BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

August 11, 2016

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 first quarter ended on 30.06.2016

Enclosed please find the Company's Performance/Results presentation for the first quarter ended on 30.06.2016, which may please be uploaded on the website for information of our investors.

Thanking you,

Yours faithfully,
For Butterfly Gandhimathi Appliances Limited

K.S. Ramachandran
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 : gmal@butterflyindia.com Web : www.butterflyindia.com

Corporate Office : E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 600 130, Kancheepuram District.
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BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

RESULTS PRESENTATION

Q1 FY17

www.butterflyindia.com

Safe Harbour

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 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. Murugesa 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

<1.0

NET DEBT / EQUITY
RATIO

15%

OF FY16
REVENUES FROM NON-
SOUTH STATES

Growth Levers

Initiatives	Impact
Wider Product Offering	○ Fresh growth avenues in existing markets ○ Accelerated growth opportunity in new markets
Geographical Expansion	○ Addressable market increases manifold ○ Wider National footprint
Premium Products	○ Expansion in blended margins ○ Attracts new categories of customers
Capacity Expansion	○ Poised to address growth in demand arising from selling & marketing initiatives and geographic expansion

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

Water Heater

Electric Iron

Pop-up Toaster

Milestones

1986
- Year of Incorporation
- Imported machinery to set up manufacturing operations
- First to launch Stainless Steel Pressure Cookers in India
- Launched LPG Stoves

1989
- First to Launch Stainless Steel Vacuum Flasks in India
- Launched Mixer Grinders

1992
- Invented Brazing Machine with In-house Technology which replaced the hazardous copper plating process for Pressure Cooker/Utensils – successful indigenous substitution for imported technology

1994
- Listed on BSE

1998
- Awarded patent for 3 conical stone Table Top Wet Grinder

1999
- First in India to be awarded ISO 9000 certification for its LPG Stoves and Mixer Grinders
- Launched proprietary 3 conical stone grinding technology

2000
- Commenced exports to USA, UK, Canada, Mauritius, Australia & Japan

2002
- Awarded ISO 9000 certification for Table Top Wet Grinder

2005
- First in India to receive 'GREEN LABEL' Certification for high thermal efficient LPG Stoves

2011
- Bagged the first TNCSC order of Rs. 285 crore for manufacturing of Table Top Wet Grinder and Mixer Grinders – Highest in the organized sector
- Name changed to Butterfly Gandhimathi Appliances Ltd from Gandhimathi Appliances Ltd

2012
- Preferential Issue to Reliance PE – raised Rs. 100 crore of growth capital
- Net sales crossed Rs. 500 crore – growth of 140% over the previous fiscal
- Established a branch office in the United Kingdom to oversee and promote exports in the region

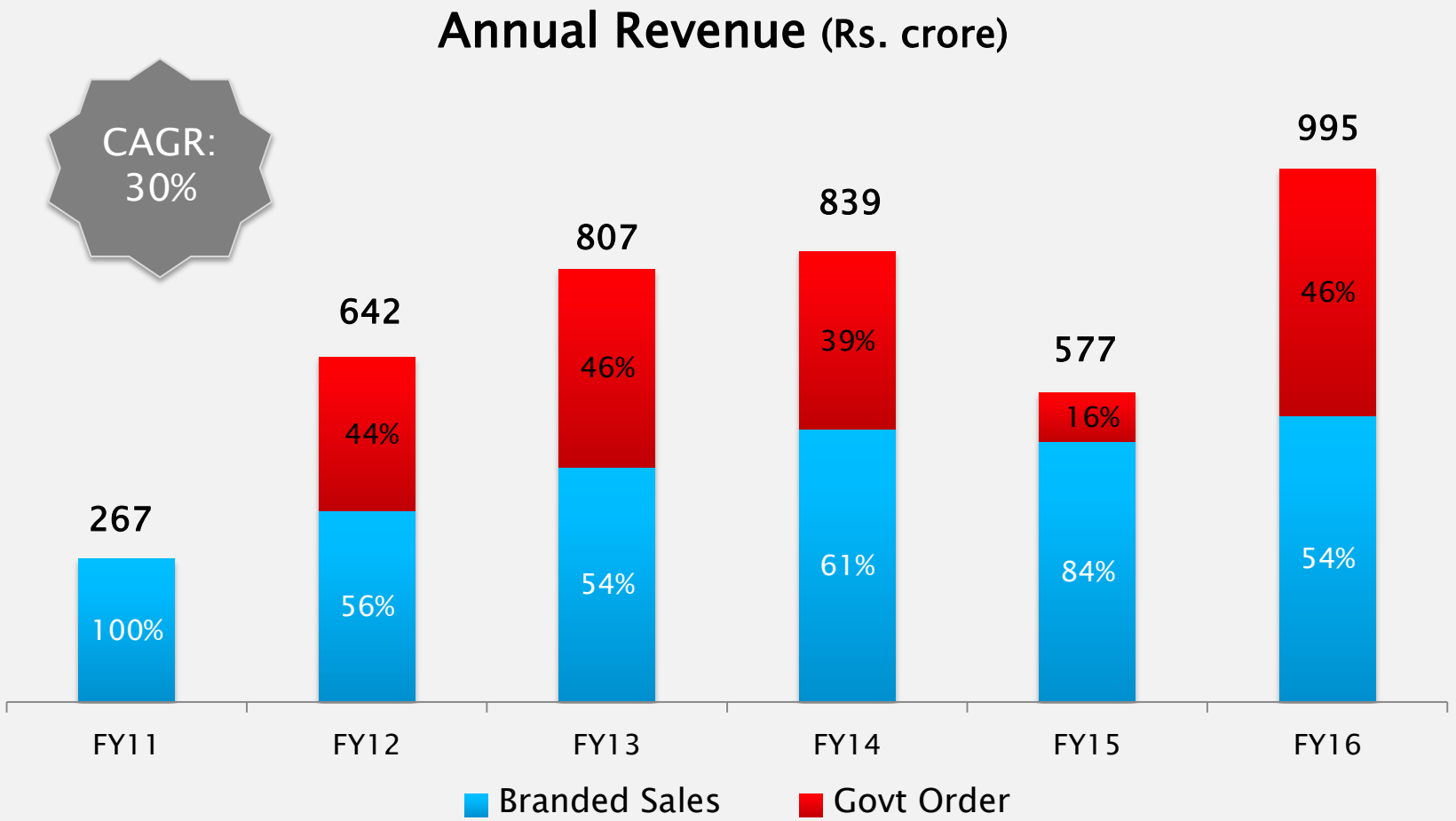
2013
- Launched 50 new SKUs

2014
- Launched 4 new Product Categories
- Added 60 SKUs to product range
- Enhanced Pan-India presence to include all 28 states
- Acquired a division from Associate Company LLM Appliances

2015
- Bagged the TNCSC order for the 4th consecutive year – latest order amounting to Rs. 510 crore for manufacturing of TTWGs
- Won order for Rs. 90 crores from Pondicherry Co-op Wholesale Stores to supply TTWGs and mixer grinders

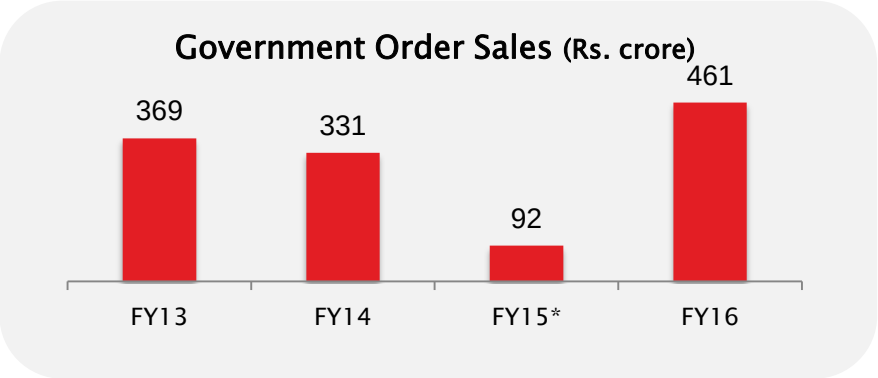
2016
- First in India to be awarded "BEE Label with 2 star rating" for manufacture of LPG stoves
- Successful completion of both TNCSC and Pondicherry Co-op Wholesale Stores orders

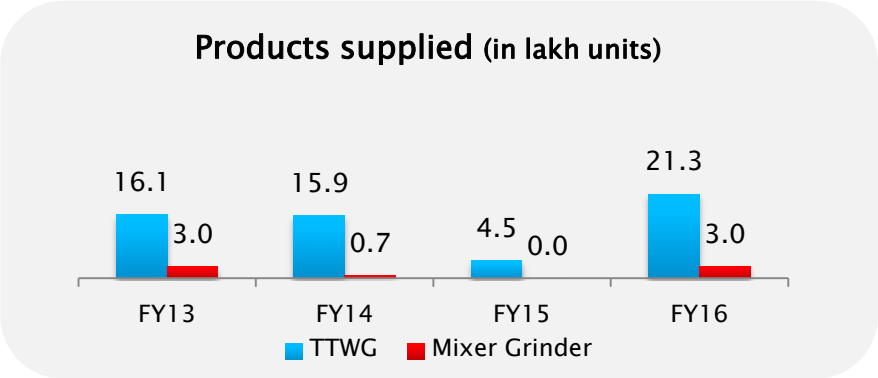
Revenue Profile



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

Government Orders





- 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)

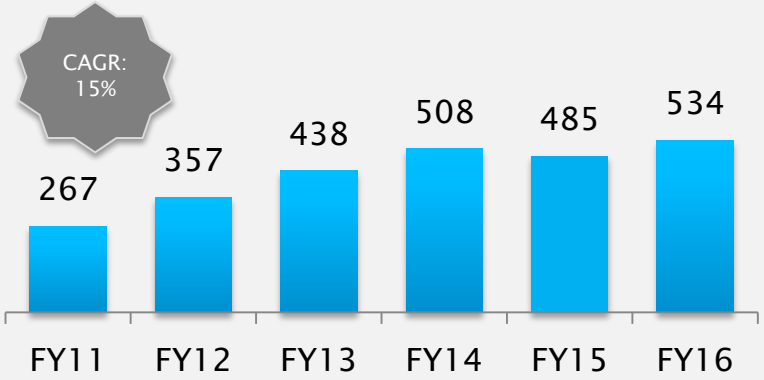
Benefits to BGMAL

- 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



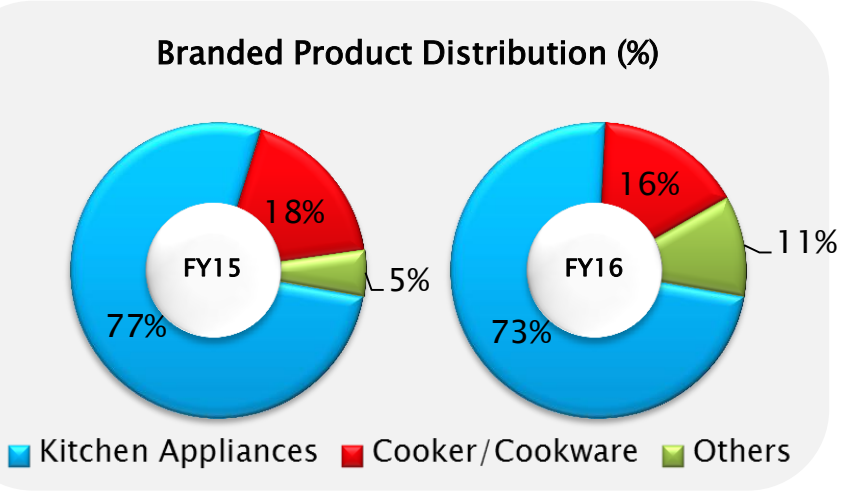
Note: Excluding spare / component sales, Branded Revenue sales were largely stable at Rs. 486 crore in FY16 as against Rs. 479 crore in FY15

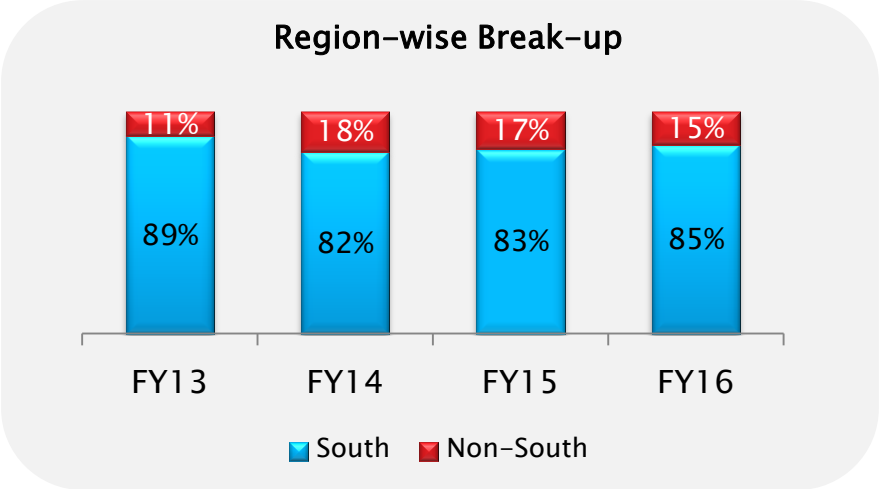
Through Institutions

- 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

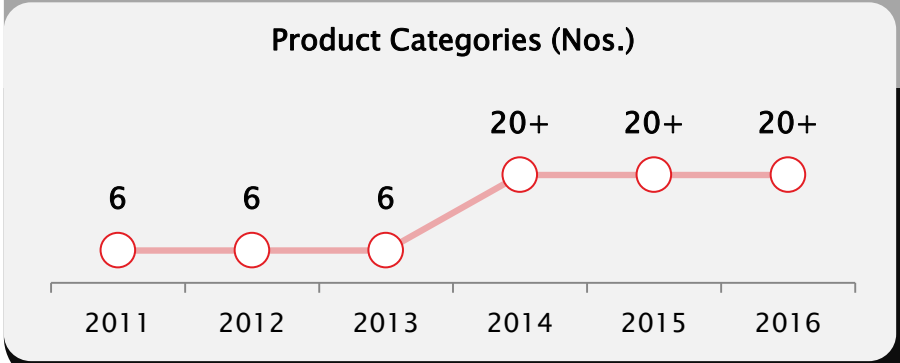
- Network of 400+ exclusive distributors
- Distributors supply to dealer network which is customer facing
- 2 Company retail stores in Chennai and Bengaluru and one franchisee store at Pondicherry
- 18,000+ retail points across the Indian map

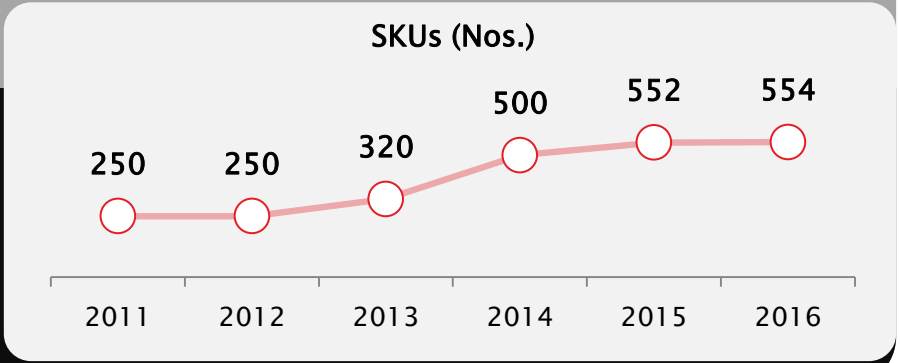




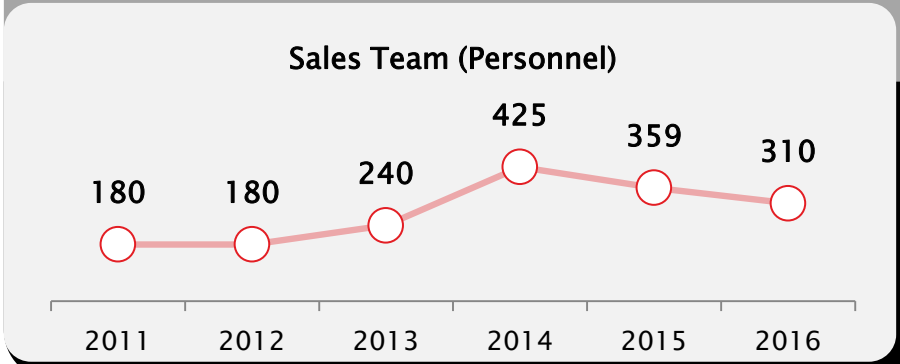
Augmenting Organic Growth

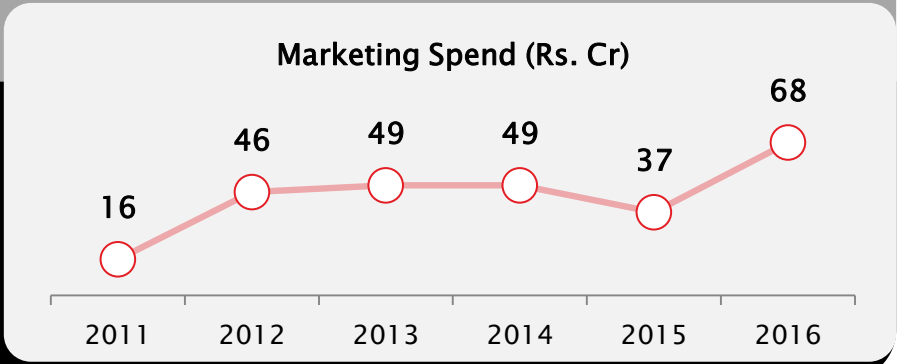
Increased Product Categories For Wider Product Portfolio And Higher Market Share





Enhancing Sales and Marketing Efficiency For Better Penetration And Brand Development





Butterfly®

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

Key Focus Areas

- Optimize investment on expansion of distribution network and brand building activities
- Continued focus on enhanced working capital position
- Inventory de-stocking efforts undertaken by the Company are nearly complete and is expected to further boost efficiency and cash flow, while also improving the health of the balance sheet
- Maximizing cost efficiencies at all levels of operations
- Long-term growth in primary sales to accrue from the various strategic initiatives undertaken by the Company
- 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

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Financial Overview

Abridged Profit & Loss Statement

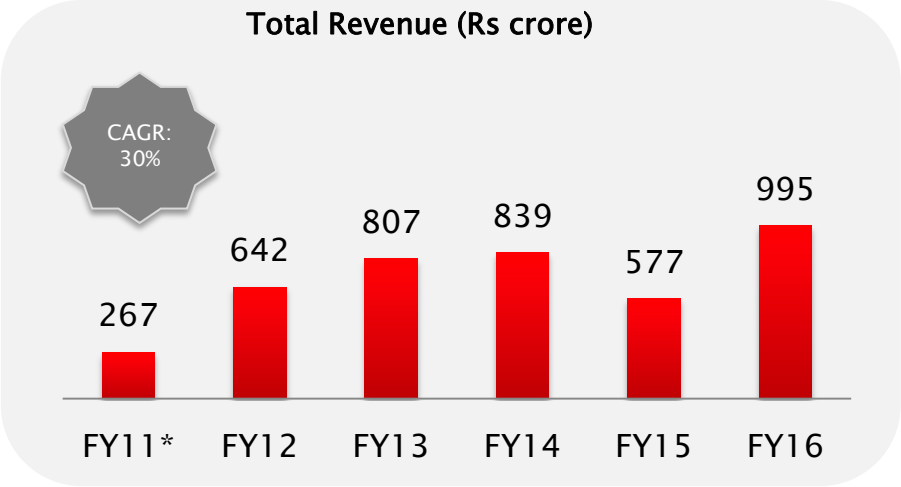
Rs. crore

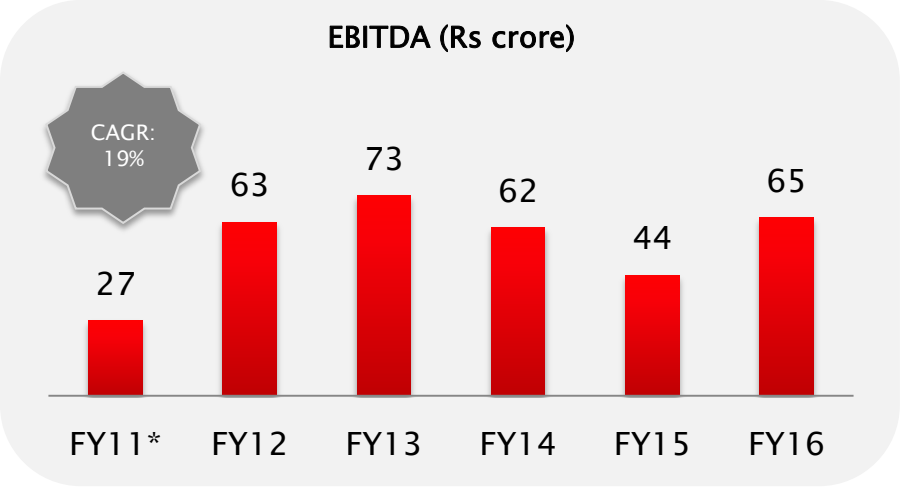
Particulars	FY 2013	FY 2014	FY 2015	FY 2016	Q1 FY16	Q1 FY17
Total Net Revenues (Incl. OI)	**730.5**	**770.7**	**533.3**	**906.3**	**234.6**	**83.7**
- Branded Net Revenues	*390.6*	*460.8*	*447.5*	*468.2*	*100.6*	*82.8*
- Government Net Revenues	*338.0*	*308.2*	*84.3*	*432.7*	*133.8*	*-*
- Other Income	*1.9*	*1.85*	*1.5*	*5.4*	*0.2*	*0.9*
Material Cost	**491.2**	**520.2**	**317.5**	**621.9**	**167.0**	**48.0**
- Cost of Materials Consumed	*444.1*	*483.6*	*248.3*	*566.6*	*147.2*	*36.8*
- Purchases of Stock-in-Trade	*73.5*	*85.3*	*65.3*	*31.5*	*4.3*	*9.3*
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	*(26.4)*	*(48.7)*	*3.9*	*23.8*	*15.5*	*1.9*
Gross Profit	**239.3**	**250.5**	**215.8**	**284.4**	**67.6**	**35.7**
Gross Margin (%)	*33%*	*33%*	*40%*	*31%*	*29%*	*43%*
Employee Expenses	51.6	60.8	60.3	61.3	15.1	12.2
Other Expenses	119.8	128.2	111.5	157.9	36.8	23.7
EBITDA	**67.9**	**61.5**	**44.0**	**65.2**	**15.7**	**-0.2**
EBITDA Margin (%)	*9%*	*8%*	*8%*	*7%*	*7%*	*-0.2%*
Depreciation	4.0	5.1	10.2	11.5	2.8	2.8
Finance Cost	15.3	22.1	29.6	34.5	6.7	6.4
Profit Before Tax	**48.6**	**34.3**	**4.2**	**19.1**	**6.2**	**-9.4**

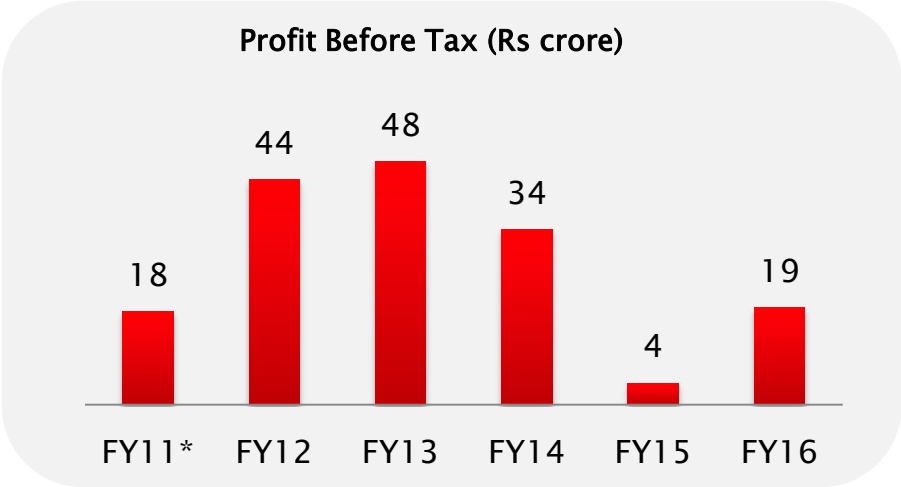
Increase in Gross profit mainly due to absence of Govt. order sales and lower institution sales contribution to overall sales

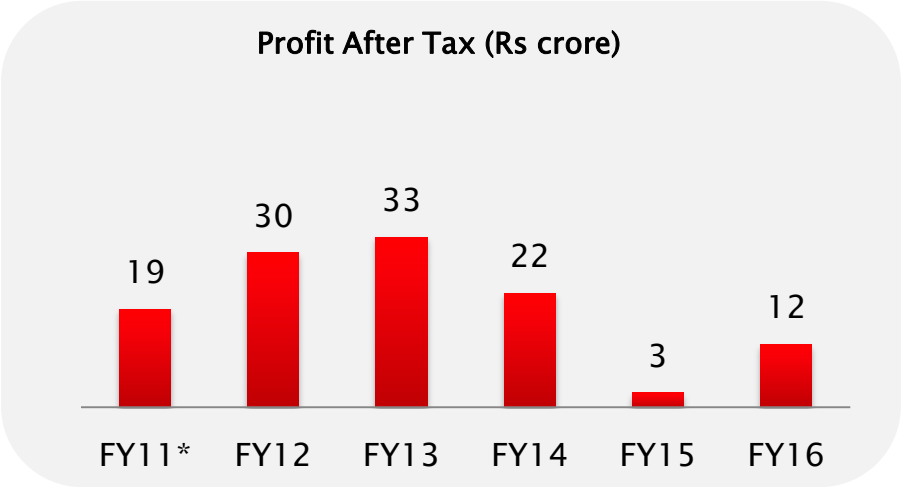
Decrease in profit mainly due to reduced contribution from the institution channel sales and increase in finance cost arising from late collection of Govt. receivable

Performance Track Record – Annualized









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.

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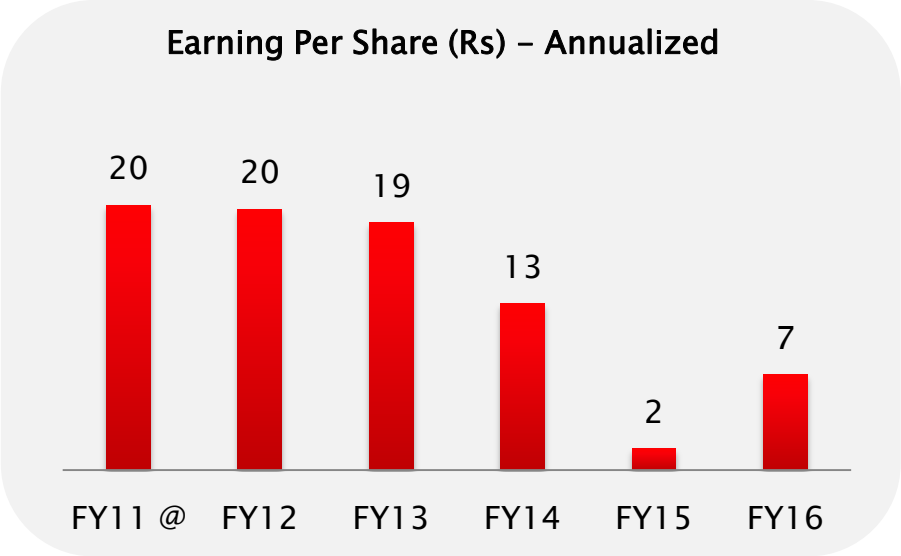
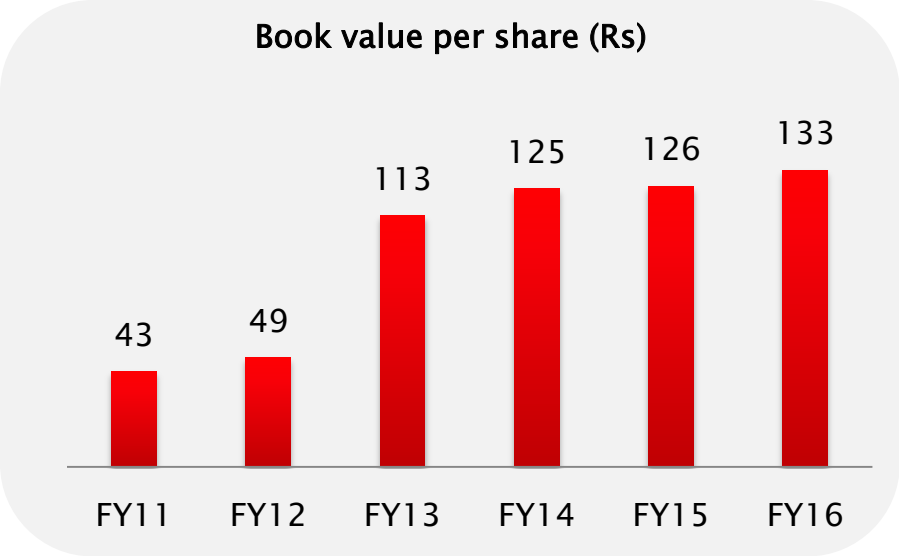
Key Financials





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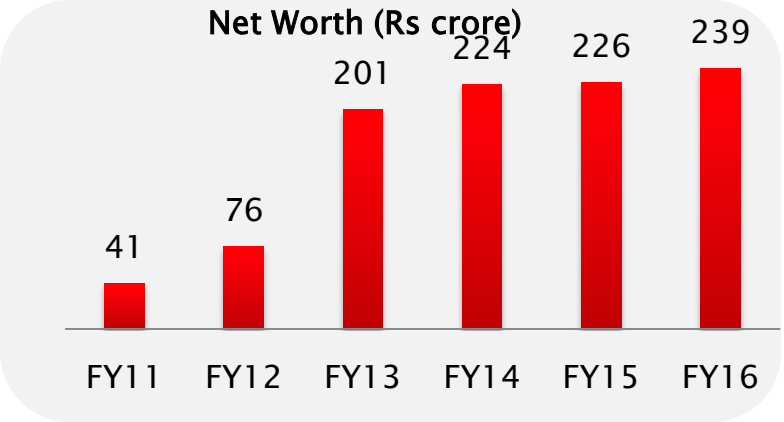
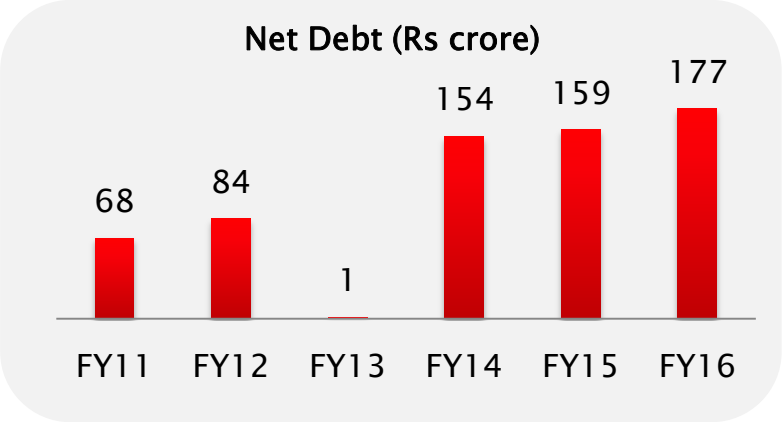
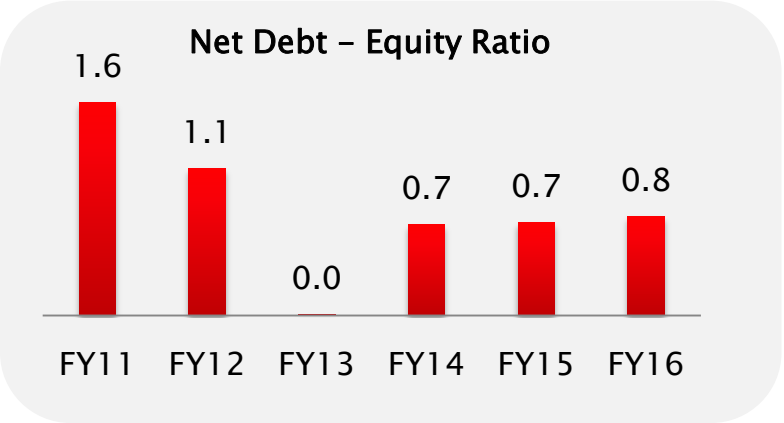
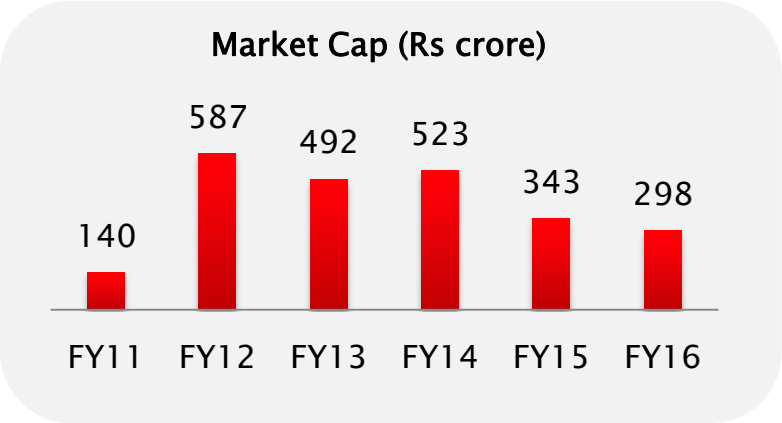
Key Financials









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

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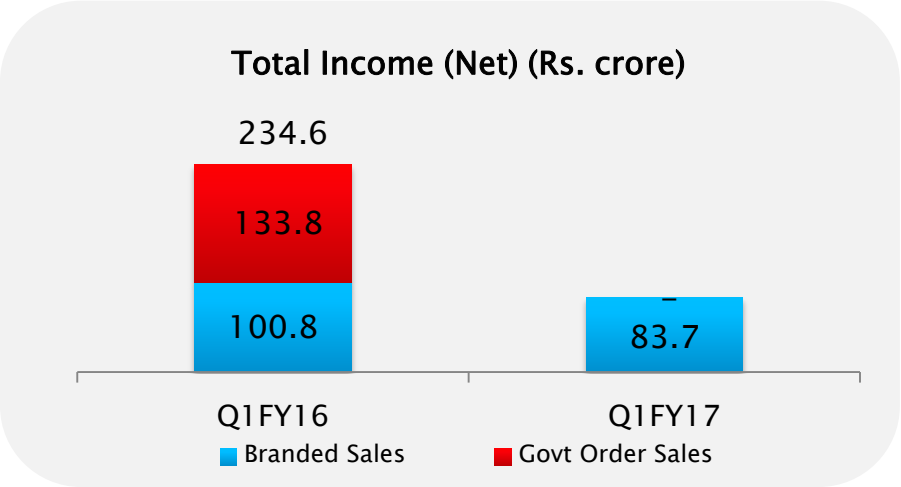
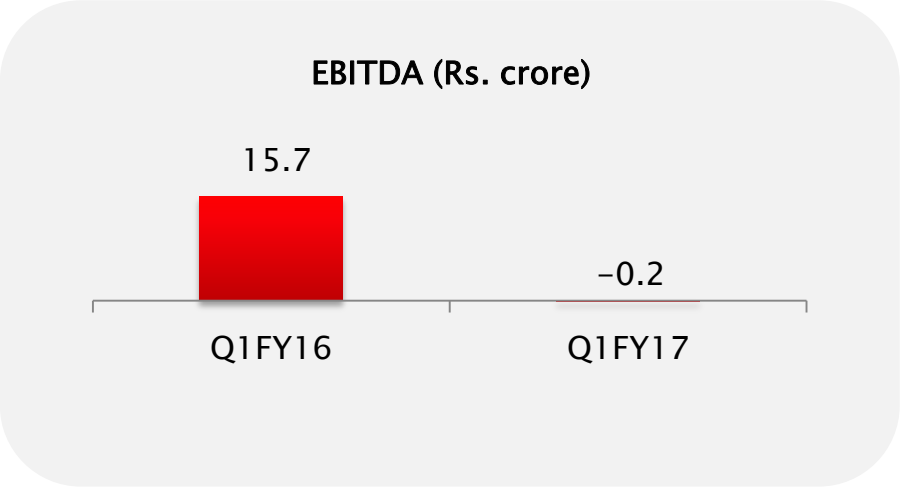
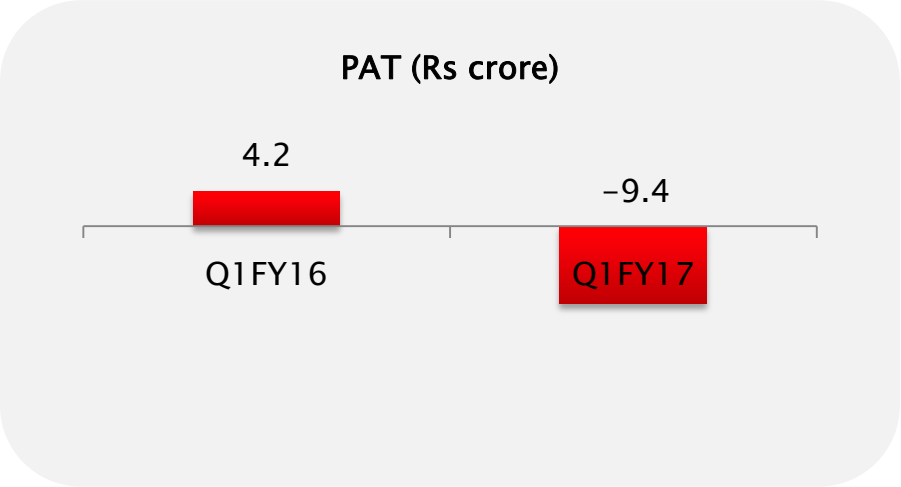
Q1FY17 Operating Performance & Highlights

Q1 FY17 – Performance highlights







- Total Income (Net) during Q1 FY17 stood at Rs. 83.7 crore, as against 234.6 crore in Q1 FY16
  - Branded sales was lower by **17.0%** on a Y-o-Y basis mainly due to fall in institution sales
  - No Govt. Sales contribution in this quarter
- PAT stood at Rs. -9.4 crore in Q1 FY17

Detailed Performance Overview discussed on Slide 24

Performance Overview for Q1 FY17

- Branded Net Sales during the quarter was lower by 17.0% on a Y-o-Y basis due to the short term drag of the institution channel sale
- Retail sales during the quarter witnessed a positive growth on a Y-o-Y basis
- Institution sale was impacted because of lower connection release by Oil Companies. PM Ujjwala Yojana (PMUY) Scheme is expected to provide LPG connections to over 5 crore household below poverty line in the next 3 years. This will off-set the drop in current quarter sale in the up-coming quarters

- *The Company has already undertaken initiatives like new market consolidation, 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*
- *The Company continues to leverage its strength and position in the Southern markets, while also ensuring optimization of its pan-India expansion strategy*
- *Continued resilient focus on accomplishing Company's long-term secular growth objectives*

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

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Key Highlights

Branded Gross Sales (including excise)

(Rs crore)

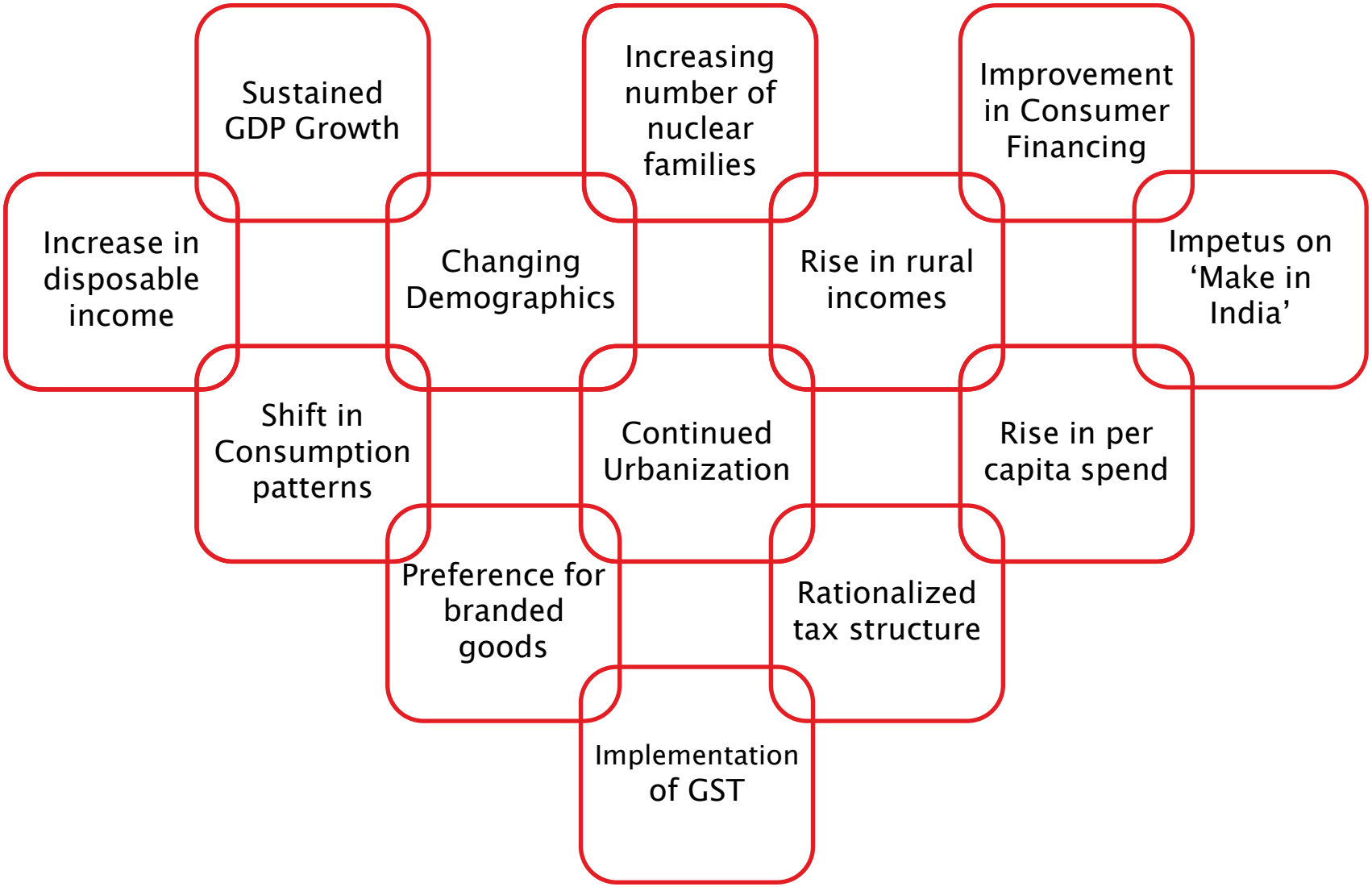
Product	Q1 FY17	Q1 FY16	Q4 FY16	Y-o-Y Growth	Q-o-Q Growth
Branded Market					
Kitchen Appliances	69.5	75.7	85.3	-8.2%	-18.5%
Cooker/Cookware	14.7	15.1	19.4	-2.6%	-24.2%
Others	7.7	5.8	4.4	32.7%	75.0%
Total-Branded	**91.9**	**96.6**	**109.1**	**-4.8%**	**-15.8%**
Others (Components / Spares)	-	15.3	4.9	-	-
Grand Total	**91.9**	**111.9**	**114.0**	**-17.9%**	**-19.4%**

- The Retail market demand was subdued for most part of the previous year. But, it has showed signs of slight improvement registering a positive 14.7% growth in the current quarter

- Fall in Institutional sales due to lower connections being released by Oil Companies had an impact on the overall sales for the quarter. This was a temporary phenomenon only and demand is already improving in second quarter

4 Outlook

Industry Growth Drivers



Butterfly®

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
- Enhancing product options for mass market as well as premium category

Capacity Expansion

- Planned enhancement of capacity for Pressure Cookers, LPG Stoves and Mixer Grinders has been completed
- 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 was Rs. 68 crore in FY16
- Advertising and marketing activities will help to leverage the enhanced distribution network and wider market reach

Outlook

CATEGORY	Q1 FY17 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	85-90% of Branded Sales in Q1 FY17	• The market scenario was comparatively better, especially in Southern markets	Retail channel demand showed slight improvement in current quarter and is expected to be positive in the coming quarters as well
Institutional Channel Sales	10-15% of Branded Sales in Q1FY17	• New LPG connections release got delayed, which impacted sale during the quarter	Consumer demand is expected to improve in the coming quarters, especially with the launch of PMUY scheme
TOTAL BRANDED SALES	Rs. 92 crore		
GROSS REVENUES	Rs. 92 crore		

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Thank you