

Crompton

Crompton Greaves Consumer Electricals Limited

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Date: February 22, 2022

To, BSE Limited ("BSE") , Corporate Relationship Department, 2 nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001.	To, National Stock Exchange of India Limited ("NSE") Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
BSE Scrip Code: 539876	NSE Symbol: CROMPTON
ISIN: INE299U01018	ISIN: INE299U01018
Our Reference 150/2021-22	Our Reference: 150/2021-22

Dear Sir/Madam,

Sub: Press Release

This is in continuation of our letter dated February 22, 2022 regarding Outcome of Board Meeting held on February 22, 2022 please find the Press Release on the announcement of acquisition of controlling stake in Butterfly Gandhimathi Appliances Limited.

You are requested to kindly take the above information on your record.

Thanking you,

For Crompton Greaves Consumer Electricals Limited



Pragya Kaul

Company Secretary & Compliance Officer



Encl: A/a

Crompton Greaves Consumer Electricals Ltd. announces the acquisition of controlling stake in Butterfly Gandhimathi Appliances Ltd.

- ▶ Crompton Greaves Consumer Electricals Ltd. (“**Crompton**”) has signed definitive agreements on February 22, 2022 with certain members of the promoter group of Butterfly Gandhimathi Appliances Ltd. (“**Butterfly**”) to acquire (a) upto 55% stake at INR 1,403.00 per equity share, aggregating upto INR 1,379.68 cr, and (b) certain Butterfly trademarks in allied and cognate classes from promoter group entities (“**Trademarks**”) for a consideration of INR 30.38 cr. Crompton will launch the mandatory open offer to the public shareholders of Butterfly, for acquiring upto 26% stake in Butterfly at a price of INR 1,433.90 per equity share, aggregating upto INR 666.57 cr; for an aggregate total consideration of upto INR 2,076.63 cr.
- ▶ Butterfly’s leading kitchen and small domestic appliances portfolio includes Mixer Grinders, Table Top Wet Grinders, Pressure Cookers, Stainless Steel Vacuum Flasks, LPG Stoves and Non-Stick Cookware. Butterfly is amongst the top 3 pan-India kitchen and small domestic appliances players. In South India, Butterfly is #1 in Table Top Wet Grinders and LPG Stoves, #2 in Mixer Grinders and #3 in Pressure Cookers.
- ▶ In FY 21, Butterfly reported revenues of INR 870 cr (~21% CAGR over the period FY17-21), with EBITDA of INR 80 cr. In 9M FY22, Butterfly reported revenues of INR 806 cr (yoy growth of ~22%) and EBITDA of INR 75 cr.
- ▶ The transaction will accelerate Crompton’s long-term strategic goal of becoming a leading player in the small domestic appliances segment.
- ▶ Butterfly’s complementary product portfolio coupled with scale and channel synergies will drive robust revenue growth and profitability.

Mumbai – Feb 22, 2022: Crompton, a leading electrical consumer durables company in India, announces that it has signed definitive agreements on February 22, 2022 to: (a) acquire upto 55% stake in Butterfly, a company engaged in the manufacturing, marketing and distribution of kitchen and small domestic appliances (“**SDA**”), at a price of INR 1,403.00 per equity share, and (b) Trademarks for a consideration of INR 30.38 cr. Crompton will also launch the mandatory open offer to the public shareholders of Butterfly for the acquisition of up to 26% stake at a price of INR 1,433.90 per equity share. The transaction will be subject to completion of customary closing conditions. The transaction is expected to be financed through a mix of internal accruals and debt.

This acquisition is a transformational step towards Crompton’s long-term strategic goal of becoming a leading pan-India player in small domestic appliances. As one of the few integrated manufacturers in this space, Butterfly offers immediate scale in kitchen appliances with its diverse portfolio, increasing the share of SDA in Crompton’s offering. This diverse portfolio spans a complementary set of segments, including mixer grinders, stoves and cooktops, table top wet grinders, pressure cookers, etc. Acquiring the Trademarks enables the protection of the exclusivity, legacy, and goodwill of the intellectual property of Butterfly as well as consolidation and expansion in complementary segments. Backed by a ready manufacturing and R&D infrastructure, along with Crompton’s key capabilities and pan-India reach, Butterfly creates a strong opportunity for innovation and expansion in core and adjacent categories and is expected to unlock synergies for both companies.

Shantanu Khosla, Managing Director - Crompton, said, “Crompton has, in its long-term strategic plan, laid out the roadmap to “Extend the Core Product Portfolio”. A key step in this roadmap is to strengthen the small domestic appliances category. Butterfly, a brand with a vintage of over 5 decades, has grown to become a strong brand in South India, with deeply ingrained core values and positive culture amongst its employees. We appreciate the trust the promoter family behind Butterfly is placing in us to take the company to greater heights. Butterfly is an attractive fit with Crompton’s long-term strategy, vision and strategic pillars. This acquisition provides concrete support to our long-term vision of become a leading pan-India kitchen appliances player. Butterfly’s proven channel and brand strategy will form the base for a stronger SDA business led by mixer grinders. This sets up a platform for a full kitchen play, which will enable a stronger connect with every home. We are excited by the opportunity ahead and wish to serve our valued customers through a larger distribution network and wider range of competitive and innovative products.”

VM Lakshminarayanan, Chairman – Butterfly, said, “As a 50-year-old family and home grown business, we are proud of the growth story our brand has been a part of. Butterfly is a strong brand in South India, and this step will provide an opportunity for the Butterfly brand to achieve pan-India reach. Crompton is a synergistic fit and together, there is great potential for powerful complementarity going forward. We have great respect for Crompton and are happy that this brand which has been so close to us is being entrusted to good hands at the right stage of its future growth journey. We are certain that Butterfly will reach new heights and successes with its instilled values and culture.”

Kotak Investment Banking acted as Financial Advisor and Manager to the Open Offer for Crompton, and Khaitan & Co acted as Legal Advisor for Crompton.

About Crompton:

With a brand legacy of 80+ years, Crompton Greaves Consumer Electricals Ltd. is India’s market leader in the category of fans and residential pumps. Over the years, the organization has continuously strived to produce a range of innovative products that cater to the modern consumer including superior quality and high-performance water heaters, anti-dust fans, antibacterial LED bulbs and a range of other categories like air coolers, food processors like mixer grinders, electric kettles and garment care like irons. The company has further invested in brand and innovation to not only better understand and meet consumer needs, but to also help drive energy efficiency. The consumer business also has a well-established and organized distribution network driven by a strong dealer base across the country offering a wide service network and robust after sales service to its customers. Connect with us on www.crompton.co.in