



Butterfly Gandhimathi Appliances Ltd.
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**Butterfly Gandhimathi Appliances Limited acquires Domestic Kitchen &
Domestic Electrical Appliances division from Associate Company
LLM Appliances Limited**

Obtains perpetual rights to trademark “Butterfly”

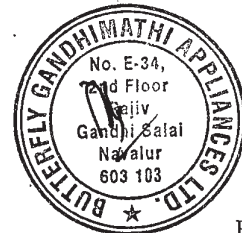
Combined offering STRENGTHENS market position

Chennai, March 29, 2014: Butterfly Gandhimathi Appliances Limited (BGMAL), operating the brand "Butterfly" in Domestic Kitchen and Domestic Electrical appliances and amongst India's top three players in this category has further strengthened its product offering by acquiring the "Butterfly" brand in perpetuity including the right to offer the entire range of Domestic Kitchen and Domestic Electrical appliances globally.

This has been achieved through the acquisition of one of the Divisions of its Associate Company – LLM Appliances Ltd. (LLMAL), engaged in the procurement / manufacturing and marketing of Domestic Kitchen and Domestic Electrical appliances under the trade name and trademark "Butterfly", without any overlap with BGMAL's products. With this business acquisition, BGMAL can now operate freely in the entire Domestic Kitchen and Domestic Electrical Appliances segments with the "Butterfly" brand.

LLMAL, over the past seven years, has established multifarious arrangements with overseas and local suppliers for the exclusive production and supply of a number of Domestic Kitchen and Domestic Electrical appliances. Hence, this acquisition will immediately add upto fifteen (15) popular products to BGMAL's product basket like Induction cooktops, Rice Cookers, Air-coolers and Fans.

In addition to an alluring portfolio of products, this acquisition will boost BGMAL's existing sales and marketing strength and pan-India distribution network. The combined volumes will also greatly enhance BGMAL's negotiating power and status with suppliers and distributors.





Based on a valuation of the business made by ICICI Securities Limited, BGMAL has acquired the business for a lump sum consideration of Rs.47.75 crores. Further, the acquisition cost, on capitalisation in the Company's books of accounts, will be eligible for a higher rate of depreciation for income-tax purposes, thus rendering a cushioning effect to the Company's bottom line.

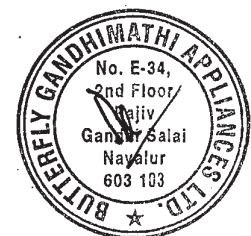
The revenue generated by this division of LLMAL upto March, 2014 was approximately Rs.81 crore. BGMAL estimates that, by leveraging the combined selling and distribution network of both the entities, the revenue potential for these products in the first year, i.e. FY-15, on a conservative estimate, will have a quantum jump, thus rendering the entire re-organization worthy and value accretive.

Commenting on the acquisition, Mr. V.M Seshadri, Managing Director said, *"This re-organisation is value accretive, synergetic and strengthens the Butterfly brand offering. BGMAL will now be able to operate a comprehensive range of Domestic Kitchen and Domestic Electrical appliances from a single platform armed with the Butterfly brand.*

We expect growth in both these segments i.e. Domestic Kitchen and Domestic Electrical Appliances, to continue unabated, beating historical growth rates due to improved penetration of brands and increased appreciation of the quality, styling and the value offered in products by the trademark Butterfly. The branded consumption led growth in India supported by rising incomes will form the basis for sustained growth in the future.

Most of the products added by way of this acquisition are sunrise products, the market for which will steadily increase in the coming years. In the long term, BGMAL will consider manufacturing these products in-house once these products achieve critical mass through sustained growth. The key strength of BGMAL lies in design, product styling, quality, the sheer range of products and value addition to consumers.

BGMAL is now investing significantly in its R&D capabilities to augment its demonstrated track record of innovation. Through this acquisition, the R&D capabilities will be leveraged across the entire range of Domestic Kitchen and Domestic Electrical appliances, thereby enhancing synergies and delivering value for money to the consumer"





About Butterfly Gandhimathi Appliances Limited

Butterfly Gandhimathi Appliances Ltd (BGMAL) [BSE – 517421] is a leading manufacturer of Kitchen and Electrical Appliances in India. Headquartered at Navalur, Kancheepuram District, Tamil Nadu, BGMAL is a multi-product company offering a variety of products such as LPG Stoves, Mixer Grinders, Table-Top Wet Grinders, Pressure Cookers, Electric Chimneys, Juicer, Juicer Mixer Grinder, Hand Blender and Non-stick Cookware.

With state-of-the-art-manufacturing units and topnotch R&D facilities, BGMAL is ranked amongst the top three manufacturers in the domestic kitchen appliances sector in India. The Company has regularly participated and supplied its products against government tenders. It is one of the fastest growing companies in the sector with Compounded Annual Growth in Revenues of 61% for the period FY2010 – 2013.

BSE: 517421; Bloomberg: BGAL@IN

For more information, visit www.butterflygandhimathiappliances.com

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