BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

August 5, 2019

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 first quarter ended on 30.06.2019

Enclosed please find the Company's Performance/Results presentation for the first quarter ended on 30.6.2019, 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.
Company Secretary &
General Manager (Legal)

Encl:a/a

Regd.Office: 143,Pudupakkam Village,Vandalur - Kelambakkam Road,Kelambakkam - 603 103, Kancheepuram, District,
Phone: +91-44-47415500 CIN No: L28931TN1986PLC012728,
E-mail:gmal@butterflyindia.com web : www.butterflyindia.com
Corporate Office: E-34,II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 600 130. Kancheepuram District
Phone: 044 - 49005100/5154, E- mail: butterflyho@butterflyindia.com

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

RESULTS PRESENTATION

Q1 FY20

www.butterflyindia.com

Safe Harbour

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

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. Murugesa 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

27%

REVENUE CAGR
FY17-19

IN THE TOP

3

IN INDIA FOR DOMESTIC
KITCHEN APPLIANCES

NOW PRESENT IN ALL

29

STATES IN INDIA

SALES OF BRANDED
PRODUCTS IN FY19

652

CRORE

500+

EXCLUSIVE
DISTRIBUTORS ACROSS
INDIA

0.81

NET DEBT / EQUITY
RATIO

21%

REVENUE GROWTH
OVER FY18

19%

OF FY19
REVENUES FROM NON-SOUTH
STATES

Growth Levers

Initiatives	Impact
Wider Product Offering	○ Fresh growth avenues in existing markets ○ Accelerated growth opportunity in new markets
Geographical Expansion	○ Addressable market increases manifold ○ Wider National footprint
Premium Products	○ Expansion in blended margins ○ Attracts new categories of customers
Capacity Expansion	○ Poised to address growth in demand arising from selling & marketing initiatives and geographic expansion

Overview Milestones

1986
- Year of Incorporation
- Imported machinery to set up manufacturing operations
- First to launch Stainless Steel Pressure Cookers in India
- Launched LPG Stoves

1989
- First to Launch Stainless Steel Vacuum Flasks in India
- Launched Mixer Grinders

1992
- Invented Brazing Machine with In-house Technology which replaced the hazardous copper plating process for Pressure Cooker/Utensils - successful indigenous substitution for imported technology

1994
- Listed on BSE

1998
- Awarded patent for 3 conical stone Table Top Wet Grinder

1999
- First in India to be awarded ISO 9000 certification for its LPG Stoves and Mixer Grinders
- Launched proprietary 3 conical stone grinding technology

2000
- Commenced exports to USA, UK, Canada, Mauritius, Australia & Japan

2002
- Awarded ISO 9000 certification for Table Top Wet Grinder

2005
- First in India to receive „GREEN LABEL" Certification for high thermal efficient LPG Stoves

2011
- Bagged the first TNCSC order of Rs. 285 crore for manufacturing of Table Top Wet Grinder and Mixer Grinders - Highest in the organized sector
- Name changed to Butterfly Gandhimathi Appliances Ltd from Gandhimathi Appliances Ltd

2012
- Preferential Issue to Reliance PE - raised Rs. 100 crore of growth capital
- Net sales crossed Rs. 500 crore - growth of 140% over the previous fiscal
- Established a branch office in the United Kingdom to oversee and promote exports in the region

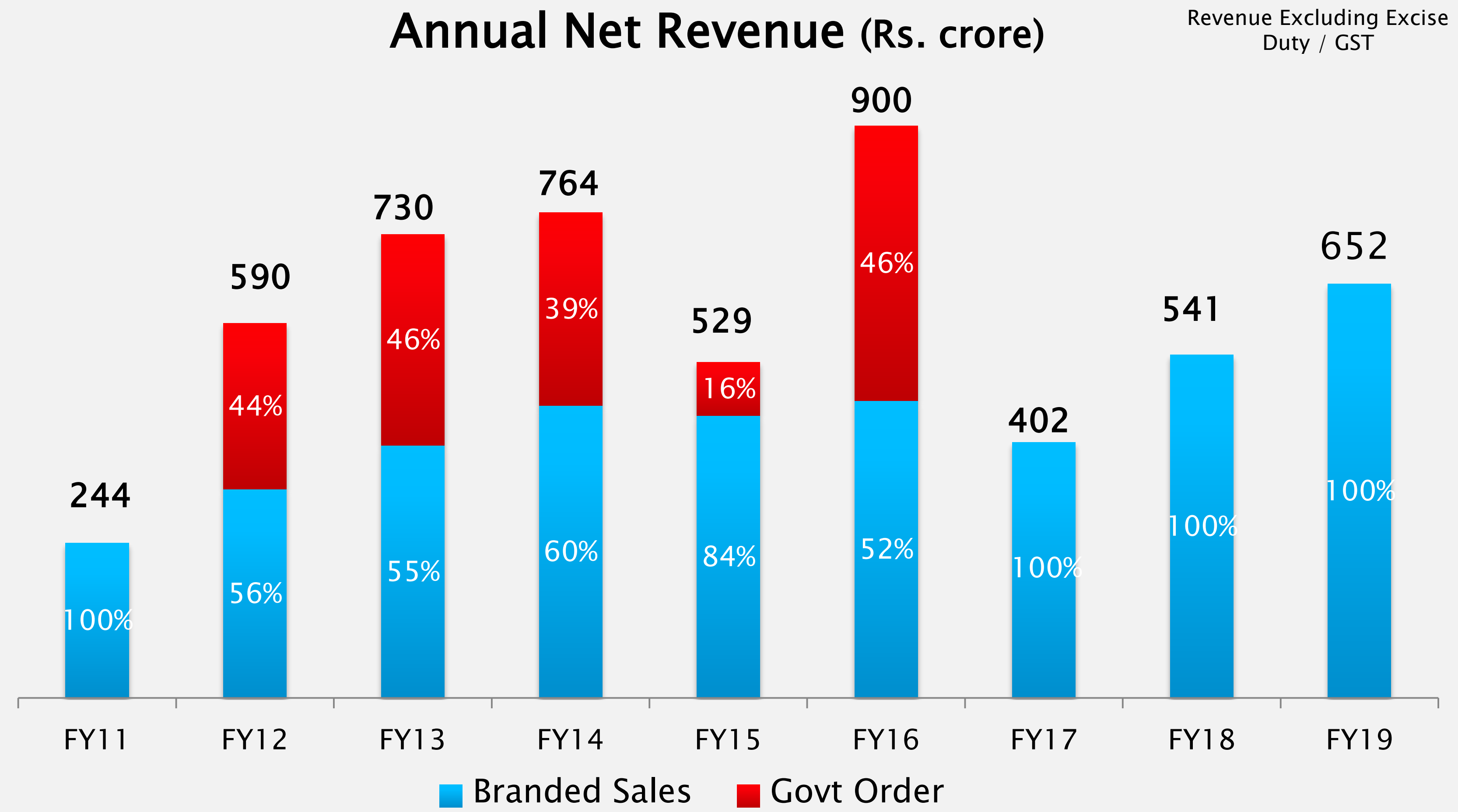
2014
- Launched 4 new Product Categories
- Added 60 SKUs to product range
- Enhanced Pan-India presence to include all 28 states
- Acquired a division from Associate Company LLM Appliances

2015
- Bagged the TNCSC order for the 4th consecutive year - latest order amounting to Rs. 510 crore for manufacturing of TTWGs
- Won order for Rs. 90 crores from Pondicherry Co-op Wholesale Stores to supply TTWGs and mixer grinders

2016
- First in India to be awarded "BEE Label with 2 star rating" for manufacture of LPG stoves
- Successful completion of both TNCSC and Pondicherry Co-op Wholesale Stores orders

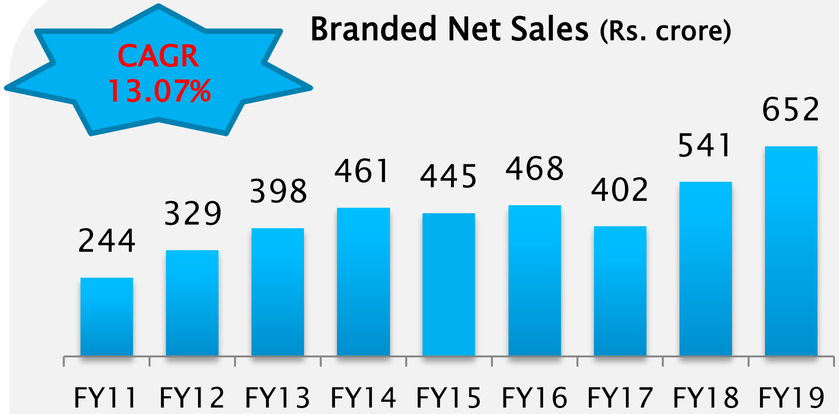
2018
- Re-Launch of Stainless Steel Vacuum Flasks
- Registered with Alternate Channel like Canteen Stores Dept (CSD).,, TNPC (Tamilnadu Police Cateen), Online etc

Revenue Profile



Branded Retail Sales

Branded Net Sales (Rs. crore)



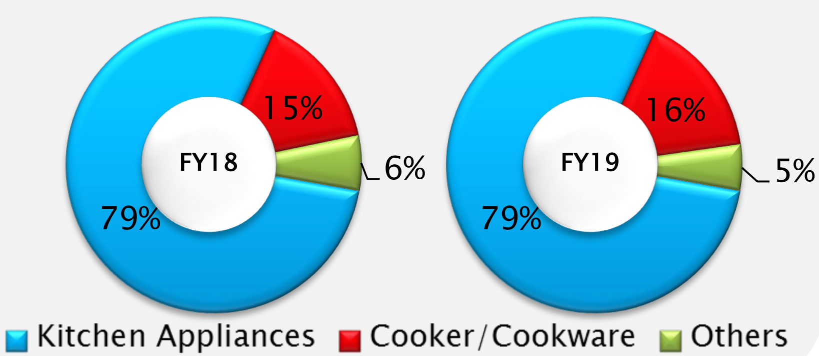
Through Institutions

- Tie ups with Gas dealers of IOCL, BPCL and HPCL
- Customers for new gas connection are provided with co-branded products manufactured by BGMAL

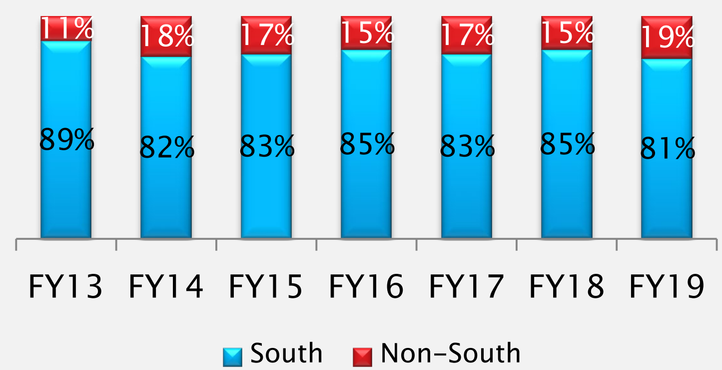
Through Retail Marketing

- Network of 500+ exclusive distributors
- Distributors supply to dealer network which is customer facing
- Tie-up with Modern Trade, Online, CSD, CPC, TNPC etc.
- 25000+ retail points across the Indian map

Branded Product Distribution (%)



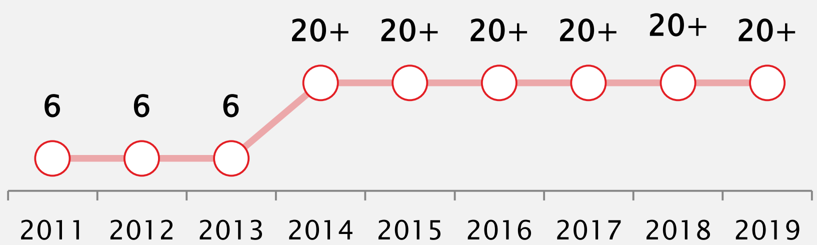
Region-wise Break-up



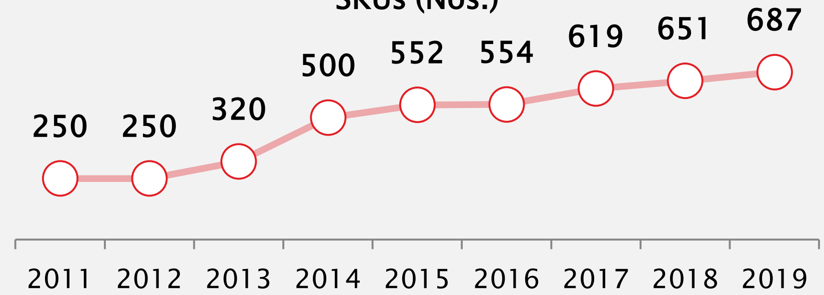
Augmenting Organic Growth

Increased Product Categories For Wider Product Portfolio And Higher Market Share

Product Categories (Nos.)

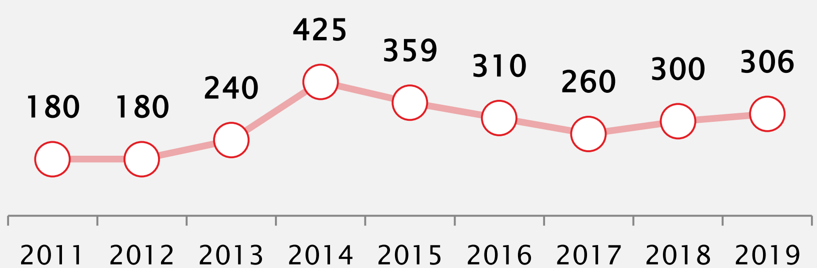


SKUs (Nos.)

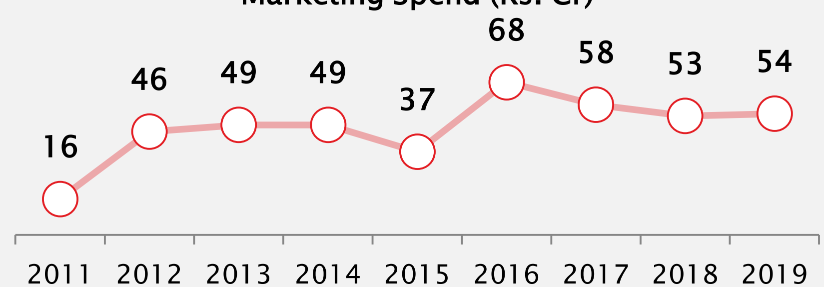


Enhancing Sales and Marketing Efficiency For Better Penetration And Brand Development

Sales Team (Personnel)



Marketing Spend (Rs. Cr)



Butterfly®

Product Portfolio

Every product exhibits the highest standards in Safety, Durability, Efficiency, Aesthetics & Reliability


LPG Stove


Mixer Grinder


Table Top
Wet Grinder


Electric Chimney


Pressure Cooker


Non Stick Cookware


Induction Cooktop


Electric Rice Cooker


Juicer Mixer Grinder


Electric Kettle


Sandwich Maker

Product Portfolio

Other Pioneering Products

Juicer

Hand Blender

Electric Iron

Vacuum Flasks

Pop-up Toaster

Strong R&D Capabilities

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

1st to introduce Stainless Steel Pressure Cookers in India

1st to manufacture Stainless Steel LPG Stoves in India

1st 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

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

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Financial Overview

Abridged Profit & Loss Statement

Rs. In crore

	FY 2017	FY 2017 Ind-AS	FY 2018 Ind-AS	FY 2019 Ind-As	Q1 FY19 Ind-As	Q1 FY20 Ind-As
Total Net Revenues (Incl. OI)	**405.5**	**406.6**	**542.1**	**654.0**	**124.9**	**152.3**
- Branded Net Revenues	*402.3*	*404.9*	*540.5*	*652.0*	124.4	152.1
- Government Net Revenues	-	-	-	-	-	-
- Other Income	*3.2*	*1.7*	*1.6*	*2.0*	0.5	0.2
Material Cost	**251.7**	**247.3**	**315.2**	**390.0**	**73.0**	**88.7**
- Cost of Materials Consumed	*145.9*	*149.1*	*218.7*	*316.6*	75.3	73.9
- Purchases of Stock-in-Trade	*49*	*78.8*	*106.4*	*97.6*	15.8	22.1
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	*1*	*19.4*	*-9.9*	*-24.2*	-18.1	-7.3
Gross Profit	**153.8**	**159.3**	**226.9**	**264.0**	**51.9**	**63.6**
Gross Margin (%)	*38%*	*39%*	*42%*	*40%*	41.6%	41.8%
Employee Expenses	50	50.4	57.3	70.1	16.9	18.4
Other Expenses	127.5	126.9	133.2	146.1	25.3	33.3
EBITDA	**-23.7**	**-18**	**36.3**	**47.7**	**9.8**	**11.9**
EBITDA Margin (%)	*-3%*	*-4%*	*7%*	*7%*	7.8%	7.8%
Depreciation	11.6	11.6	12.4	12.9	3.2	3.7
Finance Cost	21.2	23.3	18.1	22.5	5.2	5.9
Profit Before Tax	**-56.6**	**-53.1**	**5.8**	**12.4**	**1.3**	**2.2**

The Revenue has grown across all the channel

Gross Profit is healthy at above 41% because of higher growth of sales of retail channel.

The Company is improving it's margin because of good revenue growth and Gross Margins
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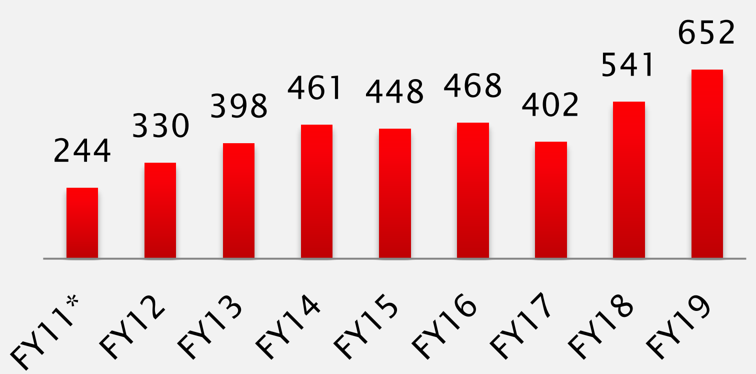
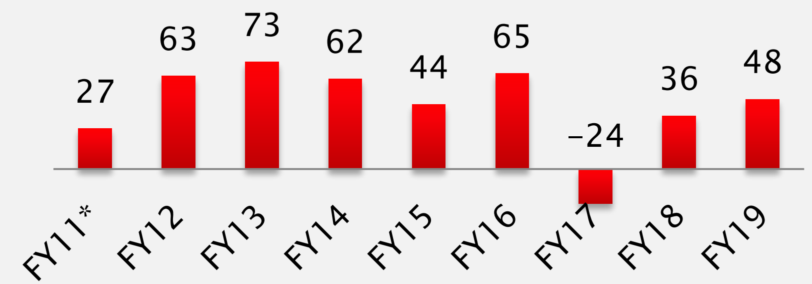
Performance Track Record – Annualized

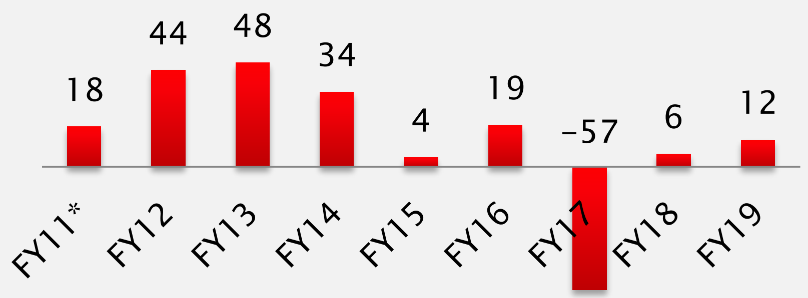
Total Revenue (Rs crore)



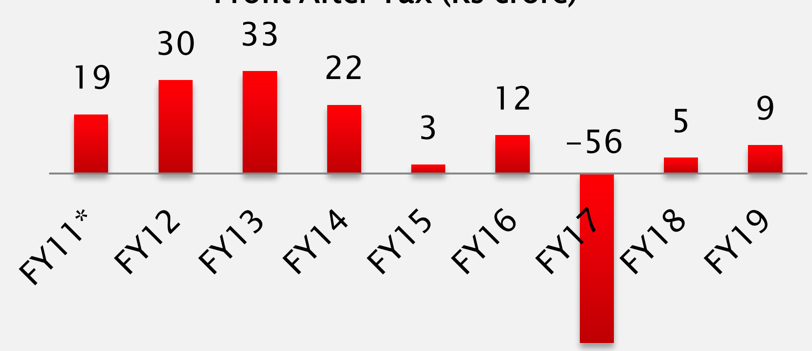
EBITDA (Rs crore)



Profit Before Tax (Rs crore)

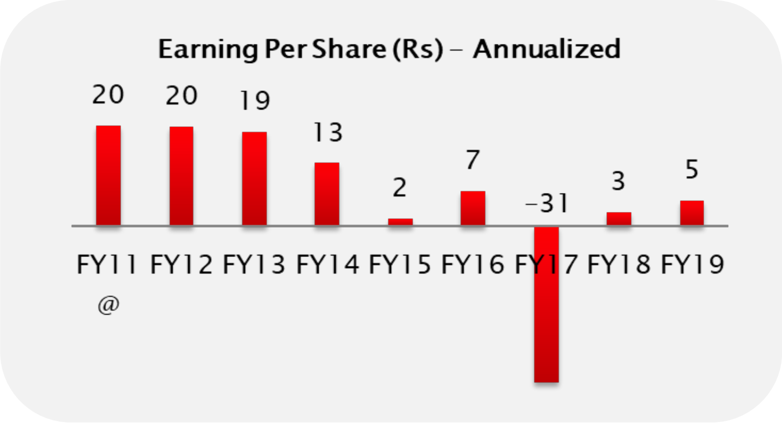


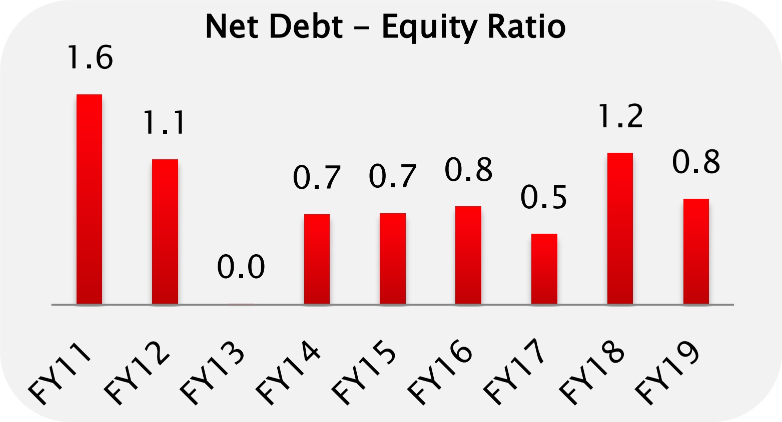
Profit After Tax (Rs crore)

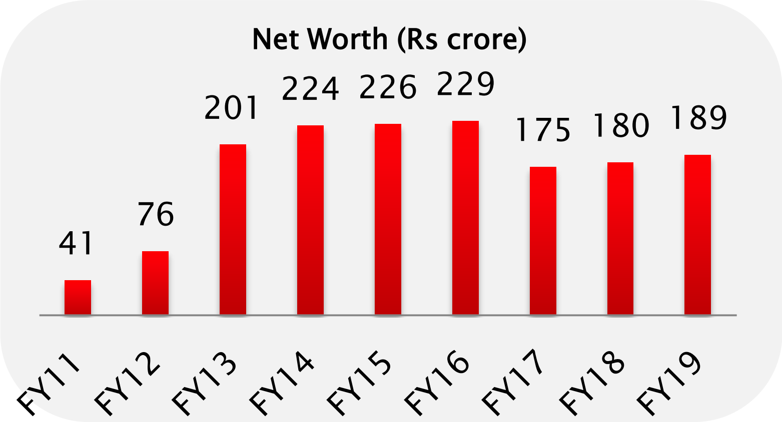


NOTE : * FY11 was for period of 9 months ended on 31.03.2011. The figures above represent the annualized numbers in order to facilitate a comparison.

Key Financials







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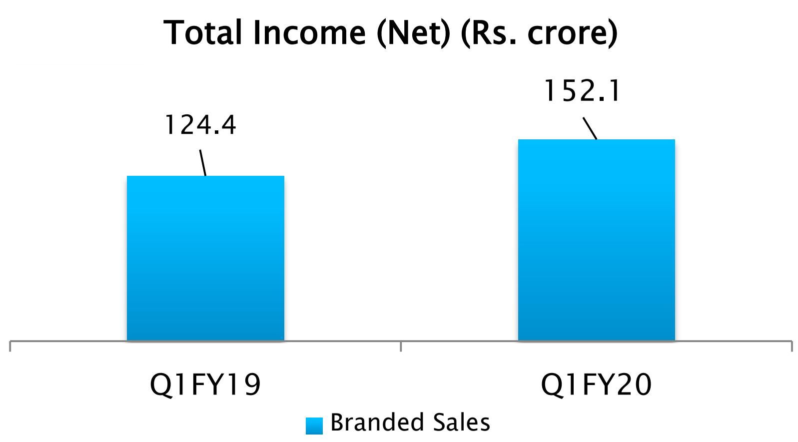
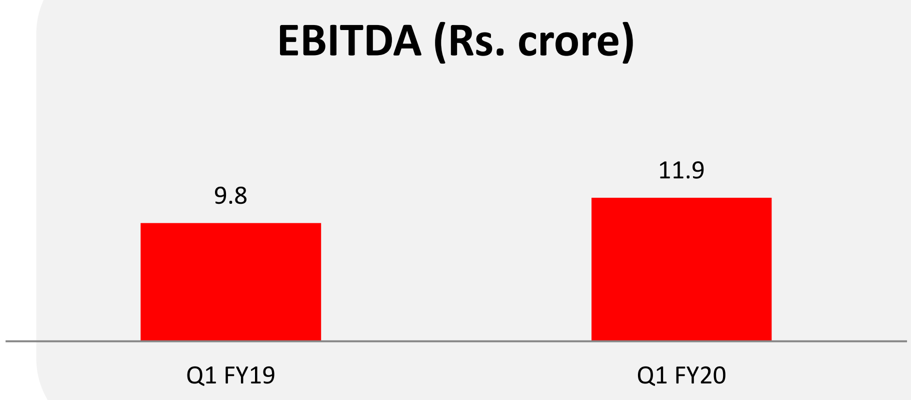
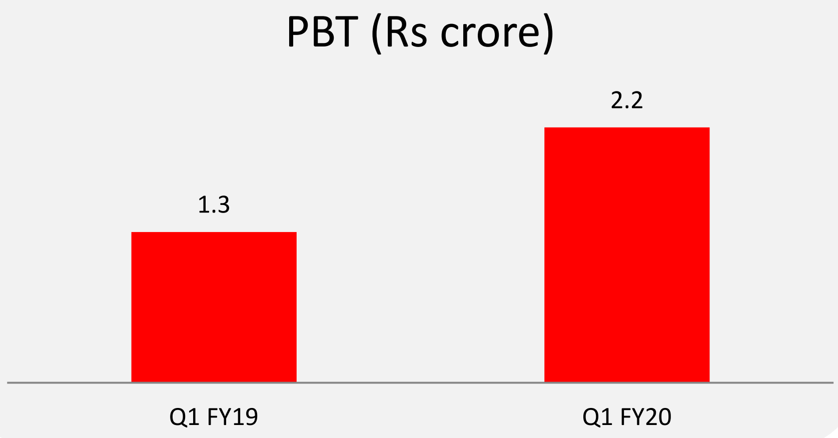
Q1 FY20 Operating Performance & Highlights

Q1 FY20 – Performance highlights







- Total Income during Q1 FY20 stood at Rs.152.1 crore, as against Rs.124.4 crore in Q1 FY19
  - Branded net sales was higher by **22%** on a Y-o-Y basis.
  - This is due to higher growth in Alternate Channels and increased focus in Traditional Retail.
- PBT stood at Rs.2.2 crore in Q1 FY20

Key Highlights

Branded Net Sales

(Rs. in Crore)

Product	Q1 FY20	Q1 FY19	Q4 FY19	Y-o-Y Growth	Q-o-Q Growth
Branded Market					
Kitchen Appliances	111.4	96.4	114.4	15.6%	-2.6%
Cooker/Cookware	26.0	18.5	22.0	40.5%	18.5%
Others	14.7	9.5	13.1	54.3%	11.7%
Grand Total	**152.1**	**124.4**	**149.5**	**22.3%**	**1.8%**

- Overall the quarter is good.
- Quarter on Quarter is not comparable due to seasonal sales.

4 Outlook

Outlook

The objective and focus of the plan is completely on delivering better Profit for FY 2019-20

1. **Balance Sheet efficiency / liquidity**
   a. Continue to Focus on better control on Trade Receivables.
   b. Continue to Increase in supplier credit days
   c. Reduction in Inventory levels through optimised sales planning
2. **Big push in alternate channels such as Online, Corporates, Modern Trade, CSD and Corporate sales, which has grown over 70% for FY2018-19**
3. **Fully implemented Microsoft Power BI to monitor secondary sales data in South India market.**
4. **The Company is targeting a growth of 20% in FY19-20.**

Outlook

CATEGORY	12M FY19 CONTRIBUTION	MARKET ENVIRONMENT	OUTLOOK
Retail Channel Sales	80 – 85% of Branded Sales in 12M FY19	• Traditional Retail Channel is sluggish and is expected to be better during the festive season	The Company is targeting a growth of more than 20% due to increased presence in alternate channels
Institutional Channel Sales	15– 20 %of Branded Sales in 12M FY19	• This Channel is expanding because of PMUY Scheme	Plan to increase the volume in the category of Glass Top LPG Stoves
TOTAL BRANDED SALES	Rs. 652.0 crore		

Thank you

any queries please contact Mr.V.M.G.Mayuresan, vmgm@butterflyindia.com