



# BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

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RESULTS PRESENTATION

Q1 FY18  
[www.butterflyindia.com](http://www.butterflyindia.com)



## BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

November 7, 2017

General Manager—DCS,  
Dept. of Corporate Services,  
BSE Ltd,  
Floor I, P.J.Towers,  
Dalal Street,  
Mumbai—400 001  
Scrip: 517421

Manager,  
National Stock Exchange of India Ltd  
Exchange Plaza,  
BandraKurla Complex,  
Bandra (E),  
Mumbai—400 051  
Scrip: BUTTERFLY

Dear Sir,

### **Butterfly Gandhimathi Appliances Limited – Results presentation for the half year / Second quarter ended on 30.09.2017**

We are enclosing the Company's Performance/Results presentation for the Half year / second quarter ended on 30.09.2017, which may please be uploaded on the website for information of our investors.

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  
E-mail : gmat@butterflyindia.com Web : www.butterflyindia.com

**Corporate Office :** E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 600 130, Kancheepuram District.  
Phone : 044 - 4900 5100, 5154 E-mail : butterflyho@butterflyindia.com

*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*

# Contents

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1 Company Overview

2 Financial Overview

3 Q1 FY18 Operating Performance & Highlights

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# 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. Murugesu 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

# Quick Facts

#1

IN INDIA  
FOR SS LPG STOVES  
& TABLE TOP WET GRINDERS

9%

BRANDED  
REVENUE CAGR  
FY11-17

IN THE TOP

3

IN INDIA FOR DOMESTIC  
KITCHEN APPLIANCES

PRESENCE IN ALL

29

STATES IN INDIA

SALES OF BRANDED  
PRODUCTS IN FY17

447

CRORE

400+

EXCLUSIVE  
DISTRIBUTORS ACROSS  
INDIA

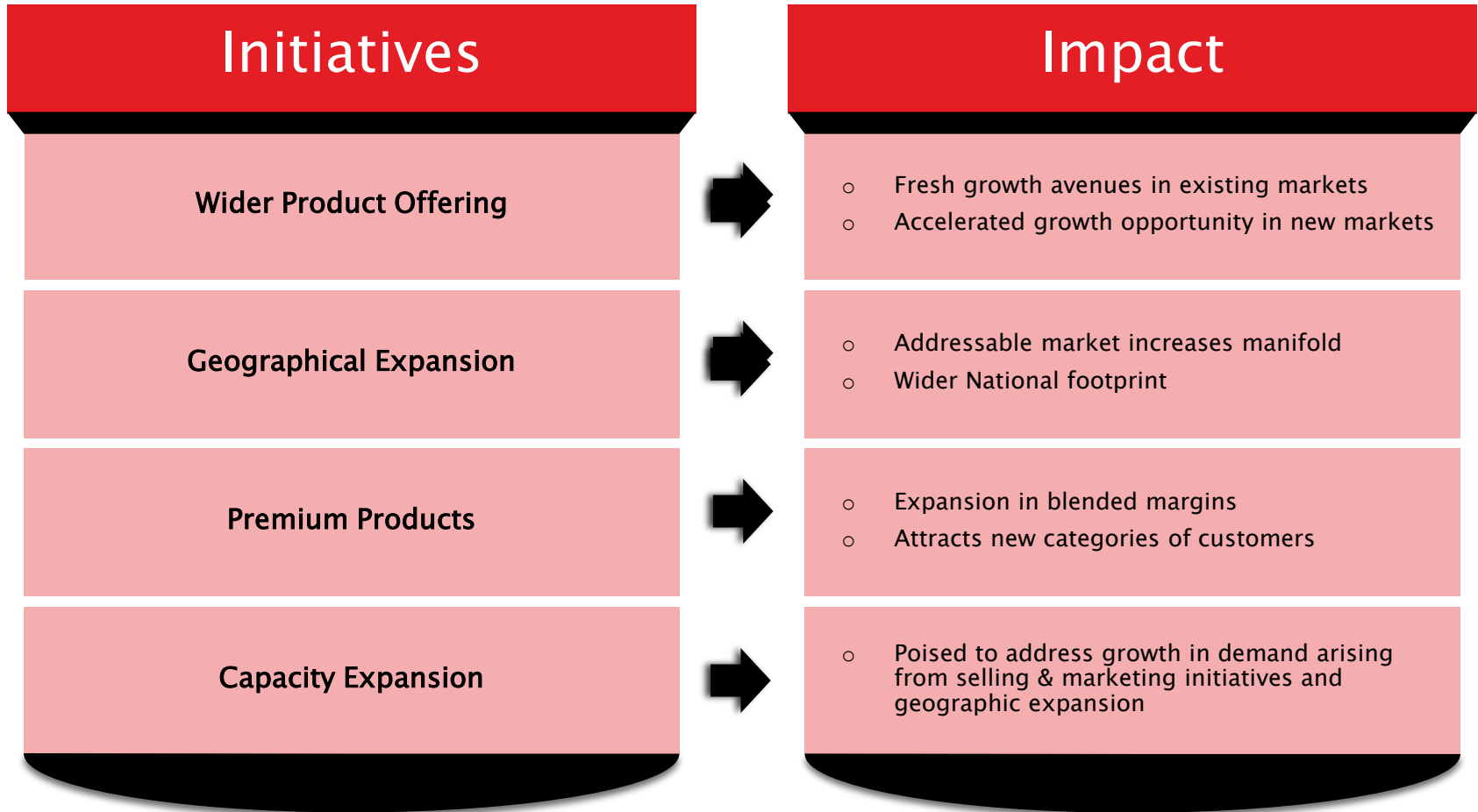
<1.0

NET DEBT / EQUITY  
RATIO

17%

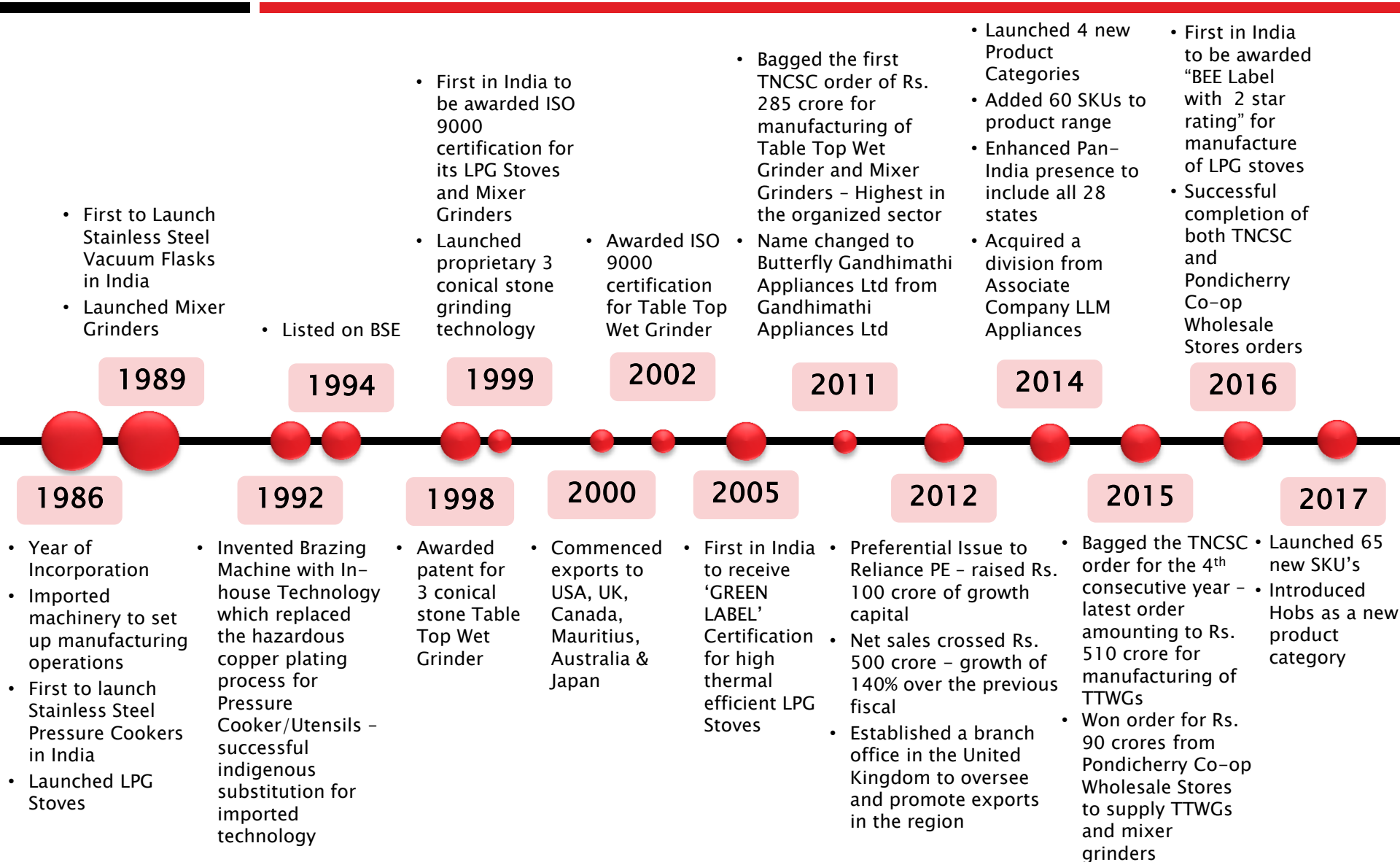
OF FY17  
REVENUES FROM NON-  
SOUTH STATES

# Growth Levers





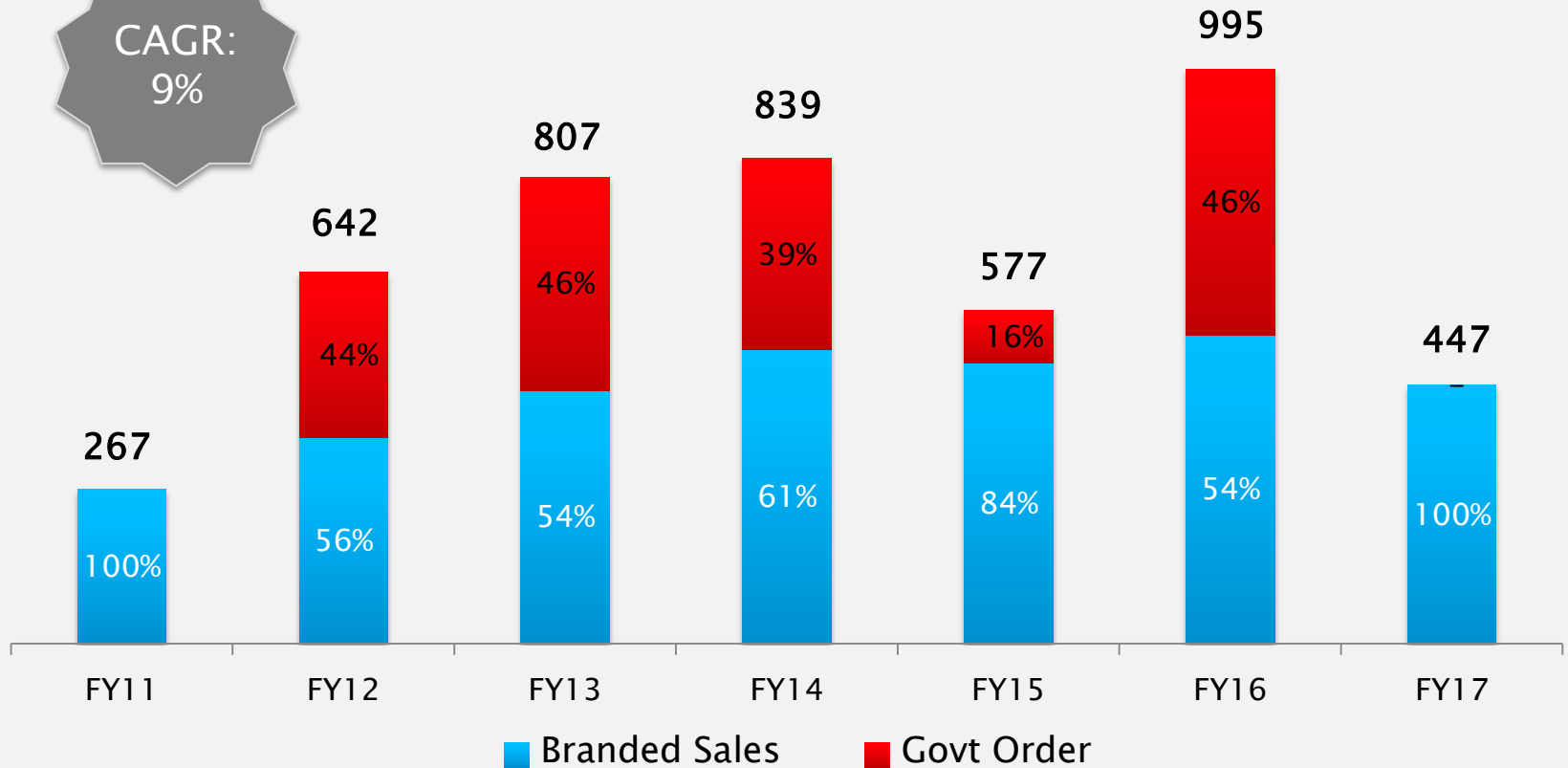
# Milestones



# Revenue Profile

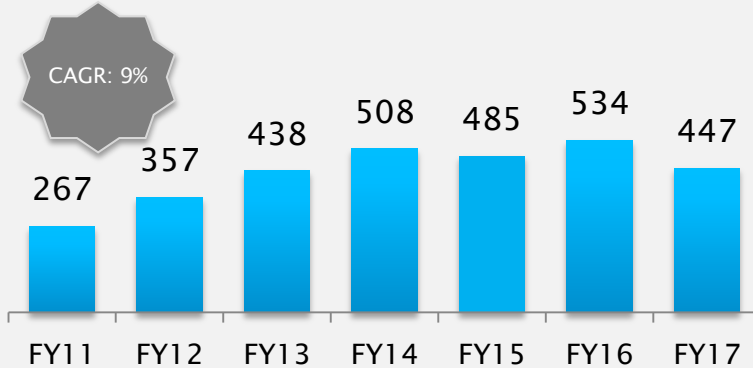
## Annual Revenue (Rs. crore)

CAGR:  
9%

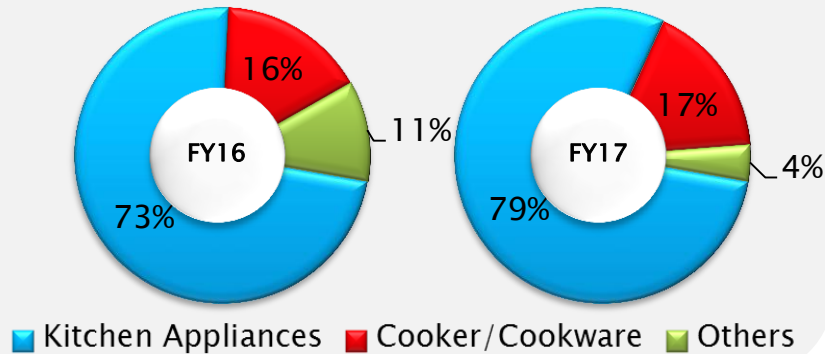


# Branded Retail Sales

Branded Gross Sales (Rs. crore)



Branded Product Distribution (%)



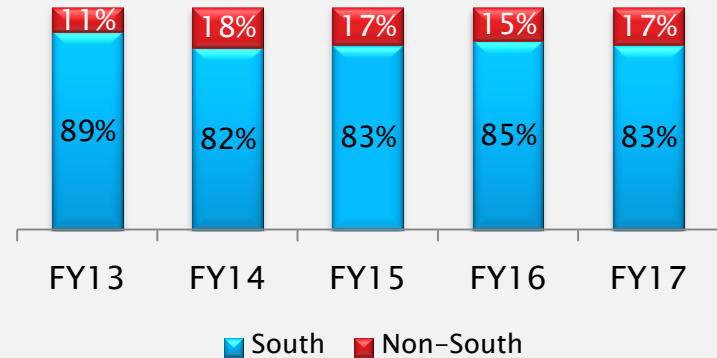
## Through Institutions

- 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

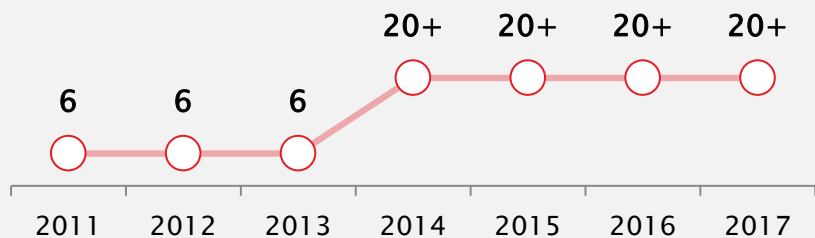
Region-wise Break-up



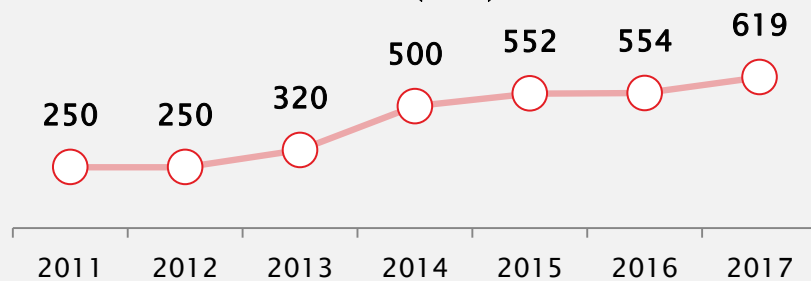
# Augmenting Organic Growth

## Increased Product Categories For Wider Product Portfolio And Higher Market Share

Product Categories (Nos.)

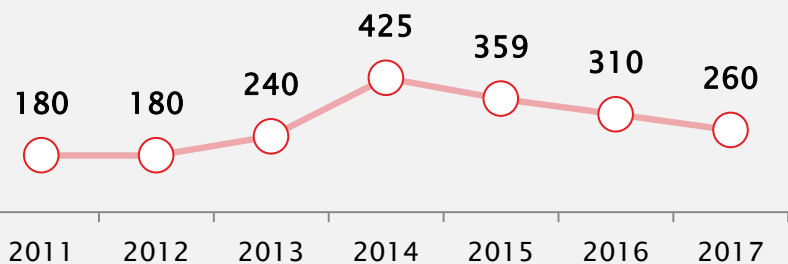


SKUs (Nos.)

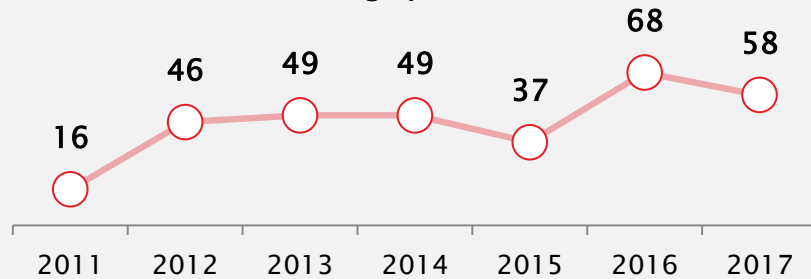


## Enhancing Sales and Marketing Efficiency For Better Penetration And Brand Development

Sales Team (Personnel)



Marketing Spend (Rs. Cr)



# 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

# Strong R&D Capabilities

R&D focused Company with a demonstrated track record in innovation

1<sup>st</sup> to introduce Stainless Steel Pressure Cookers in India

1<sup>st</sup> to manufacture Stainless Steel LPG Stoves in India

1<sup>st</sup> 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

1<sup>st</sup> in India to get BEE label with 2 star rating for manufacture of LPG Stoves



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## Financial Overview

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# Abridged Profit & Loss Statement

Rs. crore

Particulars	FY 2014	FY 2015	FY 2016	FY 2017	H1 FY17*	H1 FY18*
<b>Total Net Revenues (Incl. OI)</b>	<b>770.7</b>	<b>533.3</b>	<b>906.3</b>	<b>405.5</b>	<b>239.6</b>	<b>288.7</b>
- Branded Net Revenues	460.8	447.5	468.2	402.3	237.9	286.8
- Government Net Revenues	308.2	84.3	432.7	-	-	-
- Other Income	1.85	1.5	5.4	3.2	1.7	1.8
<b>Material Cost</b>	<b>520.2</b>	<b>317.5</b>	<b>621.9</b>	<b>251.7</b>	<b>141.5</b>	<b>171.5</b>
- Cost of Materials Consumed	483.6	248.3	566.6	145.9	99.0	113.3
- Purchases of Stock-in-Trade	85.3	65.3	31.5	49.0	41.8	57.5
- Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(48.7)	3.9	23.8	1.0	0.7	0.6
<b>Gross Profit</b>	<b>250.5</b>	<b>215.8</b>	<b>284.4</b>	<b>153.8</b>	<b>98.0</b>	<b>117.2</b>
Gross Margin (%)	33%	40%	31%	38%	40.9%	40.6%
Employee Expenses	60.8	60.3	61.3	50.0	26.1	27.2
Other Expenses	128.2	111.5	157.9	127.5	62.9	74.2
<b>EBITDA</b>	<b>61.5</b>	<b>44.0</b>	<b>65.2</b>	<b>-23.7</b>	<b>9.0</b>	<b>15.8</b>
EBITDA Margin (%)	8%	8%	7%	-3%	3.8%	5.5%
Depreciation	5.1	10.2	11.5	11.6	5.8	6.1
Finance Cost	22.1	29.6	34.5	21.2	12.5	7.2
<b>Profit Before Tax</b>	<b>34.3</b>	<b>4.2</b>	<b>19.1</b>	<b>-56.6</b>	<b>-9.3</b>	<b>2.5</b>

Increased other expenses due to spent on advertisement more during Onam / Deepavali.

. We are targeting to do profit during this financial year.

NOTE : \* H1 FY18 & H1 FY17 results are as per INDAS standards.



# Abridged Balance Sheet

Sources of Funds	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Rs. crore	
						H1 FY17	H1 FY18
<b>a) Shareholders' Funds</b>	201.3	223.7	225.6	238.1	179.9	221.4	181.8
<b>b) Non-current Liabilities (NCL)</b>	12.7	22.9	77.0	52.8	68.0	89.5	53.3
- Long-term Borrowings	6.4	15.8	68.3	43.4	60.0	85.0	50.1
- Other NCL	6.3	7.1	8.7	9.4	8.0	4.5	3.2
<b>c) Current Liabilities (CL)</b>	327.6	404.1	266.3	266.3	159.4	231.6	259.7
- Short-term Borrowings	37.1	157.7	106.3	148.8	65.0	90.8	80.4
- Trade Payables	220.4	208.1	118.3	105.0	52.0	98.1	102.9
- Other CL	70.1	38.3	41.7	42.5	42.4	42.7	76.4
<b>Total</b>	<b>541.6</b>	<b>650.7</b>	<b>568.9</b>	<b>587.2</b>	<b>407.3</b>	<b>542.5</b>	<b>494.8</b>
<b>Net Debt – Equity Ratio</b>	0.0	0.7	0.7	0.8	0.5	0,80	0.7

Long term debt has reduced from last year due to repayment of loans

# Abridged Balance Sheet

Rs. crore

Application Of Funds	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	H1 FY17	H1 FY18
<b>a) Non-current Assets</b>	105.3	164.0	175.4	173.6	176.0	183.9	174.9
<b>a) Current Assets</b>	436.3	486.7	393.5	413.6	231.3	358.6	317.8
- Inventories	158.8	167.2	168.9	123.8	108.8	127.2	119.2
- Trade Receivables	195.5	279.3	192.9	257.4	81.3	215.3	166.2
- Cash & cash equivalents	46.3	20.0	15.4	13.4	28.2	5.8	17.3
- Others	35.7	20.1	16.3	19.0	13.0	10.3	15.1
<b>Total</b>	<b>541.6</b>	<b>650.7</b>	<b>569.2</b>	<b>587.2</b>	<b>407.3</b>	<b>542.5</b>	<b>494.8</b>
<b>Gross Revenues</b>	<b>807.0</b>	<b>838.9</b>	<b>577.2</b>	<b>994.6</b>	<b>447.3</b>	<b>237.9</b>	<b>286.8</b>
<b>Working Capital</b>	<b>134.5</b>	<b>240.0</b>	<b>242.1</b>	<b>276.2</b>	<b>138.1</b>	<b>244.4</b>	<b>182.5</b>
<b>Working Capital Days</b>	<b>60</b>	<b>103</b>	<b>151</b>	<b>100</b>	<b>111</b>	<b>185</b>	<b>115</b>
<b>Inventory Days*</b>	<b>71</b>	<b>72</b>	<b>105</b>	<b>45</b>	<b>88</b>	<b>96</b>	<b>75</b>
<b>Debtors Days*</b>	<b>87</b>	<b>120</b>	<b>120</b>	<b>93</b>	<b>65</b>	<b>109</b>	<b>93</b>
<b>Creditors Days*</b>	<b>98</b>	<b>89</b>	<b>74</b>	<b>38</b>	<b>42</b>	<b>74</b>	<b>65</b>

Trade receivables includes TNCSC / PCWS receivable of Rs.17.40 cr and festival credit extended to the Distributors

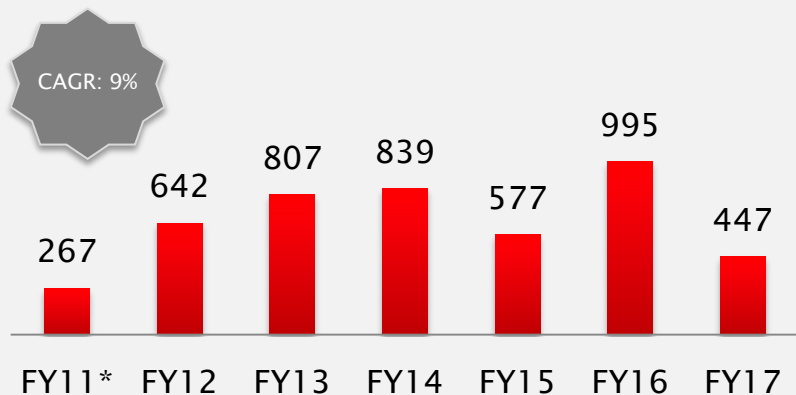
Days calculated excluding TNCSC / PCWS receivables

- 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 (yearly) and 180 days (half-yearly)

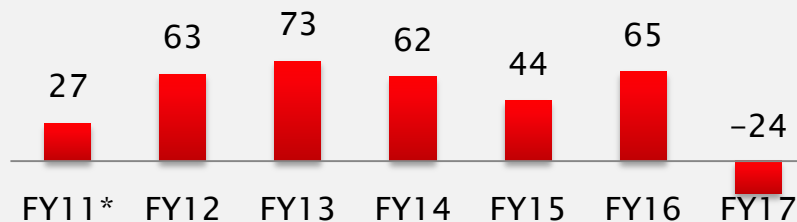
H1FY17 / H1 FY18 - Revenue shown above is Net Sales.  
H1 FY17 /H1 FY18 days calculated on Net Revenue

# Performance Track Record – Annualized

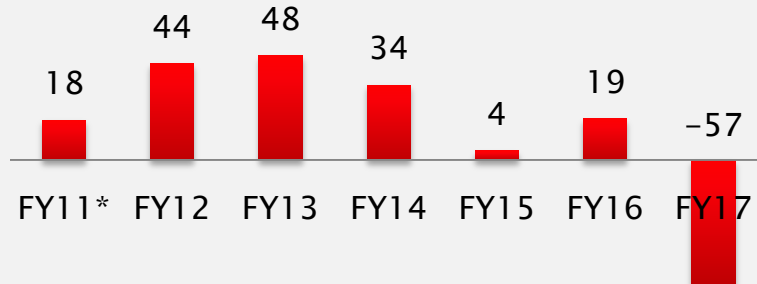
Total Revenue (Rs crore)



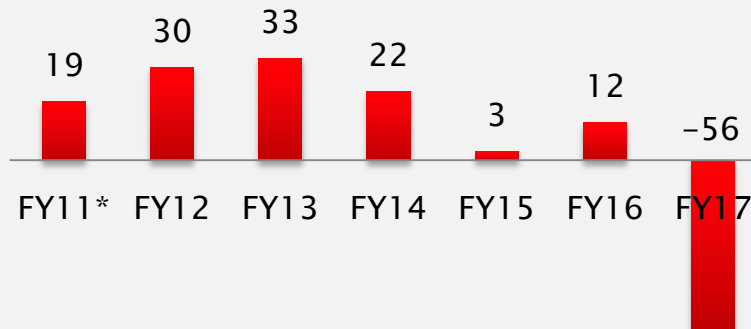
EBITDA (Rs crore)



Profit Before Tax (Rs crore)



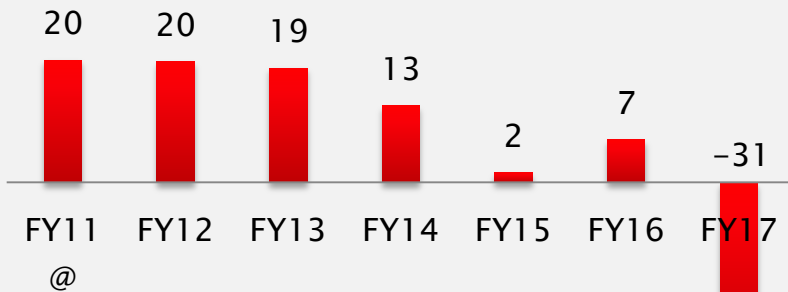
Profit After Tax (Rs crore)



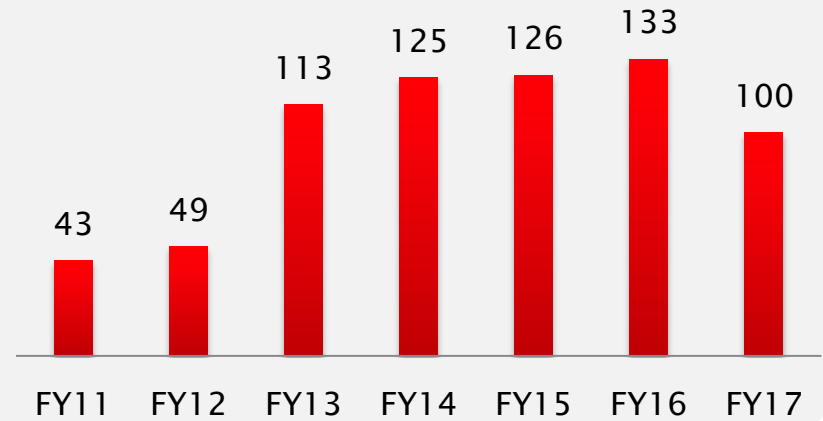
NOTE : \* FY11 was for period of 9 months ended on 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

# Key Financials

Earning Per Share (Rs) – Annualized

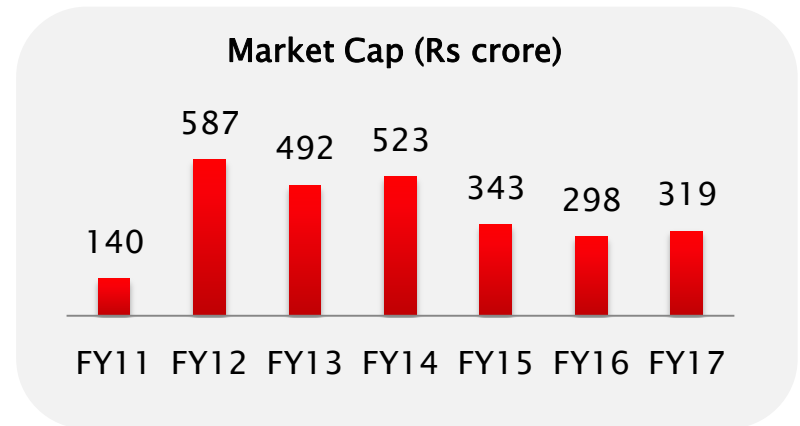
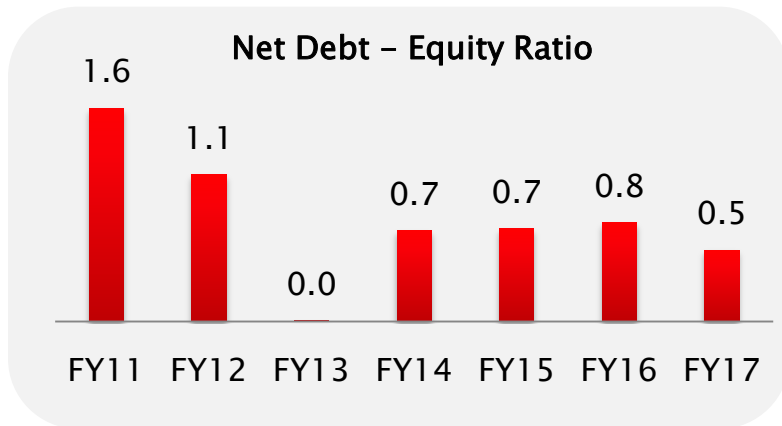
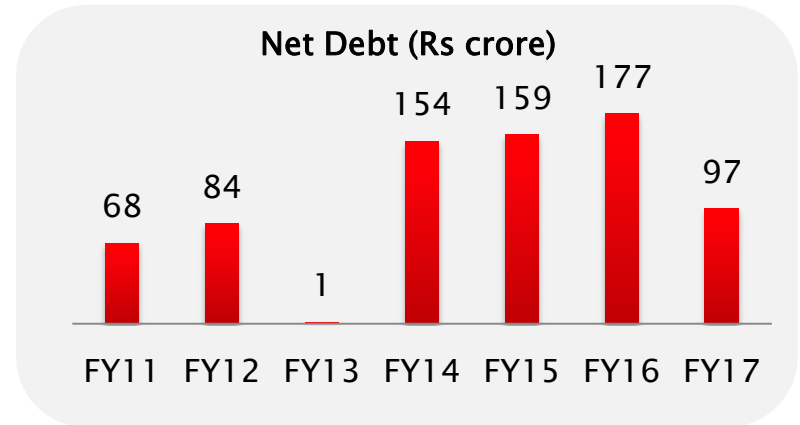
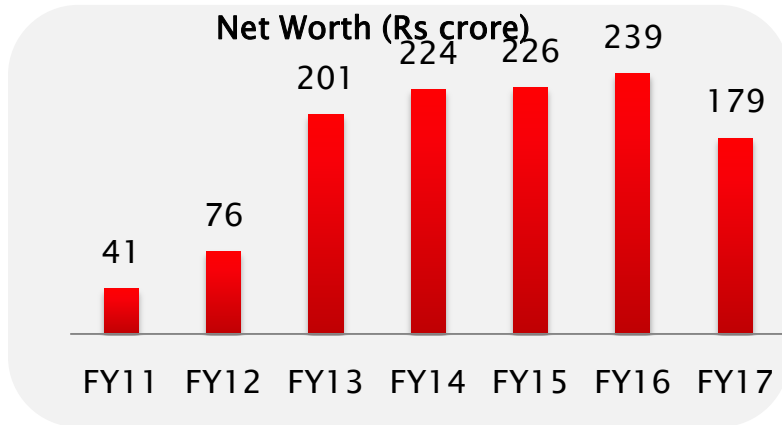


Book value per share (Rs)



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

# Key Financials





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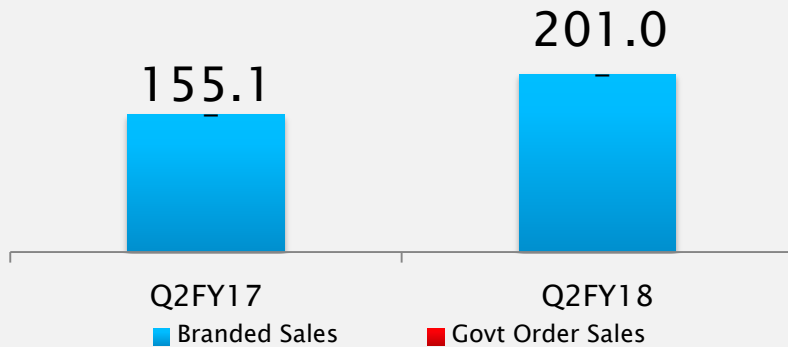
## Q2 FY18 Operating Performance & Highlights

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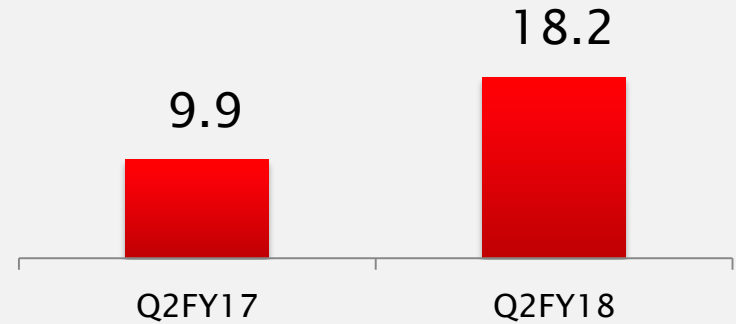


# Q2 FY18 – Performance highlights

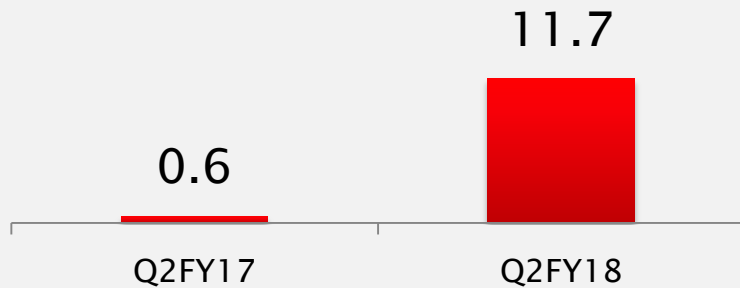
Total Income (Net) (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs crore)



- Total Income (Gross) during Q2 FY18 stood at Rs. 202.0 crore, as against 173.04 crore in Q2 FY17
  - Branded sales was higher by 30% on a Q-o-Q basis
- PAT stood at Rs. 11.67 crore in Q2 FY18

NOTE : \* Q2 FY18 & Q12FY17 results are as per INDAS standards

# Key Highlights

## Branded Gross Sales (incl. Excise Duty)

(Rs crore)

Product	Q2 FY18	Q2 FY17	Q1 FY18	Y-o-Y Growth	Q-o-Q Growth
<b>Branded Market</b>					
Kitchen Appliances	163.3	145.0	76.9	12.6%	112%
Cooker/Cookware	30.2	21.9	12.2	37.8%	147%
Others	7.5	5.4	5.6	39.8%	35%
<b>Grand Total</b>	<b>201.0</b>	<b>172.3</b>	<b>94.7</b>	<b>16.7%</b>	<b>112%</b>
<b>Less: Excise Duty</b>	<b>0.0</b>	<b>17.2</b>	<b>8.7</b>	<b>-</b>	
<b>Net Revenue</b>	<b>201.0</b>	<b>155.1</b>	<b>86.0</b>	<b>30%</b>	<b>134%</b>

- Overall the quarter is performed well.
- We are on track to achieve the targets set for the year





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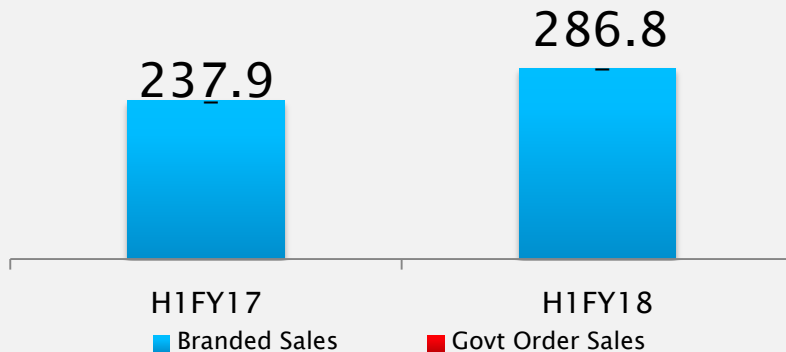
# H1 FY18 Operating Performance & Highlights

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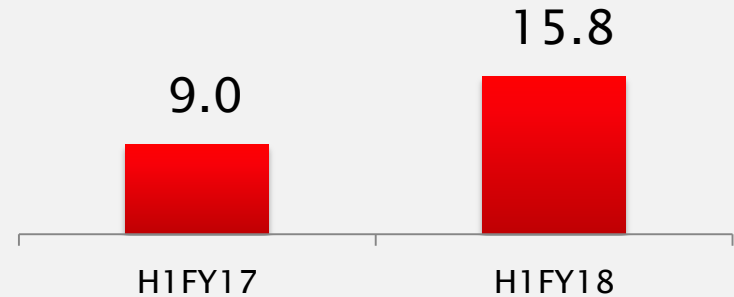


# H1 FY18 – Performance highlights

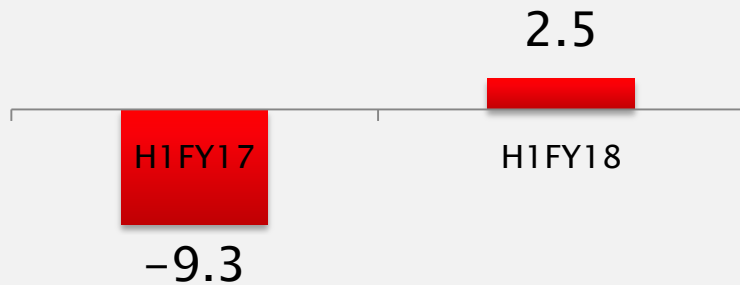
Total Income (Net) (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs crore)



- Total Income (Gross) during H1 FY18 stood at Rs.288.7 crore, as against 239.6 crore in H1 FY17
  - Branded sales was higher by 21% on a H1 F18 vs H1 F17 basis on net of Excise Duty basis
- PAT stood at Rs. 2.5 crore in H1 FY18

NOTE : \* H1 FY18 & H1 FY17 results are as per INDAS standards

# Key Highlights

## Branded Gross Sales (incl. Excise Duty)

(Rs crore)

Product	H1 FY18	H1 FY17	Y-o-Y Growth
<b>Branded Market</b>			
Kitchen Appliances	240.2	221.8	8.3%
Cooker/Cookware	42.3	32.2	31.6%
Others	13.1	10.2	42.0%
<b>Grand Total</b>	<b>295.5</b>	<b>264.2</b>	<b>11.9%</b>
<b>Less: Excise Duty</b>	<b>8.7</b>	<b>26.3</b>	<b>-</b>
<b>Net Revenue</b>	<b>286.8</b>	<b>237.9</b>	<b>20.6%</b>

- Overall the company is performed well.
- We are on track to achieve the targets set for the year



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# Turnaround Plan and Outlook

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# The Turnaround Plan – Already in play

The objective and focus of the turnaround plan is completely on delivering Profit for FY17–18, improving balance sheet liquidity and reduction of debt

1. **Aggressive cost rationalisation**
  - a. Aggressive manpower cost rationalisation both in marketing and production the focus being on increasing sales per person
  - b. Rationalisation of sales promotion costs with focus on BTL activities
  - c. Outsourcing the after sales service through franchising, introducing Call Centre operations and new CRM
  - d. Rationalising presence in Rest of South states by consolidating operations in states with growth potential and strategic value
2. **Balance Sheet efficiency / liquidity**
  - a. Focus on collections. Arrange channel financing
  - b. Increase in supplier credit days
  - c. Aggressive reduction in Inventory levels through optimised sales planning
3. **Big push in alternate channels such as Online, Exports, Modern Trade, CSD and corporate sales**
4. **The Company has put out an effective Business Plan for FY 17–18 to deliver Profit with 25% to 30% sales growth**

# Outlook

CATEGORY	H1 FY18 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	75– 80% of Branded Sales in H1 FY18	<ul style="list-style-type: none"><li>• Post GST implementation, a buoyant festive season is performed well.</li><li>• Same level expected to continue in Q3 also.</li></ul>	Retail channel demand is expected to improve in the coming quarters
Institutional Channel Sales	20– 25% of Branded Sales in H1 FY18	<ul style="list-style-type: none"><li>• New PMUY scheme has started gaining traction</li></ul>	Consumer demand is expected to improve in the coming quarters
<b>TOTAL BRANDED SALES</b>	<b>Rs. 286.8 crore</b>		

**Thank you**

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