



# BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

August 5, 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,

## Re: Chairman Speech

We are forwarding herewith a copy of the Chairman speech delivered at the Twenty Ninth Annual General Meeting of our Company held today at the Company's Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District.

We request you to kindly take the above documents as record.

Thanking you,

Yours faithfully,  
For Butterfly Gandhimathi Appliances Limited

*K.S. Ramakrishnan*  
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

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

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**BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**

**Chairman's Speech at 29th Annual General Meeting of the Company  
held on 05.8.2016**

Dear Shareholders,

It gives me great pleasure in welcoming you all to the 29<sup>th</sup> General Meeting of your Company. The Annual Report for the year ended 31<sup>st</sup> March 2016 has been with you for some time now so, with your permission, I shall take it as read.

### **Review of Performance**

The world economy is undergoing a grim phase. Fiscal 2016 saw heightened volatility and uncertainty in key international markets, which translated into continuation of the subdued growth rates. In the midst of such a weak global scenario, India's growth story largely remained positive on the strength of key monetary parameters and a steadily improving pace of economic growth.

The kitchen appliances sector also witnessed initial green shoots of revival during the year. Several factors such as lower commodity prices, improved urban demand, healthy festive sales and an overall enhanced consumer sentiment augmented the growth in the industry in FY2016.

Against this backdrop, your Company delivered a strong performance during the year demonstrating the strength of its business model. The Company's total net income stood at Rs. 906.3 crore in FY2016 as against Rs. 533.3 crore in FY2015. An overall pick-up in the Kitchen Appliances segment, healthy festival demand, improved institutional segment and successful execution of the government orders led to a healthy performance during the fiscal. Net branded sales during the year stood at Rs. 473.6 crore as against Rs. 449.0 crore in FY15, higher by 5.5% on a Y-o-Y basis. Government Sales during the year stood at Rs. 433 crore (net). The year's performance when viewed against last year on a relative basis is not comparable as the government orders were executed for only part of the year in FY15, whereas larger volumes of government orders were executed in FY16.

Over the last few years, the Company has driven solid efforts in augmenting its distribution network in the established southern markets, while also ramping up reach in the non-south business. The Company enjoys a strong distribution system spanning exclusive distributors and retail touch points, thus allowing a faster, efficient and highly flexible distribution solution to satisfy end-customers' needs and demands.

On the financial performance - The success of the combination of various strategic initiatives taken over the last few quarters has resulted in higher profitability for the Company. EBITDA stood at Rs. 65.2 crore, higher by 48%, which translated into improved PAT at Rs. 12.4 crore. Based on our annual performance, the Board of Directors has recommended a dividend of Rs. 1.25 per share of a Face Value of Rs. 10 for the year ended March 31, 2016.

The year gone by also saw your Company placing great emphasis on important strategic initiatives which are expected to drive continued success and growth within the organization in the years to come. Improving focus towards the on-going pan-India expansion, launch of additional products categories, focus on innovative hi-tech products, entry into modern retail formats and enhanced brand awareness activities, coupled with enhanced trade reliability and cost-effectiveness of business model are few of the initiatives undertaken by the Company during the year.

### **Branded Sales**

Branded Gross Sales contributed to 54% of total Gross revenue during the fiscal 2016 and stood at Rs. 534 crore. Kitchen Appliances segment accounted for the major share of the branded sales and stood at Rs. 388 crore, registering an improvement of 5.5% over the previous fiscal. Cooker/cookware segment stood at Rs. 86.7 crore, contributing to 18% of the overall revenues. The others segment contributed to 3% of the overall revenues and stood at Rs. 13 crore.

Stable performance across the key product categories of LPG stoves, Mixer Grinders and Table Top Wet Grinders along with other products drove the overall performance during the fiscal, further supported by new product launches.

### **Government Sales**

FY2016 marked the best-ever performance in Government orders by your Company. In the month of January 2015, the Company was awarded a tender worth Rs. 510 crore from the Tamil Nadu Civil Supplies Corporation for the supply of Table Top Wet Grinders. This is the largest ever order received by the Company and marks the conclusion of the TNCSC scheme as envisaged under the current government. During FY2016, the Company also won another order worth Rs. 90 crore from Pondicherry Co-op Wholesale Stores (PCWS) for the supply of Table Top Wet Grinders and mixer grinders

The sales from the 4th tender, which represented combined order for two years, further with the PCWS order, were largely realized in fiscal 2016, which led to 46% revenue contribution from Government order sales, which stood at Rs. 461 crore.

### **Outlook**

We continue to fortify our established brand equity as one of the Leading manufacturer of Kitchen and Electrical Appliances in India. We are seeing tremendous growth opportunities for our diversified product portfolio across target geographies. We will be undertaking several steps to drive penetration and consumption in core south-India markets, as well as extend it into attractive adjacencies. The Company's wide product portfolio addresses the bottom of the pyramid, while also offering premium mass products to customers, thus allowing the Company to gain foothold across multiple customer categories.

Overall, the Company foresees a great deal of opportunities for future growth. The foundation of our business remains solid and our internal initiatives of the last few quarters, we believe, will also bear fruit in the near term. The many initiatives undertaken by the Company such as the expansion of operations, strengthening brand-building activities, maximizing cost efficiencies at all levels of operations, focus on enhancing revenue share across established and underpenetrated markets, supported by a solid business model will buoy a strong performance and will allow us to create a compelling long-term shareholder value proposition for our investors, going forward.

### **Corporate Governance**

The philosophy of your Company in relation to corporate governance is to ensure transparency in its dealings and compliance of applicable laws and regulations in order to promote ethical conduct and practices throughout the organization. Your Company is committed to comply with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to the Corporate Governance. A separate section on corporate governance furnishing applicable details forms part of the Directors' Report.

### **Industrial Relations**

I am pleased to inform you that industrial relations at all units have been cordial during the year under review and, on behalf of your Directors, I would like to acknowledge the co-operation and contribution of the entire workforce.

### **Acknowledgements**

Before I conclude, on behalf of the Board of Directors of your Company, I wish to convey earnest thanks to the valued Shareholders for your continued support and trust in us. This motivates us to excel in all our pursuits and constant endeavor to create value for you.

I would like to thank my colleagues on the Board for their valuable guidance and contribution in steering the Company to higher levels of achievement.

Above all, I would like to place on record the commendable efforts and commitments shown by our most valued resource, i.e. the Human Resource of the Company, as our employees have always contributed their best and enabled the Company to set new benchmarks.

Jai Hind

V.M.Lakshminarayanan  
Chairman & Managing Director  
Butterfly Gandhimathi Appliances Limited