BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

August 18, 2014

National Securities Depository Ltd,
4th Floor, "A" Wing, Trade World,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400 013.

Dear Sir,

Butterfly Gandhimathi Appliances Limited – Results presentation
for the first quarter ended on 30.6.2014 (FY 2014-15)

Enclosed please find the Company's Performance/Results presentation for the first quarter ended on 30.06.2014, which may please be uploaded in the NSE 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

Q1FY15

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 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. 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
- 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

18%
OF FY14
REVENUES FROM NON-
SOUTH STATES

3x
EXPANSION IN PRODUCT
CATEGORIES IN LAST 12
MONTHS

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
LLMAL Transaction	○ Addition of several 'high potential' product categories ○ Increased share of trade with retailers improves brand salience

Product Portfolio

Every product is manufactured on the pillars of Safety, Durability, Efficiency, Aesthetics & Reliability

LPG Stove

Mixer Grinder

Table Top Wet Grinder

Pressure Cooker

Electric Chimneys

Non Stick Cookware

Induction Cooktops

Electric Rice Cookers

Juicer Mixer Grinder

Electric Kettle

Sandwich Maker

Air Coolers

Other Products

Hand Blender	Juicer	Electric Iron
Fans	Yogurt Makers	Microwave Ovens
Water Heaters	Toasters	

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

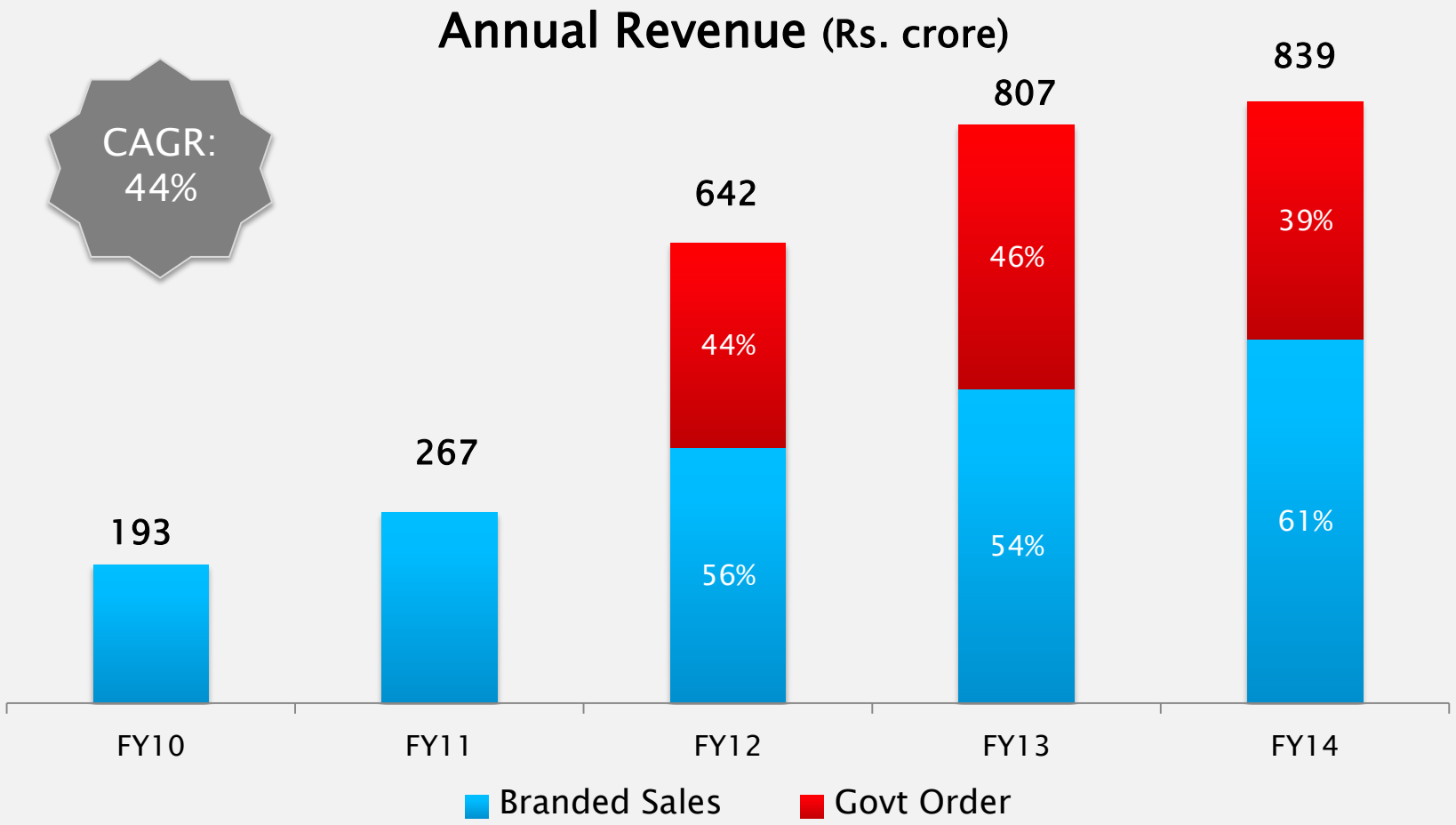
2012
- Preferential Issue to Reliance PE – raised Rs. 100 crore of growth capital
- Net sales crossed Rs. 500 crore – growth of 140% over the previous fiscal
- Established a branch office in the United Kingdom to oversee and promote exports in the region

2013
- Launched 50 new SKUs

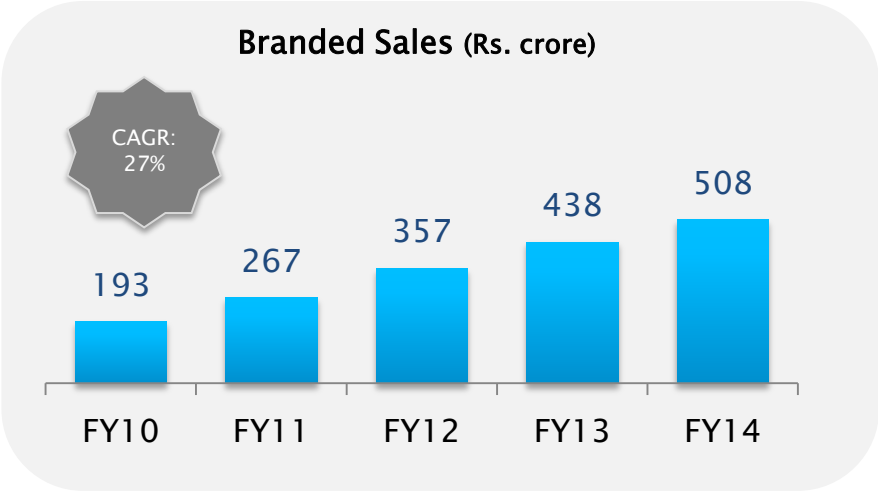
2014
- Launched 4 new Product Categories
- Added 60 SKUs to product range
- Enhanced Pan-India presence to include all 28 states
- Acquires a division from Associate Company LLM Appliances

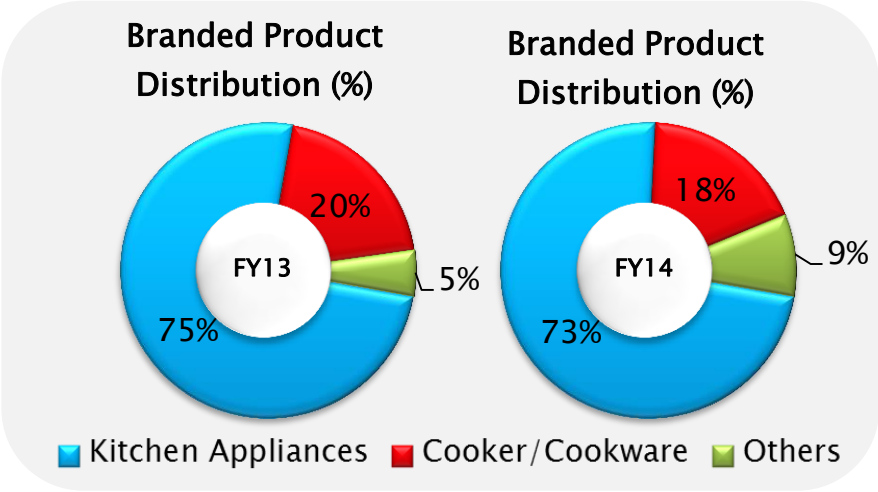
Butterfly®

Revenue Profile



Branded Retail Sales



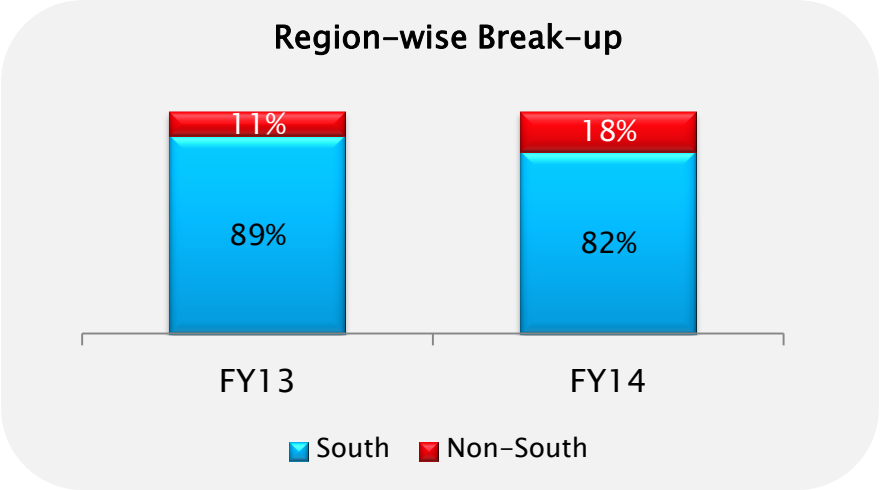


Through Institutions

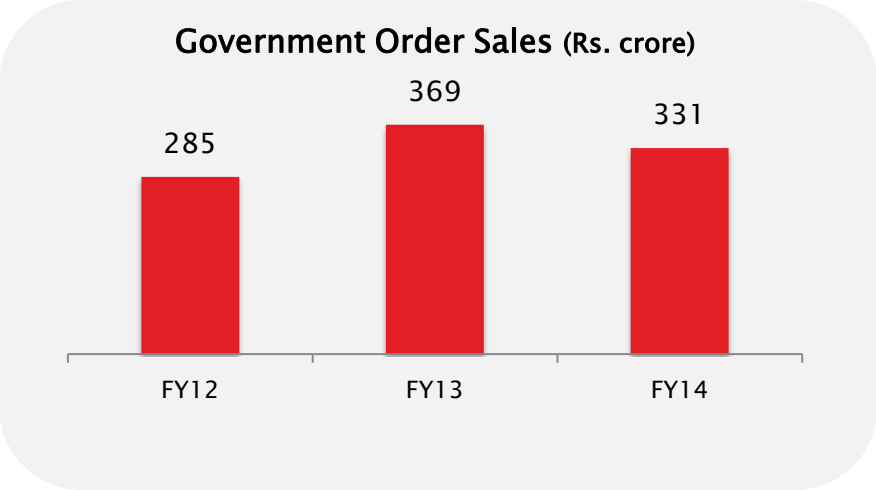
- Tie ups with Gas dealers of IOCL, BPCL and HPCL
- Customers for new gas connection are provided with co-branded products manufactured by BGMAL
- This provides the Company a ready market for primary sales at the point of Gas connections itself

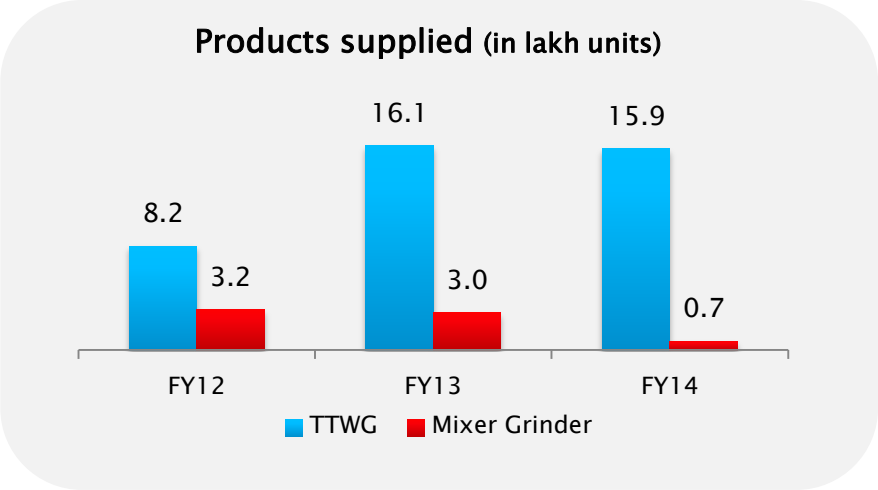
Through Retail Marketing

- 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



Government Orders





- For the last 3 years, BGMAL has participated in the annual tender of Tamil Nadu Civil Supplies Corporation
- In the third tender, BGMAL undertook orders for the supply of Table Top Wet Grinders only
- Details of 4th annual tender expected to be announced in September-October, 2014

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

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Transformation Strategy & Operational Progress

BGMAL Transformation

Phase I (FY06 – 10)

Laying the Foundation

- Turned around operations
- Enhanced capacity utilizations and volumes
- Built dominant position in South India in key products

Phase II (FY11 – 13)

Accelerated Growth

- Merger of Gangadharam Appliances
- Rapid Sales growth accompanied by sharp improvement in profitability
- Won tender for Government orders resulting in quantum leap in volumes
- Raised equity funds from private equity partner for next stage of growth and governance

Phase III (FY14 – 16)

Investment for next level growth

- Augmenting pan-India sales and distribution network
- Increased marketing and brand awareness activities and higher R&D spend
- Acquired rights to the Butterfly brand in perpetuity through the acquisition of a division of Associate Co. LLM Appliances (Cost Rs. 47.8 crore)
- Investing in top quality professionals
- Enhancing governance, reporting and internal system standards
- Capacity expansion underway
- Leveraging on R&D capabilities to introduce new products with unique design and additional features

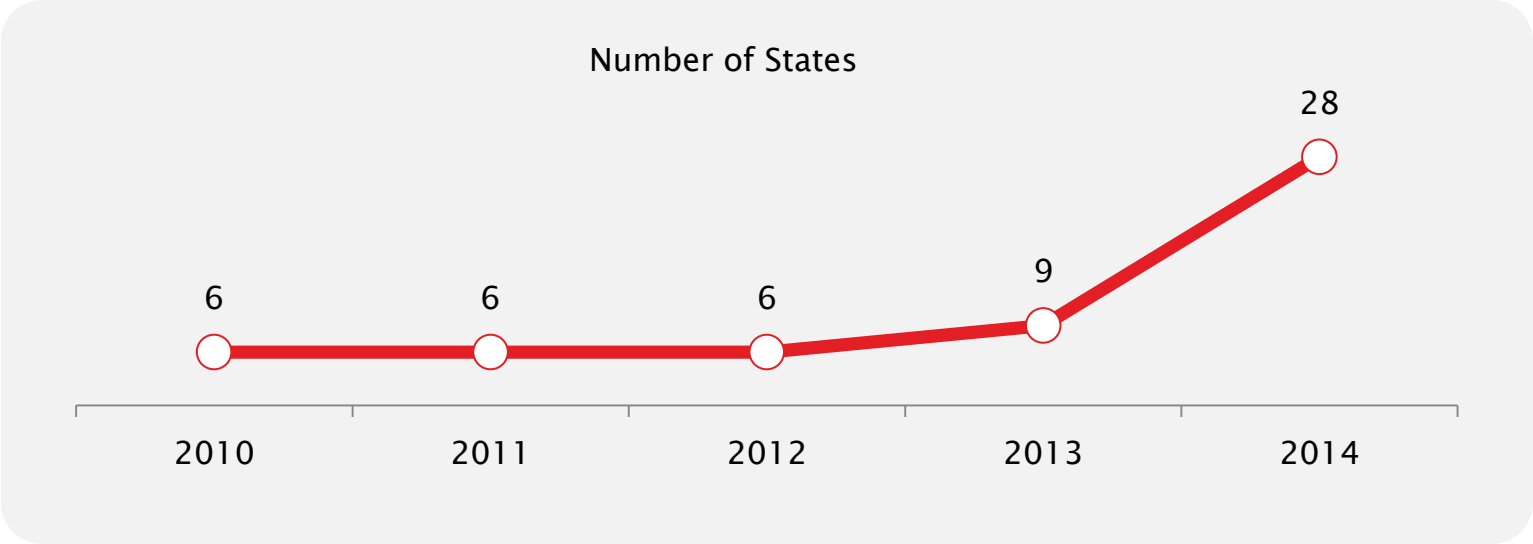
Phase IV (FY17 onward)

Aiming for leadership in the Electric and Kitchen appliances space

- Accelerate operating leverage
- Enhance Gross Margin profile and return ratios
- Revenue momentum and enhanced operating efficiencies to result in calibrated improvements in Working Capital standards

Scale & Geographic Reach

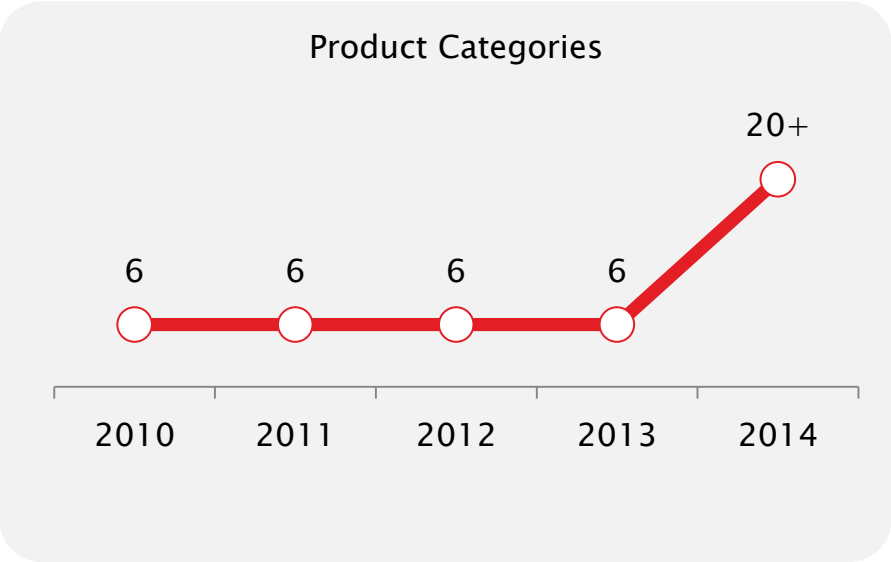
Increased Geographical expansion to support long-term growth plans

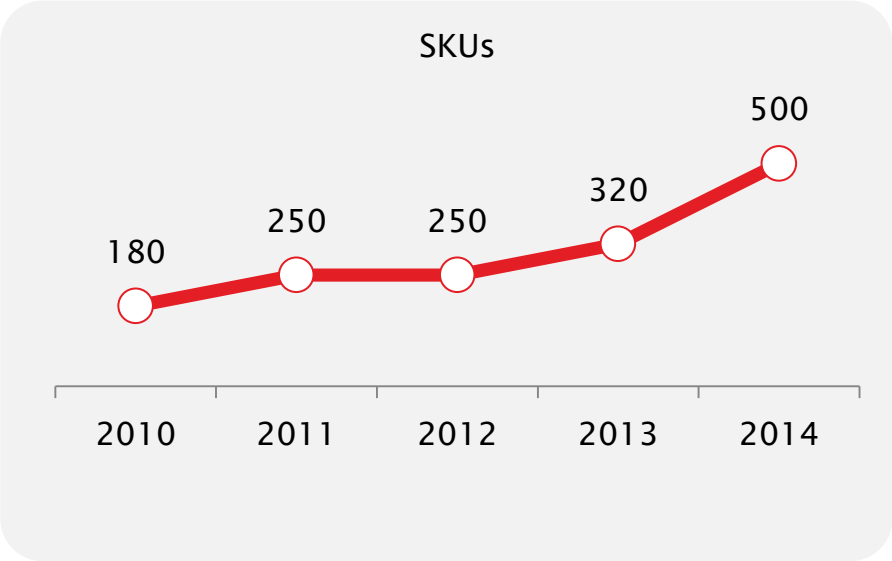


- Over the past two years, brand "Butterfly" has widened its presence all over India
- In addition to its extensive presence in South India, the Company has focused on strengthening its presence in non-South markets by widening its distribution network and augmenting after sales service capabilities
- 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

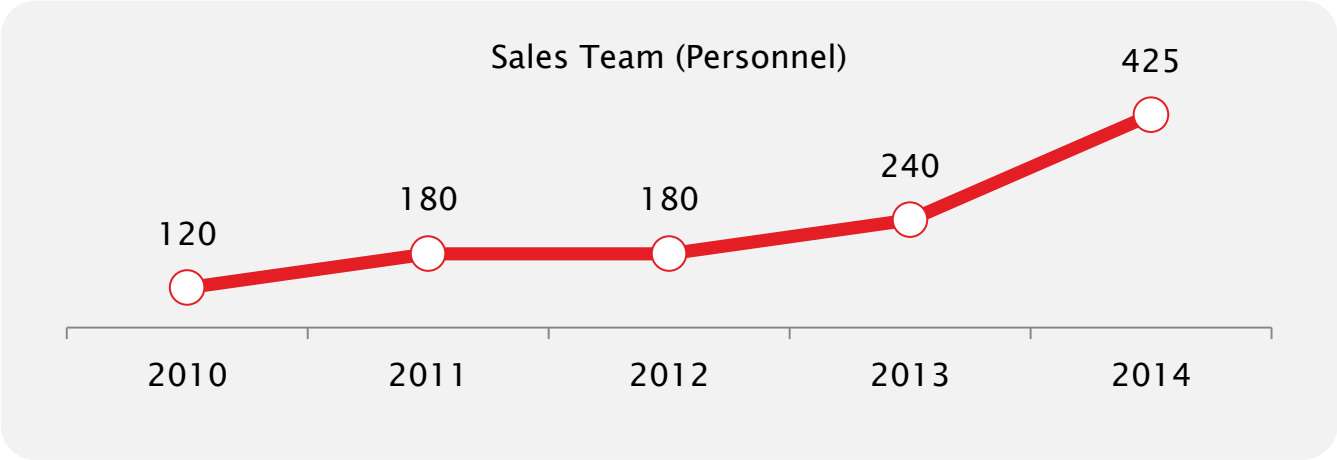


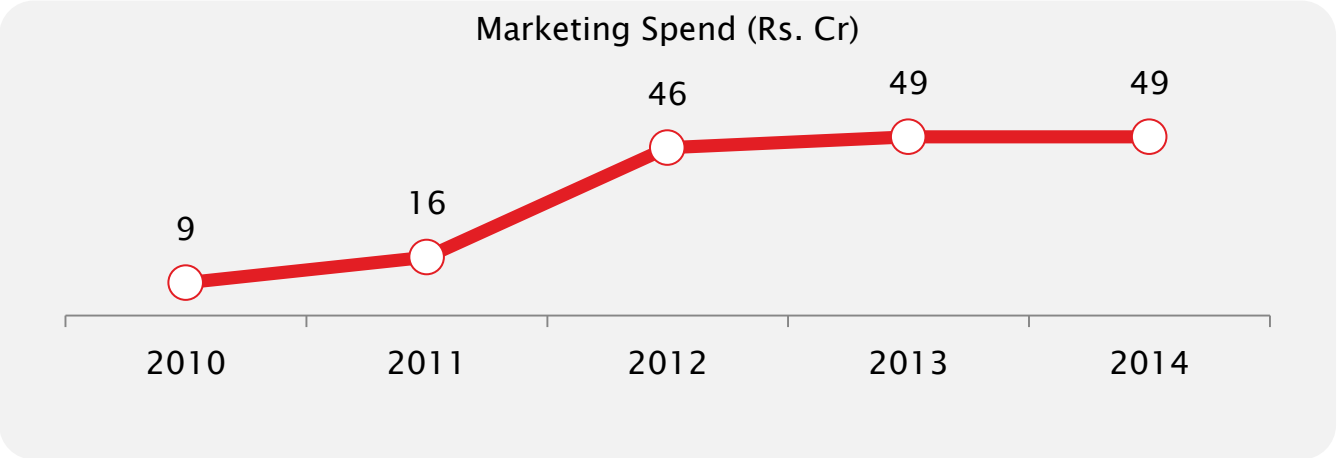


- BGMAL added 14 new products categories and variants to its product basket in FY14 including products added due to the LLMAL Domestic Kitchen and Domestic Electrical appliances acquisition, taking the total offering to over 20 products
- Further, the Company organically added 60 new SKUs in FY14 and 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
a) Shareholders' Funds	75.6	201.3	223.7
b) Non-current Liabilities (NCL)	37.8	12.7	21.4
- Long-term Borrowings	*35.4*	*6.4*	*14.3*
- Other NCL	*2.4*	*6.3*	*7.2*
c) Current Liabilities (CL)	177.0	327.6	427.5
- Short-term Borrowings	*71.0*	*37.1*	*171.3*
- Trade Payables	*72.9*	*220.4*	*207.2*
- Other CL	*33.1*	*70.1*	*49.0*
Total	**290.4**	**541.6**	**672.7**
Net Debt – Equity Ratio	1.1	0.0	0.7

Long-term borrowings used to part fund capacity expansion

Delayed Receipt of Debtors led to temporary spike in Short-term borrowings on balance sheet date – Have subsequently received payments of Rs. 80 crore in April 2014 and reduced debt and trade payables

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Abridged Balance Sheet

Rs. crore

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

- *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*

Average inventory has risen due to increased number of distribution points and increase in SKUs
Also, acquisition of Appliances Division from LLMAL on March 29, 2014 led to an increase in the average inventory without corresponding increase in sales

In accordance with payment terms, Debtors include retention money from FY13 & FY14 State Government Tender

Acquisition of Appliances Division from LLMAL on March 29, 2014 has also pushed up year end debtors without corresponding increase in sales

Delayed receipt of payment from Government of Tamil Nadu for Rs. 120 Crore due in March 2014 – of which Rs. 80 Crore received in April 2014 led to temporary spike in debtors

Have already drawn up plans to reduce working capital intensity.

By excluding the Government debtors and Government sales in FY14, the debtor days stands at 76 and working capital days stands at 59 in FY14

Abridged Profit & Loss Statement

Rs. crore

Particulars	FY 2012	FY 2013	FY 2014
Total Net Revenues	**595.9**	**730.5**	**770.7**
Material Cost	**388.9**	**491.2**	**520.2**
- Cost of Materials Consumed	*338.6*	444.1	*483.6*
- Purchases of Stock-in-Trade	*58.0*	*73.5*	*55.9*
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	*(7.6)*	*(26.4)*	*(19.2)*
Gross Profit	**207.0**	**239.3**	**250.5**
Gross Margin (%)	*35%*	*33%*	*33%*
Employee Expenses	32.0	51.6	60.8
Other Expenses	111.5	119.8	133.7
EBITDA	**63.2**	**67.9**	**56.0**
EBITDA Margin (%)	*11%*	*9%*	*7%*
Depreciation	1.7	4.0	4.9
Finance Cost	17.6	15.3	16.8
Profit Before Tax	**44.2**	**48.6**	**34.3**

Gross margins have remained largely stable over the last 3 years

In view of business expansion in new markets and hiring of senior professionals, there has been increase in Employee Costs

Modernization of plant for major products

Butterfly®

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
- Close monitoring of 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 match perception of product quality synonymous with the "BUTTERFLY" brand

3

Product Launches in Q1FY15

New Products Launched in Q1FY15

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 Q1FY15

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 Q1FY15

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

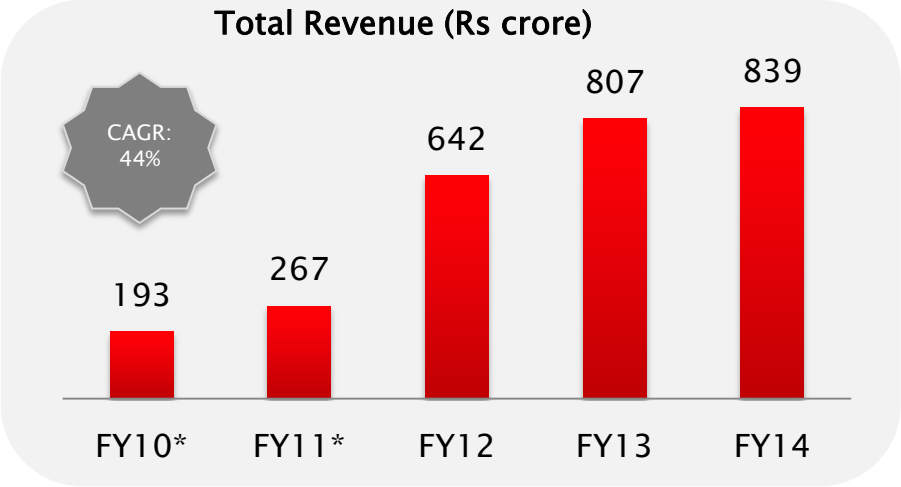
Features:

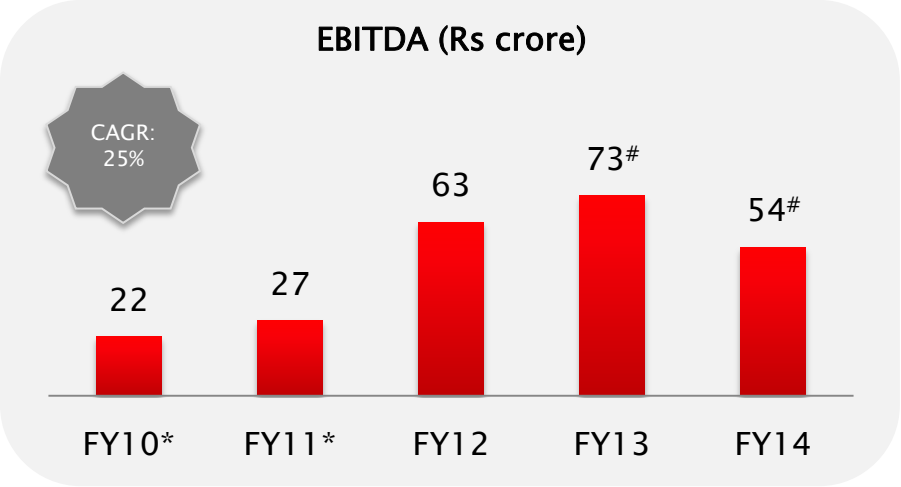
- Aesthetically designed with a Bulge-shaped bottom
- Ensures better stirring of food
- High in quality and superior design
- Food grade virgin aluminum body of Pearl Plus cooker ensures long life
- Superb Plus cooker enjoys peel-proof body
- Compatible with Induction stoves as well as LPG stoves
- Precision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

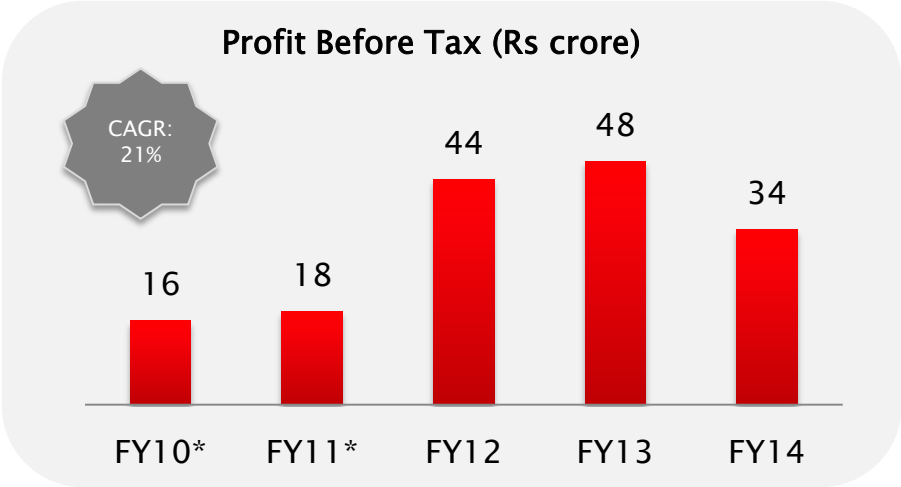
4

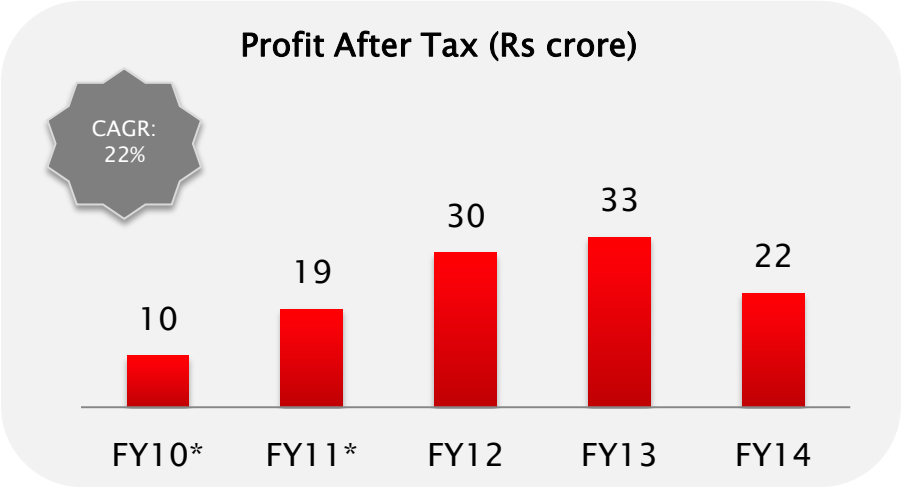
Financial Overview

Performance Track Record – Annualized









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

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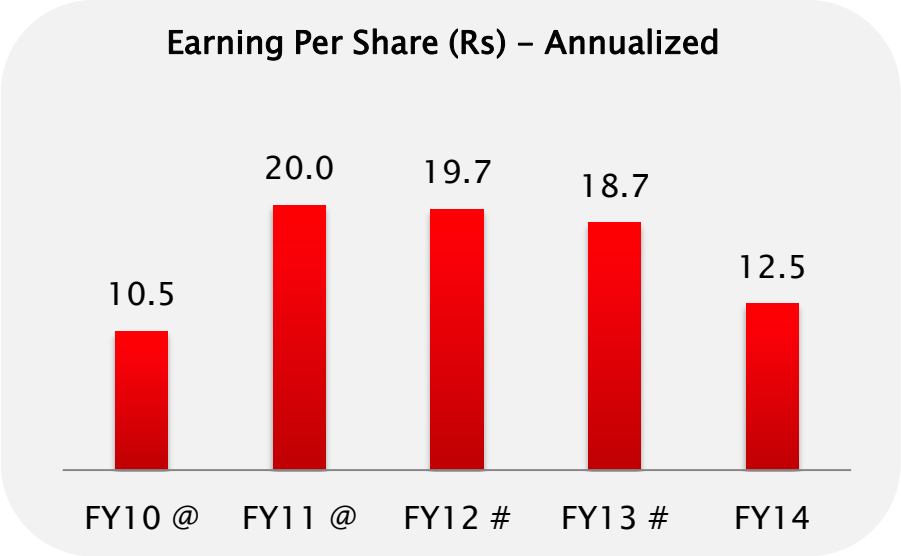
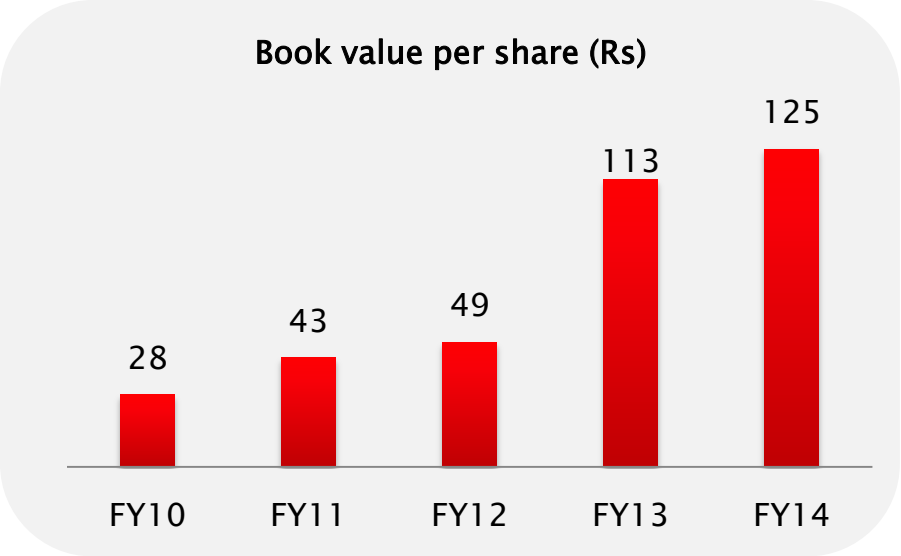
Key Financials

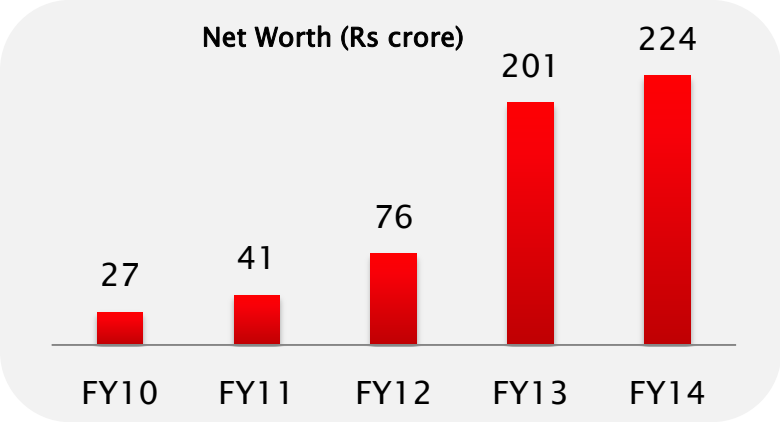


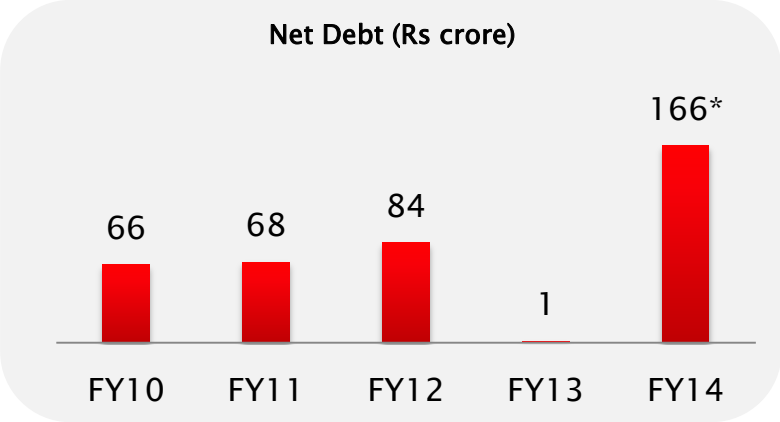


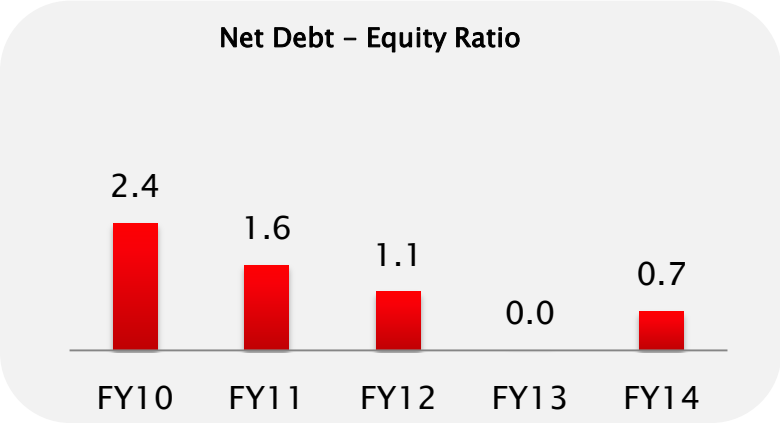
@ FY10 was extended to 18 months ending 30.06.2010 and FY11 was for period of 9 months ending 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

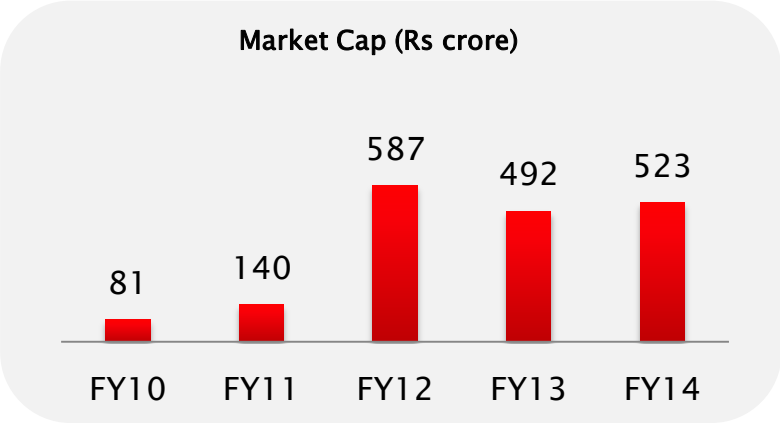
EPS for FY12 and FY13 have reduced due to expansion of the Equity Base

Key Financials







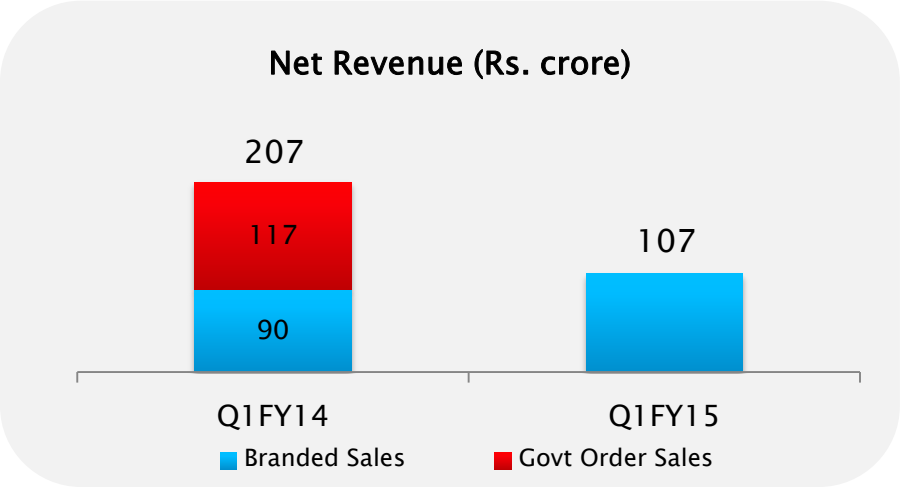


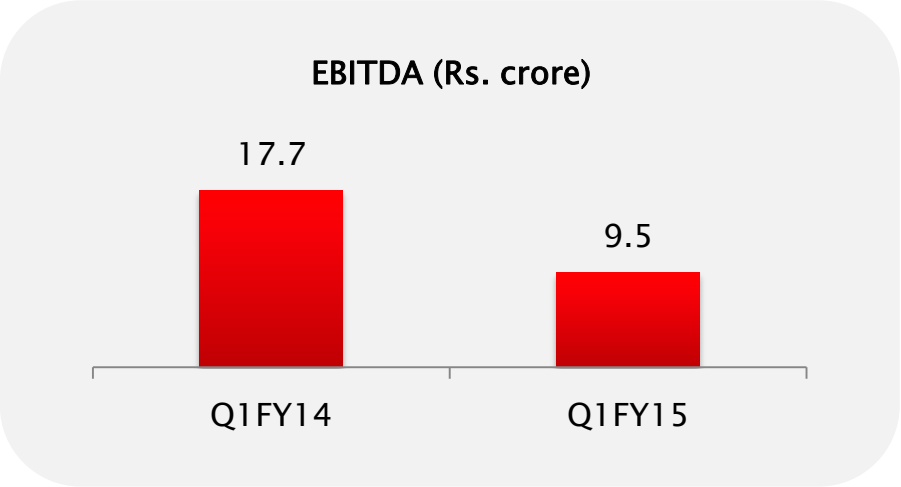
- Increase in Net debt in FY2014 was on account of delayed payment of Government orders. Rs. 120 crore was due in March 2014, out of which Rs. 81 crore was received in April 2014, Rs. 16 crore in May 2014 and Rs. 21 crore in June 2014.
- The total receivables from the Government orders is Rs. 177 crore

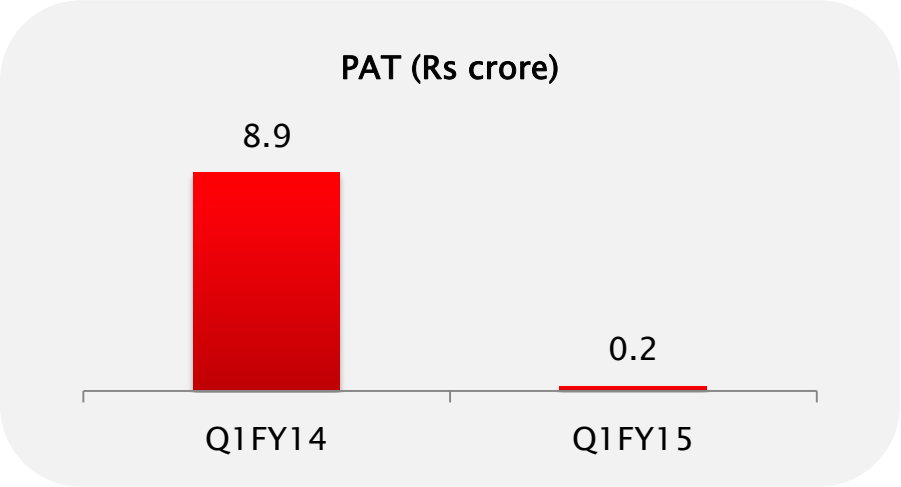
5

Q1FY15 Operating Performance & Highlights

Q1FY15 – Performance highlights







- Branded net revenue grew by 19% from Rs. 90 crore in Q1FY14 to Rs. 107 crore in Q1FY15. In absence of Govt. order for Q1 FY15, net revenue was lower by 48% on a Y-o-Y basis
- Higher finance cost, increased employee benefit expenses for new markets, development and establishment of modern studio for R&D activities, caused lower profit for Q1 FY15

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

Butterfly®

Key Highlights

Branded Gross Sales

(Rs crore)

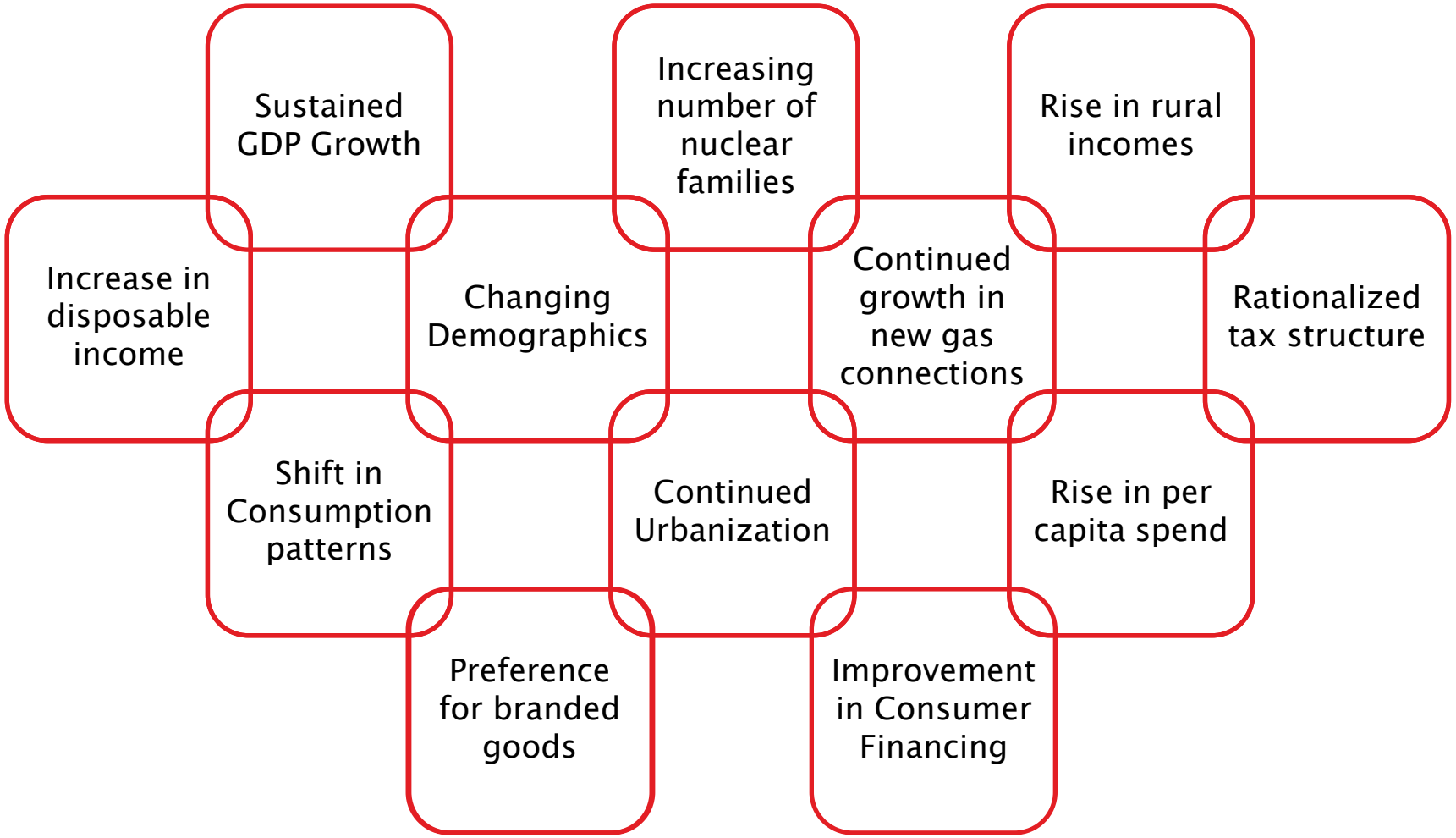
Product	Q1FY15	Q1FY14	Q4FY14	Growth
Branded Market				
Kitchen Appliances*	85.4	76.6	71.1	11.4%
Cooker/Cookware*	19.9	14.2	18.3	4.0%
Electrical Products*	7.2	-	-	-
Others*	1.4	1.5	8.6	-6.6%
Total-Branded	**113.9**	**92.3**	**98.0**	**23.4%**
Others (Components / Spares)	-	10.6	9.8	-100%
Grand Total	**113.9**	**102.9**	**107.8**	**10.7%**

- Q1FY15 performance is not comparable to Q1FY14 performance due to the acquisition of LLM Appliances business in Q4FY14
- Excluding LLM acquired products' sales in Q1FY15, branded gross sales have remained static on a Y-o-Y basis mainly due to lower institution channel sales by 23.4% . Retail channel sales excluding LLM acquired products increased by 13% on a Y-o-Y basis. The sale of LLM acquired products stood at Rs. 21.6 crore in Q1FY15
- Retail channel sales are growing as per our target of 25-30%. Institution 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 Q1FY15 are as follows:
Kitchen Appliances - Rs. 7.2 crore
Cooker/Cookware - Rs. 6.4 crore
Electrical Products - Rs. 7.2 crore
Others - Rs. 0.8 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	FY14 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	70 – 75% of Branded Sales in FY14	• Initial signs of improving market sentiments are visible • Increased market presence through enhanced distribution network driving volumes • Widening of product portfolio and introduction of new product variants also contributing to sales growth	On track to meet internal growth target of 25-30% in FY15
Institutional Channel Sales	25 – 30 % of Branded Sales in FY14	• Institution sales is dependent on release of new LPG gas connections • New LPG gas connections are expected in Q3 / Q4FY15	Company is monitoring the situation and will be able to comment on it in the coming quarters
Sales of New Product categories	N.A*	• Products added through acquisition are sunrise products with high growth potential • Sales of existing product categories boosted by leveraging combined distribution infrastructure and sales force	On track to meet internal growth target of over 50% in FY15
TOTAL RETAIL SALES	**Rs. 508 crore**		
Government Order Sales	Rs. 331 crore	• Participation strategy in 4th Annual tender will be known by Sep/Oct 2014 • As in earlier years, participation to be based on evaluation of value creation as well as continuation of conducive terms and conditions	Based on previous experience, Govt. order (if awarded) will contribute to the company's top and bottom lines
GROSS REVENUES	**Rs. 839 crore**		

NOTE : * Prior to acquisition, the acquired Company reported Rs. 81 crore of revenues in FY14.

Thank you