



Financial performance analysis of butterfly Gandhimathi Appliances Ltd., Chennai: A case study

Dr. R Jayanthi

Assistant Professor, Vidhya Sagar Women's College, Department of Commerce, G.S.T. Road, Vedanarayanapuram, Chengalpattu, Kancheepuram, Tamil Nadu, India

Abstract

Financial health is one of the best indicators of any business's potential for long-term growth. Financial analysis is an aspect of the overall business finance function that involves examining historical data to gain information about the current and future financial health of a company. Financial analysis is the process of reviewing and analyzing a company's financial statements to make better economic decisions. These statements include the income statement, balance sheet, statement of cash flows, and a statement of changes in equity. Financial analysis is a method or process involving specific techniques for evaluating risks, performance, financial health, and future prospects of an organization. Financial ratios are very powerful tools to perform some quick analysis of financial statements. There are four main categories of ratios: liquidity ratios, profitability ratios, activity ratios and leverage ratios. These are typically analyzed over time and across competitors in an industry. This paper is to enlighten the financial performance analysis of Butterfly Gandhimathi Appliances Ltd, Chennai.

Butterfly Gandhimathi Appliances Limited is a pioneer in premium stainless steel home appliances & converted as Public Limited Company in the year 1990. Being a four decades old company, Butterfly was the first in India to introduce stainless steel Pressure Cookers and Vacuum Flasks. And among the first to acquire ISO 9002 certification in the LPG Stove and Mixie divisions. From just a handful of basic kitchen utensils, Butterfly today, manufactures a comprehensive range of home appliances, kitchen products and cookware of the best quality, the highest functionality and the latest styling.

The main purpose of this paper is to study and analyze the financial performance analysis with reference to Butterfly Gandhimathi Appliances Ltd, Chennai.

This case study was done based on secondary data collected from multiple sources of evidence, in addition to books, journals, websites, and newspapers.

“The financial success of your company will be determined by the scale or significance of the problems you are solving and the opportunities you are creating – Michael Kouly”.

Keywords: financial performance, financial analysis, current ratio, debt equity ratio gross profit ratio and dividend

Introduction

Financial analysis is the process of reviewing and analyzing a company's financial statements to make better economic decisions. These statements include the income statement, balance sheet, statement of cash flows, and a statement of changes in equity. Financial analysis is a method or process involving specific techniques for evaluating risks, performance, financial health, and future prospects of an organization. Financial ratios are very powerful tools to perform some quick analysis of financial statements. There are four main categories of ratios: liquidity ratios, profitability ratios, activity ratios and leverage ratios. These are typically analyzed over time and across competitors in an industry.

Ratio analysis is one of the techniques of financial analysis where it is used as a yardstick for evaluating the financial conditions and performance of a firm. Ratio analysis is a powerful tool of financial analysis. It is used as a device to analyze and interpret the financial health of a firm. Analysis of financial statements with the aid of ratios helps the management in decision making and control. Ratio analysis is the widely-used tool for appraisal of efficiency and profitability of the business, financial condition. Therefore,

the ratio analysis is useful from the objects following:

- Short term planning and long term planning
- Measurement of financial performance and evaluation of those financial performance
- Study based on the financial trends
- Decision making for operations and investments
- Financial ills must be diagnosed
- Providing the valuable insight into firm's picture or firms financial position

Profile of butterfly Gandhimathi appliances ltd, Chennai

'Butterfly Gandhimathi Appliances Limited', the flagship company of the Butterfly group, was originally incorporated as Private Limited Company on 24th February 1986 and was converted into a Public Limited Company on 25th April 1990. Subsequent to merger of its associate, Gangadharam Appliances Limited, the name of the Company was rechristened to 'Butterfly Gandhimathi Appliances Limited' (BGAL), with effect from 25th October 2011. BGAL is listed with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

At a time when brass was still considered a wonder metal,

Late V. Murugesu Chettiar, found a golden opportunity in Stainless Steel. Thus was born a pioneer. And a Group called 'Butterfly'. That was five decades ago. The Group was the first in India to introduce Stainless Steel Pressure Cookers, Stainless Steel LPG Stoves and Unbreakable Stainless Steel Vacuum Flasks; first to acquire the ISO-9001 Certificate of Registration for manufacture and supply of LPG Stoves, Domestic Electric Food Mixers and Table-Top Wet Grinders. Over the years, under the enterprising leadership of Late V. Murugesu Chettiar (Founder – Chairman) and his five sons, Butterfly has grown to be a household name among billions in India.

Today under the enterprising leadership of Mr. VM Lakshminarayanan, Butterfly Gandhimathi Appliances Limited has consolidated the Group's product range* of domestic kitchen appliances and domestic electrical appliances marketed under the trade mark 'Butterfly' and under the single umbrella of 'Butterfly Gandhimathi Appliances Limited'. "Leading products are LPG Stoves, Mixer grinders, Table Top Wet Grinders, Pressure Cooker, Stainless Steel Cookware and Non-Stick Cookware. Other products comprise Juicers, Hand Blenders, Electric Irons, Power Hobs, Electric Rice Cookers, Water Heaters (Geysers), Air Coolers, Electric Water Kettle, Electric Sandwich Maker, Electric Bread Toaster, Fans (all types) and Washing Machine."

Today 'Butterfly' is a leading brand in the country with Pan-India presence. BGAL has its own branches/C&F arrangement all over the country viz., Madurai, Salem, Vijayawada, Hyderabad, Bangalore, Cochin, Mumbai, Indore, Ahmedabad, New Delhi, Ghaziabad, Amritsar, Mohali, Zirakpur, Kolkata, Bhubaneswar, Ranchi and Guwahati. Across the globe, 'Butterfly' products have been recognised for their quality standards by various international organisations and are currently exported to several countries, including the United States of America, Mauritius, Srilanka, Japan and United Arab Emirates.

Objective of the study

- To analyse the financial performance of Butterfly Gandhimathi Appliances Ltd. (BGAL), Chennai for the past 5 years.
- To study the effect of different profitability ratios on the performance of the company.
- To do the performance examination and the operational efficiency examination of BGAL and also to test the solvency position and liquidity of BGAL.
- To do the profitability analysis and overall financial performance analysis of BGAL.
- And to give suggestions for improving the financial position of BAGL.

Research Methodology

This research follows the analytical research methodology which is based on the quantitative data. The main source of data used for the study is secondary data derived from the published annual reports of the selected company collected from official website and other links (5 Years financial statements available at <https://economictimes.indiatimes.com>

/butterfly-gandhimathi-appliances-ltd/balancesheet/ and (www.moneycontrol.com). The information related with theoretical background has been collected from websites, journals, magazines, newspapers, books and from Government of India publications. Present study covers the profitability performance of selected company for five consecutive financial years. The period of the study starts from 1st April 2013 and ends on 31st March 2017. The rationale behind selecting this period is the availability of data.

Limitations of the study

- The financial statements and annual report were used; hence the data collected is secondary in nature.
- False Results: In case the data upon which the ratios are computed are incorrect, then the ratios calculated would also be incorrect.
- Limited Comparability: The different accounting policies followed by firms will not make some of the accounting ratios strictly comparable.
- Ratio analysis is only a quantitative method of performance analysis and hence ignores qualitative factors.
- Ratio analysis is only to measure profitability, efficiency and financial soundness but they aren't the solution to real time problem.
- The scope of study analysis is only for 5 years.

Hypothesis of the study

- There is no significant relationship between the Current assets and the Current liabilities of the selected company.
- There is no significant relationship between the Liquid asset and the Current liabilities of the selected company.
- There is no significant relationship between the Cost of Goods Sold and the Average Inventories of the selected company.
- There is no significant relationship between the Operating Profit and Net Sales of the selected company.
- There is no significant relationship between the Gross Profit and Net Sales of the selected company.
- There is no significant relationship between the Profit after Tax and Net Sales of the selected company.

Tools and techniques of analysis

The collected data have been suitably re-arranged, classified and tabulated as per the requirement of the study and the following techniques have been applied:

A. Accounting Ratios: Accounting ratios like Current Ratio, Quick Ratio, Inventory Turnover Ratio, operating profit Ratio, Net profit Ratio and Gross Profit Ratio for five financial years have been calculated. Comparison of current to past performance using ratios enables analyst to assess a firm's progress.

B. Statistical Tools

- In order to facilitate study Arithmetic Mean, Standard Deviation, and Coefficient of Variation have been calculated.
- Karl Pearson's simple Correlation and 't' test have been used to examine the influence of profitability on performance of the company.

Balance Sheet - Butterfly Gandhimathi Appliances Ltd, Chennai					
Rs (in Crores)					
Particulars	Mar'17	Mar'16	Mar'15	Mar'14	Mar'13
Liabilities	12 Months	12 Months	12 Months	12 Months	12 Months
Share Capital	17.88	17.88	17.88	17.88	17.90
Reserves & Surplus	161.19	216.69	206.99	205.02	182.59
Net Worth	179.87	235.37	225.67	223.70	201.29
Secured Loan	106.59	183.77	159.91	180.25	43.43
Unsecured Loan	18.50	8.50	14.71	5.33	4.15
TOTAL LIABILITIES	304.96	427.64	400.29	409.28	248.87
Assets					
Gross Block	211.22	205.55	202.41	182.36	117.03
(-) Acc. Depreciation	43.93	35.95	30.77	23.16	18.96
Net Block	166.49	168.79	170.84	158.40	97.27
Capital Work in Progress	0.00	0.00	2.92	4.50	3.84
Investments	0.10	0.00	0.00	0.00	0.00
Inventories	108.80	123.82	168.87	167.23	158.79
Sundry Debtors	81.32	257.42	192.92	279.34	195.49
Cash and Bank	28.20	13.37	15.46	19.99	46.26
Loans and Advances	17.34	20.09	17.10	42.42	39.11
Total Current Assets	235.66	414.71	394.35	508.97	439.65
Current Liabilities	97.96	146.36	160.88	233.21	272.14
Provisions	4.35	13.24	7.74	30.18	20.56
Total Current Liabilities	102.31	159.60	168.62	263.40	292.70
NET CURRENT ASSETS	133.35	255.11	225.73	245.57	146.96
Misc. Expenses	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS(A+B+C+D+E)	300.73	424.70	400.29	409.28	248.87

Annual results in brief (Rs crore)

	Mar ' 17	Mar ' 16	Mar ' 15	Mar ' 14	Mar ' 13
Sales	404.86	903.78	531.82	768.98	733.40
Operating profit	-24.40	62.66	42.51	54.27	72.98
Interest	21.25	34.48	29.57	16.75	22.33
Gross profit	-44.99	30.72	14.46	39.27	52.59
EPS (Rs)	-31.04	6.93	1.58	12.54	18.69

Annual results in details

	Mar ' 17	Mar ' 16	Mar ' 15	Mar ' 14	Mar ' 13
Other income	0.65	2.54	1.51	1.75	1.94
Stock adjustment	21.83	23.80	3.87	-19.23	-26.41
Raw material	151.12	566.66	248.30	483.58	444.79
Employee expenses	50.04	61.33	60.34	60.81	51.55
Other expenses	206.27	189.33	176.79	189.55	190.50
Provisions made	-	-	-	-	-
Depreciation	11.61	11.55	10.24	4.93	4.01
Taxation	1.40	6.78	1.39	11.93	15.69
Net profit / loss	-55.50	12.39	2.83	22.41	33.42
Extra-ordinary item	-	-	-	-	-0.87
Prior year adjustments	2.51	-	-	-	1.40
Equity capital	17.88	17.88	17.88	17.88	17.88
Agg. of non-prom. Shares (Lacs)	-	-	62.35	62.36	63.08
Agg. of non prom. Holding (%)	-	-	34.87	34.88	35.28
OPM (%)	-6.03	6.93	7.99	7.06	9.95
GPM (%)	-11.10	3.40	2.72	5.11	7.17
NPM (%)	-13.71	1.37	0.53	2.91	4.49

Data analysis & interpretation

Table 1, 9: (Source: Secondary Data through Audited Annual Report)

Table 1: Current ratio

Financial year	Total Current Assets (in crore)	Total Current Liabilities (in crore)	Current Ratio
2013	439.65	292.7	1.50
2014	508.97	263.4	1.93
2015	394.35	168.62	2.34
2016	414.71	159.6	2.60
2017	235.66	102.31	2.30
Mean	398.67	197.33	2.13
SD	90.21	70.34	0.38
CV	22.63	35.65	17.85
Min	235.66	102.31	1.50
Max	508.97	292.7	2.60

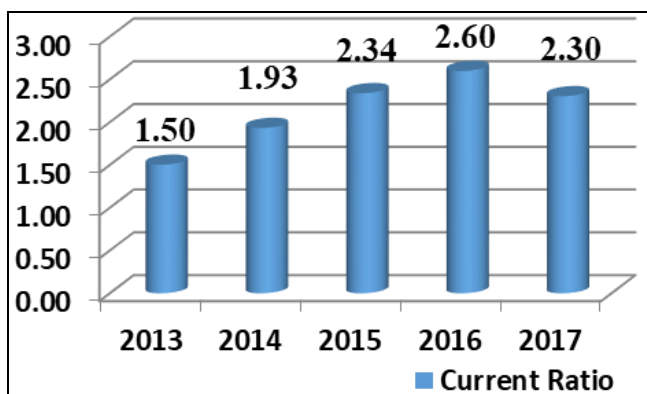


Chart 1: Current Ratio

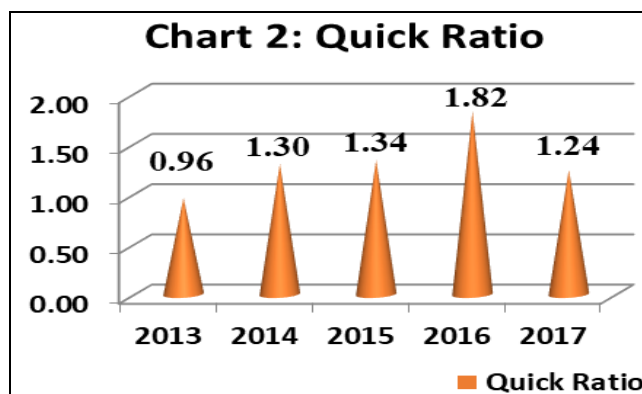


Chart 2: Quick Ratio

The above chart 1: shows that the current ratio between the years 2013 and 2016 of BGAL is increasing in the range of 1.5 – 2.6 and there is dip in the current ratio for the year 2017 (2.3) compared to 2016 (2.6). This indicates the short-term liquidity of the company because the higher current ratio indicates the good quality and also the satisfactory debt repayment capacity of the firm. It also ensures the safety of

the investments made by the creditors.

Hypothesis 1

There is no significant relationship between the Current assets and the Current liabilities of BGAL during different financial years.

Table 10: Correlation between the Current assets and the Current liabilities

		Current assets	Current liabilities
Current assets	Pearson’s Correlation	1	0.8258959
	N	5	5
Current liabilities	Pearson’s Correlation	0.8258959	1
	N	5	5

Significance of Correlation at 0.05 Level

Calculated Value of ‘t’= 2.5371

Table Value of ‘t’ = 3.18

Table 10 depicts that there exists high degree positive correlation between the Current assets and the Current liabilities of BGAL with $r = 0.8258959$. Calculated value of t is smaller than table value, hence, null hypothesis is accepted

or we can conclude that there doesn’t exist significant relationship between the Current assets and the Current liabilities of BGAL during different financial years.

Table 2: Quick Ratio

Financial year	Total Current Assets (in crore)	Inventories (in crore)	Total Current Liabilities (in crore)	Quick Ratio
2013	439.65	158.79	292.7	0.96
2014	508.97	167.23	263.4	1.30
2015	394.35	168.87	168.62	1.34
2016	414.71	123.82	159.6	1.82
2017	235.66	108.8	102.31	1.24
Mean	398.67	145.50	197.33	1.33
SD	90.21	24.54	70.338	0.279
CV	22.63	16.87	35.65	20.95
Min	235.66	108.8	102.31	0.96
Max	508.97	168.87	292.70	1.82

The above chart 2: describes that the liquid ratio between the year 2013 and 2016 of BGAL is increasing in the range of 0.96 to 1.82 and there is dip in the Quick Ratio for the year 2017 (1.24) compared to 2016 (1.82). This indicates that there is a good short term solvency for the company. Because higher liquid ratio means the company has a better financial position in short term. Even if the current ratio is high and the liquid ratio is low it indicates a good repayment capacity of

the firm. This ratio result to the indication of ability of the business to pay its current liabilities in real.

Hypothesis 2:

There is no significant relationship between the Liquid assets and the Current liabilities of BGAL during different financial years.

Table 11: Correlation between the Liquid assets and the Current liabilities

		Liquid assets	Current liabilities
Liquid assets	Pearson's Correlation	1	0.7722171
	N	5	5
Current liabilities	Pearson's Correlation	0.7722171	1
	N	5	5

Significance of Correlation at 0.05 Level

Calculated Value of 't' = 2.1051

Table Value of 't' = 3.18

Table 11 depicts that there exists high degree positive correlation between the Liquid assets and the Current liabilities of BGAL with $r = 0.7722171$. Calculated value of t is smaller than table value, hence, null hypothesis is accepted

or we can conclude that there doesn't exist significant relationship between the Liquid assets and the Current liabilities of BGAL during different financial years.

Table 3: Inventory Turnover Ratio

Financial year	Cost of Goods Sold (in crore)	Average Inventories (in crore)	Inventory Turnover Ratio
2013	660.43	158.79	4.16
2014	714.71	167.23	4.27
2015	489.3	168.87	2.90
2016	841.12	123.82	6.79
2017	429.26	108.8	3.95
Mean	626.96	145.50	4.41
SD	150.15	24.54	1.286
CV	23.95	16.87	29.13
Min	429.26	108.8	2.90
Max	841.12	168.87	6.79

The above chart 3: describes that the Inventory Turnover Ratio between the year 2013 and 2014 of BGAL is increasing in the range of 4.16 to 4.27 and there was dip in the Inventory Turnover Ratio for the year 2015 to 2.9, Very good raise in Inventory Turnover Ratio during the year 2016 to 6.79 and sudden dip to 3.95 during the year 2017. This indicates that the company has efficient inventory control, sound sales

policies, trading in quality goods and reputation in the market, better competitive capacity and so on.

Hypothesis 3

There is no significant relationship between the Cost of Goods Sold and the Average Inventories of BGAL during different financial years.

Table 12: Correlation between the Cost of Goods Sold and the Average Inventories

		Cost of Goods Sold	Average Inventories
Cost of Goods Sold	Pearson's Correlation	1	0.09482
	N	5	5
Average Inventories	Pearson's Correlation	0.09482	1
	N	5	5

Significance of Correlation at 0.05 Level

Calculated Value of 't' = 0.1650

Table Value of 't' = 3.18

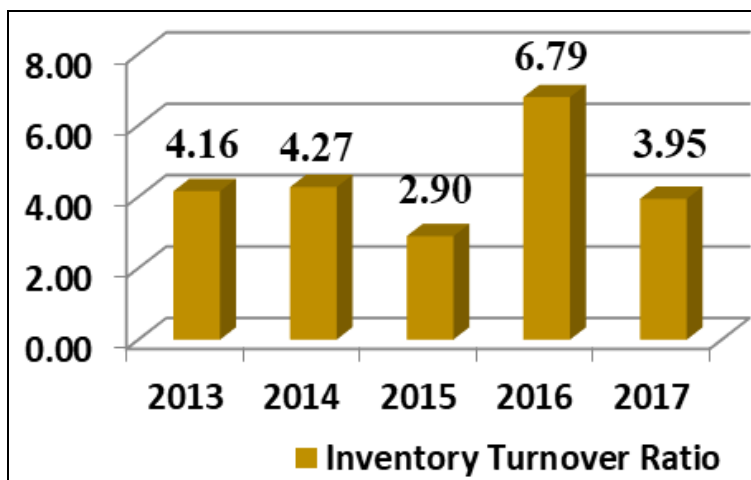


Chart 3: Inventory Turnover Ratio

Table 12 depicts that there exists low degree positive correlation between the Cost of Goods Sold and the Average Inventories of BGAL with $r = 0.09482$. Calculated value of t is smaller than table value, hence, null hypothesis is accepted or

we can conclude that there doesn't exist significant relationship between the Cost of Goods Sold and the Average Inventories of BGAL during different financial years.

Table 4: Operating Profit Ratio

Financial year	Operating Profit (in crore)	Sales (in crore)	Operating Profit Ratio (%)
2013	72.98	733.4	9.95
2014	54.27	768.98	7.06
2015	42.51	531.82	7.99
2016	62.66	903.78	6.93
2017	-24.4	404.86	-6.03
Mean	41.60	668.57	5.18
SD	34.48	177.68	5.707
CV	82.89	26.58	110.15
Min	-24.4	404.86	-6.03
Max	72.98	903.78	9.95

Operating Profit Ratio measures the % of pure profit earned on every one rupee of sales made. Operating profit means profit generated by the operations of the firm and hence is

calculated before considering any financial charge, non-operating income/loss and tax liability etc.

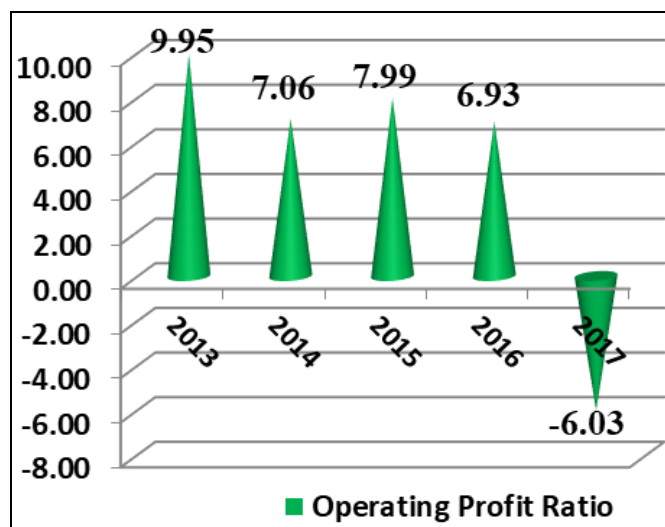


Chart 4: Operation Profit Ratio

The above chart 4: describes that the amount of sales of the company has decreased from Rs.733.4 crores in 2013 to Rs. 404.86 crores in 2017. But operating profit ratio has declined throughout the period except in 2013. The main reason for decline in OP margin was mainly due to demonetization on 8th November 2016, volatility in raw material prices and continuous weak consumer sentiments during the festive season especially in southern states due to natural calamities.

Also OP Ratio decline during 2017 is due to nil annual revenue from Government order. This ratio helps in determining the ability of the management in running the business.

Hypothesis 4:

There is no significant relationship between the Operating Profit and Net Sales of BGAL during different financial years.

Table 13: Correlation between the Operating Profit and Net Sales

		Operating Profit	Net Sales
Operating Profit	Pearson's Correlation	1	0.8336938
	N	5	5
Net Sales	Pearson's Correlation	0.8336938	1
	N	5	5

Significance of Correlation at 0.05 Level

Calculated Value of 't' = 2.6149

Table Value of 't' = 3.18

Table 13 depicts that there exists high degree positive correlation between the Operating Profit and Net Sales of BGAL with $r = 0.8336938$. Calculated value of t is smaller than table value, hence, null hypothesis is accepted or we can

conclude that there doesn't exist significant relationship between the Operating Profit and Net Sales of BGAL during different financial years.

Table 5: Gross Profit Ratio

Financial year	Gross Profit (in crore)	Sales (in crore)	Gross Profit Ratio (%)
2013	52.59	733.4	7.17
2014	39.27	768.98	5.11
2015	14.46	531.82	2.72
2016	30.72	903.78	3.40
2017	-44.99	404.86	-11.11
Mean	18.41	668.57	1.46
SD	34.03	177.68	6.47
CV	184.84	26.58	444.20
Min	-44.99	404.86	-11.11
Max	52.59	903.78	7.17

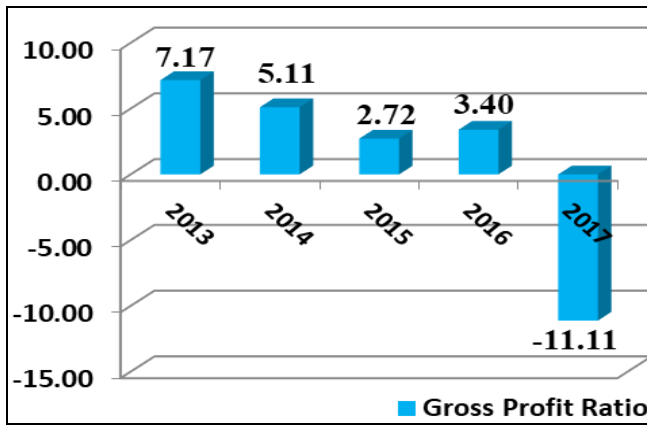


Chart 5: Gross Profit Ratio

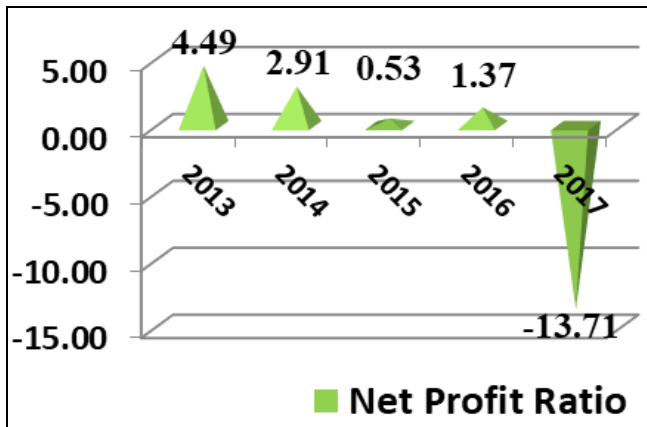


Chart 6: Net Profit Ratio

Gross Profit ratio is the ratio thus reflects the margin of profit that a concern is able to earn on its trading and manufacturing activity. It is the most commonly calculated ratio. It is employed for inter-firm and inter-firm comparison of trading results. The above chart 5: describes that the amount of sales of the company has decreased from Rs.733.4 crores in 2013 to Rs. 404.86 crores in 2017. But Gross profit ratio has declined throughout the period except in 2013. The main reason for decline in GP margin was mainly due to demonetization on 8th November 2016 and nil annual revenue from Government order during 2017.

Hypothesis 5:

There is no significant relationship between the Gross Profit and Net Sales of BGAL during different financial years.

Table 14: Correlation between the Gross Profit and Net Sales

		Gross Profit	Net Sales
Gross Profit	Pearson's Correlation	1	0.8092463
	N	5	5
Net Sales	Pearson's Correlation	0.8092463	1
	N	5	5

Significance of Correlation at 0.05 Level
 Calculated Value of 't'= 2.3859
 Table Value of 't' = 3.18

Table 14 depicts that there exists high degree positive

correlation between the Gross Profit and Net Sales of BGAL with $r = 0.8092463$. Calculated value of t is smaller than table value, hence, null hypothesis is accepted or we can conclude that there doesn't exist significant relationship between the Gross Profit and Net Sales of BGAL during different financial years.

Table 6: Net Profit Ratio

Financial year	Profit After Tax (in crore)	Sales (in crore)	Net Profit Ratio (%)
2013	33.42	733.4	4.49
2014	22.41	768.98	2.91
2015	2.83	531.82	0.53
2016	12.39	903.78	1.37
2017	-55.5	404.86	-13.71
Mean	3.01	668.57	-0.88
SD	30.92	177.68	6.56
CV	1028.71	26.58	-743.97
Min	-55.5	404.86	-13.71
Max	32.9	903.78	4.49

Net Profit Ratio shows the net contribution made by every 1 rupee of sales to the owner funds. It expresses the cost price effectiveness of the operations. It is a symbol of overall profitability and efficiency of the company/ business. The above chart 6: describes that the amount of sales of the company has decreased from Rs.733.4 crores in 2013 to Rs. 404.86 crores in 2017. But Net profit ratio has declined throughout the period except in 2013. This decline may partly because of decrease in operating ratio and partly because of increase in interest burden and increased depreciation charges. Average net profit margin is 6.56% for this period. Net Profit Ratio decline during 2017 is due to nil annual revenue from Government order.

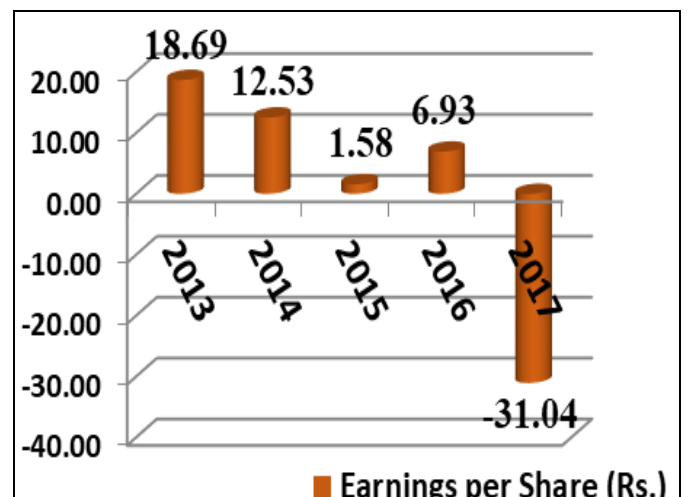


Chart 7: Earnings per Share (Rs.)

Hypothesis 6:

There is no significant relationship between the Profit after Tax and Net Sales of BGAL during different financial years.

Table 15: Correlation between the Profit after Tax and Net Sales

		Profit after Tax	Net Sales
Profit after Tax	Pearson's Correlation	1	0.782960
	N	5	5
Net Sales	Pearson's Correlation	0.782960	1
	N	5	5

Significance of Correlation at 0.05 Level

Calculated Value of 't'= 2.18

Table Value of 't' = 3.18

Table 15 depicts that there exists high degree positive correlation between the Profit after Tax and Net Sales of BGAL with $r = 0.782960$. Calculated value of t is smaller than table value, hence, null hypothesis is accepted or we can

conclude that there doesn't exist significant relationship between the Profit after Tax and Net Sales of BGAL during different financial years.

Table 7: Earnings per Share (Rs.)

Financial year	Net Profit (in crore)	No. of Equity Share	Earnings per Share (Rs.)
2013	33.42	17879551	18.69
2014	22.41	17879551	12.53
2015	2.83	17879551	1.58
2016	12.39	17879551	6.93
2017	-55.5	17879551	-31.04
Mean	3.11	17879551.00	1.74
SD	31.02	0.00	17.352
CV	997.56	0.00	997.56
Min	-55.5	17879551	-31.04
Max	33.42	17879551	18.69

Earnings per share ratio determine the earnings available to each equity share. Higher the figure better is the performance and prospects of the company. Earnings per share are an important indicator of corporate performance for the investing public. From the above table it is clear that company's

earnings have decreasing trend. During the year 2017 the main reason for decline in Earnings per share is mainly due to demonetization on 8th November 2016 and nil annual revenue from Government order during 2017.

Table 8A

Financial year	Book Value per Share
2010	28
2011	43
2012	49
2013	113
2014	125
2015	126
2016	133
2017	100

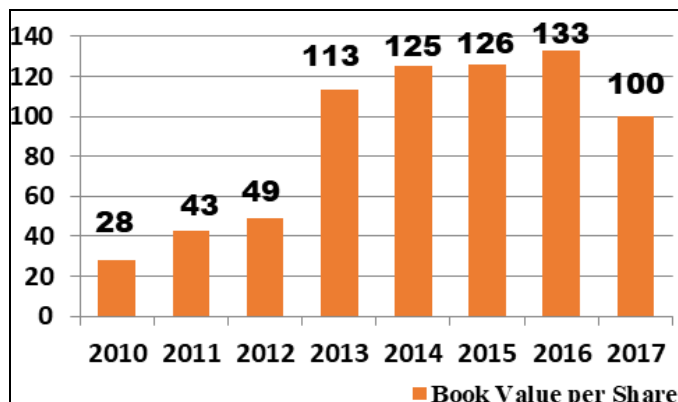


Chart 8A: Book Value per Share (RS.)

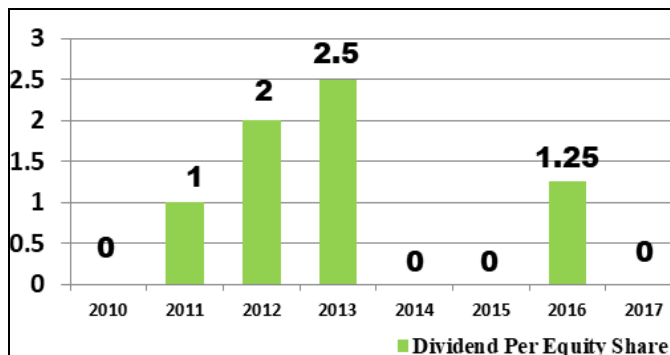


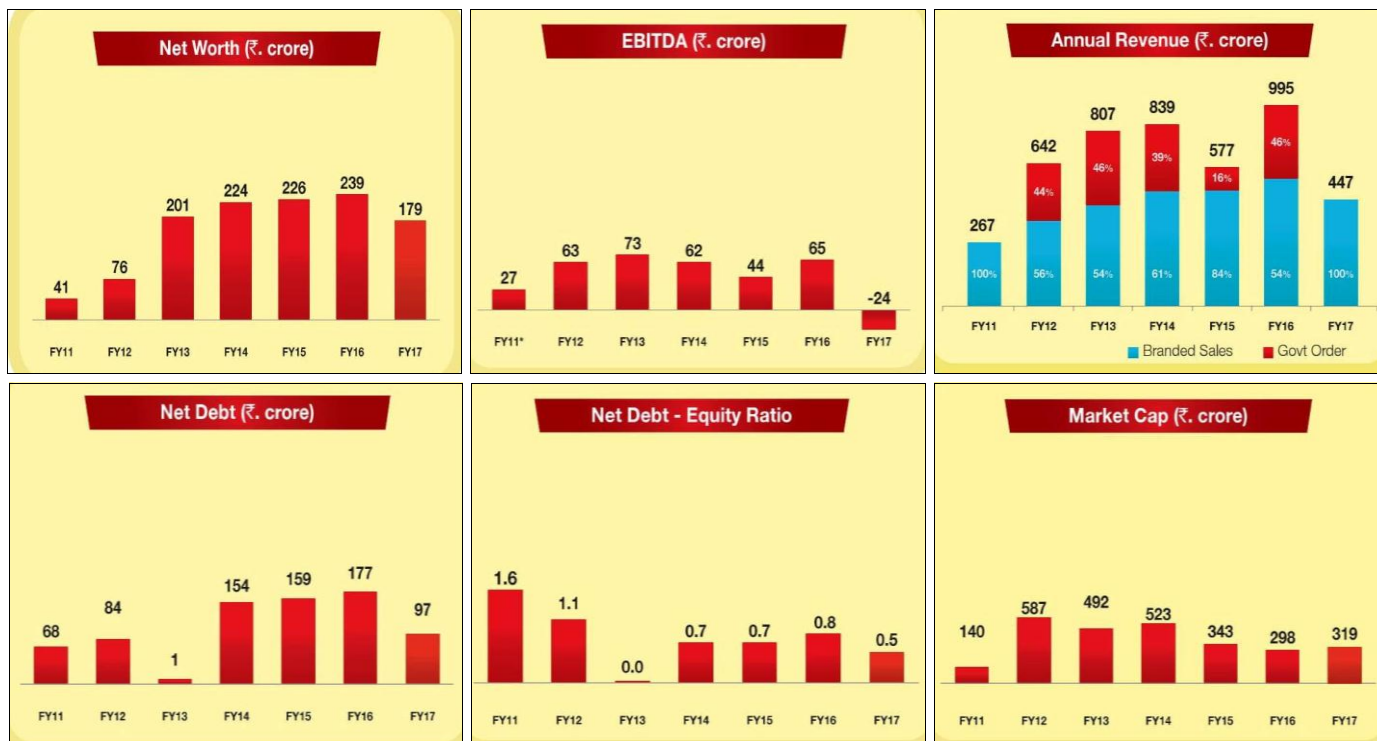
Chart 8B: Dividend per Equity Share (Rs.)

Table 8B

Financial year	Dividend Per Equity Share (Rs)
2010	0
2011	1
2012	2
2013	2.5
2014	0
2015	0
2016	1.25
2017	0

Table 9

Description	Mar ' 17	Mar ' 16	Mar ' 15	Mar ' 14	Mar ' 13	Mar ' 12	Mar ' 11
Annual Revenue (Branded Sales) (in crore)	447	534	485	508	438	357	267
Annual Revenue (Govt. Order) (in crore)	0	461	92	331	369	285	0
Total Revenue (in crore)	447	995	577	839	807	642	267
EBITA (in crore)	-24	65	44	62	73	63	27
Net Worth (in crore)	179	239	226	224	201	76	41
Net Debt (in crore)	97	177	159	154	1	84	68
Net Debt – Equity Ratio	0.5	0.8	0.7	0.7	0.0	1.1	1.6
Market Cap (in crore)	319	298	343	523	492	587	140



Findings of the study

- The Current Ratio of the firm during the year 2016-17 is 2.3:1. Hence the company has a sound financial footing.
- The Quick Ratio of the firm during the year 2016-17 is 1.24. This indicates that there is a good short term solvency for the company.
- The Inventory Turnover Ratio of the firm during the year 2016-17 is 3.95. This indicates that the company has efficient inventory control, sound sales policies, trading in quality goods and reputation in the market, better competitive capacity and so on.
- The Operational Profit Ratio, Gross Profit Ratio and Net Profit Ratio of the firm declined during the year 2016-17 was due to announcement of demonetization by Prime Minister on 8th November 2016, volatility in raw material prices and continuous weak consumer sentiments during the festive season especially in southern states due to natural calamities and also due to nil annual revenue from Government order (Tamil Nadu).

Conclusion

- Total revenues stood at Rs.447.35 crores for the year 2017. But one notable feature was that the entire revenue came from the company's branded products without any Government order.
- Growth of the company started slowing down over the last couple of years due to a variety of factors such as volatility in the prices of raw materials besides uncertainties in their availability, aggravated by natural calamities like floods and cyclones in the areas where the company's products have strong presence. Another factor that impacted the retail sales adversely was demonetization that was announced by our Prime Minister on 8th November 2016. Hence the Net Worth declined from Rs. 239 crores during the year 2015-16 to Rs. 179 crores during the year 2016-17.
- Considering the loss incurred by the Company, Dividend was not recommended during the year 2016-17 compared to Rs. 1.25 Dividend per Equity Share was given to shareholders during the year 2015-16.
- The Book value per share was Rs.100 during the year 2016-17 compared to Rs 133 during the year 2015-16.
- Overall, the year 2016-17 in retrospect witnessed several challenges on the global and domestic economic environment front.

“The financial success of your company will be determined by the scale or significance of the problems you are solving and the opportunities you are creating – Michael Kouly”

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