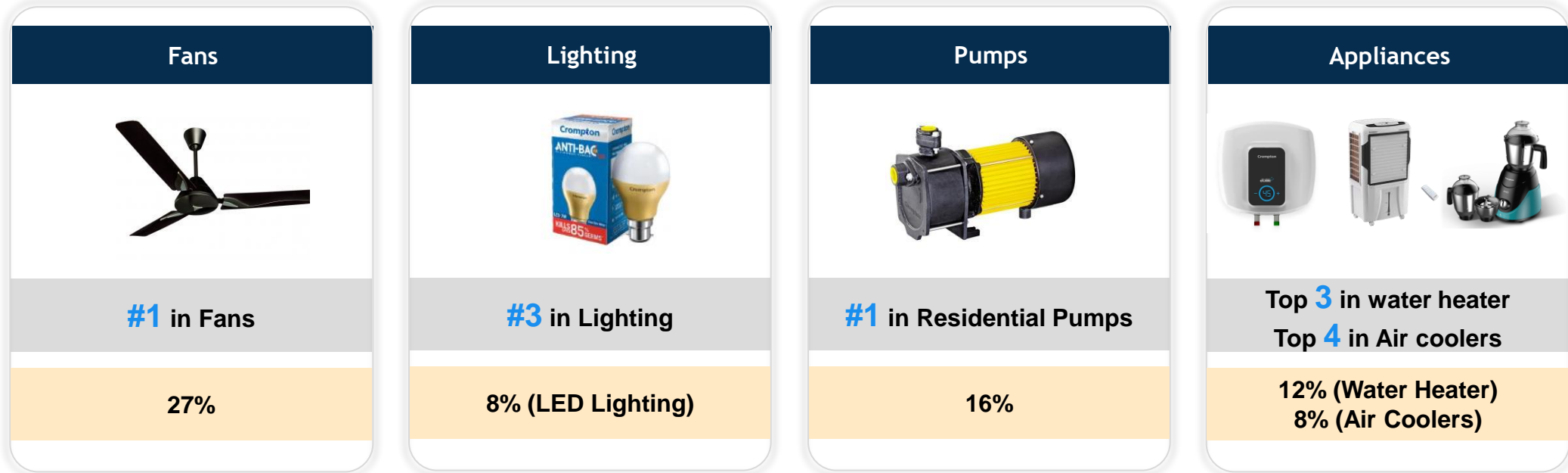
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Crompton is the #1 electrical consumer durables company with an 80+ year old brand and a pan-India footprint



**Leadership**



**Market Share**

**Market leading distribution reach**

Channel Partners – 4,000+  
Retailers – 1,50,000+

**Highly experienced management team**

Collective experience of 80+ years with Top Management

**Strong track record of product innovation**

~51% revenue from new products<sup>1</sup>

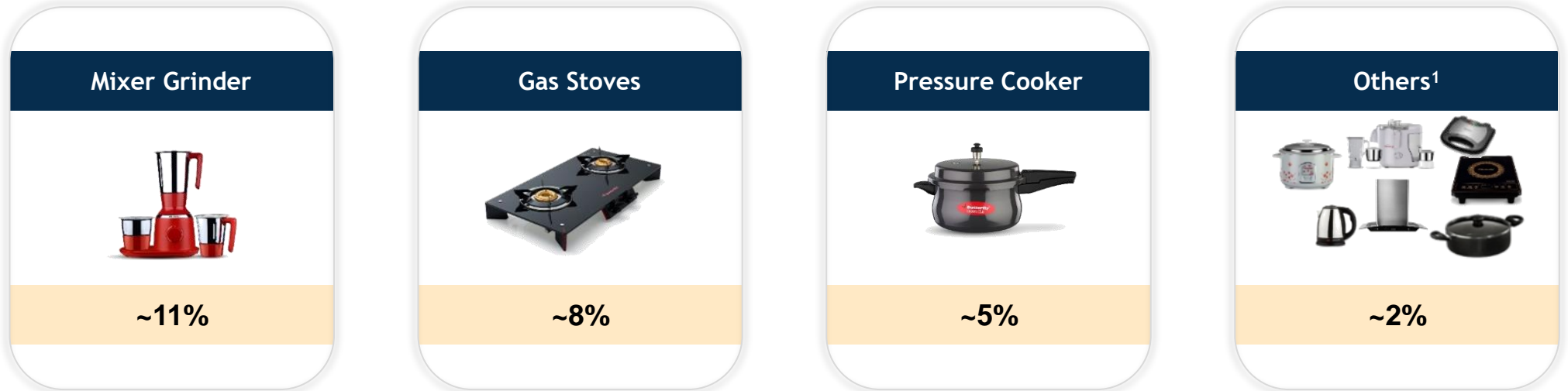
**Industry leading financial metrics**

17% PAT CAGR<sup>2</sup>  
155% FCF Conversion  
57% ROCE<sup>3</sup>

Source: Market size and market growth estimates based on Market Pulse and Management Estimates Note: (1) SKUs launched in the last 3 years are classified as new products (2) PAT CAGR is calculated based on reported PAT for FY16-22. (3) RoCE is adjusted for Butterfly acquisition.

Butterfly is a leading kitchen appliances player with a strong foothold in South India

Market Share



**45+ year old brand**

Well reputed brand with high consumer recall in South, known for Aesthetics and Product Quality

**Top 3**

In core categories of Mixers, cookers, stoves in South-India

**123**

**No 1**

In South India for Wet Grinders and LPG Stoves

**500+ | 25,000+**

Exclusive Distributors

Total Touchpoints pan-India with deep penetration in South India

**E-Commerce**

**#1** in Flipkart in mixer grinders

**#1** in Flipkart and Amazon in wet grinders and gas stoves

**In-house Capability**

~80% of Revenues from In-house Manufactured Products

1. Others include non-stick cookware, chimneys, hobs, induction stoves, electric kettles, rice cookers, OTG, sandwich makers, water purifiers & coffee makers  
Source: Nirmal Bang Institutional Equities Research report, management and expert estimates, Butterfly sales data FY22

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**Crompton** + **Butterfly**



## Transaction Overview

- ▶ Merger of Butterfly into Crompton
- ▶ Public shareholders of Butterfly to get Crompton's equity shares
- ▶ Transaction will result in a single listed entity



## Transaction Rationale

- ▶ Unlocking full potential of combined business
- ▶ Simplification of corporate structure
- ▶ Alignment of interest of all stakeholders



## Key Approvals Required

- ▶ Stock Exchanges and SEBI
- ▶ Shareholders', Creditors, NCD holders approvals
- ▶ NCLT (Mumbai and Chennai benches)
- ▶ Other regulatory approvals, as may be required

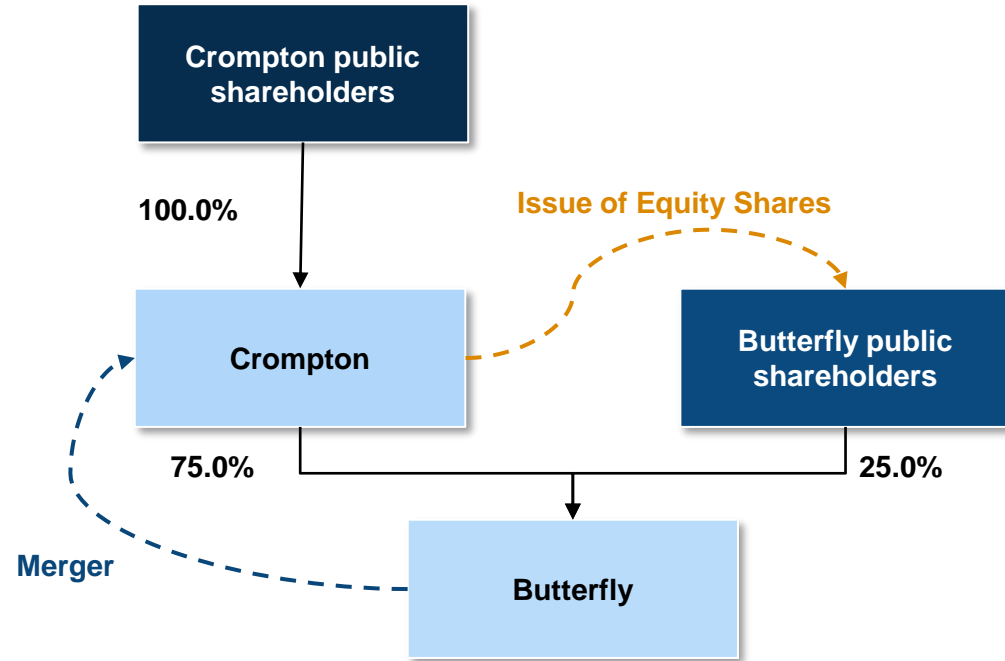


## Key Events & Indicative Timelines

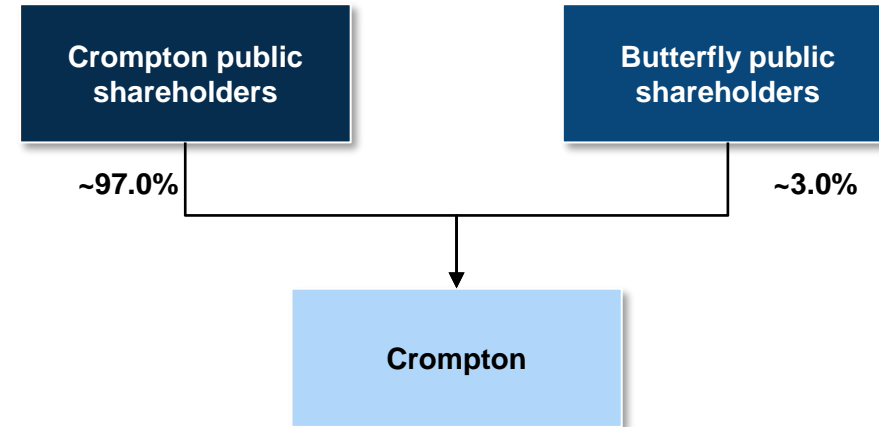
- ▶ Announcement of Scheme: **Q4 FY23**
- ▶ Stock exchange and SEBI approval: **Q1 FY24**
- ▶ NCLT convened shareholders meeting: **Q2 FY24**
- ▶ NCLT approval: **Q4 FY24**
- ▶ Overall indicative timeline for effecting the Scheme: **12 – 14 months**



## Proposed Transaction



## Resultant Structure\*



## Transaction Overview

- Merger of Butterfly with Crompton
- As a consideration, the shareholders of Butterfly will be issued 22 equity shares of Crompton for every 5 equity shares held in Butterfly
- As part of this scheme, existing shareholding of Crompton in Butterfly will get cancelled

Note: \* Based on outstanding shares as of March 23, 2023

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## UNLOCKING FULL POTENTIAL OF COMBINED BUSINESS

- Various revenue and cost synergies to be realized over short to medium term
- Faster Go-To-Market strategy for pan-India expansion
- Enabling greater scale for product innovation
- Ability to cross-sell products across channels
- Pooling of human capital with diverse skills

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## SIMPLIFICATION OF CORPORATE STRUCTURE

- Simplification of the corporate and governance structure
- Unified corporate structure providing
  - greater operational flexibility
  - and more efficient allocation of capital

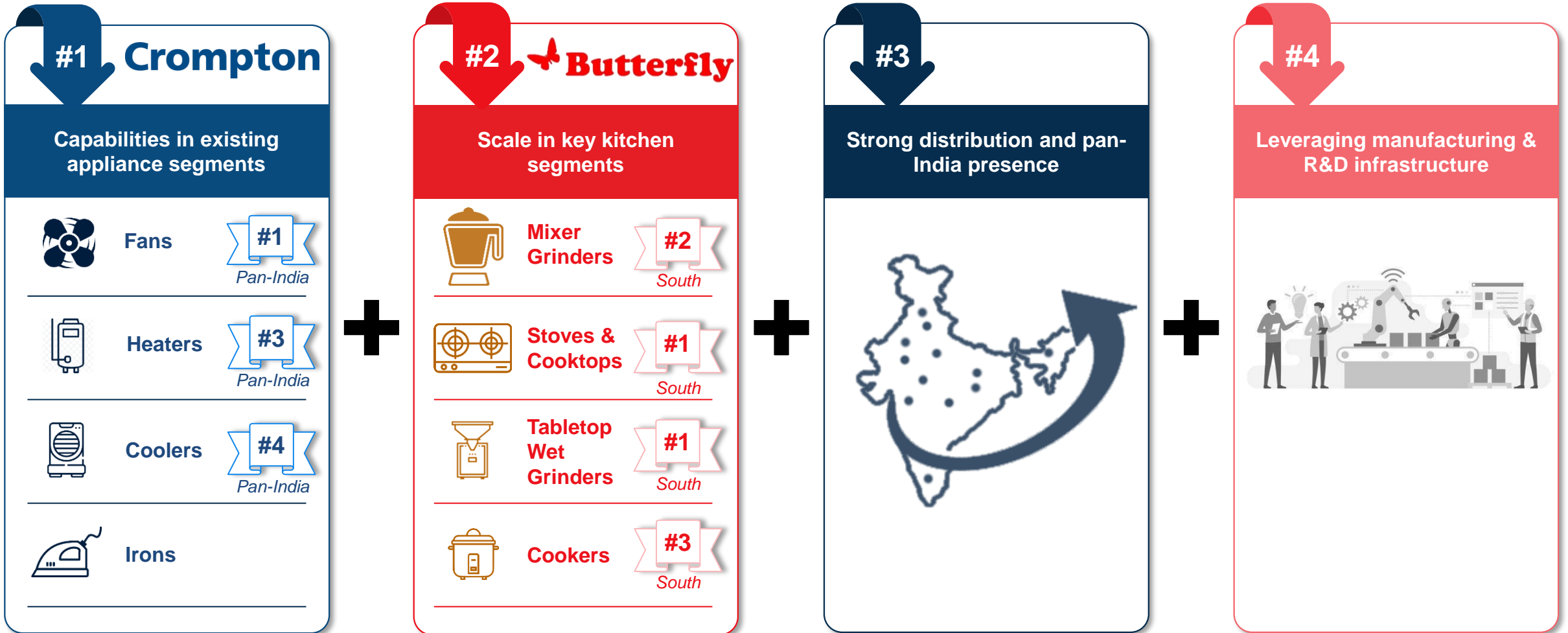
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## ALIGNMENT OF INTEREST OF ALL STAKEHOLDERS

- Converge the public shareholding of subsidiary at holding company level
  - Participation in a diversified appliance products business with wide geographical presence
- Both the sets of shareholders to benefit from the combined business synergies
- Greater avenues for growth and development of people

**Proposed merger expected to be EPS accretive from first year of it being effective**

# Unlocking Combined Business Potential

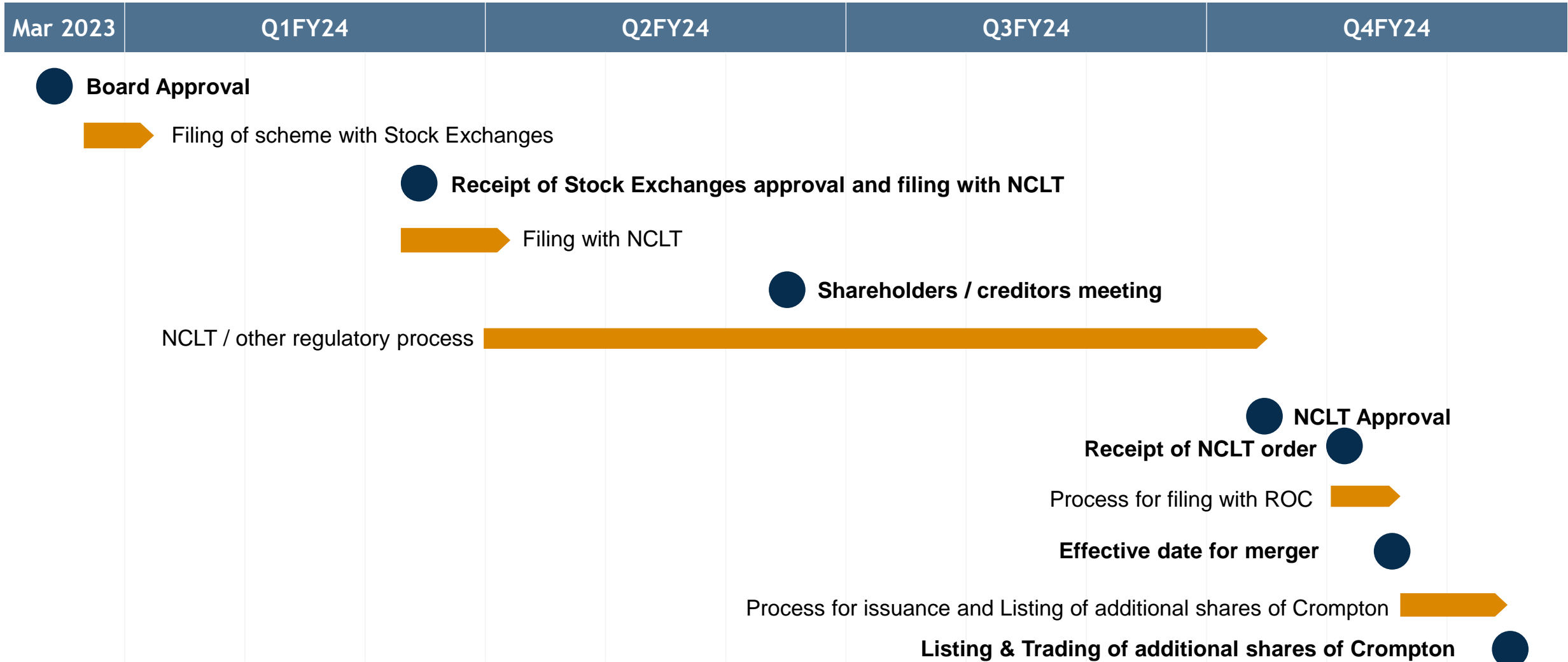


The proposed merger is a step in the right direction to unlock the potential of the combined business

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# Key indicative activities and timelines



Implementation of the scheme is expected to take around ~ 12 - 14 months subject to receipt of the requisite approvals

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**Crompton**  
Financial Advisor & Fairness Opinion Provider



**Butterfly**  
Fairness Opinion Provider



**Legal Advisor**



**Valuation Advisors**



Thank You!