



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

February 17, 2015

General Manager,
Dept. of Corporate Services
BSE Ltd.,
Floor I, P.J.Towers,
Dalal Street,
Mumbai – 400 001

Dear Sir,

Butterfly Gandhimathi Appliances Limited – Results presentation
for the third quarter/nine months period ended on 31.12.2014 (FY 2014-15)

Enclosed please find the Company's Performance/Results presentation for the third
quarter/nine months period ended on 31.12.2014

We request you to kindly upload the above presentation on BSE website for
information of our investors.

Thanking you,

Yours faithfully,
For BUTTERFLY GANDHIMATHI APPLIANCES LIMITED


Executive Director-cum-Company Secretary

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Corporate Office : E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 603 103, Kancheepuram District.
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BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

RESULTS PRESENTATION

Q3 & 9MFY15
www.butterflyindia.com

Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, our ability to manage growth, competitive intensity in our industry of operations including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, sufficient availability of raw materials, our ability to successfully complete and integrate potential acquisitions, liability for damages on our contracts to supply products, the success of the companies in which Butterfly Gandhimathi Appliances Ltd has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Butterfly Gandhimathi Appliances Ltd may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company

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1

Company Overview



About Us..

Leading manufacturers of Kitchen and Electrical Appliances

Market Leader in India for LPG Stoves & Table Top Wet Grinders and major supplier of Mixer Grinders & Pressure Cookers

The 'Butterfly' brand is a highly respected brand synonymous with quality

Established in 1986 by Shri V. Murugesu Chettiar – currently helmed by 2nd and 3rd generation of promoter family

Headquartered in Tamil Nadu with Pan India presence

Strong R&D focus which has led to several pioneering initiatives and continues to drive in-house development of new products

Strong Balance Sheet with continuously improving Financial Indicators

Mix of industry growth and Company initiatives has led to strong momentum in Revenues & profitability

Quick Facts

#1

IN INDIA
FOR LPG STOVES
& TABLE TOP WET GRINDERS

44%

REVENUE CAGR
FY10-14

IN THE TOP

3

IN INDIA FOR DOMESTIC
KITCHEN APPLIANCES

NOW PRESENT IN ALL

28

STATES IN INDIA

SALES OF BRANDED
PRODUCTS IN FY14

508

CRORE

400+

EXCLUSIVE
DISTRIBUTORS ACROSS
INDIA

<1.0

NET DEBT / EQUITY
RATIO

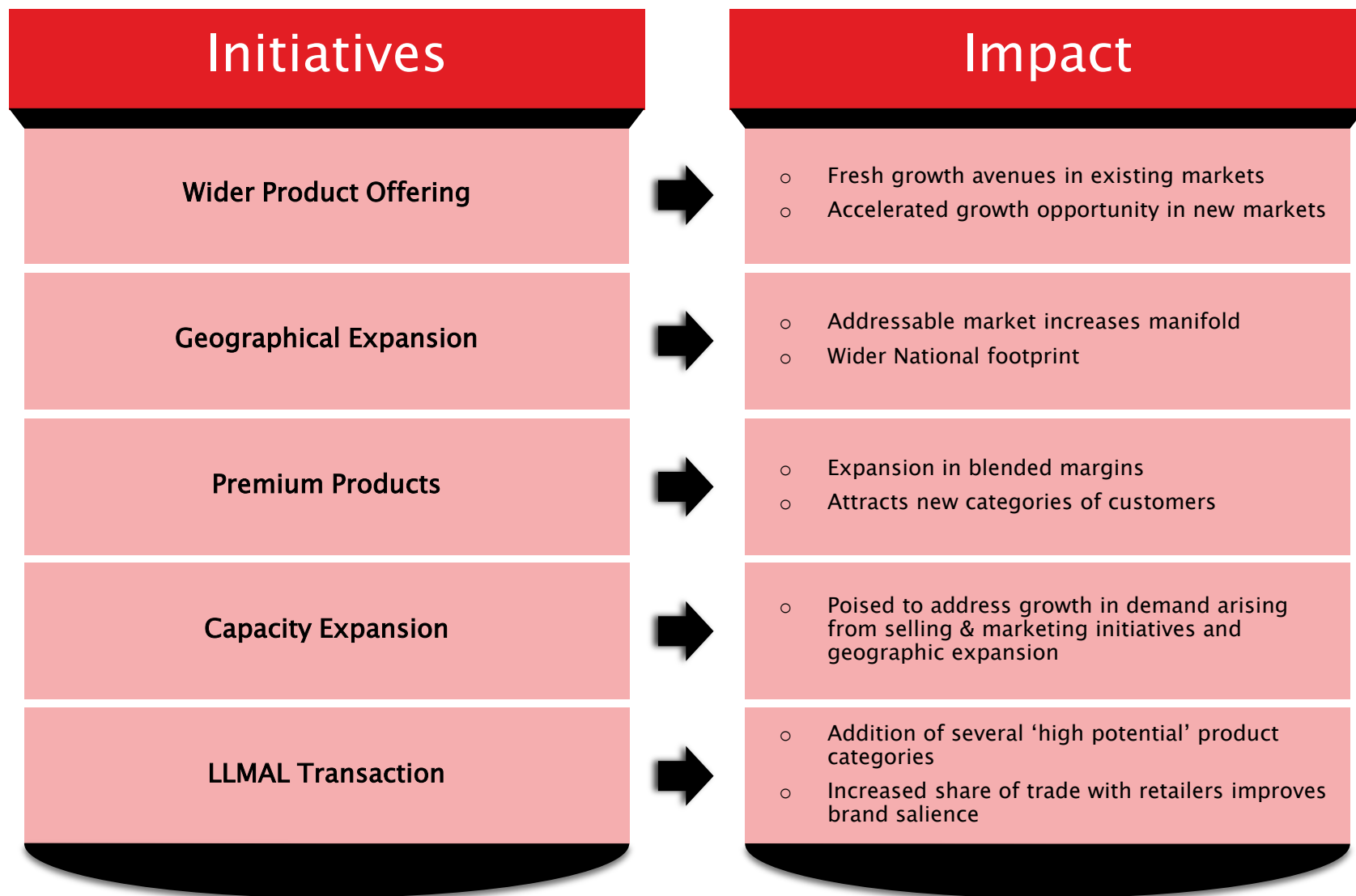
17%

OF 9MFY15
REVENUES FROM NON-
SOUTH STATES

3x

EXPANSION IN PRODUCT
CATEGORIES IN LAST 12
MONTHS

Growth Levers



Product Portfolio

Every product exhibits the highest standards in Safety, Durability, Efficiency, Aesthetics & Reliability



LPG Stove



Mixer Grinder



Table Top
Wet Grinder



Electric Chimney



Pressure Cooker



Non Stick Cookware



Induction Cooktop



Electric Rice Cooker



Juicer Mixer Grinder



Electric Kettle



Sandwich Maker



Air Cooler

Product Portfolio

Other Pioneering Products



Washer



Juicer



Hand Blender



Fan



Water Heater

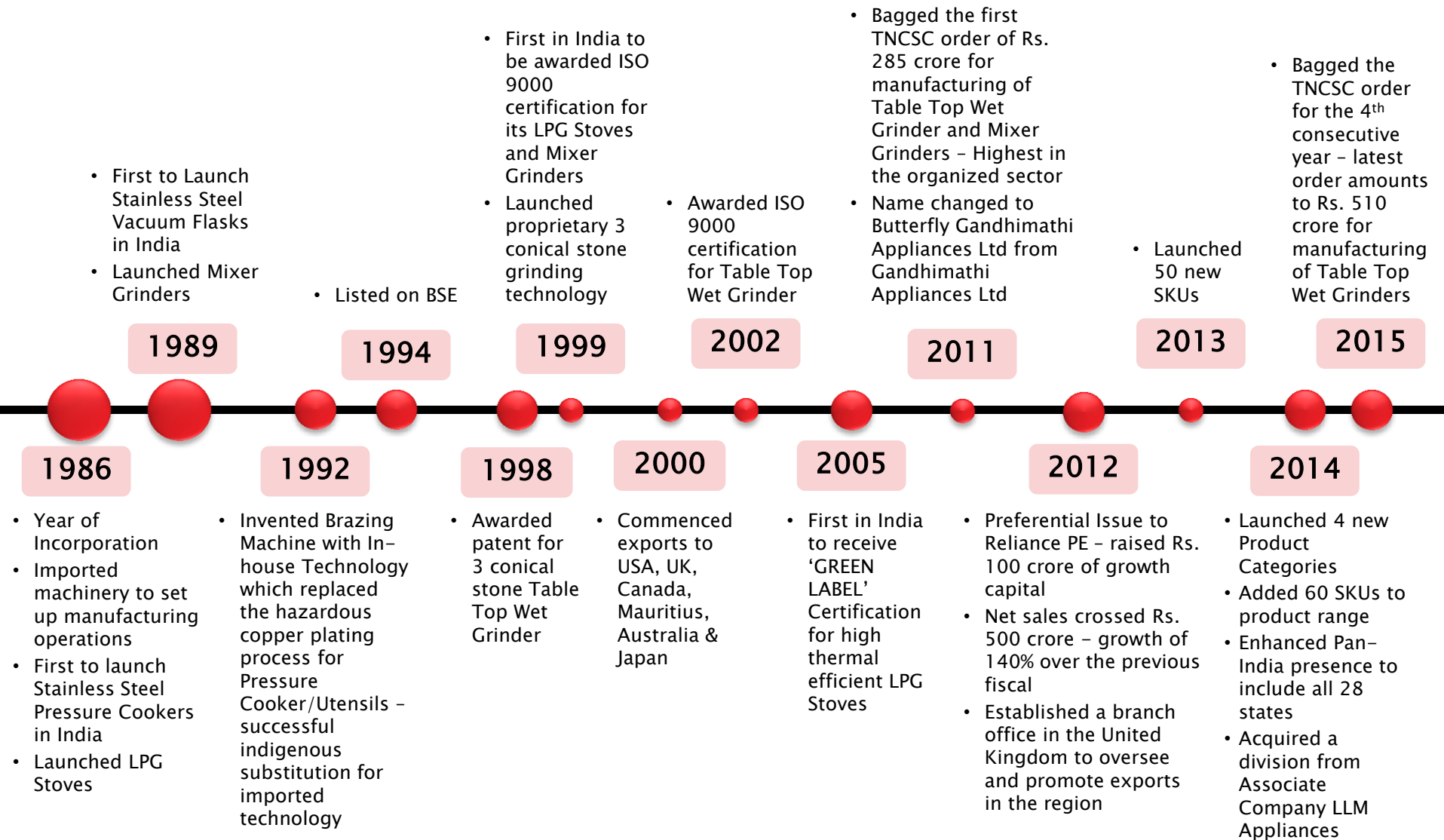


Electric Iron

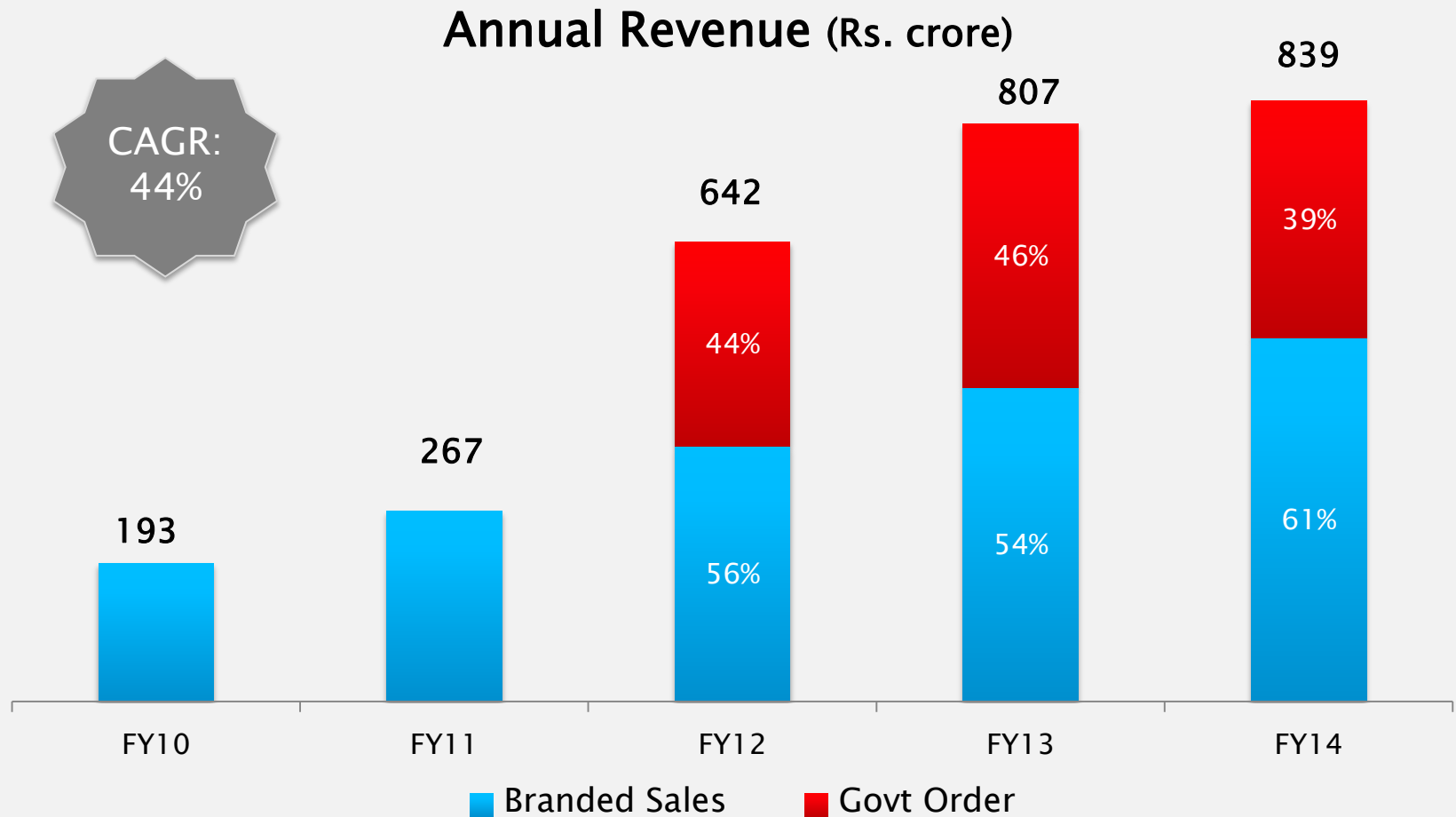


Pop-up Toaster

Milestones

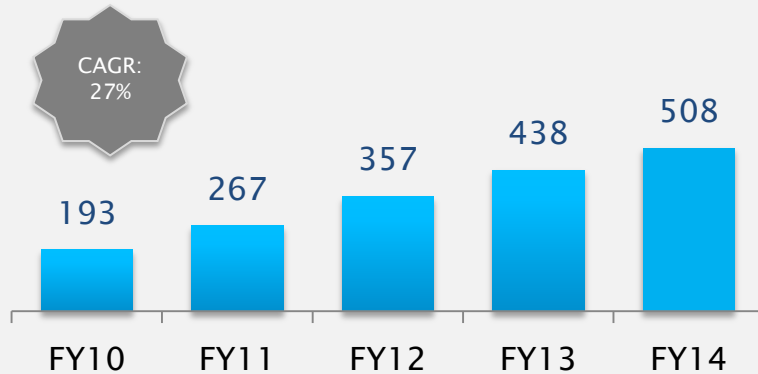


Revenue Profile

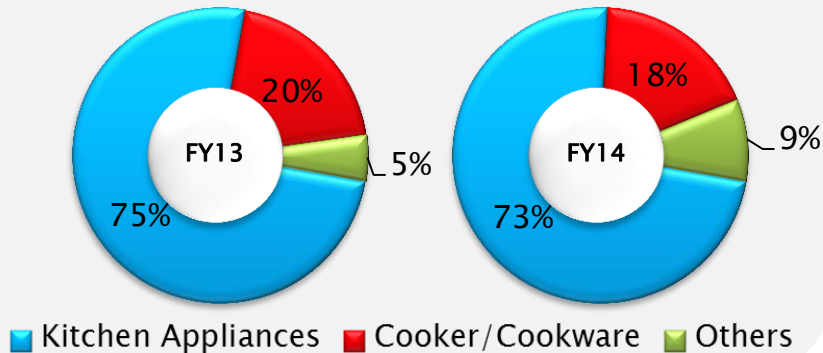


Branded Retail Sales

Branded Sales (Rs. crore)



Branded Product Distribution (%)



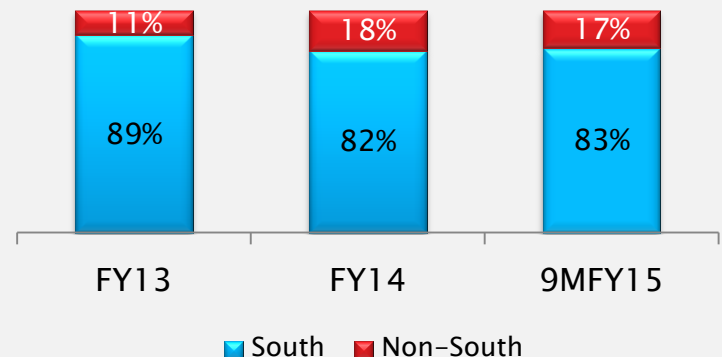
Through Institutions

- Tie ups with Gas dealers of IOCL, BPCL and HPCL
- Customers for new gas connection are provided with co-branded products manufactured by BGMAL
- This provides the Company a ready market for primary sales at the point of Gas connections itself

Through Retail Marketing

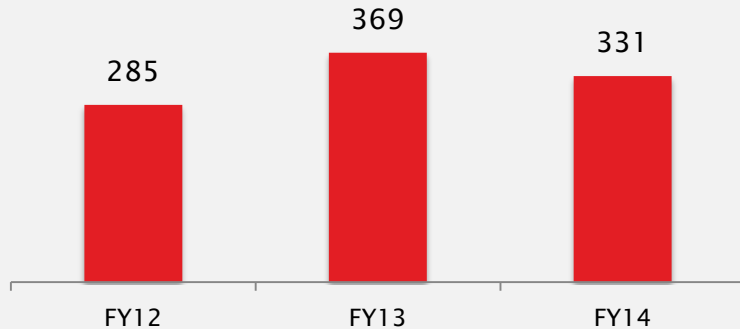
- Network of 400+ exclusive distributors
- Distributors supply to dealer network which is customer facing
- 3 Company retail stores in Chennai, Hyderabad and Bengaluru and one franchisee store at Pondicherry
- 18,000+ retail points across the Indian map

Region-wise Break-up

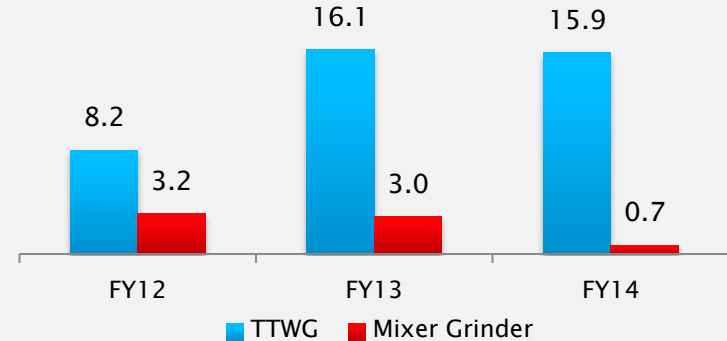


Government Orders

Government Order Sales (Rs. crore)



Products supplied (in lakh units)



- ❑ For the last 4 years **in succession**, BGMAL has participated and won orders in the annual tender of Tamil Nadu Civil Supplies Corporation
- ❑ In January 2015, the Company bagged orders worth Rs. 510 crore for supply of Table Top Wet Grinders in CY2015– the benefits from this order win will **reflect** in the coming quarters

Benefits to BGMAL

- Incremental contribution to profitability, favorable payment terms enabling a positive cash flow business
- Increase in volumes have elevated BGMAL's manufacturing and delivery capabilities
- Increased number of users of the Company's products has led to an increase in the potential market for the Company
- Creates ready customer base which will materialize at the time of product replacement or upgradation
- Delivery experience has led to innovation and launch of economy models which have aided growth in Branded Sales

Strong R&D Capabilities

R&D focused Company with a demonstrated track record in innovation

1st to introduce Stainless Steel Pressure Cookers in India

1st to manufacture Stainless Steel LPG Stoves in India

1st to introduce Stainless Steel Vacuum Flasks in India which deliver enhanced Heat Retention up to 72 hours compared to 8 hours with conventional products

Invented 3 conical stone grinding technology – awarded patent in 1998

Enhanced Fuel efficiency in LPG Stoves from 50% to over 68% at present

In-house design of moulds, tools and dies has resulted in improved manufacturing efficiency

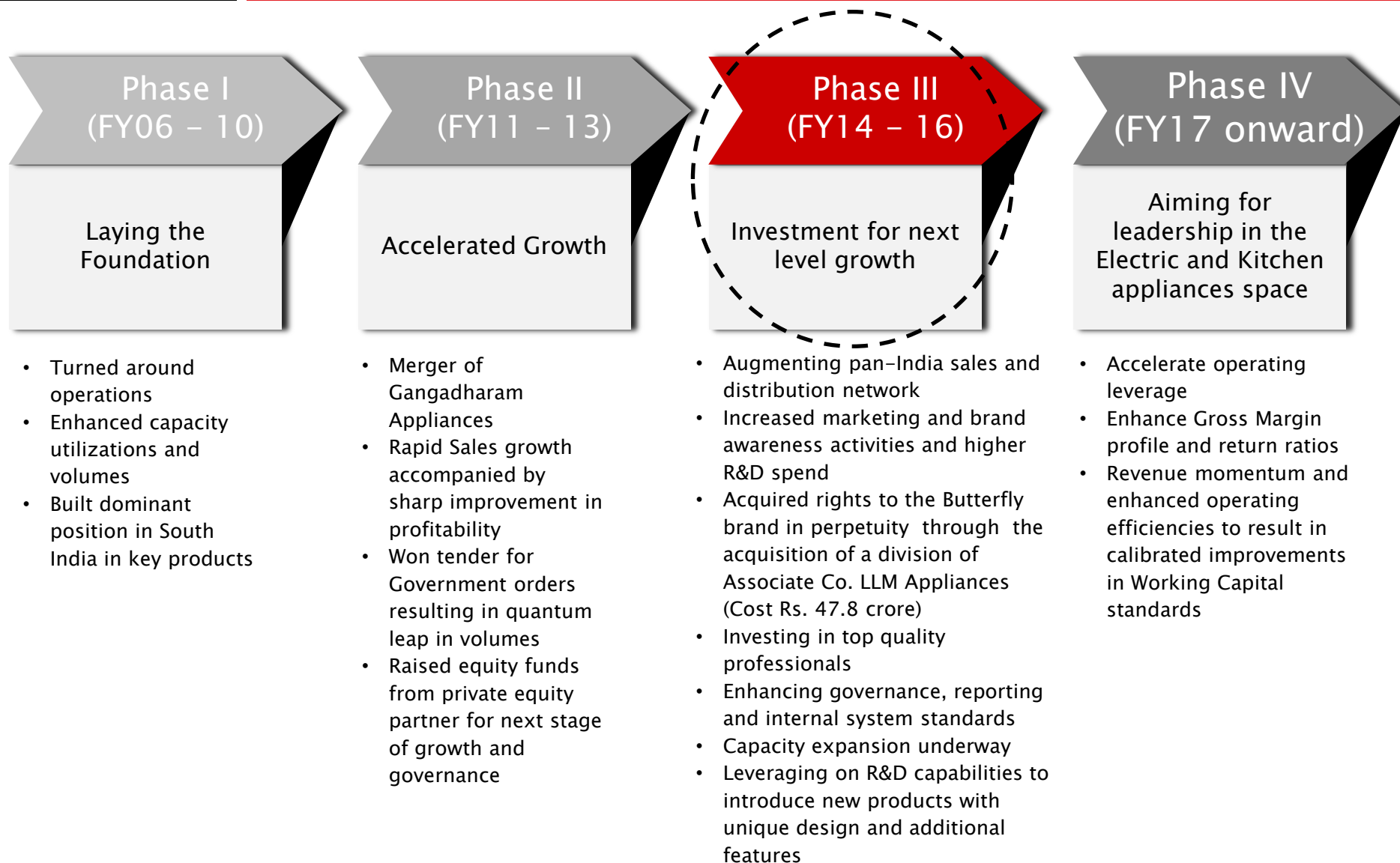
360° R&D efforts focused on product efficiency, longevity and design



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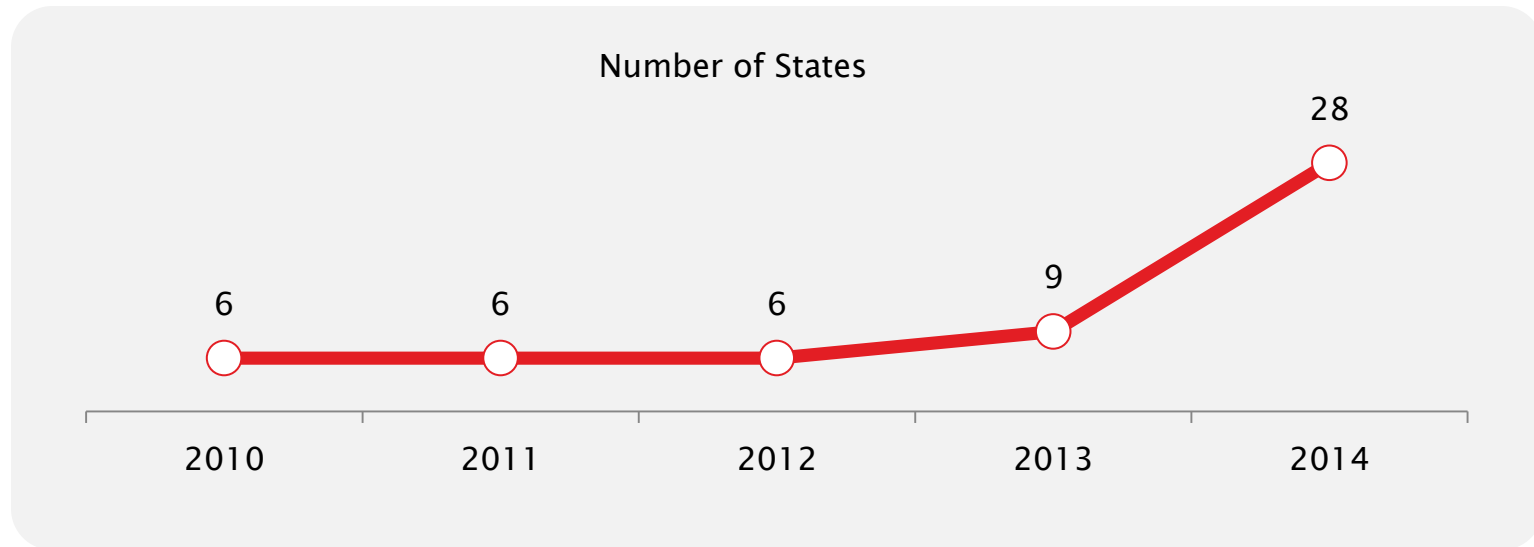
Transformation Strategy & Operational Progress

BGMAL Transformation



Scale & Geographic Reach

Increased Geographical expansion to support long-term growth plans

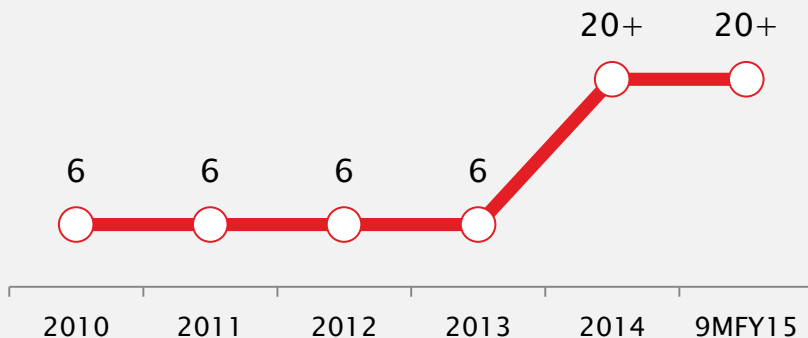


- Over the past two years, brand “Butterfly” has widened its presence all over India
- In addition to its extensive presence in South India, the Company has focused on strengthening its presence in non-South markets by widening its distribution network and augmenting after sales service capabilities
- Streamlining of the business post the acquisition of the appliances division of Associate Company LLM Appliances, has resulted in improved relations with modern trade outlets and leading retail chain stores which will further boost its reach and accessibility to customers.
- This has been supported by enhanced marketing and brand awareness activities across various media

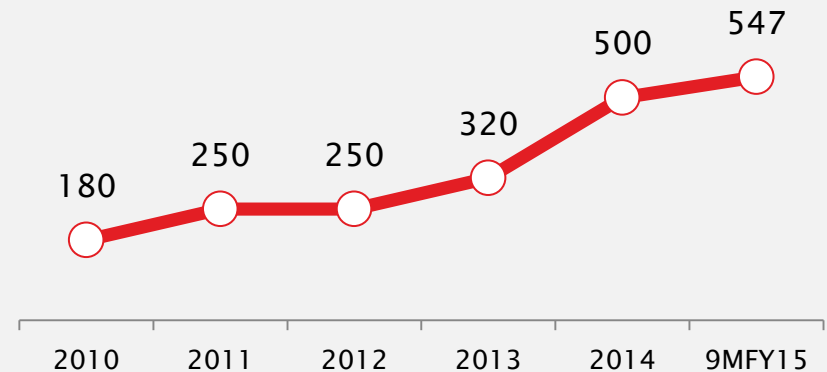
Product Line Extension

Increased product categories for wider product portfolio and higher market share

Product Categories



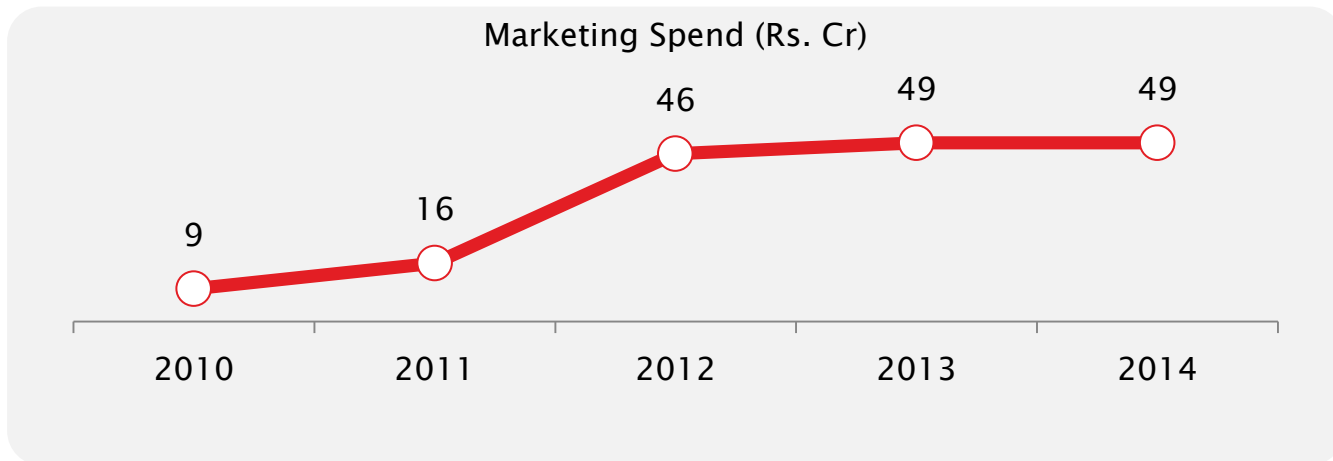
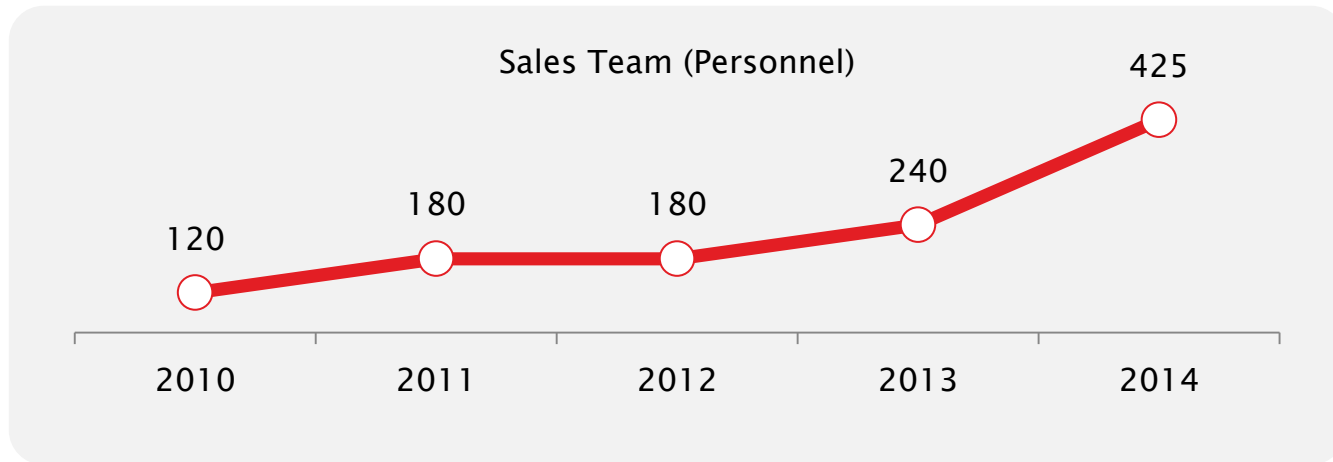
SKUs



- BGMAL added 14 new products categories and variants to its product basket in FY14 including products added due to the LLMAL Domestic Kitchen and Domestic Electrical appliances acquisition, taking the total offering to over 20 products
- Further, the Company organically added 60 new SKUs in FY14 and the LLMAL acquisition contributed to additional growth in SKUs. Going forward, the Company plans on adding 50 SKUs annually
- The diversified product portfolio includes a range of basic and premium products which cater to the needs of a variety of consumers across all income categories

Increased Brand-building

Higher sales and marketing spend for better penetration and brand development



Abridged Profit & Loss Statement

Rs. crore					
Particulars	FY 2012	FY 2013	FY 2014	9MFY14	9MFY15
Total Net Revenues	595.9	730.5	770.7	595.6	383.5
- Branded Net Revenues	335.1	392.5	467.7	361.6	383.5
- Government Net Revenues	260.8	338.0	303.0	234.3	-
Material Cost	388.9	491.2	520.2	408.9	229.2
- Cost of Materials Consumed	338.6	444.1	483.6	380.7	154.4
- Purchases of Stock-in-Trade	58.0	73.5	55.9	42.3	50.3
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	(7.6)	(26.4)	(19.2)	(14.1)	24.4
Gross Profit	207.0	239.3	250.5	186.7	154.3
Gross Margin (%)	35%	33%	33%	31%	40%
Employee Expenses	32.0	51.6	60.8	44.4	45.2
Other Expenses	111.5	119.8	133.7	96.7	79.9
EBITDA	63.2	67.9	56.0	45.6	29.2
EBITDA Margin (%)	11%	9%	7%	8%	8%
Depreciation	1.7	4.0	4.9	3.7	7.7
Finance Cost	17.6	15.3	16.8	10.3	18.5
Profit Before Tax	44.2	48.6	34.3	31.6	3.0

Increase in Intangible assets led to a rise in depreciation

Assessment

- The established business of Branded Sales has been primarily impacted by weak market demand
- Government Order Sales is a positive contribution business
- Branded Sales in North and East India is in investment mode – expenditure on strengthening of distribution network and on brand equity / marketing activities is being incurred upfront whereas benefits to accrue in the coming years
- As anticipated, Impact of enhancing pan-India presence has resulted in temporary pressure on blended EBITDA margins
- Notwithstanding multi-year benefit from investments in expanding distribution network and enhanced marketing and brand equity activities, the Company follows a policy of fully absorbing these costs in P&L account in the year they are incurred
- Key strategic achievement in FY14 has been synergetic acquisition of domestic kitchen and domestic electrical appliances and perpetual rights to the BUTTERFLY brand
- The company expects long-term growth to accrue from:
 - Wider distribution network and enhanced geographical presence
 - Addition of new sunrise product categories from LLMAL acquisition
 - Impending launch of new premium models in existing categories

Key Focus Areas

- Continue to invest on expansion of distribution network and brand building activities
- Improve efficiencies and synchronizing operations acquired from LLM Appliances Ltd. – reduce working capital intensity and realize benefits of synergies
- Arrest working capital intensity with focused initiatives – setting monthly targets to sales and distribution teams – pressing to augment collections – reduce average inventory levels – negotiating better terms with the suppliers
- Maximizing cost efficiencies at all levels of operations
- To launch several innovative and ergonomic kitchen and domestic electrical appliances – world class products with immaculate design and added utility features developed through in-house R&D
- To further improve perception of product quality synonymous with the “BUTTERFLY” brand



3

**New Model Launches in
9MFY15**

New Models Launched in 9MFY15

IRON BOX 'Ace' Range



Ace

Features:

- Variable temperature control
- Indicator lamp and Swivel cord
- Extra lightweight
- Cute exclusive matte finish handle

POWER HOB – 'Rhino G2+', 'Elite G2' and 'Sleek-Ultra Slim' Range of Power Hobs



Rhino G2+



Elite G2



Sleek-Ultra Slim

Features:

- Push button and Feather touch Control
- Electronic Overheating protection
- Crystal Polished glass plate
- Pre-set timer function, Auto timer & child-lock function
- 7 Cooking options with Indian recipes

New Models Launched in 9MFY15

TABLE TOP WET GRINDER 'Matchless Pro' Range



Matchless Pro

Features:

- 3 conical stone for faster and efficient grinding
- LED light to indicate power on status
- Thermal overload protector prevents over-heating of motor
- Quick release lock to endure safety lock and easy release

ELECTRIC RICE COOKER 'Blossom', 'Jade' and 'Raga' Range of Electric Rice Cookers



Blossom



Jade



Raga

Features:

- MS outer Body
- Aluminum inner cooking pot
- User Friendly Control Panel
- Auto Switching to warm mode

New Models Launched in 9MFY15

MIXER GRINDER

'Pebble', 'Splendid' and 'Grand Plus' Range of Mixer Grinders



Pebble



Splendid



Grand Plus

Features:

- 360 degree base with silicon ring
- Shock proof ABS body
- Polycarbonate Lid for all 3 jars
- Automatic overload cut-off for motor protection
- Micro-balanced Rotor for Pebble range ensures low-noise and efficient performance

TABLE TOP WET GRINDER

'Rhino Plus' Range



Rhino Plus

Features:

- Thermal overload protector prevents over-heating
- Compact body for ease of handling
- Ventilator on both sides to reduce body temperature while in operation
- Triangle shape knob to prevent rotation while in operation

New Models Launched in 9MFY15

KITCHEN APPLIANCES

Butterfly Reflection Special Edition Auto Ignition
LPG Stove



2 Burners



3 Burners



4 Burners

Features:

- A perfect balance of conventional and modern cooking
- Boasts of an aesthetically designed body
- Highly space-efficient
- Sports polished Stainless steel detachable spill trays
- High-speed and high-efficiency burners
- Uniform holes in burners ensures better durability and high efficiency
- Going forward, there will be multiple SKUs for each of the stoves

COOKER / COOKWARE

'Pearl Plus' and 'Superb Plus' Bulged body
range of cookers



*Pearl Plus
Cooker*



*Peel Proof
Induction Base*



*Superb Plus
Cooker*

Features:

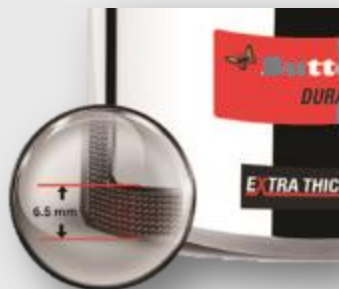
- Aesthetically designed with a Bulge-shaped bottom
- Ensures better stirring of food
- High in quality and superior design
- Food grade virgin aluminum body of Pearl Plus cooker ensures long life
- Superb Plus cooker enjoys peel-proof body
- Compatible with Induction stoves as well as LPG stoves
- Precision designed weight set regulates cooking steam pressure

New Models Launched in 9MFY15

COOKER / COOKWARE – Revolutionary ‘Durabase’ & ‘Durabase +’ range of Inner Lid Pressure Cookers



Durabase Pressure Cooker



Extra thick base measuring 6.5mm



Durabase+ Pressure Cooker

Features:

- Sets a new benchmark in the Inner Lid Pressure Cooker segment
- Equipped with special features like Extra Thick Base, food grade aluminum body, and specially formulated rubber gasket
- Currently, offers the highest base thickness of 6.5 mm in Pressure cooker segment in the Indian market
- Peel proof induction compatible base
- Aesthetically designed easy grip handle, which is strong and convenient

Advantages of Extra Thick base

- *Quick Even heating*
- *Faster and Better cooking*
- *Less consumption of LPG Gas*
- *Increases the life span of the product*

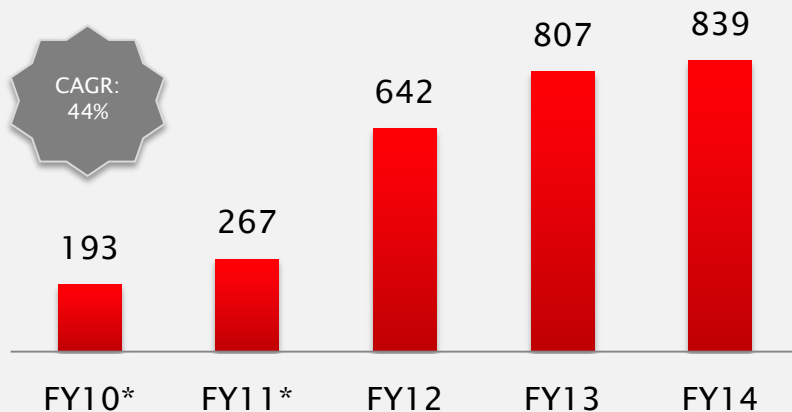


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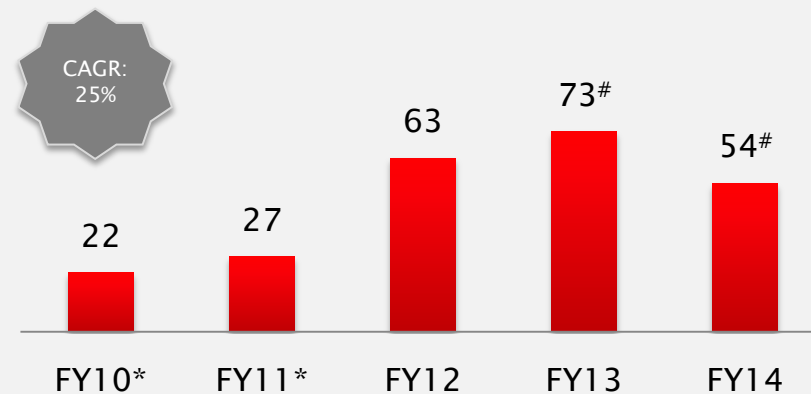
Financial Overview

Performance Track Record – Annualized

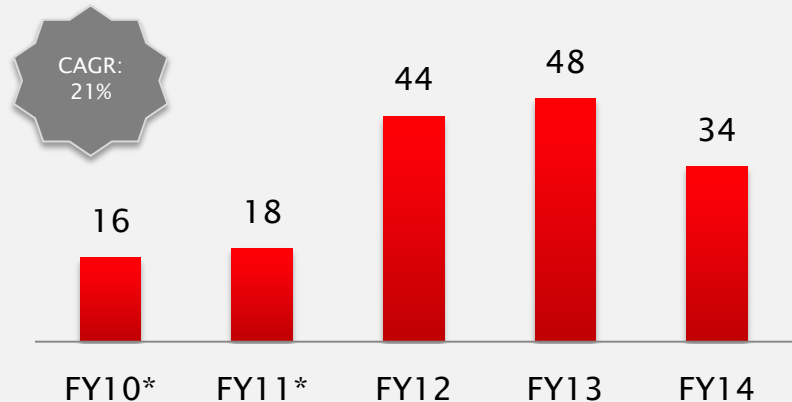
Total Revenue (Rs crore)



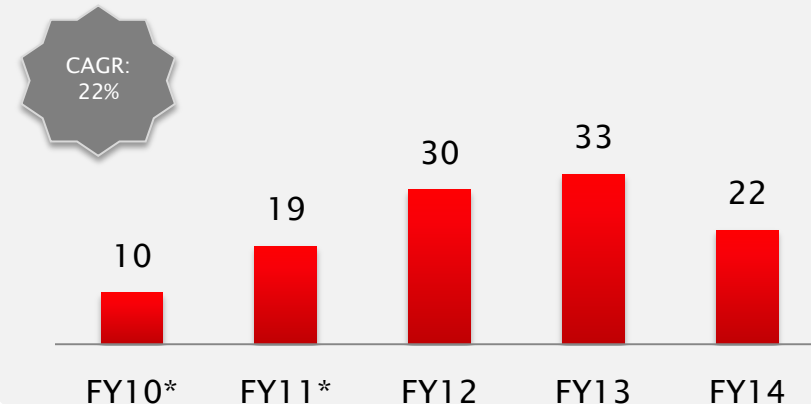
EBITDA (Rs crore)



Profit Before Tax (Rs crore)



Profit After Tax (Rs crore)

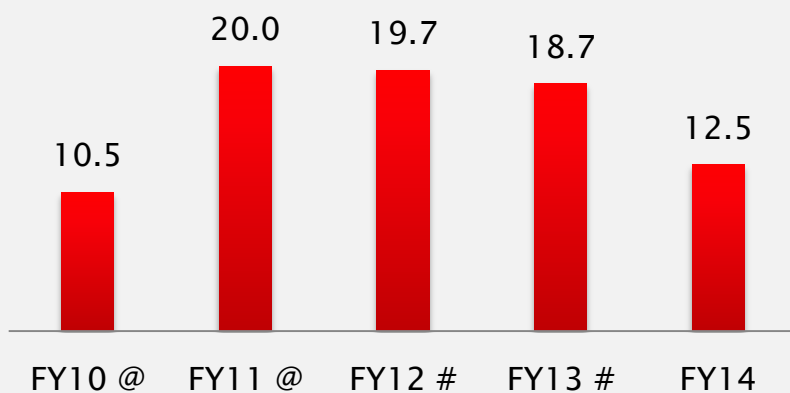


NOTE : * FY10 was extended to 18 months ended on 30.06.2010 and FY11 was for period of 9 months ended on 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

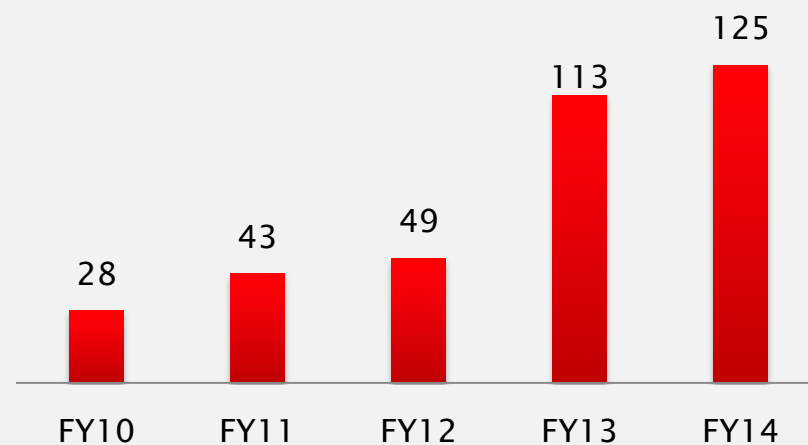
[#] Foreign exchange loss was not included in EBITDA calculation until FY13. In FY14, foreign exchange loss has been included in EBITDA calculation

Key Financials

Earning Per Share (Rs) – Annualized



Book value per share (Rs)

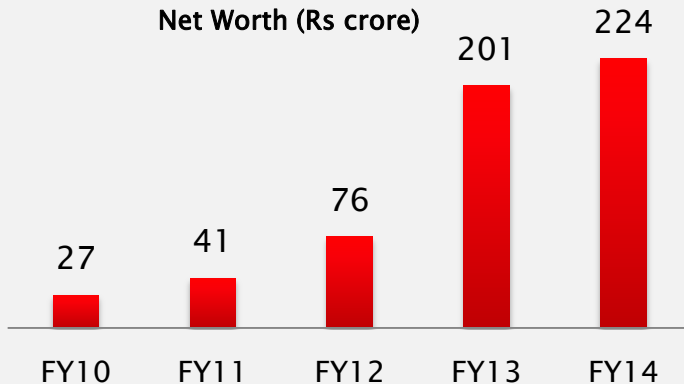


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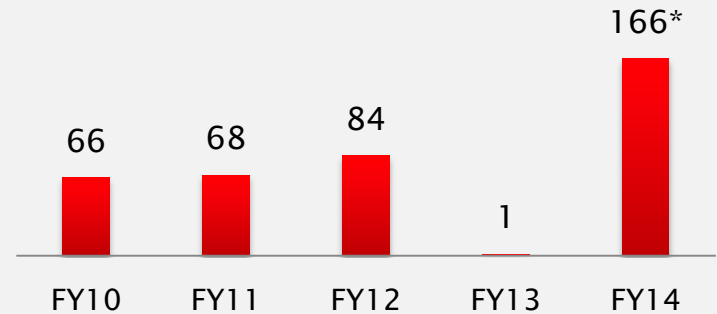
EPS for FY12 and FY13 have reduced due to expansion of the Equity Base

Key Financials

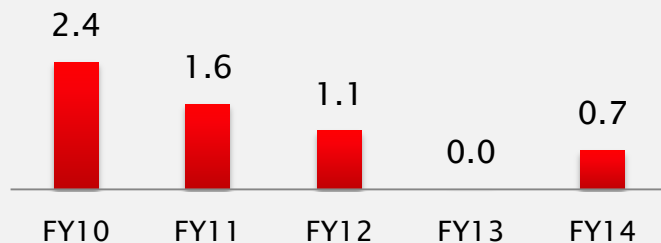
Net Worth (Rs crore)



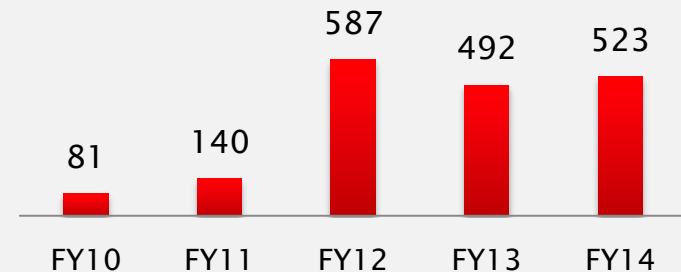
Net Debt (Rs crore)



Net Debt – Equity Ratio



Market Cap (Rs crore)



- Increase in Net debt in FY2014 was on account of delayed payment of Government orders. Rs. 120 crore was due in March 2014, out of which Rs. 81 crore was received in April 2014, Rs. 16 crore in May 2014 and Rs. 21 crore in June 2014.
- The total receivables from the Government orders is Rs. 177 crore

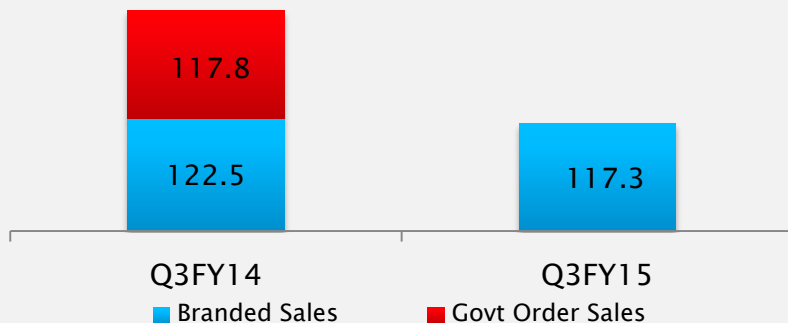


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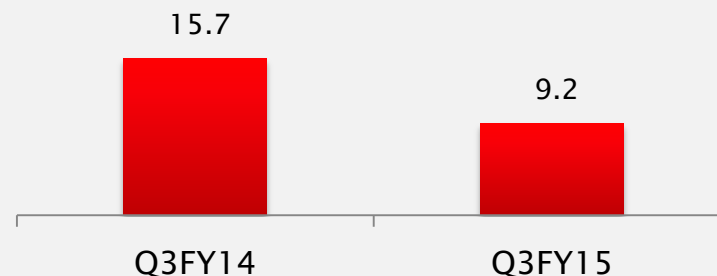
Q3 & 9MFY15 Operating Performance & Highlights

Q3FY15 – Performance highlights

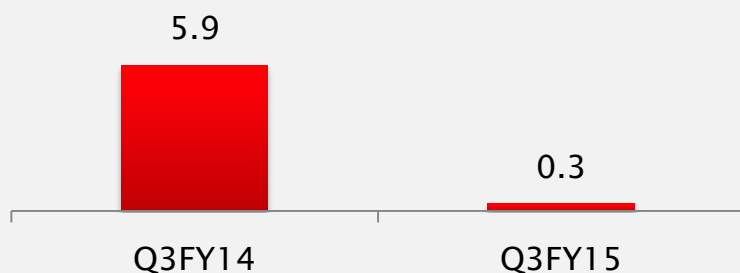
Net Revenue (Rs. crore)



EBITDA (Rs. crore)



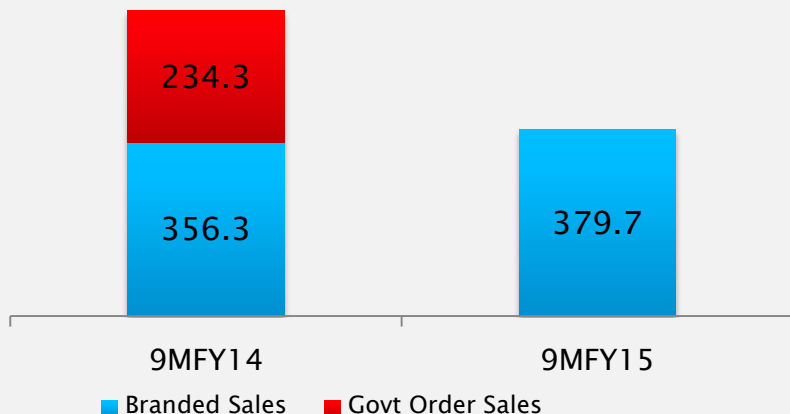
PAT (Rs crore)



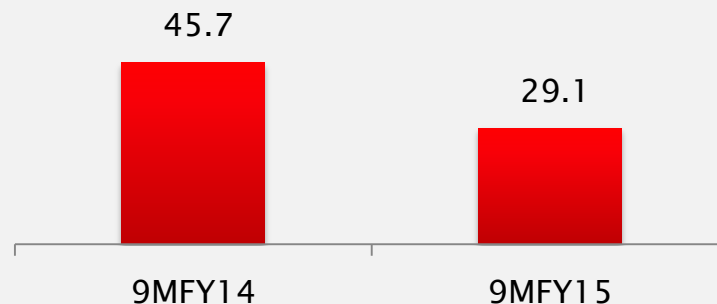
- Branded net revenue was lower by 4.2% from Rs. 122.5 crore in Q3FY14 to Rs. 117.3 crore in Q3FY15.
- A combination of factors affected the topline performance and resulted in lower profitability in Q3FY15. Details in 'Performance Overview' – Slide 36
- Q3FY15 revenue performance was also impacted by an early festive season (Diwali – Oct, '14) resulting in a large proportion of festival sales in Q2FY15 itself. In the corresponding quarter last year, Diwali festival sales accrued in Q3FY14, and the resultant base effect has impacted performance.

9MFY15 – Performance highlights

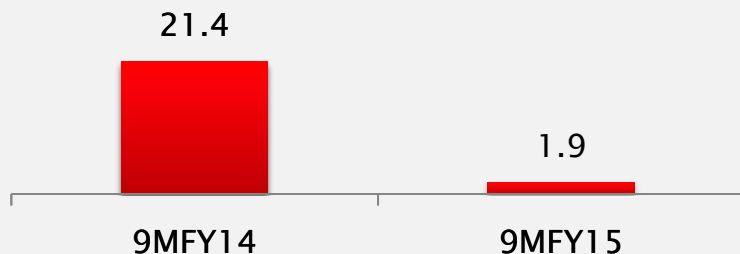
Net Revenue (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs crore)



- Within total revenues, Branded Sales grew by 6.5% on a Y-o-Y basis from Rs. 356.3 crore in 9MFY14 to Rs. 379.7 crore in 9MFY15
- A combination of factors affected the topline performance and resulted in lower profitability in 9MFY15. Details in 'Performance Overview' – Slide 36
- Lower revenues on a like-for-like basis was partially offset by revenues from the acquired product portfolio as well as the initial benefits of the increased marketing and distribution spend. The increase in touch points and overall wider presence across the country has led to some marginal gains in volumes in select markets compared to last year, notwithstanding the weak consumer sentiment prevailing during the period.

Performance Overview for Q3 & 9MFY15

A combination of the following factors affected the revenue performance and profitability trend on a y-on-y basis

- Weak consumer sentiment, including subdued demand from semi-urban and rural areas resulted in lower market volumes this year. The Company is expecting a rebound in the coming quarters
- Demand in the festival season belied anticipations
- Institutional sales witnessed a slowdown on a y-on-y basis due to lower release of new gas connections. Expected release of more new LPG gas connections will result in resumption of institutional sales in FY16
- The delay by the Tamil Nadu State Government in completing the tender process for FY15 resulted in no revenue realization from Government order supplies in 9MFY15, which significantly altered the relative corresponding period performance in the last 3 financial years.
- Inventory de-stocking by traditional supply chain impacted primary sales during the period
- Significant increase in costs to support the strategic initiatives of the Company, higher finance costs and higher depreciation impacted Company's profitability during 9MFY2015. It is expected that the benefits of these strategic initiatives and acquisitions will accrue in the coming quarters

- *The Company has already undertaken initiatives like new market consolidation, launch of new products for Q1 FY2016, focus on products with value added features, entry into modern retail and ecommerce business formats, focus on Export business and enhanced Marketing & Brand Awareness Activities, which are expected to gain renewed momentum in performance in the upcoming quarters*
- *Execution of the Government order (Awarded in Jan 2015) has already commenced. Going forward, this will contribute to additional revenues and profitability*

Product Categories

Kitchen Appliances

- LPG Stove
- Mixer Grinder
- Table Top Wet Grinder
- Electric Chimney
- Hand Blender
- Induction Cooktop
- Electric Kettle
- Juicer
- Juicer Mixer Grinder
- Yogurt Maker
- Slice Toaster
- Sandwich Maker

Cookers/Cookware

- Pressure Cooker
- Non-Stick Cookware
- Electric Rice Cooker

Electrical Products

- Air Cooler
- Water Heater (Geyser)
- Electric Iron
- Fan

Others

- Other Trading Goods

Key Highlights

Branded Gross Sales

(Rs crore)

Product	Q3FY15	Q3FY14	Q2FY15	Growth
Branded Market				
Kitchen Appliances*	101.4	100.9	135.0	0.5%
Cooker/Cookware*	23.5	29.0	31.4	-19.0%
Electrical Products*	1.9	-	3.6	-
Others*	1.7	1.5	1.1	13.3%
Total-Branded	128.5	131.4	171.1	-2.2%
Others (Components / Spares)	-	9.8	-	-
Grand Total	128.5	141.2	171.1	-9.0%

- Q3FY15 performance is not comparable to Q3FY14 performance due to sluggish market conditions in Q3FY15
- Retail channel sales excluding LLM acquired products were lower by 11% in Q3FY15 on a Y-o-Y basis. However, the 9M Y-o-Y comparison is flat. The sale of LLM acquired products stood at Rs. 18.2 crore in Q3FY15 and 9MFY15 sales at Rs. 63.6 crore
- Institutional channel sales have been affected due to delay in release of new LPG connections, were lower by 26% on a Q3 Y-o-Y basis and by 27% on 9M Y-o-Y basis
- BGMAL continues to make steady progress in enhancing its presence in new markets in North and East India

NOTE : * LLM acquired products contribution to various categories in Q3FY15 are as follows:

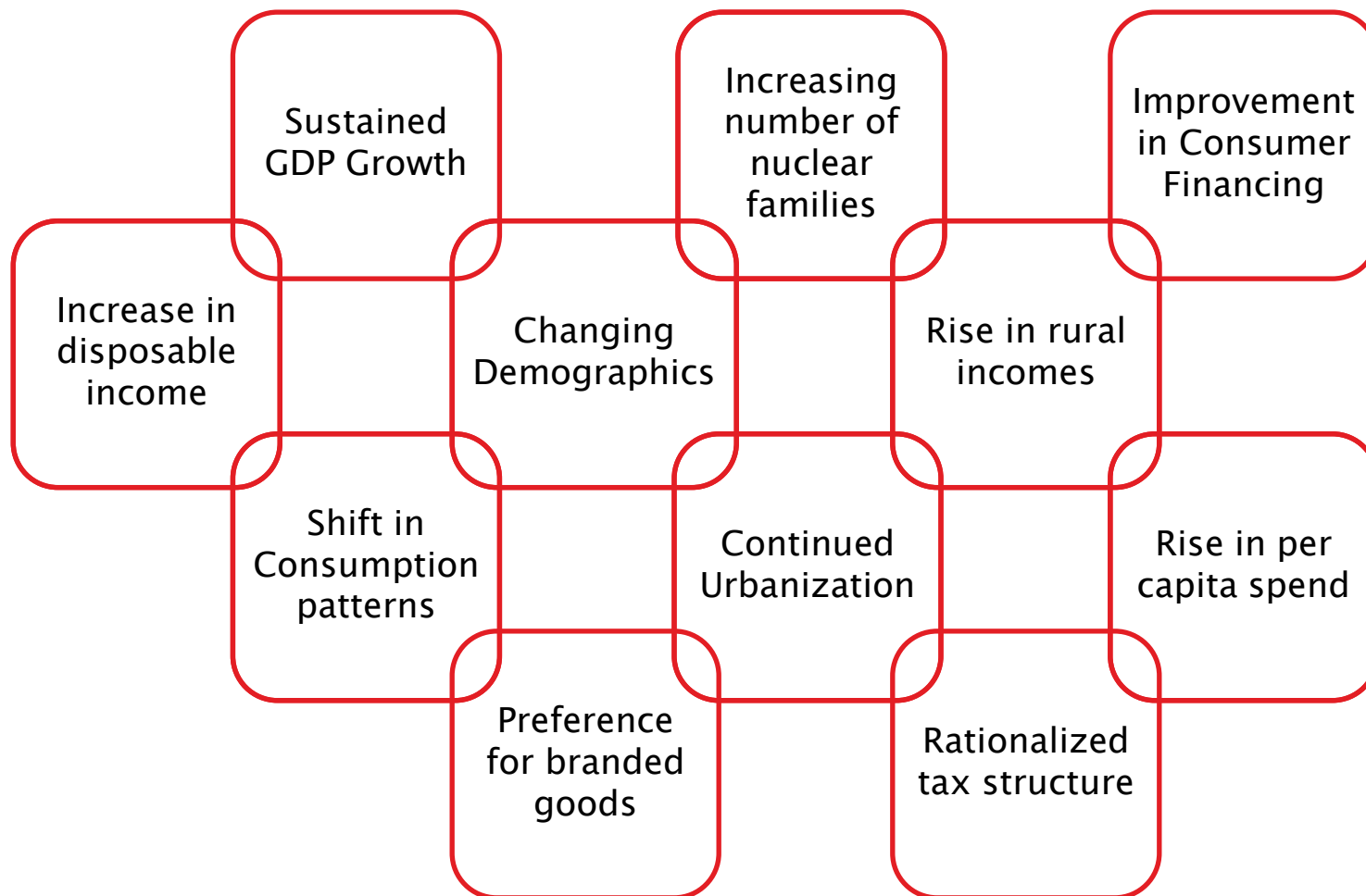
Kitchen Appliances – Rs. 10.3 crore
 Cooker/Cookware – Rs. 5.8 crore
 Electrical Products – Rs. 1.9 crore
 Others – Rs. 0.2 crore



6

Outlook

Industry Growth Drivers



Attractive Growth Prospects



Improved Distribution & Sustained Presence

- Currently concentrated in South India which represents over 80% of Branded sales
- Have already extended distribution set-up to western India, increasing maturity is driving sales momentum
- Scaling up distribution network in Central, North & East India
- Pan-India presence being augmented leading to improved market penetration



New Product Pipeline

- Revenues currently dominated by 6 key products
- Total offerings now at more than 20 product categories including products added via acquisition of a division of LLMAL
- Enhancing product options for mass market as well as premium category
- Addition of 60 SKUs by BGMAL in FY14; total SKUs at 500+ as of April 2014. LLM division acquisition has added approx. 100 SKUs



Capacity Expansion

- The Company commenced expansion of its manufacturing capacity at a total cost of Rs. 45 crore
- Planned enhancement of capacity for Pressure Cookers, LPG Stoves and Mixer Grinders
- Capacity expansion will meet projected medium term growth



Enhanced Marketing & Brand Awareness Activities

- Have launched strong advertisement and brand awareness campaign
- Across multiple media such as newspaper, magazines, television and web
- Investments in advertising & marketing remained steady at Rs. 48 crore in FY14 from Rs. 49 crore in FY13
- Advertising and marketing activities will help to leverage the enhanced distribution network and wider market reach

Outlook

CATEGORY	9MFY15 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	60–65% of Branded Sales in 9MFY15	<ul style="list-style-type: none"> The market scenario is still not very bullish The festive season demand was not as per our earlier estimates 	Growth is expected to be stronger in FY16
Institutional Channel Sales	15–20% of Branded Sales in 9MFY15	<ul style="list-style-type: none"> Institution sales is dependent on release of new LPG gas connections Issuance of new LPG gas connections is expected to pick up in FY16 	Company anticipates a rebound in FY16
Sales of New Product categories	15–20% of Branded Sales in 9MFY15	<ul style="list-style-type: none"> Products added through acquisition are sunrise products with high growth potential Synergy of BGMAL distribution network is aiding in sales growth 	Stronger demand and better performance expected in FY16
TOTAL RETAIL SALES	Rs. 414 crore		
Government Order Sales	–	<ul style="list-style-type: none"> In Jan 2015, BGMAL bagged TNCSC Order worth Rs. 510 crores for supply of Table Top Wet Grinders 	Benefits will accrue from Q4FY15 onwards, with the bulk of revenues reflected in FY16
GROSS REVENUES	Rs. 414 crore		

Thank you
