

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

Annual General Meeting held on 14th July 2022 at 03.00 p.m. through video Conferencing Transcript

1. Mrs.Priya Varshinee V M: Good Morning to all !

1.1 Myself Priya Varshinee V M, Company Secretary & Compliance Officer take pleasure in welcoming all to the 35th Annual General Meeting of the Company through Video Conference or Other Audio Visual Means. For the smooth running of this Meeting and to avoid audio disturbance from the background noise all the Members will be in mute mode during the meeting.

1.2 For the Members who have registered as speaker, the audio will be opened when they are requested to speak.

1.3 Social distancing norms are being followed in this board room and hence, wearing of mask is not required.

Now the meeting will start with a prayer *Tamilthai Vazhthu*.

2. Welcome by Mr. P. M. Murty, Chairman

Good Afternoon to all.

I welcome all the shareholders and my colleague on the Board to the 35th Annual General Meeting of the Company which is being held through Video Conferencing/Other Audio Visual Means according to circulars issued by Ministry of Corporate Affairs and SEBI. The Company has taken all steps to ensure that the shareholders are provided opportunity to participate in the Annual General Meeting and vote. Adequate VC facility and live webcast of the proceedings of this meeting have also been provided. **As the requisite Quorum is present, I call the Meeting to order.** This is the third AGM that being done in VC/OAVM. The proceedings of this meeting are also being recorded as per the regulatory requirements. Authorisations have been received for 1,44,82,438 equity shares of Rs.10 each, from the Promoter's which is 81% of the Company's paid-up equity shares capital. This virtual AGM also helped shareholders all over the country to join the meeting.

Registers, Documents and Records as required by law are open for electronic inspection by the Members in the manner as specified in the notice of the meeting.

Members are requested to refer to the Instructions provided in the notice or appearing on the video conference page, for a seamless participation through video conference. In case members face any difficulty, they may reach out on the helpline numbers.

Now, I would like to introduce Directors on the Board who have joined virtually.

3. Introduction of Directors and other Panellists:

Chairman to say:

Mr. P. M. Murty

Good afternoon everyone. I am P. M. Murthy. I am an Independent Director, the Chairman of the Board, and Member of Audit Committee, Nomination and Remuneration Committee CSR Committee and Risk Management Committee. I am attending this Meeting from Corporate Office, Navalur, Chennai.

Mr. Rangarajan Sriram

Rangarajan Sriram. Managing Director, member of CSR Committee and Stakeholders Relationship Committee

Mr. P. R. Ramesh

P. R. Ramesh. Independent Director, Chairman of Audit Committee and Risk Management Committee and member of Nomination and Remuneration Committee

Ms. Smita Anand

Smita Anand. Independent Director, Chairperson of Nomination and Remuneration Committee and member of Audit Committee, Corporate Social Responsibility Committee, Risk Management Committee and Stakeholders Relationship Committee

Mr. M. Padmanabhan

M. Padmanabhan. Independent Director, and member of Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee

Mr. A. Balasubramanian

A.. Balasubramanian. Independent Director, and member of Audit Committee, Nomination and Remuneration Committee, Risk Management Committee

Mr. G. S. Samuel

G. S. Samuel. Independent Director, and member of Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee

Mr. T. R. Srinivasan

T. R. Srinivasan. Independent Director, and member of Corporate Social Responsibility Committee and Stakeholders Relationship Committee

Ms. Maheswari Mohan

Maheshwari Mohan. Independent Director, and member of Corporate Social Responsibility Committee.

Mr. Shantanu Khosla

Shantanu Khosla. Non-Executive Director, Chairman of Corporate Social Responsibility Committee and member of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee

The Chairman to say:

Mr. G. N. Ramaswami, Partner of M/s. ASA Associates, Statutory Auditors

Mr. Balu Sridhar, Partner of M/s. A. K. Jain Associates, Practising Company Secretary, Scrutinizer for e-voting, are present through Video Conferencing for this AGM

Ms. Priya Varshinee V M, Company Secretary & Compliance Officer and Mr. R. Nagarajan, Chief Financial Officer are also present in this AGM

All the Directors of the Company are present at this meeting.

4. Chairman's Speech:

CHAIRMAN'S SPEECH – AGM 2022

I warmly welcome each one of you to the 35th Annual General Meeting of your Company. It is a pleasure to connect with you all, and – although virtual – it is a privilege to host you today. I appreciate your sustained support and the confidence in the Company and its Management. Your encouragement and unwavering support has always been our pillar of strength.

I hope you and your family are safe and healthy in these testing times of Covid. It is encouraging to see normalcy has gradually returned and businesses are operating normally. However, it is better to be safe and cautious the full normalcy is restored.

You would be aware that **Crompton Greaves Consumer Electricals Limited (Crompton)**, a leader in consumer electrical appliances acquired a majority stake in your Company at the end of FY 2021-22. Crompton's proven channel and brand presence will form the base for a complete kitchen play, through a most extensive distribution network and a wider range of competitive and innovative products. This will help your Company to expand beyond the South and become a large player in the small domestic appliances segment. I fully expect that the combined entity will successfully realize that ambition.

Company's performance:

Your Company has registered a healthy gain in revenue, last fiscal year, by introducing new products in specific categories like Mixies, Cookers, and Gas Stoves. This has been made possible with the Company's R&D organisation and technology that enabled the launch of a variety of cutting-edge and customer-focused products.

The Company's fully integrated Plants, manufacture the widest range of domestic appliances in the country. In line with its strategy to enhance efficiency and improve quality, the Company has made large scale investments in Lean and cellular manufacturing, automation, capacity expansion and new process technologies during the year.

A series of 9 robotic systems were added in the plastic injection moulding facility for greater productivity and contactless, faster operation. In addition, ultrasonic, automatic cleaning systems were also added to the Flask manufacturing line. The capacity at the manufacturing facility at Mambakkam for Table Top Wet Grinders and Glass Top LPG Stoves was similarly expanded.

Your Company's performance was good in 2021–22. Despite lockdowns and unprecedented rise in raw material costs, your company's revenues crossed Rs 1,000 crores. This was largely



due to innovation-led value engineering and new product launches, intense market storming initiatives with product differentiation for expanding geographical footprint, digital acceleration, and online customer engagement. Dealer support initiatives helped to deepen channel partnerships, streamline inventories and promote sales.

Our employees are our most valuable resource. To provide a safe and hygiene environment and to develop a people force that is empowered and prepared for the future, we continue to invest in safety, skill and capability building programmes. The health and safety of personnel were given the utmost attention as part of our human welfare initiatives: vaccination campaigns for employees, skill development training programme, external safety audit to unidentified any unsafe conditions in factory premises. We also focused on Covid-centric supportive measures, strict safety rules and cleanliness requirements.

The Company's recorded a gross revenue of Rs. 1,005 Crores in FY 2021-22, compared to Rs. 869 Crores in FY 2020-21. The EBITDA of the Company (Earnings before Interest, Depreciation, Tax and Amortization) stood at Rs. 51 Crores in FY 2021-22 compared to Rs. 78 Crores in the previous year. The Company reported a PAT (Profit After Tax) of Rs. 16 Crores in FY 2021-22 compared to Rs. 36 Crores in FY 2020-21.

Corporate Governance:

Your Company is of the opinion that, sound corporate governance processes will promote the effective and ethical management of the business's operations and contribute to maximising value for all of its stakeholders. The business makes an effort to follow excellent corporate governance principles in order to guarantee responsibility, openness, and integrity. Your company has been following all corporate governance processes and procedures prescribed by the Companies Act, 2013 and the Listing Regulations. Your Company has a well-established internal control mechanism which is being constantly improved upon and upgraded to ensure management effectiveness, efficiency and reliable reporting on operations. We have established very good information systems for financial control, legal compliances and risk management.

Industrial Relations:

I'm happy to report that all units had amicable labour relations throughout the year, and on behalf of your Directors, I'd like to thank everyone for their cooperation and contributions.

Acknowledgement:

I would like to take this occasion to express my gratitude to all of our esteemed customers, bankers, suppliers, and other stakeholders for their ongoing assistance and support. I want to record my appreciation of our staff members for their dedication and efforts that have kept the Company moving forward.

I am grateful to my board colleagues for helping to lead the company to greater success and for their invaluable advice.

The Board of Directors thanks all our shareholders for their support and confidence in us.

We hope to meet in person at the next AGM in 2023. Let us hope that complete normalcy is restored by then.

5. Business/Agenda Items

Chairman:

- Notice dated 18.06.2022 convening this AGM and copy of the Annual Report 2022 for financial year 31.3.2022 has already been circulated to all the Members of the Company and it was with you for quite some time. With your permission, I shall take them as read.
- As there is no qualification, observations, adverse remarks or disclaimers in the Auditors' Report, the same can be taken as read.
- The Register of Directors and Key Managerial Personnel and their shareholding will be available electronically for inspection by the Members during the AGM.

As you would have read all the resolutions, I am giving the gist of resolutions to be passed in this AGM:

Resolution No.1: To adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2022 together with the Reports of the Board of Directors and Auditors thereon as an Ordinary Resolution

Resolution No.2: To confirm the payment of Interim Dividend as an Ordinary Resolution.

Resolution No.3: Re-appointment of M/s. ASA & Associates LLP, Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration as an Ordinary Resolution.

Resolution No.4: Ratification of remuneration payable to M/s. S. Mahadevan & Co., Cost Auditors of the Company as an Ordinary Resolution.

Resolution No.5: Alteration of Articles of Association of Company as a Special Resolution

Resolution No.6: Approval for the Payment of Commission to the Non- Executive Independent Directors of the Company as an Ordinary Resolution

Members who have not cast their votes can do the same now by going to e-voting link of www.evoting.nsdl.in and cast their vote. The results will be declared within two working days of the meeting to Stock Exchanges and will be displayed on Company's website.

6. Question & Answer session:

Chairman:

Now it is question & answer section the speaker shareholder who are all registered can ask their question.

Company Secretary to say:

Please note the following before we begin with Speakers:

1. Speakers are requested to please turn on their video and unmute themselves.
2. Please mention your name, folio no. and the location from where you are joining
3. If you're joining through broadband, please ensure that no other devices are connected to ensure clarity
4. If you are not able to connect due to certain reasons, we will allow the person next to you to speak. However, we'll come back to you again. You may please try again to join.
5. To avoid repetition, the board will respond to all the questions at the end.

1st Speaker – Mr.Devanesh Nigotiya

Speaker 1: Ya, Can you hear me?

Moderator : Yes Sir, we can able to hear you. Can you just start video.

Speaker : Yes Sir

Moderator : Go ahead Sir

Speaker : Can you see me

Moderator : We can able to see you Sir.

Speaker : So I am Devanesh Nigotiya, Shareholder in the Company. I am from Bombay. I just have few questions. First if you can just elaborate on the roles and responsibilities which were there on the top 5 family members which were there in the management. How the shortfall will be covered so I think the payout of the family was Rs.10 crores per year against

that how much employees cost increase will come from new recruitments. So I think Sri.Rangarajan Sir has been appointed other than that. What is the delta in employment cost that will come will there be saving or increased in the employee cost. Number of people will hire in the top level management some one around that. In the RPT the purchase of goods were actually increased 20 crores 3 years back to 80 crores. If you can just elaborate what raw material purchased and now the sourcing will be done at Crompton level as a own and what is the kind of gross margin held it at all we can see in There were warehouse charges which were 10 crores which were paid to family. When we are looking at Balance Sheet and Profit & Loss the warehousing charges of this quantum is not there. So going forward now is this cost evolve. If you look at the recently reported number the expenses have dropped from 20% rate to 15% rate. So it is because the added expenses which was earlier advertisement spends has been reclassified in the raw material cost and these income reclassified that has happened over there or other cost cutting initiatives has happed in the company. If you can just throw what are the cost cutting initiatives that have happed the employee cost over 27 crores last year has come to 24 crores this quarter in Q1. So what is behind the run rate with which for the full year should we get around 90n crores level or you can give other directions over there while communicating in the Annual Report we have mentioned that we aspired to Historical operative margin. What you think is the countries for us to deliver the leader line, managing line. Even TTK upwards of 13% 14%. If you can just give some highlights what you can focus in discretion in key launches across the categories that we are focusing for this year. So I think I am done. Probably these are my question.

Moderator; Thank you Sir.

Speaker : Just Just one question, one more just addition to this session so gross margin was 36% this quarter you can just elaborate what in the girid of cost inflation which we probably not pass to the continuous.

MODERATOR: Chairman Sir, we now have the second speaker Mr.Mohit; Mr.Mohit can you just change your video.

Speaker 2: Am I audible?

Moderator: Yes Sir you are audible. You can start your video.

Speaker 2: I am not able to unable my video. Just go with audio. Ok, can I ask the question.

Moderator: Yes Sir, Please.

Speaker 2: Chairman Sir good afternoon Sir. Since its new management taking over the Butterfly the name which is found in South India when we are going to PANINDIA base. Whether we can there is any name change for behalf of the new management. Next is are we going to plan new manufacturing plant since we are going PANINDIA base. Since CGCEL



is a PAN INDIA Company we are going to add any new company manufacturing plant. My next question is there is any merger with CGCEL in future? Then Butterfly is a Company which focuses on consumer products. What are the new products in line which Butterfly is going to introduce this year and next is there any synergies between Crompton and Butterfly where cross selling of products will happen in PAN INDIA base. Is there any plan in future to delist the shares or merger with Crompton. That's all Chairman Sir with my question.

MODERATOR: Chairman Sir, we now have the Third speaker Mr.Bimal Kumar Agarwal can you just change your video.

Speaker 3: Hello Hello

Moderator: Yes Sir, you are audible you can start your video.

Speaker 3 : good evening to every one. First of all I thank the Company Secretary and her team. Hello, during the FY 2022 the Company reported higher revenue though the profit number was lower indicating the fresher one on the margin. Explain the company's strategy to improve the margin. Please throw light on the Company's growth plan and also provide details of CAPEX for next two years and also who have joined the meeting you can send any token of appreciation on account of Diwali. Thank you very much.

MODERATOR: Chairman Sir, we now have the Fourth speaker Mr.Yousuf Yunus Rangwala can you just change your video.

Speaker 4: Vankam Sir, Vankam Sir, Vankam. Can you hear my voice. Vankam Sir. Yes sir can I go hello.

Moderator: You can just start your video, we are not able to see you.

Speaker 4 : I will no start my video. Audio only. I will not start my video.

Moderator : Ok

Speaker 4 : I will not come properly sir. Sir I am speaking from city of Mumbai. My Folio No. is 160101410232396. I am speaking from Mumbai. My name is Yousuf Yunus Rangwala. I am very thankful to you for giving me a link. Last year I tried but I am unable to join the meeting. Last year I forgot. It is very fantastic and very growing sir. We are getting every thing of Butterfly sir. I will join the previous saying the Crompton be any merger with Crompton. Sir in Diwali possible you can send a smaller gift either token of appreciation. This is my humble request at the time of Diwali. We having many handful of products Madam/Sir in which country our products are exported. I would like to know what exports we are getting from USA, Canada, Africa and all over India. We are manufacturing Mixer also sir, what revenue we are getting from Mixier. I would like to know and nothing more than this. This is very excellent company possibly you can arrange the factory visit. I am

residing at Mumbai, You have factory at Goa and factories at Gujarat. You can send me video on my mobile that will do sir. Can you just send video on my email so that I will enjoy. If possible this is my humble request and total number of staff at your factory sir. For hearing COVID precautions, it is very happy to hear sir. Sir I am from Madras. Two South Indian People. I will end my speech. Have a good day and nothing more to it. Why not split of shares. If you split of share to Re.1/- what is your view sir. May god bless ever. Vanakam Sir. I wish happy journey, happy Diwali, speaking from Mumbai Yousuf Yunus Rangwala. Thank you very much nothing more to it.

MODERATOR: Thank you sir. No other speakers are not available right now.

Now Moderator should mute the speakers and Mr. Rangarajan Sriram, Managing Director to answer the queries.

7. Mr. Rangarajan Sriram, Managing Director :

First of all, Thank you to all the shareholders for all your support and confidence that you have in the butterfly and thank you for all your questions and valuable suggestions given by you from all the few speakers that are certain common questions which arrives so I'm trying to club all those common themes and then try to respond in a comprehensive manner the first theme is all about the strategy So what is going to be our new product introduction what is going to be a plan in terms of getting in northern region beyond South and then what is going to be all manufacturing strategy and Capex investment etc and what is going to be the synergies between CGCEL and the second part of the theme is all about the operation where what is the structure currently right now from the previous management and what kind of a roles and responsibilities and again what are the automations that we have done and few of them actually talked about exports business and Mr Devanshu Nigotiya was actually you touched upon the Capex outlook and promotion and then key launches are also the RPT related questions were there so I would like to first address the strategy for what exactly that butterfly actually planning to go right now the first strategy the companies actually going to school expand beyond southern part of the country now the key to this is understand the consumer buying consumer usage and then the application in the kitchen space and then start to introduce relevant consumer proposition which address is the need of those consumers of the reasons until north, west, and eastern region so once you have that they build a stronger Brand investing branding and advertising so that you reach those products for the consumers so have that then 3rd of the go to market expand how do you have your expansion done in make sure that your product is available at each and every outlet where the consumer can actually buy of course have a time frame for this to you know meet this goal so we will definitely plans in place right now to make sure that all these questions that what you are going to be addressed the second strategy is also to strengthen the southern market in terms of we have a decent channel footprint but would like to make sure that focus on the premiumization of products in southern region

but also ensure availability of all these products available at each and every outlet that is the second strategy that you plan to adopt to build your company business Mr Devanshu Nigotiya touched upon promoters what is actually happening and the new management so they were managing marketing and R &D's another function So what we have done right now we have filled all this positions internally and externally so we have a head of marketing , we have a head of HR, we have head of R&D so will be taking these all these functions overall the cost will almost by what you spent. in terms of the RPT purchases so used to import quite a bit of material from China due to the ongoing Covid issues we charge the source all of them from India so hence most of the purchases are from RPT only in India so that's how you actually growth of 20 plus to 80 plus purchases and in terms of the automation cover questions all about the chairman in the speech talk to the automation so we are invested heavily in terms of the robotics in injection molding script into the cooker session and flask section where we actually introduce auto cleaning and washing there and we also now invested a good amount of money in terms of auto polishing the jar and also small improvements happen in the line across all the plans to make sure that improve the productivity and efficiency winding and varnishing testing line in the motor section so that's the thing we have done in automation also there was a question about the Capex outlook we have quite a bit of CapEx invested last year to take care of these automations another product that what we talked about suffice to say that we have plan to have a good amount of investment planning is your show confident that we need to file invest in the new products are also build a robust Manufacturing line to make sure that we take care of the capacity expansion as well one more question which came from Mr. Bimal Kumar about strategy and also about the consumer branding a new product and also Yusuf talked about manufacturing locations so while we are divising our strategy in terms of go to market are also about manufacturing we also looking to right amount of investment and what is the right set of sourcing optimum that we need to do for breach out in optimal cost sometimes we will take a conscious decision in terms of weather to sources from South to move it to north to going for a plant in the future also this all will be taken at appropriate time, I think most of these questions that I have almost answered right now yeah I think so I would most covered most of the question that you asked so thank you for your engagement and the support that you have given this only yes I can assure you on behalf of the management we are fully committed to the best we can to continue build your company looking forward to meet all of you in person next year.

Thank you.

8. Chairman to say :

Thank you Sriram with that we close the question & answer section. The e-voting facility will continue to be available for 15 minutes after the close of the meeting. The shareholders



who have queries on accounts may write to the Company at cs@butterflyindia.com and it will be replied suitably.

With that Ladies and Gentleman, Can I request all of us to stand for the National Anthem.

The meeting concluded with National Anthem