

Annual Report 2012



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED



"NATIONAL AWARD 2010 - QUALITY PRODUCT IN MICRO SMALL AND MEDIUM ENTERPRISES" presented by the Hon'ble President of India on 2nd September, 2011 to Butterfly Gandhimathi Appliances Limited



Inner view of new Corporate Office of Butterfly Gandhimathi Appliances Limited, at E-34, Sucons OKI Info Park, II Floor, Rajiv Gandhi Salai, Navalur - 603 103, Kancheepuram District

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

**Registered Office: 143, Pudupakkam Village, Vandalur-Kelambakkam Road,
Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu**

25th ANNUAL REPORT

FACTORY

143, Pudupakkam Village
Vandalur-Kelambakkam Road
Kelambakkam – 603 103
Kancheepuram District
Tamil Nadu

CORPORATE OFFICE

E-34, Sucons Oki Info Park,
Rajiv Gandhi Salai, Navalur - 603 103.
Kancheepuram District
Tamil Nadu

BANKERS

State Bank of Travancore
IDBI Bank
Bank of Baroda
The South Indian Bank Ltd

STATUTORY AUDITORS

M/s.R.Rudhrakumar Associates
Chartered Accountants
11, Mangesh Street, T.Nagar
Chennai – 600 017

REGISTRARS

GNSA Infotech Ltd
STA Department, Nelson Chambers
4th Floor, F Block,
No.115, Nelson Manickam Road,
Aminjikarai,
Chennai-600 029

BOARD OF DIRECTORS

Mr.V.M.Lakshminarayanan, Chairman& Managing Director
Mr.V.M.Balasubramaniam, Vice Chairman and Director
Mr.V.M.Seshadri, Managing Director
Mr.V.M.Gangadharam, Executive Director
Mr.V.M.Kumaresan, Executive Director-Technical
Mr.V.R.Lakshminarayanan, Director
Mr.K.Ganesan, Director
Mr.M.Padmanabhan, Director
Mr.A.Balasubramaniam, Director
Mr.K.J.Kumar, Director
Mr.G.S.Samuel, Director
Mr.R.S.Prakash, Nominee Director

COMPANY SECRETARY:

Mr.D.Krishnamurthy

AUDIT COMMITTEE

Mr.K.Ganesan, Chairman
Mr.M.Padmanabhan
Mr.V.M.Lakshminarayanan
Mr.V.R.Lakshminarayanan
Mr. A. Balasubramanian

REMUNERATION COMMITTEE

Mr.K.Ganesan, Chairman
Mr.M.Padmanabhan
Mr.V.R.Lakshminarayanan
Mr.R.S.Prakash

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Mr.K.Ganesan
Mr.M. Padmanabhan

SELECTION COMMITTEE

Mr.K.Ganesan, Chairman
Mr.V.R.Lakshminarayanan
Mr.M.Padmanabhan

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A customer is the most important visitor on our premises
He is not an interruption on our work
He is the purpose of it
He is not an outsider in our business
We are not doing him a favour by servicing him. He is
doing us a favour by giving us an opportunity to do so
-Mahatma Gandhi

**“WE AT BUTTERFLY SHALL CONTINUE TO
CEASELESSLY WORK TOWARDS THIS OBJECTIVE”**

Members are requested to bring their copy of the Annual Report along with them to the Annual General Meeting since the same will not be distributed at the meeting as a measure of economy. No sweets or compliments will be distributed to the Members at the Meeting Hall, in keeping with the Government of India guidelines



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty fifth Annual General Meeting of the Company will be held at its Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu on 31st August, 2012 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Audited Balance Sheet as on 31st March, 2012 and the Profit and Loss Account for the financial year ended on that date and the Report of the Directors and the Auditors of the Company, be and are hereby approved and adopted”.

2. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the recommendation of the Board of Directors of the Company, a dividend of Rs.2/- per equity share on 1,78,79,551 Equity Shares of Rs.10/- each fully paid up, absorbing a sum of Rs.3,57,59,102/-, exclusive of Income Tax be and is hereby declared for the financial year ended 31st March, 2012 and the same be paid to those shareholders whose names appear in the Register of Members of the Company as at the close of 31st August, 2012.

3. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr.M.Padmanabhan, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation”.

4. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr.K.Ganesan, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation”.

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr.V.R.Lakshminarayanan, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation”.

6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT the retiring Auditors, M/s.Rudhrakumar Associates, Chartered Accountants, Chennai be and are hereby reappointed as Auditors of the Company to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company, in addition to service tax, travelling and other out of pocket expenses actually incurred by them in connection with audit and fees, if any, for the professional services rendered by them, in any other capacity from time to time”.

SPECIAL BUSINESS

7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr.A.Balasubramanian be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr.K.J.Kumar be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr.G.S.Samuel be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

10. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Article 112 of the Articles of Association of the Company, Mr.R.S.Prakash, Director nominated by Messrs.Reliance Alternative Investments Fund- Private Equity Scheme-I (acting through Reliance Alternative Investments Services Private Limited) (‘The Investor’) be and is hereby elected as the Nominee Director of the said investor, until such time the investor changes or withdraws his nomination;

“RESOLVED FURTHER THAT Mr.Prakash be appointed as a Non-Executive Director of the Company not liable to retire on a rotational basis and not be required to hold any qualification shares.”

11. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

- A. That subject to the provisions of Section 309 read with Schedule XIII to the Companies Act, 1956, the Company hereby approves the following revised remuneration payable to Mr.V.M.Lakshminarayanan, Managing Director of the Company with effect from 1st September, 2012 for the remaining period of his present tenure, i.e., upto 30th November 2014.

I. SALARY AND PERQUISITES:

1. Salary	Rs.36,00,000/- per annum or Rs.3,00,000/- per month, including dearness and all other allowances
2. Medical	One month's salary in a year or three month's salary over a period of three years for self and family.
3. Leave Travel Assistance	For self and family to and fro Airfare to any place in India once a year.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
4. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
5. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (5) will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual, so as not to exceed 20% of the annual salary</p> <p>Note 2: The Board of Directors will have the liberty to refix individual ceilings under each of the above heads or to allow any other perquisite as may be permitted by the Central Government so as not to exceed 20% of the annual salary.</p>	
6. Other Benefits	
a. Provident Fund Contribution	Subject to a ceiling of 12% of his salary
b. Superannuation Contribution	Subject to a ceiling of 15% of his salary
c. Gratuity	Not exceeding half a month salary for each completed year of service, subject to a maximum of Rs.10 lakhs.

7. Encashment of Leave at the end of the Tenure.	As per rules of the Company
Note: Contribution to Provident Fund, Superannuation fund, Gratuity, encashment of leave at the end of the Tenure shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII of the Companies Act, 1956	
8. Car	Use of Company maintained car with driver for official purposes.
9. Telephone/Cellular phone	Telephone at residence/cellular phone for official use.
Note: Provision of a car for use on Company Business and Cellular Phone/Telephone for official use will not be considered as Perquisites.	

Where in any financial year during the tenure of Mr.V.M.Lakshminarayanan as Managing Director the Company has no profits or its profits are inadequate, the salary and perquisites stated vide I (1) to (9) above will be paid as minimum remuneration to him, subject to the ceiling prescribed under Schedule XIII, Part II, Section (B) to the Companies Act, 1956. In case such minimum remuneration exceeds the limits prescribed under Schedule XIII, necessary application will be made to the Central Government for approval.

II. COMMISSION:

In addition to his salary and perquisites stated vide I. (1) to (9) above, where the company earns profits in a financial year, Mr.V.M.Lakshminarayanan, together with the other managerial personnel viz., Messrs.V.M.Seshadri, V.M.Gangadharam and V.M.Kumaresan shall be entitled to receive commission on net profits. However, the combined aggregate limit of salary/perquisites/commission paid to all the above managerial personnel shall not exceed 10% of net profits, as prescribed under Section 309(3) read with Part II, Section I of Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof. The quantum of commission to be paid to each of the above managerial personnel will be determined as agreed amongst them and approved by the Remuneration Committee/Board of Directors.

III. REIMBURSEMENT OF EXPENSES

a. Entertainment expenses:

Reimbursement of entertainment expenses wholly and exclusively incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

b. Travelling expenses:

Reimbursement of travelling expenses actually and properly incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

B. That the Board is authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.V.M.Lakshminarayanan, Managing Director, from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr.Lakshminarayanan, without further reference to the Company in General Meeting and/or the Central Government.

12. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

A. That subject to the provisions of Section 309 read with Schedule XIII to the Companies Act, 1956, the Company hereby approves the following revised remuneration payable to Mr.V.M.Seshadri, Managing Director of the Company with effect from 1st September, 2012 for the remaining period of his present tenure, i.e., upto 31st May, 2014.

I. SALARY AND PERQUISITES:

1. Salary	Rs.34,80,000/- per annum or Rs.2,90,000/- per month, including dearness and all other allowances
2. Medical	One month's salary in a year or three month's salary over a period of three years for self and family.
3. Leave Travel Assistance	For self and family to and fro Airfare to any place in India once a year.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
4. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
5. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (5) will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual, so as not to exceed 20% of the annual salary</p> <p>Note 2: The Board of Directors will have the liberty to refix individual ceilings under each of the above heads or to allow any other perquisite as may be permitted by the Central Government so as not to exceed 20% of the annual salary.</p>	

6. Other Benefits	
a. Provident Fund Contribution	Subject to a ceiling of 12% of his salary
b. Superannuation Contribution	Subject to a ceiling of 15% of his salary
c. Gratuity	Not exceeding half a month salary for each completed year of service subject to a limit of Rs.10 lakhs.
7. Encashment of Leave at the end of the tenure.	As per rules of the Company
Note: Contribution to Provident Fund, Superannuation fund, Gratuity payable, encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII of the Companies Act, 1956	
8. Car	Use of Company maintained car with driver for official purposes.
9. Telephone/Mobile	Telephone at residence/cellular phone for official use.
Note: Provision of a car for use on Company Business and Cellular Phone/Telephone for official use will not be considered as Perquisites	

Where in any financial year during the tenure of Mr.V.M.Seshadri as Managing Director the Company has no profits or its profits are inadequate, the salary and perquisites stated vide I (1) to (9) above will be paid as minimum remuneration to him, subject to the ceiling prescribed under Schedule XIII, Part II, Section (B) to the Companies Act, 1956. In case such minimum remuneration exceeds the limits prescribed under Schedule XIII, necessary application will be made to the Central Government for approval.

II.COMMISSION:

In addition to his salary and perquisites stated vide I. (1) to (9) above, where the company earns profits in a financial year, Mr.V.M.Seshadri, together with the other managerial personnel viz., Messrs.V.M.Lakshminarayanan, V.M.Gangadharam and V.M.Kumaresan shall be entitled to receive commission on net profits. However, the combined aggregate limit of salary/ perquisites/commission paid to all the above managerial personnel shall not exceed 10% of net profits, as prescribed under Section 309(3) read with Part II, Section I of Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof. The quantum of commission to be paid to each of the above managerial personnel will be determined as agreed amongst them and approved by the Remuneration Committee/Board of Directors.

III. REIMBURSEMENT OF EXPENSES

a. Entertainment expenses:

Reimbursement of entertainment expenses wholly and exclusively incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

b. Travelling expenses:

Reimbursement of travelling expenses actually and properly incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

B. That the Board is authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.V.M.Seshadri, Managing Director, from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr.Seshadri, without further reference to the Company in General Meeting and/or the Central Government.

13. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

A. That subject to the provisions of Section 309 read with Schedule XIII to the Companies Act, 1956, the Company hereby approves the following revised remuneration payable to Mr.V.M.Gangadharam, Executive Director of the Company with effect from 1st September, 2012 for the remaining period of his present tenure, i.e., upto 30th September, 2013.

I. SALARY AND PERQUISITES:

1. Salary	Rs.33,60,000/- per annum or Rs.2,80,000/- per month, including dearness and all other allowances
2. Medical	One month's salary in a year or three month's salary over a period of three years for self and family.
3. Leave Travel Assistance	For self and family to and fro Airfare to any place in India once a year.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
4. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
5. Annual Leave and Leave encashment Benefits	As per rules of the Company

Note 1: Perquisites (2) to (5) will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual, so as not to exceed 20% of the annual salary

Note 2: The Board of Directors will have the liberty to refix individual ceilings under each of the above heads or to allow any other perquisite as may be permitted by the Central Government so as not to exceed 20% of the annual salary.

6. Other Benefits:

a. Provident Fund Contribution

Subject to a ceiling of 12% of his salary

b. Superannuation Contribution

Subject to a ceiling of 15% of his salary

c. Gratuity

Not exceeding half a month salary for each completed year of service subject to a limit of Rs.10 lakhs.

7. Encashment of Leave at the end of the tenure.

As per rules of the Company

Note: Contribution to Provident Fund, Superannuation fund, Gratuity payable, encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII of the Companies Act, 1956

8. Car

Use of Company maintained car with driver for official purposes.

9. Telephone/Mobile

Telephone at residence/cellular phone for official use.

Note: Provision of a car for use on Company Business and Cellular Phone/Telephone for official use will not be considered as Perquisites

Where in any financial year during the tenure of Mr.V.M.Gangadharam as Executive Director the Company has no profits or its profits are inadequate, the salary and perquisites stated vide I (1) to (9) above will be paid as minimum remuneration to him, subject to the ceiling prescribed under Schedule XIII, Part II, Section(B) to the Companies Act, 1956. In case such minimum remuneration exceeds the limits prescribed under Schedule XIII, necessary application will be made to the Central Government for approval.

II.COMMISSION:

In addition to his salary and perquisites stated vide I. (1) to (9) above, where the company earns profits in a financial year, Mr.V.M.Gangadharam, together with the other managerial personnel viz., Messrs.V.M.Lakshminarayanan, V.M.Seshadri and V.M.Kumaresan shall be entitled to receive commission

on net profits. However, the combined aggregate limit of salary/ perquisites/commission paid to all the above managerial personnel shall not exceed 10% of net profits, as prescribed under Section 309(3) read with Part II, Section I of Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof. The quantum of commission to be paid to each of the above managerial personnel will be determined as agreed amongst them and approved by the Remuneration Committee/Board of Directors.

III. REIMBURSEMENT OF EXPENSES

a. Entertainment expenses:

Reimbursement of entertainment expenses wholly and exclusively incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

b. Travelling expenses:

Reimbursement of travelling expenses actually and properly incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

B. That the Board is authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr. V.M. Gangadharam, Executive Director, from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr. Gangadharam, without further reference to the Company in General Meeting and/or the Central Government.

14. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

A. That subject to the provisions of Section 309 read with Schedule XIII to the Companies Act, 1956, the Company hereby approves the following revised remuneration payable to Mr. V.M. Kumaresan, Executive Director-Technical of the Company with effect from 1st September, 2012 for the remaining period of his present tenure, i.e., upto 31st May, 2013.

I. SALARY AND PERQUISITES:

1. Salary	Rs.33,60,000/- per annum or Rs.2,80,000/- per month, including dearness and all other allowances
2. Medical	One month's salary in a year or three month's salary over a period of three years for self and family.
3. Leave Travel Assistance	For self and family to and fro Airfare to any place in India once a year.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	

4. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
5. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (5) will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual, so as not to exceed 20% of the annual salary</p> <p>Note 2: The Board of Directors will have the liberty to refix individual ceilings under each of the above heads or to allow any other perquisite as may be permitted by the Central Government so as not to exceed 20% of the annual salary.</p>	
6. Other Benefits	
a. Provident Fund Contribution	Subject to a ceiling of 12% of his salary
b. Superannuation Contribution	Subject to a ceiling of 15% of his salary
c. Gratuity	Not exceeding half a month salary for each completed year of service subject to a limit of Rs.10 lakhs.
7. Encashment of Leave at the end of the tenure.	As per rules of the Company
<p>Note: Contribution to Provident Fund, Superannuation fund, Gratuity payable, encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII of the Companies Act, 1956.</p>	
8. Car	Use of Company maintained car with driver for official purposes.
9. Telephone/Mobile	Telephone at residence/cellular phone for official use.
<p>Note: Provision of a car for use on Company Business and Cellular Phone/Telephone for official use will not be considered as Perquisites</p>	

Where in any financial year during the tenure of Mr.V.M.Kumaresan as Executive Director-Technical the Company has no profits or its profits are inadequate, the salary and perquisites stated vide I (1) to (9) above will be paid as minimum remuneration to him, subject to the ceiling prescribed under Schedule XIII, Part II, Section (B) to the Companies Act, 1956. In case such minimum remuneration exceeds the limits prescribed under Schedule XIII, necessary application will be made to the Central Government for approval.

II.COMMISSION:

In addition to his salary and perquisites stated vide I. (1) to (9) above, where the company earns profits in a financial year, Mr.V.M.Kumaresan, together with the other managerial personnel viz., Messrs.V.M.Lakshminarayanan, V.M.Seshadri and V.M.Gangadharam shall be entitled to receive commission on net profits. However, the combined aggregate limit of salary/ perquisites/commission paid to all the above managerial personnel shall not exceed 10% of net profits, as prescribed under Section 309(3) read with Part II, Section I of Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof. The quantum of commission to be paid to each of the above managerial personnel will be determined as agreed amongst them and approved by the Remuneration Committee/Board of Directors.

III.REIMBURSEMENT OF EXPENSES

a. Entertainment expenses:

Reimbursement of entertainment expenses wholly and exclusively incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

b. Travelling expenses:

Reimbursement of travelling expenses actually and properly incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

B. That the Board is authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr. V.M.Kumaresan, Executive Director-Technical, from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr.Kumaresan, without further reference to the Company in General Meeting and/or the Central Government.

15. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

A. That pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act 1956(‘The Act’) and other applicable provisions, if any, of the Act, Mr.V.M.Kumaresan be and is hereby reappointed as Whole-Time Executive Director-Technical of the Company for a period of three years with effect from 1st June, 2013, whose period of office shall not be subject to retirement by rotation during his tenure of office as Whole-Time Executive Director-Technical on the following terms and conditions:

I. SALARY AND PERQUISITES:

1. Salary	Rs.33,60,000/- per annum or Rs.2,80,000/- per month, including dearness and all other allowances.
2. Medical	One month's salary in a year or three month's salary over a period of three years for self and family.
3. Leave Travel Assistance	For self and family to and fro Airfare to any place in India once a year.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
4. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
5. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (5) will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual, so as not to exceed 20% of the annual salary</p> <p>Note 2: The Board of Directors will have the liberty to refix individual ceilings under each of the above heads or to allow any other perquisite as may be permitted by the Central Government so as not to exceed 20% of the annual salary.</p>	
6. Other Benefits	
a. Provident Fund Contribution	Subject to a ceiling of 12% of his salary
b. Superannuation Contribution	Subject to a ceiling of 15% of his salary
c. Gratuity	Not exceeding half a month salary for each completed year of service subject to a limit of Rs.10 lakhs.
7. Encashment of Leave at the end of the tenure.	As per rules of the Company
Note: Contribution to Provident Fund, Superannuation fund, Gratuity payable, encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII of the Companies Act, 1956	

8. Car	Use of Company maintained car with driver for official purposes.
9. Telephone/Mobile	Telephone at residence/cellular phone for official use.

Where in any financial year during the tenure of Mr.V.M.Kumaresan as Executive Director-Technical the Company has no profits or its profits are inadequate, the salary and benefits stated vide I (1) to (9) above will be paid as minimum remuneration to him, subject to the ceiling prescribed under Schedule XIII, Part II, Section (B) to the Companies Act, 1956. In case such minimum remuneration exceeds the limits prescribed under Schedule XIII, necessary application will be made to the Central Government for approval.

II.COMMISSION:

In addition to his salary and perquisites stated vide I. (1) to (9) above, where the company earns profits in a financial year, Mr.V.M.Kumaresan, together with the other managerial personnel viz., Messrs.V.M.Lakshminarayanan, V.M.Seshadri and V.M.Gangadharam shall be entitled to receive commission on net profits. However, the combined aggregate limit of salary/ perquisites/commission paid to all the above managerial personnel shall not exceed 10% of net profits, as prescribed under Section 309(3) read with Part II, Section I of Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof. The quantum of commission to be paid to each of the above managerial personnel will be determined as agreed amongst them and approved by the Remuneration Committee/Board of Directors.

III.REIMBURSEMENT OF EXPENSES

a. Entertainment expenses:

Reimbursement of entertainment expenses wholly and exclusively incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

b. Travelling expenses:

Reimbursement of travelling expenses actually and properly incurred for the business of the Company, subject to a reasonable ceiling as may be fixed from time to time by the Board.

B. That the Board is authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.V.M.Kumaresan, Executive Director-Technical, from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr.Kumaresan, without further reference to the Company in General Meeting and/or the Central Government.

16. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 to:

A. Mortgaging and / or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, presently and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of all or any of the following namely:

- i. State Bank of Travancore (SBT)
- ii. IDBI Bank Ltd. (IDBI)
- iii. Bank of Baroda (BOB)
- iv. The South Indian Bank Limited (SIB)

To secure:

- a) SBT- of its Working Capital Facilities of Rs.3500 Lakhs
- b) IDBI- of its Working Capital Facilities of Rs.2700 Lakhs
- c) BOB- of its Working Capital Facilities of Rs.2300 Lakhs
- d) SIB- of its Working Capital Facilities of Rs.2500 Lakhs

or such other sums as may be sanctioned by the said banks from time to time, together with interest at the respective agreed rates, additional interest, liquidated damages, compound interest, costs, charges, expenses and other monies payable under Working Capital Consortium Agreement/ Sanction Letters as amended from time to time.

B. To the Board of Directors of the Company agreeing with all or any of the said SBT/IDBI/BOB/ SIB in terms of their respective Working Capital Consortium Agreement / Letters of Sanction/ Memorandum of terms and conditions to reserve a right to take over the management of the business and concern of the Company in certain events.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with SBT/IDBI/BOB/SIB the documents for creating aforesaid mortgage and /or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution.”

Chennai – 600 018
Date:20th July, 2012

By Order of the Board
D.Krishnamurthy
Secretary

NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours (forty eight hours) before the commencement of the Meeting.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution, if not already furnished authorizing their representative to attend and vote on their behalf at the Meeting.
3. The dividend on Equity Shares, as recommended by the Board of Directors, if declared at the Meeting, will be paid to those shareholders whose names shall appear on the Company's Register of Members on 31st August, 2012, and in respect of shares held in dematerialized form, the dividend will be paid to Members whose names are furnished in National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
5. Members/Proxies should bring the attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the meeting hall.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting only such joint holder who is higher in the order of names will be entitled to vote.
8. The Company has already notified closure of Register of Members and Transfer Books from 27th August to 31st August, 2012 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.
9. Members are requested to immediately intimate any change in their address registered with the Company to the Registrars and Share Transfer Agents, M/s.GNSA Infotech Ltd, STA Department, Nelson Chambers, 4th Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai-600 029
10. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s.GNSA Infotech Ltd under the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants.

- (i) Name of the Sole/First joint holder and the Folio Numbers
- (ii) Particulars of Bank
- (iii) Name of the Branch
- (iv) Complete address of the Bank with Pin Code Number
- (v) Account type, whether Savings Account (SA) or Current Account (CA)
- (vi) Bank Account Number

(b) Members who hold shares in electronic mode are requested to note that their Bank Account details, as furnished by their Depositories to the Company which will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.

- 11. Members/Proxies are requested to bring their copies of the Annual Report to the meeting.
- 12. The Company's equity shares are listed with Madras, Mumbai and Ahmedabad Stock Exchanges.
- 13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s.GNSA Infotech Ltd for consolidation into a single folio.
- 14. Government of India, Ministry of Corporate Affairs vide its circular no.18/2011 dated 27th April, 2011 has clarified that the Company can send Annual Report by electronic mail to the members who have registered their e-mail addresses with the Company or with concerned depository. As such to enable the Company to send the soft copy of the Annual Report by electronic mail, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the depository through their respective Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with the Company's Share Transfer Registrars or the Company by sending e-mail to sta@gnsaindia.com or edcs@butterflyindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS TO BE TRANSACTED AT THE COMPANY'S ANNUAL GENERAL MEETING ON 31st AUGUST, 2012

Item No.7:

At the meeting of the Board of Directors of the Company ("the Board") held on 14th November, 2011, Mr.A.Balasubramanian was appointed Additional Director of the Company with effect from the said date pursuant to the provisions of Article 113 of the Company's Articles of Association which is in line with Section 260 of the Companies Act, 1956 ("The Act"). Mr.A.Balasubramanian will hold office upto the forthcoming Annual General meeting of the Company.

The Company has received from a member, notice in writing along with a deposit of Rs.500/- under section 257 of the Act, signifying his intention to propose the appointment of Mr.A.Balasubramanian as Director of the Company. Mr.Balasubramanian is also willing to act as Director, if appointed, and has filed with the Company his consent pursuant to Section 264 (1) of the Act.

Mr.Balasubramanian is a Chartered Accountant. He served Punjab National Bank (PNB) from the year 1981 to 2008 (27 years) in different managerial capacities and retired as Chief General Manager at the Head Office of PNB, New Delhi. He has rich experience in Credit Administration and other areas of Banking. Before joining bank, he had earlier worked with Tata Group for about five years in areas of Accounts and Finance. Presently he is practicing as Chartered Accountant and is also providing Financial Consultancy and Advisory Services.

Having regard to the background, experience and expertise of Mr.Balasubramanian, the Board considers that his continuance on the Board will be beneficial to the Company and accordingly recommend the acceptance of the resolution set out as Item No.7 of the convening Notice.

No other Director of your Company other than Mr.A.Balasubramanian is interested in the resolution.

Item No.8:

At the meeting of the Board of Directors of the Company ('the Board') held on 11th May, 2012, pursuant to the provisions of Article 113 of the Company's Articles of Association, and provisions of Section 262 of the Companies Act, 1956 ('The Act'), Mr.K.J.Kumar was appointed Director in the casual vacancy created by the resignation of Mr.V.R.Sivaraman. But for his resignation, Mr.Sivaraman would have continued in office upto the date of the ensuing Annual General Meeting. Accordingly Mr.K.J.Kumar will also hold office upto the date of the ensuing Annual General meeting.

The Department of Company Affairs has clarified that in respect of a Director appointed to fill a casual vacancy, the formalities prescribed under Section 257 of the Act must be observed.

The Company has received from a member, notice in writing along with a deposit of Rs.500/- under section 257 of the Act, signifying his intention to propose the appointment of Mr.K.J.Kumar as Director of the Company. Mr.Kumar is also willing to act as Director, if appointed, and has filed with the Company his consent pursuant to Section 264(1) of the Act.

Mr.Kumar is a Mechanical Engineer. Initially, he worked in Simpsons Group for a short spell. Thereafter, in the year 1965 he started his own business. The KJK Group of Companies, for which he is presently the Chairman & Managing Director, are involved in manufacturing, sales and International business of Diamond PCD, PCBN, Carbide and Super abrasive tools for hard and high precision CNC Machining applications. He has widely travelled worldwide for technology, import of machines and export of industrial products. He is the Honorary Consul, the Republic of Indonesia in Chennai and the recipient of Honorary Citizen Award from the City Council, El Paso, Texas, USA.

Having regard to the background, experience and expertise of Mr.K.J.Kumar, the Board considers that his continuance on the Board will be beneficial to the Company and accordingly recommend the acceptance of the resolution set out as Item No.8 of the convening Notice.

No other Director of your Company other than Mr.K.J.Kumar is interested in the resolution.

Item No.9:

At the meeting of the Board of Directors of the Company ('the Board') held on 11th May, 2012, Mr.G.S.Samuel was appointed Additional Director of the Company with effect from the said date pursuant to the provisions of Article 113 of the Company's Articles of Association which is in line with Section 260 of the Companies Act, 1956 ('The Act'). Mr.G.S.Samuel will hold office upto the ensuing Annual General Meeting.

The Company has received from a member, notice in writing along with a deposit of Rs.500/- under Section 257 of the Act, signifying his intention to propose the appointment of Mr.G.S.Samuel as Director of the Company. Mr.Samuel is also willing to act as Director, if appointed, and has filed with the Company his consent pursuant to Section 264(1) of the Act.

Mr.Samuel, after Post Graduation and Post PG Research in Economics, qualified Master of Business Administration (Finance). He worked in the State Bank of India group for about 18 years in senior positions at their Regional Office, Head Office and Central Office. Thereafter, he held the position of Chief Executive Officer/Managing Director in a reputed Non-Banking Finance Company, specializing in areas of deposits, retail lending, hire purchase and leasing finance, Merchant Banking, Corporate Finance, Financial services etc.

Mr.G.S.Samuel is a member of the Taxation and Economic Affairs Committee of Confederation of Indian Industry (CII), and Convener of the Committee for the Southern Chapter of CII. He is also a Member of the Management Committee of Equipment Leasing Association of India (ELAI)

Having regard to the professional qualification background, experience and expertise of Mr.G.S.Samuel, the Board considers that his continuance on the Board will be beneficial to the Company and accordingly recommend the acceptance of the resolution set out as Item No.9 of the convening Notice.

No other Director of your Company other than Mr.G.S.Samuel is interested in the resolution.

Item No.10:

At the meeting of the Board of Directors of the Company ('the Board') held on 11th May, 2012, Mr.R.S.Prakash was appointed as a Director nominated by Messrs.Reliance Alternative Investments Fund-Private Equity Scheme-I (acting through Reliance Alternative Investments Services Private Limited) with effect from the said date pursuant to the provisions of Article 112 of the Company's Articles of Association. Mr.Prakash will continue to hold office until his nomination is withdrawn as a Non-Executive Director on the Board, not liable to retire on a rotational basis and not required to hold any qualification shares.

Article 112 of the Articles of Association, inter-alia also stipulates that the Nominee Director shall be elected as a Director of the Company at its ensuing Annual General Meeting. Hence this resolution

Mr.Prakash is a Chartered Accountant-cum-Cost Accountant. He has a brilliant track record of having worked with several top ranking finance companies like Kimberley Clarke Lever Limited, IL&FS Venture Corporation, Arthur Anderson & Co., Actis Private Equity, besides ICRA Ltd. as Senior Analyst-Ratings and Earnest & Young as Vice President - Transaction Advisory. Presently, he is a Director of Reliance Equity Advisors (India) Ltd.

No other Director of your Company other than Mr.R.S.Prakash is interested in the resolution.

Item No.11:

At the Extraordinary General Meeting held on 24th December, 2011, Mr.V.M.Lakshminarayanan was appointed by the Members through a Special Resolution as Managing Director of the Company for a period of three years with effect from 01st December, 2011, whose period of office shall not be subject to retirement of Directors by rotation during his tenure, on the terms and conditions mentioned vide resolution being item no.3 of the notice convening the said Extraordinary General Meeting.

The said resolution also authorises the Board to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Lakshminarayanan as Managing Director of the Company from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr.Lakshminarayanan without further reference to the Company in General Meeting and/or the Central Government.

The remuneration payable to Mr.Lakshminarayanan as Managing Director of the Company as approved at the aforesaid Extraordinary General Meeting was:

Salary: Rs.36,00,000/- per annum or Rs.3,00,000/- per month. In addition to his salary, Mr.Lakshminarayanan was also entitled to perquisites not exceeding 50% of his annual salary.

The Remuneration Committee at its meeting held on 19th July, 2012 reviewed the above remuneration package of Mr.Lakshminarayanan in the light of the phenomenal growth in the Company's performance and its projections for the next three years. Having regard to the rich contributions made/to be made by Mr.Lakshminarayanan for achieving the accelerated growth milestones and also considering the enhanced salaries paid to the Company's Senior Executives, the Committee felt that in order to achieve the set growth plan, it is imperative that the Chairman and Managing Director of the Company be adequately remunerated. Accordingly the Committee recommended the revised remuneration as explained vide resolution no.11 of the notice convening the meeting, which was approved at the meeting of the Board of Directors held on 20th July, 2012. The remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Lakshminarayanan in Companies with similar synergies.

The Board recommends that the resolution be passed.

Memorandum of Interest:

Mr.V.M.Lakshminarayanan is interested or concerned in the resolution. Apart from him Messrs.V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical are also deemed to be concerned or interested in the resolution.

No other Director is concerned or interested in the resolution.

Item No.12:

At the Annual General Meeting of the Company held on 11th August, 2011, Mr.V.M.Seshadri was appointed by the Members through a Special Resolution as Managing Director of the Company for a period of three years with effect from 01st June, 2011, whose period of office shall not be subject to retirement of Directors by rotation during his tenure, on the terms and conditions mentioned vide resolution being item no.14 of the notice convening the said Annual General Meeting.

The said resolution also authorises the Board to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Seshadri as Managing Director of the Company from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr.Seshadri without further reference to the Company in General Meeting and/or the Central Government.

The remuneration payable to Mr. V.M.Seshadri as Managing Director of the Company as approved at the aforesaid Annual General Meeting was:

Salary: Rs.24,00,000/- per annum or Rs.2,00,000/- per month. In addition to his salary, Mr.Seshadri was also entitled to Perquisites not exceeding 50% of his annual salary.

The Remuneration Committee at its meeting held on 19th July, 2012 reviewed the above remuneration package of Mr.Seshadri in the light of the phenomenal growth in the Company's performance and its projections for the next three years. Having regard to the rich contributions made/to be made by Mr.Seshadri as Managing Director of the Company for achieving the accelerated growth milestones and also considering the enhanced salaries paid to the Company's Senior Executives, the Committee felt that in order to achieve the set growth plan, it is imperative that Mr.Seshadri, Managing Director of the Company, be adequately remunerated. Accordingly, the Committee recommended the revised remuneration as explained vide resolution no.12 of the notice convening the meeting, which was approved at the meeting of the Board of Directors held on 20th July, 2012. The remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Seshadri in Companies with similar synergies.

The Board recommends that the resolution be passed.

Memorandum of Interest:

Mr.V.M.Seshadri is interested or concerned in the resolution. Apart from him Messrs. V.M. Lakshminarayanan, Managing Director, V.M.Balasubramaniam, Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical are also deemed to be concerned or interested in the resolution.

No other Director is concerned or interested in the resolution.

Item No.13

At the Annual General Meeting of the Company held on 03rd November, 2010, Mr.V.M.Gangadharam was appointed by the Members through a Special Resolution as Executive Director of the Company for a period of three years with effect from 01st October, 2010, whose period of office shall not be subject to retirement of Directors by rotation during his tenure, on the terms and conditions mentioned vide resolution being item no.7 of the notice convening the said Annual General Meeting.

The said resolution also authorises the Board to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Gangadharam as Executive Director of the Company from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr.Gangadharam without further reference to the Company in General Meeting and/or the Central Government.

The remuneration payable to Mr.V.M.Gangadharam as Executive Director of the Company as approved at the aforesaid Annual General Meeting was:

Salary: Rs.24,00,000/- per annum or Rs.2,00,000/- per month. In addition to his salary, Mr.Gangadharam was also entitled to Perquisites not exceeding 50% of his annual salary.

The Remuneration Committee at its meeting held on 19th July, 2012 reviewed the above remuneration package of Mr.Gangadharam in the light of the phenomenal growth in the Company's performance and its projections for the next three years. Having regard to the rich contributions made/to be made by Mr.Gangadharam as Executive Director of the Company for achieving the accelerated growth milestones and also considering the enhanced salaries paid to the Company's Senior Executives, the Committee felt that in order to achieve the set growth plan, it is imperative that Mr.Gangadharam, Executive Director of the Company, be adequately remunerated. Accordingly the Committee recommended the revised remuneration as explained vide resolution no.13 of the notice convening the meeting, which was approved at the meeting of the Board of Directors held on 20th July, 2012. The remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Gangadharam in Companies with similar synergies.

The Board recommends that the resolution be passed.

Memorandum of Interest:

Mr.V.M.Gangadharam is interested or concerned in the resolution. Apart from him Messrs.V.M.Lakshminarayanan, Managing Director, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director and V.M.Kumaresan, Executive Director-Technical are also deemed to be concerned or interested in the resolution.No other Director is concerned or interested in the resolution.

Item No.14

At the Annual General Meeting of the Company held on 03rd November, 2010, Mr.V.M.Kumaresan was appointed by the Members through a Special Resolution as Executive Director-Technical of the Company for a period of three years with effect from 01st June, 2010, whose period of office shall not be subject to retirement of Directors by rotation during his tenure, on the terms and conditions mentioned vide resolution being item no.8 of the notice convening the said Annual General Meeting.

The said resolution also authorises the Board to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Kumaresan as Executive Director-Technical of the Company from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr.Kumaresan without further reference to the Company in General Meeting and/or the Central Government.

The remuneration payable to Mr. V.M.Kumaresan as Executive Director-Technical of the Company as approved at the aforesaid Annual General Meeting was:

Salary: Rs.24,00,000/- per annum or Rs.2,00,000/- per month. In addition to his salary, Mr.Kumaresan was also entitled to Perquisites not exceeding 50% of his annual salary.

The Remuneration Committee at its meeting held on 19th July, 2012 reviewed the above remuneration package of Mr.Kumaresan in the light of the phenomenal growth in the Company's performance and its projections for the next three years. Having regard to the rich contributions made/to be made by Mr.Kumaresan as Executive Director-Technical of the Company for achieving the accelerated growth milestones and also considering the enhanced salaries paid to the Company's Senior Executives, the Committee felt that in order to achieve the set growth plan, it is imperative that Mr.Kumaresan, Executive Director-Technical of the Company, be adequately remunerated. Accordingly the Committee recommended the revised remuneration as explained vide resolution no.14 of the notice convening the meeting, which was approved at the meeting of the Board of Directors held on 20th July, 2012. The remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Kumaresan in Companies with similar synergies.

The Board recommends that the resolution be passed.

Memorandum of Interest:

Mr.V.M.Kumaresan is interested or concerned in the resolution.

Apart from him, Messrs.V.M.Lakshminarayanan, Managing Director, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director and V.M.Gangadharam, Executive Director are also deemed to be concerned or interested in the resolution.No other Director is concerned or interested in the resolution.

Item No.15

The Remuneration Committee at its meeting held on 19th July, 2012 considered the following factors in connection with the revision of remuneration of Mr. V.M.Kumaresan, Executive Director-Technical with effect from 01-09-2012 to 31-05-2013 and his subsequent reappointment (on expiry of the present term) for a further period of three years with effect from 01st June, 2013:

- A. Mr.Kumaresan, who was appointed by the Members as Whole-Time Executive Director-Technical for a period of three years with effect from 01-06-2007 at the Annual General Meeting held on 28th December, 2007 has richly contributed to the impressive growth of the Company throughout the last five years. In connection with the supplies of Table Top Wet Grinders and Mixer Grinders, against the Tender of Tamil Nadu Civil Supplies Corporation (TNCSC), Mr.Kumaresan developed the special dyes, moulds and tools conforming to the prescribed specifications within a short time.

The supplies made by the Company against this Tender won the appreciation of TNCSC. In the context of the Company's growth plans, Mr. Kumaresan has a crucial role to play in the selection of appropriate new machinery and balancing equipments which will facilitate increased productivity with reduction in manpower.

- B. The salary scales in the Company for Senior Executives have substantially increased. It would therefore be appropriate that the remuneration package of Mr. Kumaresan is also commensurately increased.

In view of this, the Committee recommended the revised remuneration payable to Mr. Kumaresan with effect from 01st September, 2012 to 31st May, 2013, as also subsequent to his reappointment with effect from 01st June, 2013, which was approved by the Board of Directors at its meeting held on 20th July, 2012. The remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr. Kumaresan in Companies with similar synergies.

The Board recommends that the resolution be passed.

Memorandum of Interest:

Mr. V.M. Kumaresan is interested or concerned in the resolution.

Apart from him, Messrs. V.M. Lakshminarayanan, Managing Director, V.M. Balasubramaniam, Director, V.M. Seshadri, Managing Director and V.M. Gangadharam, Executive Director are also deemed to be concerned or interested in the resolution. No other Director is concerned or interested in the resolution.

Item No.16:

In view of the expanding activities of the Company and to take care of the Working Capital requirements for achieving such accelerated growth, the Consortium banks have considerably enhanced their exposure to the Company. Although the Company's properties are presently mortgaged in favour of these Consortium banks, they now require specific consent of the members for mortgaging the properties of the Company as a security against the sanctioned facilities.

Section 293(1)(a) of the Companies Act, 1956, states that the Board of Directors of a Public Company shall not, except with the consent of such Public Company, sell, lease or otherwise dispose-off the whole, or substantially the whole of the undertaking of the Company. Hence the Proposed Resolution.

None of the Directors of the Company is, in any way concerned or interested in the Resolution.

Chennai – 600 018
Date: 20th July, 2012

By Order of the Board
D. Krishnamurthy
Secretary

I. General Information pursuant to the Proviso (iv) to Section II (B) of Part II of Schedule XIII:

The General Information to be given to the shareholders in connection with the aforesaid appointment of the Wholetime Executive Director-Technical and the remuneration payable to him :

1. Nature of Industry	Manufacturing and Marketing of household appliances like LPG Stoves, Mixer-Grinders, Table Top Wet Grinders, Pressure Cookers and Vacuum flasks.
2. Date or expected date of commencement of commercial production	The Company commenced commercial production on 24th February, 1986
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable
4. Financial performance based on given indicators	Not Applicable
5. Export performance and net foreign exchange collaborations	The Company's products are predominantly orientated for Indian cuisine. However, Indians living abroad are showing interest in the products. The highest export performance of the Company at Rs.703.68 lakhs was achieved during the financial year ended on 31-03-2012.
6. Foreign Investments of collaborations, if any	Nil

II. Information about the Appointee:

Reappointment of Mr.V.M.Kumaresan as Wholetime Executive Director-Technical:

1. Background details	Mr.V.M.Kumaresan possesses sound technical knowledge in deep drawing process, sheet metal forming, making tools and dies and has dedicated about 31 years in Research and Development and innovation of new products. He was initially appointed
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	<p>as Wholetime Director-Technical at the Annual General Meeting of the Company held on 30.9.2000. Consequent to his becoming Managing Director of a Private Limited Company promoted by him, he resigned with effect from 29.10.2004. He was again appointed as Executive Director-Technical of the Company for a period of three years from 01st June, 2007 and reappointed for a further term of three years 01st June, 2010 to 31st May, 2013.</p>
2. Past remuneration	<p>As Executive Director –Technical of the Company for the period 01-06-2010 to 31-05-2013, members have approved salary of Rs.2,00,000/- per month i.e., Rs.24,00,000/- per annum and perquisites restricted to an amount equal to 50% of his annual salary to Mr.Kumaresan. It is proposed to revise his remuneration with effect from 1st September 2012 upto the remaining period of his present tenure, i.e. 31-5-2013 as per special resolution being Item No. 14 of the notice convening this Annual General Meeting.</p>
3. Recognition or awards	<p>Invention of three stone Table Top Wet Grinder which has since been patented by the Company.</p>
4. Job Profile and his suitability	<p>Mr.Kumaresan, as the Executive Director-Technical of the Company is the functional head of the R&D Wing, under the superintendence of the Managing Director. In view of his rich experience for three decades, Mr.Kumaresan is ideally suited to hold the position of Executive Director-Technical.</p>
5. Remuneration proposed	<p>As set out in Resolution No.15 of the Notice convening this Annual General Meeting, which is same as the enhanced remuneration effective 1-9-2012, proposed vide Special Resolution No.14 of the Notice.</p>
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and	<p>In the organized sector of home appliances industry manufacturing similar products, there are only a few Companies with similar synergies. In comparable</p>

person (in case of expatriates the relevant details would be with respect to the country of his origin)	Companies like TTK Prestige Ltd and Hawkins Pressure Cookers Ltd, the remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Kumaresan
7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Mr.Kumaresan has no direct or indirect pecuniary relationship with the Company excepting his remuneration and reimbursement of out of pocket expenses incurred wholly and exclusively for the Company's business. Mr.Kumaresan is related to Messrs.V.M.Lakshminarayanan, Chairman & Managing Director, V.M.Balasubramaniam, Director and Vice Chairman, V.M.Seshadri, Managing Director and V.M. Gangadharam, Executive Director. The Company has entered into contracts for purchase/supply of goods with private companies, firms in which Mr.V.M.Kumaresan and his above named relatives are Directors/Partners, for which previous approval of the Central Government has been obtained.

III. Other Information:

1. Reasons of loss or inadequate profit:

Does not arise, as the Company is earning adequate profits

2. Steps taken or proposed to be taken for improvement:

Not Applicable

3. Expected increase in productivity and profits in measurable terms:

Not Applicable

IV. Disclosures:

- (1) Remuneration package of the managerial personnel:

Remuneration paid to the managerial personnel during the financial year ended on 31.03.2012 is given vide item No 4 (v) of the Report on Corporate Governance.

(2) Other Disclosures as per Schedule XIII, Part II (B) of the Companies Act, 1956:

- (i) Elements of Remuneration Package: The elements of remuneration package have been enumerated in the special resolution proposing the reappointment and the remuneration payable to Mr.V.M.Kumaresan
- (ii) Details of fixed components and performance linked incentives along with the performance criteria: Only fixed remuneration and perquisites including minimum remuneration in the event of loss or inadequacy of profits have been provided to the Wholtime Executive Director-Technical
- (iii) Service contracts, notice period, severance fees: Mr.V.M.Kumaresan who is proposed to be reappointed as Wholtime Executive Director-Technical is a Promoter-Director. Hence no service contract, notice period and severance fees have been stipulated to him.
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable: None

BRIEF DETAILS OF DIRECTORS SEEKING APPOINTMENT IN ANNUAL GENERAL MEETING SCHEDULED TO BE HELD ON 31st AUGUST, 2012.

(in pursuance to Clause 49 of the Listing Agreement)

Name of the Director(s)	Mr.A.Balasubramanian	Mr.K.J.Kumar	Mr.G.S.Samuel
Date of Birth	05.01.1949	01.04.1944	31.05.1951
Date of Appointment	14.11.2011	11.05.2012	11.05.2012
Expertise in specific Functional Area	Mr.A.Balasubramanian served Punjab National Bank (PNB) from the year 1981-2008 (27 years) in different managerial capacities and retired as Chief General Manager at the Head Office of PNB. He has rich experience in Credit Administration. He is a qualified Chartered Accountant, presently	From the year, 1965, he started his own business. The KJK Group of Companies, for which he is presently the Chairman & Managing Director, are involved in manufacturing, sales and International business of Diamond PCD, PCBN, Carbide and Super abrasive	From 1975-1993, Mr.Samuel worked at various managerial levels in State Bank of India Group, including holding senior positions at their Regional Office, Head Office and Central Office. From 1993-1999, Mr.Samuel held the

	practicing as Chartered Accountant combined with independent Financial Consultancy and Advisory Services.	tools for hard and high precision CNC Machining applications. International Experience: Since, 1970, widely travelled worldwide for technology, import of machines and export of industrial products. Mr.Kumar is the Hon. Consul in Chennai for the Republic of Indonesia.	position of CEO/ Managing Director in a Private Sector Non-Banking Finance Company. From 2000 to 2007, he was Executive Director of a London based Private Banking group specializing in Financial Advisory Services, Private Equity placement, Capital market services, Mergers and acquisitions, Debt restructuring etc. and later with an India based Financial Advisory outfit having varied clients from MNC's and Blue Chip Indian Corporates to large infrastructure projects, resource raising loan venture capital funds to Micro Finance organisations and NGO's
Qualification	Chartered Accountant	Diploma in Mechanical Engineering	M.A., Post P.G. Research in Economics, M.B.A.(Finance)

List of Outside Directorship held	1.Nelcast Limited 2.Bedmutha Industries Limited	1.KJK Polydiamonds International Private Limited 2.Diamond Boart International Private Limited 3.Osten Enzyme India Private Limited 4.Carbide Plus India Private Limited 5.KJK-AK Global Techs Private Limited	Nil
Chairman/Member of the Board of Directors of the Company	Member: Audit Committee	Nil	Nil
Chairman/Member of the Committees of Directors of other Companies in which he is a Director.			
a. Audit Committee	Chairman	Nil	Nil
b. Remuneration Committee	Member	Nil	Nil
c. Share Transfer cum Investor Grievance Committee	Nil	Nil	Nil
Shareholding, if any, in the Company	Nil	Nil	Nil

BRIEF DETAILS OF NOMINEE DIRECTOR SEEKING CONFIRMATION OF APPOINTMENT IN ANNUAL GENERAL MEETING SCHEDULED TO BE HELD ON 31ST AUGUST, 2012

(in pursuance to Clause 49 of the Listing Agreement)

Name of the Nominee Director	Mr.R.S.Prakash
Date of Birth	12.05.1968
Date of Appointment	11.05.2012
Expertise in specific Functional Area	Mr.Prakash has a brilliant track record of having worked with several top ranking finance companies like Kimberley Clarke Lever Limited, IL&FS Venture Corporation, Arthur Anderson & Co., Actis Private Equity, besides ICRA Ltd. as Senior Analyst - Rating and Earnest & Young as Vice President - Transaction Advisory. Presently, he is a Director of Reliance Equity Advisors (India) Ltd.
Qualification	M.Com., Chartered Accountant and Cost & Works Accountant
List of Outside Directorship held	DTDC Limited
Chairman/Member of the Board of Directors of the Company	Member: 1. Remuneration Committee
Chairman/Member of the Committees of Directors of other Companies in which he is a Director.	
a. Audit Committee	Member
b. Remuneration Committee	Member
c. Share Transfer cum Investor Grievance Committee	Nil
Shareholding, if any, in the Company	Nil

BRIEF DETAILS OF DIRECTORS SEEKING REAPPOINTMENT IN ANNUAL GENERAL MEETING SCHEDULED TO BE HELD ON 31ST AUGUST, 2012

(in pursuance to Clause 49 of the Listing Agreement)

Name of the Director(s)	Mr.M.Padmanabhan	Mr.K.Ganesan	Mr.V.R.Lakshminarayanan
Date of Birth	20.11.1949	01.10.1931	15.03.1928
Date of Appointment	30.01.1999	30.01.1999	11.01.1993
Expertise in specific Functional Area	Finance & Accounts. Practicing Chartered Accountant	Mr.K.Ganesan retired as Sr.Partner of M/s.Lovelock & Lewes, well-known firm of Chartered Accountants. He has vast experience and expertise in auditing, accounts and finance of several multinational and Indian Companies. He was also a member of the Company Law Advisory Committee constituted by Government of India, a Member of the Central Committee of the Institute of Chartered Accountants of India, a Trustee of the Unit Trust of India, besides holding the post of Nominee Directorship in Public Companies	Mr.Lakshminarayanan retired as Director General of Police. He has vast experience in Public Administration and upkeep of Law and Order.
Qualification	B.Com., F.C.A.	B.Com., F.C.A.	IPS (Retd)
List of Outside Directorship held	Quintegra Solutions Limited	Nil	Alwarpet Benefit Fund Ltd.

Chairman/ Member of the Board of Directors of the Company	Member: 1. Audit Committee 2. Remuneration/ Selection Committee 3. Committee for approval of Financial Statements 4. Share Transfer cum Shareholder's Grievance Committee	Member: 1. Audit Committee 2. Remuneration/Selection Committee 3. Committee for approval of Financial Statements 4. Share Transfer cum Shareholder's Grievance Committee	Member: 1. Audit Committee 2. Remuneration/ Selection Committee
Chairman/ Member of the Committees of Directors of other Companies in which he is a Director. a. Audit Committee b. Remuneration Committee c. Share Transfer cum Investor Grievance Committee	Chairman Member Chairman	Nil Nil Nil	Nil Nil Nil
Shareholding, if any, in the Company	Nil	Nil	Nil

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in presenting this Twenty fifth Annual Report together with the Audited Statement of Accounts, of the Company for the financial year ended on 31st March, 2012.

FINANCIAL RESULTS:
Rs. In lakhs

	Financial year ended on 31.03.2012	Financial year of 9 months ended on 31.03.2011
Sales	64,241.10	22,070.48
Operating Expenditure	58,483.59	20,051.97
Operating Profit	5,757.51	2,018.51
Other Income	563.75	272.28
Profit/(Loss) before Depreciation and Finance Cost	6,321.26	2,290.79
Finance Cost	1,754.89	674.25
Depreciation	167.01	95.46
Profit/(loss) before Tax	4,399.36	1,521.08
Exceptional & Extraordinary items	24.65	117.79
IT for the current period	(1,327.55)	(549.29)
Excess Provision (Net of Deferred Tax)	(55.55)	429.55
Profit/(Loss) after Tax	3,040.91	1,519.13

DIVIDEND:

Taking into account that the Company has earned adequate net profits in the financial year under review, your Directors are pleased to recommend a dividend of Rs.2/- per equity share on 1,78,79,551 fully paid up equity shares of Rs.10/- each. The total cash outflow on account of this dividend, including tax on dividend, is Rs.415.59 lakhs.

REVIEW OF OPERATIONS:

During the period under review, sales turnover on an annualised basis recorded phenomenal growth of 141% and profit before interest and depreciation on an annualised basis also improved as compared to the previous financial year. After providing for interest and depreciation, the Company earned a profit of Rs.30.41 crores.

Supply of Table Top Wet Grinders and Mixer Grinders against the tender of Tamilnadu Civil Supplies Corporation largely contributed to the improvement in sales turnover.

AWARDS AND RECOGNITION:

Your Company won National Award-2010, First Prize, awarded by Government of India, Ministry of Micro, Small and Medium Enterprises for its LPG Operated Stoves/Appliances. Also, appreciating your Company's performance and growth during the financial year 2011-12, M/s. Indian Oil Corporation Limited (IOCL) has presented a memento for having stood first on All India basis in turnover, with respect to LPG Stoves supplied through the LPG gas distributors of IOCL.

CURRENT YEAR'S OPERATIONS:

Taking into account the steps taken by the Company for establishing PAN INDIA market for its products and in anticipation of repeat orders from the Government of Tamilnadu for supply of Mixer Grinders and Table Top Wet Grinders, your Company expects to sustain its growth rate. However, the persistent inflationary trend in the country could have some effect in the disposable income of the individuals which, in turn, can affect the Company's turnover/margins. Also, in view of the free distribution programme of Table Top Wet Grinders and Mixer Grinders to eligible category of people in Tamilnadu, turnover of these products through the regular distribution channel may be affected.

MERGER OF GANGADHARAM APPLIANCES LIMITED:

The Hon'ble Board for Industrial and Financial Reconstruction at its Review Hearing of Case No. 279/98 of M/s. Gangadharam Appliances Limited (GAL) held on 17-08-2011 sanctioned the Modified Rehabilitation cum Merger Scheme (MS-11) submitted by GAL. The merger scheme envisaged GAL's merger with the Company, as per scheme already approved by the members at the Extraordinary General Meeting of the Company held on 09th September, 2010. After completing statutory requirements, the merger became effective on 27th September 2011, with retrospective effect from 01st January, 2009. This merger will facilitate the Company's stride along the road for its accelerated growth.

AUTHORISED SHARE CAPITAL

Taking into account the Company's future growth plans, members approved enhancement of its Authorized Share Capital from Rs.10 crores to Rs.25 crores at the Annual General Meeting held on 11-08-2011. Added to this, in terms of the Rehabilitation-cum-Merger Scheme as mentioned above, the Authorised Share Capital of the Company after the said merger stood enhanced by a further amount of Rs.15 crores (being unabsorbed authorized share capital of GAL), i.e., from Rs.25 crores to Rs.40 crores.

ISSUED AND PAID UP CAPITAL

In terms of the Rehabilitation - cum - Merger Scheme stated above, 57,93,950 Equity Shares of Rs. 10/- each of the Company were allotted to the members of the erstwhile Gangadharam Appliances Limited on 14th November, 2011. With this issue, the Company's issued and paid up capital increased from 96,34,601 Equity Shares of Rs. 10/- each to 1,54,28,551 Equity Shares of Rs. 10/- each as on 31st March, 2012.

The newly issued shares will rank paripassu with the existing equity shares of the Company in all respects, including for payment of dividend for financial year ended on 31-3-2012.

PREFERENTIAL ISSUE

At the Extraordinary General Meeting of the Company held on 16th April, 2012, members approved through a Special Resolution, Preferential Issue of 24,51,000 (Twenty four lakhs fifty one thousand) Equity Shares of Rs.10/- each at a premium of Rs.398/- per equity share aggregating Rs.100,00,08,000/- (Rupees One hundred crores eight thousand) in favour of M/s.Reliance Alternative Investments Fund-Private Equity Scheme-I (acting through Reliance Alternative Investments Services Private Limited). The subscription money was received from the said Private Equity Investor on 11th May, 2012 and the aforesaid Equity Shares were issued in their favour. These shares will also rank paripassu with the existing equity shares of the Company in all respects.

The Company proposes to utilize the above amount towards settlement of its high cost term loans (Rs.30 crores), Capital expenditure for creating additional capacity/backward integration (Rs.40 crores) and future Working Capital margin requirements (Rs.30 crores).

DIRECTORS:

At the Extraordinary General Meeting of the Company held on 24th December, 2011, members through a Special Resolution approved the appointment of Mr.V.M.Lakshminarayanan, who hitherto was Non-Executive Chairman of the Company, as Managing Director of the Company for a period of three years with effect from 01st December, 2011. Accordingly, Mr.V.M.Lakshminarayanan has become the Managing Director of the Company, besides being Chairman.

Mr.V.R.Sivaraman, who was Director of the Company, resigned on 02nd January, 2012 due to his old age. Your Directors place on record their sincere appreciation of the valuable contribution of Mr.V.R.Sivaraman during his long tenure as the Director of the Company.

At the meeting of the Board of Directors of the Company held on 14th November, 2011, the Board appointed Mr.A.Balasubramanian as an Additional Director with effect from 14th November, 2011, who will hold office upto the date of this Annual General Meeting.

The Company has received a Notice u/s.257 of the Companies Act, 1956 proposing his candidature as a Director of the Company. Mr.Balasubramanian is also willing to act as Director, if appointed.

With a view to comply with the provisions of Clause 49 (1A) of the Listing Agreement, at the meeting of the Board of Directors held on 11th May, 2012, Mr.K.J.Kumar was appointed as an Independent Director in the casual vacancy created by the resignation of Mr.V.R.Sivaraman. At the same meeting, Mr.G.S.Samuel was also appointed as an Additional Director (Independent). Both Messrs.K.J.Kumar and G.S.Samuel will hold office upto the date of this Annual General Meeting. The Company has received Notices under Section 257 of the Companies Act, 1956 proposing their candidature as Directors of the Company. They are also willing to act as Directors, if appointed.

In terms of Article 112 of the Articles of Association of the Company amended through Special Resolution at the Extraordinary General Meeting held on 16-04-2012, the Private Equity Investor has appointed Mr.R.S.Prakash as their Nominee Director, who will be a Non-Executive Director not liable to retire on a rotational basis and not required to hold any qualification shares. In terms of the said Article, Mr.Prakash has to be elected as a Director at the ensuing Annual General Meeting of the Company, who shall hold such office until the investor changes or withdraws his nomination.

Pending approval of the Central Government for the increase in the number of Directors beyond 12, it became necessary for one of the non-independent Directors, viz. Mr.D.Krishnamurthy, to step down from the Board. The Board, appreciating his service as Executive Director of the Company, agreed that he could be made Executive Director of the Company, as soon as the Central Government approval for increasing the strength of the Board is received and one more independent Director is appointed.

Messrs.M.Padmanabhan, K.Ganesan and V.R.Lakshminarayanan, Directors retire by rotation from the Board under Company's Articles of Association and being eligible, offer themselves for reappointment.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Directors' comments on Management Discussion and Analysis are restricted to the areas which are relevant to the current scenario of the Company and outlook.

CORPORATE GOVERNANCE:

Your Company conforms to the norms of Corporate Governance. In accordance with the Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance along with a Certificate of compliance from the Auditors forms part of this report.

CHANGE OF ARTICLES OF ASSOCIATION:

At the Extraordinary General Meeting of the Company held on 16th April, 2012, members have approved a new set of Articles of Association in substitution of the previous Articles of Association of the Company, which has come into force and effect from the said date of the meeting.

AUDITORS:

Messrs.Rudhrakumar Associates, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have expressed their willingness to continue in office, if reappointed.

COST AUDITOR:

Central Government has issued directives for the maintenance of Cost Records for the Company's own manufactured products and the Cost Audit thereof, which has been complied with by the Company.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public and, as such, there are no outstanding in terms of the Companies (Acceptance of Deposits) Rules 1975.

PARTICULARS OF EMPLOYEES (SECTION 217 (2A)):

There was no employee covered by the provisions of Section 217(2A) of the Companies Act, 1956.

REPORT ON ENERGY CONSERVATION AND R&D ACTIVITIES:

Information relating to energy conservation, foreign exchange earned and spent and research and development activities undertaken by the Company in accordance with the provisions of 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are given in Annexure "A" of the Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Statement under sub-section (2AA) of Section 217 of the Companies Act, 1956 ("The Act").

In the preparation of the Annual Accounts:

- i. the applicable accounting standards have been followed.
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the results of the Company for the year.
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- iv. "Going concern" basis has been followed.

The financial statements have been audited by Messrs.Rudhrakumar Associates, Chartered Accountants, the Statutory Auditors and their report is attached to the Accounts.

GRATUITY / SUPERANNUATION FUND

Subject to approval of Commissioner of Income Tax, the Company has formed separate Trusts for Gratuity and Superannuation Fund effective from 01st March, 2012. Messrs.V.M.Lakshminarayanan, Chairman & Managing Director, V.M.Balasubramaniam, Director and D.Krishnamurthy, Company Secretary have been appointed as Trustees for both these Trust Funds.

PERSONNEL

The spirit of trust, transparency and team work has enabled the Company to build a tradition of partnership and harmonious industrial relations. Your Directors record their sincere appreciation of the dedication and commitment of the employees to achieve excellence in all areas of the business.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank, in particular, Industrial Development Bank of India Ltd., State Bank of Travancore, Bank of Baroda, The South Indian Bank Ltd, PEC Ltd,ReligareFinvest Ltd, Tamilnadu Civil Supplies Corporation, Indian Oil Corporation Ltd., Bharat Petroleum Corporation Limited and Hindusan Petroleum Corporation Limited for the co-operation extended by them. Our thanks are also due to the suppliers, distributors, dealers and customers for their continued support.

Your Directors also thank the shareholders for their continued confidence and trust placed by them with the Company.

For and on behalf of the Board
V.M.LAKSHMINARAYANAN
Chairman & Managing Director

Chennai – 600 018
Date: 20th July, 2012

ANNEXURE A

ANNEXURE TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR OF ENDED ON 31st MARCH, 2012

STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

FORM A

POWER AND FUEL CONSUMPTION ELECTRICITY	CURRENT YEAR (12 months)	PREVIOUS YEAR (9 months)
(a) Purchased Units	20,54,300	10,29,316
Total amount	Rs.1,39,14,702	Rs.82,18,759
Rate/Unit	Rs.6.77	Rs.7.98
(b) Own Generation		
Through Diesel Generator	Rs.2,92,50,637	Rs.83,51,906
Units	19,87,815	6,49,908
Cost/Unit	Rs.14.71	Rs.12.85

B. RESEARCH AND DEVELOPMENT:

1. Specific areas in which R&D carried out by the Company.

The Company lays emphasis on Research and Development for improvement in existing processes for better productivity and development of new products.

2. Benefits derived as a result of the above R&D on production processes:

Provides quality improvement, adopting updated technology

3. Future plan of action.

Development of new products in Domestic Appliances

4. Expenditure on R&D	(Rs. in lakhs)
(A) Capital	Nil
(B) Recurring	61.98
(C) Total	61.98
(D) Total R & D Expenditure as percentage of total turnover:	Not Significant

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Regular progress is being made in updating the technology in the process area. With regard to imported technology the following information is furnished

(a) Technology	Nil
(b) Year of Import	Nil
(c) Has technology been fully absorbed	Not applicable
(d) If not fully absorbed areas where that have not taken place, reason and future plan of action	Not applicable

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (a) The Company is exploring foreign markets for its products.
- (b) Foreign Exchange earnings - Rs.703.68 lakhs
- Foreign Exchange outgo - Rs.37.42 lakhs

For and on behalf of the Board
V.M.LAKSHMINARAYANAN
Chairman & Managing Director

Chennai – 600 018
Date: 20th July, 2012

ANNEXURE B

MANAGEMENT DISCUSSION AND ANALYSIS

1. ECONOMY/INDUSTRIAL SCENARIO:

The GDP Growth for fiscal year 2011-12 was only 6.5%, compared to 8.4% in each of the two previous fiscal years. Financial year 2011-12 witnessed sharp inflationary trends as also depreciated rupee/dollar parity. Bank interest rates were also higher. The cascading effect of these factors adversely affected consumer spending especially on home appliances and white goods. Against this backdrop, the Company recorded a growth of 141% in sales turnover as compared to the annualized sales turnover of the previous financial year.

As a player in the organized sector with reputed brand (Butterfly), your Company has started spreading its reach to become a national player in due course.

2. PERFORMANCE ANALYSIS

HIGHLIGHTS AS COMPARED TO PREVIOUS YEAR (ANNUALISED):

- Revenue from Operations increased by 141% to Rs.642.41 crores (inclusive of Excise Duty)
 - PBDIT increased by 126% to Rs.63.21 crores
 - Profit before Tax increased by 125% to Rs.44.24 crores
 - Net Profit increased by 76% to Rs.30.41 crores
- a. The appreciation of dollar against rupee from September 2011 onwards resulted in increase of input cost of imported materials/products. This, however had no significant impact on our margins.
 - b. In view of the mass production requirements to meet supplies against the Tamilnadu Civil Supplies Corporation (TNCSC) orders, additional production units and labour force had to be added, resulting in steep increase in rental charges, salaries, wages and other benefits to the employees during the financial year under review as compared to the previous year.
 - c. In spite of its free distribution programme of Table Top Wet Grinders and Mixer Grinders to eligible families in Tamilnadu, the Company recorded a growth of 34% in sales turnover through its regular marketing channel as compared to the annualized sales turnover of the previous financial year.
 - d. The finance cost increased due to availing additional need based working capital facilities from the consortium banks. However, after infusion of Rs.100 crores by the Private Equity participant during May 2012, the long term loans of the Company have been paid and the additional funds available has been credited in the cash credit account with the consortium banks, which will considerably bring down the finance cost during the current financial year.

- e. The increase in the inventory level as on 31.3.2012 is for meeting the growth in sales volume expected in the current financial year.

PRODUCT WISE PERFORMANCE

The Company's sales turnover at Rs.642.41 crores for the year under review showed impressive increase of 141% as compared to the annualized sales turnover of Rs.266.52 crores of the previous financial year.

Details of product wise break up of sales quantities as well as value of sales through our regular marketing channel is as follows:

Product	Quantity (Nos.)	Value (Rs.)	% on total value
LPG Stove	10,71,626	1,74,66,46,138	48.89
Mixer Grinder	4,36,022	82,31,81,650	23.03
Table Top Wet Grinder	60,331	27,01,38,675	7.56
Cooker/Pan	6,36,945	50,95,39,967	14.26
Flasks	45,696	1,81,10,314	0.50
Others (Individual value not exceeding 10% of total value)		20,58,39,635	5.76
Total		3,57,34,56,379	100.00

Average Price Realisations (₹ per piece):

Product Name	Financial year: 2011-12 (12 months)	Financial period: 2010-11 (9 months)
LPG Stove	1,630	1,558
Mixer Grinder	1,888	1,820
Table Top Wet Grinder	4,478	4,568
Cooker/Pan	800	761
Flasks	396	143

Against the tender floated by the Tamil Nadu Civil Supplies Corporation (TNCSC) on behalf of the Government of Tamil Nadu for the supply of these items to eligible low-income families as per election manifesto, your Company bagged the highest number of table top wet grinders and mixer grinders in the organized sector.

Details of supplies made against the orders of TNCSC during financial year 2011-12 are as follows:

Product	Quantity (Nos.)	Value (Rs.)
Table Top Wet Grinder	8,46,975	2,45,58,90,842
Mixer Grinder	3,38,859	39,47,62,702
Total Value		2,85,06,53,544

EXPORTS:

The Company achieved export turnover of Rs.7.03 crores for the financial year ended on 31-03-2012 as compared to Rs.3.00 crores for the financial period of 9 months ended on 31-03-2011.

3. STRENGTH, WEAKNESS, OPPORTUNITIES AND THREATS:

The strength of your Company stems from the following factors:

- Four decades hands on experience of the Promoters Group
- One of the leading brand in South India
- Well spread out network of distributors
- Tie-up with three major oil companies (IOCL, BPCL and HPCL) for distribution of products through their gas dealers
- In-house research and development facility
- Focused on Indigenisation of imported technology
- The Company has a skilled, disciplined workforce
- The Company has full-fledged in-house facility for the manufacture of majority of the components

The Company's weaknesses mainly arises from:

- Domestic and international economic scenario, showing a downward trend
- Competition from the unorganized sectors

However, great opportunities are foreseen because:

- The Company is now focusing the Western and Northern Indian markets for penetration of its product range.
- New technologies and products are being developed by the Company to access the domestic markets

The threats to be overcome are:

- Business competition from unorganized sector
- Competition from larger business houses in the industry
- Import of similar cheap products from China

4. CAPITAL EXPENDITURE AND EXPANSION PLANS:

In order to augment the production capacities of its product range, capital expenditure of Rs.40 crores has been earmarked during the current financial year.

5. OUTLOOK

Your Company's turnover has increased substantially in the last two years. Efforts are being made to sustain the achieved rate of growth in the coming years by enlarging the consumer base and penetrating to the western and northern Indian markets. However, the general economic scenario in the country looks pessimistic due to uncertainties over the purchasing power of the consumer on account of galloping inflation.

6. INTERNAL CONTROLS

With a view to exercise better business control and ensure financial discipline, the Company has started implementation of the SAP system, which is expected to come in full swing during financial year 2013-14.

7. COMPANY'S FINANCE:

Your Company now generates adequate post-tax cash flows. It has attracted Private Equity investment to the tune of Rs.100 crores in the early part of the current financial year, which will help the Company to grow further.

8. ENVIRONMENT REPORT

Environment protection, pollution control measures and social welfare activities form an integral part of the Company's operations.

The Company lays strong emphasis on green belt development. The main factory complex of your Company is covered with greenery.

9. DEVELOPMENT IN HUMAN RESOURCES

Due to mass production activity, the Company's workforce doubled during the financial year 2011-12 as compared to the previous financial year. There was also commensurate increase in the number of executives. The marketing/sales team has been strengthened in order to achieve the Company's set sales targets.

10. CAUTIONARY STATEMENT:

Statement in the Management Discussion and Analysis Section describing the Company's expectation and prediction may be "forward looking statements" within the meaning of applicable Securities Laws and Regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include Global and Indian demand-supply conditions, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and labour negotiations.

ANNEXURE C:
REPORT ON CORPORATE GOVERNANCE
(Pursuant to Clause 49 of the Listing Agreement)

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and the practices followed by the Company.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Our Company's philosophy is to add value to its customers' interests and provide service that gives satisfaction to them while upholding the core values of transparency, integrity, honesty, accountability and compliance with laws.

2. BOARD OF DIRECTORS:

(i) COMPOSITION:

The Board now comprises of twelve Directors of whom six are Non-Executive Independent Directors as follows:

Name of the Directors	Title	Category
Mr. V.M.Lakshminarayanan	Chairman and Managing Director	Promoter
Mr. V.M.Balasubramaniam	Vice Chairman and Non-Executive Director	Promoter
Mr. V.M.Seshadri	Managing Director	Promoter
Mr. V.M.Gangadharam	Executive Director	Promoter
Mr. V.M.Kumaresan	Executive Director-Technical	Promoter
Mr.K.Ganesan	Non-Executive Director	Independent
Mr. V.R.Lakshminarayanan	Non-Executive Director	Independent
Mr.M.Padmanabhan	Non-Executive Director	Independent
Mr.A.Balasubramanian	Non-Executive Director	Independent
Mr.K.J.Kumar	Non-Executive Director	Independent
Mr.G.S.Samuel	Non-Executive Director	Independent
Mr.R.S.Prakash	Non-Executive Director	Non-Independent

(ii) ATTENDANCE OF EACH DIRECTOR AT THE BOARD OF DIRECTORS MEETINGS AND THE LAST ANNUAL GENERAL MEETING DURING THE FINANCIAL PERIOD ENDED 31st MARCH, 2012.

Name of Director	Board Meetings Attended	Attendance at the last AGM (11.08.2011) Yes/No	Attendance at EGM - Yes/No	
			15.10.11	24.12.11
Total no. of meetings held during the year	24	1	2	
Mr.V.M.Lakshminarayanan*	23	Yes	Yes	Yes
Mr.V.M.Balasubramaniam	20	Yes	No	No
Mr.V.M.Seshadri**	22	Yes	Yes	Yes
Mr.V.M.Gangadharam	23	Yes	Yes	Yes
Mr.V.M.Kumaresan	24	Yes	Yes	Yes
Mr.V.R.Sivaraman ***	18	Yes	No	No
Mr.K.Ganesan	24	Yes	No	Yes
Mr.V.R.Lakshminarayanan	10	No	No	Yes
Mr.M.Padmanabhan	23	Yes	Yes	No
Mr.D.Krishnamurthy	24	Yes	Yes	Yes
Mr.A.Balasubramanian ****	7	—	—	Yes

*Appointed w.e.f. 01.12.2011

**Appointed w.e.f. 01.06.2011

***Resigned w.e.f. 02.01.2012

****Appointed w.e.f. 14.11.2011

(iii) NUMBER OF OTHER BOARDS OR BOARD COMMITTEES IN WHICH THE DIRECTORS OF THE COMPANY ARE MEMBER OR CHAIRPERSON DURING THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

Details of the Directors of the Company holding Directorships in other Companies are given below:

Name of Director	No. of Outside Directorship held			
	Public		Private	
	Director	Chairman/ Member of Committee(s)	Director	Chairman/ Member of Committee(s)
Mr. V.M.Lakshminarayanan	1	-	-	-
Mr. V.M.Balasubramaniam	2	-	-	-
Mr. V.M.Seshadri	-	-	1	-
Mr. V.M.Gangadharam	1	-	1	-
Mr. V.M.Kumaresan	1	-	1	-
Mr. V.R.Sivaraman*	1	2	-	-
Mr. K.Ganesan	-	-	-	-
Mr. V.R.Lakshminarayanan	1	-	-	-
Mr.M.Padmanabhan	1	1	-	-
Mr.D.Krishnamurthy**	-	-	-	-

*Resigned w.e.f. 02.01.2012.

** Resigned w.e.f. 11.05.2012

(iv) NUMBER OF BOARD OF DIRECTORS' MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31st MARCH, 2012 AND DATES ON WHICH HELD:

During the financial year ended 31st March, 2012, the Board met twenty four times on 02.4.2011, 12.5.2011, 01.6.2011, 23.6.2011, 07.7.2011, 21.7.2011, 30.7.2011, 11.8.2011, 24.8.2011, 29.8.2011, 07.9.2011, 17.9.2011, 03.10.2011, 10.10.2011, 22.10.2011, 27.10.2011, 03.11.2011, 14.11.2011, 24.12.2011, 02.2.2012, 14.2.2012, 05.3.2012, 14.3.2012 and 24.3.2012.

(v) Details of Directors seeking appointment/re-appointment as required under clause 49 IV(G)(i) of the Listing Agreement entered into with the Stock Exchanges:

As required under the Listing Agreement, the particulars of Directors who are proposed to be reappointed are given as an Annexure to the Notice, after the Explanatory Statement and Notes.

(vi) Code of Conduct:

The Board has laid down a code of conduct for all Board members and senior management of the Company which is posted on the website of the Company.

All Board members and senior management personnel have affirmed compliance with the code on an annual basis. A declaration to this effect signed by the CEO forms part of this Annual Report.

3. AUDIT COMMITTEE:**(i) Brief description of terms of reference:**

The Audit Committee's functions include:

- Reviewing the quarterly, half-yearly and annual financial results before submission to the Board
- Interaction with the Auditors of the Company.
- Ensuring compliance of internal control system and statutory compliance.
- Seeking information from any employee.
- Recommending the appointment and remuneration of Auditors/Internal Auditors
- Reviewing the internal audit procedures and all aspects forming part of the internal audit function and discussion with the internal auditors periodically about internal control systems, scope of audit including the observations of auditors and on all aspects of internal audit.

The Audit Committee also looks into all other matters as enumerated in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The members of the Audit Committee periodically meet the Internal and Statutory Auditors for discussions and suggestions. The Managing Director, Executive Director, Internal Auditors and Statutory Auditors also attend the Audit Committee meetings.

(ii) Composition, name of members and Chairperson:

The Company's Audit Committee during the financial year ended 31.03.2012 comprised the following Members.

- a) Mr.K.Ganesan, Independent Non-Executive Director – Chairman
- b) Mr.M.Padmanabhan, Independent Non-Executive Director - Member
- c) Mr.V.R.Lakshminarayanan, Independent Non-Executive Director – Member
- d) Mr.V.M.Lakshminarayanan, Chairman and Managing Director – Member (Non-Independent)

(iii) Meetings and attendance during Financial year ended 31st March, 2012:

During the financial year ended on 31st March, 2012, the Audit Committee met seven times on 12.5.2011, 5.7.2011, 7.7.2011, 10.8.2011, 14.11.2011, 14.2.2012 and 14.3.2012.

Name of Director	Attendance at Audit Committee meetings
Total no. of meetings held during the year which were attended by the Members	7
Mr. K.Ganesan	7
Mr.M.Padmanabhan	7
Mr. V.R.Lakshminarayanan	3
Mr. V.M.Lakshminarayanan	6

4. REMUNERATION COMMITTEE:

(i) Brief description of terms of reference:

The Remuneration Committee first reviews and approves the remuneration payable to the managerial personnel before the same is considered by the Board/Shareholders. The Remuneration Committee takes into account various factors like the financial performance of the Company, performance of the Managing Director/Wholtime Directors, their existing remuneration, the individual contribution of the person in achieving the corporate goals, remuneration package offered to Managing Director/Wholtime Directors in other companies in the Home Appliances industry, the terms of employment and various other related factors in recommending the remuneration to be paid to the Managing Director/Wholtime Directors and other Senior Management Personnel.

(ii) Composition, name of members and Chairperson:

The Committee consisted of the following Directors during the financial year ended on 31st March, 2012

Mr.K.Ganesan- Chairman

Mr.M.Padmanabhan- Member

Mr.V.R.Lakshminarayanan- Member

(iii) Meetings and Attendance during the financial year ended on 31.03.2012:

Two Remuneration Committee meetings were held during the financial year on 7.5.2011 and 12.11.2011.

Name of Director	Attendance at Remuneration Committee meetings
Total no. of meetings held during the year which were attended by the Members	2
Mr. K.Ganesan	2
Mr.M.Padmanabhan	2
Mr. V.R. Lakshminarayanan	2

(iv) Remuneration Policy:

The remuneration recommended will have bearing on the previous remuneration of the managerial personnel, their individual contribution to the Company, remuneration package in similar industry, future contribution for the Company's growth.

In fixing such remuneration, the Remuneration Committee will be guided by the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

(v) Details of remuneration to all the Directors, as per format in main report:

Details of salary paid/payable to the Managing Director and Wholetime Executive Directors during the financial year ended on 31.03.2012 are as follows:

(Rs.)

Name of Director	Designation	Salary	PF contribution	Superannuation contribution	Total
Mr.V.M.Lakshminarayanan*	Chairman and Managing Director	21,55,307	2,58,637	3,23,296	27,37,240
Mr.V.M.Balasubramaniam*	Managing Director	4,00,000	48,000	60,000	5,08,000
Mr.V.M.Seshadri*	Managing Director	21,60,000	2,59,200	3,24,000	27,43,200
Mr.V.M.Gangadharam	Executive Director	24,00,000	2,88,000	3,60,000	30,48,000
Mr.V.M.Kumaresan	Executive Director – Technical	24,00,000	2,88,000	3,60,000	30,48,000
Mr.D.Krishnamurthy	Executive Director-cum-Company Secretary	12,00,000	1,44,000	1,80,000	15,24,000

*Part of the financial year

There is no stock option for any of the Directors including the Managing Director/Executive Directors.

The remuneration of Managing/Executive Directors given above are fixed components. They do not enjoy any performance linked incentives. The tenure of office of the Managing Director and Wholetime Executive Directors is for a period of three years from their respective dates of appointments. Messrs.V.M.Lakshminarayanan, V.M.Seshadri, V.M.Gangadharam and V.M.Kumaresan being Promoter-Directors no service contract/notice period has been stipulated for them. Services of Mr.D.Krishnamurthy can be terminated by either party by giving three months' notice in writing. There is no separate provision for payment of severance fees.

Stock Option details : Nil

vi. Directors' Sitting Fee:

The Non-Executive Directors were paid Sitting fee of Rs.5000/- for each Board/Committee meeting attended by them. Details of such sitting fee paid to them during the financial year ended 31st March, 2012 are given below:

Name of the Director	(Rs.) Sitting Fees
Mr.V.M.Lakshminarayanan*	1,15,000
Mr.V.M.Balasubramaniam*	95,000
**Mr.V.R.Sivaraman*	92,000
Mr.K.Ganesan	2,40,000
Mr.V.R.Lakshminarayanan	75,000
**Mr.M.Padmanabhan	1,72,000
Mr.A.Balasubramanian*	35,000
**Mr.D.Krishnamurthy	3,000
TOTAL	8,27,000

*part of the financial year

** includes sitting fee of Rs.500/- paid to the Non-Executive Directors for each Board/Committee meeting of erstwhile Gangadharam Appliances Limited (since merged with the Company w.e.f. 27-09-2011)

5. SELECTION COMMITTEE

Pursuant to the provisions of Section 314(1)(b) / 314(1B) of the Companies Act, 1956, read with Rule 7 of Director's Relatives (Office or Place of Profit) Rules, 2003, the Board has appointed a Selection Committee comprising the following Independent Directors.

1. Mr.K.Ganesan, Chairman
2. Mr.V.R.Lakshminarayanan
3. Mr.M.Padmanabhan

The Selection Committee comprising the aforesaid Directors and an expert in the respective field from outside the Company met twice during the financial year ended on 31st March, 2012, i.e. 01-06-2011 and 02-06-2011

6. SHAREHOLDERS' GRIEVANCE COMMITTEE:

(i) Name of the Non-Executive Director heading the Committee:

Mr.K.Ganesan, Non-Executive Director is heading the Committee. The Committee consisted of two members, viz., Mr.K.Ganesan and Mr.V.M.Balasubramaniam, Managing Director upto 31.5.2011. The committee now consists of Messrs. K. Ganesan, Director and V.M. Seshadri, Managing Director.

(ii) Name and designation of the Compliance Officer:

Mr.D.Krishnamurthy, Company Secretary

(iii) Number of Shareholders' complaints received so far:

During the financial year, the Company received 285 shareholders' complaints pertaining to non-receipt of dividend, annual reports, share certificates sent for transfer, etc. All the complaints have been duly attended by the Company/Share Transfer Registrars and there is no pending complaint.

(iv) Number not solved to the satisfaction of shareholders – Nil

7. GENERAL BODY MEETINGS:

Location and time, where last three AGMs held :

YEAR	LOCATION	DATE	TIME
2010-2011	143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam - 603 103. Kancheepuram District, Tamil Nadu	11-08-2011	11.00 a.m.
2009-2010	- do -	03-11-2010	11.00 a.m.
2007-2008	- do -	06-05-2009	10.30 a.m.

Whether any special resolutions passed in the previous 3 Annual General Meetings:

1. 2007-2008: YES

- Special Resolution under Section 314(1B) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for increase of remuneration payable to Mr.V.M.L.Karthikeyan as Vice President–Marketing, subject to approval of Central Government.
- Special Resolution under Section 314(1B) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for increase of remuneration payable to

Mr.V.M.G.Viswanathan as General Manager-Materials Management, subject to approval of Central Government.

- c. Special Resolution under Section 314(1B) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for increase of remuneration payable to Mr.V.M.L.Senthilnathan as General Manager-Technical, subject to approval of Central Government.
- d. Special Resolution under Section 314(1B) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for increase of remuneration payable to Mr.V.M.L.Ganesan as Deputy General Manager-Marketing, subject to approval of Central Government.
- e. Special Resolution under Section 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for appointment and remuneration payable to Mr.V.M.S.Selvamuthukumaran as Deputy General Manager-Marketing.
- f. Special Resolution under Section 314(1B) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for appointment and remuneration payable to Mr.V.M.S.Selvamuthukumaran as Deputy General Manager-Marketing, subject to approval of Central Government.

2.2009-2010: YES

- a. Special Resolution under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for reappointment of Mr.V.M.Balasubramaniam as Managing Director with enhancement in remuneration.
- b. Special Resolution under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for reappointment of Mr.V.M.Gangadharam as Executive Director with enhancement in remuneration.
- c. Special Resolution under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for appointment of Mr.V.M.Kumaresan as Executive Director –Technical with enhancement in remuneration.
- d. Special Resolution under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for appointment of Mr.D.Krishnamurthy as Executive Director cum Company Secretary with enhancement in remuneration.

3. 2010-2011: YES

- a. Special Resolution under Section 31 of the Companies Act, 1956 for enhancement of the Authorised Share Capital of the Company from Rs.15 Crores to Rs.25 Crores.
- b. Special Resolution under Section 31 of the Companies Act, 1956 for alteration of Article 111 of the Articles of Association of the Company
- c. Special Resolution under Section 31 of the Companies Act, 1956 for alteration of Article 127 of the Articles of Association of the Company
- d. Special Resolution under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for appointment of Mr.V.M.Seshadri as Managing Director.
- e. Special Resolution under Sections 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.L.Karthikeyan as Executive Vice-President, Marketing of the Company with effect from 01-06-2011 with enhancement in remuneration.
- f. Special Resolution under Sections 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.G.Viswanathan as Senior General Manager, Materials Management of the Company with effect from 01-06-2011 with enhancement in remuneration.
- g. Special Resolution under Sections 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.L.Senthilnathan as Senior General Manager, Technical of the Company with effect from 01-06-2011 with enhancement in remuneration.
- h. Special Resolution under Sections 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.L.Ganesan as General Manager, Marketing of the Company with effect from 01-06-2011 with enhancement in remuneration.
- i. Special Resolution under Sections 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.S.Selvamuthukumaran as General Manager, Marketing of the Company with effect from 01-06-2011 with enhancement in remuneration.

- j. Special Resolution under Sections 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr. V.M.G. Mayuresan as Deputy General Manager, Production of the Company with effect from 01-06-2011 with enhancement in remuneration.

(iii) Whether any Special Resolution passed last year through postal ballot - details of voting pattern:

Yes. Special Resolution pursuant to Section 17 of the Companies Act, 1956 for alteration of the Objects Clause of the Memorandum of Association of the Company.

Details of Voting Pattern: The resolution was unanimously passed

Person who conducted the Postal Ballot exercise: Mr. T. Murugan, Practicing Company Secretary, 22E, Sri Subah Colony, Munusamy Road, K.K. Nagar, Chennai-600 078

(iv) Whether any Special Resolution is proposed to be conducted through postal ballot:

None

(v) Procedure for Postal Ballot:

Not Applicable

7. Disclosures:

- (i) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large:

There was no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors during the financial year ended 31st March, 2012 that may have a potential conflict with the interest of the Company at large, excepting related party transactions made during the year, which are covered by approval of the Central Government under Section 297 of the Companies Act, 1956.

- (ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges, SEBI or any other Statutory Authorities on any matter related to capital markets, during the last three years.

There was no non-compliance by the Company, penalties or strictures imposed on the Company by any Stock Exchange, SEBI, or any other Statutory Authority or any matters relating to capital market during the last three years.

- (iii) Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.

The Company has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and it has provided protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices.

(iv) Details of compliances with mandatory requirements and adoption of the non-mandatory requirements of the clause:

All the applicable mandatory requirements have been complied with.

8. CEO/CFO Certification:

Certificate from Mr.V.M.Seshadri, Managing Director (Chief Executive Officer-cum-Chief Finance Officer), during the year under review, in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the financial year ended on 31.3.2012 was placed before the Board of Directors of the Company at its meeting held on 20th July, 2012.

9. MEANS OF COMMUNICATION

- | | | | |
|-------|--|-----|--|
| (i) | Quarterly results – financial results are | ... | The Unaudited Quarterly published in Newspapers as required under the Listing Agreement. |
| (ii) | Newspapers wherein results normally published | ... | Economic Times (English)
Business Standard (English)
MakkalKural (Tamil) |
| (iii) | Any website, where displayed | ... | www.butterflygandhimathiappliances.com |
| (iv) | Whether it also displays official news releases | ... | Yes, whenever necessary. |
| (v) | The presentations made to institutional investors or analyst: In connection with the participation of the Private Equity investor M/s. Reliance Alternative Investments Fund-Private Equity Scheme-I (acting through Reliance Alternative Investments Services Private Limited) presentation was made to the Investors and their analysts. | | |
| (vi) | Whether Management Discussion & Analysis Report is part of Annual Report or not ... Yes. | | |

10. GENERAL SHAREHOLDER INFORMATION:

Date, time and venue of Annual General Meeting:

i. The Twenty fifth Annual General Meeting will be held on 31st August, 2012 at 11.30 a.m at the Company's Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District.

ii. Financial year: April, 2011 to March, 2012

iii. Date of Book Closure: 27th to 31st August, 2012 (both days inclusive)

iv. Dividend Payment : 28th September, 2012

v. Listing on Stock Exchanges:

- a. The Bombay Stock Exchange Ltd., Mumbai
- b. The Ahmedabad Stock Exchange Ltd., Ahmedabad
- c. Madras Stock Exchange Ltd., Chennai

Annual Listing Fees has been paid to all the above three Stock Exchanges.

vi. Stock Code:

1. The Bombay Stock Exchange Ltd : 517421
2. Ahmedabad Stock Exchange : Gandhima
3. Madras Stock Exchange : Gandha Appl.

vii. Demat ISIN Numbers: INE295F01017

viii. Market Price Data (High/Low during each month in the last financial year 2011-2012)

(Rs.)

Sl.No.	Month	Month's Highest rate	Month's Lowest rate
01	April, 2011	202.70	140.25
02	May, 2011	227.55	176.05
03	June, 2011	286.10	211.50
04.	July, 2011	373.95	240.00
05.	August, 2011	354.00	239.35
06.	September, 2011	341.00	275.00
07.	October, 2011	327.95	270.00
08.	November, 2011	327.70	264.05
09.	December, 2011	306.00	240.00
10.	January, 2012	362.80	245.00
11.	February, 2012	420.00	331.00
12.	March, 2012	418.00	348.20

ix. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc: Not Applicable.

x. Registrars and Share Transfer Agents:

The Shareholding in the Company are partly dematerialized and partly in physical form. The Share management, both physical and demat, is being handled by the Registrars and Share Transfer Agents of the Company, M/s.GNSA Infotech Limited, STA Department, Nelson Chambers, 4th Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai-600 029.

xi. Share Transfer System:

Share transfers in physical form are registered and despatched within 30 days from the date of receipt, if documents are complete in all respects. The Share Transfer Committee of the Board meets as often as needed to approve transfer/transmission of the shares in physical form processed by the Registrars and Share Transfer Agents.

xii. Shareholding Pattern as at 31.3.2012

	CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
A	Promoter's holding Promoters & their relatives	12006567	77.82
B	Non-Promoters Holding		
1	INSTITUTIONAL INVESTORS		
	Mutual Funds/UTI	161612	1.05
	Financial Institutions/Banks	—	—
2	INSTITUTIONAL INVESTORS		
	a. Bodies Corporate	428030	2.77
	b. Indian Public	2661047	17.25
	c. NRIs	171295	1.11
	GRAND TOTAL	15428551	100.00

xiii. Distribution of shareholding as on 31.03.2012:

No. of Equity Shares Held	No. of Share holders	%	No. of Shares Held	%
Upto 500	13179	95.83	1263523	8.19
501 – 1000	243	1.77	200654	1.30
1001-2000	116	0.84	166627	1.08
2001-3000	46	0.33	120199	0.78
3001-4000	26	0.19	92941	0.60
4001-5000	29	0.21	133299	0.86
5001 – 10000	42	0.31	293585	1.90
10001 and above	71	0.52	13157723	85.29
Total	13752	100.00	15428551	100.00
No. of shares held in physical form	10385	75.52	6915289	44.82
No. of Shares held in electronic mode	3367	24.48	8513262	55.18
Total	13752	100.00	15428551	100.00

xiii. Dematerialisation of shares and liquidity: As on 31.03.2012, 55.18% of the paid-up capital has been dematerialised.

xiv. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity :No such instruments have been issued by the Company.

xv. Plant location : 143 Pudupakkam Village
Vandalur-Kelambakkam Road,
Kelambakkam - 603 103
Kancheepuram District, Tamil Nadu

xvi. Address for Communication:

All communication regarding share transactions, change of address, bank mandates, nominations etc. should be addressed to the Registrars and Share transfer agents at their address given above. Complaints, if any, may also be addressed to the Company Secretary at the Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, P.O.Kelambakkam-603103, Kancheepuram District or sent by email to butterflyho@butterflyindia.com and edcs@butterflyindia.com.

Declaration – Code of Conduct

All Board members and senior management personnel have, for the financial year ended on 31st March, 2012, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the clause 49 of the Listing Agreement entered with the Stock Exchanges.

For and on behalf of the Board
V.M.LAKSHMINARAYANAN
Chairman & Managing Director

Chennai – 600 018
Date: 20th July, 2012

CODE OF CONDUCT:

The Code of Conduct adopted by the Company is furnished below:

Members of the Board and the Senior Management, shall

- a) Always act in the best interests of the Company and its stakeholders.
- b) Adopt the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with all matters relating to the Company.
- c) Apply themselves diligently and objectively in discharging their responsibilities and contribute to the conduct of the business and the progress of the Company, and not be associated simultaneously with competing organization either as a Director or in any managerial or advisory capacity.
- d) Always adhere and conform to the various statutory and mandatory regulations/guidelines applicable to the operations of the Company avoiding violations or non-conformities.
- e) Not derive personal benefit or undue advantages (financial or otherwise) by virtue of their position or relationship with the Company, and for this purpose:
 - (i) shall adopt total transparency in their dealings with the Company.
 - (ii) shall disclose full details of any direct or indirect personal interests in dealings/transactions with the Company.
 - (iii) shall not be party to transactions or decisions involving conflict between their personal interest and the Company's interest.
- f) Conduct themselves and their activities outside the Company in such manner as not to adversely affect the image or reputation of the Company
- g) Bring to the attention of the Board, Chairman or the Managing Director as appropriate, any information or development either within the Company (relating to its employees or stakeholders) or external, which could have an impact on the Company's operations, and which in the normal course may not have come to the knowledge of the Board/Chairman or Managing Director.
- h) Always abide by the above Code of Conduct, and shall be accountable to the Board for their actions/violations/defaults.

For and on behalf of the Board
V.M.LAKSHMINARAYANAN
Chairman & Managing Director

C O M P L I A N C E C E R T I F I C A T E

To the Members of BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

We have examined the compliance of conditions of Corporate Governance by Butterfly Gandhimathi Appliances Limited, for the year ended on 31st March 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended on 31st March, 2012, no investor grievances(s) is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder/Investors Grievance Committee of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For RUDHRAKUMAR ASSOCIATES
Chartered Accountants
Registration No:007033S

Chennai – 600 017.
Date : 20th July, 2012

R.RUDHRAKUMAR
Proprietor
Membership No.0019444

AUDITORS' REPORT TO THE MEMBERS OF BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

1. We have audited the attached Balance Sheet of Butterfly Gandhimathi Appliances Limited, as at 31st March 2012, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
 - e. On the basis of written representations received from the Directors as on 31st March 2012 and taken on record by the Board of Directors, we report that no Director of the Company is disqualified as on 31st March, 2012 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Act; and

- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012.
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on 31st March, 2012, and
 - iii) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For RUDHRAKUMAR ASSOCIATES
Chartered Accountants
Registration No:007033S

Chennai – 600 017.
Date : 20th July, 2012

R.RUDHRAKUMAR
Proprietor
Membership No.0019444

**ANNEXURE 'A' TO THE AUDITORS' REPORT TO THE MEMBERS OF
BUTTERFLY GANDHIMATHI APPLIANCES LIMITED
(referred to in Paragraph 3 of our Report of even date)**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) These fixed assets are physically verified by the management in a phased manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable in relation to the size of the Company and the nature of its business.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records which have been properly dealt with in the books of account were not material.
3. (a) The Company has not granted any loans, secured or unsecured, during the year to Companies, firms or other parties, covered in the register maintained under section 301 of the Act.
(b) The Company has not taken any loans, secured or unsecured, during the year from Companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventories, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
5. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of the Act, have been entered.
(b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which the transactions for similar goods have been made with other parties.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed thereunder.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government from this year U/s

209 (1) (d) of the 'Act' and are of the opinion that prima facie the prescribed cost records have been made and maintained.

9. (a). According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues by way of Provident Fund, Employees' State Insurance, Sales-tax, Income-tax, Value Added Tax, Customs duty, Excise duty, Cess and any other statutory dues with the appropriate authorities.
(b). There were no disputed dues payable on account of Income-tax, Wealth tax, Customs duty, Value Added Tax and Cess at the year end, for a period of more than six months from the date they became payable. However, disputed dues in respect of Central Excise and Employees State Insurance aggregating Rs.44.74 lakhs have not been deposited on account of disputes which are contested in appeals and are pending before Madras High Court and Principal Labour Court, Chennai.
10. The Company has no accumulated losses and has not incurred cash losses during this financial year and in the immediately preceding financial period.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions/banks, during the year.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to a chit fund / nidhi / mutual benefit fund / society are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, the term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet and Fund flow statement of the Company, in our opinion, the funds raised on short term basis during the year have not been used for long term investments.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For RUDHRAKUMAR ASSOCIATES
Chartered Accountants
Registration No:007033S
R.RUDHRAKUMAR
Proprietor
Membership No.0019444

Chennai – 600 017.
Date : 20th July, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

S.No	Particulars	Note No	As at 31st March 2012 ₹ In lakhs	As at 31st March 2011 ₹ In lakhs
I	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
	a. Share Capital	1	1,544.58	965.19
	b. Reserves and Surplus	2	6,017.26	3,169.76
2	NON-CURRENT LIABILITIES			
	a. Long-term Borrowings	3	3,538.76	3,084.35
	b. Long-term provisions	4	242.43	248.86
3	CURRENT LIABILITIES			
	a. Short-term borrowings	5	7,095.35	4,504.86
	b. Trade Payables	6	7,293.32	3,052.70
	c. Other Current Liabilities	7	2,568.36	506.67
	d. Short-term provisions	8	743.14	1,207.98
	TOTAL		29,043.20	16,740.37
II	ASSETS			
1	NON-CURRENT ASSETS			
	a. Fixed Assets			
	i) Tangible Asset	9	7,581.58	2,675.37
	ii) Intangible Asset	9	240.00	256.00
	iii) Capital Work-in-progress	10	79.14	93.79
	iv) Intangible Asset under Development	10	127.77	-
	b. Deferred Tax Assets (Net)	11	455.20	631.37
	c. Long-term Loans and Advances	12	21.27	24.33
2	CURRENT ASSETS			
	a. Inventories	13	7,172.87	4,700.30
	b. Trade Receivables	14	9,439.97	4,204.82
	c. Cash and Cash Equivalents	15	2,220.13	904.06
	d. Short-term Loans and Advances	16	1,705.27	3,250.33
	TOTAL		29,043.20	16,740.37
	Contingent Liabilities & Commitments (To the extent not provided for)	23		
	Others Notes to the Financial Statements	24		

V.M.SESHADRI
Managing Director

M.PADMANABHAN
Director

D.KRISHNAMURTHY
Company Secretary

As per our report attached of even date
for Rudhrakumar Associates
Chartered Accountants
Registration No: 007033 S

Chennai - 600018
Date: 20th July, 2012

R.Rudhrakumar
Proprietor
Membership No.0019444

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

S.No	Particulars	Note No	Year ended on 31st March, 2012 ₹ In lakhs	9 Months ended on 31st March, 2011 ₹ In lakhs
1	INCOME			
	a. Revenue from Operations (Gross)	17	64,241.10	22,070.48
	Less: Excise Duty		5,218.88	1,750.69
	Revenue from Operations (Net)		59,022.22	20,319.79
	b. Other Income	18	563.75	272.28
	TOTAL		59,585.97	20,592.07
2	EXPENSES			
	a. Cost of Material Consumed	19	33,855.50	11,420.07
	b. Purchases of Stock-in-Trade		5,796.24	3,009.21
	c. Changes in Inventories of Finished Goods , Work-in-Process and Stock-in-Trade		(761.01)	(1,192.08)
	d. Employee Benefit Expenses	20	3,197.77	1,132.52
	e. Finance Cost	21	1,754.89	674.25
	f. Depreciation		167.01	95.46
	g. Other Expenses	22	11,176.21	3,931.56
	TOTAL		55,186.61	19,070.99
3	Profit before Exceptional and extraordinary items and tax (1-2)		4,399.36	1,521.08
4	Exceptional Items			
	a. Insurance Claim received		5.93	117.79
	b. Gratuity provision reversed		67.97	-
	c. Excess provision reversed on Insurance claim		(49.25)	-
5	Profit before Extraordinary items and tax (3-4)		4,424.01	1,638.87
6	Tax Expenses			
	a. Current Tax		1,327.55	549.29
	b. Deferred Tax		176.17	7.76
7	Excess provision for taxation made for the previous period reversed		(1,095.63)	(437.31)
8	Adjustment of Deferred Tax Asset of erstwhile Gangadhrum Appliances Limited		975.01	-
9	Profit/(Loss) for the year/period (5-6-7-8)		3,040.91	1,519.13
	Balance Brought Forward from Previous Year		3,082.97	1,563.84
	BALANCE CARRIED TO BALANCE SHEET		6,123.88	3,082.97
	Other Notes to the Financial Statements	24		

V.M.SESHADRI
Managing Director

M.PADMANABHAN
Director

D.KRISHNAMURTHY
Company Secretary

As per our report attached of even date
for Rudhrakumar Associates
Chartered Accountants
Registration No: 007033 S

Chennai - 600018
Date: 20th July, 2012

R.Rudhrakumar
Proprietor
Membership No.0019444

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2012
₹ In lakhs

For the Financial year ended on 31st March 2012 ₹	For the Financial year ended on 31st March 2011 ₹
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CASH FLOW FROM OPERATING ACTIVITIES:

Net Profit before tax and extra-ordinary items	4,399.36	1,521.08
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Add :

Depreciation	167.01	95.46
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Charge on Leasehold land	5.50	4.13
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Charge of Intangible assets	16.00	12.00
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Finance Cost	1,754.89	674.25
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Interest Received	(107.86)	(11.81)
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Exceptional / Extra-ordinary Income	24.65	117.79
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Cash Generated from operations before	<u>6,259.55</u>	<u>2,412.90</u>
Working Capital Changes		

Adjustments for :

Decrease/(Increase) in Sundry Debtors	(5,235.15)	(1,308.07)
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Decrease/(Increase) in Inventories	(2,472.57)	(1,967.27)
------------------------------------	------------	------------

Decrease/(Increase) in Loans & Advances	1,548.12	(87.39)
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Increase/(Decrease) in Sundry Creditors & Provisions	6,183.53	2,196.71
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Cash Generated from operations	<u>6,283.48</u>	<u>1,246.87</u>
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Less:

Direct Taxes Paid	1,000.00	111.99
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Deferred Tax Asset Transfer from erstwhile Gangadharam Appliances Limited	<u>975.01</u>	<u>-</u>
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Net cash from Operating Activities (A)	<u>4,308.47</u>	<u>1,134.89</u>
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CASH FLOW FROM INVESTING ACTIVITIES:

(Purchase) / Sale of Fixed Assets (Net)	(3,692.40)	(1,108.59)
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Decrease/(Increase) in Capital Work in Process	(113.11)	425.94
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Interest Received	<u>107.86</u>	<u>11.81</u>
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Net Cash from Investing Activities (B)	<u>(3,697.65)</u>	<u>(670.84)</u>
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CASH FLOW FROM FINANCING ACTIVITIES

Proceeds of Long-term borrowing	687.99	(239.57)
Proceeds of Short-term borrowing	2,356.90	1,172.51
Finance Cost	(1,754.89)	(674.25)
Capital Profit on Redemption of Preference Share issued by erstwhile Gangadharam Appliances Limited to IFCI	142.10	-
Settlement of Preference Share of erstwhile Gangadharam Appliances Limited	(1,306.25)	-
Increase in Share Capital - Arising on account of issue of 57,93,950 shares of Rs.10/- each to Shareholders of Gangadharm Appliances Limited (GAL) on merger of GAL with the Company vide BIFR order dated 17th Aug, 2011	579.39	-
Net Cash from Financing Activities (C)	705.24	258.69
NET INFLOW/ (OUTFLOW) (A)+(B)+(C)	1,316.07	722.75
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents (Opening)	904.06	181.31
Cash and Cash Equivalents (Closing)	2,220.13	904.06
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,316.07	722.75

V.M.SESHADRI
Managing Director

M.PADMANABHAN
Director

D.KRISHNAMURTHY
Company Secretary

As per our report attached of even date
for Rudhrakumar Associates
Chartered Accountants
Registration No: 007033 S

Chennai - 600018
Date: 20th July, 2012

R.Rudhrakumar
Proprietor
Membership No.0019444

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012
Note 1
SHARE CAPITAL
₹ In lakhs

PARTICULARS	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	Value	No of Shares	Value
a The Number and amount of shares authorised	40,000,000	4,000.00	10,000,000	1,000.00
b The number of shares issued subscribed and fully paid up	15,428,551	1,542.85	9,634,601	963.46
c Par value per share. Rs.		10.00		10.00
d A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period. (Refer Table 1 below)				
e The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital	None	None	None	None
f Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate.	Nil	Nil	Nil	Nil
g Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held, (Refer Table 2 below)				
h Shares reserved for issue under options and contracts/commitments for the sale of shares/dis-investment, including the terms and amounts.	Nil	Nil	Nil	Nil
i for the period of five years immediately preceding the date as at which the Balance sheet is prepared.				

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

PARTICULARS	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	Value	No of Shares	Value
- Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash. (Refer Table 3 below)				
- Aggregate number and class of shares allotted as fully paid up by way of bonus shares	Nil	Nil	Nil	Nil
- Aggregate number and class of shares bought back.	Nil	Nil	Nil	Nil
j Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.	Nil	Nil	Nil	Nil
k Calls unpaid (Showing aggregate value of calls unpaid by directors and officers)	Nil	Nil	Nil	Nil
l Forfeited shares (amount originally paid up)	34,576	1.73	34,576	1.73
TOTAL		1,544.58		965.19

Table 1
Reconciliation - Share Capital

Particulars	No of Shares	Share Capital (₹ in lakhs)
At 1st April, 2011	9,634,601	963.46
Arising on account of issue of 57,93,950 shares of Rs.10/- each to Shareholders of Gangadharam Appliances Limited (GAL) on merger of GAL with the Company vide Board for Industrial and Financial Reconstruction (BIFR) order dated 17th August, 2011	5,793,950	579.39
At 31st March, 2012	15,428,551	1,542.85

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012
Note 1
SHARE CAPITAL
₹ In lakhs
Table 2

Details of Major Shareholders as at 31.3.2012 Shareholders name	No of Shares	% of Holding
Mr.V.M.Lakshminarayanan	10,00,965	6.49%
Mr.V.M.Seshadri	12,50,673	8.11%
Butterfly Marketing Pvt Limited	28,35,000	18.38%
LLM Appliances Limited	34,86,965	22.60%

Table 3

Particulars	No of Shares	Value
Arising on account of issue of 57,93,950 shares of Rs.10/- each to Shareholders of Gangadharam Appliances Limited (GAL) on merger of GAL with the Company vide BIFR order dated 17th August, 2011	57,93,950	579.39

₹In lakhs
Note 2: RESERVES AND SURPLUS

PARTICULARS	Balance as on 01/04/2011	Additions/ Deductions/ Appropriations	Balance as on 31/03/2012
General Reserve	-	228.07	228.07
Capital Profit on Redemption of Preference Share issued by erstwhile Gangadharam Appliances Limited to IFCI	-	142.10	142.10
Securities Premium Reserve (Share Premium Account)	199.14	-	199.14

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

PARTICULARS	Balance as on 01/04/2011	Additions/ Deductions/ Appropriations	Balance as on 31/03/2012
Revaluation Reserve - (Refer Table 1 below)	-	80.08	80.08
Surplus	3,082.97		
Profit after tax for the year		3,040.91	
Less: Transfer to General Reserve		228.07	
Less: Proposed Dividend including dividend distribution tax. (Rs.58.00 lakhs)	112.35	415.59	
Balance	2,970.62	2,397.25	5,367.87
TOTAL	3,169.76	2,847.50	6,017.26

Table 1

Revaluation Reserve	₹ In lakhs
Arising on account of revaluation of Part of the Land of the Company	1,845.00
Less: Adjustment of Book loss of Gangadharam Appliances Limited on its merger with the Company vide BIFR order dated 17th August, 2011	1,764.92
Revaluation Reserve	80.08

Note 3
NON CURRENT LIABILITES
₹ In lakhs

	As at 31st March, 2012			As at 31st March, 2011		
LONG TERM BORROWINGS	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Term Loans from Banks						
a. Restructured Loan	-	-	-	44.38	-	44.38
Interest accrued and due thereon	-	-	-	1.57	-	1.57
(Secured by mortgage of certain Freehold land & Building and						

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

	As at 31st March, 2012			As at 31st March, 2011		
LONG TERM BORROWINGS	Secured	Unsecured	Total	Secured	Unsecured	Total
hypothecation of Plant and Machinery, present and future, and by personal guarantee of Promoter Directors)						
b. Term Loan	442.55	-	442.55	218.40	-	218.40
(Secured by hypothecation of specific Plant and Machinery purchased out of the loan, and also by paripassu second charge on other fixed assets of the Company, Corporate Guarantee of an associate Company along with personal Guarantee of Promoter Directors)						
c. Corporate Loan	53.97	-	53.97	306.05	-	306.05
(Secured by hypothecation of current assets on first paripassu basis with consortium banks including inventories, Collateral of Equitable Mortgage of land and building along with personal Guarantee of Promoter Directors)						
d. Vehicle Loan	198.33	-	198.33	145.00	-	145.00
(Secured by hypothecation of Vehicles purchased under loan)						
e. Plant and Machinery Loan	7.46	-	7.46	-	-	-
(Secured by hypothecation of specific Plant and Machinery purchased out of loan)						
3. Others						
a. Security Deposit from Distributors	-	468.32	468.32	-	471.04	471.04
b. From Directors	-	6.11	6.11	-	6.11	6.11
c. Religare Finvest Ltd.,	-	2,362.02	2,362.02	-	1,891.80	1,891.80

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

	As at 31st March, 2012			As at 31st March, 2011		
LONG TERM BORROWINGS	Secured	Unsecured	Total	Secured	Unsecured	Total
(For settlement of liabilities of Gangadharam Appliances Limited on its Merger as per BIFR order dated 17th August, 2011) and to the extent of Rs.5.50 Cr for the Company requirement, for which Securities has been provided by an Associate Company, Promoter and Certain Directors and their relatives.						
TOTAL	702.31	2,836.45	3,538.76	715.40	2,368.95	3,084.35

Note: There is no default as on balance sheet date on the repayment of long term borrowings and the interest thereon.

LONG TERM PROVISIONS
₹ In lakhs
Note 4

Particulars	As at 31st March, 2012			As at 31st March, 2011		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Provision for Employee Benefits - Gratuity and Superannuation Payable	-	242.43	242.43	-	248.86	248.86
TOTAL	-	242.43	242.43	-	248.86	248.86

Note 5
₹ In lakhs
CURRENT LIABILITIES

	As at 31st March, 2012			As at 31st March, 2011		
SHORT TERM BORROWINGS	Secured	Unsecured	Total	Secured	Unsecured	Total
Loan repayable on demand						
1. From Banks						
a. Cash Credit	6,448.59	-	6,448.59	4,091.68	-	4,091.68

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

	As at 31st March, 2012			As at 31st March, 2011		
SHORT TERM BORROWINGS	Secured	Unsecured	Total	Secured	Unsecured	Total
(Secured by hypothecation of Inventories, present and future, certain book debts and collateral paripassu charge of Land and Buildings, the title deeds of which are in the course of transfer in the Company's name and also by the paripassu second charge on other fixed assets of the Company along with personal Guarantee of Promoter Directors)						
b. Restructured Loan	-	-	-	106.20	-	106.20
(Secured by mortgage of certain Freehold land & Building and hypothecation of Plant and Machinery, present and future and by personal guarantee of Promoter Directors)						
c. Term Loan	342.21	-	342.21	106.65	-	106.65
(Secured by hypothecation of specific Plant and Machinery purchased out of the loan, and also by paripassu second charge on other fixed assets of the Company, Corporate Guarantee of an associate Company along with personal Guarantee of Promoter Directors)						
d. Corporate Loan	200.04	-	200.04	150.03	-	150.03
(Secured by hypothecation of current assets on first paripassu basis with consortium banks including inventories, Collateral of Equitable Mortgage of land and building along with personal Guarantee of Promoter Directors)						

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

	As at 31st March, 2012			As at 31st March, 2011		
SHORT TERM BORROWINGS	Secured	Unsecured	Total	Secured	Unsecured	Total
e. Vehicle Loan (Secured by hypothecation of Vehicles purchased under loan)	79.92	-	79.92	50.30	-	50.30
f. Plant and Machinery Loan (Secured by hypothecation of specific Plant and Machinery purchased out of loan)	24.59	-	24.59	-	-	-
TOTAL	7,095.35	-	7,095.35	4,504.86	-	4,504.86

Note: There is no default as on balance sheet date on the repayment of short term borrowings and the interest thereon.

Note 6
TRADE PAYABLES
₹ In lakhs

	As at 31st March, 2012			As at 31st March, 2011		
Particulars	Secured	Unsecured	Total	Secured	Unsecured	Total
Sundry creditors	-	5,137.25	5,137.25	-	2,969.85	2,969.85
Sundry creditors under Letter of Credit	2,156.07	-	2,156.07	-	82.85	82.85
TOTAL	2,156.07	5,137.25	7,293.32	-	3,052.70	3,052.70

Note 7
OTHER CURRENT LIABILITIES
₹ In lakhs

	As at 31st March, 2012			As at 31st March, 2011		
Particulars	Secured	Unsecured	Total	Secured	Unsecured	Total
From Others Religare Finvest Ltd., (For settlement of liabilities of Gangadharam Appliances Limited on Merger as per BIFR order dated 17th August, 2011).	-	126.62	126.62	-	89.25	89.25

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

	As at 31st March, 2012			As at 31st March, 2011		
Particulars	Secured	Unsecured	Total	Secured	Unsecured	Total
d. An Associate Company		421.00	421.00			
e. Unpaid Dividend	7.89	-	7.89	-	-	-
f. Due to Directors	-	5.69	5.69	-	2.01	2.01
g. Employee Benefits	-	196.43	196.43		114.64	114.64
h. Institution Commission Payable	-	152.14	152.14		-	-
i. Provisions for Expenses	-	1,263.39	1,263.39		109.22	109.22
j. Income Tax deducted/collected at Source	-	78.34	78.34		29.31	29.31
k. VAT Payable	-	316.86	316.86		162.24	162.24
TOTAL	7.89	2,560.47	2,568.36	-	506.67	506.67

Note 8
SHORT TERM PROVISIONS
₹ In lakhs

	As at 31st March, 2012			As at 31st March, 2011		
Particulars	Secured	Unsecured	Total	Secured	Unsecured	Total
Income Tax	-	327.55	327.55	-	1,095.63	1,095.63
Proposed Dividend	-	357.59	357.59	-	96.35	96.35
Tax on Proposed Dividend	-	58.00	58.00	-	16.00	16.00
TOTAL	-	743.14	743.14	-	1,207.98	1,207.98



NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

Note: 9

**FIXED ASSETS
TANGIBLE ASSETS**

₹ In lakhs

GROSS BLOCK - AT COST								DEPRECIATION			NET BLOCK	
PARTICULARS	AS ON 31st MARCH 2011	ADDITION ON ACCOUNT OF MERGER OF GANGADHARAM APPLIANCES LIMITED	ADDITION	REVALUATION	DELETION	UP TO 31ST MARCH 2012	UP TO 31ST MARCH 2011	DEDUCTION	FOR THE YEAR	UP TO 31ST MARCH 2012	AS ON 31ST MARCH 2012	AS ON 31ST MARCH 2011
Land (Freehold)	43.20	6.03	1,771.60	1,845.00	-	3,665.83	-	-	-	-	3,665.83	43.20
Buildings (Freehold)	821.65	78.66	233.28	-	-	1,133.59	162.96	-	24.67	187.63	945.96	658.69
Plant & Machinery	1,134.35	147.12	611.26	-	-	1,892.73	319.93	-	69.82	389.75	1,502.98	814.42
Dies & Tools	579.97	172.47	271.28	-	-	1,023.71	507.96	-	0.68	508.64	515.07	72.01
Electrical Machinery & Installations	90.63	-	96.58	-	-	187.22	42.09	-	10.92	53.01	134.21	48.54
Computer	131.64	2.35	33.65	-	-	167.65	74.18	-	14.92	89.10	78.55	57.46
Office Equipments	46.51	1.99	37.56	-	-	86.05	16.63	-	2.97	19.60	66.45	29.88
Vehicles	435.94	3.32	160.78	-	13.33	586.71	158.58	4.11	24.17	178.64	408.07	277.36
Furniture & Fittings	238.24	0.68	107.33	-	-	346.25	62.93	-	18.86	81.79	264.46	175.31
Total	3,522.13	412.62	3,323.32	1,845.00	13.33	9,089.74	1,345.26	4.11	167.01	1,508.16	7,581.58	2,176.87



INTANGIBLE ASSETS

Usage Right of Trade Marks	256.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	256.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	4,276.63	412.62	3,323.32	1,845.00	527.83	9,329.74	1,345.26	4.11	167.01	1,508.16	7,821.58	2,931.37						

1. Vehicles include Assets acquired on “Hire Purchase”

2. Freehold Land includes Rs.10,00,000/- and Freehold Buildings include Rs.15,37,686/- in respect of which the transfer of title deeds to the name of the company is pending

3. Usage Right of Trade Marks represents assignment of trade marks for future usage and the amount written off during the year on account of amortisation by charging off to Profit and Loss account as Usage right of Trade Marks.

4. Additions to Plant & Machinery includes machineries purchased under term loan assistance from banks and Hire Purchase/ Finance Companies.

5. Additions in Freehold Land and Building includes the Leasehold Land and Building held by the Company as on 31.03.2011 acquired during the year.

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012
Particulars

As at 31st March 2012 ₹ In lakhs	As at 31st March 2011 ₹ In lakhs
--	--

NON CURRENT ASSET FIXED ASSETS
Note 10
CAPITAL WORK IN PROGRESS

Machinery & Other assets (Under Installation)	79.14	93.79
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INTANGIBLE ASSET UNDER DEVELOPMENT

SAP Project under implementation	127.77	-
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Note 11
DEFERRED TAX ASSET

Balance brought forward	631.37	639.13
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Expenses allowable for tax purposes on payment basis	0.68	27.22
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	632.05	666.35
--	--------	--------

b) Deferred Tax Liability

Depreciation	176.85	34.98
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	455.20	631.37
--	--------	--------

Note 12
LONG TERM LOANS AND ADVANCES
₹ In lakhs

Particulars	As at 31st March, 2012			As at 31st March, 2011		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Security Deposits	-	21.27	21.27	-	24.33	24.33
TOTAL	-	21.27	21.27	-	24.33	24.33

CURRENT ASSET
₹ In lakhs
Note 13

INVENTORIES (As taken, valued and certified by the Managing Director)	As at 31st March 2012	As at 31st March 2011
a) Raw Materials and Components	3,250.71	1,587.87
b) Stores & Spares	20.91	18.12
c) Work-in-process	1,483.18	1,584.47
d) Finished goods	1,392.20	1,153.96
e) Stock-in-Trade	865.83	355.88
f) Goods in Transit - Raw materials & Components	42.89	-
g) Goods in transit - Stock-in-Trade	117.15	-
TOTAL	7,172.87	4,700.30

Mode of valuation

Inventories are stated at lower of cost/net realisable value. Cost includes all direct costs and other applicable manufacturing overheads and in ascertaining the cost, FIFO method is adopted.



NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

Note 14

TRADE RECEIVABLES

₹ In lakhs

Particulars	As at 31st March, 2012				As at 31st March, 2011			
	secured		Unsecured		secured		Unsecured	
	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Outstanding for more than six months from the date they became due for payment	-	-	61.75	-	-	-	244.04	-
Considered Doubtful	-	-	97.67	-	-	113.92	-	-
Less; provision for doubtful debts	-	-	97.67	-	-	113.92	-	-
Considered good	332.59	-	6,347.55	-	471.04	-	3,362.11	-
Retention Money - Tamilnadu State Civil Supplies Corporation	-	-	3,030.67	909.20	-	-	-	-
Balance	332.59	-	9,439.97	909.20	471.04	-	3,606.15	-
Amount due from firm, Private Companies in which any Director is a partner or Director of Member	-	-	-	-	-	-	127.62	-
TOTAL	332.59	-	9,439.97	909.20	471.04	-	3,733.77	-
								4,204.82

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012
Note 15
CASH AND BANK BALANCES
₹ In lakhs

Particulars	Balance as on 31/03/2012	Balance as on 31/03/2011
Term Deposit with Banks	605.94	559.34
Cash on hand	8.12	44.48
Balance in Current Account with Banks	1,540.76	254.46
Unpaid dividend account with Bank	7.89	-
Total	<u>2,162.71</u>	<u>858.28</u>
Non Current Investment		
Term Deposit having remaining maturity of more than 12 months	57.42	45.78
Total	<u>57.42</u>	<u>45.78</u>
G.TOTAL	2,220.13	904.06

Note 16
SHORT TERM LOANS AND ADVANCES
₹ In lakhs

	As at 31st March, 2012			As at 31st March, 2011		
<i>Particulars</i>	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Advances on Capital Account	-	207.05	207.05	-	-	-
b. Advances to related parties	-	63.94	63.94	-	2,727.36	2,727.36
c. Advances to others	-	740.50	740.50	-	277.11	277.11
d. Insurance Claim receivables	-	68.54	68.54	-	117.79	117.79
e. Balance with Government Authorities	-	625.25	625.25	-	128.07	128.07
TOTAL	-	1,705.27	1,705.27	-	3,250.33	3,250.33

Particulars
**As at
31st March 2012
₹ In lakhs**
**As at
31st March 2011
₹ In lakhs**
Note 17
REVENUES FORM OPERATIONS

a. Sale of Products	57,442.66	18,910.34
b. Other Operating Revenue - Trading	6,798.44	3,160.14
	<u>64,241.10</u>	<u>22,070.48</u>
Less; Excise duty	5,218.88	1,750.69
TOTAL	<u><u>59,022.22</u></u>	<u><u>20,319.79</u></u>

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

Particulars	As at 31st March 2012 ₹ In lakhs	As at 31st March 2011 ₹ In lakhs
Note 18		
OTHER INCOME		
Interest on Bank Deposit & Others (TDS Rs.3.83 lakhs)	107.86	11.81
Miscellaneous Income	6.07	3.30
Scrap Sales	433.57	247.13
Exchange gain	-	7.54
Provisions for Doubtful debts not required (Net)	16.25	-
Doubtful debts recovered	-	2.50
TOTAL	<u>563.75</u>	<u>272.28</u>

Note 19		
COST OF MATERIAL CONSUMED		
Opening Balance		
Raw materials and Components	1,588.62 *	820.63
Consumables	18.14 *	10.15
	<u>1,606.76</u>	<u>830.78</u>
Add Purchases		
Raw Materials & Components (Including Goods in Transit)	29,646.37	9,490.02
Customs duty	1,198.13	451.20
Packaging	1,964.86	938.27
Processing Charges	1,631.77	843.24
Consumables	288.71	107.06
Freight Inward	604.94	303.35
Clearing and Forwarding Charges	228.47	62.14
	<u>35,563.25</u>	<u>12,195.28</u>
Less Closing Stock		
Raw materials and Components (Including Goods in Transit)	3,293.60	1,587.87
Consumables	20.91	18.12
	<u>3,314.51</u>	<u>1,605.99</u>
	<u>33,855.50</u>	<u>11,420.07</u>
Purchase of Finished Goods - Stock-in-trade (Including Goods in Transit)	<u>5,796.24</u>	<u>3,009.21</u>

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

Particulars	As at 31st March 2012 ₹ In lakhs	As at 31st March 2011 ₹ In lakhs
Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade		
Opening Balance		
Work in process	1,584.97 *	1,007.69
Stock-in-Trade - Finished Goods	1,512.37 *	894.54
Less Closing Balance		
Work in process	1,483.18	1,584.47
Stock-in-Trade - Finished Goods (Including Goods in Transit)	2,375.17	1,509.84
	<u>(761.01)</u>	<u>(1,192.08)</u>

* Includes value of stocks of erstwhile Gangadharam Appliances Limited on merger with the Company

Note 20
EMPLOYEE BENEFITS EXPENSES

Directors' remuneration	111.75	53.32
Salaries & Wages	1,821.11	705.20
Bonus & Earned Leave Wages	154.07	72.37
Contribution to Provident and Other Funds	187.85	80.87
Contribution to Gratuity & Superannuation	131.84	82.96
Leave Travel Concession	19.07	-
Staff welfare Expenses	772.08	137.80
TOTAL	<u>3,197.77</u>	<u>1,132.52</u>

Note 21
FINANCE COST

On Term Loan from banks	129.29	82.06
On Cash Credit from Banks	706.65	350.05
Interest Expenses on Deposits and Others	540.06	94.13
Bank charges	222.23	100.50
Processing Fees	60.18	47.51
Exchange Loss	96.48	-
TOTAL	<u>1,754.89</u>	<u>674.25</u>

NOTES FORMING PART OF STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

Particulars	As at 31st March 2012 ₹ In lakhs	As at 31st March 2011 ₹ In lakhs
Note 22		
OTHER EXPENSES		
Commission on sales	1,229.67	583.29
Freight Outward	946.03	450.10
Advertisement and Publicity	4,654.23	1,558.53
After sales and service charges	24.52	-
Discount on Sales	940.84	339.49
Late Delivery Charges paid to Tamilnadu Civil Supplies Corporation	601.11	-
Power and Fuel	431.65	165.71
Directors' Sitting fees	8.27	4.90
Rent	243.12	82.30
Trade Mark Usage rights	16.00	12.00
Insurance	30.18	6.39
Rates & Taxes	90.66	39.19
Repairs and Maintenance		
Building	111.69	29.26
Plant & Machinery	49.51	24.93
Other Assets	230.58	94.56
Payment to Auditors		
For Audit	2.00	1.50
Company Law Matters	1.75	1.00
Taxation Matters	13.35	1.25
Certification Fee	1.78	-
Bad debts	113.92	-
Loss on Sale of Asset	2.00	-
Traveling and conveyance expenses	652.71	272.56
Professional & Consultancy Charges	293.38	52.81
Other Expenses	487.26	211.79
TOTAL	11,176.21	3,931.56

V.M.SESHADRI
Managing Director

M.PADMANABHAN
Director

D.KRISHNAMURTHY
Company Secretary

As per our report attached of even date
for Rudhrakumar Associates
Chartered Accountants
Registration No: 007033 S

Chennai - 600018
Date: 20th July, 2012

R.Rudhrakumar
Proprietor
Membership No.0019444

Note 23
**CONTINGENT LIABILITIES
AND COMMITMENTS
(TO THE EXTENT NOT
PROVIDED FOR)**

As at
31st March,
2012

As at
31st March,
2011

CONTINGENT LIABILITIES
**1 Claim against the Company not
acknowledged as debts**
₹ In lakhs
₹ In lakhs

a	Claim against the Company under litigation against which Bank Guarantee has been provided	7.26	7.26
b	Central Excise demand on merged erstwhile Gangadharam Appliances Limited under appeal disputed	22.94	-
c	Claim by Employees State Insurance Corporation towards ESI contribution/interest /damages on merged erstwhile Gangadharam Appliances Limited disputed.	12.24	-
d	Claim by Employees State Insurance Corporation towards ESI contribution on Job work parties	9.56	-
e	Claim by Employees Provident Fund authorities towards damages on merged erstwhile Gangadharam Appliances Limited	21.66	-
f	Claim against the Company before Labour Court by terminated employees of the Company / merged erstwhile Gangadharam Appliances Limited disputed.	43.67	-

2 Guarantee

Liabilities to bank on Counter Guarantee towards supply/performance to Tamilnadu Civil Supplies Corporation and Indian Oil Corporation

688.80

15.00

3 Other money for which the Company is contingently liable

In term of the Memorandum of Compromise executed on 1.11.2000 by the Company and M/s. L.G.Varadarajulu & others, Coimbatore in the matter of patents/designs dispute in the manufacture of Table Top Wet Grinders, the Company is liable to pay to the latter such damages as may be determined by the Court, in the event of the suit C.S.No.613 of 1999 pending in the High Court of judicature at Madras being decreed in their favour.

Amount Not
determinable

Amount Not
determinable

COMMITMENTS NOT PROVIDED FOR

Estimated amount of contracts remaining to be executed on capital account and not provided for

259.36

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Note: 24**OTHER NOTES TO FINANCIAL STATEMENTS****1. Significant Accounting Policies**

(Forming part of the Financial Statements for the year ended on 31st March, 2012)

(i) Basis for Preparation of accounts:

The Accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standard notified under Section 211(3C) of the Companies Act, 1956 and the Financial Statements have been prepared on the historical cost convention and in accordance with normally accepted accounting principles.

All the Assets and Liabilities have been classified as current and non-current as per criteria set out in Revised Schedule VI, to the Companies Act, 1956 for preparation and presentation of financial statements of the Company under report. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also re-classified the previous year figures in accordance with the requirements applicable in the current year.

(ii) Fixed Assets and Depreciation:

Fixed Assets are capitalised at acquisition cost, including directly attributable cost of bringing the assets to their working condition for the intended use less CENVAT Credits.

Depreciation on Fixed Assets has been provided on the basis of straight line method at the rates specified in Schedule XIV to the Companies Act, 1956. In respect of additions/deductions made during the year, depreciation is charged on pro-rata basis from the day of addition/upto the date of deletions in the financial year.

Usage Right of Trade Marks are amortised over the period of Usage.

(iii) Inventories :

Inventories are stated at lower of cost or net realisable value. Cost includes all direct costs and other applicable manufacturing overheads and in ascertaining the cost, FIFO method is adopted.

(iv) Revenue recognition:

Revenue in respect of sale of products is recognised at the point of despatch to customers. Sales also includes products which are manufactured through third party on Contract basis, which represents invoiced value of goods including excise duty and are net of sales tax, returns and inter-branch transfers. The excise duty is separately disclosed and deducted from sales. Export sales are accounted at the prevailing rate of exchange as on the date of invoicing. The difference in the rate of exchange, if any, is accounted at the time of realisation.

(v) Impairment of Assets:

As on the Balance sheet date, the Company's assets net of accumulated depreciation is not less than the recoverable amount of those assets. Hence, there is no impairment loss on the assets of the Company.

(vi) Research & Development Expenditure:

Revenue Expenditure on Research & Development is charged off to the Profit and Loss account in the period in which it is incurred.

(vii) Staff Terminal Benefits:

- a) Accrued Liability for gratuity has been provided in the accounts in accordance with the provisions of the Payment of Gratuity Act, 1972, calculated on the basis of Actuarial Valuation method in accordance with the guidelines of the Institute of Chartered Accountants of India under Accounting Standard (AS15). During the year, the Company has entered into an agreement with Life Insurance Corporation of India, for managing the Gratuity and Superannuation Fund.

The Company contributes to the said superannuation fund covering specified employees. The contributions are by way of annual premium payable in respect of superannuation policy issued by the LIC of India which confers benefits to those specified employees based on policy norms.

- b) Contribution to Provident fund are accounted at the applicable rates and paid over to the appropriate statutory authorities.
- c) Accrued liability for encashment of leave to employees is accounted on calendar year basis, in accordance with the Company's Rules and paid to the employees after the year end.

As per Accounting Standard AS-15 (Revised) Employee Benefits, the disclosures as defined in the Accounting Standard are given below:

DEFINED CONTRIBUTION PLAN:	₹ In lakhs	
	<u>2011-12</u>	<u>2010-11</u>
Employers Contribution to Provident Fund & Employees State Insurance Corporation.	171.57	73.76
Employers Contribution to Superannuation Fund	78.67	—

2. Excise duty:

CENVAT credit/Service Tax credit for Excise Duty on inputs and other capital goods is accounted fully and to the extent the sum availed is adjusted towards payment of excise duty on despatches leaving the unutilised balance being carried forward to subsequent year and kept under Loans and Advances

3. Trade Receivables and Loans and Advances:

Sundry Debtors and Loans and Advances are stated after making adequate provisions for doubtful balances. In the evaluation of the Managing Director, Sundry Debtors and Loans and Advances have the value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

4. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006:

The particulars required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 relating to unpaid balances, interest payable thereon to such small scale industries as defined in the said Act could not be disclosed for want of information on the status of those sundry creditors.

5. Taxation:

Current tax is determined as the amount of Tax payable in respect of taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing difference, being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and unabsorbed losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

6. Foreign Currency transactions:

Transactions in foreign currency are recorded at exchange rate prevailing at the time of the transactions and exchange difference arising from foreign currency transaction are dealt with in the Profit and Loss account and capitalized where they relate to the Fixed Assets. Current Assets and Liabilities at the year end are being converted at closing rates and exchange gains / losses are dealt with in the Profit and Loss account, as per AS 11.

7. Merger with Gangadharam Appliances Limited

A proposal submitted by erstwhile Gangadharam Appliances Limited (GAL), an associate of the Company, for the merger of its entire undertaking with the Company has been approved by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide their order dated 17th August, 2011 with retrospective effect from 1st January, 2009. The Transactions, Assets and Liabilities of GAL has been incorporated in the books of the Company keeping into account the terms of the BIFR Order (supra) and reflected appropriately in the account of the Company as at 31st March, 2012. In terms of the said BIFR Order, one share of the Company was issued for every two shares held by the shareholders of GAL and as a consequence, the paid up share capital of the Company has been increased by Rs. 579.39 Lakhs.

8. During the financial year 2010-11, there was a Fire accident in the factory, and Inventory of approx Rs.1.18 Cr got damaged. The necessary claim with the Insurance Company which was made and shown in the 'Profit and Loss account' of 2010-11 as extraordinary item and as 'Claim Receivable' under Loans and Advances in the Balance Sheet as on 31.3.2011, But subsequently the Insurance Company has indicated a lesser value of the claim and hence the excess claim of Rs. 0.49 cr. accounted as "extra-ordinary item" in the previous year is now reversed and shown under exceptional item during the year.

	As at 31.03.12 ₹ In lakhs	As at 31.03.11 ₹ In lakhs
9. Value of imports on CIF basis		
Raw material	92.08	606.98
Components and spares parts	463.08	336.63
Capital goods	281.39	—
Finished Goods	18.58	74.89
10. Expenditure in Foreign Currency		
Travelling	20.82	8.53
Salary and Allowances	16.60	22.48
11. Earning in Foreign Exchange		
Export of goods calculated on FOB basis	703.68	300.21
12. Subsequent to the date of the Balance Sheet, the Company with necessary statutory approvals raised Share Capital on preferential basis from Reliance Alternative Investments Fund – Private Equity Scheme-I (Acting through Reliance Alternative Investments Services Private Limited) and issued 24,51,000 equity shares of Rs.10/- each at a premium of Rs.398 per share aggregating Rs.100 Crores and eight thousand.		
13. Disclosure on Related Party Transaction:		
1. Key Management Personnel	Mr. V.M.Lakshminarayanan, Chairman & Managing Director (w.e.f. 1st December, 2011) Mr.V.M.Seshadri, Managing Director. (w.e.f 1st June 2011) Mr.V.M.Gangadhdram, Executive Director. Mr.V.M.Kumaresan, Technical Director. Mr.V.M.Balasubramaniam, Managing Director. (upto 31st May, 2011)	
2. Enterprises in which key management Personnel and their relatives have Significant influence	LLM Appliances Limited Butterfly Construction Limited Butterfly Home Appliances Butterfly Quality Center Private Limited Butterfly Marketing Private Limited Swaminathan Enterprises Private Limited Sivagurunathan Industries	
3. Relatives of Key Management Personnel	Mr.V.M.L.Karthikeyan Mr.V.M.L.Senthilnathan Mr.V.M.G.Viswanathan Mr.V.M.L.Ganesan Mr.V.M.S.Selvamuthukumaran Mr.V.M.G. Mayuresan	

₹ In lakhs

Sl.No.	Particulars	Key Management	Enterprises in which key management personnel and their relatives have significant influence	Relatives of key Management Personnel
	Transaction for year ended on 31st March, 2012			
1	Purchase	—	363.70	—
2	Sales	—	644.63	—
3	Interest received	—	—	—
4	Interest paid	—	—	—
5	Services rendered	—	—	—
6	Services received	—	—	—
	a.Employee remuneration	—	—	94.66
	b.Executive Directors' Remuneration	111.75	—	—
	c.Others - Directors' Sitting fees	8.27	—	—
7	Purchase of Assets Capitalised during the period	—	2004.89	—
8	Sale of Asset	—	—	—
	Outstanding as on 31st March, 2012			
	Debtors	—	—	—
	Creditors	—	—	—
	Advances	—	(421.00)	—
	Loans received	—	—	—

14. Segment Information in accordance with AS17 issued by ICAI.
The Company operates in only one segment viz. Domestic Appliances.

15. Earnings per Share in accordance with AS20 issued by ICAI: ₹ In lakhs

	2011-12 12 months ₹ In lakhs	2010-11 9 months ₹ In lakhs
Net Profit as per Profit and Loss account	3040.91	1,519.12
No. of Equity Shares	1,54,28,551	96,34,601
Face Value per Share	Rs.10.00	Rs.10.00
Basic earnings per share	Rs.19.71	Rs. 15.77

16. The figures of the current year includes the figures of Gangadharam Appliances Ltd merged with the Company during the year. Therefore, the figures of the current year are not comparable with those of the previous period. Also, the accounts of the Company for the previous financial year has been for a period of nine months.

17. The Figures for the period ended on 31.03.2011 have been re-grouped and re-arranged to conform with the current year's classification.

V.M.SESHADRI
Managing Director

M.PADMANABHAN
Director

D.KRISHNAMURTHY
Company Secretary

As per our report attached of even date
for Rudhrakumar Associates
Chartered Accountants
Registration No: 007033 S

Chennai - 600018
Date: 20th July, 2012

R.Rudhrakumar
Proprietor
Membership No.0019444

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

**Registered Office : 143, Pudupakkam Village, Vandalur-Kelambakkam Road,
Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu**

ATTENDANCE SLIP

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE
ENTRANCE OF THE MEETING**

I hereby record my presence at the Twenty Fifth Annual General Meeting scheduled to be held at the Company's Registered Office on Friday, 31st August, 2012 at 11.30 a.m.

NAME OF THE SHAREHOLDER
(BLOCK LETTERS)

SIGNATURE OF THE
SHAREHOLDER OR PROXY

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

**Registered Office : 143, Pudupakkam Village, Vandalur-Kelambakkam Road,
Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu**

PROXY FORM

I/We
being a member/members of GANDHIMATHI APPLIANCES LIMITED hereby appoint
..... of
or falling him/her of
..... as my/our proxy in my/our absence to attend and
vote for me/us on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on
Friday, 31st August, 2012 at 11.30 a.m or at any adjournment thereof.

As witness my hand/our hands on day of 2012

Rupee One
Revenue
Stamp

The form duly completed should be deposited at the Office of the Company's Registrar & Share Transfer Agents, M/s.GNSA Infotech Limited, STA Department, Nelson Chambers, 4th Floor, F-Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029. A proxy need not be a member.



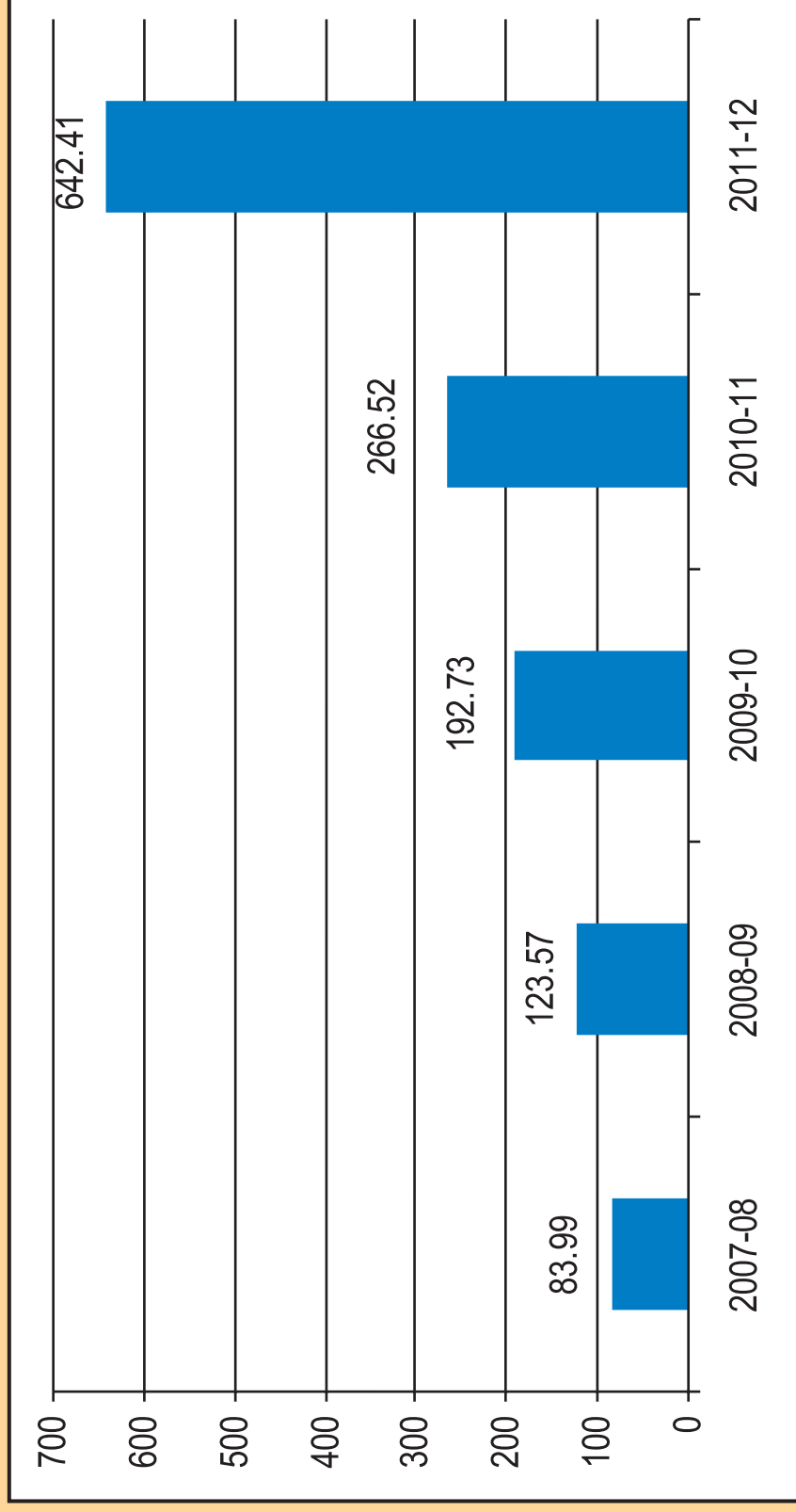
SALES INCLUDING EXCISE DUTY (RS. IN CRORES)- ANNUALISED

Compounded Annual Growth Rate: 66.3%



SALES INCLUDING EXCISE DUTY (ANNUALISED) ₹. IN CRORES

Compounded Annual Growth Rate: 66.3%





BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

Book-post

To

If undelivered return to:

GNSA Infotech Ltd.
STA Department,
Nelson Chambers, 4th Floor, F-Block,
No.115, Nelson Manickam Road,
Aminjikarai, Chennai-600 029