

**Soaring
Greater Heights**

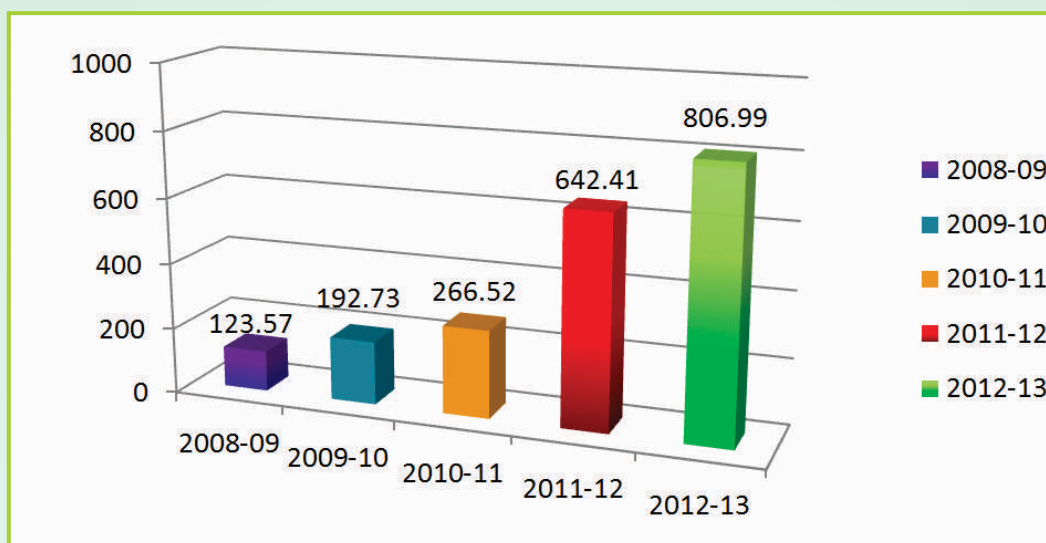


BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

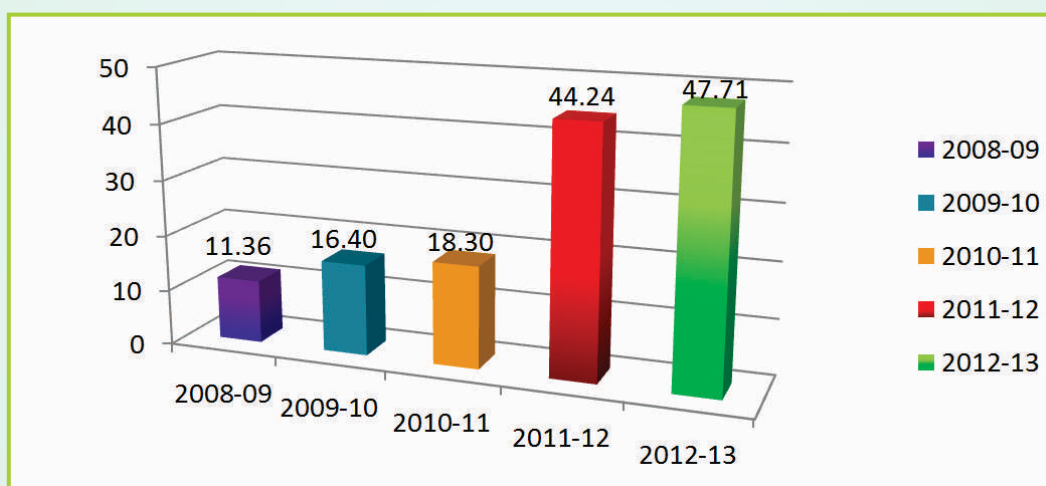
ANNUAL REPORT 2013

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

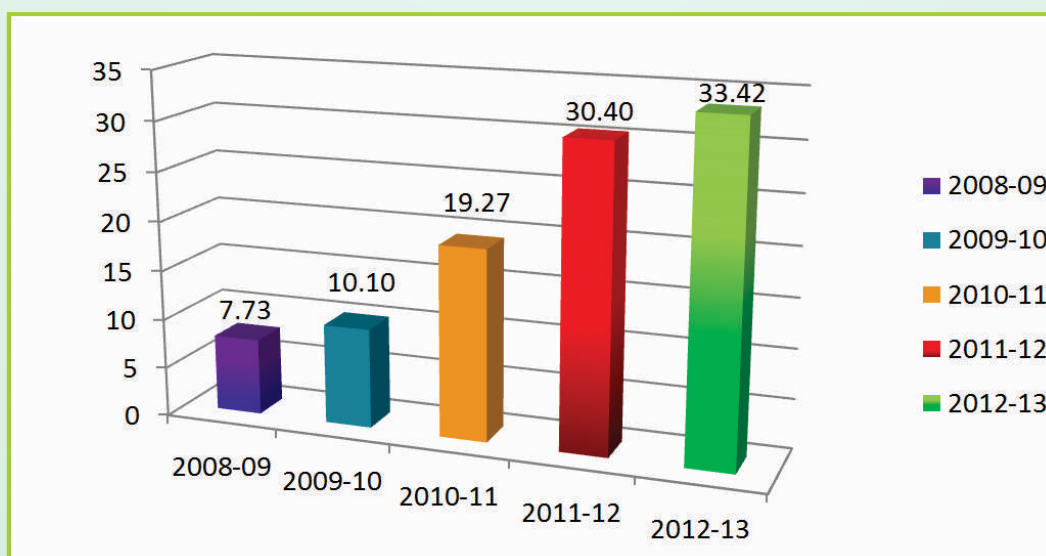
Compounded Annual Growth Rate : 60%



PROFIT BEFORE TAX (₹. IN CRORES)- ANNUALISED



PROFIT AFTER TAX (₹. IN CRORES)- ANNUALISED



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**ANNUAL REPORT 2013**

CONTENTS	PAGE
Notice	2 - 40
Directors Report	41 - 47
Management Discussion & Analysis	48 - 52
Corporate Governance	53 - 71
Auditors Report	72 - 74
Balance Sheet	75
Profit & Loss Account	76
Cash Flow Statement	77 - 78
Notes	79 - 98
ECS Mandate Form	99

BOARD OF DIRECTORS

Mr.V.M.Lakshminarayanan, Chairman & Managing Director
Mr.V.M.Balasubramaniam, Director & Vice Chairman
Mr.V.M.Seshadri, Managing Director
Mr.V.M.Gangadharam, Executive Director
Mr.V.M.Kumaresan, Executive Director-Technical
Mr.D.Krishnamurthy, Executive Director-cum-Company Secretary
Mr.R.S.Prakash, Nominee Director
Mr.V.R.Lakshminarayanan, Director
Mr.K.Ganesan, Director
Mr.M.Padmanabhan, Director
Mr.A.Balasubramanian, Director
Mr.K.J.Kumar, Director
Mr.G.S.Samuel, Director
Mr.T.R.Srinivasan, Director

STATUTORY AUDITORS

M/s. Rudhrakumar Associates
Chartered Accountants

11, Mangesh Street, T.Nagar, Chennai-600 017

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

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

CORPORATE OFFICE

E-34, Second Floor, Rajiv Gandhi Salai,
Egattur Village, Navalur-603 103
Kancheepuram District,
Tamil Nadu

BANKERS

State Bank of Travancore
IDBI Bank
Bank of Baroda
Axis Bank
ING Vysya Bank

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty sixth Annual General Meeting of the Company will be held at its Corporate Office Premises at E-34, Rajiv Gandhi Salai, Egattur Village, Navalur- 603103, Kancheepuram District, Tamil Nadu on Friday, 26th July 2013 at 11.00 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, 2013 and the Profit and Loss Statement 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 ₹.2.50/- per equity share on 1,78,79,551 Equity Shares of ₹.10/- each fully paid up, absorbing a sum of ₹.4,46,98,878/-, exclusive of Income Tax be and is hereby declared for the financial year ended 31st March, 2013 and the same be paid to those shareholders whose names appear in the Register of Members of the Company as at the close of 26th July 2013.”

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

“RESOLVED THAT Mr.A.Balasubramanian, 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.J.Kumar, 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.G.S.Samuel, 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.T.R.Srinivasan be and is hereby appointed as a 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 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. Seshadri be and is hereby reappointed as Managing Director of the Company for a period of three years with effect from 01st June, 2014 whose period of office shall not be subject to retirement by rotation during his tenure of office as Managing Director on the following terms and Conditions:

Remuneration: Subject to the ceiling limits laid down in Sections 198 and 309 of the Act, remuneration by way of salary, prerequisites and commission shall not exceed the following limits, namely:

I. SALARY AND PERQUISITES

1. Salary	₹.34,80,000/- per annum or ₹.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 and abroad 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 ₹.10,000/- per annum.

5. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1 : Perquisites (2) to (5) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix individual ceilings under each of the above heads or to allow any other perquisites 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's salary for each completed year of service, subject to a limit of ₹.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 and 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 to 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. 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 three 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 managerial personnel of the Company 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.

9. 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.Gangadharam be and is hereby reappointed as Executive Director of the Company for a period of three years with effect from 01st October 2013, whose period of office shall not be subject to retirement by rotation during his tenure of office as Executive Director on the following terms and conditions:

Remuneration: Subject to the ceiling limits laid down in Sections 198 and 309 of the Act, remuneration by way of salary, perquisites and commission shall not exceed the following limits, namely:

I.SALARY AND PERQUISITES

1. Salary	₹.33,60,000/- per annum or ₹.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 and abroad 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) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix individual ceilings under each of the above heads or to allow any other perquisites 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 ₹.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 and 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 to 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.

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

RESOLVED THAT Mr.D.Krishnamurthy be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.”

11. 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, 310 and 311 read with Schedule XIII to the Companies Act, 1956 (‘The Act’) and other applicable provisions, if any, of the Act, Mr.D.Krishnamurthy be and is hereby appointed as a Wholetime Executive Director-cum-Company Secretary of the Company for a period of three years with effect from 01st June, 2013 on the following terms and conditions:

Remuneration: Subject to the ceiling limits laid down in Sections 198 and 309 of the Act, remuneration by way of salary and prerequisites shall not exceed the following limits, namely:

I. SALARY AND PERQUISITES

1. Salary	₹.20,40,000/- per annum or ₹.1,70,000/- 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 Air fare to any place in India and abroad once a year.
4. Bonus	As per rules of the Company, not exceeding one month's salary.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
5. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed ₹.10,000/- per annum.
6. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (6) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix 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>	
7. 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 ₹.10 lakhs.
8. Encashment of Leave at the end of the tenure.	As per rules of the Company

9. Car	Use of Company maintained car with driver for official purposes.
10. 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.D.Krishnamurthy as Executive Director-cum-Company Secretary 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.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. D. Krishnamurthy, Executive Director-cum-Company Secretary, 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. D. Krishnamurthy, 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:

RESOLVED that pursuant to the provisions of 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, consent of the Company be and is hereby accorded to Mr.V.M.S.Kumaraguru, a relative of Messrs.V.M.Lakshminarayanan, Chairman & Managing Director, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as Head-Export Operations of the Company, with retrospective effect from 01.01.2013 on the following remuneration:

I. SALARY AND PERQUISITES

1. Salary	₹.24,00,000/- per annum or ₹.2,00,000/- per month, including dearness and all other allowances
2. Medical reimbursement	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 Air fare to any place in India and abroad once a year.
4. Bonus	As per rules of the Company, not exceeding one month's salary.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
5. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed ₹.5,000/- per annum.
6. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (6) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix 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>	
7. 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 ₹.10 lakhs.
8. Encashment of Leave at the end of the tenure.	As per rules of the Company
9. Car	Use of Company maintained car with driver for official purposes.

10. 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	

REIMBURSEMENT OF EXPENSES:

(i) Travelling/Hotel expenses: Reimbursement of travelling/Hotel expenses actually and properly incurred for the business of the Company.

(ii) 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.

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

“That pursuant to the provisions of the 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, consent of the Company be and is hereby accorded to Mr.V.M.L.Karthikeyan, a relative of Messrs.V.M.Lakshminarayanan, Chairman, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as Executive Vice President – Marketing with retrospective effect from 1.6.2013 on the following remuneration:

I. SALARY AND PERQUISITES

1. Salary	₹.24,96,000/- per annum or ₹.2,08,000/- per month, including dearness and all other allowances
2. Medical reimbursement	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 Air fare to any place in India and abroad once a year.
4. Bonus	As per rules of the Company, not exceeding one month’s salary.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
5. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed ₹.5,000/- per annum.

6. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (6) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix 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>	
7. 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 ₹.10 lakhs.
8. Encashment of Leave at the end of the tenure.	As per rules of the Company
9. Car	Use of Company maintained car with driver for official purposes.
10. 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>	

II. 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.

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

“That pursuant to the provisions of the 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, consent of the Company be and is hereby accorded to Mr.V.M.G.Viswanathan, a relative of Messrs.V.M.Lakshminarayanan, Chairman, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as Senior General Manager-Materials Management with retrospective effect from 1.6.2013 on the following remuneration:

I. SALARY AND PERQUISITES

1. Salary	₹.24,24,000/- per annum or ₹.2,02,000/- per month, including dearness and all other allowances
2. Medical reimbursement	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 Air fare to any place in India and abroad once a year.
4. Bonus	As per rules of the Company, not exceeding one month’s salary.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
5. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which doesnot exceed ₹.5,000/- per annum.
6. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (6) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix 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>	
7. 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 ₹.10 lakhs.
8. Encashment of Leave at the end of the tenure.	As per rules of the Company
9. Car	Use of Company maintained car with driver for official purposes.
10. 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	

REIMBURSEMENT OF EXPENSES:

(i) 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.

(ii) 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.

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

“That pursuant to the provisions of the 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, consent of the Company be and is hereby accorded to Mr.V.M.L.Senthilnathan, a relative of Messrs.V.M.Lakshminarayanan, Chairman, V.M.Balasubramaniam, Director, V.M.Seshadri Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as Senior General Manager-Technical with retrospective effect from 1.6.2013 on the following remuneration:

I. SALARY AND PERQUISITES

1. Salary	₹.24,24,000/- per annum or ₹.2,02,000/-per month, including dearness and all other allowances
2. Medical reimbursement	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 Air fare to any place in India and abroad once a year.

4. Bonus	As per rules of the Company, not exceeding one month's salary.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
5. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed ₹.5,000/- per annum.
6. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (6) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix 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>	
7. 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 ₹.10 lakhs.
8. Encashment of Leave at the end of the tenure.	As per rules of the Company
9. Car	Use of Company maintained car with driver for official purposes.
10. 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	

REIMBURSEMENT OF EXPENSES:

(i) 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.

(ii) 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.

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

“That pursuant to the provisions of the 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, consent of the Company be and is hereby accorded to Mr.V.M.L.Ganesan, a relative of Messrs.V.M.Lakshminarayanan, Chairman, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as General Manager-Marketing with retrospective effect from 1.6.2013 on the following remuneration:

I. SALARY AND PERQUISITES

1. Salary	₹.23,52,000/- per annum or ₹.1,96,000/- per month, including dearness and all other allowances
2. Medical reimbursement	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 Air fare to any place in India and abroad once a year.
4. Bonus	As per rules of the Company, not exceeding one month’s salary.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
5. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed ₹.5,000/- per annum.
6. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (6) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix 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>	

7. 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 ₹.10 lakhs.
8. Encashment of Leave at the end of the tenure.	As per rules of the Company
9. Car	Use of Company maintained car with driver for official purposes.
10. 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	

REIMBURSEMENT OF EXPENSES:

(i) 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.

(ii) 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.

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

“That pursuant to the provisions of the 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, consent of the Company be and is hereby accorded to Mr.V.M.S.Selvamuthukumar, a relative of Messrs.V.M.Lakshminarayanan, Chairman, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as General Manager-Marketing with retrospective effect from 1.6.2013 on the following remuneration:

I. SALARY AND PERQUISITES

1. Salary	₹.23,52,000/- per annum or ₹.1,96,000/- per month, including dearness and all other allowances
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2. Medical reimbursement	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 Air fare to any place in India and abroad once a year.
4. Bonus	As per rules of the Company, not exceeding one month's salary.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
5. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed ₹.5,000/- per annum.
6. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (6) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix 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>	
7. 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 ₹.10 lakhs.
8. Encashment of Leave at the end of the tenure.	As per rules of the Company
9. Car	Use of Company maintained car with driver for official purposes.
10. 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	

REIMBURSEMENT OF EXPENSES:

- (i) 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.
- (ii) 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.

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

“That pursuant to the provisions of the 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, consent of the Company be and is hereby accorded to Mr.V.M.G.Mayuresan, a relative of Messrs.V.M.Lakshminarayanan, Chairman, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director, Mr.V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as General Manager-Corporate Strategy with retrospective effect from 1.6.2013 on the following remuneration:

I. SALARY AND PERQUISITES

1. Salary	₹.23,04,000/- per annum or ₹.1,92,000/- per month, including dearness and all other allowances
2. Medical reimbursement	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 Air fare to any place in India and abroad once a year.
4. Bonus	As per rules of the Company, not exceeding one month’s salary.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
5. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed ₹.5,000/- per annum.
6. Annual Leave and leave encashment Benefits	As per rules of the Company
Note 1: Perquisites (2) to (6) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.	

Note 2: The Board of Directors will have the liberty to re-fix 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.

7. 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 ₹.10 lakhs.
8. Encashment of Leave at the end of the tenure.	As per rules of the Company
9. Car	Use of Company maintained car with driver for official purposes.
10. 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	

REIMBURSEMENT OF EXPENSES:

(i) 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.

(ii) 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.

19. 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, (excluding such properties having prior charge with some other banks / institution outside the consortium) 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 working capital consortium banks of the company, namely:

- i. State Bank of Travancore (SBT)
- ii. IDBI Bank Ltd. (IDBI)
- iii. Bank of Baroda (BOB)
- iv. Axis Bank Ltd. (AXIS)
- v. ING Vysya Bank Ltd. (ING)

To secure:

- a) SBT - of its Working Capital Facilities of ₹.105 Crores
- b) IDBI - of its Working Capital Facilities of ₹.77 Crores
- c) BOB - of its Working Capital Facilities of ₹. 73 Crores
- d) AXIS - of its Working Capital Facilities of ₹.75 Crores
- e) ING - of its Working Capital Facilities of ₹.55 Crores

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 / AXIS / ING 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 from time to time with SBT / IDBI / BOB / AXIS / ING 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.”

Navalur – 603103
Date:30th May, 2013

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 26th July, 2013 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 22nd to 26th July 2013 (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 Mumbai, Madras 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 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, 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 26th JULY, 2013**

Item No.7:

At the Extraordinary General Meeting of the Company held on 24.12.2011, through a special resolution, subject to approval of the Central Government, members amended Article 83 of the Articles of Association of the Company, raising the maximum number of Directors on the Board from 12 to 16. Ministry of Corporate Affairs vide their letter SRN No.B35459247/1/2012-CL-VII dated 10.7.2012 approved under Section 259 of the Companies Act 1956 the said increase by amending Article 83, stipulating that the said increase in the number of Directors has to be given effect within a period of one year from the date of issue of their order, i.e., 10.7.2012.

At the meeting of the Board of Directors ('the Board') held on 30th May 2013, Mr.T.R.Srinivasan was appointed Additional Director of the Company with effect from 1st June 2013, 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.Srinivasan will hold office upto the ensuing 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.T.R.Srinivasan as Director of the Company. Mr.Srinivasan 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.Srinivasan, after completing post-graduation in Physics from the University of Delhi in 1969 and after a brief stint as Probationary Officer in a Public Sector Bank, was selected by the Union Public Service Commission for the Indian Administrative Service (IAS) in July 1971. He has over 35 years of wide ranging experience in the Government, having worked at both Policy Planning and Implementation in different sectors. These include urban planning and development, forecasting food requirement, procurement, management and distribution, planning and development of industrial infrastructure.

His achievements include turn-around of loss making PSUs, SIPCOT and TANSI to Profit within two years; Restoration of Chennai Airport functioning within a day after terror blast; Rapid rehabilitation of cyclone population, Promotion and sale of IT Park within record time, attracting a large number of auto component industries to Tamil Nadu State, as a part of promoting the State as an auto hub. After holding top positions like Director of Town & Country Planning, Chennai; Collector, Chengalpattu District; Chairman and Managing Director of Tamil Nadu Civil Supplies Corporation; Secretary to Government, Food, Co-operation and Consumer Protection Departments, Chennai; Chairman and Managing Director, State Industries Promotion Corporation (SIPCOT), Chennai; Chairman & Managing Director, Small Industries Development Corporation (SIDCO), Chennai, he retired in the year 2008 as Vice Chairman, Chennai Metropolitan Development Authority (CMDA).

Having regard to his illustrious background, rich experience and eminent leadership qualities, the Board considers that his continuance on the Board will be beneficial to the Company and accordingly recommends the acceptance of the resolution set out as Item No.7 of the convening Notice.

No other Director of your Company other than Mr.T.R.Srinivasan is interested in the resolution.

Item No. 8:

At the Annual General Meeting of the Company held on 11th August 2011, Mr.V.M.Seshadri was appointed as Managing Director of the Company for a period of three years with effect from 01st June 2011. Subsequently, at the Annual General Meeting of the Company held on 31st August 2012, pursuant to the provisions of Section 309 read with Schedule XIII to the Companies Act, 1956, members through a Special Resolution approved the revised remuneration payable to Mr.Seshadri as Managing Director of the Company with effect from 01-09-2012 for the remaining period of his present tenure, i.e., upto 31st May, 2014.

Mr.Seshadri as the Managing Director of the Company has immensely contributed to the impressive performance and growth of the Company during the financial years 2011-12 and 2012-13. He is striving to further improve the Company's performance by opening new branches in States located in the western, northern and eastern parts of the country to accomplish the PAN INDIA presence of the Company's products. At this crucial juncture, his continuance as Managing Director will greatly help the Company in reaping the desired results in the coming years and scaling greater heights.

The Remuneration Committee and Board of Directors of the Company at their meetings held respectively on 27.5.2013 and 30.5.2013, subject to approval of the members in General Meeting, approved the reappointment of Mr.V.M.Seshadri as Managing Director of the Company for further period of three years w.e.f. 1.6.2014 on the same remuneration as approved by the Members at the Annual General Meeting of the Company held on 31.8.2012.

In the event of absence or inadequacy of profits during any financial year, the remuneration payable to Mr.Seshadri will be governed by the provisions of Schedule II of Part II of Schedule XIII.

Further, the Board seeks authority to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Seshadri from time to time within the limits prescribed under Schedule XIII to the Companies Act 1956 or any amendment(s) thereto without further reference to the Company in General Meeting or the Central Government.

Mr.Seshadri is a technocrat with 'hands on' experience in home appliances industry. He has managed all the key areas of the appliances business of erstwhile Gangadharam Appliances Limited (GAL - since merged with the Company). He was the Wholetime Executive Director of GAL from 16.7.2001 until its merger with the Company.

The Board recommends that the resolution being item no.8 of the convening notice for his reappointment be passed.

MEMORANDUM OF INTEREST:

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

No other director is interested or concerned in the resolution.

Item No. 9

At the Annual General Meeting of the Company held on 3rd November 2010, Mr.V.M.Gangadharam was reappointed as Wholetime Executive Director of the Company for a period of three years with effect from 01st October 2010. Subsequently, at the Annual General Meeting of the Company held on 31st August 2012, pursuant to the provisions of Section 309 read with Schedule XIII to the Companies Act, 1956, members through a Special Resolution approved the revised remuneration payable to Mr.Gangadharam as Wholetime Executive Director of the Company with effect from 01-09-2012 for the remaining period of his present tenure, i.e., upto 30th September 2013.

Mr.V.M.Gangadharam as Executive Director has richly contributed for successfully achieving the accelerated growth milestones of the Company. His untiring efforts for ensuring time-bound supplies against the orders of Tamil Nadu Civil Supplies Corporation Limited (TNCSC) during the financial years 2011-12 and 2012-13 is praise worthy. His relentless efforts for continuing and sustaining the impressive growth of the Company are expected to take it nearer to its peers. Hence his continuance as Wholetime Executive Director will be highly beneficial to the Company.

The Remuneration Committee and Board of Directors of the Company at their meetings held respectively on 27.5.2013 and 30.5.2013, subject to approval of the members in General Meeting approved the reappointment of Mr.V.M.Gangadharam as Wholetime Executive Director of the Company for further period of three years w.e.f. 1.10.2013 on the same remuneration as approved by the Members at the Annual General Meeting of the Company held on 31.8.2012.

In the event of absence or inadequacy of profits during any financial year, the remuneration payable to Mr.Gangadharam will be governed by the provisions of Schedule II of Part II of Schedule XIII.

Further, the Board seeks authority to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Gangadharam from time to time within the limits prescribed under Schedule XIII to the Companies Act 1956 or any amendment(s) thereto without further reference to the Company in General Meeting or the Central Government.

At the Annual General Meeting held on 29.10.1994, Mr.Gangadharam was appointed as Wholetime Executive Director of the Company w.e.f.1.10.1994 and since then, with the approval of the Members, he

has been continuing as the Wholtime Executive Director of the Company. His present term expires on 30.09.2013.

Mr.Gangadharam is a technocrat having wide experience in the production and marketing of home appliances for about four decades. He has richly contributed for the Company's progress all these years.

The Board recommends that the resolution being item no.9 of the convening notice for his reappointment be passed.

MEMORANDUM OF INTEREST:

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

No other Director is interested or concerned in the resolution.

Item No. 10

At the meeting of the Board of Directors ('the Board') held on 30th May 2013, Mr.D.Krishnamurthy was appointed Additional Director of the Company with effect from 1st June 2013, 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.Krishnamurthy will hold office upto the ensuing 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.Krishnamurthy as Director of the Company. Mr.D.Krishnamurthy 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.

Having regard to his background, experience and expertise in Company Law matters and Company Administration and his long association of over two decades with the Company, the Board considers that his continuance on the Board will be beneficial to the Company and accordingly recommends the acceptance of the resolution set out in Item No.10 of the Notice convening the meeting.

The Board recommends that the resolution be passed.

No other director of the Company other than Mr.D.Krishnamurthy is interested or concerned in the resolution.

Item No.11:

At the Annual General Meeting of the Company held on 28th December 2007, Mr.D.Krishnamurthy was appointed as Wholtime Executive Director-cum-Company Secretary of the Company with effect from

1st November 2007. He held the said Office upto 10th May 2012. In order to comply with the provisions of Clause 49 of the Listing Agreement concerning the proportion of Independent Directors vis-a-vis Non-Independent Directors he resigned from the Board.

The Remuneration Committee at its meeting held on 27th May 2013 considered the following factors in connection with the appointment and remuneration payable to Mr.D.Krishnamurthy as Wholetime Executive Director-cum-Company Secretary of the Company for a period of three years w.e.f. 1.6.2013.

In recent years, there has been phenomenal increase in the overall salaries and perquisites of managerial personnel throughout the country, both in the public as well as private sectors. Considering these factors and also having regard to the prevailing remuneration package for experienced professionals like him in this line, the Committee, subject to approval of the Members through a special resolution in General Meeting, the board approved appointment of Mr.Krishnamurthy as Wholetime Executive Director-cum-Company Secretary with effect from 1st June 2013 on the terms and conditions with regard to his remuneration as set out in Item No.11 of the Notice convening the meeting.

In the event of absence or inadequacy of profits during any financial year, the remuneration payable to Mr.Krishnamurthy will be governed by the provisions of Schedule II of Part II of Schedule XIII.

Further, the Board seeks authority to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Krishnamurthy from time to time within the limits prescribed under Schedule XIII to the Companies Act 1956 or any amendment(s) thereto without further reference to the Company in General Meeting or the Central Government.

Mr.Krishnamurthy is a Fellow Member of the Institute of Company Secretaries, a Law Graduate and holder of Post Graduate Diploma in Financial Management with rich experience of over 25 years in multinational Companies. He has been with the Company for the past 22 years.

The Board recommends that the resolution be passed.

MEMORANDUM OF INTEREST:

Mr.D.Krishnamurthy is interested or concerned in the resolution for his appointment and remuneration. Apart from him, no other Director is interested or concerned in the resolution.

Item No. 12:

Mr.V.M.S.Kumaraguru, aged 33 years, is a commerce graduate from Madras University. At the Annual General Meeting of erstwhile Gangadharam Appliances Limited (GAL) held on 29.9.2001, he was appointed to hold the position of Assistant General Manager-Marketing with effect from 1.10.2001. Subsequently, at the Extraordinary General Meeting of GAL held on 1.3.2007, he was elevated to the position of General Manager-Marketing with effect from 1.11.2006. Thereafter, at the Annual General Meeting of GAL held on 30.6.2009, his remuneration as General Manager-Marketing was revised.

Attracted by the export business prospects in the U.K. and other European Countries, Mr.Kumaraguru resigned from GAL and incorporated a Company in the U.K in the name and style 'Butterfly Appliances Europe Limited' (BAEL) on 16.2.2011. Within a short span of eighteen months he was able to establish the business of BAEL in the UK.

Considering the export potential in the U.K. and other European markets for Company's range of products, a Branch office of the Company was opened in the UK on 30.10.2012 after BAEL, represented by Mr.Kumaraguru, executed a Non-Compete Agreement in favour of the Company.

The Selection Committee comprising four Independent Directors of the Company and Mr.P.Subramanian, an Independent Marketing Consultant, after interviewing Mr.Kumaraguru, at their meeting held on 17.12.2012, after examining the qualifications, background and the presentation made by Mr.Kumaraguru at the time of interview, subject to approval of the Board of Directors and the Shareholders at the ensuing Annual General Meeting by a Special Resolution, recommended the appointment of Mr.Kumaraguru as Head-Export Operations. The Board of Directors through a Circulatory Resolution dated 18.12.2012 approved his appointment as Head-Export Operations with effect from 1.1.2013 and the remuneration payable, as mentioned in Item No.12 of the Notice convening the meeting.

In terms of the provisions under Section 314(1)(b) of the Companies Act 1956, a Special Resolution according the consent of the members for the above appointment of Mr.Kumaraguru is to be passed at the General Meeting of the Company held for the first time after his holding such office or place of profit carrying monthly emoluments not exceeding ₹.2,50,000/-

Having regard to the experience of over 11 years in marketing home appliances in India and abroad, and the aggressive export marketing plans of the Company, your Directors recommend the appointment of Mr.V.M.S.Kumaraguru as Head-Export Operations and the remuneration payable to him as proposed in Item No.12 convening the meeting.

MEMORANDUM OF INTEREST:

Messrs.V.M.Lakshminarayanan, Chairman & Managing Director, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director, V.M.Gangadharam, Executive Director and Mr.V.M.Kumaresan, Executive Director-Technical, who are relatives of Mr.Kumaraguru, are also deemed to be concerned or interested in the resolution.

No other Director is interested or concerned in the resolution.

Item Nos. 13-18:

At the Annual General Meeting of the Company held on 11th August 2011 members approved the following appointments and remuneration payable to the appointees, pursuant to the provisions of Section 314(1)(b) of the Companies Act 1956.

Name	Designation	Annual Salary	Perquisites
V.M.L.Karthikeyan	Executive Vice President-Marketing	19,92,000	Monetary value not exceeding 50% of his annual salary
V.M.G.Viswanathan	Senior General Manager- Materials Management	18,00,000	Monetary value not exceeding 50% of his annual salary
V.M.L.Senthilnathan	Senior General Manager- Technical	18,00,000	Monetary value not exceeding 50% of his annual salary
V.M.L.Ganesan	General Manager- Marketing	16,80,000	Monetary value not exceeding 50% of his annual salary
V.M.S.Selvamuthukumaran	General Manager- Marketing	16,80,000	Monetary value not exceeding 50% of his annual salary
V.M.G.Mayuresan	Deputy General Manager - Production	15,00,000	Monetary value not exceeding 50% of his annual salary

A Selection Committee of independent Directors and a Management expert in the respective fields of service of the above named executives reviewed their performance vis-a-vis remuneration structure. Considering the outstanding performance of each of them in their respective fields of operations in the Company, the Selection Committee recommended improvement in their respective salary structure within the parameters stipulated by Ministry of Corporate Affairs vide notification No.G.S.R.303E dated 6.4.2011, raising the upper ceiling on remuneration payable to Directors' relatives holding office or place of profit to ₹.2,50,000/- per month with the approval of the Members through a Special Resolution in General Meeting.

The Selection Committee, inter-alia, also approved the promotion and change of designation of Mr.V.M.G.Mayuresan, as General Manager-Corporate Strategy, as he has exhibited immense talent in this field.

The revised remuneration to the above relatives of Directors as compared with the remuneration package for similar positions in the industry, is considered as minimum remuneration for their performance. The same has been fixed conforming to the Companies internal practices as also industries standards, as the Directors' relatives excelling or standing equal to those of outside professionals deserve parity in compensation without constraint. Similarly placed employees in the Company are, and will be getting comparable salary.

The Board recommends that the resolutions being Item Nos. 13 to 18 of the Notice convening the meeting be passed.

MEMORANDUM OF INTEREST:

Messrs.V.M.Lakshminarayanan, Chairman & Managing Director, V.M.Balasubramaniam, Director, V.M.Seshadri, Managing Director, V.M.Gangadharam, Executive Director and Mr.V.M.Kumaresan, Executive Director-Technical, who are relatives of Messrs.V.M.L.Karthikeyan, V.M.G.Viswanathan, V.M.L.Senthilnathan, V.M.L.Ganesan, V.M.S.Selvamuthukumaran and V.M.G.Mayuresan are deemed to be concerned or interested in the resolution.

No other Director is interested or concerned in the resolution.

Item No.19:

At the Annual General Meeting of the Company held on 31.8.2012, specific consent of the members was granted for mortgaging the properties of the Company as a security against the then sanctioned facilities by the consortium members. Subsequently, there has been change in the composition of the consortium members in that The South Indian Bank Ltd (SIB) ceased to be the Company's banker and two new banks viz., Axis Bank Limited and ING Vysya Bank Limited, have been included as consortium members. In order to take care of this change as also the enhanced facilities now availed by the Company, the consortium members require specific consent of the members for mortgaging the properties of the Company as a security against such enhanced facilities and future enhancements.

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-of 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 anyway concerned or interested in the Resolution

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 reappointment of the Managing Director 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 and Pressure Cookers.
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2. Date or expected date of commencement of commercial production	The Company commenced commercial production on 24 th 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.
6. Foreign Investments or collaborations, if any	Nil

II. Information about the Appointee:

a. Reappointment of Mr.V.M.Seshadri as Managing Director:

1. Background details	Mr.Seshadri was on the Company's Board of Directors from April 1990 to September 2001. He resigned from the Board on 29.9.2001 as he had to pay undivided attention in the business affairs of erstwhile Gangadharam Appliances Ltd, where he was the Executive Director. He has 'hands on' experience of over four decades in all key areas of the home appliances industry. Mr.Seshadri was appointed Managing Director of the Company at its Annual General Meeting held on 11.8.2011 for a period of three years with retrospective effect from 1 st June 2011. He has widely travelled and has sound knowledge and business acumen to run the Company and take it to greater heights.
2. Past remuneration	As Managing Director of the Company members approved salary of ₹.2,00,000/- per month i.e., ₹.24,00,000/- per annum and perquisites restricted to an amount equal to 50% of his annual salary. His remuneration

	<p>was revised with effect from 01st September, 2012 for the remaining portion of his tenure to ₹.2,90,000/- per month with perquisites not exceeding 20% of his annual salary. In addition to salary, members also approved payment of commission on net profits to Mr.Seshadri and the other Managing/Executive Directors of the Company both together not exceeding the ceiling of 10% of the net profits as prescribed under Section 309(3) read with Schedule XIII of the Companies Act 1956.</p>
3. Recognition or awards	<p>Mr.Seshadri was appointed as Managing Director of the Company with effect from 01.06.2011. After his appointment, the annualized turnover of the Company for financial year 2010-11 which was just ₹.266.52 crores, rose to ₹.642.41 crores in financial year 2011-12 and ₹.806.99 crores in financial year 2012-13. The phenomenal growth in sales turnover of 141% in financial year 2011-12 and 25.62% in financial year 2012-13 as compared to the respective previous years is attributable to the hard work and business acumen of Mr.Seshadri. He has set higher sales targets for the coming years. He has been successful in establishing Company's branches in the North, East and Central India with a view to expand the Company's business and make PAN INDIA presence of 'Butterfly' products. He is also keen to expand the Company's export business. As a preliminary to this objective, a branch office of the Company has been opened in the U.K. facilitating export business in the U.K. and other European Countries.</p>
4. Job Profile and his suitability	<p>Subject to the overall control and superintendence of the Board of Directors, Mr.Seshadri is the Chief Executive of the Company for all its day to day operations. In view of his rich experience of 43 years in the home appliances industry, Mr.V.M.Seshadri is ideally suited to hold the position of Managing Director.</p>
5. Remuneration proposed	<p>As set out in Resolution No.8 of the Notice convening this Annual General Meeting.</p>

<p>6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. in the country of his origin)</p>	<p>In the organized sector of home appliances industry manufacturing similar products there are only a few Companies with similar synergies. In comparable Company like TTK Prestige Ltd, the remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Seshadri.</p>
<p>7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.</p>	<p>Mr.Seshadri 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. He is related to Messrs.V.M.Lakshminarayanan, Chairman & Managing Director, V.M.Balasubramaniam, Director, Mr.V.M.Gangadharam, Executive Director and Mr.V.M.Kumaresan, Executive Director-Technical. The Company has entered into contracts for purchase/supply of goods with private companies, firms in which the relatives of Mr.V.M.Seshadri and/or his relatives are Directors/Partners, for which previous approval of the Central Government has been obtained.</p>

b. Reappointment of Mr.V.M.Gangadharam as Executive Director:

<p>1. Background details</p>	<p>Mr.Gangadharam is a technocrat having rich experience in the manufacturing and marketing of home appliances for the past 41 years. He has richly contributed for the Company's progress as its Executive Director for the past two decades.</p>
<p>2. Past remuneration</p>	<p>As Executive Director of the Company for the period 01-10-2010 to 30-09-2013, members have approved salary of ₹.2,00,000/- per month i.e., ₹.24,00,000/- per annum and perquisites restricted to an amount equal to 50% of his annual salary to Mr.Gangadharam. His remuneration was revised with effect from 01st September, 2012 for the remaining portion of his tenure to ₹.2,80,000/- per month with perquisites not exceeding 20% of his annual salary. In addition to salary, members also approved payment of commission on net profits to Mr.Gangadharam and the</p>

	other Managing/Executive Directors of the Company both together not exceeding the ceiling of 10% of the net profits as prescribed under Section 309(3) read with Schedule XIII of the Companies Act 1956.
3. Recognition or awards	The sales turnover of the Company had a very impressive growth of 141% in financial year 2011-12, as compared to the previous year. Mr.Gangadharam excellently planned the increase in the capacity for manufacture of the products to match with the phenomenal increase in sales turnover. In view of the projected future higher sales turnover, he is putting in ceaseless efforts to gear up and update the manufacturing facilities.
4. Job Profile and his suitability	Mr.V.M.Gangadharam as the Executive Director of the Company is the functional head for the production and marketing activities of the Company, under the superintendence of the Managing Director. In view of his rich experience of over four decades in the home appliances industry, Mr.V.M.Gangadharam is ideally suited to hold the position of Executive Director. During his tenure, he has exhibited high and rare business skills and has contributed to the growth of the Company.
5. Remuneration proposed	As set out in Resolution No.9 of the Notice convening this Annual General Meeting.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. in the country of his origin)	In the organized sector of home appliances industry manufacturing similar products there are only a few Companies with similar synergies. In comparable Company like TTK Prestige Ltd, the remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Gangadharam.
7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Mr.Gangadharam 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.Gangadharam is related to Messrs. V.M.Lakshminarayanan, Chairman & Managing Director, V.M.Balasubramaniam, Director, Mr.V.M.Seshadri,

	Managing Director and Mr.V.M.Kumaresan, Executive Director-Technical. The Company has entered into contracts for purchase/supply of goods with private companies, firms in which the relatives of Mr.V.M.Gangadharam and/or his relatives are Directors/ Partners, for which previous approval of the Central Government has been obtained.
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c. Appointment of Mr.D.Krishnamurthy as Executive Director-cum-Company Secretary

1. Background details	Mr.D.Krishnamurthy is a Fellow Member of the institute of Company Secretaries, a Law Graduate and holder of post graduate Diploma in Finance & Management with rich experience over 25 years in multinational companies prior to joining the Company. He was appointed as Secretary of the Company with effect from 1.10.1993 and was elevated to the position of Wholetime Executive Director-cum-Company Secretary of the Company with effect from 01.11.2007, which office he held till 10.05.2012.
2. Past remuneration	At the Annual General Meeting of the Company held on 3 rd November 2010, members through a Special Resolution approved salary of ₹.12 lakhs per annum (₹.1 lakh per month) and 50% of the said salary viz., ₹.6 lakhs per annum as perquisites for Mr. Krishnamurthy.
3. Recognition or awards	Immense contribution in the Secretarial and legal areas for the past over two decades and especially in facilitating the Private Equity Participation in the Company.
4. Job Profile and his suitability	Mr.D.Krishnamurthy as the Company Secretary of the Company is the functional head for Company Secretarial and all legal matters, under the superintendence of the Managing Director. In view of his rich experience of over 47 years in these functions Mr.Krishnamurthy is ideally suited to hold the position of Executive Director-cum-Company Secretary.
5. Remuneration proposed	As set out in Resolution No.11 of the Notice convening this Annual General Meeting.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. in the country of his origin)	In the organized sector of home appliances industry manufacturing similar products there are only a few Companies with similar synergies. In comparable Company like TTK Prestige Ltd, the remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Krishnamurthy.
7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Mr.D.Krishnamurthy 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. He is not related to any other managerial personnel of the Company.

III. Other Information:

1. Reasons of loss or inadequate profit:

Does not arise, as the Company is earning profits

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

Not Applicable

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

An increase of 25% over the financial year under review is projected for financial year 2013-14 with commensurate increase in profits.

IV. Disclosures:

- (1) Remuneration package of the managerial personnel:

Remuneration paid to the managerial personnel for the financial year ended on 31.03.2013 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 appointment and the remuneration payable to managerial personnel.
- (ii) Details of fixed components and performance linked incentives along with the performance criteria: Fixed remuneration and perquisites including minimum remuneration in the event of loss or inadequacy of profits have been provided to the Managing Director/Wholtime Executive Director. In addition, the Managing/Executive Director will be entitled to commission as explained

in the resolution Nos.8 and 9 respectively of the Notice convening the meeting. Fixed remuneration and perquisites including the minimum remuneration in the event of loss or inadequacy of profits have been provided to the Wholetime Executive Director-cum-Company Secretary as explained in resolution no.11.

- (iii) Service contracts, notice period, severance fees: Messrs.V.M.Seshadri, Managing Director and V.M.Gangadharam, Executive Director who are proposed to be reappointed, are Promoter-Directors. Hence no service contract, notice period and severance fees have been stipulated for them. In respect of appointment of Mr.D.Krishnamurthy as Executive Director-cum-Company Secretary, service contract as per Company's rules and a notice period of three months have been stipulated, with no severance fees.
- (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 26th JULY, 2013

(in pursuance to Clause 49 of the Listing Agreement)

Name of the Director	T.R.Srinivasan
Date of Birth	23.05.1948
Date of Appointment	01.06.2013
Expertise in specific Functional area	Financial and Project Planning, Management and Implementation.
Qualification	M.Sc Physics, Indian Administrative Service (Retd)
List of Outside Directorship held	Nil
Chairman/Member of the Board of Directors of the Company	Nil
Chairman/Member of the Committees of Directors of other Companies in which he is a Director	
a. Audit Committee	Nil
b. Remuneration Committee	Nil
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 26th JULY, 2013

(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	<p>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 practicing as Chartered Accountant combined with independent Financial Consultancy and Advisory Services.</p>	<p>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 tools for hard and high precision CNC Machining applications.</p> <p>International Experience: Since, 1970, widely travelled worldwide for technology, import of machines and export of industrial products.</p> <p>Mr.Kumar is the Hon. Consul in Chennai for the Republic of Indonesia.</p>	<p>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 position of CEO/ Managing Director in a Private Sector Non-Banking Finance Company. From 2000 to 2007, he was Executive Director in 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.</p>

Qualification	Chartered Accountant	Diploma in Mechanical Engineering	M.A., 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:	Nil	Nil
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 Nil	Nil Nil Nil	Nil Nil Nil
Shareholding, if any, in the Company	Nil	Nil	Nil

DIRECTORS' REPORT

Your Directors have pleasure in presenting this Twenty Sixth Annual Report together with the Audited Statement of Accounts, of the Company for the financial year ended on 31st March, 2013.

FINANCIAL RESULTS

(₹. in Lakhs)

	Financial year ended on 31.03.2013	Financial year ended on 31.03.2012
Sales	80699.66	64241.10
Operating Expenditure	73721.30	58483.59
Operating Profit	6978.36	5757.51
Other Income	513.76	563.75
Profit/(Loss) before Depreciation and Finance cost	7492.12	6321.26
Finance Cost	2233.15	1754.89
Depreciation	400.59	167.01
Profit/(loss) before Tax	4858.38	4399.36
Exceptional & Extraordinary items	(87.17)	24.65
IT for the current period	(1450.71)	(1,327.55)
Excess Provision (Net Deferred Tax)	21.80	(55.55)
Profit/(Loss) after Tax	3342.30	3040.92

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 ₹.2.50/- per equity share on 1,78,79,551 fully paid up equity shares of ₹.10/- each, after transferring ₹.335.16 Lakhs to General Reserve. The total cash outflow on account of this dividend, including tax on dividend, is ₹.522.95 lakhs.

REVIEW OF OPERATIONS

During the period under review, sales turnover recorded impressive growth of 25.62% and profit before interest and depreciation also improved by 18.52% as compared to the previous financial year. After providing for interest, depreciation and exceptional and extraordinary items before tax, the Company earned a profit of ₹.47.71 Crores. The Company is now focused on a growth curve, both in volume of sales and areas of operation and the result achieved is to be viewed in this perspective.

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

AWARDS AND RECOGNITION

At the Non-Fuel Channel Partners' Meet of IOCL held at Dharampur (Kasuali), Himachal Pradesh on 04th May, 2013, the Company was awarded a Certificate of Excellence for achieving on All India basis the highest sales of LPG Stoves co-branded with Indane during the financial year 2012-13.

CURRENT YEAR'S OPERATIONS

Taking into account the effective steps taken by the Company for accomplishing PAN INDIA market for its products, both for branded and institutional sales, and in anticipation of repeat orders from the Government of Tamil Nadu for supply of Table Top Wet Grinders / Mixer Grinders, your Company expects to sustain its growth rate.

The Company has recently introduced hard anodized Aluminium Pressure Cookers, new Mixer Grinder and Glass-Top LPG Stove models. In addition, new products like Hand Blenders and Chimneys have also been introduced. A host of new products and new models of existing products are in the pipeline.

The persistent inflationary trend in the country might affect the disposable income of the individuals which, in turn, can affect the Company's turnover/margins. Also, in view of the continuing free distribution programme of Table Top Wet Grinders and Mixer Grinders to eligible category of people in Tamil Nadu, turnover of these products through the regular distribution channel may be affected

OPENING OF BRANCH IN UNITED KINGDOM

With a view to establish regular exports of its products, the Company incorporated its branch office in the United Kingdom on 30th October 2012. This overseas Branch Office will take care of the export business of the Company in the UK and the neighbouring European Countries.

DIRECTORS

At the meeting of the Board of Directors of the Company held on 30th May 2013, the Board appointed Mr.T.R.Srinivasan as an Independent Additional Director with effect from 01.06.2013, who will hold office up to the date of this Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act 1956 proposing his candidature as a Director of the Company. Mr.Srinivasan is also willing to act as Director, if appointed.

At the same Board meeting, Mr.D.Krishnamurthy, Company Secretary was appointed as additional Director and Executive Director-cum-Company Secretary of the Company with effect from 01.06.2013, who will hold office up to the date of this Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act 1956 proposing his candidature as a Director of the Company. Mr.Krishnamurthy is also willing to act as Director, if appointed.

The present tenure of Messrs.V.M.Seshadri, Managing Director and V.M.Gangadharam, Executive Director expires respectively on 31.5.2014 and 30.9.2013. The Remuneration Committee at its meeting held on 27.5.2013 and the Board of Directors at its meeting held on 30.5.2013 have recommended their reappointment without any change in their existing remuneration package for a further term of three years respectively w.e.f. 1.6.2014 and 1.10.2013.

Messrs.A.Balasubramanian, K.J.Kumar and G.S.Samuel, 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.

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.

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.

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 Section 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.

PARTICULARS OF EMPLOYEES [SECTION 217 (2A)]

The particulars as required under Section 217(2A) of the Companies Act 1956 are given in Annexure "B" of the Directors' Report

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors confirm:

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.

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, Axis Bank, ING Vysya Bank Ltd, PEC Ltd, Religare Finvest Ltd, Fullerton India Credit Company Ltd, Tamil Nadu Civil Supplies Corporation, Indian Oil Corporation Ltd., Bharat Petroleum Corporation Limited and Hindustan 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

Navalur – 603 103

Date: 30.5.2013

ANNEXURE A

ANNEXURE TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2013

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	PREVIOUS YEAR
(a) Purchased Units	20,62,947	20,54,300
Total amount	₹. 2,09,56,393	₹. 1,39,14,702
Rate/Unit	₹. 10.16	₹. 6.77
(b) Own Generation		
Through Diesel Generator	₹. 3,65,56,620	₹. 2,92,50,637
Units	22,93,587	19,87,815
Cost/Unit	₹. 15.94	₹. 14.71

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	(₹. in lakhs)
(A) Capital	Nil
(B) Recurring	45.65
(C) Total	45.65
(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 - ₹.6.47 Crores

Foreign Exchange outgo - ₹.124.99 Crores

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

Navalur – 603 103

Date: 30.5.2013

ANNEXURE B

ANNEXURE TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR OF ENDED ON 31st MARCH, 2013 STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2013

S.No.	Name	Designation	Qualification	Experience in years	Remuneration (Rs.)	Age	Date of commencement of employment	Particulars of last employment
1.	V.M.Lakshminarayanan Promoter-Director	Chairman & Managing Director	Technocrat	46	1,43,66,250	64	01-12-2011	Chairman & Managing Director - Gangadharam Appliances Limited
2.	V.M.Seshadri Promoter-Director	Managing Director	Technocrat	42	1,36,42,350	60	01-06-2011	Executive Director - Gangadharam Appliances Limited
3.	V.M.Gangadharam Promoter-Director	Executive Director	Technocrat	41	1,35,53,450	58	01-10-1994	Not Applicable
4.	V.M.Kumaresan Promoter-Director	Executive Director- Technical	Technocrat	32	1,35,53,450	49	01-06-2007	Not Applicable

Note: Remuneration includes Salary, Perquisites Commission payable on net profits, Contribution to Provident Fund, Gratuity and Superannuation Schemes, as applicable.

ANNEXURE C

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY/INDUSTRIAL SCENARIO

The fiscal year 2012-13 witnessed a lower rate of growth in the economy. The real GDP growth rate was only 5% as compared to a growth rate of 6.2% in the previous fiscal year. During the year severe inflationary trend continued to be felt at consumer price levels. The Indian Rupee depreciated sharply, which had an adverse impact across all sections of the economy, especially those sections which depended on imports. The cascading effect of these factors adversely affected consumer spending, especially on home appliances and white goods.

Against this backdrop, your company was able to keep up its momentum of growth and grew by about 25.62% in 2012-13, over and above the growth of 141% achieved in the previous year, as compared to respective previous years.

Your Company operates in the kitchen appliances segment with its product range consisting of Pressure Cookers, LPG Stoves, Mixer Grinders and Table Top Wet Grinders. The market for all these products is shared amongst organized and unorganized players. Over the years, the share of the unorganized players is gradually coming down as there has been a shift in the consumer preference to reliable branded players. The market for organized players is estimated around 60% of the total market. Some multinational corporations have entered the domestic kitchen electrical appliances segment by acquiring regional brands. The entry of multinationals and large domestic companies can pave the way for further growth of organized brand players. However, the real impact of such growth is yet to be felt.

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 kitchen appliances
- The kitchen appliances manufactured by the Company are day-to-day utility products
- 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 Indigenization 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 Weakness mainly arises from:

- a. Domestic and international economic scenario, showing a downward trend
- b. Competition from the unorganized players, who resort to unviable low pricing strategies.

However, great opportunities are foreseen in view of:

- a. Present focus on PAN INDIA presence of Company's products.
- b. Technologically improved new products in the pipeline.
- c. Greater thrust on export markets.
- d. Expertise in sales and service backup for its products.

The threats to be overcome are:

- a. Business competition from unorganized sectors
- b. Competition from larger business houses in the industry
- c. Import of cheap kitchen appliances products from China

PERFORMANCE ANALYSIS

HIGHLIGHTS AS COMPARED TO PREVIOUS YEAR

- Revenue from Operations increased by 25.62% to ₹.806.99 Crores (inclusive of Excise Duty)
 - PBDIT increased by 18.52% to ₹.74.92 Crores
 - Profit before Tax increased by 7.85% to ₹.47.71 Crores
 - Net Profit increased by 9.91 % to ₹.33.42 Crores
1. The continuing appreciation of dollar against rupee resulted in increase of input cost of imported materials/products.
 2. In view of the mass production requirements to meet scheduled supplies against the Tamil Nadu Civil Supplies Corporation orders, additional production units/labour force have been 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.
 3. In spite of the Tamil Nadu Government's continuing free distribution programme of Table Top Wet Grinders and Mixer Grinders to eligible families in Tamil Nadu, the Company recorded a growth of 22.63% in sales turnover through its regular marketing channel as compared to the previous financial year.

4. The finance cost increased mainly due to
 - (a) exchange loss
 - (b) processing fee paid to the banks, including new bankers for facilities sanctioned during the financial year and
 - (c) Opening of more number of new LCs, to cope with the larger quantity of Table Top Wet Grinder supplies made to Tamil Nadu Civil Supplies Corporation.
5. The increase in the inventory level as on 31.3.2013 is for completing supplies against the Tamil Nadu Civil Supplies Corporation Order, which extended upto May 2013.

PRODUCT-WISE PERFORMANCE

The Company's sales turnover at ₹.806.99 crores for the year under review showed increase of 25.62% as compared to the sales turnover of ₹.642.41 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 (₹.)	% on total value
LPG Stove	10,38,086	179,00,58,383	45.58
Mixer Grinder	4,56,267	91,45,32,880	23.29
Table Top Wet Grinder	1,88,225	57,03,61,659	14.52
Cooker/Pan	7,92,377	65,21,60,447	16.61
Total		392,71,13,369	100.00

Average Price Realizations (per piece):

Product Name	Financial year: 2012-13	Financial year: 2011-12
LPG Stove	1,724	1,630
Mixer Grinder	2,004	1,888
Table Top Wet Grinder	3,030	4,478
Cooker/Pan	823	800

The new model 'RHINO' Mixer Grinder and Table Top Wet Grinder launched during the financial year under review enjoyed good market acceptance.

Your Company bagged order for the highest number of Table Top Wet Grinders (approx. 60% of the total quantity tendered) against the tender floated by the Tamil Nadu Civil Supplies Corporation (TNCSC).

Details of supplies made against the orders of TNCSC during financial year ended 31-03-2013 are as follows:

(₹. in crores)		
Product	Quantity (Nos.)	Value
Table Top Wet Grinder	16,08,611	336.37
Mixer Grinder	2,97,024	32.42
Total Value	19,05,635	368.79

EXPORTS

Export turnover at ₹.6.47 crores for the financial year ended on 31-03-2013 was lower as compared to ₹.7.03 crores for the financial year ended on 31-03-2012. The Company has opened its Branch in the U.K. in October 2012 focusing the U.K. and its neighbouring European Countries in the expectation of larger export volumes in the current financial year.

CAPITAL EXPENDITURE AND EXPANSION PLANS

With a view to augment the production capacities of Company's existing/new products, capital expenditure of ₹.40 crores has been envisaged during the current financial year.

OUTLOOK

Sales to the Government of Tamil Nadu, which comprise Table Top Wet Grinders and Mixer Grinders during the year under review, supported the Company's top line growth. The branded Retail-cum-Institutional Sales, which contributed 54.30% of the total revenues during the financial year under review, has registered a healthy growth rate of about 22.63% over the previous year. The Company expects the growth momentum in the retail segment to continue at similar rate over the medium term, backed by increasing penetration in the new areas like Western and Northern India.

The range of branded goods has been expanded during the current year with the addition of various models of Hand Blenders and Chimneys. New models in manufactured products like pressure cookers, including inner lid pressure cookers and mixer grinders are expected to be launched in stages during the current financial year. With the introduction of these new items, the Company is making every endeavour to improve its operating profitability.

The Company's financial health continues to be strong, marked by healthy network, strong debt protection metrics and healthy capital structure. Its liquidity remains strong, with low utilization of cash credit limits and healthy net cash accruals as compared to maturing debt obligations.

INTERNAL CONTROLS

The Company has now successfully completed implementation of the SAP System which will ensure better business and financial control.

ENVIRONMENT REPORT

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

DEVELOPMENT IN HUMAN RESOURCES

The Company's workforce during financial year 2012-13 vis-a-vis the previous year is as follows:

Category	2012-13	2011-12
Executives	330	306
Staff & Workers	2,195	1,872
Total	2,525	2,178

The increase in the Company's workforce during the financial year 2012-13 was due to larger volume of TNCSC orders as compared to the previous year. The number of marketing/sales Executives and Staff has been increased as compared to the previous year in view of opening new branches in the North, Central and Eastern parts of India.

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 D

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 fourteen Directors of whom seven are Non-Executive Independent Directors as follows:

Name of the Directors	Title	Category
Mr.V.M.Lakshminarayanan	Chairman and Managing Director	Promoter Non-Independent
Mr.V.M.Balasubramaniam	Vice Chairman and Non-Executive Director	Promoter Non-Independent
Mr.V.M.Seshadri	Managing Director	Promoter Non-Independent
Mr.V.M.Gangadharam	Executive Director	Promoter Non-Independent
Mr.V.M.Kumaresan	Executive Director-Technical	Promoter Non-Independent
Mr. D.Krishnamurthy	Executive Director-cum-Company Secretary	Non-Independent
Mr.R.S.Prakash	Nominee Director-Equity Investor	Non-Independent
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. T.R.Srinivasan	Non-Executive Director	Independent

(ii) ATTENDANCE OF EACH DIRECTOR AT THE BOARD OF DIRECTORS MEETINGS AND THE LAST ANNUAL GENERAL MEETING DURING THE FINANCIAL YEAR ENDED 31st MARCH, 2013.

Name of Director	Board Meetings Attended	Attendance at the last AGM (31.08.2012) Yes/No	Attendance at EGM (16.04.2012) Yes/No
Total no. of meetings held during the year	9	1	1
Mr.V.M.Lakshminarayanan	9	Yes	Yes
Mr.V.M.Balasubramaniam	5	No	No
Mr.V.M.Seshadri	9	Yes	Yes
Mr.V.M.Gangadharam	7	No	Yes
Mr.V.M.Kumaresan	8	Yes	Yes
Mr. K.Ganesan	9	Yes	Yes
Mr.V.R.Lakshminarayanan	3	No	Yes
Mr.M.Padmanabhan	6	Yes	No
Mr.D.Krishnamurthy*	1	NA	Yes
Mr.A.Balasubramanian	8	Yes	Yes
Mr.K.J.Kumar**	5	Yes	NA
Mr.G.S.Samuel***	8	Yes	NA
Mr.R.S.Prakash****	8	Yes	NA

*Resigned w.e.f. 11.05.2012

**Appointed w.e.f. 11.05.2012

*** Appointed w.e.f. 11.05.2012

****Appointed w.e.f. 11.05.2012

(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, 2013

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	-	1	-
Mr.V.M.Gangadharam	1	-	1	-
Mr.V.M.Kumaresan	1	-	1	-
Mr. K.Ganesan	-	-	-	-
Mr.V.R.Lakshminarayanan	1	-	-	-
Mr.M.Padmanabhan	1	1	-	-
Mr.A.Balasubramanian	2	2	-	-
Mr.K.J.Kumar	-	-	5	-
Mr.G.S.Samuel	-	-	-	-
Mr.R.S.Prakash	2	1	-	-

(iv) NUMBER OF BOARD OF DIRECTORS' MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31ST MARCH, 2013 AND DATES ON WHICH HELD:

During the financial year ended 31st March, 2013, the Board met nine times on 16.4.2012, 11.5.2012, 30.5.2012, 29.6.2012, 20.7.2012, 14.8.2012, 31.8.2012, 31.10.2012 and 14.02.2013.

(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 31.03.2013 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.A.Balasubramanian, Independent Non-Executive Director – Member
- e) Mr.V.M.Lakshminarayanan, Chairman and Managing Director – Member (Non-Independent)

(iii) Meetings and attendance during Financial year ended 31st March, 2013:

During the financial year ended on 31st March, 2013, the Audit Committee met six times on 26.5.2012, 30.6.2012, 19.7.2012, 11.8.2012, 31.10.2012 and 14.2.2013.

Name of Director	Attendance at Audit Committee meetings
Total no. of meetings held during the year which were attended by the Members	6
Mr. K.Ganesan	6
Mr.M.Padmanabhan	5
Mr.V.R.Lakshminarayanan	1
Mr.A.Balasubramanian*	5
Mr.V.M.Lakshminarayanan	5

* Appointed as member w.e.f. 29.06.2012.

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, 2013

Mr.V.R.Lakshminarayanan	- Chairman
Mr.K.Ganesan	- Member
Mr.M.Padmanabhan	- Member
Mr.R.S.Prakash*	- Member

*Appointed w.e.f. 11.5.2012.

(iii) Meetings and Attendance during the financial year ended on 31.03.2013:

One Remuneration Committee meeting was held during the financial year on 19.7.2012.

Name of Director	Attendance at Remuneration Committee meeting
Total no. of meetings held during the year which were attended by the Members	1
Mr. K.Ganesan	1
Mr.M.Padmanabhan	1
Mr.V.R.Lakshminarayanan	-
Mr.R.S.Prakash	1

(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 Directors and Wholtime Executive Directors during the financial year ended on 31.03.2013 are as follows:

Remuneration (₹.)						
Name of Director	Designation	Salary	PF	Superannuation fund	Commission Payable on net profits	Total
Mr.V.M.Lakshminarayanan	Chairman and Managing Director	36,00,000	4,32,000	5,40,000	97,94,250	1,43,66,250
Mr.V.M.Seshadri	Managing Director	30,30,000	3,63,600	4,54,500	97,94,250	1,36,42,350
Mr.V.M.Gangadharam	Executive Director	29,60,000	3,55,200	4,44,000	97,94,250	1,35,53,450
Mr.V.M.Kumaresan	Executive Director – Technical	29,60,000	3,55,200	4,44,000	97,94,250	1,35,53,450
Mr.D.Krishnamurthy*	Executive Director-cum-Company Secretary	1,32,258	15,871	19,839	NA	1,67,968

*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 combined with commission on net profits with respect to the Promoter Directors. 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.

Stock Option details: Nil

vi. Directors' Sitting Fee:

The Non-Executive Directors were paid Sitting fee of ₹.10,000/- for each Board/Committee meeting attended by them. Details of such sitting fee paid to them during the financial year ended 31st March, 2013 are given below:

(₹.)

Name of the Director	Sitting Fees
Mr.K.Ganesan	3,55,000
Mr.V.M.Balasubramaniam	30,000
Mr.V.R.Lakshminarayanan	40,000
Mr.M.Padmanabhan	3,30,000
Mr.A.Balasubramanian	90,000
Mr.G.S.Samuel	55,000
Mr.R.S.Prakash	70,000
Mr.K.J.Kumar	35,000
TOTAL	10,05,000

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 once during the financial year ended on 31st March, 2013, i.e. 17.12.2012

6. EXECUTIVE COMMITTEE

(i) Brief description of terms of reference:

Pursuant to the provisions of Section 292 of the Companies Act 1956, the Board has formed an Executive Committee to facilitate opening of Current / Cash Credit Accounts and borrow monies from Banks.

(ii) Composition, name of members and Chairperson:

The Committee consisted of the following Directors during the financial year ended on 31st March, 2013

Mr.V.M.Seshadri	- Chairman
Mr.K.Ganesan	- Member
Mr.M.Padmanabhan	- Member

(iii) Meetings and Attendance during the financial year ended on 31.03.2013:

During the financial year ended on 31st March, 2013, the Executive Committee met six times on 08.09.2012, 13.09.2012, 12.10.2012, 16.11.2012, 15.12.2012 and 19.01.2013

Name of Director	Attendance at Executive Committee meetings
Total no. of meetings held during the year which were attended by the Members	6
Mr.V.M.Seshadri	6
Mr. K.Ganesan	6
Mr.M.Padmanabhan	6

7. SHARE TRANSFER-CUM-INVESTORS' GRIEVANCE COMMITTEE

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

Mr.K.Ganesan, Non-Executive Director is heading the Committee. The Committee consists of Messrs. K.Ganesan, Director and M.Padmanabhan, Director.

(ii) Meetings and Attendance during the financial year ended on 31.03.2013:

During the financial year ended on 31st March, 2013, the Share Transfer-cum-Investors' Grievance Committee met twenty one times on 05.04.2012, 02.05.2012, 06.06.2012, 03.07.2012, 20.07.2012, 07.08.2012, 25.08.2012, 31.08.2012, 15.09.2012, 29.09.2012, 13.10.2012, 31.10.2012, 15.11.2012, 01.12.2012, 15.12.2012, 01.01.2013, 16.01.2013, 01.02.2013, 14.02.2013, 01.03.2013 and 16.03.2013.

Name of Director	Attendance at Share Transfer-cum-Investors' Grievance Committee meetings
Total no. of meetings held during the year which were attended by the Members	21
Mr. K.Ganesan	21
Mr.M.Padmanabhan	20

(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 153 shareholders' complaints mainly pertaining to non-receipt of dividend, annual reports, share certificates sent for transfer, etc. All the complaints were duly attended by the Company/Share Transfer Registrars and there is no pending complaint.

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

8. GENERAL BODY MEETINGS

Location and time, where last three AGMs held:

YEAR	LOCATION	DATE	TIME
2011-2012	143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam - 603 103, Kancheepuram District, Tamil Nadu	31-08-2012	11.30 a.m.
2010-2011	- do -	11-08-2011	11.00 a.m.
2009-2010	- do -	03-11-2010	11.00 a.m.

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

1. 2009-2010: YES

- 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.
- 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.

2. 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 ₹.10 Crores to ₹.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 w.e.f. 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 w.e.f. 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 w.e.f. 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 w.e.f. 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 w.e.f. 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 w.e.f. 01-06-2011 with enhancement in remuneration.

3. 2011-2012: YES

- a. Special Resolution under Section 309 read with Schedule XIII of the Companies Act, 1956 for revision of remuneration payable to Mr.V.M.Lakshminarayanan, Managing Director w.e.f. 01.09.2012 for the remaining period of his present tenure, i.e., 30.11.2014
- b. Special Resolution under Section 309 read with Schedule XIII of the Companies Act, 1956 for revision of remuneration payable to Mr.V.M.Seshadri, Managing Director w.e.f. 01.09.2012 for the remaining period of his present tenure, i.e., 31.5.2014.
- c. Special Resolution under Section 309 read with Schedule XIII of the Companies Act, 1956 for revision of remuneration payable to Mr.V.M.Gangadharam, Executive Director w.e.f. 01.09.2012 for the remaining period of his present tenure, i.e., 30.09.2013
- d. Special Resolution under Section 309 read with Schedule XIII of the Companies Act, 1956 for revision of remuneration payable to Mr.V.M.Kumaresan, Executive Director-Technical w.e.f. 01.09.2012 for the remaining period of his present tenure, i.e., 31.05.2013
- e. 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.Kumaresan as Executive Director-Technical w.e.f. 01-06-2013.

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

No Special Resolution was passed through Postal Ballot last year.

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

None

(v) Procedure for Postal Ballot:

Not Applicable

9. 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, 2013 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 u/s.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.

10. MEANS OF COMMUNICATION

- | | | |
|--|-----|--|
| (i) Quarterly results – | ... | The Unaudited Quarterly financial results are published in Newspapers as required under the Listing Agreement. |
| (ii) Newspapers wherein results normally published | ... | Economic Times (English)
Business Standard (English)
Business Line (English)
Makkal Kural (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 | ... | Not Applicable |

11. GENERAL SHAREHOLDER INFORMATION

Date, time and venue of Annual General Meeting:

i. The Twenty sixth Annual General Meeting will be held on 26th July, 2013 at 11.00 a.m at the Company's Corporate Office premises at E-34, Rajiv Gandhi Salai, Egattur Village, Navalur-603 103, Kancheepuram District, Tamil Nadu.

ii. Financial year: April, 2012 to March, 2013

iii. Date of Book Closure: 22nd to 26th July, 2013 (both days inclusive)

iv. Dividend Payment: 24th August, 2013

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 Ltd. : Gandhima
3. Madras Stock Exchange Ltd. : Gandha Appl.

vii. Demat ISIN Numbers: INE295F01017

viii. Market Price Data (High/Low during each month in the last financial year 2012-2013)

(₹.)

Sl.No.	Month	Month's Highest rate	Month's Lowest rate
01.	April, 2012	398.00	350.00
02.	May, 2012	399.00	330.25
03.	June, 2012	348.00	306.40
04.	July, 2012	358.80	316.25
05.	August, 2012	355.00	316.00
06.	September, 2012	357.55	325.00
07.	October, 2012	335.00	300.25
08.	November, 2012	327.95	292.00
09.	December, 2012	344.00	291.00
10.	January, 2013	321.00	275.00
11.	February, 2013	322.00	240.00
12.	March, 2013	290.00	270.00

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 31.3.2013

	CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
A	Promoter's holding Promoters & their relatives	1,15,71,278	64.72
B	Non-Promoters Holding		
1	INSTITUTIONAL INVESTORS		
	Private Equity Investor	24,51,000	13.71
	Mutual Funds/UTI	3,70,105	2.07
	Financial Institutions/Banks	—	—
2	NON-INSTITUTIONAL INVESTORS		
	a. Bodies Corporate	3,94,801	2.21
	b. Indian Public	30,11,486	16.84
	c. NRIs	80,881	0.45
	GRAND TOTAL	1,78,79,551	100.00

xiii. Distribution of shareholding as on 31.03.2013:

No. of Equity Shares Held	No. of Share holders	%	No. of Shares Held	%
1 – 500	12722	95.86	1202903	6.73
501 – 1000	237	1.79	195674	1.09
1001 – 2000	108	0.81	161055	0.90
2001 – 3000	52	0.39	131370	0.73
3001 – 4000	18	0.14	66303	0.37
4001 – 5000	25	0.19	114556	0.64
5001 – 10000	42	0.32	304031	1.70
Above 10000	67	0.50	15703659	87.84
TOTAL	13271	100.00	17879551	100.00
No. of shares held in physical form	9774	73.65	966759	5.41
No. of Shares held in electronic mode	3497	26.35	16912792	94.59
Total	13271	100.00	17879551	100.00

xiii . Dematerialization of shares and liquidity: As on 31.03.2013, 94.59% of the paid-up capital has been dematerialized.

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 :

UNIT	Address
I	No. 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam-603 103, Kancheepuram District, Tamil Nadu
II	No.41, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam-603 103, Kancheepuram District, Tamil Nadu
III	No.34, Rajiv Gandhi Salai, Egattur Village, Navalur-603 103, Kancheepuram District, Tamil Nadu
IV	No.26, Mambakkam-Medavakkam Road, Mambakkam, Chennai-600 048, 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 Executive Director-cum-Company Secretary at the Corporate Office at E-34, Second Floor, Rajiv Gandhi Salai, Egattur Village, Navalur-603103, Kancheepuram District, Tamil Nadu 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, 2013, 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.

Navalur - 603103

Date: 30th May, 2013

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

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.

Navalur – 603103
Date: 30th May, 2013

For and on behalf of the Board
V.M.Lakshminarayanan
Chairman and 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 2013 as stipulated in clause 49 of the Listing Agreement of the said Company entered into with Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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 Agreements.

We state that in respect of investor grievances received during the year ended on 31st March, 2013, 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 : 30th May, 2013

R.Rudhrakumar
Proprietor
Membership No.019444

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS TO THE MEMBERS OF BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Butterfly Gandhimathi Appliances Limited (the "Company"), which comprise the Balance sheet as at 31st March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the 'Act' in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance sheet, Statement of Profit and Loss 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',
 - (e) On the basis of written representations received from the Directors as at March 31, 2013, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the 'Act'.

For RUDHRAKUMAR ASSOCIATES
Chartered Accountants
Registration No:007033S

Chennai – 600 017
Date : 30th May, 2013

R.Rudhrakumar
Proprietor
Membership No.019444

**ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF BUTTERFLY GANDHIMATHI APPLIANCES LIMITED
(Referred to in Paragraph 1 under 'Report on other Legal and Regulatory
Requirements' section of our Report of even date)**

1. In respect of the Company's fixed assets :
 - (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. In respect of the Company's Inventories :
 - (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. However, the discrepancies noticed on physical verification which were not material, have been properly dealt with, in the books of account.
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. In respect of contracts or arrangements entered in the Register maintained U/s 301 of the 'Act' :
 - (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 in excess of ₹. 5,00,000/- in respect of each party 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. In our opinion and according to the information and explanations given to us, 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 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. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
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 other statutory dues applicable to it with the appropriate authorities.
(b). There were no disputed dues payable on account of Income-tax, Wealth tax, Customs duty, Value Added Tax, Cess and other material statutory dues 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 ₹. 37.48 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 year.
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 a financial institution/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 during the year 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 prima facie not been used during the year for long term investments.
18. The Company has not made any preferential allotment of equity shares during the year to companies or parties covered in the register maintained u/s 301 of the 'Act'.
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

Chennai – 600 017
Date : 30th May, 2013

R.Rudhrakumar
Proprietor
Membership No.019444

BALANCE SHEET AS AT 31st MARCH, 2013

S.no	Particulars	Note No	As at 31st March 2013 ₹	₹ In lakhs As at 31st March 2012 ₹
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
a.	Share Capital	1	1,789.68	1,544.58
b.	Reserves and Surplus	2	18,339.00	6,017.26
c.	Money received against share Warrants		-	-
2	Share Application money pending allotment		-	-
3	Non-Current Liabilities			
a.	Long-term Borrowings	3	1,049.80	3,538.76
b.	Deferred Tax Liabilities (Net)		-	-
c.	Other Long-term Liabilities		-	-
d.	Long-term provisions	4	222.27	242.43
4	Current Liabilities			
a.	Short-term borrowings	5	3,708.18	7,095.35
b.	Trade Payables	6	22,040.49	7,293.32
c.	Other Current Liabilities	7	5,173.11	2,568.36
d.	Short-term provisions	8	1,833.91	743.14
	TOTAL		<u>54,156.44</u>	<u>29,043.20</u>
II	ASSETS			
1	Non-Current Assets			
a.	Fixed Assets			
i)	Tangible Asset	9	9,302.60	7,581.58
ii)	Intangible Asset	9	504.43	240.00
iii)	Capital Work-in-progress	10	383.95	79.14
iv)	Intangible Asset under Development	10	-	127.77
b.	Non-Current Investment		-	-
c.	Deferred Tax Assets (Net)	11	337.25	455.20
d.	Long-term Loans and Advances	12	132.16	21.27
e.	Other Non-Current Assets		-	-
2	Current Assets			
a.	Current Investment		-	-
b.	Inventories	13	15,879.41	7,172.87
c.	Trade Receivables	14	19,549.30	9,439.97
d.	Cash and Cash Equivalents	15	4,625.74	2,220.13
e.	Short-term Loans and Advances	16	3,441.60	1,705.27
f.	Other Current Assets		-	-
	TOTAL		<u>54,156.44</u>	<u>29,043.20</u>
	Contingent Liabilities & Commitments (To the extent not provided for)	23		
	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

Navallur - 603103.
Date: 30th May, 2013.

R.Rudhrakumar
Proprietor
Membership No.019444

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2013

		₹ In lakhs		
S.no	Particulars	Note No	Year ended on 31st March, 2013 ₹	Year ended on 31st March, 2012 ₹
1	INCOME			
	a. Revenue from Operations (Gross)	17	80,699.66	64,241.10
	Less: Excise Duty		7,678.75	5,059.13
	Revenue from Operations (Net)		73,020.91	59,181.97
	b. Other Income	18	513.76	563.75
	TOTAL		73,534.67	59,745.72
2	EXPENSES			
	a. Cost of Material Consumed	19	44,478.83	33,855.50
	b. Purchases of Stock-in-Trade		7,348.51	5,796.24
	c. Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade		-2,640.50	-761.01
	d. Employee Benefit Expenses	20	5,154.68	3,197.77
	e. Finance Cost	21	2,233.15	1,754.89
	f. Depreciation		400.59	167.01
	g. Other Expenses	22	11,701.03	11,335.96
	TOTAL		68,676.29	55,346.36
3	Profit before Exceptional and extraordinary items and tax (1-2)		4,858.38	4,399.36
4	Exceptional Items			
	a. Insurance Claim received		-	5.93
	b. Gratuity provision reversed		-	67.97
	c. Excess provision reversed on Insurance claim		-	-49.25
	d. Long term Repayment charges		-87.17	
5	Profit before Extraordinary items and tax (3-4)		4,771.21	4,424.01
6	Tax Expenses			
	a. Current Tax		1,450.71	1,327.55
	b. Deferred Tax		117.95	176.17
7	Excess provision for taxation made for the previous period reversed		-139.75	-1,095.63
8	Adjustment of Deferred Tax Asset of erstwhile Gangadhram Appliances Limited		-	975.01
9	Profit/(Loss) for the period (5-6-7-8)		3,342.30	3,040.92
	Balance Brought Forward from Previous Year		6,123.88	3,082.97
	BALANCE CARRIED TO BALANCE SHEET		9,466.18	6,123.88
	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

Navallur - 603103.
Date: 30th May, 2013.

R.Rudhrakumar
Proprietor
Membership No.019444

CASHFLOW STATEMENT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2013

Particulars	₹ in Lakhs	
	Financial Year ended on 31st March 2013	Financial Year ended on 31st March 2012
	₹	₹
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax and extra-ordinary Items	4,771.21	4,399.36
Add:		
Depreciation	400.59	167.01
Charge On Leasehold Land	-	5.50
Charge Of Intangible Assets	16.00	16.00
Finance Cost	2,233.15	1,754.89
Interest Received	-182.29	-107.86
Exceptional/Extra-Ordinary Income/Expenditure	87.17	24.65
Cash Generated From Operations Before Working Capital Changes	7,325.83	6,259.55
Adjustments For:		
Decrease/(Increase) In Trade Receivable	-10,109.33	-5,235.15
Decrease/(Increase) In Inventory	-8,706.54	-2,472.57
Decrease/(Increase) In Loans And Advances	-739.69	1,548.13
(Decrease)/Increase In Trade Payables and Provisions	16,916.16	6,175.64
Cash Generated From Operations	4,686.43	6,275.59
Less:		
Direct Taxes Paid	1,435.07	1,000.00
Deferred Tax Asset Transfer	-	975.01
Net Cash From Operating Activities (A)	3,251.36	4,300.58
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase)/Sale Of Fixed Assets	-2,121.49	-3,692.40
Intangible Assets	-280.55	-
Decrease/(Increase) In Capital Work In Progress	-177.05	-113.11
Increase/(Decrease) In Long Term Assets		
Interest Received	182.29	107.86
Net Cash From Investing Activities (B)	-2,396.80	-3,697.65

CASHFLOW STATEMENT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2013

Particulars	₹ in Lakhs	
	Financial Year ended on 31st March 2013	Financial Year ended on 31st March 2012
	₹	₹
CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds of Long term borrowings	-2,488.96	687.99
Proceeds of Short term borrowings	-3,387.16	2,356.90
Finance Cost	-2,320.32	-1,754.89
Increase In Share Capital	245.10	-
Increase In Share Premium Account	9,502.39	-
Capital Profit On Redemption Of Preference Shares issued by erstwhile Gangadhrum Appliances Limited to IFCI	-	142.10
Settlement of Preference Share of erstwhile Gangadhrum Appliances Limited	-	-1,306.25
Increase in Share Capital - Arising on account of issue of 57,93,950 shares of ₹ 10/- each to Shareholders of Gangadhrum Appliances Limited (GAL) on merger of GAL with the Company vide BIFR order dated 17th August, 2011	-	579.39
Net Cash From Financing Activities (C)	1,551.05	705.24
NET INFLOW/(OUTFLOW) (A) + (B) + (C)	2,405.61	1,308.18
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents (Opening)	2,220.13	904.06
Cash and Cash Equivalents (Closing)	4,625.74	2,220.13
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	2,405.61	1,316.07

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

Navallur - 603103.
Date: 30th May, 2013.

R.Rudhrakumar
Proprietor
Membership No.019444

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013
Note 1

₹ In lakhs

SHARE CAPITAL

Particulars	As at 31st March 2013		As at 31st March 2012	
	No of Shares	Value	No of Shares	Value
a The Number and amount of shares authorised	40,000,000	4,000.00	40,000,000	4,000.00
b The number of shares issued. subscribed and fully paid up	17,879,551	1,787.95	15,428,551	1,542.85
c Par value per share. ₹		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 STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

SHARE CAPITAL Contd...

₹ In lakhs

Particulars	As at 31st March 2013		As at 31st March 2012	
	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.	2,451,000	245.10	5,793,950	579.39
- 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		1,789.68		1,544.58

Note 1
SHARE CAPITAL

Table 1 - Reconciliation - Share Capital

₹ In lakhs

Particulars	No. of Shares	Share Capital ₹
At 1st April, 2012	15,428,551	1,542.85
Arising on account of issue of 24,51,000 shares of ₹.10/- each at a premium of ₹.398/- per equity share aggregating ₹.10,000.08 lakhs in favour of M/s.Reliance Alternative Investments Services Private Limited) received during the year.	2,451,000	245.10
At 31st March, 2013	17,879,551	1,787.95

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

Table 2 - Details of Major Shareholders

Shareholders Name	As at 31st March 2013		As at 31st March 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
LLM Appliances Limited	3,046,565	17.04%	3,486,965	22.60%
Butterfly Marketing Private Limited	2,835,000	15.86%	2,835,000	15.86%
Reliance Alternative Investments Services Private Limited	2,451,000	13.71%	-	-
Mr.V.M.Seshadri	1,250,673	6.99%	1,250,673	6.99%
Mr.V.M.Lakshminarayanan	1,000,965	5.60%	1,000,965	5.60%

Note 2: RESERVES AND SURPLUS

₹ In lakhs

Particulars	Balance as on 01/04/2012	Additions/ Deductions/ Appropriations	Balance as on 31/03/2013
General Reserve	228.07	335.16	563.23
Capital Redemption Reserve			
Capital Profit on Redemption of Preference Share issued by erstwhile Gangadharan Appliances Limited to IFCI	142.10	-	142.10
Securities Premium Reserve (Share Premium Account)(Net)	199.14		
Premium on preferential shares issued during the year		9,754.98	
Less: Expenses relating to this issue		252.59	9,701.53
Revaluation Reserve	80.08	-	80.08
Surplus	5,367.87		
Profit after tax for the year		3,342.30	
Less: Transfer to General Reserve	-	335.16	
Less: Proposed Dividend including dividend distribution tax.	-	522.95	
Balance	5,367.87	2,484.19	7,852.06
TOTAL	6,017.26	12,321.74	18,339.00

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

Note 3
NON CURRENT LIABILITES

₹ In lakhs

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
LONG TERM BORROWINGS						
1. Term Loans from Banks						
a. Term Loan (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)	-	-	-	442.55	-	442.55
b. Corporate Loan (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)	-	-	-	53.97	-	53.97
c. Vehicle Loan (Secured by hypothecation of Vehicles purchased under loan)	130.33	-	130.33	198.33	-	198.33
d. Plant and Machinery Loan (Secured by hypothecation of specific Plant and Machinery purchased out of loan)	-	-	-	7.46	-	7.46
2. Others						
a. Security Deposit from Distributors	-	409.31	409.31	-	468.32	468.32
b. From a Director	-	6.11	6.11	-	6.11	6.11

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013
NON CURRENT LIABILITES Contd...
₹ In lakhs

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
c. Religare Finvest Ltd., (For settlement of liabilities of Gangadhram Appliances Limited on its Merger as per BIFR order dated 17th August, 2011).	-	-	-	-	2,362.02	2,362.02
d. Fullerton India Credit Co Limited [Secured by Hypothecation of Immovable Property at Egattur]	504.05	-	504.05	-	-	-
TOTAL	634.38	415.42	1,049.80	702.31	2,836.45	3,538.76

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

Note 4
LONG TERM PROVISIONS
₹ In lakhs

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Provision for Employee Benefits - Gratuity and Superannuation Payable	-	222.27	222.27	-	242.43	242.43
TOTAL	-	222.27	222.27	-	242.43	242.43

Note 5
CURRENT LIABILITIES
₹ In lakhs

SHORT TERM BORROWINGS	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Loan repayable on demand						
1. From Banks						
a. Cash Credit	161.31	-	161.31	6,448.59	-	6,448.59
a. Working Capital						
Demand Loan (Secured by hypothecation of Inventories, present and future, certain book debts and	3,015.92	-	3,015.92	-	-	-

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

₹ In lakhs

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
SHORT TERM BORROWINGS Contd.						
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. Term Loan (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)	233.33	-	233.33	342.21	-	342.21
c. Corporate Loan (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)		-	-	200.04	-	200.04
d. Vehicle Loan (Secured by hypothecation of Vehicles purchased under loan)	119.51	-	119.51	79.92	-	79.92
e. Plant and Machinery Loan (Secured by hypothecation of specific Plant and Machinery purchased out of loan)	19.72	-	19.72	24.59	-	24.59
d. Fullerton India Credit Co Limited [Secured by Hypothecation of Immovable Property at Egattur]	158.39	-	158.39			
TOTAL	3,708.18	-	3,708.18	7,095.35	-	7,095.35

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

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013
Note 6
TRADE PAYABLES

₹ In lakhs

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Sundry creditors	-	8,269.06	8,269.06	-	5,137.25	5,137.25
Sundry creditors under Letter of Credit	13,036.72	-	13,036.72	2,156.07	-	2,156.07
Associate Companies	-	734.71	734.71	-	-	-
TOTAL	13,036.72	9,003.77	22,040.49	2,156.07	5,137.25	7,293.32

Note 7
OTHER CURRENT LIABILITIES

₹ In lakhs

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Due to Directors	-	398.40	398.40	-	5.69	5.69
b. Religare Finvest Ltd., (For settlement of liabilities of Gangadhram Appliances Limited on Merger as per BIFR order dated 17th August, 2011).	-	-	-	-	126.62	126.62
c. An Associate Company	-	-	-	-	421.00	421.00
d. Unpaid Dividend	17.95	-	17.95	7.89	-	7.89
e. Employee Benefits	-	304.32	304.32	-	196.43	196.43
f. Institution Commission Payable	-	190.38	190.38	-	152.14	152.14
g. Provisions for Expenses	-	3,588.23	3,588.23	-	1,263.39	1,263.39
h. Statutory Dues	-	673.83	673.83	-	395.21	395.21
TOTAL	17.95	5,155.16	5,173.11	7.89	2,560.47	2,568.36

Note 8
SHORT TERM PROVISIONS

₹ In lakhs

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Income Tax	-	1,310.96	1,310.96	-	327.55	327.55
Proposed Dividend	-	446.99	446.99	-	357.59	357.59
Tax on Proposed Dividend	-	75.96	75.96	-	58.00	58.00
TOTAL	-	1,833.91	1,833.91	-	743.14	743.14

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MAR, 2013

Note: 9
**NON CURRENT ASSETS
FIXED ASSETS**

₹ In lakhs

Particulars	GROSS BLOCK - AT COST				DEPRECIATION			NET BLOCK	
	As on 1st April 2012	Additions	Deletions	Up to 31st March 2013	Up to 1st April 2012	Deduction	For the year	Up to 31st March 2013	As on 31st March 2012
TANGIBLE ASSETS									
Land (Freehold)	3,665.83	-	-	3,665.83	-	-	-	3,665.83	3,665.83
Buildings (Freehold)	1,133.59	791.90	-	1,925.49	187.63	-	58.12	1,679.74	945.96
Plant & Machinery	1,892.73	560.28	-	2,453.02	389.75	-	105.77	1,957.50	1,502.98
Dies & Tools	1,023.71	113.10	-	1,136.81	508.64	-	118.18	509.99	515.07
Electrical Machinery & Installations	187.22	64.11	-	251.33	53.01	-	10.04	188.28	134.21
Computers	167.65	59.50	-	227.15	89.10	-	28.31	109.74	78.55
Office Equipments	86.05	20.44	-	106.49	19.60	-	4.69	82.20	66.45
Vehicles	586.71	94.51	18.88	662.34	178.64	12.84	34.60	461.94	408.07
Furniture & Fittings	346.25	423.67	-	769.92	81.79	-	40.75	647.38	264.46
Total	9,089.74	2,127.51	18.88	11,198.38	1,508.16	12.84	400.47	9,302.60	7,581.58
INTANGIBLE ASSETS									
Usage Right of Trade Marks	240.00	-	16.00	224.00	-	-	-	224.00	240.00
Computer Software	-	280.55	-	280.55	-	-	0.12	280.43	-
Total	240.00	280.55	16.00	504.55	-	-	0.12	504.43	240.00
Grand Total	9,329.74	2,408.06	34.88	11,702.93	1,508.16	12.84	400.59	9,807.02	7,821.58

Notes:

1. Vehicles include Assets acquired on "Hire Purchase"
2. Freehold Land includes ₹ .10,00,000/- and Freehold Buildings include ₹ .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 is charged off to Profit and Loss Statement as Usage right of Trade Mark.
4. Additions to Plant & Machinery includes machineries purchased under term loan assistance from banks and Hire purchase.

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013
NON CURRENT ASSET

₹ In lakhs

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Note 10		
FIXED ASSETS		
CAPITAL WORK IN PROGRESS		
Machinery & Other assets	<u>383.95</u>	<u>79.14</u>
INTANGIBLE ASSET UNDER DEVELOPMENT		
SAP Project under implementation	<u>-</u>	<u>127.77</u>
Note 11		
DEFERRED TAX ASSETS (NET)		
Balance brought forward	455.20	631.37
Utilisation of Loss/Unabsorbed depreciation of previous period adjusted	-	-
Expenses allowable for tax purposes on payment basis	<u>-</u>	<u>0.68</u>
b) Deferred Tax Liability		
Depreciation	<u>117.95</u>	<u>176.85</u>
	<u>337.25</u>	<u>455.20</u>

Note 12
LONG TERM LOANS AND ADVANCES

₹ In lakhs

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Security Deposits	-	132.16	132.16	-	21.27	21.27
TOTAL	-	132.16	132.16	-	21.27	21.27

CURRENT ASSET
Note 13
INVENTORIES (As taken, valued and certified by the Managing Director)

₹ In lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Raw Materials	2,237.30	1,866.91
Consumables	76.53	20.91
Packing Material	119.00	131.73
Components / Spares	6,188.31	1,252.07
Work in Process	1,451.72	1,483.18
Finished Goods	2,911.18	1,392.20
Finished Goods - Traded	2,050.58	865.83
Goods in Transit - Raw Materials & Components	759.41	42.89
Goods in Transit - Stock-in-Trade	85.38	117.15
TOTAL	15,879.41	7,172.87

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 STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

CURRENT ASSET

Note 14

TRADE RECEIVABLES

₹ In lakhs

Particulars	As At 31st March, 2013				As At 31st March, 2012			
	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		-	413.40	-	-	-	61.75	-
Considered Doubtful	-	-	148.72	-	-	-	97.67	-
Less: provision for doubtful debts	-	-	148.72	-	-	-	97.67	-
Considered good	326.80	-	14,471.62	-	332.59	-	6,014.96	-
Retention Money - Tamilnadu State Civil Supplies Corporation	-	-	908.51	3,389.19	-	-	2,121.47	909.20
Balance	326.80	-	15,793.53	3,389.19	332.59	-	8,198.18	909.20
Amount due from firm, Private Companies in which any Director is a partner or Director of Member.	-	-	39.78	-	-	-	-	-
TOTAL	326.80	-	15,833.31	3,389.19	332.59	-	8,198.18	909.20
								9,439.97

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013
Note 15
CASH AND BANK BALANCES

₹ In lakhs

Particulars	Balance as on 31/03/2013	Balance as on 31/03/2012
Term Deposit with Banks (Margin Money)	3,090.88	605.94
Cash on hand	13.93	8.12
Balance in Current Account with Banks	1,440.21	1,540.76
Unpaid dividend account with Bank	17.95	7.89
Total	<u>4,562.97</u>	<u>2,162.71</u>
Non Current Investment	-	-
Term Deposit having maturity of more than 12 months	62.77	57.42
Total	<u>62.77</u>	<u>57.42</u>
GTOTAL	4,625.74	2,220.13

Note 16
SHORT TERM LOANS AND ADVANCES

₹ In lakhs

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Advances on Capital Account	-	136.25	136.25	-	207.05	207.05
b. Advances to related parties	-	169.36	169.36	-	63.94	63.94
c. Other Advances	-	956.45	956.45	-	740.50	740.50
d. Insurance Claim receivables	-	-	-	-	68.54	68.54
e. Balance with Government Authorities	-	2,179.54	2,179.54	-	625.25	625.25
TOTAL	-	3,441.60	3,441.60	-	1,705.27	1,705.27

₹ In lakhs

Particulars

 Year ended on
31st March 2013
₹

 Year ended on
31st March, 2012
₹

Note 17
REVENUES FROM OPERATIONS

Sale of Products	73,801.28	57,442.66
Other Operating Revenue - Trading	<u>6,898.38</u>	<u>6,798.44</u>
	80,699.66	64,241.10
Less: Excise duty	<u>7,678.75</u>	<u>5,059.13</u>
TOTAL	<u>73,020.91</u>	<u>59,181.97</u>

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013
₹ In lakhs

Particulars	Year ended on 31st March 2013 ₹	Year ended on 31st March, 2012 ₹
Note 18		
OTHER INCOME		
Interest Income	182.29	107.86
(Gross TDS ₹.8.04 lakhs)		
Miscellaneous Income	3.64	6.07
Scrap Sales	319.52	433.57
Provisions for Doubtful debts not required (Net)	-	16.25
Doubtful debts recovered	2.90	-
Net Profit on Sale of Assets	3.04	-
Service Charges Received	2.37	-
TOTAL	513.76	563.75
Note 19		
COST OF MATERIAL CONSUMED		
Opening Balance		
Raw materials and Components	3,293.60	1,588.62
Consumables	20.91	18.14
Total-a	3,314.51	1,606.76
Add: Purchases		
Raw materials and Components		
(Including Goods in Transit)	41,442.60	29,646.37
Customs duty	3,716.99	1,198.13
Packaging	1,509.08	1,964.86
Processing Charges	2,448.04	1,631.77
Consumables	602.20	288.71
Freight Inward	678.08	604.94
Clearing and Forwarding Charges	147.89	228.47
Total-b	50,544.88	35,563.25
Less: Closing Stock		
Raw materials and Components		
(Including Goods in Transit)	9,304.03	3,293.60
Consumables	76.53	20.91
Total-c	9,380.56	3,314.51
Total-a+b-c	44,478.83	33,855.50
Purchase of Finished Goods - Stock-in-trade	7,348.51	5,796.24

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013
₹ In lakhs

Particulars	Year ended on 31st March 2013 ₹	Year ended on 31st March, 2012 ₹
COST OF MATERIAL CONSUMED Contd...		
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Balance		
Work in process	1,483.18	1,584.97
Stock-in-Trade - Finished Goods	2,375.17	1,512.37
Less: Closing Balance		-
Work in process	1,451.72	1,483.18
Stock-in-Trade - Finished Goods	5,047.13	2,375.17
	<u>-2,640.50</u>	<u>-761.01</u>
Note 20		
EMPLOYEE BENEFITS EXPENSES		
Directors' remuneration (*)	529.68	111.75
Salaries & Wages	2,754.44	1,821.11
Bonus & Earned Leave Wages	196.34	154.07
Contribution to Provident and Other Funds	237.22	187.85
Contribution to Gratuity & Superannuation	94.84	131.84
Leave Travel Concession	56.79	19.07
Staff welfare Expenses	1,285.37	772.08
TOTAL	<u>5,154.68</u>	<u>3,197.77</u>

* Remuneration includes Commission payable to Wholetime Directors amounting to ₹.391.77 lakhs

Note 21
FINANCE COST

Intrerest on Term Loan from banks	107.39	129.29
Intrerest on Cash Credit from Banks	570.01	706.65
Interest on Deposit and Others	628.73	540.06
Bank charges	471.59	222.23
Processing Fees	226.85	60.18
Exchange Loss	228.58	96.48
TOTAL	<u>2,233.15</u>	<u>1,754.89</u>

Note 22
OTHER EXPENSES

Commission on sales paid to Institutions	1,071.55	1,188.47
Freight Outward	1,082.77	946.03
Advertisement, Publicity & Sales Promotion	4,943.98	4,654.23
After sales and service charges	107.66	24.52
Discount on Sales	166.79	940.84

NOTES FORMING PART OF STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

₹ In lakhs

Particulars	Year ended on 31st March 2013 ₹	Year ended on 31st March, 2012 ₹
OTHER EXPENSES Contd.		
Late delivery Charges paid to Tamilnadu Civil Supplies Corporation	43.08	601.11
Power and Fuel	575.13	431.65
Directors' Sitting fees	10.05	8.27
Rent	633.54	243.12
Trade Mark Usage rights	16.00	16.00
Insurance	51.70	30.18
Rates & Taxes	85.69	98.94
Repairs and Maintenance		
Building	142.69	111.69
Plant & Machinery	150.35	49.51
Other Assets	180.57	271.81
Auditors' Remuneration		
Statutory Audit fees	4.00	2.00
Company Law Matters	3.50	1.75
Taxation Matters	2.50	1.25
Other Services	17.89	13.88
Cost Audit fees	1.80	-
Provision for doubtful debts	51.05	-
Bad Debts	-	113.92
Loss on Sale of Asset	-	2.00
Excise duty on Finished Goods at Branches	484.72	159.75
Travelling and conveyance expenses	820.47	652.71
Professional & consultancy Charges	264.84	293.38
Other Expenses	788.72	478.94
TOTAL	<u>11,701.03</u>	<u>11,335.96</u>

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

Navallur - 603103.
Date: 30th May, 2013.

R.Rudhrakumar
Proprietor
Membership No.019444

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

₹ In lakhs

**As at
31st March,
2012**
**As at
31st March,
2013**
CONTINGENT LIABILITIES
**1 Claim against the Company not
acknowledged as debts**

	₹	₹
a Claim against the Company under litigation against which Bank Guarantee has been provided	-	7.26
b Central Excise demand on merged erstwhile Gangadharam Appliances Limited under appeal disputed	22.94	22.94
c Claim by Employee State Insurance Corporation towards ESI contribution/interest/damages on merged erstwhile Gangadharam Appliances Limited disputed	12.24	12.24
d Claim by Employee State Insurance Corporation towards ESI contribution on Job work parties	2.30	9.56
e Claim by Employees Provident Fund authorities towards damages on merged erstwhile Gangadharam Appliances Limited	21.66	21.66
f Claim against the Company before Labour Court by terminated employees of company / merged erstwhile Gangadharam Appliances Limited	43.67	43.67

2 Guarantee

a Liabilities to bank on counter Guarantee towards Supply/Performance to Tamilnadu Civil Supplies Corporation and Indian Oil Corporation.	988.15	688.80
b Liabilities to bank on counter Guarantee towards registration with Assisstannt commissioner Excise and Taxation at Amritsar	1.00	-

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 Chennai 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	343.16	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, 2013)

(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 in India.

(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 date of addition/up to 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 statement in the period in which it is incurred.

(vii) Staff Terminal Benefits:

- a) Accrued Liability for gratuity and superannuation 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) for employees who are eligible for gratuity and superannuation funded by Life Insurance Corporation (LIC). For few employees who are in service even after Superannuation age, Gratuity and superannuation is calculated manually and necessary provision is made in the books of account.

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 Government 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.

DEFINED CONTRIBUTION PLAN

	₹ In Lakhs <u>2012-13</u>	₹ In Lakhs <u>2011-12</u>
Employers Contribution to Provident fund & Employees state insurance corporation	212.23	171.57
Employers Contribution to Superannuation fund	17.47	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 statement 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 statement, as per AS 11.

	As at 31.03.13 <u>₹. In Lakhs</u>	As at 31.03.12 <u>₹. In Lakhs</u>
7. Value of imports on CIF basis		
Rawmaterial	1423.57	92.08
Components and spares parts	5347.88	463.08
Capital goods	376.19	281.39
Finished Goods	5310.13	18.58
8. Expenditure in Foreign Currency		
Travelling	23.66	20.82
Salary and allowance	18.02	16.60
9. Earning in Foreign Exchange		
Export of goods calculated on FOB basis	647.41	703.68

10. In the current year, the Company with necessary statutory approvals raised Share Capital on preferential basis received from Reliance Alternative Investments Fund and issued 24,51,000 equity shares of ₹.10/- each at a premium of ₹.398 per share aggregating ₹.100 Crores and eight thousand.

11. Disclosure on Related Party Transaction

1. Key Management Personnel

Mr.V.M.Lakshminarayanan,
Chairman & Managing Director
Mr.V.M.Balasubramaniam, Director
Mr.V.M.Seshadri, Managing Director
Mr.V.M.Gangadharam, Executive Director
Mr.V.M.Kumaresan, Executive Director-Technical

2. Enterprises in which key management personnel and their Relatives have Significant influence
- LLM Appliances Limited
 Butterfly Constructions Limited
 Butterfly Marketing Private Limited
 V.M. Chettiar & Sons India Private Limited
 Butterfly Quality Center Private Limited
 Chrysalis Home Needs Private Limited
 Swaminathan Enterprises Private Limited
 Sivagurunathan Industries
 Butterfly Home Appliances
 East West Combined Industries
 Vetrivel Transport
 Mrinalini Industries
3. Relatives of Key Management Personnel
- Mr. V.M.L. Karthikeyan
 Mr. V.M.S. Namasivayam
 Mr. V.M.G. Viswanathan
 Mr. V.M.L. Senthilnathan
 Mr. V.M.S. Kumaraguru
 Mr. V.M.L. Ganesan
 Mr. V.M.S. Selvamuthukumar
 Mr. V.M.G. Mayuresan
 Mrs. A. Gandhimathi
 Mr. R. Elansudar

₹. In Lakhs

S NO	Particulars	Key Management Personnel	Enterprises in which key management personnel and their relatives have significant influence	Relatives of key Management Personnel
	Transaction for year ended on 31st March, 2013			
1	Purchases	-	7192.75	-
2	Sales	-	564.49	-
3	Interest received	-	-	-
4	Interest paid	-	-	-
5	Services rendered	-	-	-
6	Services received	-	-	-
	a. Employee remuneration	-	-	100.63

₹. In lakhs

S NO	Particulars	Key Management Personnel	Enterprises in which key management personnel and their relatives have significant influence	Relatives of key Management Personnel
	b.Executive Directors' remuneration	170.47	-	-
	c.Others - Directors' Sitting fees	-	-	0.30
7	Purchase of Assets Capitalised during the period	-	-	-
8	Sale of Asset	-	-	-
9	Outstanding as on 31st March, 2013			
	Debtors	-	39.78	-
	Creditors	-	734.71	-
	Advances	-	169.36	-
	Loans received	-	-	-

12. Segment Information in accordance with AS17 issued by ICAI.

The Company operates in only one segment viz. Domestic Appliances.

13. Earnings per Share in accordance with AS20 issued by ICAI:

₹. In lakhs

	2012-13 ₹	2011-12 ₹
Net Profit as per Profit and Loss Statement	3342.30	3040.92
No. of Equity Shares	1,78,79,551	1,54,28,551
Face Value per Share ₹.	10.00	10.00
Basic earnings per share ₹.	18.69	19.71

14. The previous year figures have been regrouped and reclassified wherever necessary.

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

Navallur - 603103.
Date: 30th May, 2013.

R.Rudhrakumar
Proprietor
Membership No.019444

Date:**Mail this form to:**

**(Unit: Butterfly Gandhimathi
Appliances Limited)
STA Department
Nelson Chambers – IV Floor
'F' Block, 115, Nelson Manickam Road
Aminjikarai, Chennai – 600 029**

Dear Sirs,

MANDATE FORM - ELECTRONIC CLEARING SERVICE (ECS)

I hereby consent to have the amount of dividend on my equity shares credited through the Electronic Clearing Service (Credit Clearing) - (ECS). The particulars are :

1. Shareholder's Name :
2. Client ID / Folio No. :
3. D.P. ID :
4. Address :

5. Particulars of Bank Account :
 - a) Bank Name
 - b) Branch Name & Address
 - c) 9-Digit Code Number of the Bank appearing on the MICR Cheque issued by the Bank
 - d) Account No.
(as appearing in the Cheque Book)
 - e) Account Type (SB / CA / CC)
6. Date from which the mandate should be effective

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I/We shall not hold the Company responsible. I also undertake to advise changes, if any in the particular of my account to facilitate updation of records for purposes of credit of dividend amount through ECS.

Signature of the shareholder(s)

Note :

1. Please complete this form and send it to GNSA Infotech Ltd
2. In case of more than one Client Id / Folio please complete the details on separate sheets.
3. Please inform your Depository Participant (DP) of any changes in Bank Account details.

Bank's Stamp

Date :

Signature of the Authorised Official of the Bank

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 Sixth Annual General Meeting scheduled to be held at the Company's Corporate Office premises at E-34, Rajiv Gandhi Salai, Egattur Village, Navalur-603 103, Kancheepuram District, Tamil Nadu on 26th July, 2013 at 11.00 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 BUTTERFLY GANDHIMATHI APPLIANCES LIMITED hereby appoint
..... of
or failing 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 Sixth
Annual General Meeting of the Company to be held on 26th July, 2013 at 11.00 a.m. or at any adjournment
thereof.

As witness my hand/our hands on day of 2013

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 member.

NEW LAUNCHES - 2013



Butterfly
Electric
Chimney

Butterfly
Grand
Mixer Grinder



Butterfly
Hand
Blender



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.



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

FORM A

1.	Name of the Company	BUTTERFLY GANDHIMATHI APPLIANCES LIMITED
2.	Audited Financial Statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Quarterly
5.	Signed by: Mr.V.M.Seshadri Managing Director Mr.P.Vanchinathan Head – Finance & Accounts Mr.R.Rudhrakumar Statutory Auditor Mr.K.Ganesan Chairman -Audit Committee	   

Regd. Office : 143, Pudupakkam Village, Vandalur - Kelambakkam Road, Kelambakkam - 603 103, Kancheepuram District.
Phone : +91-44-67415590 / 91 / 93 / 94

E-mail : gmal@butterflyindia.com Web : www.butterflyindia.com / butterflygandhimathiappliances.com

Corporate Office : E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 603 103, Kancheepuram District.
Phone : 044 - 4900 5100, 5120 E-mail : butterflyho@butterflyindia.com / butterflyco@butterflyindia.com