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Initiating Coverage

# Butterfly Gandhimathi Appliances Ltd.

High Risk bet on sustained turnaround

07-January-2021



# Butterfly Gandhimathi Appliances Ltd.



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Household Appliances	Rs. 481.8	Buy at LTP and add on dips to Rs. 428-430 band	Rs. 529	Rs. 579	2 quarters

HDFC Scrip Code	BUTGANEQNR
BSE Code	517421
NSE Code	BUTTERFLY
Bloomberg	BGAL IN
CMP Jan 06, 2021	481.8
Equity Capital (Rscr)	18
Face Value (Rs)	10
Eq- Share O/S (cr)	1.8
Market Cap (Rscrs)	861
Book Value (Rs)	108
Avg. 52Wk Volumes	131639
52 Week High	497.7
52 Week Low	83.0

Share holding Pattern % (Sept, 2020)	
Promoters	64.8
Institutions	9.4
Non Institutions	25.8
Total	100.0

## Fundamental Research Analyst

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### Our Take:

Butterfly Gandhimathi Appliances Limited (BGAL) is leading manufacturer of Kitchen and Electrical Appliances. Over the years, the company has diversified from being predominantly an LPG stove manufacturing company and a B2B company supplying majorly to State Govt to a branded 'kitchen appliances' company with reasonably diversified product portfolio. BGAL has a solid foothold in the Southern market and an extensive distribution comprising 500+ exclusive distributors catering 25,000+ retail points across India. Better Channel mix and product mix is likely to support improvement in margins going forward. The company manufactures its core products (85%) in-house ensuring better quality, high operating leverage and margins. Management's recent focus in reducing the working capital cycle would be instrumental in freeing its working capital and thus would have a positive impact on bottom-line numbers.

BGAL will be one of the biggest beneficiaries of the continued growth in the domestic kitchenware segment. The strong historical patronage of the "Butterfly" brand, continuous innovations and premium quality products will support revenue growth. We are positive on this company because of its established brand recognition, diversified product profile, and moderate financial risk profile.

### Valuations & Recommendation:

Strong presence of the Company in all segments of domestic appliances industry including LPG stoves, Mixer Grinders, Cookers and Table Top Wet Grinders, planned new launches and expanded network of dealers will help the Company to consolidate its recent gains further and grow ahead of the Industry in the coming years. We believe rising disposable income (although remains weak in near term), increasing urbanization, number of nuclear households, rise in female working population coupled with increasing consumer preference towards branded products is likely to drive company's growth going ahead.

Going forward, sharpening focus on branded sales is envisaged to enhance the company's margin and return ratios, leading to a re-rating. The management indicated that sales has been strong due to pent up demand and WFH related stocking up at home. This is expected to sustain owing to enhanced preference of consumers for home cooked food. The management has been focusing on increasing the share of e-commerce that has been among the fastest growing distribution channel for the company. Sustaining the revenue growth and management of the working capital would remain key monitorables. If the recent performance is sustained, Butterfly could get valuations

closer to its peers like TTK prestige/Hawkins. We think the base case fair value of the stock is Rs.529 (21.5x Sept22E EPS) and the bull case fair value is Rs.579 (23.5xSept22E EPS) over the next two quarters. Investors can buy the stock at LTP and add on dips to Rs.428-430 (17.5xSept22E EPS). At the LTP of Rs.481.8 it quotes at 19.6xSept22E EPS.

## Financial Summary:

Particulars (Rs cr)	Q2FY21	Q2FY20	YoY-%	Q1FY21	QoQ-%	FY18	FY19	FY20	FY21E	FY22E	FY23E
Total Operating Income	288.8	241.4	19.6	76.8	276.2	540.6	652.0	678.7	754.7	864.1	984.3
EBITDA	34.3	21.1	62.2	-4.0	-950.4	34.7	45.7	40.8	63.4	78.6	92.5
Depreciation	3.7	3.2	14.9	3.7	0.3	12.4	12.9	13.9	14.1	14.3	14.6
Other Income	0.4	0.3	57.7	0.2	105.0	1.6	2.1	1.5	1.5	1.7	2.0
Interest Cost	4.6	5.8	-20.9	5.7	-19.6	18.1	22.5	24.1	19.0	14.9	13.3
Tax	9.2	4.0	130.3	-4.6	-298.9	1.0	2.8	0.2	11.1	12.8	17.0
PAT	17.2	8.4	105.3	-8.6	-299.8	4.8	9.6	4.0	20.7	38.4	49.6
Diluted EPS (Rs)	9.6	4.7	105.3	-4.8	-299.8	2.7	5.4	2.2	11.6	21.5	27.7
RoE-%							5.2	2.1	10.3	16.8	18.6
P/E (x)							90.0	216.4	41.7	22.4	17.4
EV/EBITDA							21.8	24.9	15.4	12.1	10.3

(Source: Company, HDFC sec)

## Q2FY21 Result Review

Butterfly Gandhimathi Appliances Limited (BGAL) reported better than expected topline and bottomline numbers. The company reported net revenues of Rs 289cr in Q2FY21 (up 19.6% YoY). Increase in sales could be because of some pent-up demand. Focus in home cooking during the pandemic (WFH) worked well for company's cooking-appliances division. Revenue growth was seen across all product categories i.e Kitchen Appliance (up 16.8% YoY), Cooker/Cookware (up 20.7% YoY). The branded revenue grew by 19.6%, across all channels except Modern Trade and Gas Dealer Channels. Earlier guidance of achieving 85 to 90% of revenue of FY20 in FY21 is now revised upwards. Revenue is now expected to grow minimum 10% in FY21 vs FY20. The company is broad-basing its revenue and looking at e-commerce and modern retail as growth avenues.



EBITDA stands positive at Rs 34.27cr and saw 62.2% growth YoY. EBITDA margin was at 11.9% up 310bps YoY owing to better gross margins. Health growth due to channel-mix, product-mix along with some cost cutting measures lifted EBITDA margins. The company reported PAT of Rs 17.2cr (more than double, compared to a year ago) and PAT margin was at 6% vs 3.5% in Q2FY20. The company expects to maintain EBITDA margins north of 10% over the next two-three years. On the back of a strong operational performance, PAT doubled YoY to Rs 17.2 crore. BGAL managed to garner strong revenue growth and operational performance due its strong brand presence in South India and its own manufacturing capacity given limited reliance on vendors compared to its peers.

The short-term borrowing has come down substantially to Rs 24cr (vs Rs 127cr as on March 31, 2020) due to lower working capital needs. Working capital cycle days saw drastic fall from 91 days as at March 31, 2020 to 46 days as at Sep-end 2020. Real time tracking of inventory has helped the company to manufacture goods that are in demand leading to lower holding days of finished goods. Focus on entering into tie-ups for vendor bill discounting helped in lower working capital days. Bill discounting facility has reduced the debtors by Rs. 30cr.

Net Working Capital requirement reduced on greater contribution from e-com (lower credit days compared to general trade) and channel financing. Revenue from e-com (20% of FY20 revenue) is expected to rise to 30% in FY21. Tie-up with Sundaram and Chola for vendor financing; and firm control over credit to channel partners helped reduced working capital. Interest cost also reduced in Q2FY21 due to Channel Finance facility availed by the Company.

## Triggers

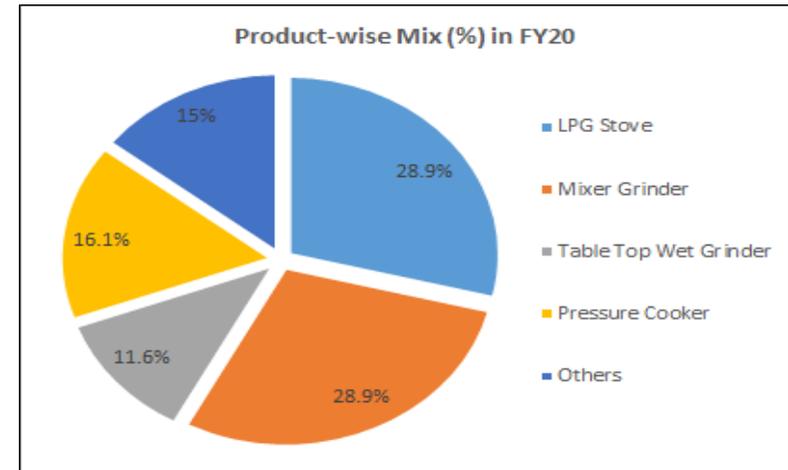
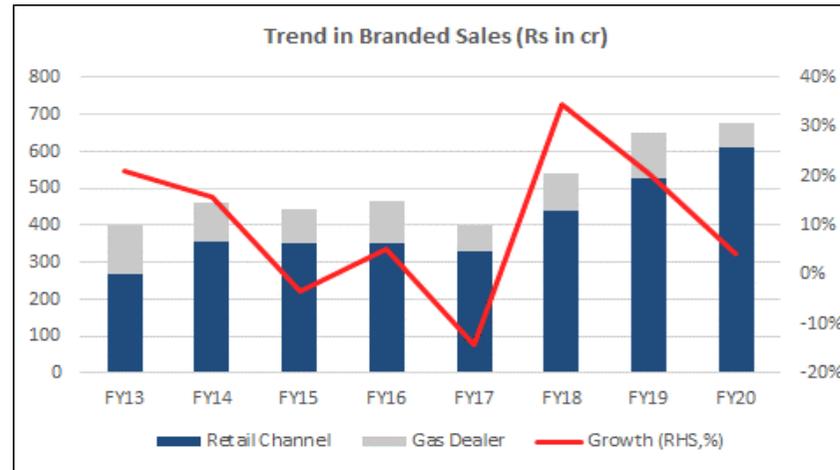
### **Revenue Growth to be broad-based, supported by many channels:**

The Company sells its products branded as “Butterfly” across the country through distributors, direct dealers, modern trade, online channels, Oil Marketing Channel etc. The company has tied up with LPG gas providers, wherein along with new gas connections Butterfly stoves are sold to customers. Its broad-basing of revenues after expanding into modern retail and the limited contribution from OMCs (~7% in FY20) lays strong foundation for its target of Rs 1000cr revenue in the next 2-3 years. The greater focus on home cooking during the pandemic augurs well for the company’s cooking-appliances division. To make the most of this trend, BGAL intends to launch SKUs in its existing product categories: food-processors and mixer-grinders.

The company was engaged in supplying cookers to Tamilnadu Govt for free distribution among its population during FY13-18, which led to moderation in its topline and margins during that period. Given that the average life span of kitchen appliances including cookers is 4-5

years and large government order in Tamil Nadu few years back; replacement demand (for even part of 1.25cr cookers supplied in this period) due to brand recall will support revenue growth over the coming few years.

The management has indicated that consumer's behaviour gravitated in favour of online buying especially in this fiscal. It expects the same trend to continue, going ahead. Revenue from online channel saw phenomenal growth in FY2020 and was ~20% of the revenue. Online channel is expected to form more than 30% of the top-line over the years supporting lower working capital needs and better EBITDA margins. To avoid conflict between general trade and e-com, SKUs are being created exclusively for its e-com channel. Currently the company sells its product range mainly through e-commerce marketplaces, the company has plans to sell through its dedicated online website. Despite a poor Q1FY21 due to pandemic, it will report a decent growth in FY21 sales over FY20.



(Source: Company, Hdrc Sec)

### Diversified Revenue Stream across Product categories:

BGAL has diversified from being predominantly an LPG stove manufacturing company to a branded 'kitchen appliances' company with reasonably diversified product portfolio. BGAL has a fairly diversified product profile spread over 20+ product categories and 702 stock keeping units (SKUs) as at FY20, (increasing from 651 SKUs in FY18), which is ably supported by its robust distribution network and focused

marketing initiatives. In FY20, mixer grinders and LPG stoves contributed to 29% and 29%, respectively of the revenues, while pressure cooker and table-top wet grinder (TTWG) generated 16% and 12%, respectively of the revenues. The company has already expanded its geographical reach and enhanced its product portfolio and innovation that provides it the capability to compete with other brands on a pan-India level. The Company has 1 state of the art R&D facility, with in house design studio with a dedicated team of 15 people adhering to quality control measures.

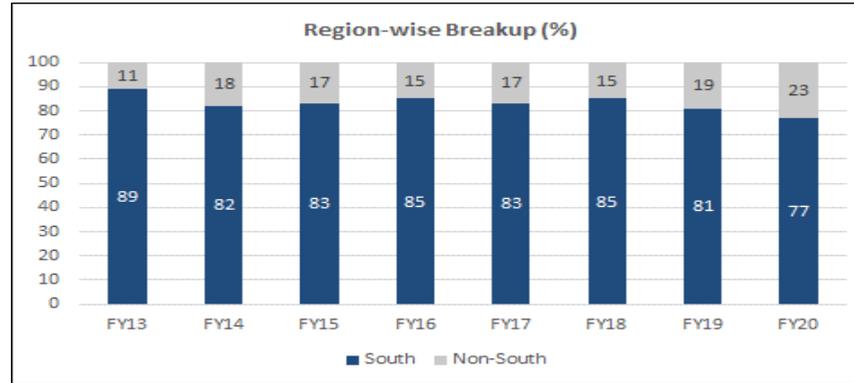
Kitchen Appliances				Cooker/Cookware		Others			
									
LPG Stoves	Mixer Grinder	Electric Rice Cookers	Juicer Mixer Grinder		Non-Stick Cookware	Hand Blender	Hand Mixer	Pop Up Toaster	Sandwich Maker
									
Wet Grinder	Chimney	Power Hobs	Built In Hobs	Pressure Cookers		Flasks	Electric Kettles	Water Bottles	

(Source: Company, Hdsc Sec)

### Strong Brand Image in South India; Plans for geographical expansion:

BGAL is one of the leading players in the kitchen appliances segment in South India, having a strong brand image and business profile supported by over three decades of experience of the promoters. Butterfly is a dominant brand in South India, with the market contributing ~77% to BGAL's revenue. The "Butterfly" brand is a house-hold name in South India, trusted for quality & durability. The brand allows the company superior pricing power. The company has also been a preferred supplier of LPG stoves in South India as a part of the Pradhan Mantri Ujjwala Yojana Scheme (PMUY).

The company continues its efforts in improving its presence outside South India by promoting its brand strengths and investing in building a strong performance-oriented execution team. Non-southern states account for around 23% of revenue (15% three years ago), expected to rise to 30% in the next few years.



(Source: Company, HDFC Sec)

### Improvement in Margins & PAT indicating some green shoots:

BGAL aims at Rs 1000cr revenue in the next 2-3 years, a 15% CAGR which would be supported by EBITDA margin expansion to 10% from (6.2% in FY20) aided by operating leverage as the rise in staff costs and other related expenses would not increase in proportion to the rise in revenues. BGAL has had a lower margin profile compared to peers and is striving to improve its margins that are in the 7-8% range compared to peers having margin in the range of 13-15%. Better Channel mix and product mix is likely to support improvement in margins. OMCs channel has seen subdued growth in the past few years. As BGAL works on broad-basing its revenues, proportion of OMC orders (that are low margin high working capital demanding) has started to shrink. Capitalising on rising e-commerce transactions and its All-India delivery model of e-com, which is likely to make up 30% revenue FY21 will further support margin expansion. The manufacturing base has capacity for Rs 1100cr revenue, containing capex required for the next 2 years as well as interest cost. The company manufactures its core products (85%) in-house ensuring better quality and high operating leverage. BGAL does not have any company owned retail stores unlike its peer from South India and hence has a better control over costs. It also cut remuneration of senior management in H1FY21 and has now restored most of it for most employees.

### Net Working Capital showing improvement on greater contribution from e-com, channel financing and Management initiatives:

BGAL had higher leverage compared to its peers primarily due to its high working capital intensive operation. The company in the past derived much sales from Govt order and institutional dealers, including large oil marketing companies, which have payment days of 80-90 days. The company has been relentlessly focusing on managing the working capital. The debtor days have reduced from 102 days in H1FY20



to 63 days in H1FY21. BGAL has implemented a bill discounting facility, which has aided in reducing debtors by Rs 30cr. Also, the company started real time tracking of inventory at distributor/dealer level that has helped the company to manufacture goods that are in demand leading to lower holding days of finished goods and focus on entering into tie-ups for vendor financing (with Sundaram and Chola) helped in lower working capital days. BGAL's change in channel mix with reduction in share of gas dealer channel to 7% from 23% three years back has aided in better working capital efficiency. Increasing proportion of e-com sales (expected to rise to 30% in FY21) where credit is around 30 days (compared to general trade which is typically around 45days) will also aid in releasing additional working capital.

### **Debt likely to remain lower, with limited capex required:**

The company's debt has reduced from Rs 160cr as at March 31, 2020 to ~Rs 60cr as at Sep end of 2020. Considering the high working capital required, the company kept high debt at Rs 150-160cr to support inventory levels. Owing to better working capital management, the company has been able to lower the debt and consequently reduce the interest cost. BGAL is planning to renegotiate the terms of borrowings with its existing lenders and tieup with new lenders to bring down its interest costs. Capex requirement would be limited in the near term given the current manufacturing capacity support Rs 1100cr of revenue. The company's focus is on in-house manufacturing; trading is restricted only to SKUs pertaining to food-processing.

### **Non regulated players losing their competitive edge:**

The Ujwala scheme is helping penetration of pressure-cookers in India and aiding rural and semi-urban growth. Post-GST implementation, non-regulated operators are gradually losing their competitive edge to brand-named manufacturers, which augurs well for the company. Also given slowdown and liquidity issues mainly faced by unbranded players coupled with logistics issues, branded names like "Butterfly" can capitalize on increasing their market share. Consequent to tax reforms and customer preference to reliable brand the share of the unorganised players has come down.

### **Industry Drivers:**

India kitchen appliances market has been growing well for the past few years and is expected to grow in double digits in the coming future based on the increasing consumer consumption trends and the rise in the per capita income and growing population across various regions of the states. Rising number of nuclear families, rapid urbanization, increasing number of women in the urban workforce, upcoming trend of open kitchens as well as increasing penetration of online channel in Tier 2+ cities are the drivers for growth of the kitchen appliances market in India. Increased demand for branded products from rural areas, owing to the rural population's better awareness of higher quality and durability, serves as one of the key drivers for the growth of the Indian kitchen appliances market.



## Concerns

- **Intense competition:** The industry is highly fragmented in the hands of several organized and unorganized players. The branded kitchen appliance industry is highly competitive, marked by branded players. While it is a key player in South India, it faces competition from TTK Prestige (TTK), Preethi and numerous unorganised players. In the north, the company has limited footprint and has to compete with established players such as TTK, Hawkins, Sunflame, etc
- **Volatility in raw material prices:** Key raw materials, steel and aluminium are both traded internationally and their prices are highly dependent on the global macroeconomic situation. Any significant move in prices can impact the operating margin as the price hike would be passed on with a lag of about three months. Despite prices of commodities (aluminium, copper, steel, etc.) increasing significantly in the last 3-4 years, BGAL has maintained steady gross-profit margins. This indicates its ability to pass on higher raw material costs to customers and benefits, if any. Though BGAL has been able to leverage its brand successfully and pass on the increase in raw material prices, any significant rise in prices and the company's inability to pass on the rise can exert pressure on operating margins. BGAL increased prices of some of its products wef Dec 01, 2020 to meet rising raw material costs.
- **Geographical-concentration risk:** BGAL derived 77% of its revenues from South India in FY2020, leading to geographical-concentration risks and exposes the company to any socio-economic or political risk. Nevertheless, with the gradual penetration into non-South Indian markets, foray into modern retail format stores across India and growing presence in e-commerce channel, these risks are likely to be mitigated over the medium term.
- **Seasonality:** Historically Q2 and Q3 have been the best quarters for the kitchen appliances industry. Hence there may be inter quarter volatility in sales and margins.

## Company Profile:

Butterfly Gandhimathi Appliances Limited (BGAL) is leading manufacturer of Kitchen and Electrical Appliances established in 1986. The Company operates multi product manufacturing unit, distribution channel, in-house R & D, sourcing and servicing. The Company sells its products branded as "Butterfly" across the country through distributors, direct dealers, modern trade, online channels, Oil Marketing Channel etc. Headquartered in Tamil Nadu, the Company is a multi-product Company with state-of-the-art-manufacturing unit, strong R&D and international industrial design facilities, mainly manufacturing LPG Stoves, Mixer Grinders, Table Top Wet Grinders and Pressure Cookers

amongst others. In addition to kitchen appliances, the company trades in home appliances such as air coolers, electric fans, water heaters and emergency lanterns.

Butterfly brand, over the past three decades, has become a household name in South India. Besides Tamil Nadu, the company also markets its products in Kerala, Karnataka and Andhra Pradesh and has forayed into Maharashtra and Gujarat. It is now present in 29 states. Over the years, BGAL has diversified from being predominantly an LPG stove manufacturing company to a branded 'kitchen appliances' company with reasonably diversified product portfolio. The company has a manufacturing facility in Pudupakkam near Chennai and manufactures gas stoves, pressure cooker, table-top wet grinder, mixer grinder and vacuum flasks. Its branded revenue has clocked 18.7% CAGR over FY17-20 (higher than most of its larger and better known peers) led by growth in the branded kitchen appliances market, strong brand connect and expansion of product portfolio. BGAL is predominantly a South India player with the market contributing 77% to revenue and other markets contributing balance 23%. It has a distribution network comprising 500+ exclusive distributors catering 25,000+ retail points across India. Strong presence of the Company in all segments of Domestic appliances industry, planned new launches and expanded network dealers will help the Company to consolidate its gain further and grow ahead of the Industry in the coming years.

## Peer Comparison:

	Mcap (Rs cr)	Revenue				EBITDA Margin (%)				PAT			
		FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
BGAL	861.4	679	755	864	984	6.0	8.4	9.1	9.4	4.0	20.7	38.4	49.6
TTK Prestige	8587.1	2,073	2,012	2,380	2,690	12.7	12.6	13.9	14.0	184.5	176.5	234.1	270.2
Hawkins	3129.1	674	812	900	NA	15.8	17.2	17.3	NA	72.5	99.6	114.0	NA

	ROE				P/E				P/B			
	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
BGAL	2.1	10.3	16.8	18.6	216.44	41.67	22.45	17.37	4.47	4.09	3.52	2.97
TTK Prestige	14.1	12.0	14.9	15.6	46.58	48.7	36.7	31.8	6.57	5.98	5.37	4.80
Hawkins	56.1	NA	NA	NA	43.2	31.4	27.5	NA	22.4	38.5	34.8	NA

Note: Figures of TTK prestige are consolidated. Source: Bloomberg estimates, HDFC Sec

# Butterfly Gandhimathi Appliances Ltd.

## Financials

### Income Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>652.0</b>	<b>678.7</b>	<b>754.7</b>	<b>864.1</b>	<b>984.3</b>
Growth (%)	20.6	4.1	11.2	14.5	13.9
Operating Expenses	606.3	638.0	691.3	785.5	891.7
<b>EBITDA</b>	<b>45.7</b>	<b>40.8</b>	<b>63.4</b>	<b>78.6</b>	<b>92.5</b>
Growth (%)	<b>31.7</b>	<b>-10.8</b>	<b>55.6</b>	<b>24.0</b>	<b>17.7</b>
<b>EBITDA Margin (%)</b>	<b>7.0</b>	<b>6.0</b>	<b>8.4</b>	<b>9.1</b>	<b>9.4</b>
Depreciation	12.9	13.9	14.1	14.3	14.6
<b>EBIT</b>	<b>32.8</b>	<b>26.8</b>	<b>49.3</b>	<b>64.4</b>	<b>77.9</b>
Other Income	2.1	1.5	1.5	1.7	2.0
Interest expenses	22.5	24.1	19.0	14.9	13.3
<b>PBT</b>	<b>12.4</b>	<b>4.1</b>	<b>31.8</b>	<b>51.2</b>	<b>66.6</b>
Tax	2.8	0.2	11.1	12.8	17.0
<b>RPAT</b>	<b>9.6</b>	<b>4.0</b>	<b>20.7</b>	<b>38.4</b>	<b>49.6</b>
<b>APAT</b>	<b>9.6</b>	<b>4.0</b>	<b>20.7</b>	<b>38.4</b>	<b>49.6</b>
Growth (%)	99.0	-58.4	419.5	85.6	29.3
<b>EPS</b>	<b>5.4</b>	<b>2.2</b>	<b>11.6</b>	<b>21.5</b>	<b>27.7</b>

### Balance Sheet

As at March	FY19	FY20	FY21E	FY22E	FY23E
<b>SOURCE OF FUNDS</b>					
Share Capital	17.9	17.9	17.9	17.9	17.9
Reserves	171.5	174.8	192.8	227.1	271.8
<b>Shareholders' Funds</b>	<b>189.4</b>	<b>192.7</b>	<b>210.7</b>	<b>245.0</b>	<b>289.7</b>
Long Term Debt	39.4	32.3	29.8	24.8	16.8
Net Deferred Taxes	-1.4	-2.3	-1.7	-1.3	-0.9
Long Term Provisions & Others	2.8	3.4	3.1	2.7	2.7
<b>Total Source of Funds</b>	<b>230.2</b>	<b>226.1</b>	<b>241.8</b>	<b>271.3</b>	<b>308.3</b>
<b>APPLICATION OF FUNDS</b>					
Net Block & Goodwill	167.2	168.9	166.5	171.2	176.7
CWIP	6.5	3.0	1.3	0.3	0.3
Other Non-Current Assets	1.5	5.2	3.3	3.2	3.0
<b>Total Non-Current Assets</b>	<b>175.2</b>	<b>177.2</b>	<b>171.1</b>	<b>174.7</b>	<b>180.0</b>
Current Investments	0.0	0.0	0.0	0.0	40.0
Inventories	142.1	170.1	159.2	177.6	188.8
Trade Receivables	117.1	116.9	128.2	137.3	148.3
Cash & Equivalents	9.8	4.5	12.8	16.1	10.0
Other Current Assets	18.3	21.2	22.2	24.2	24.2
<b>Total Current Assets</b>	<b>287.2</b>	<b>312.7</b>	<b>322.4</b>	<b>355.2</b>	<b>411.3</b>
Short-Term Borrowings	104.3	126.9	96.9	81.9	81.9
Trade Payables	99.4	107.5	124.1	144.4	167.2
Other Current Liab & Provisions	28.5	29.4	30.8	32.4	34.0
<b>Total Current Liabilities</b>	<b>232.3</b>	<b>263.7</b>	<b>251.8</b>	<b>258.6</b>	<b>283.0</b>
Net Current Assets	55.0	49.0	70.7	96.6	128.3
<b>Total Application of Funds</b>	<b>230.2</b>	<b>226.1</b>	<b>241.8</b>	<b>271.3</b>	<b>308.3</b>

# Butterfly Gandhimathi Appliances Ltd.

## Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
<b>Reported PBT</b>	<b>12.4</b>	<b>4.1</b>	<b>31.8</b>	<b>51.2</b>	<b>66.6</b>
Non-operating & EO items	5.9	6.8	1.6	-0.1	0.2
Interest Expenses	22.2	23.8	19.0	14.9	13.3
Depreciation	12.9	13.9	14.1	14.3	14.6
Working Capital Change	32.5	-27.8	16.6	-7.6	2.2
Tax Paid	-3.4	-2.8	-11.1	-12.8	-17.0
<b>OPERATING CASH FLOW ( a )</b>	<b>82.4</b>	<b>18.1</b>	<b>72.0</b>	<b>59.9</b>	<b>79.9</b>
Capex	-19.0	-13.1	-10.0	-18.0	-20.0
Free Cash Flow	63.5	5.1	62.0	41.9	59.9
Investments	-0.1	0.0	0.0	0.0	-40.0
Non-operating income	0.3	0.2	0.0	0.0	0.0
<b>INVESTING CASH FLOW ( b )</b>	<b>-18.8</b>	<b>-12.9</b>	<b>-10.0</b>	<b>-18.0</b>	<b>-60.0</b>
Debt Issuance / (Repaid)	-54.2	16.4	-32.5	-20.0	-8.0
Interest Expenses	-22.5	-24.1	-19.0	-14.9	-13.3
FCFE	-13.2	-2.7	10.5	6.9	38.5
Share Capital Issuance	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	-2.7	-4.0	-4.9
Others	0.0	0.0	0.0	0.0	0.0
<b>FINANCING CASH FLOW ( c )</b>	<b>-76.7</b>	<b>-7.7</b>	<b>-54.2</b>	<b>-39.0</b>	<b>-26.2</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>-13.0</b>	<b>-2.5</b>	<b>7.8</b>	<b>2.9</b>	<b>-6.4</b>

## Key Ratios

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
<b>Profitability (%)</b>					
EBITDA Margin	7.0	6.0	8.4	9.1	9.4
EBIT Margin	5.0	4.0	6.5	7.4	7.9
APAT Margin	1.5	0.6	2.7	4.4	5.0
RoE	5.2	2.1	10.3	16.8	18.6
RoCE	9.9	8.3	14.7	19.2	21.6
<b>Solvency Ratio</b>					
Debt/EBITDA (x)	3.1	3.9	2.0	1.4	1.1
Debt/Equity	0.8	0.8	0.6	0.4	0.3
<b>PER SHARE DATA</b>					
EPS	5.4	2.2	11.6	21.5	27.7
CEPS	12.6	10.0	19.4	29.4	35.9
Dividend	0.0	0.0	1.5	2.3	2.8
BVPS	105.9	107.8	117.8	137.0	162.0
<b>Turnover Ratios (days)</b>					
Debtor days	66	63	62	58	55
Inventory days	80	91	77	75	70
Creditors days	56	58	60	61	62
<b>VALUATION</b>					
P/E	90.0	216.4	41.7	22.4	17.4
P/BV	4.5	4.5	4.1	3.5	3.0
EV/EBITDA	21.8	24.9	15.4	12.1	10.3
EV/Revenues	1.5	1.5	1.3	1.1	1.0
Dividend Yield (%)	0.0	0.0	0.3	0.5	0.6
Dividend Payout (%)	0.0	0.0	13.0	10.5	9.9

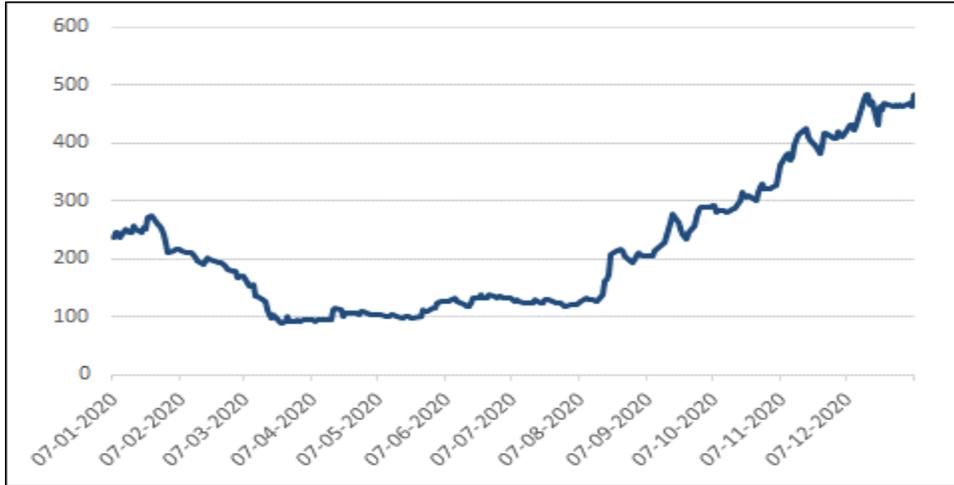
(Source: Company, HDFC Sec)

# Butterfly Gandhimathi Appliances Ltd.



598.71	685.65	685.65	685.65	203.88	118.92	118.92
(-50.01)	(-55.00)	(-0.21)	(-0.21)	(-2.19)	(-126.7)	(-126.7)
142.09	167.29	154.12	393.13	-62.95	-187.58	-42.38
(-35.1)	(-17.4)	(-7.84)	(-7.58)	(-111.88)	(-71.46)	(-155.88)

One Year Stock Price Chart



(Source: Company, HDFC sec)

# Butterfly Gandhimathi Appliances Ltd.

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