



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

February 9, 2017

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

Manager,
National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051
Thro' NEAPS

Dear Sir,

**Butterfly Gandhimathi Appliances Limited – Results presentation
for the third quarter/nine months ended on 31.12.2016**

We are enclosing the Company's Performance/Results presentation for the third quarter/nine months ended on 31.12.2016, which may please be uploaded on the website for information of our investors.

Thanking you,

Yours faithfully,
For Butterfly Gandhimathi Appliances Limited

K.S. Ramakrishnan
Company Secretary &
General Manager (Legal)

Regd. Office : 143, Pudupakkam Village, Vandalur - Kelambakkam Road, Kelambakkam - 603 103, Kancheepuram District.
Phone : +91-44-4741 5500 CIN No. : L28931TN1986PLC012728
E-mail : gm@butterflyindia.com Web : www.butterflyindia.com

Corporate Office : E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 600 130, Kancheepuram District.
Phone : 044 - 4900 5100, 5120 E-mail : butterflyho@butterflyindia.com

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

RESULTS PRESENTATION

Q3 & 9M FY17
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

Contents

1 Company Overview

2 Financial Overview

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1

Company Overview



About Us..

Leading manufacturer of Kitchen and Electrical Appliances

Market Leader in India for SS 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

Healthy Balance Sheet with continuously improving Financial Indicators

Mix of industry growth and Company initiatives has led to traction in Revenues in last few years

Quick Facts

#1

IN INDIA
FOR SS LPG STOVES
& TABLE TOP WET GRINDERS

15%

BRANDED
REVENUE CAGR
FY11-16

IN THE TOP

3

IN INDIA FOR DOMESTIC
KITCHEN APPLIANCES

PRESENCE IN ALL

29

STATES IN INDIA

SALES OF BRANDED
PRODUCTS IN FY16

534

CRORE

400+

EXCLUSIVE
DISTRIBUTORS ACROSS
INDIA

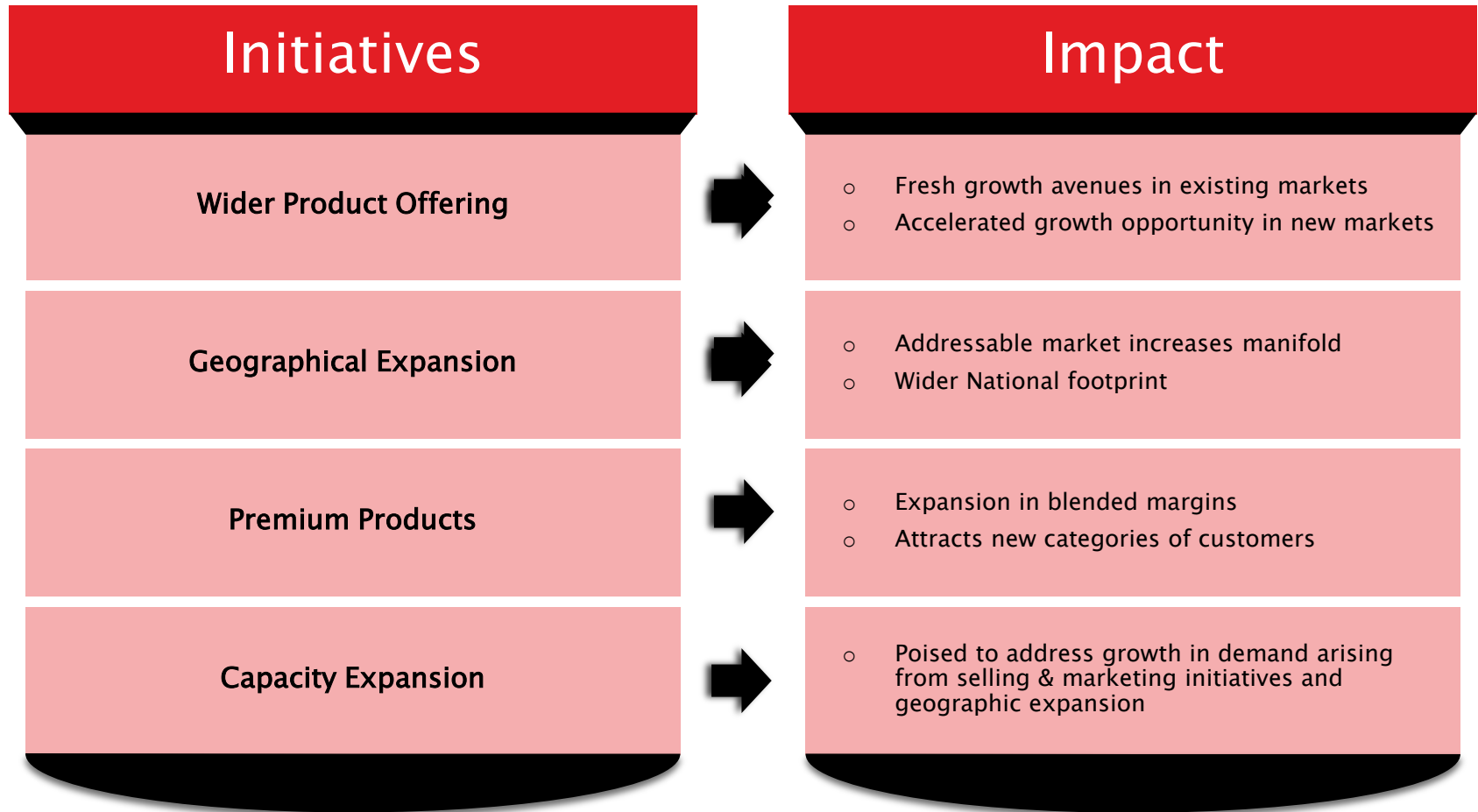
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NET DEBT / EQUITY
RATIO

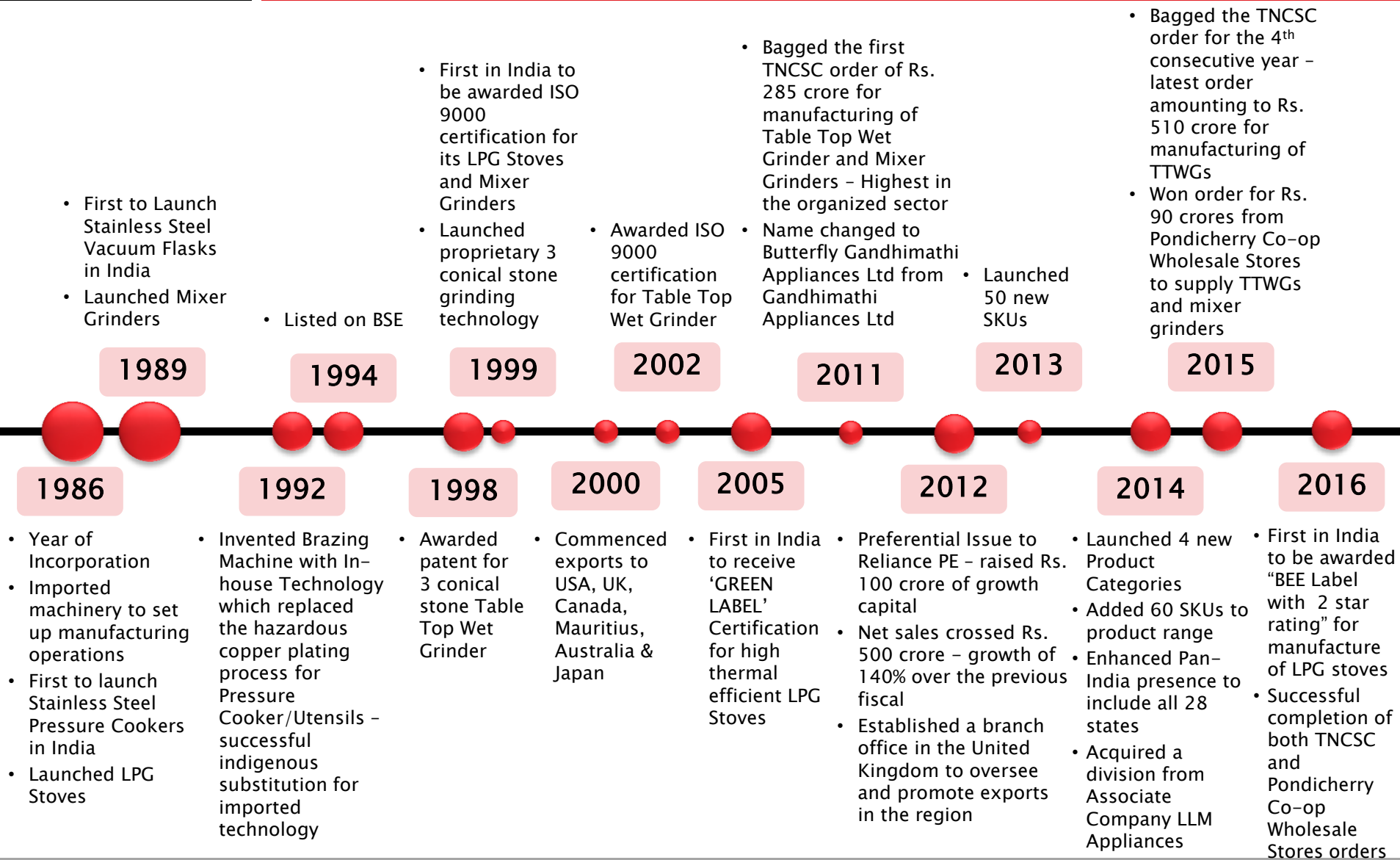
15%

OF FY16
REVENUES FROM NON-
SOUTH STATES

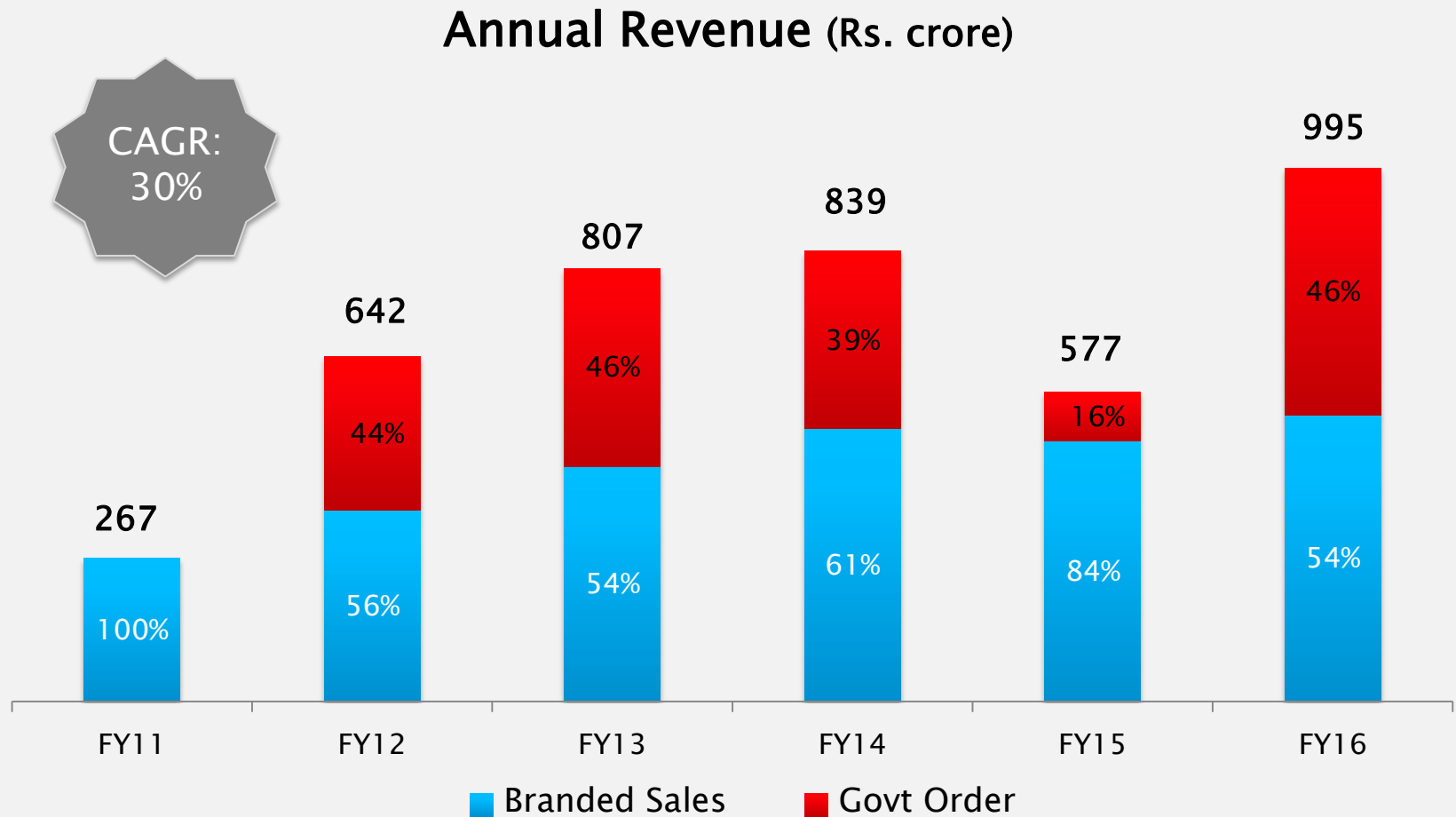
Growth Levers



Milestones



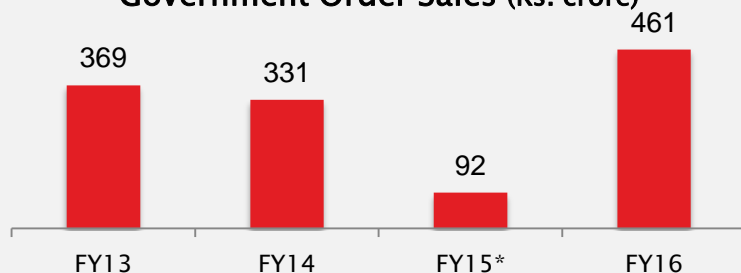
Revenue Profile



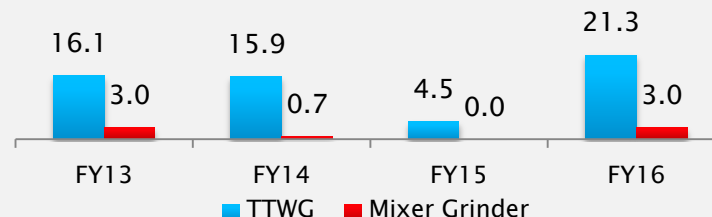
Note: FY15 Government Tender was deferred and combined with FY16 tender which resulted in increased Govt. revenues in FY16

Government Orders

Government Order Sales (Rs. crore)



Products supplied (in lakh units)



- For the last 4 years in succession, BGMAL won orders in the annual tender of Tamil Nadu Civil Supplies Corporation (TNCSC). In January 2015, the Company bagged orders worth Rs. 510 crore* for supply of Table Top Wet Grinders from TN Govt in CY2016. This order marked the completion of the TN Govt order under the current regime
- In August 2015, the Company also bagged orders worth Rs. 90 crore for supply of Table Top Wet Grinders and Mixer Grinders from Pondicherry Co-Op. Wholesale Stores (PCWS)

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

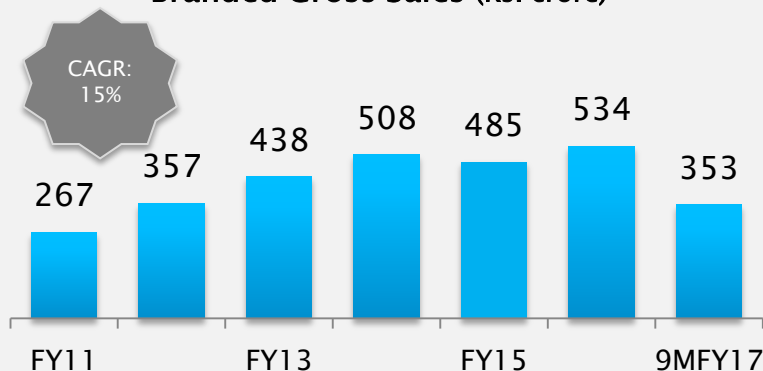
Orders received from	Order size (Rs. Crore)	Completed till-date (Rs. Crore)	Balance (Rs. Crore)
TNCSC*	463	463	0
PCWS	90	90	0
TOTAL	553	553	0

Note: Govt. Order for FY15 was received only in Jan, 2015 hence the revenues accrued primarily in FY16.

* The order size for TNCSC has been revised from Rs. 510 crore to Rs. 463 crore

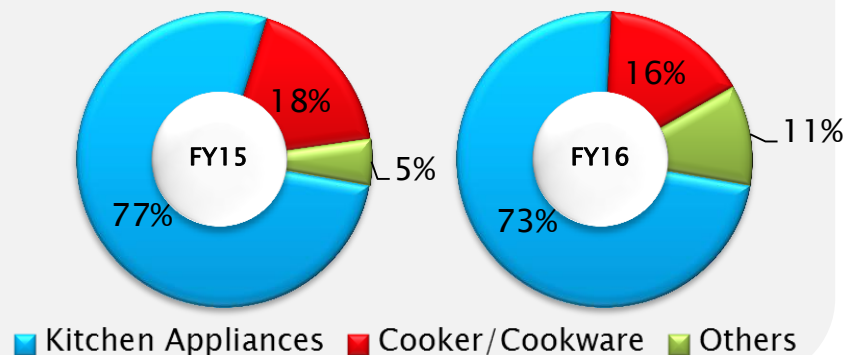
Branded Retail Sales

Branded Gross Sales (Rs. crore)



Note: Excluding spare / component sales, Branded Revenue sales were largely stable at Rs. 486 crore in FY16 as against Rs. 479 crore in FY15

Branded Product Distribution (%)



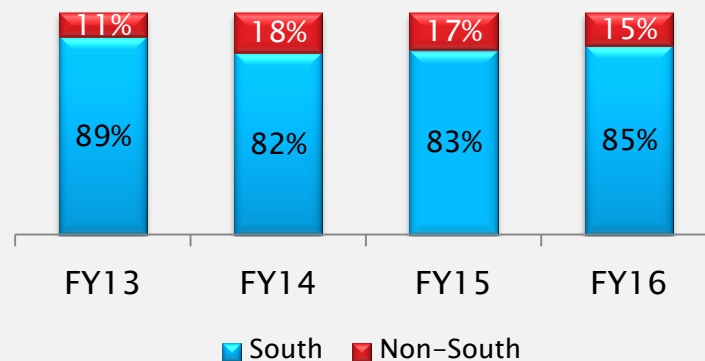
Through Institutions

- 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
- 2 Company retail stores in Chennai and Bengaluru and one franchisee store at Pondicherry
- 18,000+ retail points across the Indian map

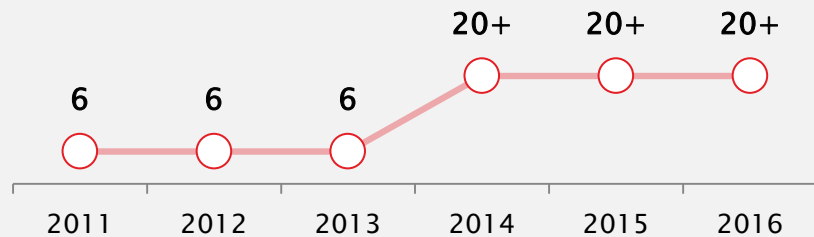
Region-wise Break-up



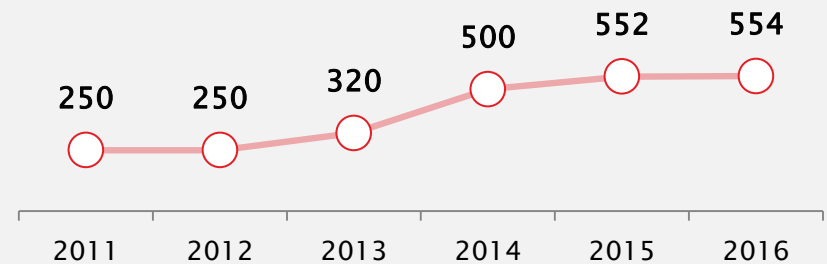
Augmenting Organic Growth

Increased Product Categories For Wider Product Portfolio And Higher Market Share

Product Categories (Nos.)

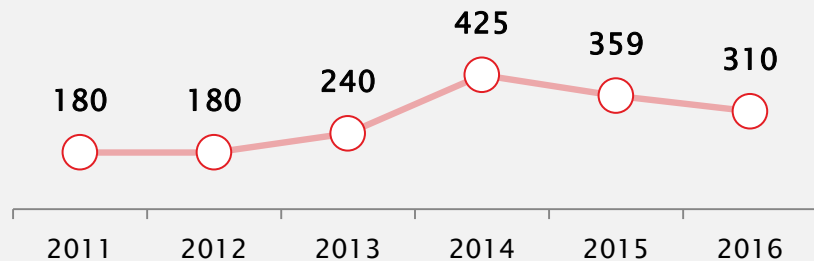


SKUs (Nos.)

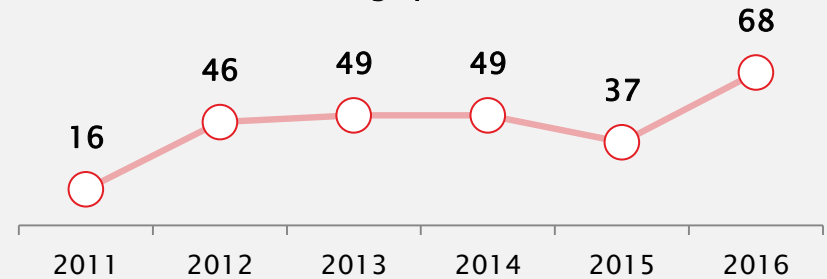


Enhancing Sales and Marketing Efficiency For Better Penetration And Brand Development

Sales Team (Personnel)



Marketing Spend (Rs. Cr)



Product Categories

Kitchen Appliances

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

Cookers/Cookware

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

Others

- Air Cooler
- Water Heater (Geyser)
- Other Trading Goods
- Electric Iron

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

1st in India to get BEE label with 2 star rating for manufacture of LPG Stoves



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Financial Overview



Abridged Profit & Loss Statement

Rs. crore						
Particulars	FY 2013	FY 2014	FY 2015	FY 2016	9M FY16	9M FY17
Total Net Revenues (Incl. OI)	730.5	770.7	533.3	906.3	749.6	320.3
- Branded Net Revenues	390.6	460.8	447.5	468.2	365.6	318.1
- Government Net Revenues	338.0	308.2	84.3	432.7	379.9	-
- Other Income	1.9	1.85	1.5	5.4	4.1	2.2
Material Cost	491.2	520.2	317.5	621.9	528.0	195.9
- Cost of Materials Consumed	444.1	483.6	248.3	566.6	478.4	145.9
- Purchases of Stock-in-Trade	73.5	85.3	65.3	31.5	28.9	49.0
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	(26.4)	(48.7)	3.9	23.8	20.7	1.0
Gross Profit	239.3	250.5	215.8	284.4	221.6	124.4
Gross Margin (%)	33%	33%	40%	31%	30%	39%
Employee Expenses	51.6	60.8	60.3	61.3	46.7	38.5
Other Expenses	119.8	128.2	111.5	157.9	123.8	94.7
EBITDA	67.9	61.5	44.0	65.2	51.1	-8.9
EBITDA Margin (%)	9%	8%	8%	7%	7%	-3%
Depreciation	4.0	5.1	10.2	11.5	8.6	8.7
Finance Cost	15.3	22.1	29.6	34.5	24.4	17.0
Profit Before Tax	48.6	34.3	4.2	19.1	18.1	-34.6

Increase in Gross profit mainly due to absence of Govt. order sales

Decrease in profit mainly due to demonetisation affecting both retail and institution channel sales. Increase in finance cost arose from above reason and delay in collection of TNCS receivables

Comments on Financial Performance

Channel	9M FY17	9M FY16	H1 FY17	H1 FY16	9M Y-o-Y Growth	H1 Y-o-Y Growth
Branded Gross Sales						
Retail Sales	298.8	275.3	232.5	186.3	8.5%	24.8%
LPG Institutional Sales	54.7	102.0	31.7	63.8	-46.4%	-50.3%
Grand Total	353.5	377.3	264.2	250.1	-6.3%	5.6%

Butterfly branded sales performed very well during 9 months ended December 2016

1. Retail sales have grown at **9%**. This is significantly higher than industry leaders
2. LPG Institutional sales degrew significantly due to uncertainty surrounding the PMUY scheme, selling gas stoves for an MRP of Rs.990
3. The cash collection velocity in LPG institutional dues has been remarkable with the Company reducing its debtors by 50% in 9 months. The Company also succeeded in collecting its overdue Government receivables in full

Comments on Financial Performance

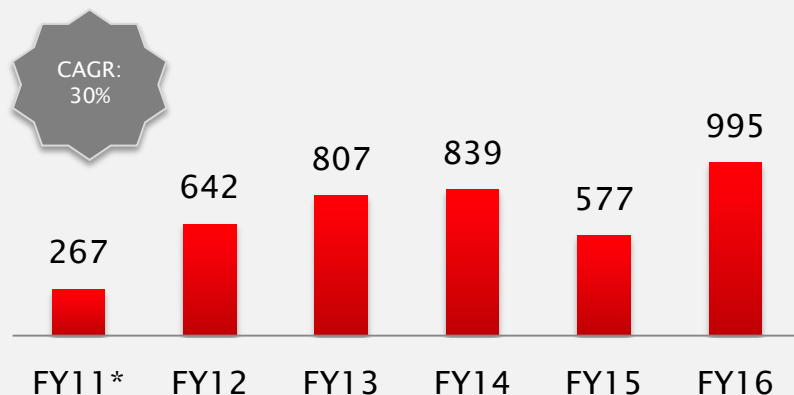
- Demonetisation affected the sales dramatically post November 8th. Additionally TN specific factors (it is the largest in sales for Butterfly, such as cyclone Vardah, CM death and drought like conditions affected the sales growth)
 - a. Without demonetisation the Company was on track to deliver average of 20–25% growth in Retail Sales for FY16–17
 - b. Company has ensured that LPG institutional degrowth has not affected the overall balance sheet liquidity due to remarkable collections
 - c. These factors directly impacted the profitability at all levels (EBIDTA, PBT etc.,) of the Company
- The affect of demonetisation on sales is temporary and the belief is that beginning Q1 FY17–18 the growth will be back. Butterfly brand is best placed to capture this growth due to its product line up & brand strength

Following demonetisation, the Company has put out an effective Business Plan for FY 17–18 to deliver profits with marginal sales growth

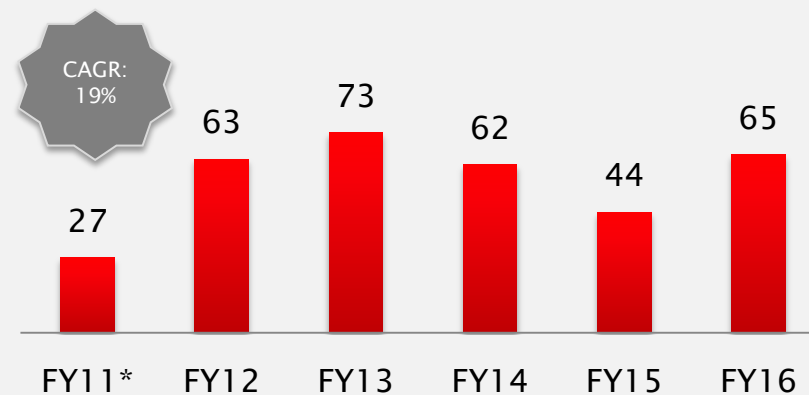
Note: Turnaround Plan in Slide 38

Performance Track Record – Annualized

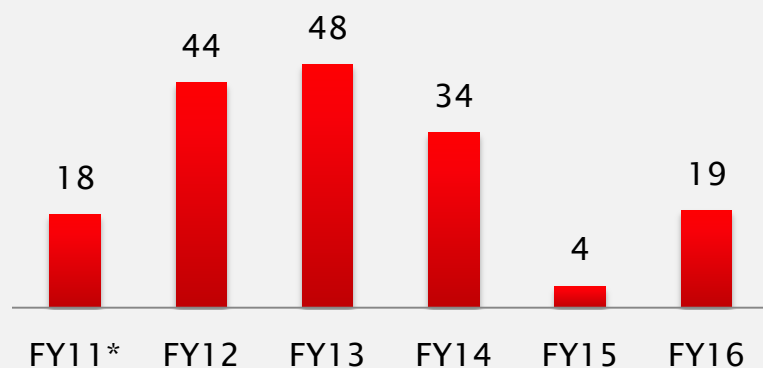
Total Revenue (Rs crore)



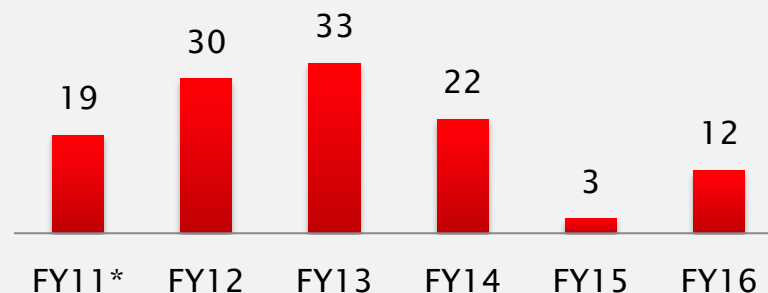
EBITDA (Rs crore)



Profit Before Tax (Rs crore)



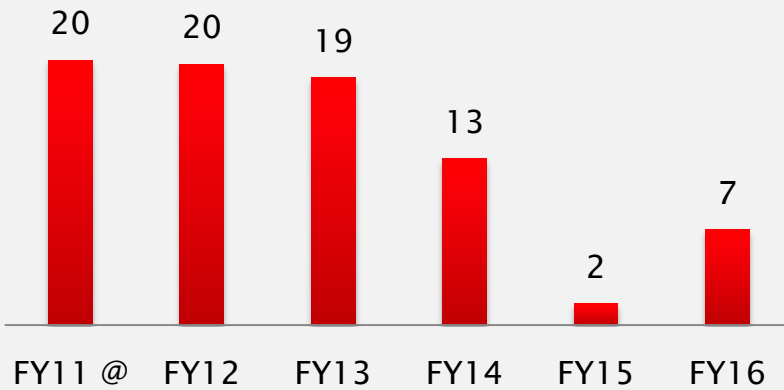
Profit After Tax (Rs crore)



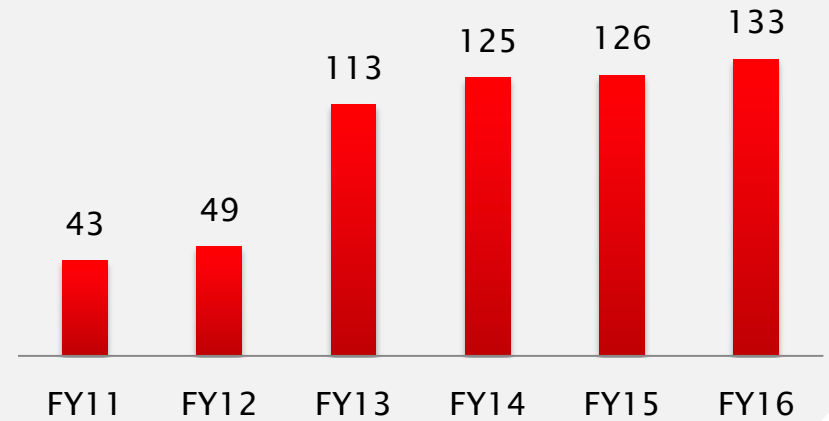
NOTE : * FY11 was for period of 9 months ended on 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

Key Financials

Earning Per Share (Rs) – Annualized

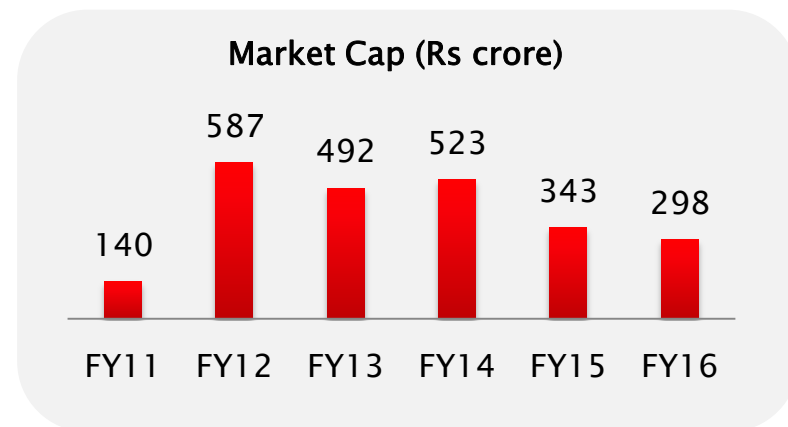
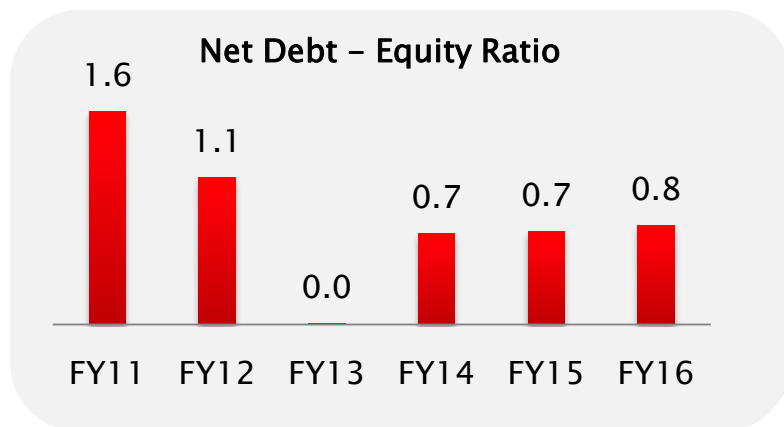
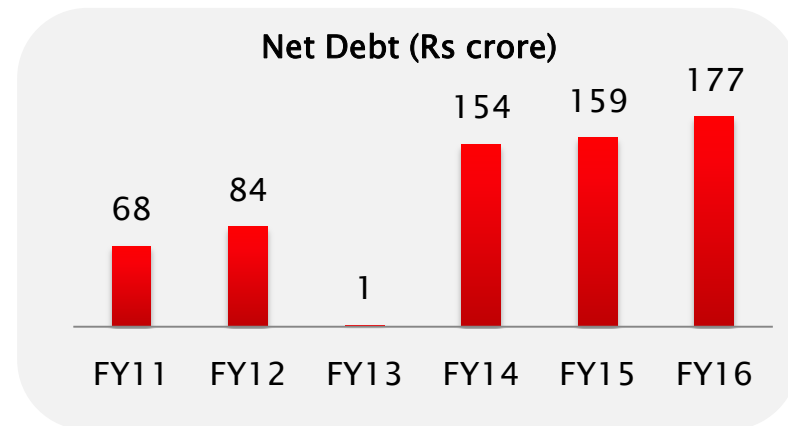
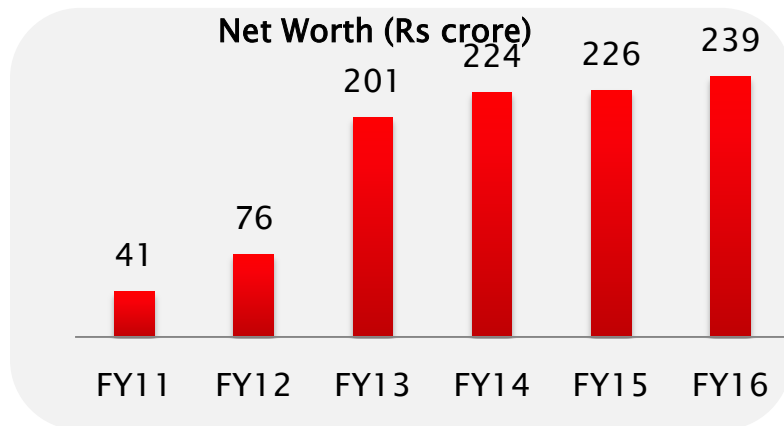


Book value per share (Rs)



@ FY11 was for period of 9 months ending 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

Key Financials



- *Increase in Net debt in FY2016 is mainly due to the funding for Govt. orders in FY16



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Product Launches in 9MFY17



Products Launched in 9M FY17

65 new SKU's launched

Built-in Hobs category launched with
4 SKU's

New Products Launched in 9M FY17

Mixer Grinder – 'Spectra' Range



Spectra



Spectra

Features:

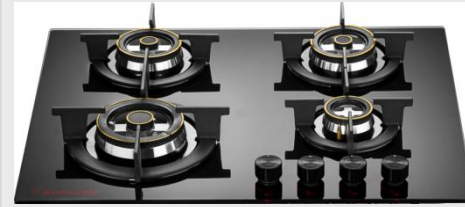
- Present in 3 color variants – Red, Green and Black
- Overlapping jar with wider jar base
- Easy to clean
- New bayonet system
- Space saving & stackable jars
- More sturdy and appealing Drive (backward compatible)
- Protective Cap with measuring cup
- Micro-switch for additional safety

New Products Launched in 9M FY17

Built-in-Hobs



3B



4B

Features:

- Four models BHA -A 3B01- 3 Burner, BHA- A 3B01 F - 3Burner, BHA - A 4B01 - 4 Burner, BHA - A4B01 F - 4 Burner
- Auto-ignition feature
- 3 ring burner
- Flame Failure Device
- Cast iron mixing tube
- Easy grip knob and easy to clean facility

New Products Launched in 9M FY17

Chimney – ‘Matchless’, ‘Splendid’ and ‘Rhino Plus’ Range



Matchless



Splendid



Rhino Plus

Features:

- Size 60CM,
- Suction capacity: 1200M3/Hr (Matchless), 1000M3/Hr (Splendid), 700M3/Hr (Rhino Plus)
- 3 speed push button
- Normal lamp 2* 40W (Except Matchless)
- Oil collector
- LCD Display, 2*1.5 W LED lamp, Glass lining, Remote control, Gas sensor, Auto Clean (only in Matchless)

New Products Launched in 9M FY17

Glass Top Stoves – 'Prism', 'Signature' and 'Spectra' Range



Prism



Signature



Spectra

Features:

- Extra durable toughened glass
- Heat resistant reinforced polymer legs and flame retardant front panel
- Smart lock pan support for easy fitment
- Leak proof stainless steel spill trays
- High thermal efficiency brass burners
- Long lasting enamel coated pan stands
- Ergonomically designed ABS knobs

New Products Launched in 9M FY17

Glass Top Stoves – ‘Grand’, ‘Jet’, ‘Reflection Plus’ Range



Grand



Jet



Reflection Plus

Features:

- Thick toughened glass
- Detachable spill tray
- Enamel pan stand

New Products Launched in 9M FY17

SS LPG Stoves – 'DLX-60', 'Acme', 'Nitro' and 'Elite' Range



DLX-60



Acme



Nitro



Elite

Features:

- Specially launched to cater to PM Ujjwala Yojana Scheme – Institution channel
- Long lasting SS body
- Thermal efficient brass burners
- Elite 2B catering to Retail channel

New Products Launched in 9M FY17

Electric Rice Cooker – ‘Streak’, ‘Aura’ and ‘Iris’ Range



Streak



Aura



Iris

Features:

- 1.8, 2.8L Capacity
- User Friendly control panel
- Auto switching to warm mode
- Aluminium inner cooking pot

New Products Launched in 9M FY17

Non-Stick Cookware – ‘Raga’ Range Electric Kettle – ‘ST5510’ Range Washer – ‘7000S’ and ‘7000G’ Range Air Cooler – ‘Desert +’ Range



Raga Appachatty



Raga Omni Tawa



Electric Kettle – ST5510



Washer – 7000S



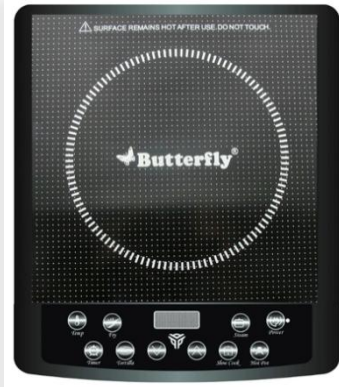
Washer – 7000G

Washer – Features:

- Rust-free cabinet
- Large body and capacity
- High Motor power
- Dynamic designed Pulsator

New Products Launched in 9M FY17

Power Hob – ‘Jet’ Range Electric Rice Cookware – ‘Raga Plus’ Range



Jet

Features:

- Bigger in size
- 1600 Watts
- 5 Indian cooking menus
- Push Button control
- Auto Timer Settings
- Over heating protection function



Raga Plus

Features:

- 1.8, 2.2, 2.8L Capacity
- 900 Watts
- 2 in 1 function – Cook/Warm
- User Friendly control panel
- Elegant ethnic design



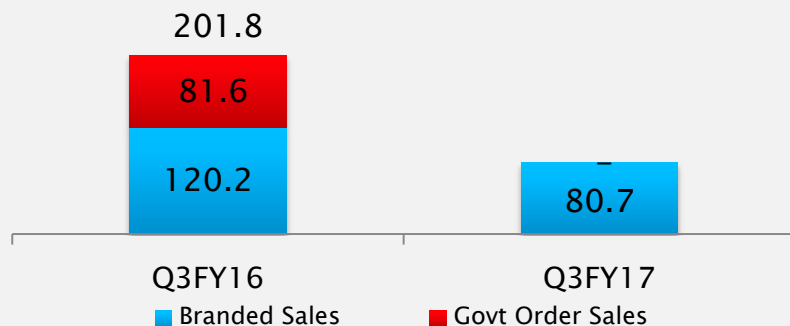
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Q3 & 9M FY17 Operating Performance & Highlights

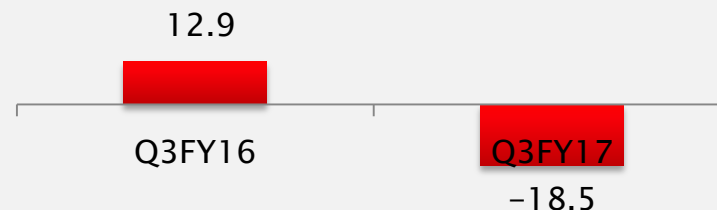


Q3 FY17 – Performance highlights

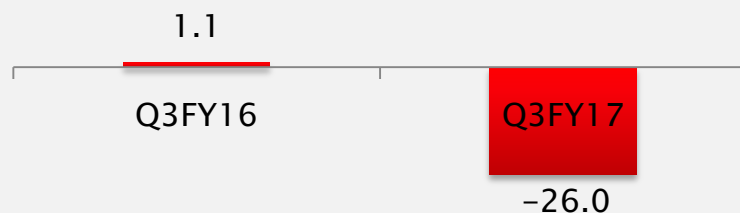
Total Income (Net) (Rs. crore)



EBITDA (Rs. crore)



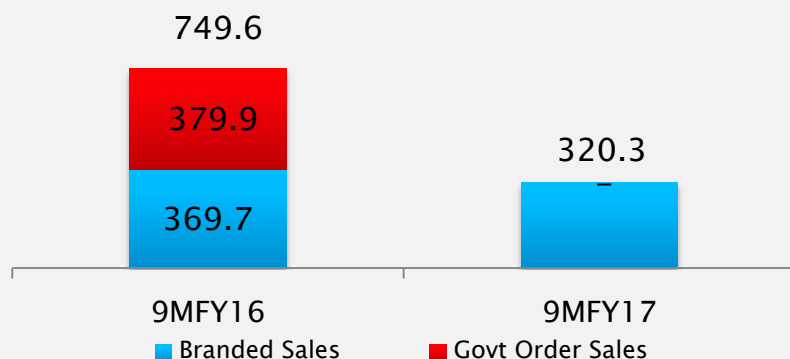
PAT (Rs crore)



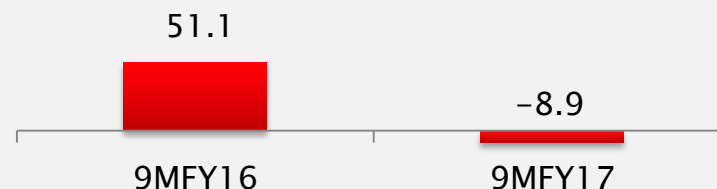
- Total Income (Net) during Q3 FY17 stood at Rs. 80.7 crore, as against 120.2 crore in Q3 FY16
 - Branded sales was lower by **32.9%** on a Y-o-Y basis mainly due to demonetisation
 - No Govt. Sales contribution in this quarter
- PAT stood at Rs. -26.0 crore in Q3 FY17

9M FY17 – Performance highlights

Total Income (Net) (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs crore)



- Total Income (Net) during 9M FY17 stood at Rs. 320.3 crore, as against 749.6 crore in 9M FY16
 - Branded sales was lower by **13.3%** on a Y-o-Y basis mainly due to demonetisation
 - No Govt. Sales contribution in this period
- PAT stood at Rs. -34.6 crore in 9M FY17

Key Highlights

Branded Gross Sales (including excise)

(Rs crore)

Product	Q3 FY17	Q3 FY16	Q2 FY17	Y-o-Y Growth	Q-o-Q Growth
Branded Market					
Kitchen Appliances	71.5	99.0	138.2	-27.8%	-48.3%
Cooker/Cookware	15.0	26.1	29.9	-42.5%	-49.8%
Others	2.8	2.8	4.2	0.0%	-33.3%
Total-Branded	89.3	127.9	172.3	-30.2%	-48.2%
Others (Components / Spares)	-	7.3	-	-	-
Grand Total	89.3	135.2	172.3	-33.9%	-48.2%

- Demonetisation caused a major impact on overall branded sales
- Although Retail channel sales for the quarter had an impact, on a 9M Y-o-Y basis, we have still grown by over 8% in this channel
- Institutional sales was also impacted by demonetisation for the quarter. But the release of new connections in the PMUY scheme is gaining traction and demand is expected to improve in upcoming quarters



5

Turnaround Plan and Outlook

The Turnaround Plan – Already in play

The objective and focus of the turnaround plan is completely on delivering profits for FY17–18, improving balance sheet liquidity and reduction of debt

1. Aggressive cost rationalisation

- a. Aggressive manpower cost rationalisation both in marketing and production the focus being on increasing sales per person
- b. Rationalisation of sales promotion costs with focus on BTL activities
- c. Outsourcing the after sales service through franchising. Introducing Call Centre operations and new CRM
- d. Rationalising presence in Rest of South states by consolidating operations in states with growth potential and strategic value

2. Balance Sheet efficiency / liquidity

- a. Focus on collections. Arrange channel financing
- b. Increase in supplier credit days
- c. Aggressive reduction in Inventory levels through optimised sales planning

3. Big push in alternate channels such as Online, Exports, Modern Trade, CSD and corporate sales

Outlook

CATEGORY	9M FY17 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	80–85% of Branded Sales in 9M FY17	<ul style="list-style-type: none"> Post the festival season, the market scenario was expected to remain buoyant Demonetisation had an adverse impact on the channel, affecting the sales potential 	Retail channel demand is expected to improve in the coming quarters
Institutional Channel Sales	15–20% of Branded Sales in 9MFY17	<ul style="list-style-type: none"> Demonetisation affected the sales in this channel Non–South markets have started getting traction post the new scheme launch 	Consumer demand is expected to improve in the coming quarters
TOTAL BRANDED SALES	Rs. 353 crore		
GROSS REVENUES	Rs. 353 crore		

Thank you
