



# BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF BUTTERFLY GANDHIMATHI APPLIANCES LIMITED AT ITS MEETING HELD ON SATURDAY, MARCH 25, 2023 ON THE SCHEME OF AMALGAMATION OF BUTTERFLY GANDHIMATHI APPLIANCES LIMITED WITH CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT 10:00 AM

## 1. Background

- 1.1. The Board of Directors of Butterfly Gandhimathi Appliances Limited ("**Board**") at its meeting held on Saturday, March 25, 2023 have approved the Scheme of Amalgamation of Butterfly Gandhimathi Appliances Limited ("**Company**" or "**Transferor Company**") with Crompton Greaves Consumer Electricals Limited ("**Transferee Company**") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").
- 1.2. Pursuant to Section 232(2)(c) of the Act, the Board of the Company is required to adopt a report explaining the effect of the arrangement on each class of shareholders, key managerial personnel ("**KMPs**"), promoters and non-promoter shareholders of the Company laying out in particular the share swap ratio and specifying any special valuation difficulties and the same is required to be circulated as part of the notice of the meeting(s) to be held for the purpose of approving the Scheme.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.4. Under the Scheme, it is proposed to amalgamate the Company with the Transferee Company.
- 1.5. **Documents placed before the Board**

The following documents were, *inter alia*, placed before the Board, duly initialed by the Company Secretary of the Company for the purpose of identification:

- (a) Draft Scheme;
- (b) Joint Share Swap Ratio Report dated March 24, 2023 issued by Ernst & Young Merchant Banking Services LLP (Registration No. IBBI/RV-E/05/2021/155), Registered Valuer and PwC Business Consulting Services LLP (Registration No. IBBI/RV-E/02/2022/158), Registered Valuer ("**Joint Share Swap Ratio Report**"), describing the methodology adopted by them in arriving at the recommended share swap ratio;
- (c) Fairness Opinion dated March 25, 2023 issued by SBI Capital Markets Limited, (Registration No. INM000003531), an Independent SEBI registered Category – I Merchant Banker ("**Fairness Opinion**"), providing its opinion on the fairness of share swap ratio as recommended in the Joint Share Swap Ratio Report;

**Regd. office:** 143, Pudupakkam Village, Vandalur - Kelambakkam Road, Kelambakkam - Pin 603 103, Chengalpattu District, Phone: +91-44-47415500 CIN No: I28931TN1986PLC012728, E- mail: gmal@butterflyindia.com web : www.butterflyindia.com

**Corporate office:** E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 603 130. Chengalpattu District. Phone: 044 - 49005100/5120, E- mail: butterflyho@butterflyindia.com



## BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

- (d) The certificate dated March 25, 2023 issued by M/s. ASA & Associates LLP, Chartered Accountants (Firm Registration No. 009571N/N500006), the Statutory Auditor of the Company, confirming that the accounting treatment stated in the Scheme is in compliance with the accounting standards prescribed under section 133 of the Companies Act and other generally accepted accounting principles;
- (e) Report dated March 25, 2023 of the Audit Committee of the Company; and
- (f) Report dated March 25, 2023 of the Committee of the Independent Directors of the Company.

### 2. Share Swap Ratio Report

Basis the Joint Share Swap Ratio Report issued by Ernst & Young Merchant Banking Services LLP (Registration No. IBBI/RV-E/05/2021/155), Registered Valuer and M/s. PwC Business Consulting Services LLP (Registration No. IBBI/RV-E/02/2022/158), the Transferee Company shall issue 22 equity shares of INR 2 (Indian Rupees two) each of the Transferee Company, credited as fully paid up, for every 5 fully paid-up equity shares of INR 10 (Indian Rupees ten) each of the Company, held by the shareholders of the Company on the Record Date (*defined in the Scheme*).

### 3. Effect of the Scheme on the stakeholders

#### 3.1. Shareholders (Promoter and Non-Promoter)

- a) Upon the Scheme coming into effect and in consideration of the amalgamation of the Company with the Transferee Company, the Transferee Company shall, without any further application, act, consent, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Company (*other than the equity shares of the Transferor Company held by the Transferee Company*), whose name is recorded in the register of members as member of the Company as on the Record Date (*as defined in the Scheme*) or to their to their respective heirs, executors, administrators or other legal representatives or successors in title in the following manner:

22 (*Twenty Two*) equity shares of INR 2 (*Indian Rupees Two*) each of the Transferee Company ("**Transferee Company New Equity Shares**"), credited as fully paid up, for every 5 (*five*) equity shares of INR 10 (*Indian Rupees Ten*) each of the Company ("**Share Swap Ratio**").

- b) The Transferee Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of Company, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of the Transferee Company, as the case may be, including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto and will be listed on the Stock Exchanges, subject to receipt of regulatory approvals.

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- c) The Scheme is expected to have several benefits for the Company as indicated in the rationale of the Scheme and is expected to be in the best interest of the shareholders of the Company.
- d) There will be no change in the economic interest of the shareholders of the Company, before and after Scheme. All shareholders of the Company will be classified as 'public' shareholder in the Transferee Company, pursuant to the Scheme.
- e) Upon the Scheme becoming effective, the Company shall be dissolved without being wound up and the shareholders of the Company shall become shareholders of the Transferee Company.

### 3.2. Key Managerial Personnel ("KMP")

None of the KMPs of the Company have any interest in the Scheme except to the extent of the equity shares held by them and their directorship, if any, in the Company. The KMPs concerned of the Company shall become employees of the Transferee Company without any interruption in their service.

### 4. **Adoption of the Report by the Directors**

- 4.1. The Report of the Audit Committee, Committee of Independent Directors, Joint Share Swap Ratio Report and the Fairness Opinion have been taken on record by the Board, and the Board has come to the conclusion that share swap ratio specified in the Scheme is fair and reasonable.
- 4.2. The Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders.
- 4.3. The Board or any duly authorised committee / person by the Board is entitled to make relevant modifications to this Report, if required and such modifications or amendments shall have deemed to form part of the report.

**P. M. Murty**  
**Chairman of the Board**  
**DIN: 00011179**  
**Place: Chennai**  
**Date: March 25, 2023**

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