



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

November 14, 2014

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 second quarter/half year ended on 30.9.2014 (FY 2014-15)

Enclosed please find the Company's Performance/Results presentation for the
second quarter/half year ended on 30.09.2014.

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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Phone : +91-44-67415590 / 91 / 93 / 94

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BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

RESULTS PRESENTATION

Q2 & H1FY15
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

Transformation Strategy & Operational Progress

3

Product Launches in H1FY15

4

Financial Overview

5

Q2 &H1FY15 Operating Performance & Highlights

6

Outlook



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 high double-digit growth in Revenues & profitability in the last 5 years

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

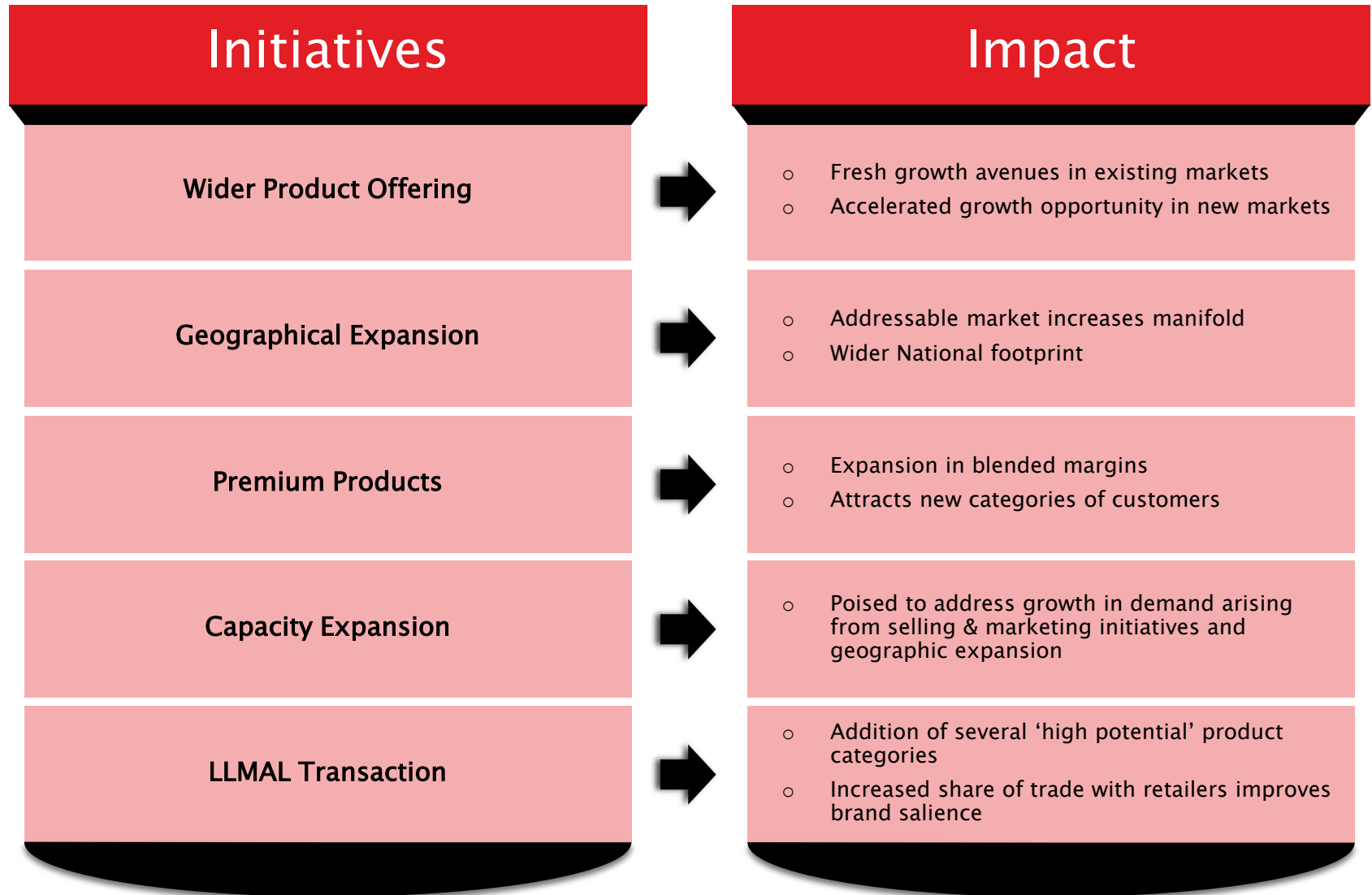
17%

OF H1 FY15
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 Chimneys



Pressure Cooker



Non Stick Cookware



Induction Cooktops



Electric Rice Cookers



Juicer Mixer Grinder



Electric Kettle



Sandwich Maker



Air Coolers

Product Portfolio

Other Pioneering Products



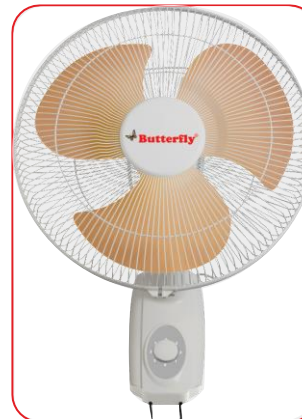
Washers



Juicer



Hand Blender



Fan



Water Heaters

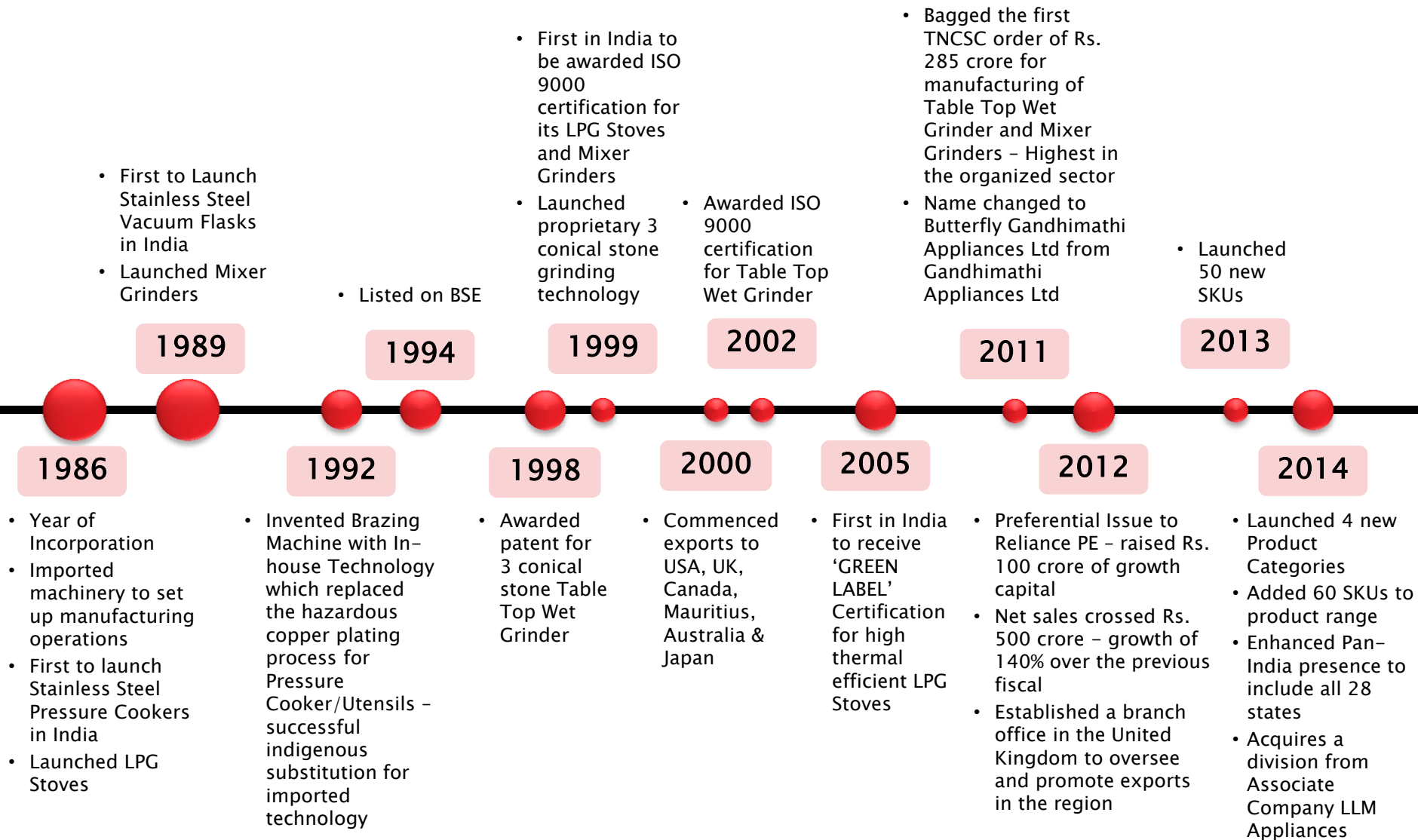


Electric Iron

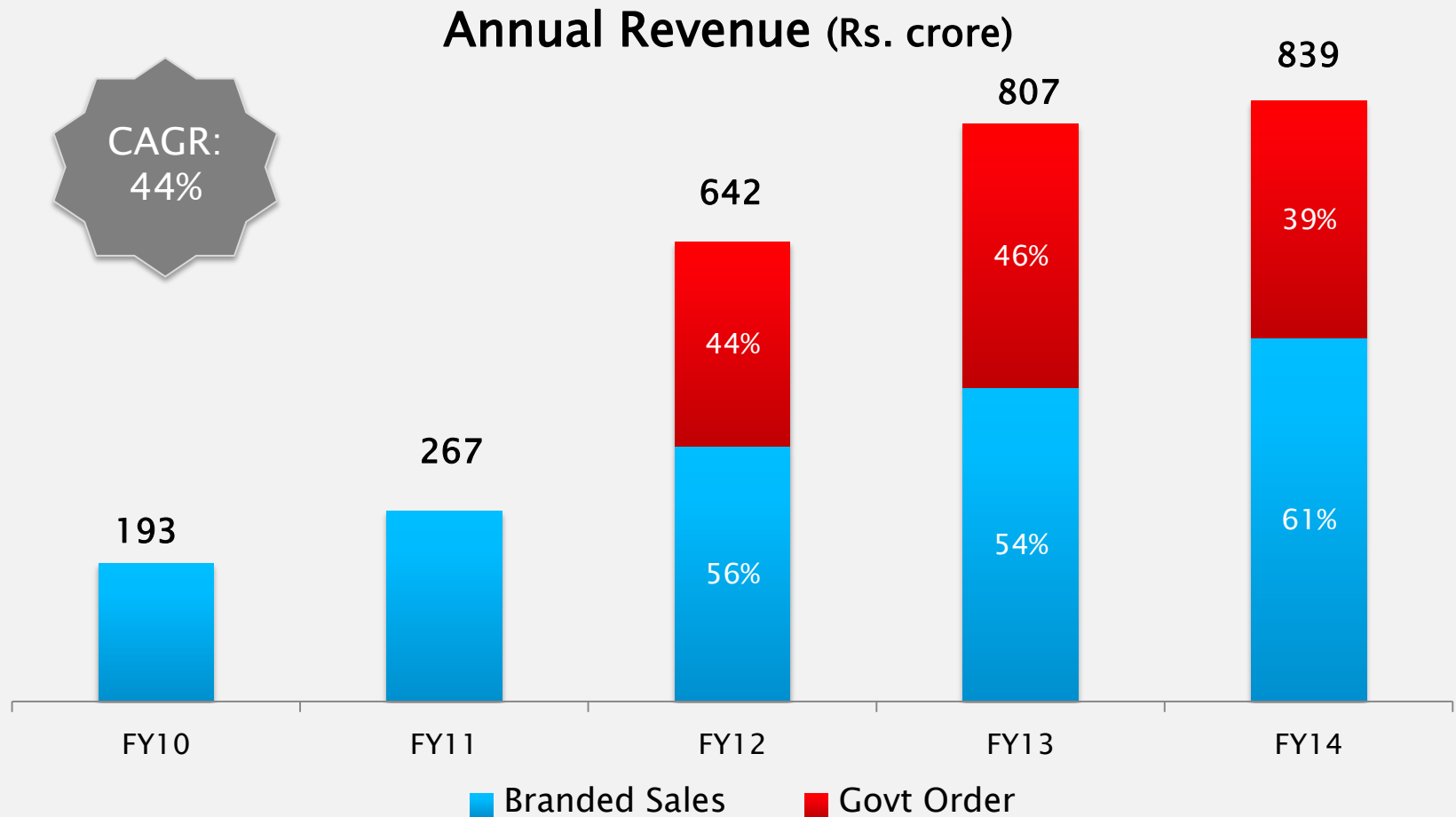


Pop-up Toasters

Milestones

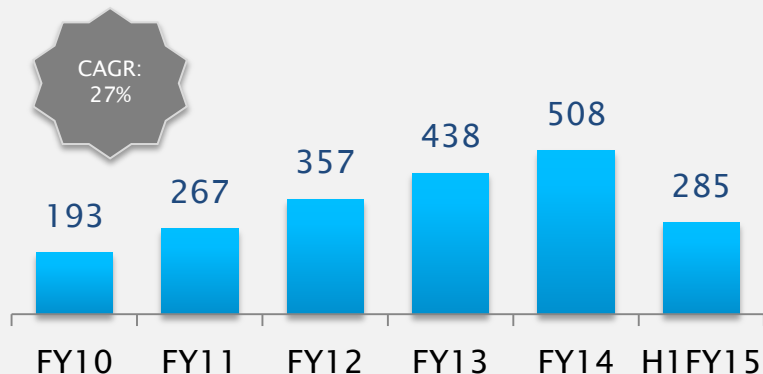


Revenue Profile

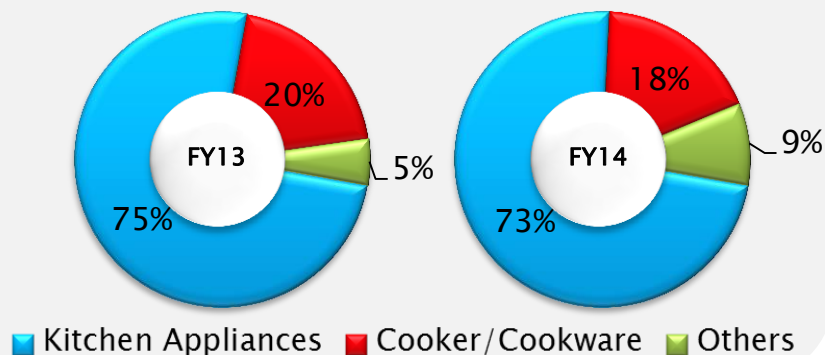


Branded Retail Sales

Branded Sales (Rs. crore)



Branded Product Distribution (%)



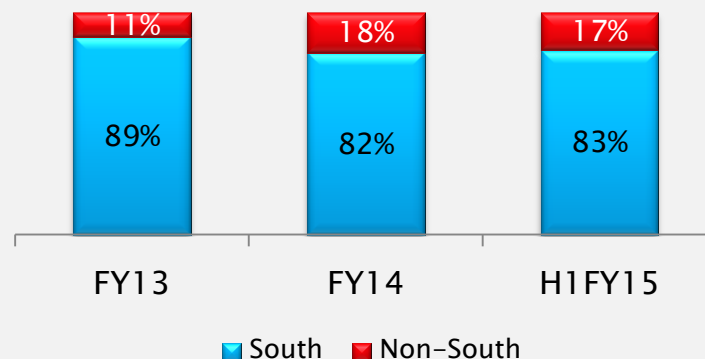
Through Institutions

- 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

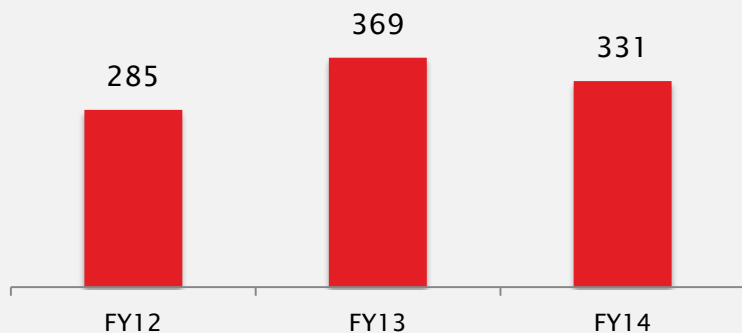
- Network of 400+ exclusive distributors
- Distributors supply to dealer network which is customer facing
- 3 Company retail stores in Chennai, Hyderabad and Bengaluru and one franchisee store at Pondicherry
- 18,000+ retail points across the Indian map

Region-wise Break-up

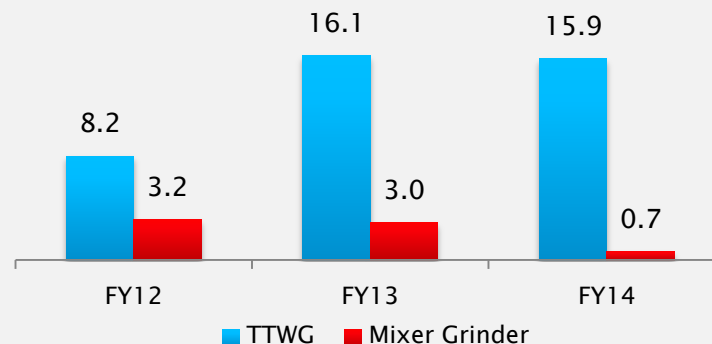


Government Orders

Government Order Sales (Rs. crore)



Products supplied (in lakh units)



- ❑ For the last 4 years, BGMAL has participated in the annual tender of Tamil Nadu Civil Supplies Corporation
- ❑ The results of the 4th annual tender is expected to be announced by Q3 FY15

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

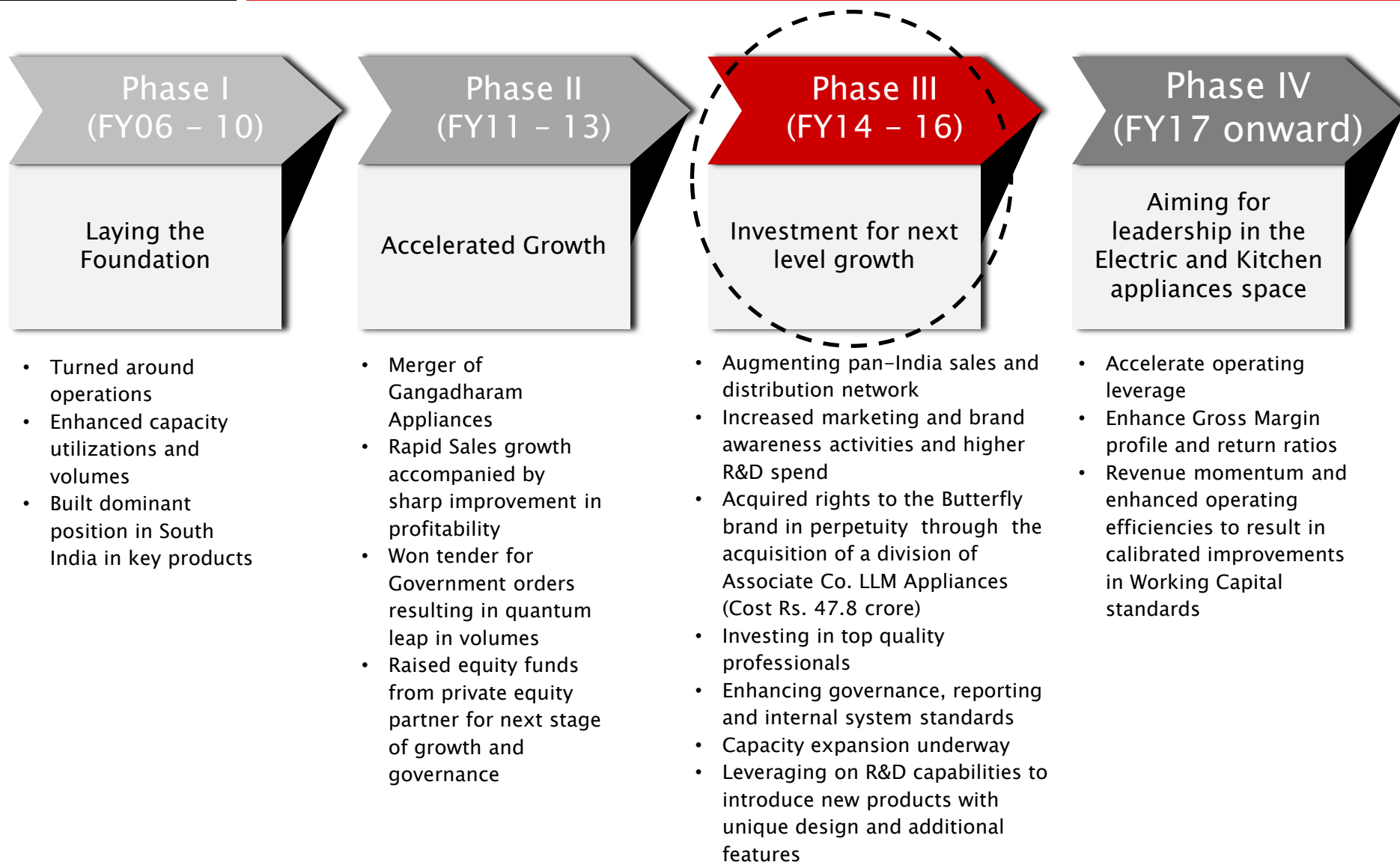
360° R&D efforts focused on product efficiency, longevity and design



2

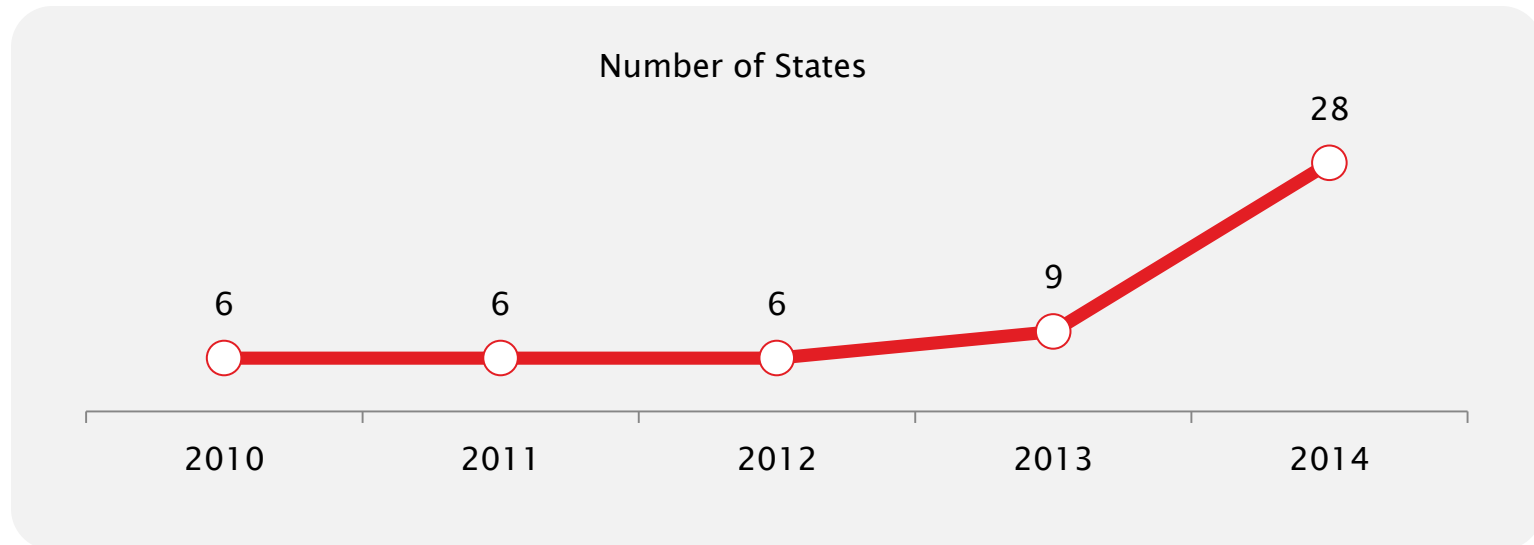
Transformation Strategy & Operational Progress

BGMAL Transformation



Scale & Geographic Reach

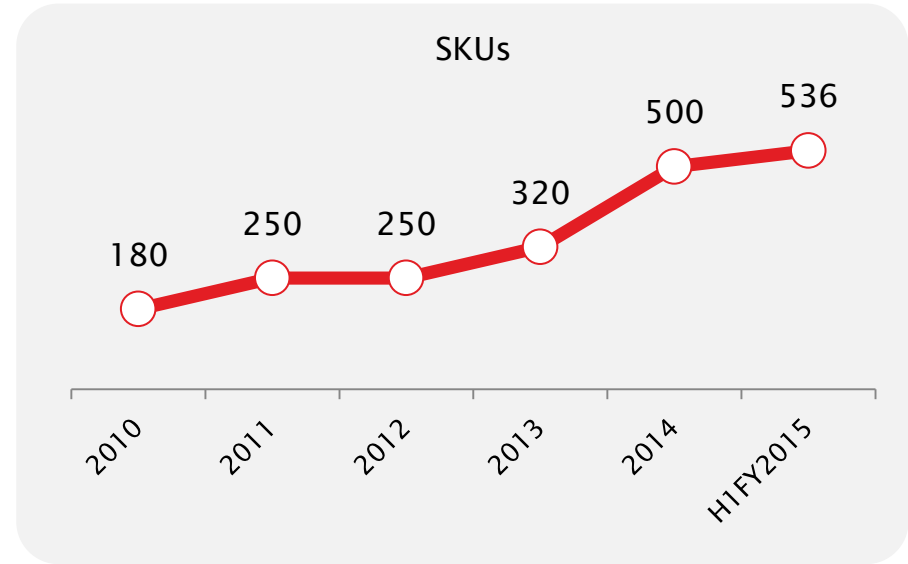
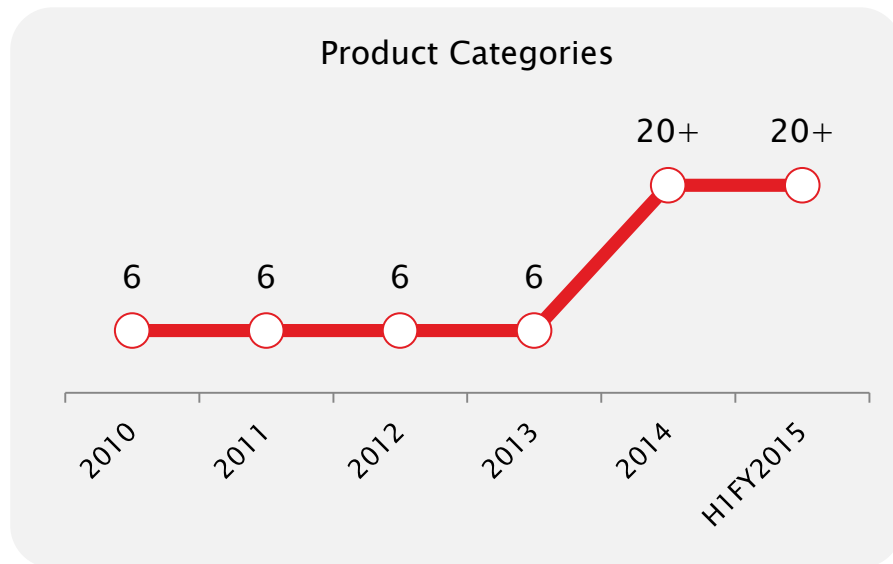
Increased Geographical expansion to support long-term growth plans



- 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

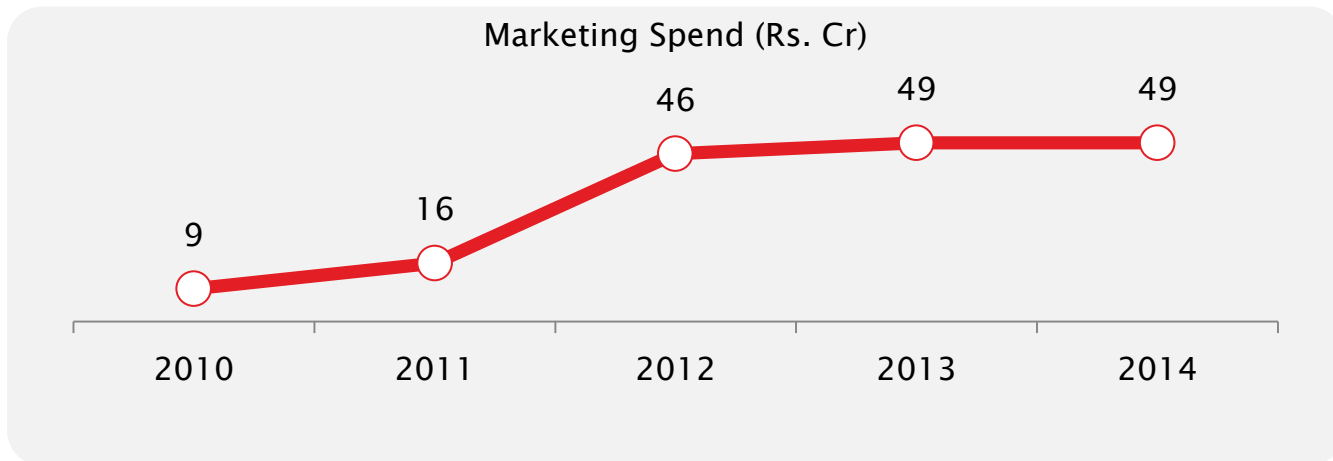
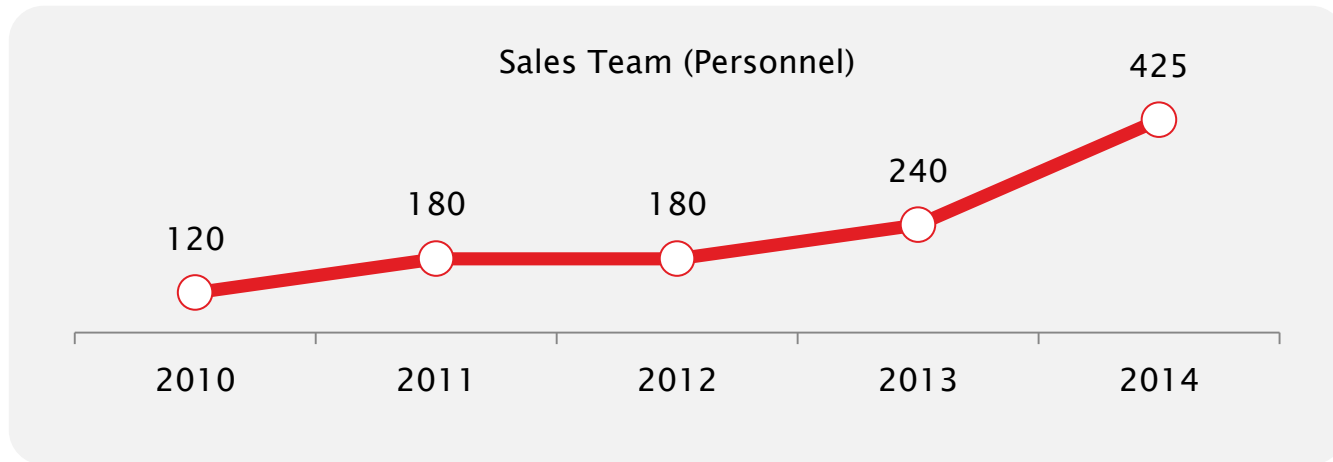
Increased product categories for wider product portfolio and higher market share



- 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 Balance Sheet

	Rs. crore			
Sources of Funds	FY 2012	FY 2013	FY 2014	H1FY15
a) Shareholders' Funds	75.6	201.3	223.7	224.5
b) Non-current Liabilities (NCL)	37.8	12.7	21.4	54.0
- Long-term Borrowings	35.4	6.4	14.3	45.6
- Other NCL	2.4	6.3	7.2	8.4
c) Current Liabilities (CL)	177.0	327.6	427.5	253.8
- Short-term Borrowings	71.0	37.1	171.3	135.9
- Trade Payables	72.9	220.4	207.2	89.5
- Other CL	33.1	70.1	49.0	28.4
Total	290.4	541.6	672.7	532.2
Net Debt – Equity Ratio	1.1	0.0	0.7	0.8

Long-term borrowings used to fund capacity expansion and reduce short-term borrowings

Decrease in short term borrowings was mainly due to transfer of short-term debt to long-term debt and reduction in inventories

Drastic reduction in trade payables due to settlement of TN Government Order Creditors

Abridged Balance Sheet

Rs. crore

Application Of Funds	FY 2012	FY 2013	FY 2014	H1FY15
a) Non-current Assets	85.1	105.3	164.0	171.6
a) Current Assets	205.4	436.3	508.7	360.6
- Inventories	71.7	158.8	167.2	138.3
- Trade Receivables	94.4	195.5	279.3	188.5
- Cash & cash equivalents	22.2	46.3	20.0	11.0
- Others	17.1	35.7	42.1	22.8
Total	290.4	541.6	672.7	532.2
Gross Revenues	642.4	807.0	838.9	285.0
Working Capital	92.8	134.5	240.0	235.9
Working Capital Days	52	60	103	149
Inventory Days*	40	71	72	87
Debtors Days*	53	87	120	119
Creditors Days*	41	98	89	57

Receipt of TN Government Orders Debtors have significantly reduced the Trade Receivables

The total debtors includes Rs. 25.3 crores of Govt. debtors

By excluding the Government debtors and Government sales, the debtor days stands at 76 and 103 for FY14 and H1FY15, respectively

- Calculation of Working Capital Ratios based on Gross Revenue
- Based on year end values (Not average values)
- Working capital days= (Inventory + Debtor - Creditor) Days
- Days calculated on the basis of 360 days (yearly) and 180 days (half-yearly)

Abridged Profit & Loss Statement

Rs. crore

Particulars	FY 2012	FY 2013	FY 2014	H1FY14	H1FY15
Total Net Revenues	595.9	730.5	770.7	353.8	264.9
Material Cost	388.9	491.2	520.2	239.8	158.4
- Cost of Materials Consumed	338.6	444.1	483.6	224.1	108.0
- Purchases of Stock-in-Trade	58.0	73.5	55.9	25.2	21.0
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	(7.6)	(26.4)	(19.2)	(9.5)	29.4
Gross Profit	207.0	239.3	250.5	114.0	106.4
Gross Margin (%)	35%	33%	33%	32%	40%
Employee Expenses	32.0	51.6	60.8	29.3	29.7
Other Expenses	111.5	119.8	133.7	54.7	56.8
EBITDA	63.2	67.9	56.0	30.0	19.9
EBITDA Margin (%)	11%	9%	7%	8%	8%
Depreciation	1.7	4.0	4.9	2.4	5.1
Finance Cost	17.6	15.3	16.8	4.6	12.3
Profit Before Tax	44.2	48.6	34.3	23.0	2.5

Increase in intangible assets led to increase in depreciation

Assessment

- The established business of Branded Sales has been growing steadily
- 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
- Growth visibility remains bright as the Company expects benefits 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

Product Launches in H1FY15



New Products Launched in H1FY15

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

New Products Launched in H1FY15

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 Products Launched in H1 FY15

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

New Products Launched in H1FY15

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

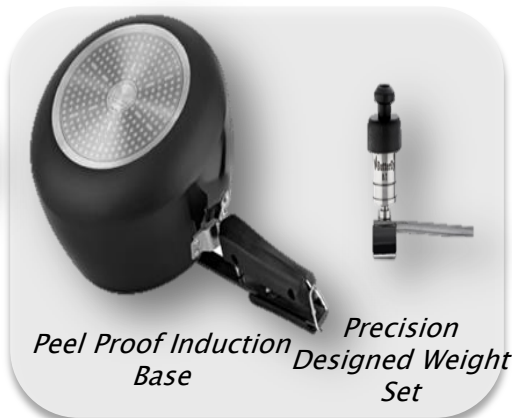
- *Quick Even heating*
- *Faster and Better cooking*
- *Less consumption of LPG Gas*
- *Increases the life span of the product*

New Products Launched in H1FY15

COOKER / COOKWARE – ‘Pearl Plus’ and ‘Superb Plus’ Bulged body range of cookers



Pearl Plus Cooker



Peel Proof Induction Base *Precision Designed Weight Set*



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

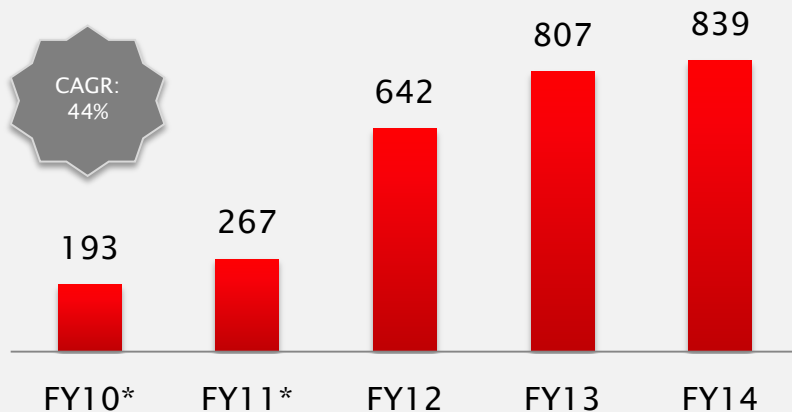


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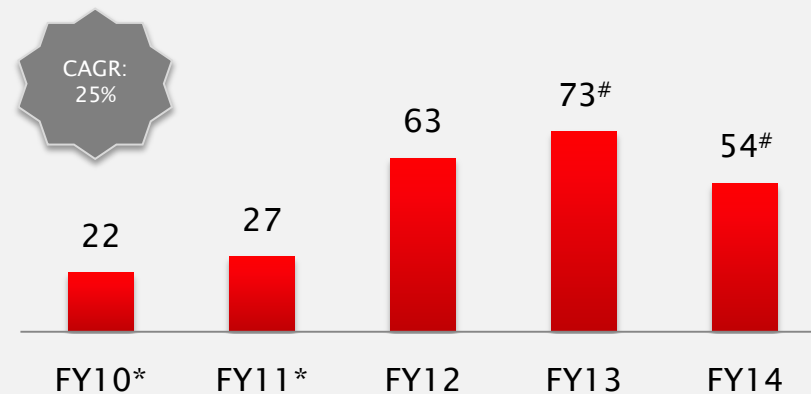
Financial Overview

Performance Track Record – Annualized

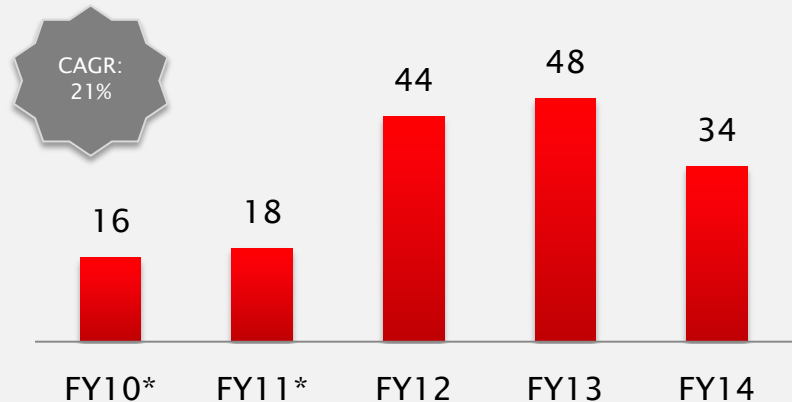
Total Revenue (Rs crore)



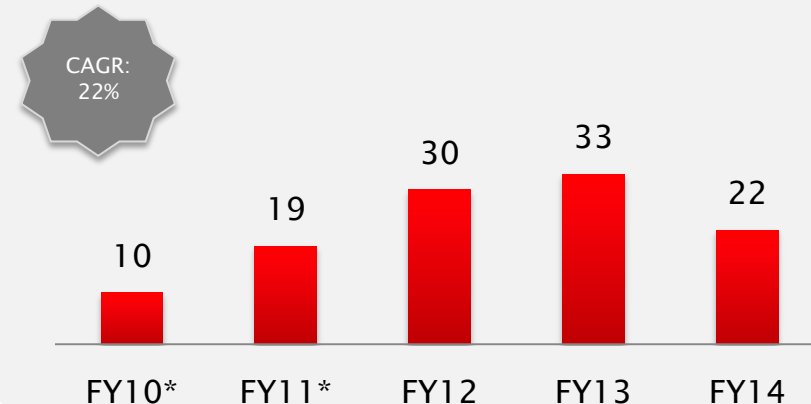
EBITDA (Rs crore)



Profit Before Tax (Rs crore)



Profit After Tax (Rs crore)

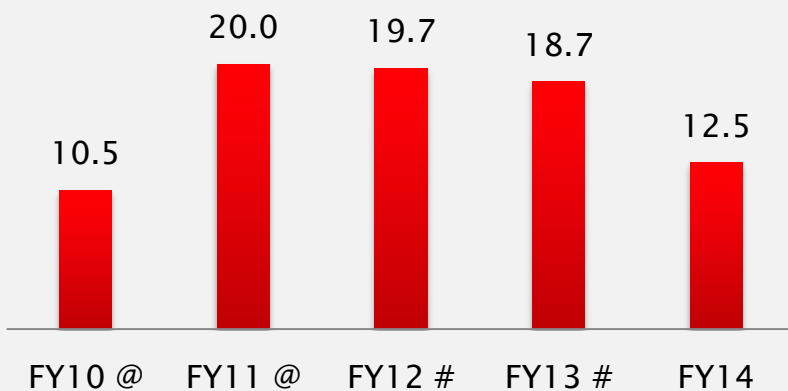


NOTE : * FY10 was extended to 18 months ended on 30.06.2010 and FY11 was for period of 9 months ended on 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

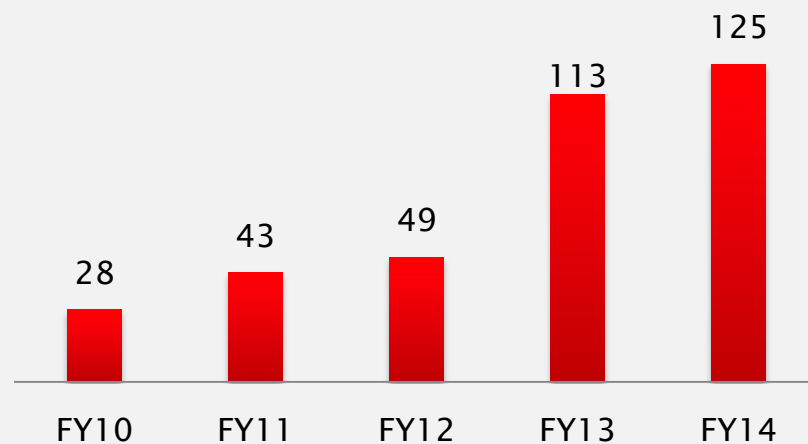
Foreign exchange loss was not included in EBITDA calculation until FY13. In FY14, foreign exchange loss has been included in EBITDA calculation

Key Financials

Earning Per Share (Rs) – Annualized



Book value per share (Rs)

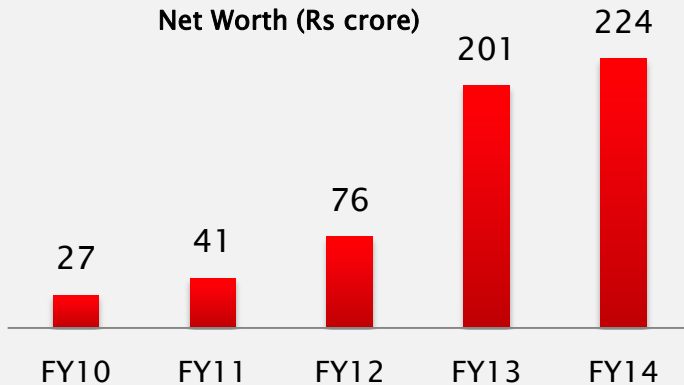


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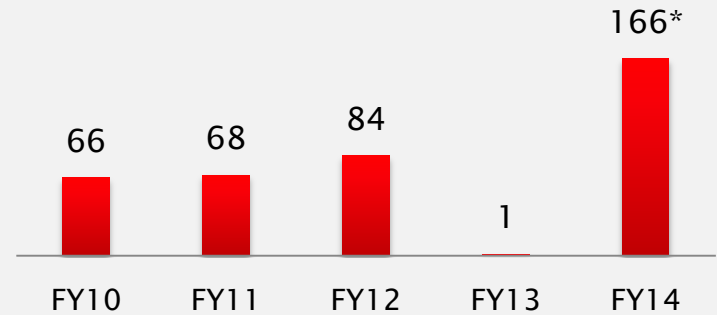
EPS for FY12 and FY13 have reduced due to expansion of the Equity Base

Key Financials

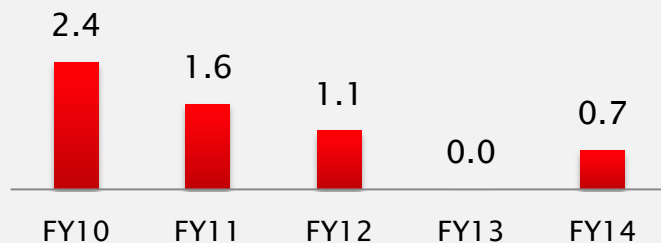
Net Worth (Rs crore)



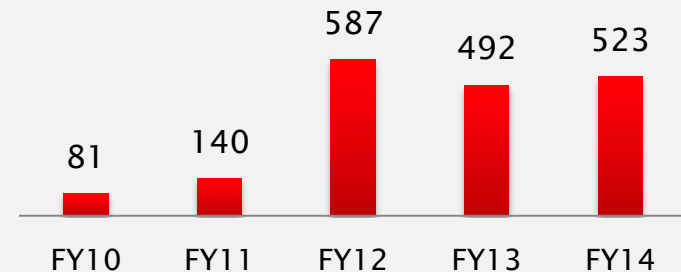
Net Debt (Rs crore)



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



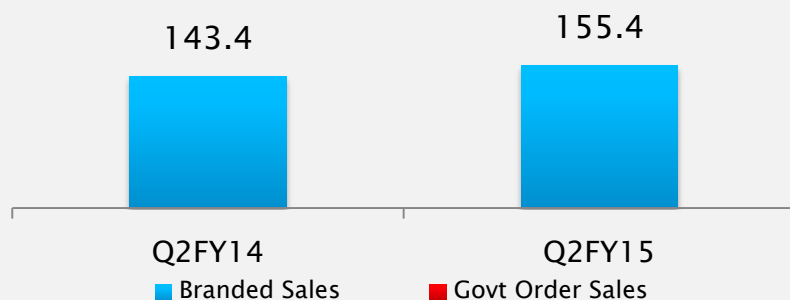
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Q2 & H1 FY15 Operating Performance & Highlights

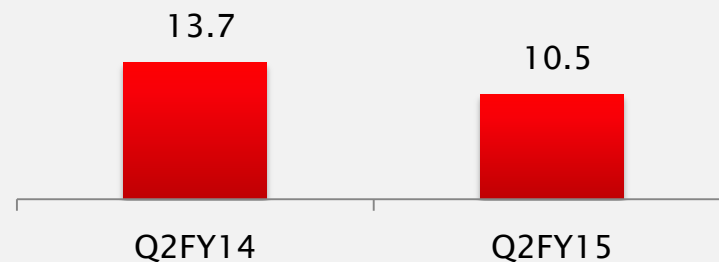


Q2FY15 – Performance highlights

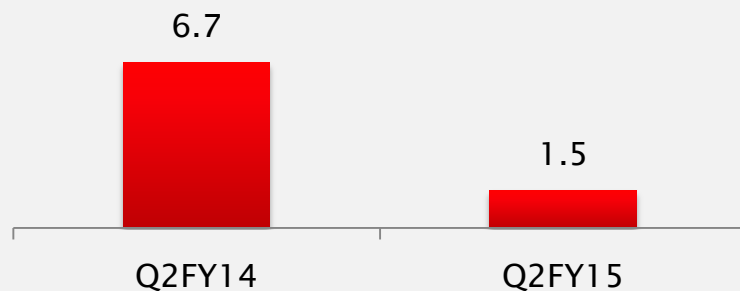
Net Revenue (Rs. crore)



EBITDA (Rs. crore)



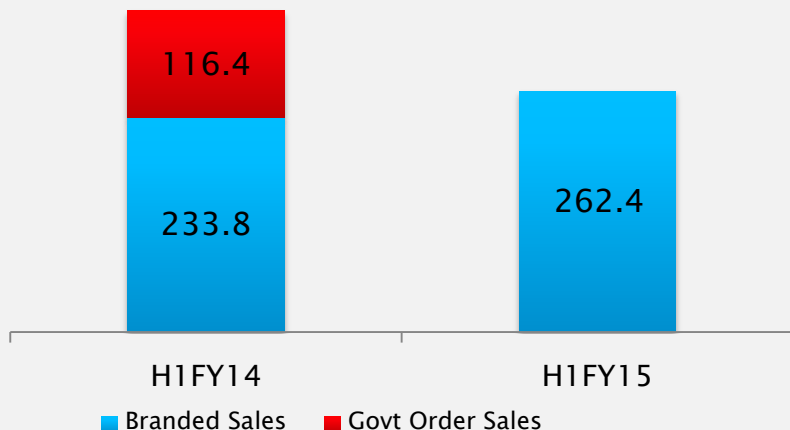
PAT (Rs crore)



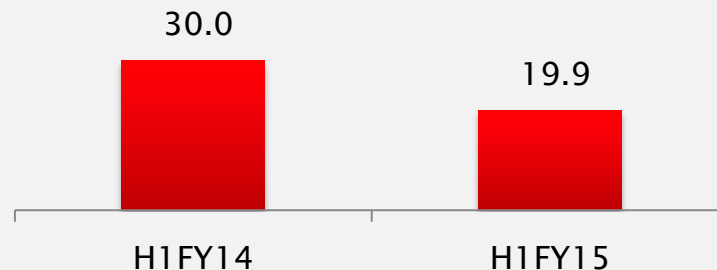
- Branded net revenue grew by 8.4% from Rs. 143 crore in Q2FY14 to Rs. 155 crore in Q2FY15.
- The sales growth was not substantial due to higher base effect in Q2FY14 (over 40% Y-o-Y growth over Q2FY13)
- Higher finance cost, increased advertisement and publicity expenses caused lower profit for Q2FY15

H1FY15 – Performance highlights

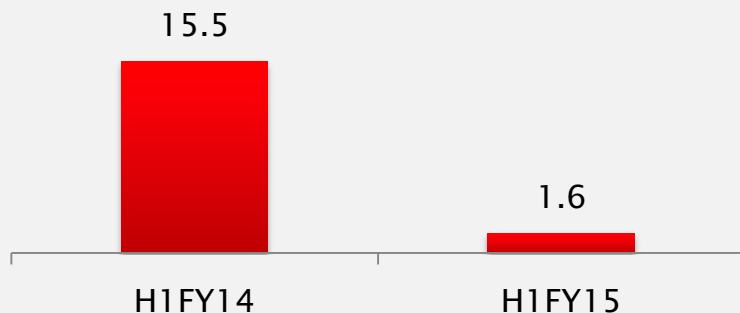
Net Revenue (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs crore)



- Branded net revenue grew by 12% from Rs. 234 crore in H1FY14 to Rs. 262 crore in H1FY15. In the absence of Govt. orders for H1FY15, net revenue was lower by 25% on a Y-o-Y basis
- Higher finance cost, increased advertisement and publicity expenses caused lower profit for H1FY15

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	Q2FY15	Q2FY14	Q1FY15	Growth
Branded Market				
Kitchen Appliances*	135.0	122.1	85.4	10.5%
Cooker/Cookware*	31.4	32.3	19.9	-2.8%
Electrical Products*	3.6	-	7.2	-
Others*	1.1	1.3	1.4	-15.4%
Total-Branded	171.1	155.7	113.9	9.9%
Others (Components / Spares)	-	-	-	-
Grand Total	171.1	155.7	113.9	9.9%

- Q2FY15 performance is not comparable to Q2FY14 performance due to the acquisition of LLM Appliances business in Q4FY14
- Retail channel sales excluding LLM acquired products increased by 6% on a Y-o-Y basis. The sale of LLM acquired products stood at Rs. 23.9 crore in Q2FY15
- Institutional channel sales have been impacted due to delay in release of new LPG connections, but is expected to improve over the coming quarters
- 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 Q2FY15 are as follows:

Kitchen Appliances – Rs. 11.6 crore
 Cooker/Cookware – Rs. 8.5 crore
 Electrical Products – Rs. 3.6 crore
 Others – Rs. 0.2 crore

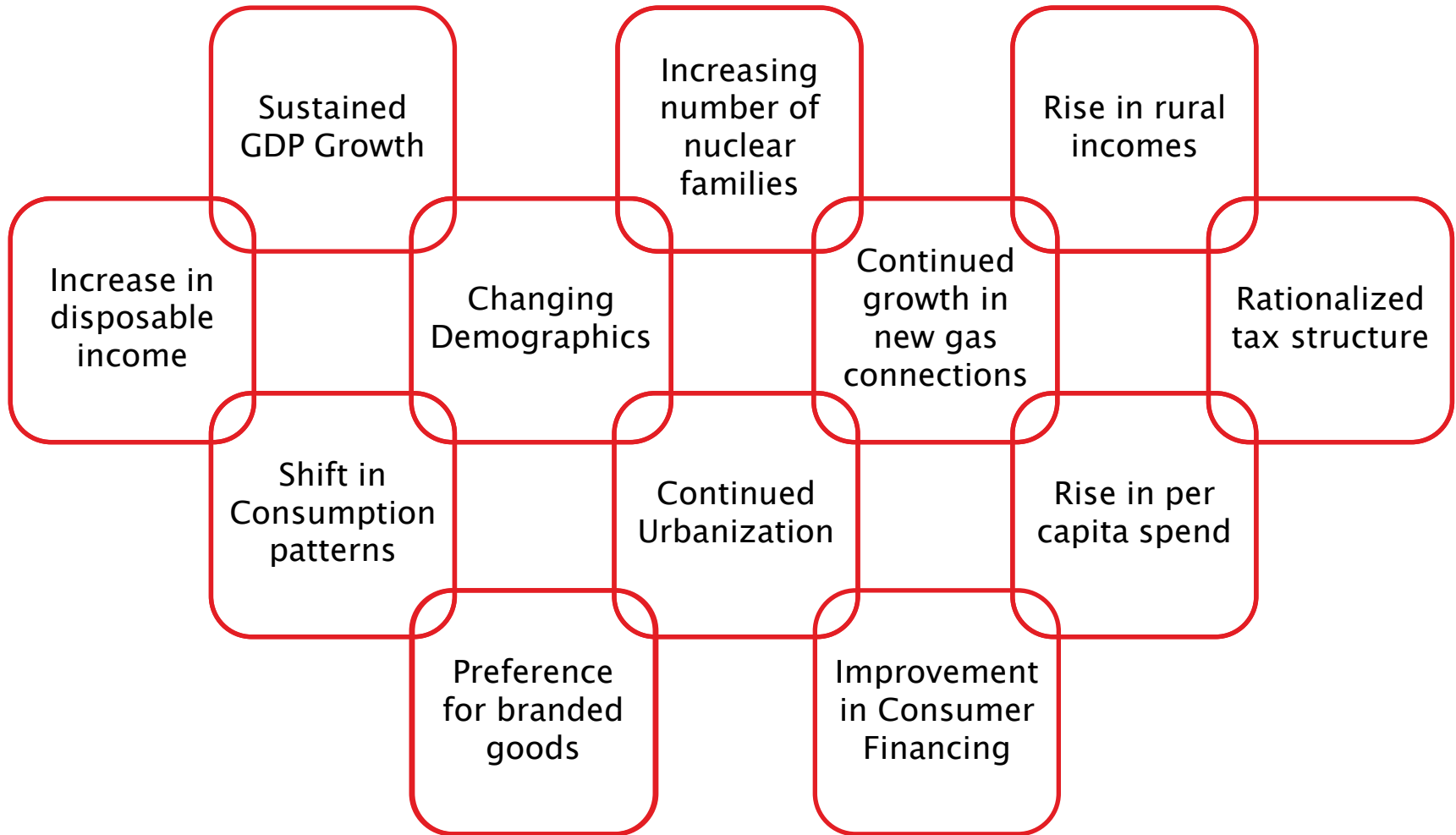


6

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	H1FY15 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	60–65% of Branded Sales in H1FY15	<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 Widening of product portfolio and introduction of new product variants contributing to sales growth 	Expected to grow in the high single digit this financial year. Double digit growth is expected from FY16
Institutional Channel Sales	15–20 % of Branded Sales in H1FY15	<ul style="list-style-type: none"> Institution sales is dependent on release of new LPG gas connections New LPG gas connections are expected in Q4FY15 	Company is monitoring the situation and will be able to comment on it in the coming quarters
Sales of New Product categories	15–20 % of Branded Sales in H1FY15	<ul style="list-style-type: none"> Products added through acquisition are sunrise products with high growth potential The market is not growing as per our earlier estimates Synergy of BGMAL distribution network is aiding in sales growth 	Expected to achieve an internal growth target of 20–25% in FY15
TOTAL RETAIL SALES	Rs. 285 crore		
Government Order Sales	–	<ul style="list-style-type: none"> The results of 4th Annual tender will be known by Q3FY15 	Based on previous experience, Govt. order (if awarded) will contribute to the company's top and bottom lines
GROSS REVENUES	Rs. 285 crore		

Thank you
