



## BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

February 8, 2018

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 third quarter ended on 31.12.2017**

We are enclosing the Company's Performance/Results presentation for the third quarter ended on 31.12.2017, 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 : [gmai@butterflyindia.com](mailto:gmai@butterflyindia.com) Web : [www.butterflyindia.com](http://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](mailto:butterflyho@butterflyindia.com)

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

# BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

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**RESULTS PRESENTATION**

**Q3 FY18**

[www.butterflyindia.com](http://www.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 Q3 FY18 Operating Performance & Highlights

4 Turnaround Plan & Outlook



1

# 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

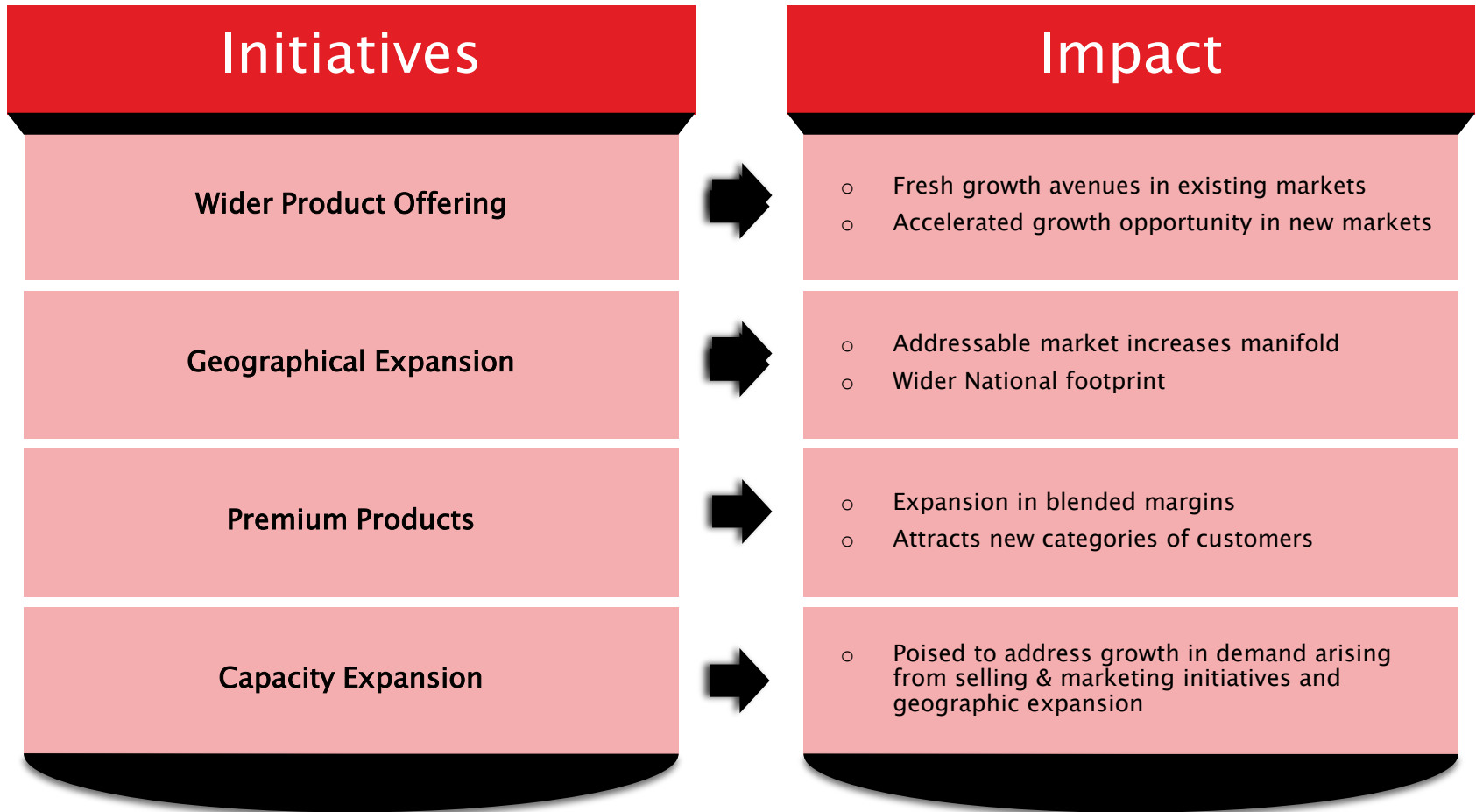
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NET DEBT / EQUITY  
RATIO

17%

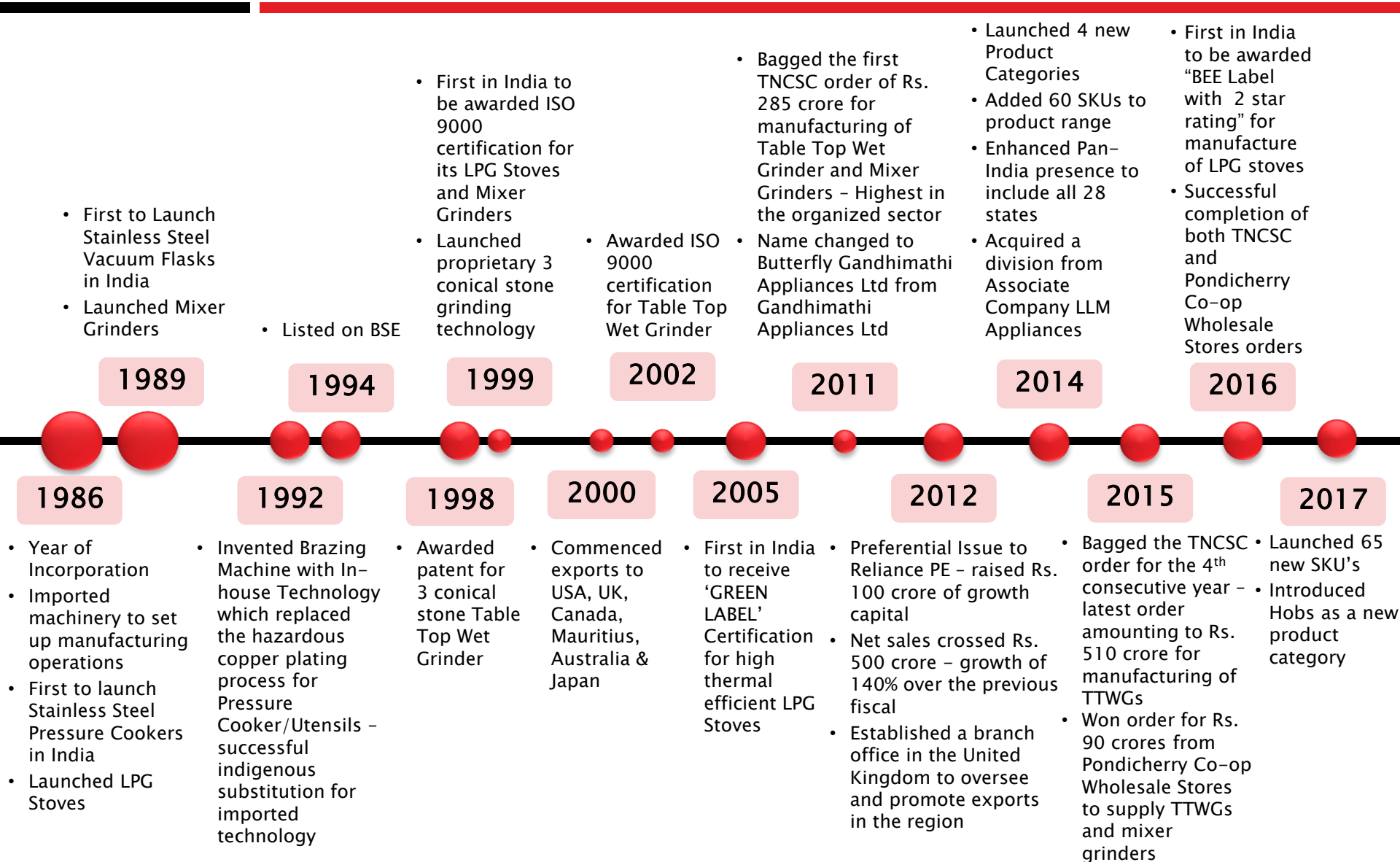
OF FY17  
REVENUES FROM NON-  
SOUTH STATES

# Growth Levers





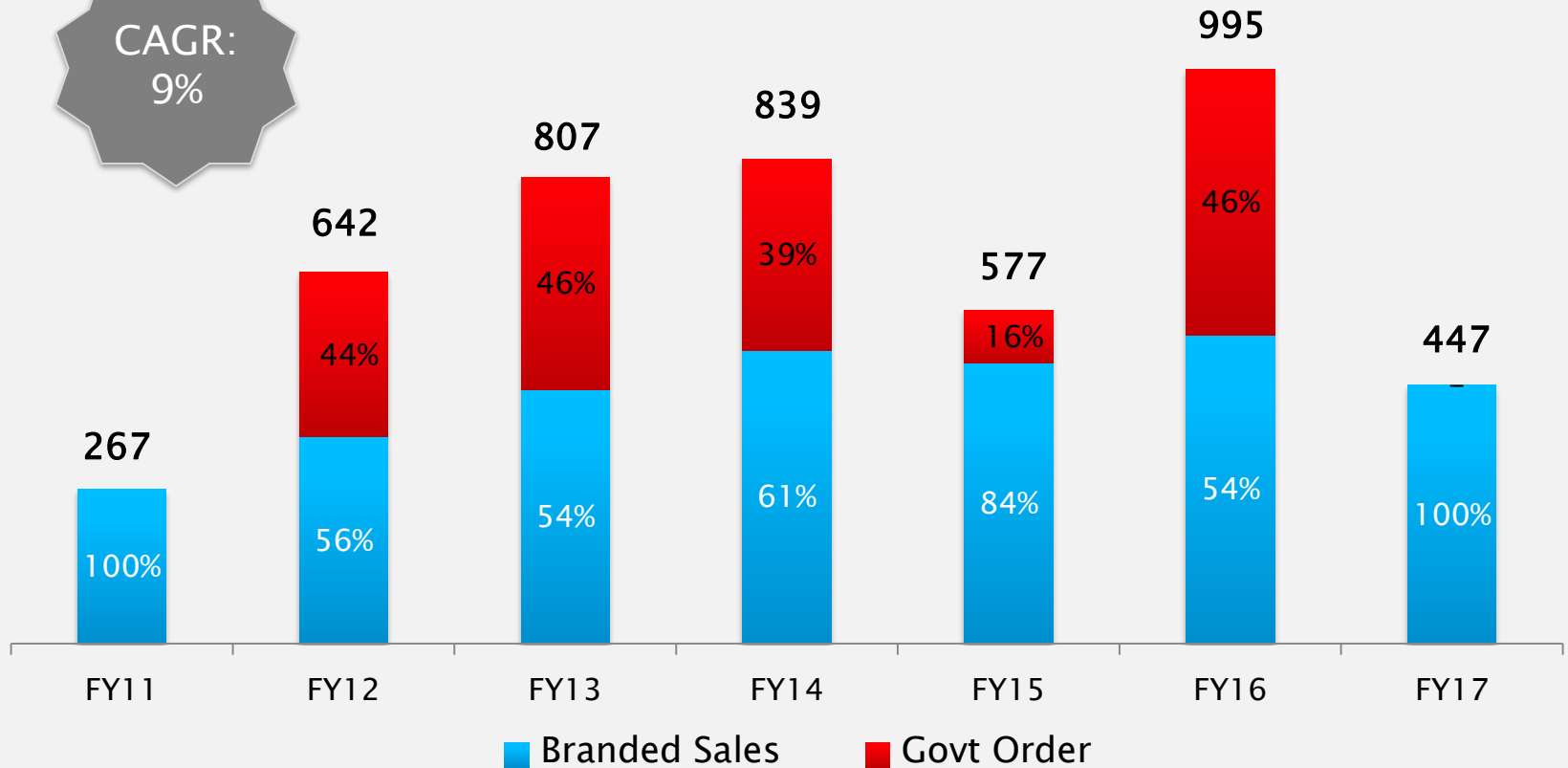
# Milestones



# Revenue Profile

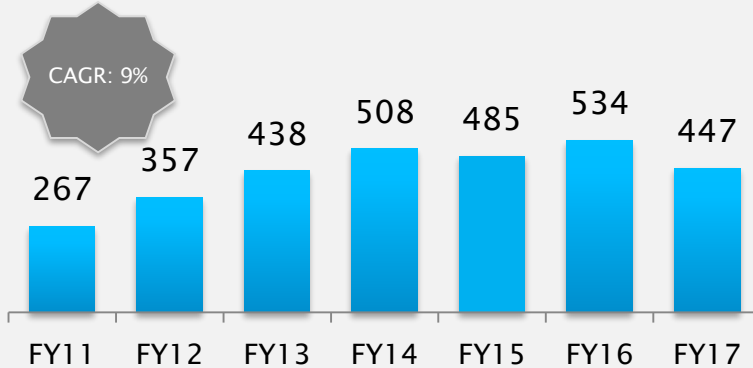
## Annual Revenue (Rs. crore)

CAGR:  
9%

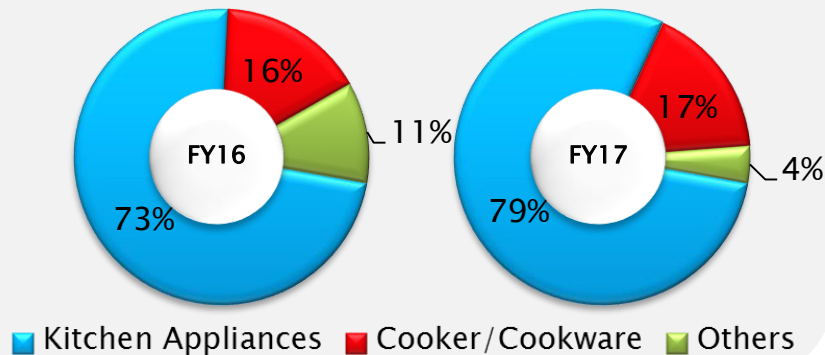


# Branded Retail Sales

Branded Gross Sales (Rs. crore)



Branded Product Distribution (%)



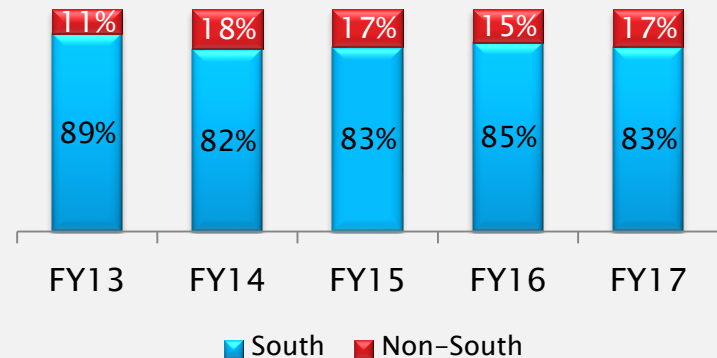
## Through Institutions

- 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

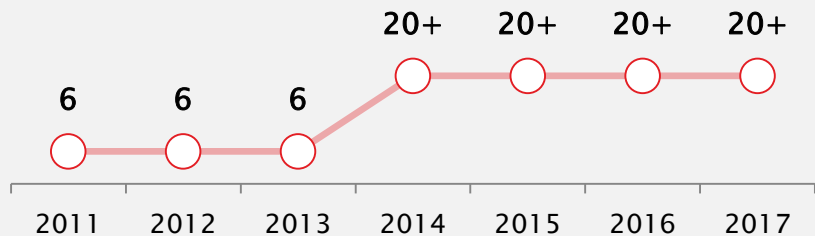
Region-wise Break-up



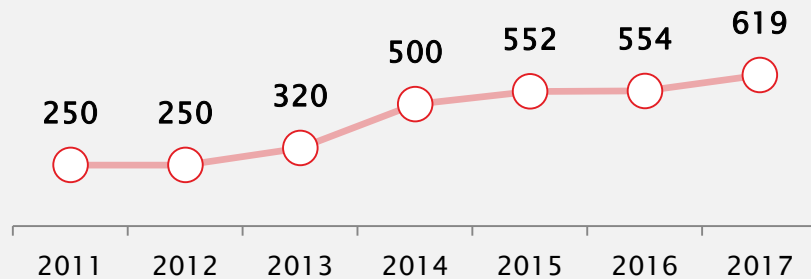
# Augmenting Organic Growth

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

Product Categories (Nos.)

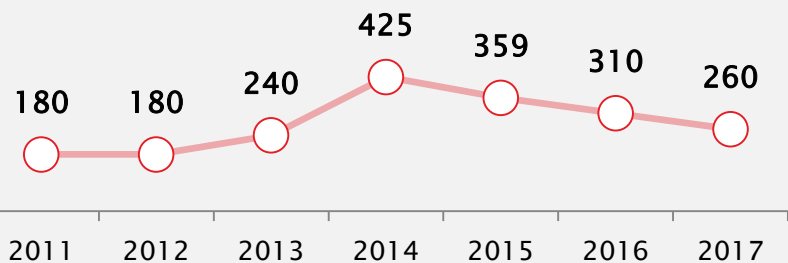


SKUs (Nos.)

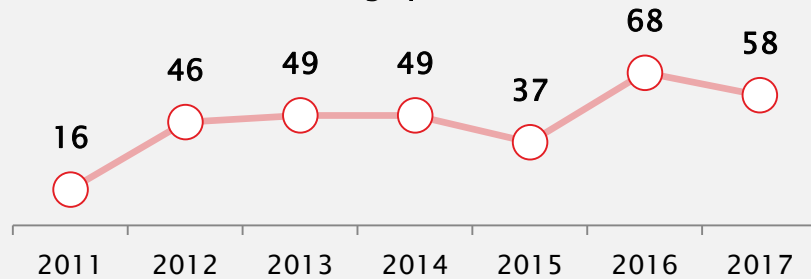


## Enhancing Sales and Marketing Efficiency For Better Penetration And Brand Development

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



2

## Financial Overview

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# Abridged Profit & Loss Statement

Rs. crore

Particulars	FY 2014	FY 2015	FY 2016	FY 2017	9M FY17	9M 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>320.3</b>	<b>430.7</b>
- Branded Net Revenues	460.8	447.5	468.2	402.3	318.1	427.9
- Government Net Revenues	308.2	84.3	432.7	-	-	-
- Other Income	1.85	1.5	5.4	3.2	2.2	2.8
<b>Material Cost</b>	<b>520.2</b>	<b>317.5</b>	<b>621.9</b>	<b>251.7</b>	<b>193.2</b>	<b>253.6</b>
- Cost of Materials Consumed	483.6	248.3	566.6	145.9	143.2	180.5
- Purchases of Stock-in-Trade	85.3	65.3	31.5	49	49.0	84.5
- Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	-48.7	3.9	23.8	1.0	0.9	-11.5
<b>Gross Profit</b>	<b>250.5</b>	<b>215.8</b>	<b>284.4</b>	<b>153.8</b>	<b>127.1</b>	<b>177.1</b>
Gross Margin (%)	33%	40%	31%	38%	0.0	0.0
Employee Expenses	60.8	60.3	61.3	50	39.7	43.5
Other Expenses	128.2	111.5	157.9	127.5	97.3	108.4
<b>EBITDA</b>	<b>61.5</b>	<b>44</b>	<b>65.2</b>	<b>-23.7</b>	<b>-9.8</b>	<b>25.2</b>
EBITDA Margin (%)	8%	8%	7%	-3%	-0.0	0.0
Depreciation	5.1	10.2	11.5	11.6	8.7	9.1
Finance Cost	22.1	29.6	34.5	21.2	17.1	11.6
<b>Profit Before Tax</b>	<b>34.3</b>	<b>4.2</b>	<b>19.1</b>	<b>-56.6</b>	<b>-35.6</b>	<b>4.5</b>

The Revenue has grown across all the channel and geography.

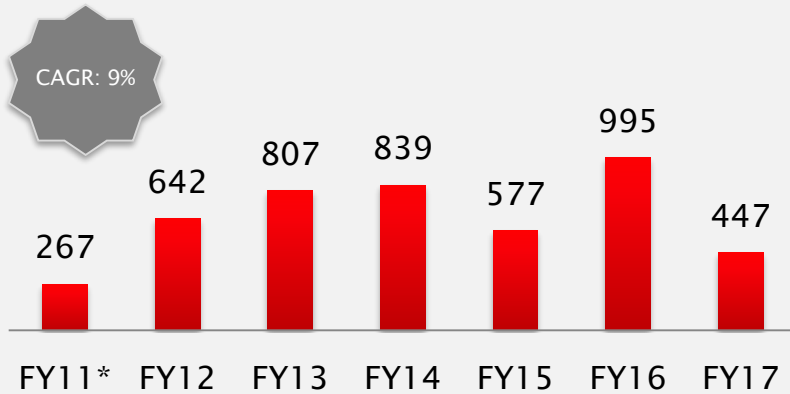
The company is profitable because of very good revenue growth.

NOTE : \* 9 Months FY18 & 9 Months FY17 results are as per IND-AS standards.

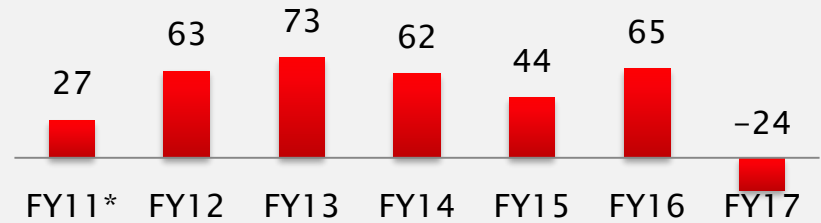


# Performance Track Record – Annualized

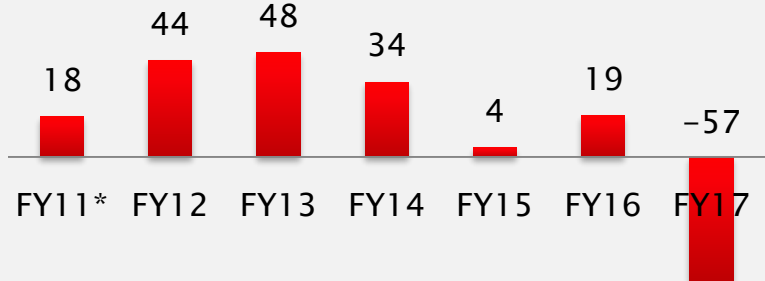
Total Revenue (Rs crore)



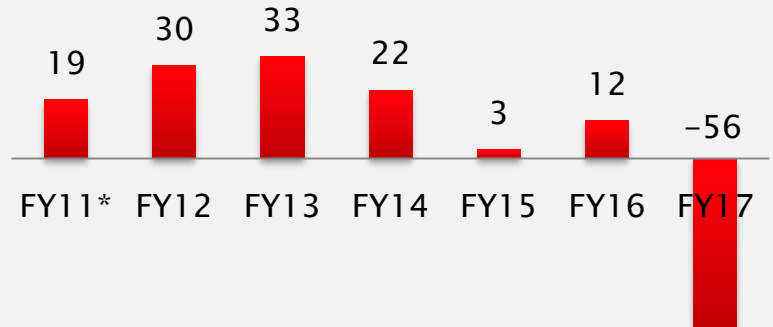
EBITDA (Rs crore)



Profit Before Tax (Rs crore)



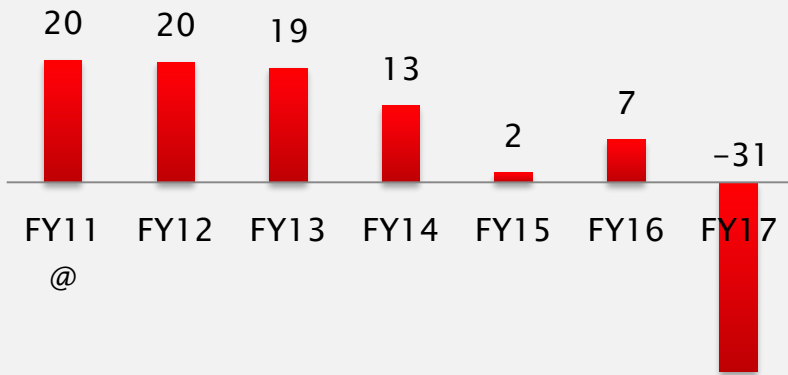
Profit After Tax (Rs crore)



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.

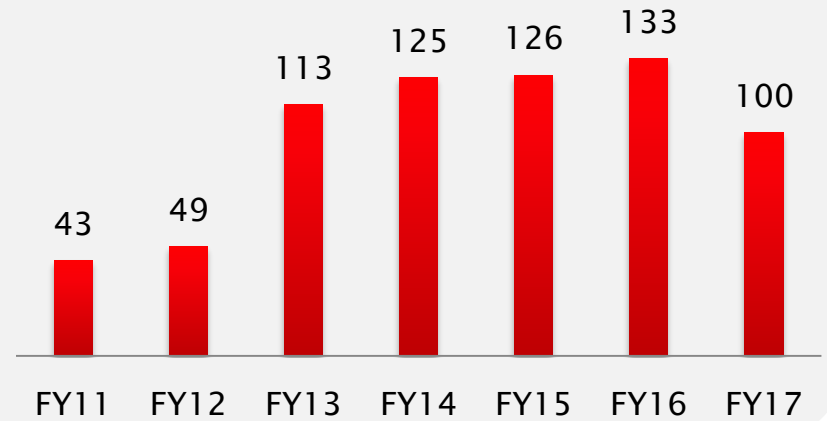
# Key Financials

Earning Per Share (Rs) – Annualized



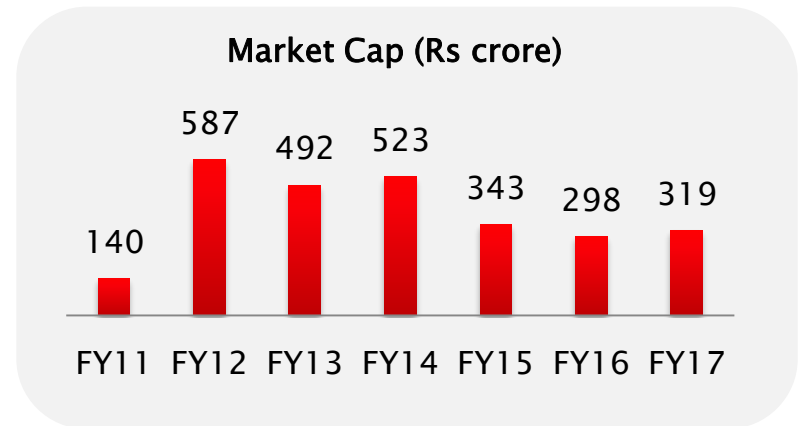
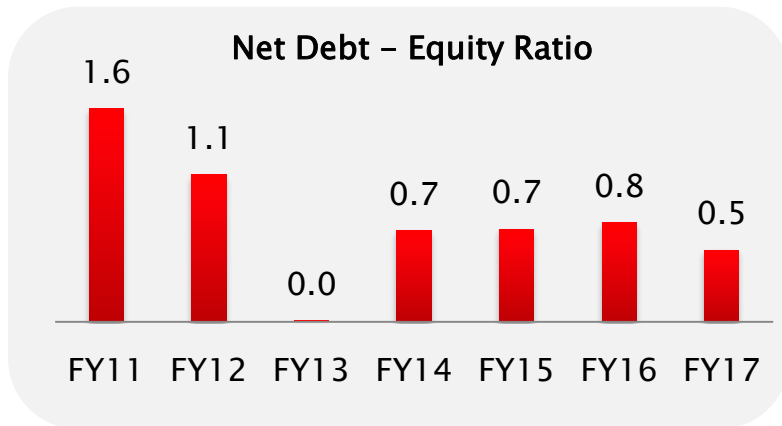
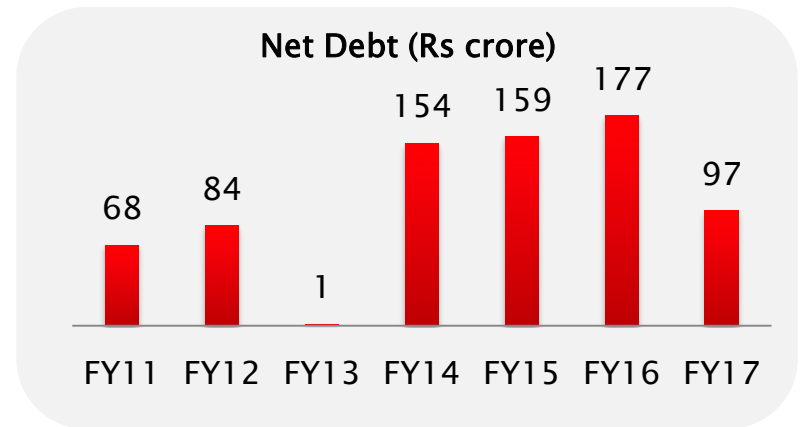
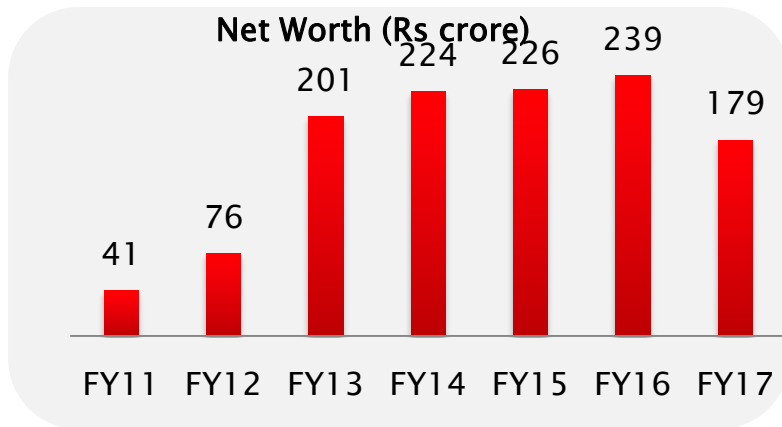
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Book value per share (Rs)



@ 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





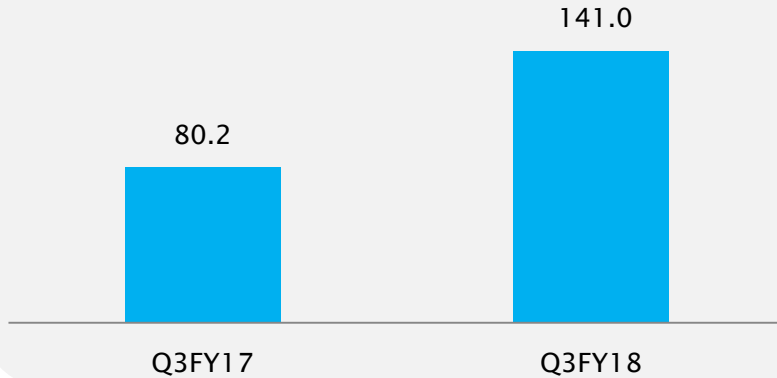
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## Q3 FY18 Operating Performance & Highlights

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# Q3 FY18 – Performance highlights

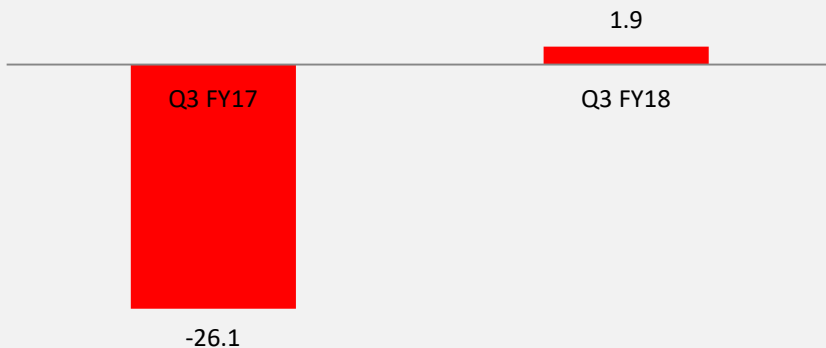
Total Income (Net) (Rs. crore)



EBITDA (Rs. crore)



PAT (Rs crore)



- Total Income during Q3 FY18 stood at Rs. 141.0 crore, as against Rs.80.2 crore in Q3 FY17
  - Branded net sales was higher by **76%** on a Y-o-Y basis.
  - This is due to better market conditions and lower sales in Q3 FY17 due to Demonetization .
- PAT stood at Rs. 1.9 crore in Q3 FY18

NOTE : \* Q3 FY18 results are as per IND-AS standards

# Key Highlights

## Branded Gross Sales (incl. Excise Duty)

(Rs crore)

Product	Q3 FY18	Q3FY17	Q2 FY18	Y-o-Y Growth	Q-o-Q Growth
<b>Branded Market</b>					
Kitchen Appliances	109.1	74.7	163.3	46.0%	-33.2%
Cooker/Cookware	23.7	10.5	30.2	125.6%	-21.5%
Others	8.2	4.1	7.5	102.3%	9.3%
<b>Grand Total</b>	<b>141.0</b>	<b>89.3</b>	<b>201.0</b>	<b>57.9%</b>	<b>-29.9%</b>
<b>Less: Excise Duty</b>	<b>-</b>	<b>9.1</b>	<b>-</b>		
<b>Net Revenue</b>	<b>141.0</b>	<b>80.2</b>	<b>201.0</b>	<b>75.8%</b>	<b>-29.9%</b>

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



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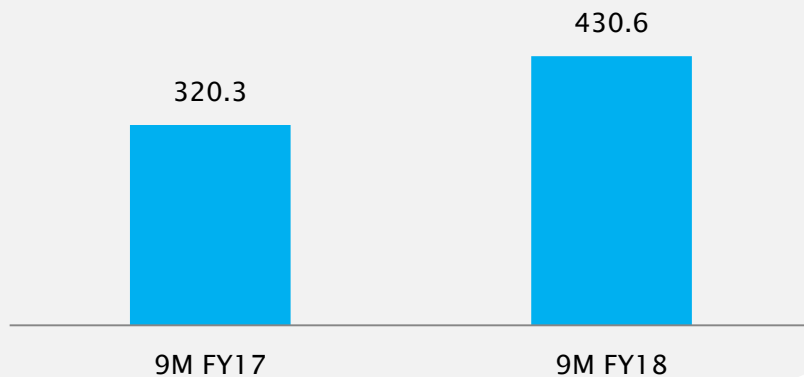
## 9 Months FY18 Operating Performance & Highlights

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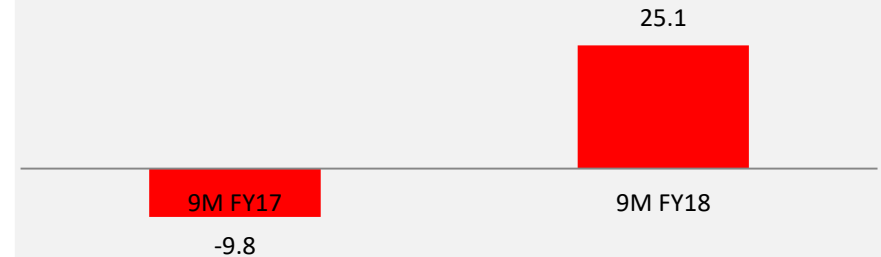


# 9 Months FY18 – Performance highlights

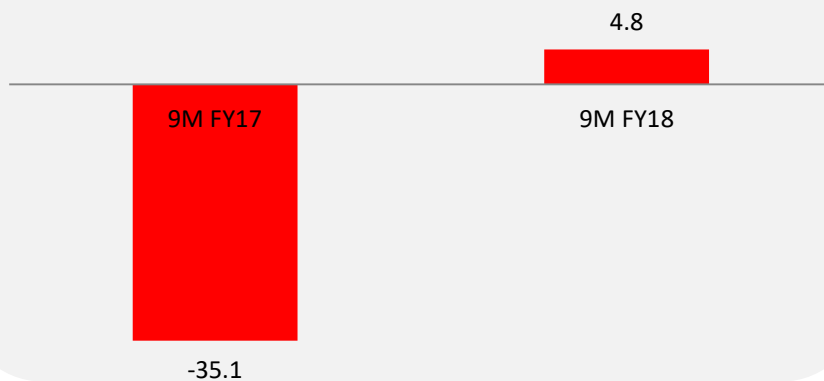
## Total Income (Net) (Rs. crore)



## EBITDA (Rs. crore)



## PAT (Rs crore)



- Total Income during 9M FY18 stood at Rs.439.4 crore, as against Rs.320.3 crore in 9M FY17
  - Branded sales was higher by **34.5%** on a 9M FY18 vs 9M FY17 basis on net of Excise Duty basis
  - The company expects to continue with similar growth for Q4 FY18.
- PAT stood at Rs. 4.8 crore in 9M FY18

NOTE : \* 9M FY18 & 9M FY17 results are as per INDAS standards



# Key Highlights

## Branded Gross Sales (incl. Excise Duty)

(Rs in Cr.)

Product	9M FY18	9M FY 17	Y-o-Y Growth
<b>Branded Market</b>			
Kitchen Appliances	348.7	297.5	17.2%
Cooker/Cookware	66.0	42.7	54.8%
Others	21.9	13.3	64.5%
<b>Grand Total</b>	<b>436.6</b>	<b>353.5</b>	<b>23.5%</b>
<b>Less: Excise Duty</b>	<b>8.8</b>	<b>35.4</b>	
<b>Net Revenue</b>	<b>427.9</b>	<b>318.1</b>	<b>34.5%</b>

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



4

# 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. **Fully implemented power BI to monitor secondary sales data in South India market.**
5. **The Company has put out an effective Business Plan for FY 17–18 to deliver Profit with 35 % sales growth. For FY 2018–19 Company is targeting more than 20% top line growth.**

# Outlook

CATEGORY	9M FY18 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	75- 80% of Branded Sales in 9M 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 Q4 also.</li> </ul>	Retail channel demand is expected to good in the coming quarters
Institutional Channel Sales	20- 25% of Branded Sales in 9M FY18	<ul style="list-style-type: none"> <li>• New PMUY scheme has started gaining traction</li> <li>• In finance bill of FY18 government has proposed to increase the LPG gas connections (PMUY) from 5 crores to 8 crores</li> </ul>	Consumer demand is expected to good in the coming quarters
<b>TOTAL BRANDED SALES</b>	<b>Rs. 436.6 crore</b>		



# Thank you

any queries please contact Mr.V.M.G.Mayuresan, [vmgm@butterflyindia.com](mailto:vmgm@butterflyindia.com)

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