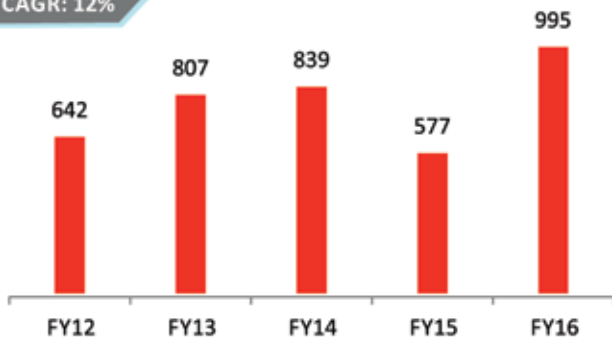




**BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**  
**ANNUAL REPORT - 2016**

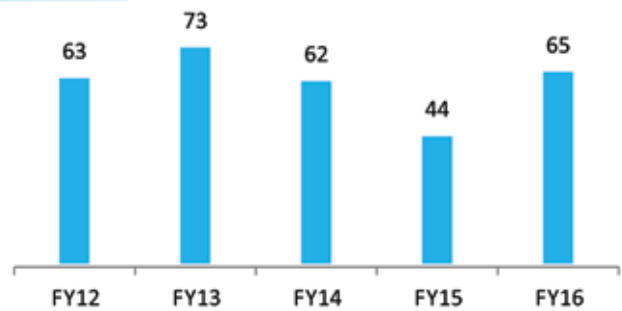
### Total Revenue (Rs. crore)

CAGR: 12%



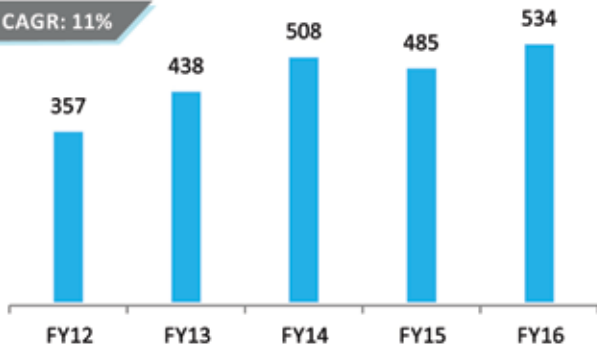
### EBITDA (Rs. crore)

CAGR: 1%



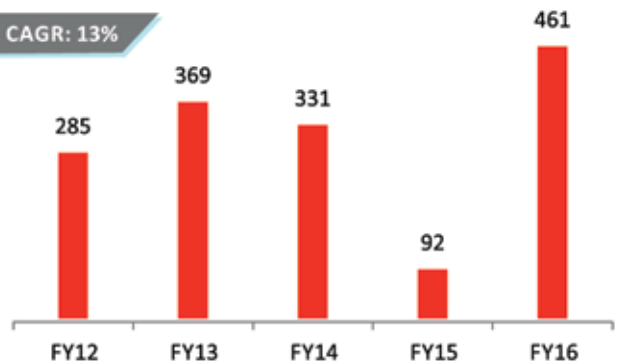
### Branded Sales (Rs. crore)

CAGR: 11%

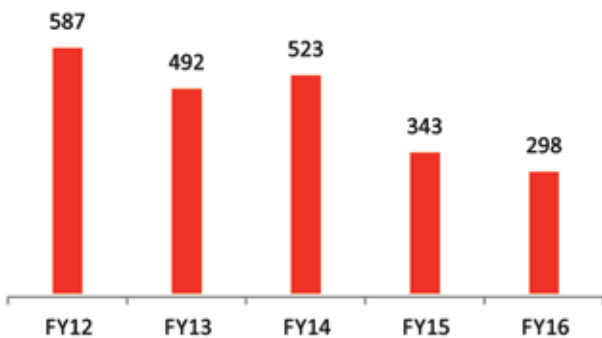


### Government Order Sales (Rs. crore)

CAGR: 13%



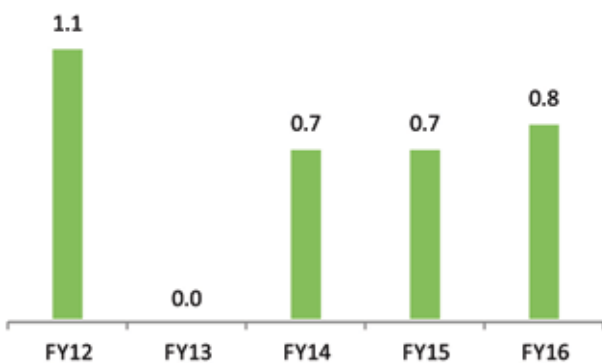
### Market Cap (Rs. crore)



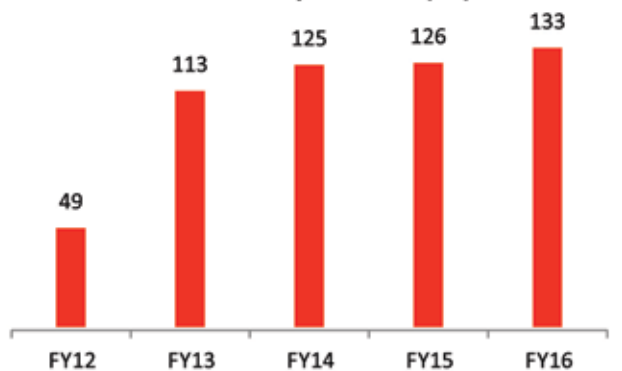
### Networth (Rs. crore)



### Net Debt - Equity Ratio



### Book value per share (Rs)



# BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

CIN: L28931TN1986PLC012728

## ANNUAL REPORT 2016

CONTENTS	PAGE NO
1.Chairman's Message	02 – 03
2. Notice	04 – 16
3. Director's Report	17 – 41
4. Management Discussion and Analysis	42 – 49
5. Report on Corporate Governance	50 – 64
6. Independent Auditors' Report	65 – 70
7. Balance Sheet	71 – 71
8. Profit and Loss Statement	72 – 72
9. Cash Flow Statement	73 – 73
10. Notes on accounts	74 – 89
11. Route Map	90 – 90
12. Attendance Slip & Proxy Form	91 – 92

### BOARD OF DIRECTORS

**Mr.V.M.Lakshminarayanan**, Chairman & Managing Director  
**Mr. V.M.Balasubramaniam**, Vice Chairman & Director  
**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.Prakash Iyer**, Nominee Director-Equity Investor  
**Mr. V.R.Lakshminarayanan**, Independent Director  
**Mr.K.Ganesan**, Independent Director  
**Mr.M.Padmanabhan**, Independent Director  
**Mr.A.Balasubramanian**, Independent Director  
**Mr.K.J.Kumar**, Independent Director  
**Mr.G.S.Samuel**, Independent Director  
**Mr.T.R.Srinivasan**, Independent Director  
**Mrs.Maheshwari Mohan**, Woman Independent Director

### STATUTORY AUDITORS

M/s. Rudhrakumar Associates,  
 Chartered Accountants, 11, Mangesh Street, T.Nagar, Chennai - 600017

#### REGISTERED OFFICE

143, Pudupakkam Village, Vandalur-Kelambakkam Road,  
 Kelambakkam - 603 103, Kancheepuram Dist., Tamil Nadu  
 Phone: 044-47415590/92-93  
 email:butterflyho@butterflyindia.com

#### CORPORATE OFFICE

E-34, Second Floor, Rajiv Gandhi Salai  
 Egattur Village, Navalur - 600130  
 Kancheepuram District, Tamil Nadu  
 Ph: 044-49005154/180 email: cs@butterflyindia.com

website www.butterflyindia.com

### REGISTRAR & SHARE TRANSFER AGENT

GNSA Infotech, STA Department, F-Block, 4th floor, No. 115, Nelson Manickam Road, Aminjikarai,  
 Chennai - 600029, Tamil Nadu, Ph. 044-42962025 email: sta@gnsaindia.com

### BANKERS

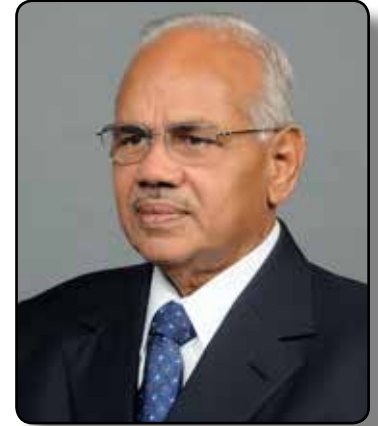
\*State Bank of Travancore \*Axis Bank \*IDBI Bank \*State Bank of India \*Kotak Mahindra Bank \* Bank of Maharashtra

## CHAIRMAN'S MESSAGE

Dear Fellow Shareowners,

During FY 2015-16, the global economy witnessed a spillover of the heightened volatility and uncertainty from earlier years. In addition to concerns in various large economies like China, Japan and some European nations, the trends in commodities and currencies have exerted pressure on both developed economies and emerging markets. As a result, global growth rates continue to be sluggish.

Amid the backdrop of unpredictability in the global macro-economic landscape, India remains well placed to deliver improving growth on the back of favourable structural and cyclical shifts in its economy. The Central Government in its second year has begun to implement initiatives aimed at re-shaping growth trends for the country. The focus on financial inclusion, improved infrastructure, revival of the rural economy and impetus on local manufacturing are important thrust areas that will benefit consumption patterns in India.



Since the start of the century, the Kitchen appliances segment has witnessed an exponential growth trend. In the last two years, however, the sector has witnessed slowing sales due to a variety of factors such as sluggish consumer sentiment, volatile raw material prices, uneven rainfall, and floods in high potential market along with moderation in retail footfalls impacting growth.

Amidst such a scenario, your Company continued to deliver stable operational and financial progress during the period under review, with revenue increasing by 72% and net income improving by 337%. This was driven by optimization of various aspects of our business model right from widening the product portfolio with expansion of product categories to a steady operational performance from branded sales on the back of an improved distribution network to successfully executing the largest-ever volumes of government order sales in our history with emphasis on quality of our products.

Net branded sales performance (excluding component/spares) during the quarter was primarily impacted by macro-factors such as lukewarm festival sales, impact of natural disasters and slower than expected recovery in consumption, which led to a growth of 5.3% in the segment during the year. The revenues from sales against Government Orders were at Rs.461crore (gross) in FY16, as the order received in January 2015 was combined for two financial years and major part of execution of the order took place in FY16.

The year gone by also saw your Company continuing to make progress on important strategic initiatives which are essential for sustainable growth for the organization in the years to come. Improving focus towards expanding market reach, extending product lines and increasing focus towards brand building and brand development activities were few of the initiatives undertaken by the Company during the year.

Given the prospects for an improved monsoon, pent-up demand in the system and the foundation laid by the government for enhanced growth, we are confident that consumer sentiment will improve and we will see better growth in the years to come. We have launched several operational excellence initiatives to further enhance our performance. We have leveraged our R&D capabilities to facilitate our deep value offering. Our products enjoy a mass-premium appeal across multiple categories ranging from low economy models to high-end technology models.

We are also investing for the longer term and accelerating the pace of our business efficiency, to capitalize on the uptick in consumer sentiment and demand. We do believe that the multiple initiatives taken this year will result in benefits that will be sustained and far-reaching in nature.

As we look ahead to greater prosperity in the years ahead, I would like to express my appreciation to all our employees, for their contribution towards the performance of Butterfly Gandhimathi Appliances. I would also like to extend my gratitude towards our Customers, stakeholders, and suppliers for their loyalty and trust in us. And to all of our shareholders, I would like to express my sincere appreciation for their continued encouragement and support.

Yours sincerely,  
Chairman,  
Butterfly Gandhimathi Appliances Ltd

## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held at its Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu on Friday, 5th August, 2016 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(s) the following resolution as an Ordinary Resolution:**

“RESOLVED THAT the Audited Balance Sheet as on 31st March, 2016 and the Profit and Loss Account and the Cash Flow Statement for the financial year ended on that date and the Report of the Board of Directors and the Auditors thereon, be and are hereby approved and adopted”.

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

“RESOLVED THAT pursuant to the recommendation of the Board of Directors of the Company, a dividend of Rs.1.25 per equity share on 1,78,79,551 equity shares of Rs.10/- each fully paid up, absorbing a sum of Rs.2,23,49,439/-, exclusive of dividend distribution tax, be and is hereby declared for the financial year ended 31st March, 2016 and the same be paid to those shareholders whose names appear in the Register of Members of the Company as at the close of 5th August 2016.”

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

“RESOLVED THAT Mr.V.M.Kumaresan (DIN 00835948) Director of the Company, who retires by rotation at this meeting pursuant to the provisions of Section 152 (6) (c) of the Companies Act 2013, being eligible for reappointment, be and is hereby appointed as a Director of the Company.”

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

“RESOLVED THAT the appointment of M/s.Rudhrakumar Associates, Chartered Accountants, [FRN 007033 S], Chennai, who were appointed at the Company’s twenty eighth Annual General Meeting held on 20th August, 2015 as Statutory Auditors from the conclusion of the twenty eighth Annual General Meeting till the conclusion of the thirtieth Annual General Meeting of the Company, be and is hereby ratified.

### SPECIAL BUSINESS

**5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:**

**A. RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 (**‘the Act’**), and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Act, the consent of the Company be and is hereby accorded for the reappointment of Mr.V.M.Seshadri, [holding Director Identification No.00106506] (**‘Mr.Seshadri’**) as the Managing Director (**MD**) of the Company for a period of 5 (five) years with effect from 1st June, 2017, whose period of office shall be subject to retirement by rotation of Directors, on the following terms and conditions :

**Remuneration:** Subject to the ceiling limits laid down in Section 197 of the Companies Act, 2013, remuneration by way of salary, perquisites and commission shall not exceed the following limits, namely

#### I. SALARY AND PERQUISITES

1. Salary	Rs.34,80,000/-per annum or Rs.2,90,000/-per month, including dearness and all other allowances
2. Medical	One month’s salary in a year or three month’s salary over a period of three years for self and family.
3. Leave Travel Assistance	For self and family to and fro Airfare to any place in India or abroad once a year.

<i>Note:</i> 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
<i>Note 1:</i> Perquisites I(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.	
<i>Note 2:</i> 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, however so as not to exceed 20% of his annual salary.	
6. Other Benefits a. Provident Fund Contribution b. Gratuity	Subject to a ceiling of 12% of his salary Not exceeding half a month's salary for each completed year of service, subject to a ceiling of Rs.10 lakhs.
7. Encashment of Leave at the end of the tenure.	As per rules of the Company
<i>Note:</i> Contribution to Provident Fund, Gratuity payable and encashment of leave at the end of the tenures shall not be included in the computation of the ceiling on remuneration specified in Part II of Section II of Schedule V to the Companies Act, 2013	
8. Car	Use of Company maintained car with driver for official purposes.
9. Telephone/Mobile Phone	Telephone at residence and mobile phone for official use.
<i>Note:</i> Provision of a car for use on Company Business and Mobile Phone/Telephone for official use will not be considered as Perquisites	

Where in any financial year during the tenure of Mr.V.M.Seshadri as Managing Director the Company has no profits or its profits are inadequate, the salary and perquisites stated vide I (1) to (9) above will be paid as minimum remuneration to him, subject to the ceiling prescribed under Schedule V, Part II, Section II(A) of the Companies Act, 2013. In case such minimum remuneration exceeds the above limits, 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 four other Managing/Whole time Directors, viz., Messrs. V.M. Lakshminarayanan, V.M.Balasu-bramianiam 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 Managing/ Whole time Directors of the Company shall not exceed 10% of net profits, as prescribed under Section 197 of the Act read with Part II, Section II(A) of Schedule V thereto or any statutory modification(s) or re-enactment thereof. The quantum of commission to be paid to each of the above Managing/ Whole time Directors will be determined as agreed amongst them and approved by the Nomination and 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 of Directors of the Company (on the recommendations of the Nomination and Remuneration Committee) be and is hereby authorised to revise, amend, alter and vary the remuneration and other terms and conditions of the appointment of Mr.Seshadri, in such manner as may be permissible in accordance with the provisions of the Act or any modification or reenactment thereto (which shall not exceed Rs.41,76,000/- in a financial year) and as may be agreed to by and between the Board of Directors and Mr.Seshadri, without any further reference to the shareholders in General Meeting.

C. That the Board of Directors of the Company be and is hereby authorised to take all actions and steps expedient or desirable to give effect to this resolution in conformity with the provisions of the Act as may be prevailing, and also to settle any question, difficulty or doubt that may arise in this regard without requiring to secure any further consent or approval of the shareholders of the Company.

**6. To consider and, if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:**

**A. RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 ('the Act'), and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Act, the consent of the Company be and is hereby accorded for the reappointment of Mr.V.M.Gangadharam, [holding Director Identification No.00106466] ('**Mr.Gangadharam**') as the Executive Director (**ED**) of the Company for a period of 5 (five) years with effect from 1st October, 2016, whose period of office shall be subject to retirement by rotation of Directors, on the following terms and conditions :

**Remuneration:** Subject to the ceiling limits laid down in Section 197 of the Companies Act, 2013, remuneration by way of salary, perquisites and commission shall not exceed the following limits, namely:

**I. SALARY AND PERQUISITES**

1. Salary	Rs.33,60,000/- per annum or Rs.2,80,000/-per month, including dearness and all other allowances
2. Medical	One month's salary in a year or three month's salary over a period of three years for self and family.
3. Leave Travel Assistance	For self and family to and fro Airfare to any place in India or abroad once a year.
<i>Note:</i> 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
<i>Note 1:</i> Perquisites I (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.	
<i>Note 2:</i> 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, however, so as not to exceed 20% of his annual salary.	
6. Other Benefits	
a. Provident Fund Contribution	Subject to a ceiling of 12% of his salary
b. Gratuity	Not exceeding half a month's salary for each completed year of service, subject to a ceiling of Rs.10 lakhs.
7. Encashment of Leave at the end of the tenure.	As per rules of the Company
<i>Note:</i> Contribution to Provident 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 Part II of Section II of Schedule V to the Companies Act, 2013	
8. Car	Use of Company maintained car with driver for official purposes.
9. Telephone/Mobile Phone	Telephone at residence and mobile phone for official use.
<i>Note:</i> Provision of a car for use on Company Business and Mobile Phone/Telephone for official use will not be considered as Perquisites	

Where in any financial year during the tenure of Mr.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 V, Part II, Section II(A) of the Companies Act, 2013. In case such minimum remuneration exceeds the above limits, 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.Gangadharam together with the four other Managing/ Wholetime Directors, viz., Messrs.V.M.Lakshminarayanan, V.M.Balasubramaniam 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 Managing/ Wholetime Directors of the Company shall not exceed 10% of net profits, as prescribed under Section 197 of the Act read with Part II, Section II(A) of Schedule V thereto or any statutory modification(s) or re-enactment thereof. The quantum of commission to be paid to each of the above Managing/ Wholetime Directors will be determined as agreed amongst them and approved by the Nomination and 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 areas on able ceiling, as may be fixed from time to time by the Board.

**B.** That the Board of Directors of the Company (on the recommendations of the Nomination and Remuneration Committee) be and is hereby authorised to revise, amend, alter and vary the remuneration and other terms and conditions of the appointment of Mr.Gangadharam, in such manner as may be permissible in accordance with the provisions of the Act or any modification or re-enactment thereto (which shall not exceed Rs.40,32,000/- in a financial year) and as may be agreed to by and between the Board of Directors and Mr.Gangadharam, without any further reference to the shareholders in General Meeting.

**C.** That the Board of Directors of the Company be and is hereby authorised to take all actions and steps expedient or desirable to give effect to this resolution in conformity with the provisions of the Act as may be prevailing, and also to settle any question, difficulty or doubt that may arise in this regard without requiring to secure any further consent or approval of the shareholders of the Company.

### 7. To consider and, if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

**“RESOLVED THAT** subject to the provisions of Section 14, 15 and other applicable provisions, if any, of the Companies Act 2013 (‘the Act’) and the Rules made thereunder or any statutory modifications or re-enactment thereof and all other applicable laws for the time being in force, if any, Article 117 of the Articles of Association (AoA) of the Company be and is hereby amended by replacing the existing article 117 of the AoA of the Company with the following clauses:

*“Article 117: Subject to the relevant provisions of the Act, the Board shall have power to appoint one or more Managing Director(s) or Whole-time Director(s) and appoint one amongst such Managing Directors as Chairman of the Company. The Board shall also have power to appoint a Chief Executive Officer and other key managerial personnel and to determine the terms of office of the Chairman, Managing Director(s), Whole-time Director(s), Chief Executive Officer and other key managerial personnel.”*

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

**“(i) RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March 2017, be paid the remuneration as set out in the explanatory statement annexed to the Notice convening this meeting.

**(ii)** That the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Navalur – 600 130  
Date: 09.06.2016

By Order of the Board  
D.Krishnamurthy

Company Secretary

**IMPORTANT NOTES**

1. The Register of Members and the Share Transfer Books of the Company will remain closed from 1.8.2016 to 5.8.2016 (both days inclusive) for annual closing.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies (Proxy Form attached herewith) to attend and vote on a poll instead of himself/herself. Such a proxy/proxies need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the share capital of the Company. The instrument of proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of authority in order to be effective shall be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours (forty eight hours) before the commencement of the Meeting. Proxies submitted on behalf of the companies/societies, etc., must be supported by an appropriate resolution/authority, as applicable.
4. The necessary documents in relation to the proposed resolutions shall be open for inspection at the Registered Office of the Company during business hours, excepting on Saturdays and will also be available for inspection at the Annual General Meeting.
5. Brief resume of all Directors proposed to be appointed/reappointed, nature of their expertise in specific functional areas, names of Companies in which they hold Directorships and Memberships/Chairmanships of Board/Committees, shareholding as stipulated under Regulation 36(3) of the SEBI Listing Regulations, are annexed hereto. The concerned directors have furnished the requisite declarations for their appointment/reappointment.
6. Members/Proxy holders must bring the attendance slip (attached herewith) to the meeting and hand it over at the entrance of the meeting hall duly signed.
7. 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.
8. The Members are informed that in the case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. In terms of the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with Company's) Rules 2012 ('IEPF Rules'), the Company has uploaded the information in respect of the unclaimed dividends for financial years 2010-2011, 2011-2012 and 2012-2013 as on the date of the Twenty Eighth Annual General Meeting held on 20th August, 2015 on the website of the IEPF viz., [www.iepf.gov.in](http://www.iepf.gov.in) and under 'Investor Section' on the website of the Company viz., [www.butterflyindia.com](http://www.butterflyindia.com). Members who have not encashed their dividend warrants are advised to write to the Company/its Share Registrars immediately claiming the unencashed dividends declared by the Company.
10. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statements of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Income Tax Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they are maintaining their Demat Account. Members holding shares in physical form can submit their PAN details to the Company/its Share Registrars.
12. Members are requested to update their preferred e-mail ids with the Depository Participants/Company's Registrar and Transfer Agents, which will be used for the purpose of sending the official documents through e-mail in future.
13. Corporate Members/Societies are requested to send a duly certified copy of the Board of Directors/Governing Bodies resolution/Power of Attorney authorising their representative to attend and vote on their behalf at the Annual General Meeting.

14. Electronic copy of the Notice of the twenty ninth Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the twenty ninth Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.
15. Members may note that the Notice of the Twenty ninth Annual General Meeting and the Annual Report for 2016 will also be available on the Company's website [www.butterflyindia.com](http://www.butterflyindia.com) for their download. The physical copies of the above documents will also be available at the Company's registered office for inspection during normal business hours on working days, excepting Saturdays. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may send request to the Company's investor email ID: [investorcare@butterflyindia.com](mailto:investorcare@butterflyindia.com).

#### 16. Voting through Electronic means:

- i. In compliance with provisions of Section 108 of the Companies Act 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 (Amended Rules 2015), and Regulation 44 of the Listing Regulations, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the twenty ninth Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).
- ii. The Notice of the AGM of the Company inter-alia indicating the process and manner of e-voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com> or [www.butterflyindia.com](http://www.butterflyindia.com)
- iii. The remote e-voting period commences on 2.8.2016 (9.00 a.m.) and ends on 4.8.2016 (5.00 p.m.). During this period members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 30.7.2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- iv. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 30.7.2016. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e., 30th July 2016 may obtain login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [sta@gnsainfotech.com](mailto:sta@gnsainfotech.com).
- v. The facility for voting through ballot paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting as per (i) above shall be able to exercise their right at the meeting through ballot paper.
- vi. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- vii. **The procedure to login to e-voting website is given below:**
  1. Open email and open PDF file viz., "Butterfly Gandhimathi e-voting.pdf" with your client ID (in case you are holding shares in demat mode) or folio number (in case you are holding shares in physical mode) as password which contains your "user ID" and "password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
  2. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  3. Click on "Shareholder – Login".
  4. Put user ID and password as initial password noted in step (1) above and Click login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  5. Password Change Menu appears. Change the password with new password of your choice with minimum eight digits/characters or combination thereof.
  6. Home page of remote 'e-voting' opens. Click on e-voting: Active Voting Cycles.
  7. Select 'EVEN' of Butterfly Gandhimathi Appliances Limited. Members can cast their vote online from 2nd August 2016 (9.00 a.m) to 4th August 2016 (5.00 p.m).

**Note: e-voting shall not be allowed beyond said time.**

8. Now you are ready for remote 'e-voting' as 'Cast Vote' page opens.
9. Cast your vote by selecting appropriate option and click on "SUBMIT" and also "CONFIRM" when prompted. Upon confirmation, the message "Vote Cast Successfully" will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
10. Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant Board resolution/authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through an email to elawise@gmail.com with a copy marked to evoting@nsdl.co.in.

### **Please note the following**

A member may participate in the AGM even after exercising his right to vote through remote e-voting, but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

### **Other Information:**

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login ID and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- Please note that if you have opened 3-in-1 account with ICICI Group i.e., bank account and demat account with ICICI Bank Limited and trading account with ICICI Securities Limited, you can access e-voting website of NSDL through their website [www.icicidirect.com](http://www.icicidirect.com) for the purpose of casting your votes electronically by using your existing user ID and password used for accessing the website [www.icicidirect.com](http://www.icicidirect.com). Please note that in case you are not able to login through the ICICI direct website, you can also access the e-voting system of NSDL by using your existing user ID and password for the e-voting system of NSDL.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

In case a member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Depository Participant(s)/Company's Registrars and Share Transfer Agents or requesting physical copy) :

- i. Initial password is provided as below/at the bottom of the attendance slip for the AGM  

<b>REVEN (Remote E-Voting Event Number) USER ID</b>	<b>PASSWORD/PIN</b>
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- ii. Please follow all steps from Sl.No. (2) to Sl.No. (10) above, to cast vote.
- iii. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and Password for casting your vote.
- iv. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- v. The voting right of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, i.e., 30.7.2016.
- vi. A person whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of Remote e-voting as well as Voting at the AGM through ballot paper.
- vii. Mr.K.J.Rebello, Advocate, Madras High Court (Bar Council Enrolment No.BCM359/69) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner for the purpose of e-voting.

- viii. At the AGM, the Chairman shall, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - ix. The Scrutinizer after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two (2) witnesses not in employment of the Company and shall make, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter-sign the same and declare the result of the voting forthwith.
  - x. The Results declared along with the scrutinizer's report shall be placed on the Company's website [www.butterflyindia.com](http://www.butterflyindia.com) and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE / NSE, Mumbai.
17. Members/Proxies are requested to bring their copies of the Annual Report to the meeting.
18. The Company's equity shares are listed with Bombay Stock Exchange and the National Stock Exchange of India Ltd.
19. 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 Info tech Ltd. for consolidation into a single folio.
20. For the convenience of members willing to attend the Annual General Meeting, the Company proposes to arrange pick up bus/van from Tambaram and Madhya Kailash (Adyar). The bus/van will be placed opposite to Hindu Mission Hospital, Tambaram and Madhya Kailash Temple, Adyar between 9.00 a.m to 9.30 a.m on 5.8.2016. Members are requested to produce their attendance slip/proxy form for availing this facility. The road maps respectively from Tambaram and Madhya Kailash to the Company's Registered Office are given next to the Attendance Slip.

## **EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No.5.Reappointment of Mr.V.M.Seshadri as Managing Director**

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 w.e.f.1st June, 2011. Subsequently, at the Annual General Meeting held on 26th July, 2013, he was reappointed as Managing Director for a further term of three years w.e.f.1st June, 2014. Thus his present term shall end on 31st May, 2017.

Mr.Seshadri, as Managing Director of the Company, has immensely contributed to the performance and growth of the Company, despite sluggish retail market conditions. The turnover of the Company which was at Rs.266.52 crores as on 31st March, 2011 has substantially improved for the financial year ended 31st March, 2016. He has ensured utmost financial control and has implemented corporate strategies for the Company's growth. He was instrumental for the acquisition of kitchen and electrical appliance products marketed by LLM Appliances Limited up to financial year 2013-14 as well as the perpetual usage right of 'Butterfly' brand in favour of Butterfly Gandhimathi Appliances Limited for all domestic kitchen and domestic electrical appliances.

Having regard to the rich contribution made by Mr.Seshadri, the Nomination and Remuneration Committee and Board of Directors of the Company, at their meetings held respectively on 19th May, 2016 and 9th June 2016, subject to approval of the members in at the ensuing Annual General Meeting, have approved the reappointment of Mr.Seshadri as Managing Director of the Company for a further period of five years w.e.f.1.6.2017, on the same remuneration as approved by the members at the Annual General Meeting held on 26.7.2013, i.e., with no change in remuneration.

In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr.Seshadri, the remuneration stated in the resolution being item No.5 of the Notice convening the meeting shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 2013 read with Part II, section II(A) of Schedule V to the said Act shall be payable to Mr.Seshadri with the approval of the Central Government, if so required.

Further, the Board seek authority to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Seshadri, Managing Director, from time to time within the limits prescribed under Part II, section II(A) of Schedule V to the Companies Act, 2013 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.

In view of the high and rare experience in the industry and impressive performance of Mr.Seshari for the Company's growth, the Board recommends the resolution for the approval of the members.

## MEMORANDUM OF INTEREST

Mr.Seshadri may be deemed to be concerned or interested in the resolution, besides his relatives viz., Messrs.V.M.Lakshminarayanan, Chairman & Managing Director, V.M.Balasubramaniam, Managing Director, V.M. Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical. No other Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the resolution.

### Item No.6.Reappointment of Mr.V.M.Gangadharam as Executive Director

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 retrospective effect from 1st October, 2010. Subsequently, at the Annual General Meeting held on 26th July, 2013, Mr.Gangadharam was reappointed for a further term of three years. Thus his present term shall end on 30th September, 2016.

Mr.Gangadharam, as Executive Director, has richly contributed for successful achievement of the accelerated growth milestones of the Company. His untiring efforts for ensuring time-bound supplies of Mixer Grinders/Table Top Wet Grinders against the orders of Tamil Nadu Civil Supplies Corporation Limited (TNCSC) right from financial year 2011-12 onwards is highly commendable. He is continuing his relentless efforts for sustaining the impressive growth of the Company. Hence, his continuance as wholetime Executive Director will be highly beneficial to the Company.

Having regard to the rich contribution made by Mr.Gangadharam, the Nomination and Remuneration Committee and Board of Directors of the Company, at their meetings held respectively on 19th May 2016 and 9th June 2016, subject to approval of the members in general meeting, have approved the reappointment of Mr.Gangadharam as Executive Director of the Company for a further period of five years w.e.f.1.10.2016, on the same remuneration as approved by the members at the Annual General Meeting held on 26.7.2013, i.e., with no change in remuneration.

In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr.Gangadharam, the remuneration stated in the resolution being item No.5 of the Notice convening the meeting shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 2013 read with Part II, section II(A) of Schedule V to the said Act shall be payable to Mr.Gangadharam with the approval of the Central Government, if so required.

Further, the Board seek authority to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Gangadharam, Executive Director, from time to time within the limits prescribed under Part II, section II(A) of Schedule V to the Companies Act, 2013 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.

In view of the high and rare experience in the industry and impressive performance of Mr.Gangadharam for the Company's growth, the Board recommends the resolution for the approval of the members.

## MEMORANDUM OF INTEREST

Mr.Gangadharam may be deemed to be concerned or interested in the resolution, besides his relatives viz., Messrs.V.M.Lakshminarayanan, Chairman & Managing Director, V.M.Balasubramaniam, Managing Director, V.M.Seshadri, Managing Director, V.M.Kumaresan, Executive Director-Technical. V.M.G.Viswanathan, Senior Vice- President - Materials Management and V.M.G. Mayuresan, Vice-President - Corporate Strategy. No other Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the resolution.

### Item No.7 - Amendment to the Articles of Association of the Company

The existing Article 117 of the Articles of Association of the Company reads as follows:

“Article 117: Subject to the relevant provisions of the Act, the Board shall have power to appoint a Managing Director or a whole-time Director or one from amongst themselves as the Chairman of the Company; the Board shall also have power to appoint one or more Managing Directors or whole-time Directors, as the case may be, and the terms of office of Chairman and such key management persons shall be determined by it.”

The provisions of section 203 of the Companies Act, 2013 (the New Act) recognizes the following whole-time key managerial personnel:

- i. Managing Director or Chief Executive Officer or manager and in their absence, a whole-time director;
- ii. Company Secretary; and
- iii. Chief Financial Officer

In order to include the aforesaid provisions of the New Act, the Company is proposing to carry out necessary amendments in its Article of Association to bring it in harmony with the provisions of section 203 of the New Act. Besides this, no other change in the existing Article 117 of the Articles of Association is contemplated.

The said resolution is placed before the shareholders for their approval, and the Board recommends passing of the resolution as a Special resolution.

## MEMORANDUM OF INTEREST

None of the directors or key managerial personnel of the Company or their relatives are interested or concerned, financially or otherwise, in the resolution.

### Item No. 8 - Remuneration of Cost Auditors

The Board, on recommendation of Audit Committee, has approved the appointment of M/s.S.Mahadevan & Co., Cost Accountants (Regn.No.000007), Chennai as Cost Auditors, to conduct the Audit of the cost records of the Company for the financial year ending 31st March 2017, and has also approved a fee of Rs.1.75 lakhs plus service tax and reimbursement of out of pocket expenses towards their professional services.

In accordance with the provisions of Section 148 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the Members is sought for passing an ordinary resolution as set out in Item No.8 of the Notice for ratification of the remuneration as above, payable to the Cost Auditors for the financial year ending on 31.3.2017.

The Board commends the above resolution for approval of the Members.

## MEMORANDUM OF INTEREST

None of the Directors or key managerial personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

### I. General Information pursuant to the third Proviso (iv) to Section II (B) of Part II of Schedule V

The General Information to be given to the shareholders in connection with the aforesaid reappointment of Messrs.V.M.Seshadri as Managing Director and V.M.Gangadharam as Executive Director and the remuneration payable to them:

1.	Nature of Industry	Manufacturing and Marketing of a wide range of domestic kitchen and domestic electrical appliances.
2.	Date or expected date of commencement of commercial production	The Company commenced commercial production on 24th February, 1986
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable
4.	Financial performance based on given indicators	Not Applicable
5.	Foreign Investments or collaborations, if any	Nil

**II.(a) Information about the Managing Director Appointee:**

1.	Background details	<p>Mr.V.M.Seshadri was on the Company's Board of Directors from April, 1990 to September, 2001. He resigned from the Board on 29.09.2001 as he had to pay undivided attention in the business affairs of erstwhile Gangadharam Appliances Limited, 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 11.08.2011 for a period of three years with retrospective effect from 1.06.2011. Subsequently, at the Annual General Meeting of the Company held on 26.7.2013, he was reappointed as Managing Director for a further term of three years with effect from 1.06.2014.</p> <p>He has widely travelled and has sound knowledge and business acumen to run the Company and take it to greater heights.</p>
2.	Past remuneration	<p>At the Annual General Meeting of the Company held on 31.08.2012, members approved salary of Rs.2,90,000/- per month, i.e., Rs.34,80,000/- per annum and perquisites restricted to 20% of his annual salary w.e.f.1.09.2012.</p> <p>In addition to salary, members also approved payment of commission on net profits to Mr.Seshadri and other Managing/Executive Directors of the Company, both together not exceeding the ceiling of 10% of the net profits as prescribed under section 197 of the Companies Act, 2013.</p>
3.	Recognition or awards	<p>Mr.Seshadri was appointed as Managing Director of the Company w.e.f.1.06.2011. After his appointment, the annualized turnover of the Company for Financial Year 2010-11 which was just Rs.266.52 crores, rose to Rs.642.41 crores in Financial Year 2011-12, Rs.806.99 crores in Financial Year 2012-13 and Rs.838.87 crores in Financial Year 2013-14. The turnover for Financial Year 2015-16 is Rs.995 crores. The phenomenal growth in the Company's sales turnover is attributable to the hard work and business acumen of Mr.Seshadri. He has successfully established 'Pan India' presence for the Company's products and is actively trying to improve the Company's export business.</p>
4.	Job Profile and his suitability	<p>Subject to the overall control and superintendence of the Board of Directors, Mr.Seshadri, along with Messrs.V.M. Lakshminarayanan, Chairman &amp; Managing Director and V.M.Balasubramaniam, Vice Chairman and Managing Director, takes care of all the day-to-day operations of the Company. In view of his rich experience of 46 years in the kitchen and electrical appliances industry and considering the Company's master plan to equate its turnover and profitability with the peers in the industry, continuance of Mr.Seshadri is ideally suited to hold the position of Managing Director.</p>
5.	Remuneration proposed	<p>As set out in Resolution No.5 of the Notice convening this Annual General Meeting, which is same as the remuneration paid to him from 1.9.2012, as approved by the Members at the Annual General Meeting of the Company held on 31.8.2012.</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 with respect to the country of his origin)	<p>In the organized sector of kitchen and electrical appliances industry, manufacturing/ marketing similar products, there are only a few limited Companies with similar synergies. In comparable Companies like TTK Prestige Ltd and Hawkins Pressure Cookers Ltd, the remuneration package for similar position is much higher than the remuneration paid/ proposed to be paid to Mr.Seshadri.</p>



7.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	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. Mr.Seshadri is related to Messrs.V.M. Lakshminarayanan, Chairman & Managing Director, V.M. Balasubramaniam, Vice Chairman and Managing Director, V.M. Gangadharam, Executive Director and V.M.Kumaresan, Executive Director - Technical.
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### (b) Information about the Executive Director Appointee

1.	Background details	Mr.V.M.Gangadharam is a technocrat having immense experience in the manufacturing and marketing of domestic kitchen and domestic electrical appliances for the past over four decades. He has richly contributed for the Company's progress as its Executive Director from 1.10.1994.
2.	Past remuneration	As Executive Director of the Company for the period commencing from 1.9.2012 members have approved salary of Rs.2,80,000/- per month, i.e., Rs.33,60,000/- per annum and perquisites restricted to 20% of his annual salary.  In addition to salary, members also approved payment of commission on net profits to Mr.Gangadharam and other Managing/Executive Directors of the Company, both together not exceeding the ceiling of 10% of the net profits as prescribed under section 197 of the Companies Act, 2013.
3.	Recognition or awards	Mr.Gangadharam has been the Executive Director of the Company from 1.10.1994, when the Company's turnover was just Rs.21.64 crores. Under his inimitable leadership the Company's turnover and profitability has witnessed manifold growth over the years.
4.	Job Profile and his suitability	Mr.V.M.Gangadharam, as the Executive Director, is the functional head for the production and marketing activities of the Company under the superintendence of the Managing Directors. In view of his rich experience of over four decades in the kitchen and electrical appliances industry and considering the Company's master plan to equate its turnover and profitability with the peers in the industry, continuance of Mr.Gangadharam is ideally suited to hold the position of Executive Director.
5.	Remuneration proposed	As set out in Resolution No.6 of the Notice convening this Annual General Meeting, which is same as the remuneration paid to him from 1.9.2012, as approved by the Members at the Annual General Meeting of the Company held on 31.8.2012.
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 with respect to the country of his origin)	In the organized sector of kitchen and electrical appliances industry, manufacturing/marketing similar products, there are only a few limited Companies with similar synergies. In comparable Companies like TTK Prestige Ltd and Hawkins Pressure Cookers Ltd, the remuneration package for similar position is much higher than the remuneration paid/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, Vice Chairman and Managing Director, V.M. Seshadri, Managing Director and V.M.Kumaresan, Executive Director - Technical.

### III. OTHER INFORMATION

**1. Reasons of loss or inadequate profit:**

Major share of the sales turnover for the financial year 2015-16 relates to the supply of Table Top Wet Grinders against the Tamil Nadu government order, where the margins are thin. This, combined with the sluggish market conditions and consequent competitive pricing, resulted in lower profit margins.

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

For financial year 2016-17, the Company has planned to introduce more premium quality products and enhanced focus on its retail business. This is expected to improve its profitability.

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

The Tamil Nadu Government having completed distribution of its committed quantities of home appliances to the eligible households in the State during financial year 2015-16, no further order is expected. Therefore, there will be lower sales turnover. However, we are working towards sustaining the net profits at the same level as financial year 2015-16.

### DETAILS OF DIRECTOR RETIRING BY ROTATION

Name of the Director	V.M.Kumaresan
Date of Birth	19.06.1963
Date of Appointment	01.06.2007
Expertise in specific Functional area	Mr.Kumaresan possesses sound technical knowledge in deep drawing process, sheet metal forming, making tools and dies and has dedicated about 35 years in Research & Development and Innovation of new home appliance products.
Qualification	Matriculation
List of Outside Directorship held	LLM Appliances Pvt. Ltd. Butterfly Quality Centre Pvt. Ltd.
Chairman/Member of the Board of Directors of the Company	Member of the Board
Chairman/Member of the Committees of Directors of other Companies in which he is a Director	Nil
Audit Committee	
Nomination & Remuneration Committee	
Stakeholders' Grievance Committee	
Shareholding if any, in the Company	4,87,804 (2.73%)

## REPORT BY BOARD OF DIRECTORS TO SHAREHOLDERS

Your Directors have pleasure in presenting this Twenty Ninth Annual Report together with the Audited Statement of Accounts for the financial year ended on 31st March 2016.

### 1. FINANCIAL RESULTS

The Company's financial performance for the year ended 31st March 2016 is summarised below:

	Financial Year ended on	Financial Year ended on
	31.03.2016	31.03.2015
Revenue from Operations (Gross)	99,459.67	57,719.28
LESS: Excise Duty	9,365.48	4,821.30
Revenue from Operations (Net)	90,094.19	52,897.98
Other Income	538.16	435.43
Operating Expenditure	84,112.58	48,930.47
Operating Profit	5,981.61	3,967.51
Profit before Depreciation and Finance cost (EBITDA)	6,519.67	4,402.94
Finance Cost	3,447.75	2,956.84
Depreciation	1,154.92	1,023.62
Profit before Tax	1,917.10	422.48
IT/Deferred Tax for the current year	678.10	139.19
Profit after Tax	1,239.00	283.29

Against Rs.84.30 crores (net) Government sale in financial year 2014-15, the sale for financial year 2015-16 was Rs.432.7 crores (net).

### 2. DIVIDEND

Taking into account the net profits earned by the Company in the financial year under review, your Directors are pleased to recommend a dividend of Rs.1.25 per equity share on 1,78,79,551 fully paid up equity shares of Rs.10/- each. The total cash outflow on account of this dividend, including dividend distribution tax, is Rs.268.99 lakhs.

### 3. REVIEW OF OPERATIONS

Total net revenue from operations grew by 70.32% on a year-on-year basis from Rs.528.98 crores in financial year 2014-15 to Rs.900.94 crores in financial year 2015-16.

Sales of branded products would have been higher, but for several challenges in the form of lacklustre, economic conditions, inflation, impact of free distribution schemes by the Tamil Nadu and Pondicherry governments and overall weak consumer sentiments during the festive season, especially in Tamil Nadu due to unfortunate floods.

During the year, the Company has made steady progress in its initiatives to enhance its distribution network. The combined effect of high volatility in foreign exchange rates and market pressure against price revision resulted in lower profitability. In addition, the initiatives taken towards widespread advertising and marketing to augment sales and distribution network have resulted in an increase in cost for the Company, while these expenses are being incurred upfront, the benefit will accrue in later years through accelerated growth in sales. Hence, the management believes that the compression in profit margins of the Company is only temporary.

#### **4. AWARDS AND RECOGNITION**

The Company was awarded ‘Certificate of Appreciation’ by the Petroleum Conservation Research Association of Government of India, New Delhi as the First Manufacturer authorised to use BEE Label with Star Rating “2” for its specific model of Domestic Gas Stove under the brand ‘Butterfly’.

#### **5. CURRENT YEAR’S OPERATIONS**

Supplies made to the Tamil Nadu Government and Pondicherry Co-operative Wholesale Stores Ltd., i.e. Government supplies, comprised the lion’s share of Company’s sales turnover for the financial year ended on 31.3.2016. Having completed these supplies, the Company, for its current year’s operations, is giving vigorous thrust on its branded sales, which will be supplemented by sales through agents of Liquefied Petroleum Gas, Canteen Stores Department, Chain Stores and online sales. The Company is also planning to add more variants of premium products.

With the above effective steps towards notching up the sales turnover/profitability of the Company, your Directors are optimistic of better performance during the current financial year.

#### **6. DIRECTORS**

The present tenure of Mr.V.M.Seshadri, Managing Director (DIN 00106506) ends on 31.05.2017. The Nomination and Remuneration Committee and the Board of Directors at their meetings held respectively on 19.5.2016 and 09.06.2016 have recommended his reappointment with no change in remuneration package, as detailed in resolution no.5 of the Notice, for a further period of five years w.e.f. 01.06.2017 to 31.5.2022.

The present tenure of Mr.V.M.Gangadharam, Executive Director (DIN 00106466) ends on 30.09.2016. The Nomination and Remuneration Committee and the Board of Directors at their meetings held respectively on 19.5.2016 and 09.06.2016 have recommended his reappointment with no change in remuneration package, as detailed in resolution no.6 of the Notice, for a further period of five years w.e.f. 01.10.2016 to 30.9.2021.

Mr.V.R.Lakshminarayanan, Independent Director (DIN 00101895) resigned from the Board after conclusion of the Board meeting on 30.5.2016. Your Directors would like to place on record their admiration of his high and rare administrative skills and rich contribution to the growth of the Company for the past twenty three years as a Director.

Mr.D.Krishnamurthy (DIN No.00085444), who was reappointed at the Annual General Meeting of the Company held on 26.07.2013 as wholetime Executive Director-cum-Company Secretary for a period of three years w.e.f.1.6.2013 to 31.5.2016 is not seeking reappointment. Your Directors place on record their high appreciation of the valuable services rendered by Mr.Krishnamurthy, who was the Company Secretary for over twenty five years.

Mr.V.M.Kumaresan (DIN No.00835948), Director retire by rotation from the Board, pursuant to the provisions of section 152(6) (c) of the Companies Act, 2013 and, being eligible, offers himself for reappointment.

#### **7. MANAGEMENT DISCUSSION AND ANALYSIS**

The Directors’ comments on Management Discussion and Analysis, which forms a part of this report, are restricted to the areas which are relevant to the current scenario of the Company and outlook.

#### **8. CREDIT RATING**

The Company is retaining the following CRISIL’s credit ratings for its bank facilities.

Long Term Rating	CRISIL A-/Stable (Reaffirmed)
Short Term Rating	CRISIL A2+ (Reaffirmed)

## 9. DIRECTORS RESPONSIBILITY STATEMENT

In pursuance of Section 134(5) of the Act, the Directors hereby confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The directors had 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 profit of the Company for that period;
- c. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The directors had prepared the annual accounts on a going concern basis; and
- e. The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 10. CORPORATE GOVERNANCE

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Compliance Report on Corporate Governance as per Schedule V of the Listing Regulations, along with a Certificate of Compliance from the Statutory Auditors forms part of this report.

## 11. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an 'arm's length' basis. The Company had not entered into any contract/arrangement/transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Company enjoys distinct advantages in the form of competitive prices, product quality, economy in transportation cost and lower inventories by virtue of the existing related party transactions.

Particulars of contract or arrangements with related parties referred to in Section 188 (1) in Form AOC-2 has been annexed as **Annexure - I**

## 12. RISK MANAGEMENT

The Board has formulated the Company's Risk Management Policy, identifying the elements of risk that the Company may face, such as strategic, financial, credit, market, liquidity, security, property, legal, regulatory and other risks, pursuant to the provisions of Section 134 (3) (n), which has been exhibited in the Company's website.

## 13. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate and effective internal financial control system commensurate with its size and operations.

## 14. DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director under section 149 (7) of the Act that they meet with the criteria of their independence laid down in Section 149 (6).

## 15. APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Pursuant to the provisions of Section 178 (3) read with Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 19(4) read with Schedule II Part –D of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director and for evaluating performance of the Directors and Key Management Personnel, which can be viewed at the Company's website [www.butterflyindia.com](http://www.butterflyindia.com).

## 16. PROGRAMME FOR FAMILIARISATION OF INDEPENDENT DIRECTORS

The details of programme for familiarization of independent directors of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at its link [www.butterflyindia.com](http://www.butterflyindia.com).

## 17. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company has formulated and devised policies regarding qualifications, positive attributes and independence of a Director as also a policy relating to the remuneration for the Directors and Key Management Personnel. The Company's policy in this regard is exhibited in its website [www.butterflyindia.com](http://www.butterflyindia.com).

## 18. PERFORMANCE EVALUATION OF DIRECTORS

The independent Directors of the Company held a separate meeting on 26.03.2016 without the attendance of non-independent Directors and members of management. At the said meeting, they reviewed the performance of non-independent Directors and the Board as a whole, including the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Director. Similarly, at a meeting of the Board of Directors held on the said date, the Board evaluated the performance of each Independent Directors and the Committees represented by such Independent Directors in accordance with the parameters for such evaluation formulated by the Nomination and Remuneration Committee of the Company.

## 19. AUDITORS AND AUDITORS REPORT

At the twenty eighth Annual General Meeting of the Company held on 20.08.2015, members appointed M/s. Rudhrakumar Associates, Chartered Accountants (FRN.007033 S), Chennai, as statutory auditors of the Company from the conclusion of the said Annual General Meeting till the conclusion of the thirtieth Annual General Meeting of the Company. Pursuant to the first proviso to section 139(1) of the Act, the matter relating to his appointment is placed for ratification by members vide resolution No.3 of the Notice.

## 20. COST AUDITORS

The Board has reappointed M/s.S.Mahadevan & Co., Cost Auditors (FRN.000007), No.1, Lakshmi Nivas, K.V.Colony, Third Street, West Mambalam, Chennai – 600 033 for conducting the audit of cost records of the Company for the financial year 2016-17. Their report for financial year 2014-15 was filed on the MCA Portal on 17.11.2015.

## 21. SECRETARIAL AUDIT

The Board has appointed Mr.T.Murugan, Company Secretary in Practice, [COP No.4393], M22E, Sri Subah Colony, Munusamy Road, K.K.Nagar, Chennai – 600 078 to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended 31.3.2016 is annexed to this report as **Annexure II**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## 22. DISCLOSURES

### Audit Committee

The Audit Committee comprises Independent Directors, viz., Messrs.K.Ganesan (Chairman), V.R.Lakshminarayanan, M.Padmanabhan and A.Balasubramanian (Members), and also V.M.Lakshminarayanan, Chairman & Managing Director of the Company as a Member. All the recommendations made by the Audit Committee were accepted by the Board.

### Vigil Mechanism

The Company has established vigil mechanism for directors and employees to report genuine concerns pursuant to section 177 (9) and (10) of the Act and Regulation 22 of the Listing Regulations, 2015.

The Vigil Mechanism of the Company also incorporates a Whistle Blower Policy in terms of the Listing Regulations. Protected disclosures can be made by a Whistle Blower through an email or dedicated telephone line or a letter addressed to the Chairman of the Audit Committee/Executive Director of the Company. The Company's Whistle Blower Policy may be accessed on its website at the link [www.butterflyindia.com](http://www.butterflyindia.com).

### Meetings of the Board

Eight meetings of the Board of Directors were held during the financial year. For further details, please refer to Report on Corporate Governance in this Annual Report.

### Conservation of energy, technology, absorption and foreign exchange out go

Information relating to energy conservation, technology absorption, foreign exchange earned and spent and research and development activities undertaken by the Company in accordance with Section 134 (3) (m) of the Act read with Rule 8(3) (A) of Companies (Accounts) Rules, 2014, are given in **Annexure – III** of the Directors' Report.

### Extract of Annual Return

As required pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules 2014, an extract of Annual Return in Form MGT-9 is given in **Annexure – IV** of the Directors' Report.

### Statement pursuant to Rule 5(2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

Statement showing the details of employees pursuant to the provisions of Rule 5(2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is annexed as **Annexure- V**

Details/disclosure of ratio of remuneration to each Director to the median employee's remuneration, pursuant to provisions of Section 197 (12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are annexed as **Annexure - VI**

Payment of remuneration made to managerial personnel is in conformity with Schedule V Part II Section II (A) to the Companies Act 2013.

### Corporate Social Responsibility Committee

Pursuant to the provisions of Section 135(1) of the Act, the Company has constituted a Corporate Social Responsibility Committee, consisting two Independent Directors and the Chairman & Managing Director of the Company. The said Committee has formulated and recommended to the Board a Corporate Social Responsibility Policy (CSR Policy), indicating the activities to be undertaken by the Company, which has been approved by the Board.

An amount of Rs.58.10 lakhs has been provided in the Audited accounts for the financial year ended 31.3.2016. This amount will be utilised towards the Corporate Social Responsibility (CSR) activities as enumerated in Schedule VII to the Act, (as amended up to date), read with the Company's CSR Policy.

### Listing with Stock Exchanges

The Company confirms that it has paid the Annual Listing Fee for the year 2015-16 to both National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd., with whom the equity shares of the Company have been listed.

## 23. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items, as they are not applicable for the financial year under review:

1. Details relating to deposits covered under chapter V of the Act;
2. Details regarding investment/loan/guarantee, attracting the provisions of section 186 of the Act;
3. Issue of equity shares with differential rights as to dividend, voting or otherwise;
4. Issue of shares (including sweat equity shares) to employees of the Company under any scheme;

5. Material orders, if any, passed by the Regulators or Courts or Tribunals which may impact the going concern status and Company's operations in future;
6. Case, if any, filed under the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act 2013.

There are no material changes and commitments, affecting the financial position of the Company which have occurred between financial year ended 31.03.2016 and the date of this report.

## **24. 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.

## **25. ACKNOWLEDGEMENTS**

Your Directors take this opportunity to thank, in particular State Bank of Travancore, Industrial Development Bank of India Ltd., Axis Bank, Kotak Mahindra Bank Ltd, State Bank of India, Ratnakar Bank Ltd., Aditya Birla Finance Ltd., Fullerton India Credit Company Ltd, Tamil Nadu Civil Supplies Corporation, Pondicherry Co-operative Wholesale Stores, Pondicherry, Indian Oil Corporation Ltd., Bharat Petroleum Corporation Ltd. and Hindustan Petroleum Corporation Ltd. for the co-operation extended by them. Our thanks are also due to employees at all levels, suppliers, distributors, dealers and customers for their strong support.

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

Navalur – 600 130  
Date : 09.06.2016

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



## ANNEXURE - I

**PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTY REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013**
**FORM NO.AOC - 2**

(Pursuant to clause (h) of Sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain 'arms length' transaction under third proviso thereto, for the financial year ended 31.3.2016.

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL
2. Details of material contracts or arrangements or transactions at arm's length basis/related party's appointment to any office or place of profit in the Company

Sl.No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board/ Members at General Meeting	Amount paid as advances, if any
1	East West Combined Industries - The Proprietor is daughter of Mr.V.M.Seshadri, Managing Director	Supply of components for Table Top Wet Grinders/ Mixer Grinders	01.04.2015 to 31.03.2016	The prices charged from time to time for each component shall not exceed the prices charged by other competitive manufacturers. Aggregate value of supplies shall not exceed Rs.25 crores for the financial year.	26.05.2015	NIL
2	Mrinalini Industries - Partners are 'relatives' of Mr.V.M.Gangadharam, Executive Director	Supply of components for Mixer Grinders and LPG Stoves	01.04.2015 to 31.03.2016	The prices charged from time to time for each component shall not exceed the prices charged by other competitive manufacturers. Aggregate value of supplies shall not exceed Rs.7 crores for the financial year.	26.05.2015	NIL
3	Sivagurunathan Industries - Partners are 'relatives' of Messers. V.M.Lakshminarayanan, Chairman and Managing Director, V.M.Seshadri, Managing Director and V.M.Gangadharam, Executive Director.	Supply of Master/printed carton boxes and gaskets for pressure cookers	01.04.2015 to 31.03.2016	The prices charged from time to time for each component shall not exceed the prices charged by other competitive manufacturers. Aggregate value of supplies shall not exceed Rs.3.75 crores for the financial year.	26.05.2015	NIL

Sl.No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board/ Members at General Meeting	Amount paid as advances, if any
4	H&S Supply Chain Sevices Pvt. Ltd. - Directors are 'relatives' of Mr.V.M.Seshadri, Managing Director.	Providing 3PL Logistic services	01.04.2015 to 31.03.2016	Rates charged for services from time to time shall not exceed the rates quoted by other competitors. The aggregate annual charges paid shall not exceed 2.6% on Company's gross annual turnover (less VAT).	26.05.2015	NIL
5	Mr.V.M.L.Karthikeyan - Son of Mr.V.M.Lakshminarayanan, Chairman and Managing Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Senior Vice President - Marketing. Salary and perquisites not exceeding Rs.29,95,200/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL
6	Mr.V.M.G.Viswanathan - Son of Mr.V.M.Gangadharam, Executive Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Senior Vice-President - Materials Management. Salary and perquisites not exceeding Rs.29,08,800/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL
7	Mr.V.M.L.Senthilnathan - Son of Mr.V.M.Lakshminarayanan, Chairman and Managing Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Senior Vice-President - Technical. Salary and perquisites not exceeding Rs.29,08,800/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL
8	Mr.V.M.L.Ganesan - Son of Mr.V.M.Lakshminarayanan, Chairman and Managing Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Vice-President - Finance. Salary and perquisites not exceeding Rs.28,22,400/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL
9	Mr.V.M.G.Mayuresan - Son of Mr.V.M.Gangadharam, Executive Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Vice-President - Corporate Strategy. Salary and perquisites not exceeding Rs.27,64,800/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL

Place : Navalur – 600 130  
Date : 09.06.2016

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

## ANNEXURE II

**Form No. MR-3****SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED **31.03.2016***[Pursuant to section 204(1) of the Companies Act, 2013 and ruleNo.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]***SECRETARIAL AUDIT REPORT**

To,

The Members,  
Butterfly Gandhimathi Appliances Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Butterfly Gandhimathi Appliances Limited (Hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and Returns filed and other records maintained by M/s. Butterfly Gandhimathi Appliances Limited for the financial year ended on 31.03.2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (v) The Other laws specifically applicable to this Company are as follows:
  - (a) Factories Act 1948
  - (b) Shops and Establishment Act
  - (c) The Indian Patents Act, 1970
  - (d) Trademarks Act 1999

I have also examined compliance with the applicable clauses of the following:

- (i) Listing agreement entered into by the Company with Bombay Stock Exchange & National Stock Exchange.
- (ii) Secretarial Standard on Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the The Institute of Company Secretaries of India (ICSI).

I report that, during the year under review, the company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above.

I further report that, there were no actions/events in pursuance of :

- a) The Securities and Exchange Board of India ( Issue and Listing of Debt Securities) Regulations, 2008:
- b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998,
- c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999,
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

requiring compliance thereof by the company during the financial year .

I further report that, based on the information provided by the Company, its officers and authorised representatives during the conduct of audit, in my opinion, adequate systems and processes and control mechanism exist in the company to monitor and ensure compliance with general laws like Labour and Environmental Laws.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws are subjected to review by statutory financial audit and other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations: NIL

#### **I further report that**

The Board of Directors of the Company is duly constituted with Proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least Seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda Items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the chairman, the decisions of the Board were unanimous and no dissenting views have been expressed.

**I further report that** there are adequate systems and processes in the company commensurate with the size and Operations of the company to monitor and ensure compliance with Applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has:

Accorded members approval for availing credit facilities (apart from temporary loans obtained from the bankers in the ordinary course of business) exceeding the aggregate paid-up capital and free reserves and the total amount upto which the monies may be borrowed by the Directors shall not exceed the sum of Rs. 160 Crores.

Chennai  
Date: 30th May 2016

Sd/-  
T. Murugan  
Practicing Company Secretary  
Membership no: A11923  
C.P No. 4393

## ANNEXURE III

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

[Pursuant to Section 134 (3)(m) of the Companies Act 2013 read with Rule 8 of Companies (Accounts) Rules 2014]

#### [A] CONSERVATION OF ENERGY

The Company has carried out the following activities during the financial year 2015-16, for energy conservation:

1. Installed Harmonic Filter in the electrical circuit, thereby saving energy
2. Conventional florescent bulbs replaced with LED/CFL lamps
3. Bus Bar Trucking system introduced, replacing cables and Power Distribution Boards, reducing number of links and switches, thus reducing energy loss.
4. Introduce MCBs, replacing conventional fuse links, thus reducing energy loss.

#### [B] TECHNOLOGY ABSORPTION

- (i) The efforts made towards technology absorption:  
Regular initiatives are taken in updating the technology in the process area.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:  
The benefits derived include product improvement and deduction in labour cost.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year )
  - (a) The details of technology imported - No technology has been imported.
  - (b) The year of import – Not Applicable
  - (c) Whether the technology been fully absorbed - Not Applicable
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - Not Applicable
- (iv) the expenditure incurred on Research and Development :

(₹ in crores)		
(a)	Capital	0.32
(b)	Recurring	2.71
(c)	Total	3.03

#### [C] FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings : Rs. 913.69 Lakhs.

Foreign Exchange outgo : Rs. 19,124.47 Lakhs

Place : Navalur – 600 130

Date : 09.06.2016

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

**ANNEXURE IV**
**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March, 2016.

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS**

i) CIN	L28931TN1986PLC012728
ii) Registration date	24.02.1986
iii) Name of the company	Butterfly Gandhimathi Appliances Limited
iv) Category / Sub-category of the company	Public Limited Company
v) Address of the registered office and contact details	"143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam - 603 103 Kancheepuram District, Tamil Nadu"
vi) Whether listed company	Yes
vii) Name, address and contact details of registrar and transfer agent, if any	

GNSA INFOTECH LTD  
#115,F-BLOCK, NELSON CHAMBERS,  
NELSON MANICKAM ROAD, AMINTHAKARAI  
CHENNAI - 600 029,  
Email ID: sta@gnsaindia.com  
Phone:044-42962025

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl.no	Name and description of main products/services	NIC code of the product/ service	% to total turnover of the company
1	LPG Stove	27504	19
2	Mixer Grinder	27501	14
3	Table Top Wet Grinder	27501	49

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL**

**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**
**(i) Category-wise shareholding as of 31st March, 2016**

S. No.	Category of shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% of change during the year	
		Demat	Physical	Total	% of total shares	Demat	Physical		Total
(A)	Promoters								
(1)	Indian								
(a)	Individuals/ HUF	5091113	0	5091113	28.47	5091113	0	5091113	28.47
(b)	Central/State Govt.(s)								0.00
(c)	Bodies corporate	6553665	0	6553665	36.65	6553665	0	6553665	36.65
(d)	FI/ Banks								0.00
(e)	Any other (Relative)								0.00
	<b>Sub-total (A)(1)</b>	<b>11644778</b>	<b>0</b>	<b>11644778</b>	<b>65.13</b>	<b>11644778</b>	<b>0</b>	<b>11644778</b>	<b>65.13</b>
(2)	Foreign								
(a)	Individuals (Foreign Individuals)								0.00
(b)	Bodies corporate								0.00
(c)	Institutions								0.00
(d)	QFI								0.00
(e)	Any other								0.00
	<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
	<b>Total shareholding of promoter and promoter group (A) = (A)(1) + (A)(2)</b>	<b>11644778</b>	<b>0</b>	<b>11644778</b>	<b>65.13</b>	<b>11644778</b>	<b>0</b>	<b>11644778</b>	<b>65.13</b>
(B)	Public shareholding								0.00
(1)	Institutions								0.00
(a)	Mutual funds/UTI	446009	30	446039	2.49	615	30	645	0.00
(b)	FII/Banks	0	2000	2000	0.01	0	2000	2000	0.01

S. No.	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(c)	Central/ State Govt. (s)									0.00
(d)	Venture capital funds									0.00
(e)	Insurance companies									0.00
(f)	FII									0.00
(g)	Foreign venture capital									0.00
(i)	Any other (RELiance ALTERNATIVE INVESTMENT FUND - Private Equity Scheme - I (Acting through Reliance Alternative Investments Services Pvt Ltd))	2451000	0	2451000	13.71	2451000	0	2451000	13.71	0.00
	<b>Sub-Total (B)(1)</b>	<b>2897009</b>	<b>2030</b>	<b>2899039</b>	<b>16.21</b>	<b>2451615</b>	<b>2030</b>	<b>2453645</b>	<b>13.72</b>	<b>-2.49</b>
<b>(2)</b>	<b>Non-institutions</b>									<b>0.00</b>
(a)	Bodies corporate									0.00
(i)	Indian	386685	3254	389939	2.18	884558	3254	887812	4.97	2.78
(ii)	Overseas				0.00					0.00
(b)	"Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 lakh"	1221512	855276	2076788	11.62	1457421	815784	2273205	12.71	1.10
	Individuals - ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lacs	766800	0	766800	4.29	477123	0	477123	2.67	-1.62
(d)	Any other :									0.00
	Non Resident Indians	99904	2303	102207	0.57	140685	2303	142988	0.80	0.23
										0.00
										0.00
	<b>Sub-total (B)(2)</b>	<b>2474901</b>	<b>860833</b>	<b>3335734</b>	<b>18.66</b>	<b>2959787</b>	<b>821341</b>	<b>3781128</b>	<b>21.15</b>	<b>2.49</b>
	<b>Total public shareholding (B)= (B)(1)+(B)(2)</b>	<b>5371910</b>	<b>862863</b>	<b>6234773</b>	<b>34.87</b>	<b>5411402</b>	<b>823371</b>	<b>6234773</b>	<b>34.87</b>	<b>0.00</b>
	<b>Total (A)+(B)</b>	<b>17016688</b>	<b>862863</b>	<b>17879551</b>	<b>100.00</b>	<b>17056180</b>	<b>823371</b>	<b>17879551</b>	<b>100.00</b>	<b>0.00</b>



## (ii) Shareholding of Promoters as on 31st March, 2016

Sl.No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of shares	% of total shares of the company	% of shares pledged/ encumbered to total share	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	V. M. SESHADRI	1251673	7.00	0	1251673	7.00	0	0.00
2	V. M. LAKSHMI NARAYANAN	1000965	5.60	0	1000965	5.60	0	0.00
3	V. M. BALASUBRAMANIAM	570130	3.19	0	570130	3.19	0	0.00
4	V. M. GANGADHARAM	494083	2.76	0	494083	2.76	0	0.00
5	V. M. KUMARESAN	487804	2.73	0	487804	2.73	0	0.00
6	V. M. K. MANGALAM	218947	1.22	0	218947	1.22	0	0.00
7	V. M. B. UNNAMALAI	217750	1.22	0	217750	1.22	0	0.00
8	V. M. L. SHENBAGA LAKSHMI	217750	1.22	0	217750	1.22	0	0.00
9	V. M. G. SIVAKAMI	217750	1.22	0	217750	1.22	0	0.00
10	V. M. S. KARPAGAM	217750	1.22	0	217750	1.22	0	0.00
11	V. M. L. KARTHIKEYAN	76700	0.43	0	76700	0.43	0	0.00
12	GANDHIMATHI A	64500	0.36	0	64500	0.36	0	0.00
13	V. M. S. NAMASIVAYAM	16495	0.09	0	16495	0.09	0	0.00
14	GANGADHARAM VISWANATHAN	11300	0.06	0	11300	0.06	0	0.00
15	V M L SENTHILNATHAN	11055	0.06	0	11055	0.06	0	0.00
16	V M L KARTHIKEYAN	5000	0.03	0	5000	0.03	0	0.00
17	SELVAMUTHUKUMARAN V M S	4800	0.03	0	4800	0.03	0	0.00
18	V M G MAYURESAN	3311	0.02	0	3311	0.02	0	0.00
19	V M S KUMARAGURU	3350	0.02	0	3350	0.02	0	0.00
20	BUTTERFLY MARKETING PVT. LTD.	2835000	15.86	0	2835000	15.86	0	0.00
21	LLM APPLIANCES LIMITED	3046565	17.04	0	3046565	17.04	0	0.00
22	BUTTERFLY CONSTRUCTIONS LTD.	672100	3.76	0	672100	3.76	0	0.00
	<b>Total</b>	<b>11644778</b>	<b>65.13</b>	<b>0</b>	<b>11644778</b>	<b>65.13</b>	<b>0</b>	<b>0.00</b>

**(iii) Change in Promoters' Shareholding (Please Specify, if there is No Change)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	"% of total shares of the company"	No. of shares	"% of total shares of the company"
	At the beginning of the year	11644778	65.13	11644778	65.13
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase equity etc):	NO CHANGE		NO CHANGE	
	Total at the end of the year			11644778	65.13

**(iv) Shareholding Pattern of Top Ten Shareholders**

(Other than directors, promoters and holders of GDRs and ADRs):

Sl. No.	For each of the top 10 shareholders name, date & reason of change	Shareholding		Date	Increase / decrease in shareholding	Reason	Cumulative shareholding during the year (1.4.15 to 31.3.16)	
		No. of shares at the beginning (1.4.15) / end of the year (31.3.16)	% of total shares of the company				No. of shares	% of total shares of the company
1	RELINCE ALTERNATIVE INVESTMENTS FUND	2451000	13.71				2451000	13.71
2	ARKSUN SYSTEMS SOLUTIONS PRIVATE LIMITED	0	0.00	27/11/2015	130000	bought - Demat	130000	0.73
				04/12/2015	70000	bought - Demat	200000	1.12
				11/12/2015	54100	bought - Demat	254100	1.42
				12/02/2016	79233	bought - Demat	333333	1.86
				19/02/2016	21815	bought - Demat	355148	1.99
				04/03/2016	10506	bought - Demat	365654	2.05
				11/03/2016	2000	bought - Demat	367654	2.06
				18/03/2016	15446	bought - Demat	383100	2.14

					25/03/2016	13314	bought - Demat	396414	2.22
					31/03/2016	3586	bought - Demat	40000	2.24
3	CSP INFRASTRUCTURE PRIVATE LIMITED	0	0.00		14/08/2015	56000	bought - Demat	56000	0.31
					18/09/2015	6048	bought - Demat	62048	0.35
					23/10/2015	500	bought - Demat	62548	0.35
					06/11/2015	200	bought - Demat	62748	0.35
					20/11/2015	8000	bought - Demat	70748	0.40
					19/02/2016	69396	bought - Demat	140144	0.78
4	ESVEE CAPITAL	91696	0.51		15/05/2015	15000	sold - Demat	76696	0.43
					22/05/2015	15000	bought - Demat	91696	0.51
					29/05/2015	15000	bought - Demat	106696	0.60
					11/09/2015	20007	bought - Demat	126703	0.71
5	VIDHI NIMISH SHAH	0	0.00		12/02/2016	11000	bought - Demat	11000	0.06
					18/03/2016	40000	bought - Demat	51000	0.29
6	JALPA NIMISH SHAH	0	0.00		12/02/2016	5000	bought - Demat	5000	0.03
					12/02/2016	8500	bought - Demat	13500	0.08
					12/02/2016	24500	bought - Demat	38000	0.21
7	NITIN TANDON	36990	0.21					36990	0.21
8	JAMISH INVESTMENT PVT. LTD.	0	0.00		04/12/2015	9000	bought - Demat	9000	0.05
					11/12/2015	3000	bought - Demat	12000	0.07

Sl. No.	For each of the top 10 shareholders name, date & reason of change	Shareholding		Date	Increase / decrease in shareholding	Reason	Cumulative shareholding during the year (1/4/15 to 31.3.16)	
		No. of shares at the beginning of the year (31.3.16)	% of total shares of the company				No. of shares	% of total shares of the company
				01/01/2016	2000	bought - Demat	14000	0.08
				08/01/2016	20500	bought - Demat	34500	0.19
				15/01/2016	10255	bought - Demat	44755	0.25
				29/01/2016	8560	bought - Demat	53315	0.30
				05/02/2016	7398	bought - Demat	60713	0.34
				12/02/2016	1287	bought - Demat	62000	0.35
				25/03/2016	27000	sold - Demat	35000	0.20
9	ALLWYN DSOUZA	28900	0.16	24/04/2015	100	bought - Demat	29000	0.16
				29/05/2015	100	bought - Demat	29100	0.16
				12/06/2015	1000	bought - Demat	30100	0.17
				03/07/2015	120	bought - Demat	30220	0.17
				16/10/2015	100	sold - Demat	30120	0.17
				04/12/2015	120	sold - Demat	30000	0.17
				12/02/2016	500	bought - Demat	30500	0.17
				19/02/2016	100	bought - Demat	30600	0.17
10	BHABHOTMAL JAIN	28946	0.16				28946	0.16

**(v) Shareholding of Directors and Key Managerial Personnel:****A) Key Managerial Personnel**

Sl No	Name	Shareholding					Cumulative Shareholding during the year (1.4.15 to 31.3.16)	
		No. of shares at the beginning (1.4.15 / end of the year - 31.3.16)	"% of total shares of the company"	Date	Increase / decrease in shareholding	Reason	No. of shares	"% of total shares of the company"
1	V. M. Seshadri	1251673	7.00	"1.4.15 to 31.3.16"	0	"Nil movement during the year"	1251673	7.00
2	V. M. Lakshmi Narayanan	1000965	5.60	"1.4.15 to 31.3.16"	0	"Nil movement during the year"	1000965	5.60
3	V. M. Balasubramaniam	570130	3.19	"1.4.15 to 31.3.16"	0	"Nil movement during the year"	570130	3.19
4	V. M. Gangadharam	494083	2.76	"1.4.15 to 31.3.16"	0	"Nil movement during the year"	494083	2.76
5	V. M. Kumaresan	487804	2.73	"1.4.15 to 31.3.16"	0	"Nil movement during the year"	487804	2.73

**B) Director**

Sl. No.	Name	Shareholding					Cumulative Shareholding during the year (1.4.15 to 31.3.16)	
		No. of shares at the beginning (1.4.15 / end of the year - 31.3.16)	"% of total shares of the company"	Date	Increase / decrease in shareholding	Reason	No. of shares	"% of total shares of the company"
1	V. R. Lakshmi Narayanan	1000	0.01	1.4.15 to 31.3.16	0	"Nil movement during the year"	1000	0.01

**C) Details of shareholders holding more than 5% shares in the company**

Name of the Shareholder	31st March 2015		31st March 2016	
	Equity shares		Equity shares	
	No. of shares held	% of holding	No. of shares held	% of holding
Reliance Alternative Investment Fund	2451000	13.71	2451000	13.71
LLM Appliances Limited	3046565	17.04	3046565	17.04
Butterfly Marketing Private Limited	2835000	15.86	2835000	15.86

**(vi) INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	17,189.51	1,845.47		19,034.98
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	105.65	-		105.65
<b>Total (i+ii+iii)</b>	<b>17,295.16</b>	<b>1,845.47</b>	<b>-</b>	<b>19,140.63</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	4,295.85	-	-	4,295.85
* Reduction	2,151.21	642.93	-	2,794.14
<b>Net Change</b>	<b>2,144.64</b>	<b>-642.93</b>	<b>-</b>	<b>1,501.71</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	19,289.02	1,202.54		20,491.56
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	150.78	-		150.78
<b>Total (i+ii+iii)</b>	<b>19,439.80</b>	<b>1,202.54</b>	<b>-</b>	<b>20,642.34</b>

## (vii) Remuneration Of Directors and Key Managerial Personnel

**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER**

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager							Total Amount
		V.M. Lakshminarayanan CMD	V.M. Balasubramaniam MD	V.M. Seshadri MD	V.M. Gangadharam ED	V.M. Kumaresan ED-Tech	D. Krishnamurthy EDCS		
1	<b>Gross salary</b>								
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36.00	35.40	34.80	33.60	33.60	20.40		<b>193.80</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7.20	7.08	6.96	6.72	6.72	4.08		38.76
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0	0	0		0.00
2	<b>Stock Option</b>	0	0	0	0	0	0		0.00
3	<b>Sweat Equity</b>	0	0	0	0	0	0		0.00
4	<b>Commission</b>	0	0	0	0	0	0		0.00
	- as % of profit								
	- others, specify...								0.00
5	<b>Others, please specify</b>	0	0	0	0	0	0		0.00
	Contribution to PF/ Superannuation Funds	9.72	9.56	9.40	9.07	9.07	5.51		49.14
	<b>Total (A)</b>	<b>52.92</b>	<b>52.04</b>	<b>51.16</b>	<b>49.39</b>	<b>49.39</b>	<b>29.99</b>		<b>281.70</b>
	<b>Ceiling as per the Act*</b>	NA	NA	NA	NA	NA	NA		NA

\* NOTE: The remuneration paid to MDs/Wholetime Directors named above are the minimum remuneration payable to them in the event of inadequacy of profits in any financial year during the currency of their tenure, as approved by the members through Special Resolutions, pursuant to the provisions of Schedule V Part II, Section 2(A) to the Companies Act 2013.

**B. REMUNERATION TO OTHER DIRECTORS**

(₹ in lakhs)

Sl. No.	Name of Director	Fee for attending Board/Committee Meetings	Commission	Others	Total
1	V.R.Lakshminarayanan (Independent Director)	2.80	0.00	0.00	2.80
2	K.Ganesan (Independent Director)	4.00	0.00	0.00	4.00
3	M.Padmanabhan (Independent Director)	3.65	0.00	0.00	3.65
4	A.Balasubramanian (Independent Director)	2.60	0.00	0.00	2.60
5	K.J.Kumar (Independent Director)	1.05	0.00	0.00	1.05
6	G.S.Samuel (Independent Director)	1.50	0.00	0.00	1.50
7	T.R.Srinivasan (Independent Director)	1.20	0.00	0.00	1.20
8	Mrs.Maheshwari Mohan (Woman Independent Director)	1.35	0.00	0.00	1.35
9	Prakash Iyer (Nominee Director)	1.60	0.00	0.00	1.60
	<b>TOTAL</b>	<b>19.75</b>	<b>0.00</b>	<b>0.00</b>	<b>19.75</b>
	<b>Total Managerial Remuneration</b>				<b>301.45</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(₹ In lakhs)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel	Key Managerial Personnel
		Mr.Sunil Bhansali, CFO *	Mr.R.Nagarajan, CFO *
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.63	3.92
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.23	2.53
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	<b>Stock Option</b>	-	-
3	<b>Sweat Equity</b>	-	-
4	<b>Commission</b> - as % of profit	-	-
5	<b>Others, please specify</b>		
	<b>TOTAL</b>	<b>9.86</b>	<b>6.45</b>

\* Employed for part of the year



**(viii) Penalties / Punishment/ Compounding of Offences**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeals made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NIL	NA	NIL	NA	NIL
Punishment	NIL	NA	NIL	NA	NIL
Compounding	NIL	NA	NIL	NA	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NA	NIL	NA	NIL
Punishment	NIL	NA	NIL	NA	NIL
Compounding	NIL	NA	NIL	NA	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NA	NIL	NA	NIL
Punishment	NIL	NA	NIL	NA	NIL
Compounding	NIL	NA	NIL	NA	NIL

**ANNEXURE V**

Statement showing details of employees pursuant to Rule 5(2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

S No	Name	Designation	Qualification	Experience in years	Remuneration (Rs.)	Age	Date of commencement of employment	Particulars of last employment
1.	Sunil Bhansali*	Chief Financial Officer	B.Com. Hons., FCA	28	9,85,800	52	01.04.2014	Executive Director – Falcon Tyres, Mysore

\*Employed for part of the year

**Notes:** 1. Employment of Mr.Sunil Bhansali was contractual. He did not hold any equity shares of the Company and was not a relative of any Director of the Company.

**ANNEXURE VI**

**Disclosure pursuant to Rule 5 (1) of Companies  
(Appointment and Remuneration of Managerial Personnel) Rules 2014**

1. Rule 5(1) (i) : ratio of the remuneration to each Director to the median remuneration of the employees of the Company for the financial year ended on 31.3.2016:

Name of Director	Ratio of remuneration to the median remuneration of the Company's employees
Mr.V.M.Lakshminarayanan	23.83
Mr.V.M.Balasubramaniam	23.43
Mr.V.M.Seshadri	23.03
Mr.V.M.Gangadharam	22.24
Mr.V.M.Kumaresan	22.24
Mr.D.Krishnamurthy	13.50

2. Rule 5(1)(ii) : Percentage increase in remuneration of each Director, Chief Financial Officer in the financial year ended on 31.3.2016:

There was no increase in remuneration of any one of the above named Directors and the Chief Financial Officer in the financial year ended on 31.3.2016.

3. Rule 5(1)(iii) : Percentage increase in the median remuneration of employees in the financial year ended on 31.3.2016:

There was an increase of 10.28% in the median remuneration of employees in the financial year ended on 31.3.2016.

4. Rule 5 (1) (iv) : Number of permanent employees on the rolls of Company:

There were 1290 permanent employees on the rolls of Company as on 31.3.2016.

5. Rule 5(1)(v) : Explanation on the relationship between average increase in remuneration and Company performance:

The increase in the remuneration of non-executive / junior executive employees is mainly relatable to the increase in cost of living index, performance of individual employees and the necessity to grant higher percentage of increments to employees drawing salaries below Rs.10,000/- per month.

Despite subdued consumer sentiments, heavy rainfall and floods in Tamil Nadu during the festive season, drought in many North Indian regions and E-commerce platform gaining ground, the strenuous efforts of employees at all levels improved the Company's performance during the financial year ended on 31.3.2016, as compared to the previous year.

6. Rule 5(1)(vi) : Comparison of the remuneration of the key managerial personnel against the performance of the Company:

As stated vide Sl.Nos.2 above, there was no increase in the remuneration of key managerial personnel in the financial year ended on 31.3.2016.

**7. Rule 5(1)(vii): Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the financial year under review vis-à-vis previous financial year :**

Variation details	Year ending	
	31.3.2016	31.3.2015
Equity Share Price (in Rs,)	176.75	192.00
Market capitalisation (in Rs, crore)	316.02	343.00
EPS	6.93	1.58
P/E ratio	25.50	121.52

The Company did not come out with any public offer in the recent past.

**8. Rule 5(1)(viii) : Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration :**

Average percentile increase in the salaries of employees other than the managerial personnel – 10.28% as explained vide Sl.No.3. There was no increase in remuneration for managerial personnel for FY 2015-16.

**9. Rule 5(1)(ix) : Comparison of each remuneration of key managerial personnel against the performance of the Company:**

Not applicable, in view of generally sluggish market conditions and subdued sentiments of consumers for new purchases during the festive season, as explained vide Sl.No.5 above.

**10. Rule 5(1)(x) : Key parameters for any variable component of remuneration availed by the Directors:**

Not applicable, since none of the Director availed any variable component of remuneration in the financial year ended on 31.3.2016.

**11. Rule 5(1)(xi) : Ratio of remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the financial year ended 31.3.2016:**

Apart from remuneration paid to Mr.Sunil Bhansali, who was employed as Chief Financial Officer for a part of the year, the remuneration paid to Mr.V.M.Lakshminarayanan as Chairman & Managing Director is the highest amongst the Directors and the employees other than Directors during the financial year ended on 31.3.2016.

**12. Rule 5(1) (xii) : Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is hereby affirmed that the remuneration paid to the managing/whole-time Directors and other executives/employees of the Company is as per the remuneration policy of the Company.

Place : Navalur – 600 130  
Date : 09.06.2016

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC OVERVIEW

**Summary View:** The world economy witnessed a slowdown during the fiscal, primarily characterized by volatility and uncertainty across major markets, global trade and key asset prices. Global economic growth decelerated from 3.4% in 2014 to an estimated 3.2% in 2015, undermined by weak global visibility.

India was relatively unscathed from the global distress. GDP growth rate has been fairly stable and remains among the highest in the world. According to IMF, India emerged to be one of the brightest spots among major emerging markets, mirroring the country's strong domestic growth and fundamentally-driven economic foundation. The GDP increased from 6.6% in 2013-14 to 7.2% in 2014-15 and further is projected to reach 7.6% in 2015-16 by the IMF.

**Positives:** India has been one of the beneficiaries of the fall in commodity prices especially in crude oil, globally. This has been supplemented by the several steps taken to improve the investment climate in the country. The Government's pro-investment reforms coupled with lower crude oil prices and increase in Foreign Direct Investment are some of the key positive domestic highlights of the year. Additionally, the increasing focus towards public infrastructure investment, financial inclusion, strengthening of manufacturing and leveraging of technology in governance has been welcome initiatives towards more sustainable growth.

**Key Concern Areas:** However, It has not been a smooth ride thus far. Two successive years of poor monsoon resulted in a lower farm output, thus hampering the agricultural growth. The efforts to stimulate core sectors of the economy are yet to deliver meaningful results. Combination of these factors along with an uneven rainfall continued geo-political tensions and the devastating Tamil Nadu floods have exerted pressure on the economic revival.

**Summary Conclusion:** Despite setbacks in the agri-sector and stressed loans in banking, the outlook for the Indian economy showcased incrementals gains during the year. The key drivers to demand stimulation and sustained economic recovery will be the rains which will directly impact agricultural incomes, GST implementation, inflation control, easing of lending rates and long term solutions on the distressed loan portfolio. The growth projections remain optimistic with the World Bank pegging India's GDP growth rate at 7.9%, i.e., as the fastest growing large economy globally.

### Industry Structure and Developments - Kitchen Appliances Industry in India

The Indian kitchen appliances market grew at a healthy double-digit rate over the last decade, driven by a host of factors such as increasing rural penetration, development in tier 2 and tier 3 cities, improved disposable incomes and a revolution in lifestyle standards, purchasing preferences and buying trends.

However, in the last four years, the high growth of the past tapered off thus witnessing a sobering effect in the kitchen appliances industry. The key growth challenge encountered by the industry primarily came from the luke warm consumer sentiment and stagnation of incomes. The Tamil Nadu floods and shrinking of growth in South India only exacerbated this challenge.

Fiscal 2016, however, saw a slight trend-reversal, with emergence of initial green shoots of revival noticed across various pockets of the industry. Factors such as the cascading fall in crude prices, some pick up in festive demand and signs of improving urban demand have translated into a slight elevation of the growth momentum of the industry.

The Government has also aggressively implemented number of reform measures for stronger and more sustainable growth for the industry. The recent introduction of the 7th Pay Commission, implementation of One Rank One Pension system, Direct Benefit Transfer and other pro-active steps to ensure financial inclusion is expected to have a positive effect on the consumption pattern and benefits from the cyclical shift in interest rates, softening inflation controlled food and fuel inflation, better job creation will provide additional thrust to urban and rural consumerism.

### Growth Outlook in Kitchen Appliances Sector:

The headline conclusion amongst market experts is positive with a large majority predicting revival of growth sentiment led by good monsoons, OROP, Pay Commission implementation and macro economic factors such as inflation control and lower interest rate regimes.

According to a market report by TechSci Research, the kitchen appliances market in India is projected to grow at a CAGR of more than 25% during 2015-19. The demand for kitchen appliances in the country is expected to continue growing on account of expanding base of middle class and affluent consumers, increasing working population and improving consumer lifestyle.

A report by Boston Consulting Group (BCG) and the Confederation of Indian Industry (CII) states that India's robust economic growth and rising household incomes would increase consumer spending to US\$ 3.6 trillion by 2020. The maximum consumer spending is likely to occur in food, housing, consumer durables, transport and communication sectors. The report further stated that India's share of global consumption would expand more than twice to 5.8% by 2020. According to IBEF, the consumer durables sector market is expected to grow at CAGR of 13% from FY05 to FY2020.

## SWOT ANALYSIS

### Strengths

**Product Quality, the Butterfly Brand and its wide Product Portfolio:** Butterfly products are a bench mark for quality in the kitchen appliances segment and that is the key strength of the Company.

It is also very well known for its diverse product range with products designed for all income levels and all kitchen needs. This appeal to the consumer is the key to the success of your brand, Butterfly. These products rank in the range of choices, utility, functionality, quality and design. 'Butterfly' as a brand is synonymous with kitchen appliances and brand's popularity in South India is reflected in the facts that 85% of sales are derived from this geography. The wide portfolio allows the Company to gain foothold in new customer categories, while also allowing multiple opportunities for repeat customers. The wide portfolio allows the Company to gain foothold in new customer categories, while also allowing multiple opportunities for repeat customers.

**Professional team is the key strength and low attrition amongst them indicates a disciplined work force with strong job satisfaction levels:** The management comprises of a combination of some members of the Promoter family and professionals with long standing reputation in the industry. This high performance management approach has worked very well as is evident in the branded sales growth in the last four years.

**Integrated Product Distribution:** The Company has an expansive distribution network that reaches to about 18,000 retail points across India, fulfilling many customers' needs and demands. The Company operates through traditional distribution channels such as dealers and authorized distributors and also through institutional channels. The Company enjoys tie-ups with three major oil companies; IOCL, BPCL and HPCL for the co-branded distribution of the kitchen appliances. Over the years, the Company has consistently expanded its distribution network and is now spread across 400 distributors across the Indian map that display the entire range of Company's products under one roof. The Company is now also growing its market penetration across other key markets of non-South India, which will boost the distribution network even further.

### Weaknesses

**Concentrated market share:** The Company enjoys a high market share in the South-India region. In FY16, 85% of revenues came from these markets. The Company recognizes the need to diversify its market share and has implemented steps to improve concentration of revenues from regions such as North, Central and East India. It will continue to grow revenues from the Southern markets, while simultaneously focusing on improving the contribution of other regions in the revenue mix as well.

**Seasonality in Business:** The industry faces seasonal demand; the sales volumes are typically higher during the festive season. Ensuring timely and effective festival sales translates to higher operating costs. It thus remains challenging to correctly estimate and prepare for demand at a specific time of the year. Over-estimation leads to overstocking while under-estimation of demand leads to loss of potential revenue.

**High upfront cost for Expansion:** Over the last few years, Butterfly Gandhimathi Appliances has widened its consumer base by penetrating into newer and high-potential markets. While doing so, the Company has had to undertake investments to appropriately set up operations for a long-term presence in these markets and had to make additions to its human resources to formulate appropriate strategies to penetrate new markets. These upfront investments, the benefit of which will accrue over the next several years, have impacted the profitability for FY2015-16.

### Opportunities

**All India Market Reach:** The Company has made significant efforts in investing in markets outside of South India. While it has spent significantly in this expansion, the positive benefits of these efforts will be felt in future with Butterfly as a brand reaching its consumers, All India and thus building a strong base for sustainable growth in future.

With rising income levels, brand awareness and product accessibility, the market presents and share of unorganised segment in kitchen appliances is expected to significantly reduce in future.

### Macro factors in India

**Affirmative action by the Government:** The Government has undertaken numerous reform measures to build a sustainable growth in India. These measures coupled with the expectation of a good monsoon, macro economic stability through RBI measures, i.e., inflation control and dealing with stressed asset issue in banking, OROP and Pay Commission implementation will build a strong platform for boost in income levels and thus sustainable growth. Add to that the favourable demographics in India, the building blocks for a prosperous and sustainable future is within the realm of possibility.

**Expectation of a strong revival in rural demand:** With prediction of a good monsoon in India, the rural demand is set to provide impetus to rural incomes, a key to rural off take. The macro factors of growing non-farm income, increasing electrification of rural areas, enhanced penetration through advertising will positively impact rural demand. Kitchen appliances such as LPG Stoves, Mixer and Table Top Wet Grinders, amongst others are now being perceived to be basic necessities and beefing of rural incomes will kick start a major growth cycle sooner than expected.

**Availability of easy consumer financing:** The advent of 0% finance schemes, financial inclusion rural penetration of banking, credit cards and cash back schemes has changed the perception of consumers and the products that were once considered high-end and expensive are now considered to be accessible due to affordable monthly instalment payments.

### Threats

**Competitive Intensity:** Due to the attractiveness of the opportunity and large potential, competition across the Kitchen appliances industry in India is rising significantly. The industry is highly fragmented in the hands of several organized and unorganized players. International companies that foray into the kitchen appliances space through mergers, acquisitions and joint ventures, have further intensified the competition in this space.

**Low entry barriers:** Several competitors who are attracted to the growth and returns offered by this industry have emerged. These companies have short term agendas and are sourcing lower value/substandard quality products from China and participating in the Indian markets through unsustainable practices. This can cause temporary distortions in prices and demand, especially to long-term players who are focused on quality.

**High Inflation:** Inflation rates in India have been high in recent years, which in turn are depleting the purchasing power of buyers. There is also upward pressure on other costs such as transportation, supplies, raw material costs and other expenses.

### Company Overview

Your Company is a leading manufacturer of Domestic Kitchen and Domestic Electrical Appliances in India, established in 1986. The Company is ranked amongst the top three manufacturers in the domestic kitchen appliances sector.

Headquartered in Tamil Nadu, the Company is a multi-product Company with state-of-the-art-manufacturing units, strong R&D and international industrial design facilities, mainly manufacturing LPG Stoves, Mixer Grinders, Table Top Wet Grinders and Pressure Cookers amongst others. Contribution from the new product categories added to its portfolio through business acquisition will enhance its revenue/profits from operation.

Manufactured at our state of the art R&D facilities, with in-house design ability and advanced die-making tools, BGMAL products are recognized for their quality, safety and durability. The Company has emerged as a market leader for LPG stoves and Table Top Wet Grinders in India.

BGMAL has a solid foothold in the Southern market and an extensive distribution network all over India. BGMAL also actively exports its products to the United Kingdom, United States of America, Mauritius, Sri Lanka, Japan and United Arab Emirates.

## Strategy

Functionality, Aesthetics, Durability and Safety – these are the values that define brand ‘Butterfly’. The Company strives for strong and sustainable growth and is driven by certain strategic priorities which are listed as below:

**Market Consolidation:** The Company enjoys a strong presence in the South India markets, which account for about 85% of total revenues. The Company has designed a three-dimensional growth strategy for its existing home markets across Tamil Nadu, Karnataka, Andhra Pradesh and Kerala, which will help leverage the leadership position even further. The strategy includes,

- Up-scaling engagements with existing customers through cross-selling products
- Promotional activity to help further enhance established market share
- Sharpening operating efficiency and customer service to attract new customers

**New Market Targeting:** The Company has also been aggressively and strategically expanding its operations in other markets across Central, North & East India. In the non-south markets, the strategy is to strengthen the distribution network, thus augmenting improved market penetration. The Company’s focus is towards leveraging its footprint in the existing markets, while aggressively yet cautiously expanding into other key new markets.

**Diversified range of products:** The Company’s product range is spread across a diversified and high-utility portfolio, comprising of key product categories such as LPG Stoves, Mixer Grinders, Table top wet grinders and Pressure Cookers, which are the key Kitchen necessity items. In addition to these, the Company offers a variety of other high-utility products such as Electric Chimney, Power Hobs, Rice cooker, Toaster, Sandwich maker, etc., that enables it to capture a larger share of spend on Home and Kitchen Appliances than earlier. Further, supplying products such as Electric Irons, Fans, Water Heaters, Washers, etc., enhances utilization and asset returns of its logistics, distribution and sales & marketing units

**Focus on Value-added features:** The Company has an optimal mix of products and product categories with varying attributes of styling, colours, price points and utility. The Company’s R&D and international design capabilities have played a key role in the advancement and successful execution of new and innovative products in the marketplace. The Company’s focus on an enhanced brand look is further complimented by a new and attractive product packaging. Through continuous innovations, the Company is driving penetration and increasing consumption in the core markets, as well as extending into attractive adjacent regions.

**Entry into newer business formats:** The Company has commenced building its presence in modern retail and ecommerce business formats, thus strengthening and widening its overall retail presence. An improved distribution network will not only help in deepening and diversifying the brand reach, but will also provide an edge to brand ‘Butterfly’.

**Address Multiple and Diverse Customer Taste:** Positioned as a mass premium brand name, brand ‘Butterfly’ caters to the needs of a variety of consumers across all income statuses and thus enjoys a widespread appeal. The Company boasts of an extensive portfolio of high-quality and reliable products, infused with striking features and colours. Multiple product categories with several SKUs, across varying price points, provide a thrust to product sales. The Company seeks to capture a greater share of market through this strategy, going ahead.

## Company Performance

The industry was marked by many crests and troughs during the fiscal. Although key macro-economic parameters like inflation, fiscal deficit and an overall consumer sentiment exhibited distinct signs of improvement, weak monsoons and Tamil Nadu floods coupled with moderated festival sales had a deleterious effect on the health of the industry during the year.

Against such a scenario, the Company earned net revenue from operations at Rs.901 crore in FY16 as against Rs. 529 crore in the comparable period last year, which is higher by 70.3%. The year’s performance when viewed against last year on a relative basis is not comparable as the government orders were absent for most of FY15, whereas major realisation of government orders took place in FY16.

On the whole, the Company’s performance during the year reflected the relative situation in the domestic kitchen appliances market in fiscal 2016. A coagulation of macro-factors such as slower issuance of new gas connections, cautious revival in institutional sales, dormant Southern markets and an overall subdued market sentiment, especially in Tamil Nadu due to the floods, caused a mild adverse effect on the branded sales performance of the Company.

Branded sales (excluding components/spares) during the year stood at Rs.468.2 crore as against Rs. 444.7 crore in FY15, despite unfavourable market conditions.

Government Sales during the year stood at Rs. 432.7 crore (net). The execution of Tamil Nadu Civil Supplies Corporation order, awarded in January 2015, and Pondicherry Co-Op. Wholesale Stores orders, awarded in August 2015, maintained a steady pace during the fiscal, which resulted in a positive impact on the financial performance of the Company.

In line with the operational scale-up, the Company increased the total employee strength for most part of the year, which translated into marginally higher employee cost at Rs. 61.3 crore.

The Advertisement, Publicity and Sales Promotions cost during the year stood at 6.8% of the total revenues during FY16, reflecting the Company's efforts towards enhancing Marketing and Brand Awareness Activities.

During FY 2015-16, depreciation increased to Rs. 11.5 crore from Rs. 10.24 crore in FY 2014-15. Finance cost at Rs. 34.5 crore was higher compared to Rs. 29.6 crore for FY 2014-15. Other expenses stood at Rs. 157.9 crore, mainly due to increase in sale promotion activities on a Y-o-Y basis.

The Company's long-term plan to derive higher amount of growth from its established southern markets, while also scaling up its non-south business is firmly on track. The proportion of sales from South states was at 85% in FY16, whereas the non-southern markets contributed to 15% of the total revenues. The Company now operates a network of over 400 distributors and is extensively present with over 18,000 retail touch points across the country.

Your Company is working towards reviving the momentum across all its business lines with a view to deliver long-term growth in a sustainable manner, despite significant macro-economic volatility. Our business growth in this volatile environment has been driven by the many initiatives undertaken by the Company, such as the on-going pan-India expansion, launch of additional products categories, focus on innovative hi-tech products, entry into modern retail formats and enhanced brand awareness activities, coupled with enhanced business agility and healthy execution.

### **Branded Sales Performance**

Total Branded sales (excluding components/spares) stood at Rs. 468.2 crore for FY16 as compared to Rs. 444.7 crore for FY15, an increase of 5.3% as compared to the previous financial year. Branded sales contributed 54% to the total Net revenue for FY16.

Key product categories of LPG stoves, Mixer Grinders and Table Top Wet Grinders and Pressure Cookers along with other products drove the overall performance during the fiscal.

During the year, the sales of the retail channel remained challenged on account of a slow pick-up in demand environment, freebees distributed by the Governments of Tamil Nadu and Pondicherry and further decelerated by the devastating floods in Tamil Nadu during the festive season.

On the flip side, institutional channel sales saw an anticipated healthy revival in demand, driven mainly by new issuance of LPG gas connections towards the latter half of the fiscal.

The product-wise revenue contribution of Branded Sales is as under:

(₹ In crores)

<b>SALES (Value)</b>	<b>FY2015-16</b>
<b>Branded Market</b>	
Kitchen Appliances	387.7
Cooker/Cookware	86.7
Others	13.1
<b>Total - Branded</b>	<b>487.5</b>
Others (Components/Spares)	46.5
<b>Grand Total</b>	<b>534.0</b>



## Performance against Government Orders

FY16 marked the best-ever performance in execution of Government orders by your Company. So far, the Company has successfully participated in four annual tenders of Tamil Nadu Civil Supplies Corporation (TNCSC). The fourth annual tender was awarded to the Company in the month of January 2015, worth Rs.510.0 crore for the supply of Table Top Wet Grinders. This tender marked the conclusion of the TNCSC scheme as envisaged by the government.

During the year, the Company also won another order worth Rs. 90 crore from Pondicherry Co-op Wholesale Stores (PCWS) for the supply of Table Top Wet Grinders and mixer grinders.

Due to the delay in awarding of TNCSC order for the major part of FY15, the sales from the 4th tender, which represented combined order for two years, coupled with the PCWS order, were largely realised in fiscal 2016. This is the first time your Company executed orders from two separate governments simultaneously. Government order sales during FY16 contributed to 46% of revenues.

On the whole, net revenues from Government order stood at Rs. 433 crore in FY2016 as against Rs. 84 crore in FY2015.

(₹ In crore)

	FY2015-16	FY2014-15
Total Gross Government Order Sales	461	92
Less: Excise Duty	28	8
<b>Total Government Order Sales</b>	<b>433</b>	<b>84</b>

The Company has derived several benefits from participation in the Government orders for the past five years. The business has enhanced manufacturing capabilities and widened the consumer base, while positively improving its delivery capabilities. The orders have delivered incremental contribution to profitability and the payment terms allow for a favourable impact on working capital requirements and cash flows. Large volumes associated with these orders also greatly enhanced the Company's negotiating power and status with suppliers and distributors.

Supply to manifold consumers in Tamil Nadu has paved the way for enhanced customer base at the time of product replacement or upgradation, as most of the consumers are first-time users.

## Outlook

Overall, the year in retrospect witnessed several challenges on the global and domestic economic environment front. Amid this trend, our net branded sales had a growth of 5.3% during the fiscal.

We believe, the Company has a great deal of opportunities for future growth. There is enormous untapped potential across our established brand equity, target geographies and diversified product portfolio and we continue to take several steps towards capitalizing on these growth drivers.

In sync with the geographical expansion strategy, the Company continues to deepen its presence in key high-potential markets. In established markets of the South, a long string of efforts are undertaken to revitalize and fast-track growth, leveraging the leadership position and market dominance of 'Butterfly' more effectively.

Laser-sharp focus is being directed towards the innovation of products, further complimented by improved packaging. We believe continual improvement in our business ways will help further increase efficiency and agility of brand 'Butterfly'.

Similarly, the Company also continues to converge on improving business capabilities and enhancing growth levers. Improved R&D capabilities, enhanced retail format expansion, design abilities and better inventory management amongst others will help reinforce our competitive advantages, while simultaneously adding substantial value to brand 'Butterfly'.

We are keenly focused on a compelling long-term shareholder value proposition for our investors. Our growth is driven by the many initiatives undertaken by the Company in the past few years such as geographical expansion, strengthening product offering, deriving value from premiumisation of products, focus on marketing and brand awareness activities and entry into underpenetrated markets. In addition to internal drivers, macro-factors such as changing consumer shopping behaviours along with spending power

of the consumer are also undergoing a profound transformation, which we believe, will help the Company accomplish its long-term growth objectives.

### **Risk Management**

Risk management is an integral function and is embedded across all of the business processes undertaken by the Company. Your Company believes it is essential to identify and manage risks to reduce uncertainties and ensure continuity of operations. To manage risks, the Company's Risk Management team continuously assesses and monitors business practices, ensuring the smooth flow of operations and adhering to stringent guidelines. The Company has a risk management framework in place, with processes to strategize, monitor, identify, assess and mitigate risks that could impact sustainability of business operations.

The Company implements comprehensive risk management practices across its operations. We are committed to providing the highest degree of safety to our employees, especially at factories. Regular machinery inspections are important to ensure that the functionality of the machinery is up to date and does not impose any potential hazards that could cause accidents at the workplace. Periodic maintenance checks to equipment are conducted to assure that they meet acceptable safety requirements.

The Company also actively manages risks arising from credit, raw material price fluctuation and foreign exchange volatility

### **Internal Control Systems**

The Company and the Management has adequate internal control systems in place to safeguard and shield the Company from losses and, unofficial use or deposition of assets. This also ensures that the Company's assets and interests are carefully protected and all the transactions are appropriately authorized, recorded and presented to the management. The Company always adheres to prescribed guidelines and follows all Accounting Standards prescribed for maintenance of books of accounts and reporting of financial statements. The appointed independent internal auditors monitor and report on the effectiveness of the internal control systems of the various areas of operations. Key matters that are reported in the Internal Audit are brought to the notice of the Audit Committee of the Board of Directors and corrective measures are recommended and appropriate actions are taken. The Internal Control systems ensure the business operations function efficiently and the applicable laws, rules, regulations, policies of the Company are followed, in addition to safeguarding the reliability of financial reporting.

### **Capital Expenditure**

During FY16, Rs.8.9 crore capital expenditure was incurred towards enhancing our manufacturing capacity. For FY17, a capital expenditure of Rs.6.5 crore is envisaged for modernisation of infrastructure facilities, machinery/equipments and tools/dies.

### **Balance Sheet**

There was no fresh issuance of equity capital during the year. Debt increased as the Company opted for Long-term Borrowings in order to meet its business requirements and also to improve the current ratio. Short-term borrowings reduced mainly due to transfer of short-term debt to long-term debt and also better management of working capital. Despite a marginal improvement in total borrowings due to large government order received in Q4FY15, the debt equity ratio was constant on a y-o-y basis.

Government order completion led to reduction in inventory at the end of the fiscal. The total debtors as on 31<sup>st</sup> March, 2016 of Rs.257.4 crore has increased significantly on a y-o-y basis due to increase in government supplies in current year.

(₹ in crore)

	<b>FY 2015-16</b>
Government Debtors	137.4
Other Debtors	120.0
<b>Total Debtors</b>	<b>257.4</b>

### **Accounting Treatment**

In the preparation of financial statements, the Company has not followed a treatment different from that prescribed in Accounting Standards.

## **Human Resources**

The Company strives to maintain a cordial relationship and healthy atmosphere with its employees at all levels. Human resources are considered the most important and valuable asset of the Company. Continuous commitment to upgrading skills is an integral part of the human resource development policy of the Company. The focus has always been towards creating a rewarding and nurturing environment for employees. The Company is an equal opportunity employer and promotes diversity in its workforce. Equal opportunities are given to optimize their potential and improve their standard of living.

The Company lays great emphasis on retention of its human talents. The Company invests in human resources intangibles from time to time by providing on the job training, in-house and external training programs and workshops related to technical/functional, behavioural/general and health and safety ISO certification standards, etc., which motivates employee productivity and skills. Competitive remuneration is awarded to employees on a timely basis and the Company ably maintains cordial industrial relations at all plants. As at March 31, 2016 the total workforce of the Company, stood at 1290 employees.

## **Cautionary Statement**

Certain Statements made in the Management Discussion and Analysis Report relating to the company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make a significant difference to the Company's operations. These include climatic conditions and macro-economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on, over which the company does not have any direct control.

## REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company submits the report on the matters mentioned in the said Schedule V and the practices followed by the Company.

### 1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Our Company's philosophy is to provide high quality kitchen and electrical appliances which offer ergonomic features and attractive design at great value for money to our customers and provide service that gives satisfaction to them, while upholding the core values of transparency, integrity, honesty, accountability and compliance with laws. We consider stakeholders at all levels as partners in our success and we remain committed to maximizing value for shareholders.

### 2. BOARD OF DIRECTORS

#### a) COMPOSITION AND CATEGORY OF DIRECTORS:

The Board comprised of the fifteen Directors as on 31.3.2016, of whom eight are Independent Directors:

NAME OF THE DIRECTORS	TITLE	CATEGORY
Mr.V.M.Lakshminarayanan	Chairman and Managing Director	Promoter – Executive
Mr.V.M.Balasubramaniam	Vice Chairman and Managing Director	Promoter – Executive
Mr.V.M.Seshadri	Managing Director	Promoter – Executive
Mr.V.M.Gangadharam	Executive Director	Promoter – Executive
Mr.V.M.Kumaresan	Executive Director-Technical	Promoter – Executive
Mr.D.Krishnamurthy	Executive Director-cum-Company Secretary	Executive
Mr.Prakash Iyer	Nominee Director	Nominee of Equity Investor – M/s. Reliance Alternative Investment Fund – Private Equity Scheme-1 (acting through Reliance Alternative Investment Services Pvt.Ltd).
Mr.V.R.Lakshminarayanan	Independent Director	Non-Executive
Mr.K.Ganesan	Independent Director	Non-Executive
Mr.M.Padmanabhan	Independent Director	Non-Executive
Mr.A.Balasubramaniam	Independent Director	Non-Executive
Mr.K.J.Kumar	Independent Director	Non-Executive
Mr.G.S.Samuel	Independent Director	Non-Executive
Mr.T.R.Srinivasan	Independent Director	Non-Executive
Mrs.Maheswari Mohan	Woman Independent Director	Non-Executive

**b) ATTENDANCE OF EACH DIRECTOR AT THE BOARD OF DIRECTORS MEETINGS AND THE LAST AGM:**

Name of Director	Board Meetings Attended	Attendance at the last AGM (20.08.2015) Yes/No
Total no. of meetings held during the year	8	Yes
Mr.V.M.Lakshminarayanan	8	Yes
Mr.V.M.Balasubramaniam	8	Yes
Mr.V.M.Seshadri	8	Yes
Mr.V.M.Gangadharam	8	Yes
Mr.V.M.Kumaresan	7	Yes
Mr. K.Ganesan	8	Yes
Mr.V.R.Lakshminarayanan	8	Yes
Mr.M.Padmanabhan	6	No
Mr.D.Krishnamurthy	8	Yes
Mr.A.Balasubramaniam	7	Yes
Mr.K.J.Kumar	6	Yes
Mr.G.S.Samuel	8	Yes
Mr.Prakash Iyer	8	Yes
Mr.T.R.Srinivasan	6	Yes
Mrs.Maheshwari Mohan	8	Yes

**c) NUMBER OF OTHER BOARDS OR BOARD COMMITTEES IN WHICH THE DIRECTORS OF THE COMPANY ARE MEMBER OR CHAIRPERSON:**

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	1
Mr.V.M.Balasubramaniam	-	-	2	2
Mr.V.M.Seshadri	-	-	1	1
Mr.V.M.Gangadharam	-	-	3	3
Mr.V.M.Kumaresan	-	-	3	3
Mr.D.Krishnamurthy	-	-	-	-
Mr.K.Ganesan	-	-	-	-
Mr.V.R.Lakshminarayanan	-	-	-	-
Mr.M.Padmanabhan	2	2	-	-
Mr.A.Balasubramaniam	1	1	-	-
Mr.K.J.Kumar	-	-	6	6
Mr.G.S.Samuel	1	-	2	-
Mr.Prakash Iyer	-	-	4	4
Mr.T.R.Srinivasan	-	-	-	-
Mrs.Maheshwari Mohan	-	-	1	-

**d) NUMBER OF BOARD MEETINGS HELD DURING THE YEAR AND DATES ON WHICH HELD:**

During the financial year ended 31st March, 2016, the Board met eight times on 26.5.2015, 10.6.2015, 29.7.2015, 20.8.2015, 9.11.2015, 21.12.2015, 9.2.2016 and 26.3.2016.

**e) DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS INTER-SE :**

Messrs. V.M.Balasubramaniam, V.M.Seshadri, V.M.Gangadharam and V.M.Kumaresan, whose names are mentioned in the category of 'Promoter-Executive', are brothers of Mr.V.M.Lakshminarayanan who is also 'Promoter Executive'.

**f) NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS**

None of the Non-Executive Directors hold any shares/convertible instruments in the Company, excepting Mr.V.R.Lakshminarayanan, who holds 1000 equity shares of the Company.

**g) WEB LINK WHERE DETAILS OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS ARE DISCLOSED**

Details of familiarization programmes imparted to independent directors are disclosed at the Company's website [www.butterflyindia.com](http://www.butterflyindia.com).

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

The terms of reference to the Audit Committee include

- (i)** Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii)** Recommendation for appointment, remuneration and terms of appointment of Company's auditors, internal auditors;
- (iii)** Approval of payment to statutory auditors for any other services rendered by them.
- (iv)** Reviewing with the management the annual financial statements and Auditors' Report thereon before submission to the Board for approval with particular reference to:
  - a)** matters required to be included in the Directors' Responsibility Statement to be included in the Board's report.
  - b)** Changes, if any, in accounting policies and practices and reasons for the same;
  - c)** Major accounting entries involving estimates based on the exercise of judgment by management;
  - d)** Significant adjustments made in the financial statements arising out of audit findings;
  - e)** Compliance with listing and other requirements relating to financial statements;
  - f)** Disclosure of any related party transactions;
  - g)** Modified opinion(s) in the draft audit report;
- (v)** Reviewing with the management the quarterly financial statements before submission to the Board for approval.
- (vi)** Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter, whenever necessary;
- (vii)** Review and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (viii)** Approval or any subsequent modification of transactions of the Company with related parties;

- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Discussion with internal auditors of any significant findings and follow up thereon;
- (xiv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xv) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xvi) To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors;
- (xvii) To review the functioning of the Whistle Blower mechanism;
- (xviii) Approval of appointment of chief-financial-officer after assessing the qualifications, experience and background, etc., of the candidate;
- (xix) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
6. Statement of deviations:
  - i) Quarterly statement of deviations including report of monitoring agency, wherever necessary, submitted to stock exchanges.
  - ii) Annual statement of funds utilized, if any, for purposes other than those stated in the offer document/prospectus/notice.

**(ii) Composition, name of members and Chairperson:**

The Company's Audit Committee, during the financial year ended 31.03.2016, comprised the following Members.

- a) Mr.K.Ganesan, Independent Director – Chairman
- b) Mr.M.Padmanabhan, Independent Director - Member
- c) Mr.V.R.Lakshminarayanan, Independent Director – Member
- d) Mr.A.Balasubramanian, Independent Director – Member
- e) Mr.V.M.Lakshminarayanan, Chairman and Managing Director – Member

**(iii) Meetings and attendance during Financial year ended 31st March, 2016:**

During the financial year ended on 31st March, 2016, the Audit Committee met nine times on 11.04.2015, 29.04.2015, 19.05.2015, 25.05.2015, 29.07.2015, 09.11.2015, 09.02.2016, 27.02.2016 and 26.03.2016

Name of Director	Attendance at Audit Committee meetings
Total no. of meetings held during the year which were attended by the Members	9
Mr. K.Ganesan	8
Mr.M.Padmanabhan	8
Mr.V.R.Lakshminarayanan	8
Mr.A.Balasubramanian	8
Mr.V.M.Lakshminarayanan	7

**4. NOMINATION AND REMUNERATION COMMITTEE**
**(i) Brief description of terms of reference:**

The role of the Committee, shall, inter-alia, include the following:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- c) Devising a policy on diversity of Board of Directors;
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- e) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- f) Carry out any other function as may be mandated by the Board of Directors from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

**(ii) Composition, name of members and Chairperson:**

The Committee consisted of the following Directors during the financial year ended on 31st March, 2016:

Mr.V.R.Lakshminarayanan	- Independent Director - Chairman
Mr.K.Ganesan	- Independent Director - Member
Mr.M.Padmanabhan	- Independent Director - Member
Mr.Prakash Iyer	- Nominee Director – Member
Mr.A.Balasubramanian	- Independent Director - Member

**(iii) Meetings and Attendance during the financial year ended on 31.03.2016:**

During the financial year ended on 31st March, 2016, the Nomination and Remuneration Committee met three times on 25.05.2015, 10.06.2015 and 07.11.2015.



Name of Director	Attendance at Nomination and Remuneration Committee meeting
Total no. of meetings held during the year which were attended by the Members	3
Mr.V.R.Lakshminarayanan	3
Mr.K.Ganesan	3
Mr.M.Padmanabhan	3
Mr.Prakash Iyer	3
Mr.A.Balasubramanian	3

**(iv) Performance evaluation criteria for Independent Directors:**

The performance evaluation criteria for Independent Directors, inter-alia, includes factors like (a) participation at Board/Committee Meetings (b) Managing Relationship with fellow Board Members (c) Knowledge and skill (d) Personal attributes, like ethics and integrity, independent judgment with regard to corporate strategy, performance, risk management etc. (e) corporate governance implementation (f) knowledge about the Company and external environment in which it operates (g) confidentiality level, and (h) adherence to the applicable code of conduct for Independent Directors.

**(v) Remuneration of Directors:**

**(a) Non-Executive/Independent Directors :**

The Company has only one Non-Executive Director, who is the Nominee Director of the Private Equity Participants. In addition, there are eight Independent Directors, including a Woman Independent Director. None of the Non-Executive Director/Independent Directors has any pecuniary relationship or transactions with the Company.

**(b) Criteria of making payments to Non-Executive/Independent Directors :**

Each of the Non-Executive/Independent Directors shall be entitled to receive sitting fee for each Board/Committee Meeting attended by them.

**(c) Details of remuneration to Managing/Executive Directors :**

Details of the remuneration package of the Managing Directors and Wholtime Executive Directors during the financial year ended on 31.03.2016 are as follows:

(Rs.)

Name of Director	Salary	Perquisites	Contribution to PF/ Super annuation funds	Total
Mr. V.M.Lakshminarayanan	36,00,000	7,20,000	9,72,000	52,92,000
Mr. V.M.Balasubramaniam	23,60,000	4,72,000	6,37,200	34,69,200
Mr. V.M.Seshadri	34,80,000	6,96,000	9,39,600	51,15,600
Mr. V.M.Gangadharam	33,60,000	6,72,000	9,07,200	49,39,200
Mr. V.M.Kumaresan	33,60,000	6,72,000	9,07,200	49,39,200
Mr. D.Krishnamurthy	20,40,000	4,08,000	5,50,800	29,98,800

There is no performance linked incentives or stock option for any of the Directors including the Managing Directors/Executive Directors.

The remuneration of Managing/Executive Directors given above are fixed components. The tenure of office of the Managing Directors and Wholetime Executive Directors is for a period of three/five years from their respective dates of appointment. Mr.V.M.Lakshminarayanan and his brothers, Messrs. V.M. Balasubramaniam, V.M.Seshadri, V.M.Gangadharam and V.M.Kumaresan, being Promoter-Directors, no service contract/notice period has been stipulated for them.

The tenure of office of Mr.D.Krishnamurthy, Executive Director-cum-Company Secretary is for a period of three years, covered by Service Contract with a Notice period of three months.

**(vi) Sitting Fee paid to Non-Executive/Independent Directors:**

At the meeting of the Board of Directors of the Company held on 26.5.2015, the sitting fee payable to the Non-Executive/Independent Directors for attending each meeting of the Board/Committee was revised from Rs.10,000/- to Rs.15,000/-. Details of such sitting fee paid to them during the financial year ended 31st March, 2016 are given below:

(Rs.)

Name of the Director	Sitting Fees
Mr.K.Ganesan	4,00,000
Mr.V.R.Lakshminarayanan	2,80,000
Mr.M.Padmanabhan	3,65,000
Mr.A.Balasubramanian	2,60,000
Mr.G.S.Samuel	1,50,000
Mr..Prakash Iyer	1,60,000
Mr.K.J.Kumar	1,05,000
Mr.T.R.Srinivasan	1,20,000
Mrs.Maheshwari Mohan	1,35,000
<b>TOTAL</b>	<b>19,75,000</b>

## 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

**a) Name of Non-Executive Director heading the Committee:**

Mr.K.Ganesan

**b) Name and designation of the Compliance Officer:**

Mr.D.Krishnamurthy, Executive Director-cum-Company Secretary

**c) Number of Shareholders' complaints received during the financial year:**

During the financial year, the Company received 33 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.

Number not solved to the satisfaction of shareholders – Nil

Number of pending complaints: Nil

## 6. SHARE TRANSFER COMMITTEE

The Committee consisted of the following directors.

1. Mr.V.M.Seshadri, Managing Director
2. Mr.D. Krishnamurthy, Executive Director-cum-Company Secretary

Share Transfer Committee meetings were held on 16.04.2015, 30.04.2015, 23.05.2015, 11.06.2015, 30.06.2015, 17.07.2015, 10.08.2015, 07.09.2015, 08.10.2015, 31.10.2015, 14.11.2015, 26.11.2015, 12.12.2015, 28.12.2015, 12.01.2016, 22.01.2016, 08.02.2016, 14.03.2016 and 31.03.2016.

## 7. GENERAL BODY MEETINGS

(i) Location and time, where last three AGMs held :

YEAR	LOCATION	DATE	TIME
2014-2015	143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam, Kanchipuram 603 103.	20-08-2015	11.00 a.m.
2013-2014	E-34, Rajiv Gandhi Salai, Egattur Village, Navalur – 600 130, Kancheepuram District.	31-07-2014	11.00 a.m.
2012-2013	E-34, Rajiv Gandhi Salai, Egattur Village, Navalur – 600 130, Kancheepuram District.	26-07-2013	11.00 a.m.

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

### 1. 2012-13– YES

- a. Under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for reappointment of Mr.V.M.Seshadri as Managing Director of the Company for a period of three years w.e.f. 1.6.2014.
- b. 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 of the Company for a period of three years w.e.f. 1.10.2013.
- c. Under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for appointment of Mr.D.Krishnamurthy as whole time Executive Director-cum-Company Secretary of the Company for a period of three years w.e.f. 1.6.2013.
- d. Under Section 314(1)(b) of the Companies Act 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules 2003, seeking consent of the Company for Mr.V.M.S.Kumaraguru to hold office or place of profit as Head-Export Operations of the Company with retrospective effect 01.01.2013.\*
- e. Under Section 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.L.Karthikeyan as Executive Vice-President-Marketing of the Company with revised remuneration with retrospective effect from 01.06.2013.
- f. Under Section 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.G.Viswanathan as Senior General Manager- Materials Management of the Company with revised remuneration with retrospective effect from 01.06.2013.
- g. Under Section 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit)Rules, 2003 for the appointment of Mr.V.M.L.Senthilnathan as Senior General Manager-Technical of the Company with revised remuneration with retrospective effect from 01.06.2013.

- h. Under Section 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.L.Ganesan as General Manager-Marketing of the Company with revised remuneration with retrospective effect from 01.06.2013.
- i. Under Section 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.S.Selvamuthukumaran as General Manager- Marketing of the Company with revised remuneration with retrospective effect from 01.06.2013.\*
- j. Under Section 314(1)(b) of the Companies Act, 1956 read with Rule 10C(i) of the Companies (Central Government's) General Rules and Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 for the appointment of Mr.V.M.G.Mayuresan as General Manager-Corporate Strategy of the Company with revised remuneration with retrospective effect from 01.06.2013.

\* Note: *Mr.V.M.S.Kumaraguru and Mr.V.M.S.Selvamuthukumaran have since resigned from the Company's services.*

## 2. 2013-14 - YES

### Special Resolutions passed under the Companies Act 2013 :

- a. Pursuant to Sections 14 and 15, amendment of articles 83 and 89 of the Articles of Association of the Company.
- b. Pursuant to Sections 196, 197 and 203, reappointment of Mr.V.M. Lakshminarayanan as Chairman & Managing Director for a period of five years w.e.f. 1.12.2014.
- c. Pursuant to Sections 196, 197 and 203, appointment of Mr.V.M. Balasubramaniam as Managing Director for a period of five years w.e.f. 1.8.2014.
- d. Pursuant to Section 188(1)(f), appointment of Mr.V.M.B.Shanmuganathan as General Manager – Marketing w.e.f. 01.08.2014.\*
- e. Pursuant to Section 188(1)(f), appointment of Mr.V.M.K.Sivashanmugam as Deputy General Manager – Designs w.e.f. 01.08.2014.\*
- f. Pursuant to Section 188(1)(f), re-designation of Mr.V.M.L.Ganesan as General Manager – Finance w.e.f. 01.08.2014.
- g. Pursuant to Section 180, powers of the Board to borrow moneys up to Rs.120 crores.

\* Note: *Mr.V.M.B.Shanmuganathan and V.M.K.Sivashanmugam have since resigned from the Company's services.*

## 3. 2014-2015: YES

### Special Resolutions passed under the Companies Act 2013 (“the Act”) :

- a. Pursuant to Sections 196, 197 and 203 of the Act, reappointment of Mr.V.M. Kumaresan as Executive Director-Technical for a period of five years w.e.f. 01.06.2016 to 31.5.2021.
- b. Pursuant to Sections 14 and 15 of the Act, amendment of article 117 of the Articles of Association of the Company.
- c. Pursuant to Section 180 of the Act, enhancement of powers of the Board to borrow moneys from Rs.120 crores to Rs.160 crores.
- (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: No
- (vi) Procedure for Postal Ballot: Not Applicable

## 8. 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 31<sup>st</sup> March, 2016 that may have a potential conflict with the interest of the

Company at large, excepting related party transactions made during the year, which continued to be covered by approval of the Central Government u/s.297 of the Companies Act, 1956 and/or 'arm's length' transactions in the normal course of Company's business, as approved by the Audit Committee/Board of Directors u/s.188 of the Companies Act 2013.

**(ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any 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 Stock Exchanges, SEBI, or any Statutory Authority on any matters relating to capital markets during the last three years.

**(iii) Establishment of Vigil Mechanism, Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.**

Vigil Mechanism/Whistle Blower Policy of the Company can be visited at its website [www.butterflyindia.com](http://www.butterflyindia.com). 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 compliance with mandatory requirements and adoption of the non-mandatory requirements of the clause:**

All the applicable mandatory requirements have been complied with.

**Weblink where policy for determining 'material' subsidiaries is disclosed:**

The Company has no subsidiary.

**Weblink where policy dealing with 'related party' transactions:**

The Company's policy for dealing with 'related party' transactions can be viewed at its website [www.butterflyindia.com](http://www.butterflyindia.com).

## 9. MEANS OF COMMUNICATION

- |  |   |  |
|--|---|--|
| (i) Quarterly results –  | : | The Unaudited Quarterly financial results are published in Newspapers as required under the Listing Regulations, 2015.   |
| (ii) Newspapers wherein results normally published               | : | Business Standard (English)<br>Trinity Mirror (English) Makkal Kural (Tamil)   |
| (iii) Any website, where displayed                               | : | <a href="http://www.butterflyindia.com">www.butterflyindia.com</a>   |
| (iv) Whether it also displays official news releases             | : | Yes, whenever necessary.   |
| (v) The presentations made to institutional investors or analyst | : | Quarterly presentation of Company's financial performance are uploaded on the websites of BSE India Ltd, National Stock Exchange Ltd and on the Company's website. |

## 10. GENERAL SHAREHOLDER INFORMATION

Date, time and venue of Annual General Meeting:

- i. The Twenty Ninth Annual General Meeting will be held at the Company's Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District on Friday, 5<sup>th</sup> August, 2016 at 11.00 a.m.
- ii. Financial year: 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016
- iii. Date of Book Closure: 01.8.2016 to 05.8.2016 (both days inclusive)
- iv. Dates for remote e-voting : from 02.8.2016 (9.00 a.m.) to 04.8.2016 (5.00 p.m)
- v. Listing on Stock Exchanges:
  - a. The BSE Ltd., Mumbai
  - b. National Stock Exchange of India Ltd., Mumbai

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

**vi. Stock Code:**

1. The Bombay Stock Exchange Ltd : 517421
2. National Stock Exchange of India Ltd : BUTTERFLY

**vii. Demat ISIN Numbers: INE295F01017**
**viii. Market Price Data (High/Low) during financial year 2015-2016**

(Rs.)

Sl.No	Month	Month's Highest		Month's Lowest	
		BSE	NSE	BSE	NSE
01	April, 2015	226.00	230.00	178.30	178.40
02	May, 2015	194.30	189.75	147.60	147.25
03	June, 2015	164.00	160.50	132.10	131.10
04	July, 2015	213.40	213.00	135.20	143.00
05	August, 2015	201.50	202.00	128.00	136.15
06	September, 2015	159.00	159.00	143.10	141.10
07	October, 2015	181.10	182.00	150.00	149.50
08	November, 2015	264.40	264.70	144.00	138.95
09	December, 2015	264.80	264.95	226.00	231.25
10	January, 2016	307.40	307.70	208.00	209.80
11	February, 2016	259.80	260.00	163.10	163.00
12	March, 2016	194.40	196.00	156.00	157.50

**ix. Performance in comparison to BSE Sensex and CNX Nifty:**

On an annual basis, for financial year 2015-16, the Company delivered a return of (15%) as compared to BSE Sensex return of (10%) and CNX Nifty return of (10%)

Muted performance by indices of BSE and CNX Nifty was mainly capped by an uncertain global environment led by deflation in Europe, slowdown in China and fluctuation in crude oil prices. A weak rupee, subdued rural economic growth, tepid corporate balance sheets, and brewing political tensions, significantly downplayed the market sentiment during the year, which also weighed on the equity markets.

A soft consumer demand during the year coupled with weak monsoons, moderated festival sales and lower market volumes affected the kitchen appliances industry in India, which in turn reflected upon the Company's branded sales performance in FY16. A combination of all these factors mirrored the stock price performance of Butterfly Gandhimathi Appliances.

**x. The Company's equity shares were not suspended from trading during the financial year 2015-16.**
**xi. Registrars and Share Transfer Agents:**

The public shareholding in the Company are partly dematerialized and partly in physical form. The Company has appointed M/s.GNSA Infotech Limited, STA Department, Nelson Chambers, 4<sup>th</sup> Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai-600 029, Email ID: sta@gnsaindia.com; Phone: 044-42962025 as its Share Transfer Agents to take care of share transactions, both in demat and physical forms.

**xii. Share Transfer System:**

Share transfers in physical form are registered and despatched within 15 days from the date of receipt, if documents are complete in all respects. The Share Transfer Committee of the Board meets every fortnight to approve transfer/transmission of the shares in physical form, processed by the Registrars and Share Transfer Agents.

**xiii. Shareholding Pattern as at 31.3.2016**

CATEGORY		NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
A	Promoter's holding Promoters, their relatives and Bodies Corporate	11644778	65.13
B	Non-Promoters Holding	0	0
1	INSTITUTIONAL INVESTORS		
	Private Equity Investor	2451000	13.71
	Mutual Funds/UTI	645	0
	Financial Institutions/Banks	2000	0.01
2	NON-INSTITUTIONAL INVESTORS		
	a. Bodies Corporate	887812	4.97
	b. Indian Public	2750328	15.38
	c. NRIs	142988	0.80
	GRAND TOTAL	17879551	100.00

**xiv. Distribution of shareholding as on 31.03.2016**

No. of Equity Shares Held	No. of Share holders	%	No. of Shares held	%
1 – 500	14907	95.03	1405331	7.86
501 – 1000	392	2.50	321011	1.80
1001 – 2000	199	1.27	297609	1.66
2001 – 3000	58	0.37	138953	0.78
3001 – 4000	30	0.19	108434	0.61
4001 – 5000	19	0.12	91164	0.51
5001 – 10000	39	0.25	293607	1.64
Above 10000	43	0.27	15223442	85.14
TOTAL	15687	100.00	17879551	100.00
No. of shares held in physical form	8847	56.40	823371	4.61
No. of Shares held in electronic mode	6840	43.60	17056180	95.39
Total	15687	100.00	17879551	100.00

**xv. Dematerialisation of shares and liquidity:** As on 31.03.2016, 95.39% of the paid-up capital has been dematerialised.

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

**xvii. Plant locations** :

- (i) 143, Pudupakkam Village,  
Vandalur-Kelambakkam Road,  
Kelambakkam - 603 103  
Kancheepuram District  
Tamil Nadu
- (ii) No.41, Pudupakkam Village,  
Vandalur – Kelambakkam Road,  
Kancheepuram District – 603 103  
Tamil Nadu
- (iii) No.7, Karanai-Puducherry Village,  
Kattur - 603 202,  
Chengalpattu Taluk  
Kancheepuram District, Tamil Nadu

**xviii. 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 vide (xi) above. Complaints, if any, can also be addressed to the Company Secretary at the Corporate Office at E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur – 600 130, Kancheepuram District or sent by email to butterflyho@butterflyindia.com and investorcare@butterflyindia.com.

**DECLARATION – CODE OF CONDUCT**

All members of the Board of Directors and senior management personnel have, for the financial year ended on 31<sup>st</sup> March, 2016, have affirmed compliance with the Code of Conduct laid down by the Board of Directors and senior management, in terms of Schedule V-D of SEBI (LODR) Regulations, 2015 .

Place : Navalur – 600 130

Date : 9.06.2016

For and on behalf of the Board

**V.M.LAKSHMINARAYANAN**

Chairman & Managing Director

**CODE OF CONDUCT**

The Code of Conduct adopted by the Company for its Board of Directors and the Senior Management Members 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.”

Place : Navalur – 600 130

Date : 09.06.2016

For and on behalf of the Board

**V.M.LAKSHMINARAYANAN**

Chairman & Managing Director



## **MD/CFO CERTIFICATION UNDER THE PROVISO TO CLAUSE (b) OF SUB REGULATION (2) OF REGULATION 33**

To

The Board of Directors  
Butterfly Gandhimathi Appliances Limited

- A.** We have reviewed financial statements and the cash flow statement for the year ended on 31.3.2016 and that to the best of our knowledge and belief:
- 1.** These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2.** These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B.** There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C.** We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, improvement in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take for such improvement.
- D.** We have indicated to the Auditors and the Audit Committee:
- 1.** There is no significant change in internal control over financial reporting during the year;
  - 2.** There is no significant changes in accounting policies during the year, excepting those disclosed in the notes to the financial statements; and
  - 3.** There is no instance of any fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the company's internal control system over financial reporting.

(V.M.SESHADRI)  
MANAGING DIRECTOR

(R.NAGARAJAN)  
CHIEF FINANCIAL OFFICER

Place : Navalur – 600 130  
Date: 28.05.2016

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

We have examined the compliance of conditions of Corporate Governance by Butterfly Gandhimathi Appliances Ltd ('the Company') for the year ended on 31<sup>st</sup> March 2016, as stipulated in Schedule V (Annual Report) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Schedule. 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of the above mentioned Listing Regulations.

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

For RUDHRAKUMAR ASSOCIATES  
Chartered Accountants  
Registration No.007033S

R.RUDHRAKUMAR  
Proprietor  
Membership No. of ICAI: 019444

Chennai – 600 017  
Date – 30.05.2016

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Butterfly Gandhimathi Appliances Limited (“the Company”), which comprises the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, 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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the “Act” for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

4. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the “Act” and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of “the Act”. 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 misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March 2016, and its profit and its cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's report) Order, 2016 (‘the Order’), as amended, issued by the Central Government of India in terms of Sub-Section (11) of section 143 of ‘the Act’, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

9. As required by section 143(3) of 'the Act', we report that:

- (a) We have sought and 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, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements, comply with the Accounting Standards specified under Section 133 of 'the Act', read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the Directors as on 31st March 2016, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2016, from being appointed as a Director in terms of section 164(2) of 'the Act';
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" and
- (g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations give to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statement – Refer Note 24 to the financial statements.
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There have been no delays in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For RUDHRAKUMAR ASSOCIATES  
Chartered Accountants  
Registration No: 007033S

Place: Chennai  
Date: 30th May, 2016

(R. Rudrakumar)  
Proprietor  
Membership No. 019444

## ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT (REFERRED TO IN OUR REPORT OF EVEN DATE) TO THE MEMBERS OF BUTTERFLY GANDHIMATHI APPLIANCES LIMITED.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. No material discrepancies as compared to book records were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company except a portion of Freehold land situated at Pudupakkam, Kanchipuram District, in respect of which the transfer of title deeds in the name of the company is pending.
- (ii) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of 'the Act'. Hence, the clauses (iii) (a), (b) and (c) of this paragraph of the Order are not applicable.
- (iv) The Company has not granted any loans, made investments and provided any guarantee or security. Hence the provisions of Section 185 and 186 of the "Act" are not applicable.
- (v) The Company has not accepted any deposits from the public. Hence, the provisions of clause (v) of this paragraph of the order are not applicable.
- (vi) The Central Government has prescribed maintenance of cost records U/s. 148(1) of 'the Act'. We have broadly reviewed the records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under the said section and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees 'State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues with the appropriate authorities.
- (b) The details of the disputed Statutory dues which have not been deposited are contested in appeals are as under:

Sl. No	Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs)	Forum where the dispute is pending
1.	Central Excise Act, 1944	Excise Duty, Interest and penalty	2907.89	CESTAT, Chennai
2.	VAT Acts	Sales tax	64.70	Appellate Deputy Commissioner
3.	ESI Act	ESI contribution / interest / damages	19.78	Principal Labour Court, Chennai
4.	Labour Act	Additional Compensation	36.65	Principal Labour Court, Chennai

- (viii) On this basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions/Banks.

- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The moneys raised by way of term loans were applied for the purpose for which the term loans were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the “Act”;
- (xii) The Company is not a Nidhi Company. Therefore, this paragraph of the Order is not applicable.
- (xiii) The transactions with the related parties are in compliance with section 177 and section 188 of the “Act”, and details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Hence, this paragraph of the Order is not applicable.
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with them. Hence, this paragraph of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Hence, this paragraph of the Order is not applicable.

For RUDHRAKUMAR ASSOCIATES  
Chartered Accountants  
Registration No: 007033S

Place: Chennai  
Date: 30th May, 2016

(R. Rudrakumar)  
Proprietor  
Membership No. 019444

## ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Butterfly Gandhimathi Appliances Limited ("the Company"), as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the "Act".

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, (the standards) issued by ICAI and deemed to be prescribed under section 143(10) of the "Act", to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For RUDHRAKUMAR ASSOCIATES  
Chartered Accountants  
Registration No: 007033S

(R. Rudrakumar)  
Proprietor  
Membership No. 019444

Place: Chennai  
Date: 30th May, 2016



## BALANCE SHEET AS AT 31ST MARCH, 2016

₹ In lakhs

Particulars	Note No	As at 31st March 2016		As at 31st March 2015	
<b>I EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
<b>a</b> Share Capital	1	1,787.95		1,787.95	
<b>b</b> Reserves and Surplus	2	21,748.79	23,536.74	20,778.81	22,566.76
<b>2 Non-Current Liabilities</b>					
<b>a</b> Long-Term Borrowings	3	4,342.39		6,828.34	
<b>b</b> Deferred Tax Liabilities (Net)	4	401.17		107.31	
<b>c</b> Other Long-Term Liabilities	5	291.50		365.76	
<b>d</b> Long-Term Provisions	6	248.37	5,283.43	396.40	7,697.81
<b>3 Current Liabilities</b>					
<b>a</b> Short-Term Borrowings	7	14,884.96		10,634.24	
<b>b</b> Trade Payables	8				
(i) Total outstanding dues of Micro enterprises and Small enterprises		-		191.99	
(ii) Total outstanding dues of Creditors other than Micro enterprises and Small enterprises		10,504.38		11,633.12	
<b>c</b> Other Current Liabilities	9	3,439.25		3,790.08	
<b>d</b> Short-Term Provisions	10	1,075.32	29,903.91	377.61	26,627.04
<b>TOTAL</b>			<b>58,724.08</b>		<b>56,891.61</b>
<b>II ASSETS</b>					
<b>1 Non-Current Assets</b>					
<b>a</b> Fixed Assets					
i) Tangible Assets	11	12,143.81		12,071.58	
ii) Intangible Assets	11	4,815.59		5,092.89	
iii) Capital Work-in-Progress	12	293.96		292.26	
<b>b</b> Non-Current Investments		-		-	
<b>c</b> Deferred Tax Assets (Net)	4	-		-	
<b>d</b> Long-Term Loans and Advances	13	109.43	17,362.79	84.53	17,541.26
<b>2 Current Assets</b>					
<b>a</b> Current Investments		-		-	
<b>b</b> Inventories	14	12,382.20		16,886.88	
<b>c</b> Trade Receivables	15	25,742.41		19,292.12	
<b>d</b> Cash and Bank Balances	16	1,336.98		1,546.34	
<b>e</b> Short-Term Loans and Advances	17	1,899.70	41,361.29	1,625.01	39,350.35
<b>TOTAL</b>			<b>58,724.08</b>		<b>56,891.61</b>

Contingent Liabilities &amp; Commitments

(To the extent not provided for) 24

Other Notes to the Financial Statements 25

**V.M.LAKSHMINARAYANAN**  
Chairman & Managing Director

**V.M.SESHADRI**  
Managing Director

**A.BALASUBRAMANIAN**  
Director

**D.KRISHNAMURTHY**  
Executive Director-cum-Company Secretary

**R.NAGARAJAN**  
Chief Financial Officer

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

Place: Navalur (Kanchipuram District) - 600130.  
Date: 30th May, 2016

**R.Rudhrakumar**  
Proprietor  
Membership No. 019444

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2016

Particulars	Note No	2015-16	2014-15
<b>1 INCOME</b>			
a. Revenue from Operations (Gross)	18	99,459.67	57,719.28
Less: Excise Duty		9,365.48	4,821.30
Revenue from Operations (Net)		90,094.19	52,897.98
b. Other Income	19	537.66	435.43
<b>TOTAL REVENUE</b>		<b>90,631.85</b>	<b>53,333.41</b>
<b>2 EXPENSES</b>			
a. Cost of Materials Consumed	20	56,666.26	24,830.17
b. Purchases of Finished Goods Stock-in-Trade		3,145.23	6,527.67
c. Changes in Inventories of Finished Goods, Work-in- Progress and Stock-in-Trade		2,380.26	387.30
d. Employee Benefit Expenses	21	6,132.65	6,033.83
e. Other Expenses	22	15,787.68	11,151.50
f. Depreciation and Amortization	11	1,154.92	1,023.62
g. Finance Cost	23	3,447.75	2,956.84
<b>TOTAL EXPENSES</b>		<b>88,714.75</b>	<b>52,910.93</b>
<b>3 Profit before Exceptional and Extraordinary Items and Tax (1-2)</b>		1,917.10	422.48
4 Exceptional Items		-	-
<b>5 Profit Before Extraordinary Items and Tax (3-4)</b>		1,917.10	422.48
6 Extraordinary Items		-	-
<b>7 Profit Before Tax (5-6)</b>		1,917.10	422.48
<b>8 Tax Expenses</b>			
a. Current Tax		409.14	84.53
b. MAT Credit Entitlement		-24.90	-84.53
c. Deferred Tax		293.86	139.19
<b>9 Profit/(Loss) for the year (7-8)</b>		<b>1,239.00</b>	<b>283.29</b>
<b>10 Earnings per Equity Share</b>			
a. Basic		6.93	1.58
b. Diluted		6.93	1.58

Other Notes to the Financial Statements

25

**V.M.LAKSHMINARAYANAN**  
 Chairman & Managing Director

**V.M.SESHADRI**  
 Managing Director

**A.BALASUBRAMANIAN**  
 Director

**D.KRISHNAMURTHY**  
 Executive Director-cum-Company Secretary

**R.NAGARAJAN**  
 Chief Financial Officer

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

 Place: Navalur (Kanchipuram District) - 600130.  
 Date: 30th May, 2016

**R.Rudhrakumar**  
 Proprietor  
 Membership No. 019444

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2016

Particulars	Financial Year ended on 31st March 2016	Financial Year ended on 31st March 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS</b>	1,917.10	422.48
<b>Add:</b>		
Depreciation and Amortization	1,154.92	1,023.62
Finance Cost	3,447.75	2,956.84
Interest Received	(90.91)	(140.22)
Profit/ Loss on Sale of Asset	20.38	6.53
Cash Generated From Operations Before Working Capital Changes	<b>6,449.24</b>	<b>4,269.25</b>
<b>Adjustments For:</b>		
Decrease/(Increase) In Trade Receivables	(6,450.29)	8,641.46
Decrease/(Increase) In Inventory	4,504.68	(164.27)
Decrease/(Increase) In Loans And Advances	(273.93)	521.60
(Decrease)/Increase In Trade Payables and Provisions	(1,465.13)	(8,596.10)
Cash Generated From Operations	<b>2,764.57</b>	<b>4,671.95</b>
<b>Less:</b>		
Direct Taxes Paid	385.00	135.00
Deferred Tax Asset Transfer	-	-
Net Cash From Operating Activities ( A )	<b>2,379.57</b>	<b>4,536.95</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale Of Fixed Assets	73.47	8.90
Purchase Of Fixed Assets	(979.54)	(2,284.47)
Intangible Assets	(64.16)	(85.57)
Decrease/(Increase) In Capital Work In Progress	(1.70)	158.18
Increase/(Decrease) In Long Term Assets	(24.90)	(84.53)
Interest Received	90.91	140.22
Net Cash From Investing Activities ( B )	<b>(905.93)</b>	<b>(2,147.27)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of Long Term Borrowings	(2,485.95)	5,251.04
Proceeds of Short Term Borrowings	4,250.72	(5,136.73)
Finance Cost	(3,447.75)	(2,956.84)
Net Cash From Financing Activities ( C )	<b>(1,682.98)</b>	<b>(2,842.53)</b>
<b>NET INFLOW/(OUTFLOW) ( A ) + ( B ) + ( C )</b>	<b>(209.36)</b>	<b>(452.85)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents (Opening)	1,546.34	1,999.19
Cash and Cash Equivalents (Closing)	1,336.98	1,546.34
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(209.36)</b>	<b>(452.85)</b>

**V.M.LAKSHMINARAYANAN**  
Chairman & Managing Director

**V.M.SESHADRI**  
Managing Director

**A.BALASUBRAMANIAN**  
Director

As per our report attached of even date

**D.KRISHNAMURTHY**  
Executive Director-cum-Company Secretary

**R.NAGARAJAN**  
Chief Financial Officer

**for Rudhrakumar Associates**  
Chartered Accountants  
(Registration No: 007033S)

Place: Navalur (Kanchipuram District) - 600130.  
Date: 30th May, 2016

**R.Rudhrakumar**  
Proprietor  
Membership No. 019444

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

₹ In lakhs

Note 1

**SHARE CAPITAL**
**a Authorised**

4,00,00,000 Equity Shares of Rs.10/- each

**b Issued Subscribed and Fully Paid-up**

1,78,79,551 Equity Shares of Rs.10/- each

As at 31st March, 2016		As at 31st March, 2015	
	4,000.00		4,000.00
	1,787.95		1,787.95

**c Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

There is no change in the holding of the Share Capital during the year 2015-16.

**d Rights, Preferences and restrictions**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each member is entitled to one vote by show of hands and while on poll, every shareholder is entitled to vote in proportion to their holdings.

**e Shares in the company held by each shareholder holding more than 5 % shares as at**

LLM Appliances Limited

V.M. Chettiar &amp; Sons India Private Limited \*

Reliance Alternative Investments Services Private Limited

Mr.V.M.Seshadri

Mr.V.M.Lakshminarayanan

31st March, 2016		31st March, 2015	
(Number of Shares in lakhs)		(Number of Shares in lakhs)	
	30.47		30.47
	28.35		28.35
	24.51		24.51
	12.51		12.51
	10.01		10.01

\* The shares held in the name of erstwhile Butterfly Marketing (P) Limited and Butterfly Construction (P) Limited has since vested with V.M.Chettiar & Sons LLP subsequent to their amalgamation with the latter.

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

₹ In lakhs

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>a General Reserve</b>		
As per last Balance sheet	476.60	563.23
Add: Transfer from Surplus	61.95	-
Less: Residual value of assets, whose useful life exhausted	-	86.63
	538.55	476.60
<b>b Capital Profit</b>		
<b>(i) Forfeited Shares (Transferred from Share Capital)</b>	1.73	1.73
(No. of Shares 34,756)		
As per last Balance sheet		
<b>(ii) On Redemption of Preference Shares issued by erstwhile Gangadharam Appliances Limited to IFCI</b>		
As per last Balance sheet	142.10	142.10
<b>c Securities Premium Reserve (Share Premium Account)</b>		
As per last Balance sheet	9,701.53	9,701.53
<b>d Revaluation Reserve</b>		
As per last Balance sheet	80.08	80.08
<b>e Surplus</b>		
As per last Balance sheet	10,376.77	10,093.48
Add: Profit after tax for the year	1,239.00	283.29
	11,615.77	10,376.77
<b>Less:</b>		
(i) Proposed Equity Dividend @ ₹ 1.25 per share (Previous year @ ₹ Nil per share)	223.49	-
(ii) Dividend Tax on proposed equity dividend	45.50	-
(iii) Transfer to General Reserve	61.95	-
	11,284.83	10,376.77
<b>TOTAL</b>	<b>21,748.79</b>	<b>20,778.81</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**
**Note 3**
**NON CURRENT LIABILITES**
**LONG TERM BORROWINGS**
**A SECURED BORROWINGS**

- a** Term Loan from State Bank of Travancore  
(Secured by first charge by way of hypothecation of specific Plant and Machinery purchased out of the loan and also by first charge on other fixed assets of the Company except the assets for which specific charges have been created in other banks, Equitable Mortgage of certain land and building of the Company at Pudukkham along with personal Guarantee of Promoter Directors)
- b** Term Loan from Ratnakar Bank Ltd,  
(Secured by Retention money held by Tamil Nadu Civil Supplies corporation (TNCSC))
- c** Term Loan from Axis Bank Ltd,  
(Secured by Equitable mortgage of certain land and building at Pudukkham Village and subservient charges on Current Assets excluding Retention Money receivable from Tamil Nadu Civil Supplies Corporation(TNCSC) along with personal Guarantee of Promoter Directors)
- d** Vehicle Loan from HDFC, ICICI & Kotak Bank,  
(Secured by hypothecation of Vehicles purchased out of loan)
- e** From Fullerton India Credit Company Limited  
(Secured by Equitable Mortgage of undivided land and office complex building at Egattur)

**B UNSECURED BORROWINGS**

- a** Aditya Birla Finance Limited
- b** Religare Finvest Limited

	₹ In lakhs	
	As at 31st March, 2016	As at 31st March, 2015
	638.03	660.06
	-	1,342.10
	2,048.64	2,465.28
	18.59	74.08
	786.67	815.74
	3,491.93	5,357.26
	850.46	1,202.54
	-	268.54
	850.46	1,471.08
<b>TOTAL</b>	<b>4,342.39</b>	<b>6,828.34</b>

**Note**

- (i) Terms of Repayment for Term loans from bank 5 to 6 years, for Vehicle Loan 3 to 5 years and for Fullerton India Credit Co Limited 3 & 10 years
- (ii) There is no default as on Balance Sheet date on the repayment of long term borrowings and the interest due thereon.

**Note 4**
**DEFERRED TAX LIABILITIES (NET)**

- a** Deferred Tax Liabilities/ (Assets)  
Balance brought forward from last Balance Sheet
- b** Deferred Tax Liability  
Depreciation, etc.,

	107.31	-31.88
	293.86	139.19
<b>TOTAL</b>	<b>401.17</b>	<b>107.31</b>

**DEFERRED TAX ASSET**

- a** Balance brought forward from last Balance Sheet
- b** Deferred Tax Liability  
Depreciation, etc.,

	-	-
	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

### Note 5

₹ In lakhs

	As at 31st March, 2016	As at 31st March, 2015
<i>OTHER LONG TERM LIABILITIES</i>		
<i>UNSECURED</i>		
Security Deposit from Distributors	291.50	365.76
<b>TOTAL</b>	<b>291.50</b>	<b>365.76</b>

### Note 6

#### *LONG TERM PROVISIONS*

Provision for Employee Benefits - Gratuity and Superannuation Payable	248.37	396.40
<b>TOTAL</b>	<b>248.37</b>	<b>396.40</b>

### Note 7

#### *CURRENT LIABILITIES*

#### *SHORT TERM BORROWINGS - SECURED*

<b>Loans repayable on demand from Banks</b>	14,884.96	10,634.24
(Secured by hypothecation by way of first charge on Inventories, book debts, present and future excluding Retention Money receivable from Tamil Nadu Civil Supplies Corporation (TNCSC) and collateral paripassu charge of Land and Buildings, the title deeds of which are in the course of transfer in the Company's name and also by the paripassu second charge on other fixed assets of the Company at Pudupakkam along with personal Guarantee of Promoter Directors)		
<b>TOTAL</b>	<b>14,884.96</b>	<b>10,634.24</b>

### Note 8

#### *TRADE PAYABLES*

#### **A SECURED**

Sundry Creditors under Letter of Credit	4,874.88	6,144.61
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#### **B UNSECURED**

i) Dues to Micro, Small and Medium Enterprises	-	191.99
ii) Dues to Other Sundry Creditors	5,629.50	5,488.51

<b>TOTAL</b>	<b>10,504.38</b>	<b>11,825.11</b>
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**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**
**Note 9**

₹ In lakhs

**OTHER CURRENT LIABILITIES**
**A SECURED BORROWINGS**
**Current Maturities of Long-Term Debt**
**i) Term Loan from State Bank of Travancore**

(Secured by first charge by way of hypothecation of specific Plant and Machinery purchased out of the loan and also by first charge on other fixed assets of the Company except the assets for which specific charges have been created in other banks, Equitable Mortgage of certain land and building of the Company at Pudupakkam along with personal Guarantee of Promoter Directors)

**ii) Term Loan from Ratnakar Bank Ltd,**

(Secured by Retention money held by Tamil Nadu Civil Supplies corporation (TNCSC))

**iii) Term Loan from Axis Bank Ltd,**

(Secured by Equitable mortgage of certain land and building at Pudupakkam Village and subservient charges on Current Assets excluding Retention Money receivable from Tamil Nadu Civil Supplies Corporation (TNCSC) along with personal Guarantee of Promoter Directors)

**iv) Vehicle Loan from HDFC, ICICI & Kotak Bank,**

(Secured by hypothecation of Vehicles purchased out of loan)

**v) From Fullerton India Credit Company Limited**

(Secured by Equitable Mortgage of undivided land and office complex building at Egattur)

**B UNSECURED BORROWINGS**

i) Aditya Birla Finance Limited

ii) Religare Finvest Limited

**C** Unclaimed Dividend

**D** Provision for Expenses

**E** Statutory Dues

**F** Advance from Customers

**G** Hedge Liability and Deffered forward contract account

**TOTAL**

	As at 31st March, 2016		As at 31st March, 2015	
	420.00		668.00	
	-		329.50	
	416.64		34.72	
	46.42		97.71	
	29.07	912.13	68.08	1,198.01
	352.08		352.08	
	-	352.08	22.31	374.39
		28.32		28.32
		1,327.93		1,056.47
		450.85		864.77
		340.25		203.67
		27.69		64.45
		<b>3,439.25</b>		<b>3,790.08</b>

Note

(i) Terms of Repayment for Term loans from bank 5 to 6 years, for Vehicle Loan 3 to 5 years and for Fullerton India Credit Co Limited 3 & 10 years

(ii) There is no default as on Balance Sheet date on the repayment of term loan borrowings and the interest due thereon.

**Note 10**
**SHORT TERM PROVISIONS**
**UNSECURED**

**a** Employee Benefits

**b** Provision for Taxation

**c** Proposed Dividend

**d** Tax on Proposed Dividend

**TOTAL**

	397.19		377.61	
	409.14		-	
	223.49		-	
	45.50	268.99	-	-
		<b>1,075.32</b>		<b>377.61</b>



## NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2016.

### NON CURRENT ASSETS

NOTE: 11

### FIXED ASSETS

Particulars	GROSS BLOCK - AT COST					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1st April 2015	Additions	Deletions	Retirement of Assets whose useful life exhausted	As at 31st March, 2016	As at 1st April 2015	Deduction	For the Year	Acc Dep adj for Retired Assets whose useful life exhausted	Transfer to General Reserve	As at 31st March, 2016	As at 31st March, 2015
Land (Freehold)	4,020.02	-	-	-	4,020.02	-	-	-	-	-	4,020.02	4,020.02
Buildings (Freehold)	3,133.85	399.62	-	5.13	3,528.34	376.50	-	107.64	5.13	479.01	3,049.33	2,757.35
Plant & Machinery	3,226.55	258.47	1.37	-	3,483.65	820.63	1.20	212.68	-	1,032.11	2,451.54	2,405.92
Dies & Tools	1,731.99	214.21	-	87.77	1,858.43	869.96	-	169.38	87.77	951.57	906.86	862.03
Electrical Machinery & Installations	477.58	26.67	-	6.27	497.98	104.97	-	43.27	6.27	141.97	356.01	372.61
Computers	382.98	12.20	-	61.98	333.20	226.67	-	62.82	61.98	227.51	105.69	156.31
Office Equipments	191.93	21.06	-	25.44	187.55	68.40	-	31.59	25.44	74.55	113.00	123.53
Vehicles	896.86	8.23	123.06	7.83	774.20	325.14	29.38	84.33	7.83	372.26	401.94	571.72
Furniture & Fittings	1,086.43	39.09	-	69.80	1,055.72	284.34	-	101.76	69.80	316.30	739.42	802.09
<b>Total</b>	<b>15,148.19</b>	<b>979.54</b>	<b>124.43</b>	<b>264.21</b>	<b>15,739.09</b>	<b>3,076.61</b>	<b>30.58</b>	<b>813.46</b>	<b>264.21</b>	<b>3,595.28</b>	<b>12,143.81</b>	<b>12,071.58</b>

### INTANGIBLE ASSETS

Usage Right of Trade Mark	400.00	-	-	-	400.00	208.00	-	16.00	-	-	224.00	176.00	192.00
Trade Mark and License	4,775.00	-	-	-	4,775.00	238.75	-	238.75	-	-	4,775.00	4,536.25	4,536.25
Computer Software	492.44	64.16	-	-	556.60	127.80	-	86.71	-	-	342.09	364.64	364.64
<b>Total</b>	<b>5,667.44</b>	<b>64.16</b>	<b>-</b>	<b>-</b>	<b>5,731.60</b>	<b>574.55</b>	<b>-</b>	<b>341.46</b>	<b>-</b>	<b>916.01</b>	<b>4,815.59</b>	<b>5,092.89</b>	<b>5,092.89</b>
<b>Grand Total</b>	<b>20,815.63</b>	<b>1,043.70</b>	<b>124.43</b>	<b>264.21</b>	<b>21,470.69</b>	<b>3,651.16</b>	<b>30.58</b>	<b>1,154.92</b>	<b>264.21</b>	<b>4,511.29</b>	<b>16,959.40</b>	<b>17,164.47</b>	<b>17,164.47</b>
<b>Previous Year</b>	<b>18,480.73</b>	<b>2,370.04</b>	<b>35.15</b>	<b>-</b>	<b>20,815.63</b>	<b>2,560.64</b>	<b>19.72</b>	<b>1,023.62</b>	<b>-</b>	<b>86.63</b>	<b>17,164.47</b>	<b>15,920.10</b>	<b>15,920.10</b>

Notes:

- Vehicles includes Assets acquired on "Hire Purchase"
- Freehold Land includes ₹10,00,000/- in respect of which the transfer of title deeds in the name of the company is pending.
- Usage Right of Trade Marks represents assignment of trade marks for future usage and is amortised over the estimated useful life viz., 25 years.
- Additions to Plant & Machinery includes machineries purchased under term loan assistance from banks.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

₹ In lakhs

<i>NON CURRENT ASSETS</i>	As at 31st March, 2016	As at 31st March, 2015
<b>Note 12</b>		
<b>FIXED ASSETS</b>		
<i>CAPITAL WORK IN PROGRESS</i>		
Building	-	3.13
Plant & Machinery	3.55	47.92
Dies & Tools	280.67	230.19
Other Assets	9.73	11.01
<b>TOTAL</b>	<b>293.96</b>	<b>292.26</b>
<b>Note 13</b>		
<i>LONG-TERM LOANS AND ADVANCES</i>		
MAT Credit Entitlement	109.43	84.53
<b>TOTAL</b>	<b>109.43</b>	<b>84.53</b>
<b>CURRENT ASSET</b>		
<b>Note 14</b>		
<i>INVENTORIES (As taken, valued and certified by a Managing Director - Mr.V.M.Seshadri)</i>		
Raw Materials and Components (includes Goods-in Transit ₹ 225.54 lakhs - Previous year ₹ 451.55 lakhs)	3,508.74	5,622.79
Spares	148.11	105.34
Stores	7.96	10.63
Packing Materials	112.33	162.80
Work in Progress	1,591.92	1,667.35
Finished Goods	2,932.15	3,980.12
Finished Goods - Traded (includes Goods-in Transit ₹ 54.21 lakhs - Previous year ₹ 15.68 lakhs)	4,080.99	5,337.85
<b>TOTAL</b>	<b>12,382.20</b>	<b>16,886.88</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

### CURRENT ASSET

#### Note 15

₹ In Lakhs

#### TRADE RECEIVABLES

##### UNSECURED CONSIDERED GOOD

	As at 31st March, 2016		As at 31st March, 2015	
<b>a</b> Outstanding for a period more than six months from the date they became due for payment	1643.12		1,230.36	
Less: Provision for Doubtful Debts	229.12	1,414.00	174.14	1,056.22
<b>b</b> Others				
i) Retention Money - Tamilnadu State Civil Supplies Corporation	3,152.57		2,487.42	
ii) Others	21,175.84	24,328.41	15,748.48	18,235.90
<b>TOTAL</b>		<b>25,742.41</b>		<b>19,292.12</b>

#### Note 16

##### CASH AND BANK BALANCES

<b>a</b> Balance with Banks				
(i) In Current Accounts	414.44		197.34	
(ii) Term Deposit with Banks (Margin Money)	843.84		1,243.06	
(iii) Unclaimed Dividend account	28.32	1,286.60	28.32	1,468.72
<b>b</b> Cash and Cash Equivalents		50.38		77.62
<b>TOTAL</b>		<b>1,336.98</b>		<b>1,546.34</b>

#### Note 17

##### SHORT TERM LOANS AND ADVANCES

##### UNSECURED - CONSIDERED GOOD

<b>a</b> Balance with Government Authorities		1,040.59		598.00
<b>b</b> Advances on Capital Account		-		6.48
<b>c</b> Other Advances		743.86		1,020.53
<b>d</b> Insurance Claim Receivable		115.25		-
<b>TOTAL</b>		<b>1,899.70</b>		<b>1,625.01</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

₹ In Lakhs

Particulars	2015-16	2014-15
<b>Note 18</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Products	99,459.67	57,719.28
Less: Excise duty	9,365.48	4,821.30
<b>TOTAL</b>	<b>90,094.19</b>	<b>52,897.98</b>
<b>Note 19</b>		
<b>OTHER INCOME</b>		
<b>a</b> Interest on Bank Deposit & Others (Gross TDS ₹. 8.95 lakhs - Previous year ₹. 7.49 lakhs)	90.91	140.22
<b>b</b> Scrap Sales	284.25	283.97
<b>c</b> Bad Debts Recovered/Prov. for Doubtful debts not required	-	1.35
<b>d</b> Insurance Claim	138.95	-
<b>e</b> Other Non-operating Income	23.55	9.89
<b>TOTAL</b>	<b>537.66</b>	<b>435.43</b>
<b>Note 20</b>		
<b>COST OF MATERIALS CONSUMED</b>		
<b>a Raw Material Consumption</b>		
<i>Opening Balance</i>		
Raw Materials & Components	5,622.79	5,110.37
Packing Material	162.80	156.57
Spares	105.34	73.12
	5,890.93	5,340.05
<i>Add: Purchases</i>		
Raw Materials & Components	49,278.54	22,166.72
Packing Material	2,276.49	1,245.77
Processing Charges	1,803.34	1,057.16
Spares	624.00	342.66
Freight Inward	562.14	568.74
	54,544.51	25,381.05
<i>Less Closing Stock</i>		
Raw Materials & Components	3,508.74	5,622.79
Packing Material	112.33	162.80
Spares	148.11	105.34
	3,769.18	5,890.93
	56,666.26	24,830.17
<b>b Purchase of Finished Goods - Stock-in-trade</b>	3,145.23	6,527.67

Particulars	2015-16		2014-15	
<b>c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>				
<i>Opening Balance</i>				
Work in Progress	1,667.35		1,646.06	
Stock-in-Trade - Finished Goods	9,317.97	10,985.32	9,726.55	11,372.62
<i>Less Closing Balance</i>				
Work in Progress	1,591.92		1,667.35	
Stock-in-Trade - Finished Goods	7,013.14	8,605.06	9,317.97	10,985.32
		2,380.26		387.30
<b>TOTAL</b>		<b>62,191.75</b>		<b>31,745.14</b>
<b>Note 21</b>				
<b>EMPLOYEE BENEFIT EXPENSES</b>				
<b>a</b> Directors' Remuneration & Perquisites		232.56		218.40
<b>b</b> Salaries and Wages		4,516.26		4,526.76
<b>c</b> Bonus and Others		249.73		304.01
<b>d</b> Contribution to Provident and Other Funds		324.35		343.29
<b>e</b> Contribution to Gratuity & Superannuation Funds		108.43		74.23
<b>g</b> Leave Travel Concession		12.02		20.10
<b>f</b> Staff Welfare Expenses		689.30		547.04
<b>TOTAL</b>		<b>6,132.65</b>		<b>6,033.83</b>
<b>Note 22</b>				
<b>OTHER EXPENSES</b>				
Consumption of Stores		34.35		50.45
Commission on Sales		1,163.59		961.60
Freight Outward		2,546.91		1,355.73
Advertisement, Publicity & Sales Promotion		6,795.04		3,722.37
Discount on Sales		268.57		248.23
Power and Fuel		664.80		644.86
Directors' Sitting fees		21.75		14.06
Rent		662.26		800.27
Insurance		33.77		33.61
Rates & Taxes		122.60		118.51
Repairs and Maintenance				
Building	142.73		89.55	
Plant & Machinery	115.25		61.34	
Other Assets	264.48	522.46	214.42	365.31

Particulars	2015-16		2014-15	
<b>Auditors' Remuneration</b>				
Statutory Audit fees	4.00		4.00	
Company Law matters	3.50		3.50	
Taxation matters	2.50		2.50	
Other Services	9.00	19.00	30.60	40.60
Cost Audit fees		1.75		1.75
Provision for doubtful debts		54.98		34.49
Loss on Sale of Assets		20.38		6.53
Travelling Expenses		1,170.27		1,299.47
Professional & Consultancy Charges		270.80		211.69
Other Expenses		1,414.40		1,241.97
<b>TOTAL</b>		<b>15,787.68</b>		<b>11,151.50</b>
<b>Note 23</b>				
<b>FINANCE COST</b>				
<b>a</b> On Term Loan from Banks		560.75		249.24
<b>b</b> On Cash Credit from Banks		1,575.51		1,592.75
<b>c</b> Interest Paid on Security Deposit		27.24		38.70
<b>d</b> Interest Paid on Others		668.66		476.22
<b>e</b> Processing Fees		128.76		307.49
<b>f</b> Exchange Fluctuation / Loss		486.83		292.44
<b>TOTAL</b>		<b>3,447.75</b>		<b>2,956.84</b>

**V.M.LAKSHMINARAYANAN**  
Chairman & Managing Director

**V.M.SESHADRI**  
Managing Director

**A.BALASUBRAMANIAN**  
Director

**D.KRISHNAMURTHY**  
Executive Director-cum-Company Secretary

**R.NAGARAJAN**  
Chief Financial Officer

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

Place: Navalur (Kanchipuram District) - 600130.  
Date: 30th May, 2016

**R.Rudhrakumar**  
Proprietor  
Membership No. 019444

## NOTE 24

₹ In Lakhs

<b>CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>(i)</b>	<b>CONTINGENT LIABILITIES</b>		
1	Claim against the Company not acknowledged as debts		
	Central Excise (of which sum of Rs.Nil (Upto previous year Rs.3.31 lakhs) paid under protest)	2,907.89	1,006.09
	Sales Tax	64.70	115.95
	Employee State Insurance Matter. (of which sum of Rs.Nil (Upto previous year Rs.6.27 lakhs) paid under protest)	26.05	26.05
	Labour Matter (of which sum of Rs.Nil (Upto previous year Rs.12.59 lakhs) paid under protest)	49.24	47.08
2	<b>Guarantee</b>		
	Counter Guarantees given to the banks in respect of Performance Guarantees given by the Banks.	1,388.80	1,096.00
	Counter Guarantee given to banks in respect of Guarantees given in favour of Commercial Tax Department.	33.64	30.87
	Counter Guarantee given to banks in respect of Guarantees given in favour of Central Excise Department.	3.00	3.00
3	<b>Other money for which the Company is contingently liable</b>		
	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
<b>(ii)</b>	<b>COMMITMENTS</b>		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	80.57	87.22

**NOTE: 25**
**OTHER NOTES TO FINANCIAL STATEMENTS**
**1. SIGNIFICANT ACCOUNTING POLICIES**

(Forming part of the Financial Statements for the year ended on 31st March, 2016)

**(i) Basis for Preparation of Accounts**

The Financial Statements have been prepared on the historical cost convention in accordance with the Generally Accepted Accounting Principles in India, to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

**(ii) Fixed Assets and Depreciation**

- a. 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 and VAT Credits and as reduced by accumulated depreciation.
- b. Depreciation on tangible fixed assets is charged over the estimated useful life on straight line method, in accordance with Part A of Schedule II to the Companies Act 2013.
- c. The estimated useful life of the tangible fixed assets followed by the Company is given below:

Description	Years
Factory Building and Other Buildings	5 to 60
Plant and Machinery	15
Electrical Equipment	10
Office Equipment	5
Furniture and Fittings	10
Vehicles	8 to 10
Computers and Information Systems	3 to 6

- d. Dies and Tools are depreciated at the rate of 11.88 percent.
- e. In respect of additions/deductions made during the year, depreciation is charged on pro-rata basis from the date of addition/ till the date of disposal.
- f. Intangible assets in the form of Software are amortised over their useful life of 10 years and in the form of Usage Right of Trade Mark/Trade Mark and Licence are amortised over the period of Usage of 20 – 25 years.

**(iii) Inventories**

Inventories are stated at lower of cost (net of CENVAT and VAT credits) or net realisable value. Cost includes all direct costs and other applicable manufacturing overheads and in ascertaining the cost, Moving Weighted Average Method is adopted. In the case of work-in-progress and finished goods, cost represents materials (net of CENVAT and VAT credits) direct labour and appropriate portion of factory overheads.

**(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 realization if it is made within the same financial year.



**(v) Impairment of Assets**

As on the Balance sheet date, the Company's assets net of accumulated depreciation/amortization is not less than the recoverable amount of those assets. Hence, there is no impairment loss on the assets of the Company. No impairment loss charged to the profit and loss statement during the year.

**(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 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 a few employees who are in service even after Superannuation age as per LIC norms, gratuity and superannuation is calculated manually and necessary provision is made in the books of account.

The Company contributes to the said Gratuity fund covering specified employees. The contributions are by way of annual premium payable on such 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 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 end of calendar year.

**2. Excise duty**

CENVAT credit/Service Tax credit on inputs and other capital goods are 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. Disclosures required under the "Micro, Small and Medium Enterprises Development Act, 2006"**

₹. In Lakhs

Particulars	2015-16	2014-15
a. Principal amount due to Suppliers under the Act	NIL	191.99
b. Interest accrued and due to Suppliers under the Act, on the above amount	-	-
c. Payment made to Suppliers (Other than interest) beyond the appointed day during the year	-	-
d. Interest paid to Suppliers under the Act (Other than Section 16)	-	-
e. Interest paid to Suppliers under the Act (Section 16)	-	-
f. Interest due and payable to suppliers under the Act, for payments already made	-	-
g. Interest accrued and remaining unpaid at the end of the year to Suppliers under the Act	-	-

This information has been given in respect of such vendors to the extent they could be identified as 'Micro, Small and Medium Enterprises' on the basis of information available with the Company on which the Auditors have relied upon.

**4. Taxes on Income:**

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.

## 5. 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 within 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 within the Profit and Loss Statement, as per AS 11.

## 6. Imports (CIF Value)

	2015-16	2014-15
	₹.In Lakhs	₹.In Lakhs
Raw Materials	3,709.92	2,406.65
Components and Spares	12,403.63	3,351.34
Capital Goods	5.19	5.37
Finished Goods / Semi Finished Goods	2,941.88	4,419.93

## 7. Expenditure in Foreign Currency

Travelling	24.19	65.26
Salary and Allowance	39.66	83.52

## 8. Earning in Foreign Exchange

Exports (on FOB basis)	913.69	663.81
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## 9. Disclosure on Related Party Transaction

1. Key Management Personnel	Mr. V.M. Lakshminarayanan, Chairman & Managing Director Mr. V.M. Balasubramaniam, Vice Chairman & Managing Director 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. Nagarajan – Chief Financial Officer
2. Enterprises in which key management personnel and their Relatives have Significant influence	LLM Appliances Limited V.M. Chettiar & Sons LLP Butterfly Quality Centre Private Limited Butterfly Industrial Designs Private Limited Swaminathan Enterprises Private Limited Sivagurunathan Industries East West Combined Industries Vetrivel Transport Mrinalini Industries Bean and Leaf Beverages Private Limited H&S Supply Chain Services Private Limited Chrysalis Home Needs Private Limited
3. Relatives of Key Management Personnel	Mr. V.M.L. Karthikeyan Mr. V.M.G. Viswanathan Mr. V.M.L. Senthilnathan Mr. V.M.L. Ganesan Mr. V.M.G. Mayuresan

₹. In Lakhs

S.No.	Particulars	2015-16	2014-15
	<b>Transaction for year ended on 31st March, 2016</b>		
	<b>Key Management Personnel</b>		
1	Executive Directors' Remuneration, Perquisites and Commission.	284.89	267.54
	<b>Enterprises in which Key Management Personnel and their relatives have significant influence</b>		
1	Purchases of Goods / Services	4,887.66	2,766.28
2	Sales of Goods / Services	112.15	91.82
3	Balance due to us – Sundry Debtors	28.61	15.27
4	Balance due from us – Sundry Creditors	704.58	322.55
	<b>Relatives of key Management Personnel</b>		
1	Employee Remuneration, Perquisites	176.40	254.78
2	Others – Director Sitting Fees	-	0.30

### 10. Segment Information in accordance with AS17 issued by ICAI.

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

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

	2015-16	2014-15
Net Profit as per Profit and Loss Statement	₹.1239.00 Lakhs	₹.283.29 Lakhs
No. of Equity Shares	1,78,79,551	1,78,79,551
Nominal Value per Share	₹.10.00	₹.10.00
Basic and Diluted earnings per share	₹.6.93	₹.1.58

### 12. Previous year's figures have been regrouped and reclassified wherever necessary to conform to this year's classification.

**V.M.LAKSHMINARAYANAN**  
Chairman & Managing Director

**V.M.SESHADRI**  
Managing Director

**A.BALASUBRAMANIAN**  
Director

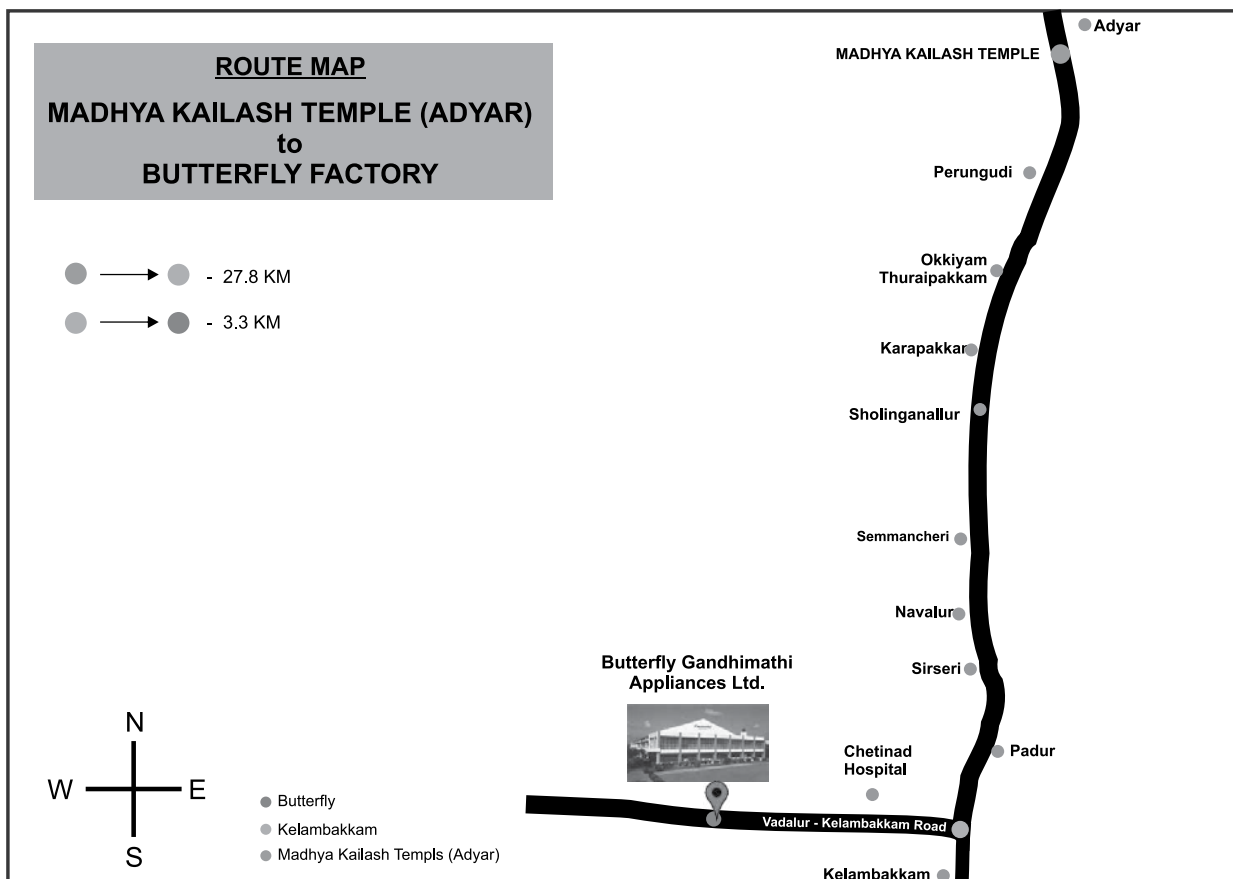
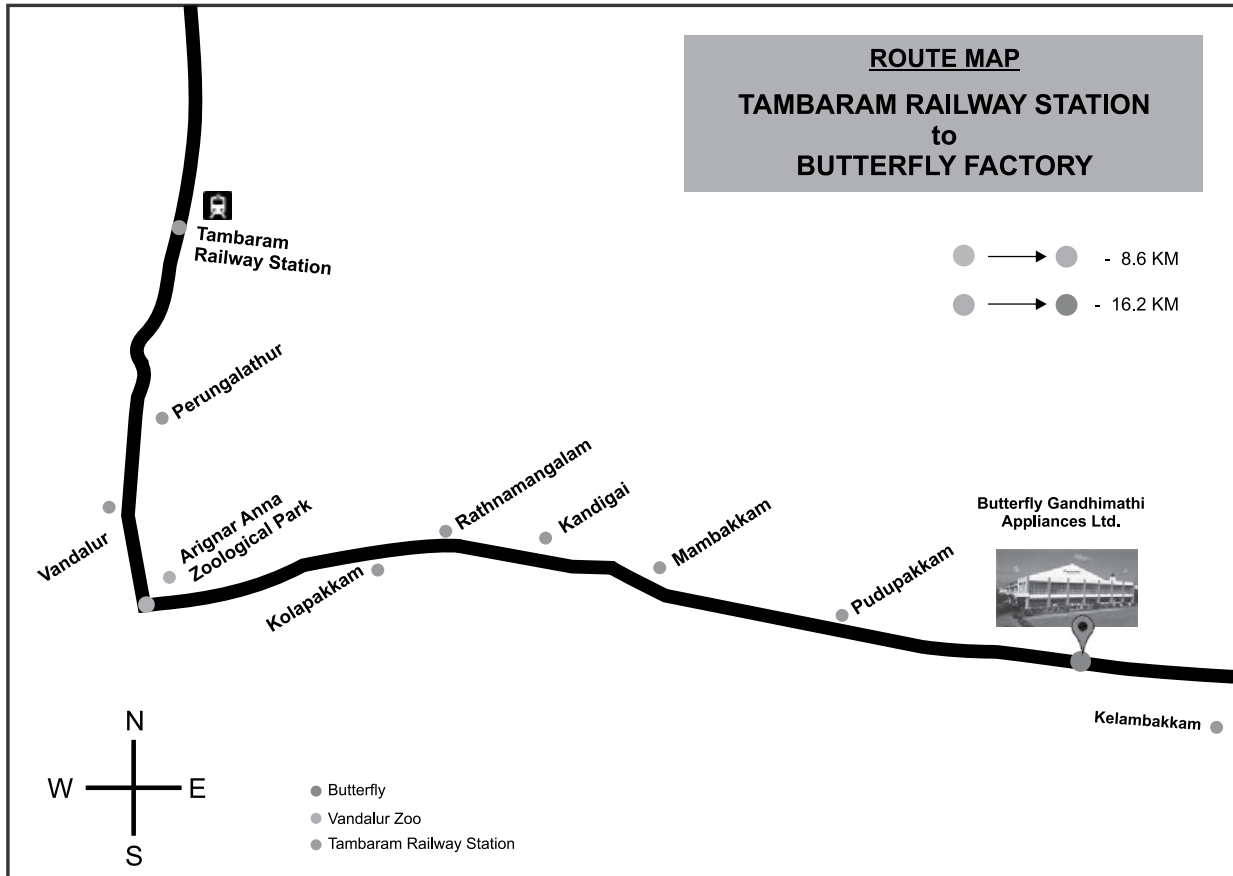
**D.KRISHNAMURTHY**  
Executive Director-cum-Company Secretary

**R.NAGARAJAN**  
Chief Financial Officer

As per our report attached of even date  
**For Rudhrakumar Associates**  
Chartered Accountants  
Registration No.007033S

Place: Navalur (Kanchipuram District) – 600130.  
Date: 30th May, 2016

**R.RUDHRAKUMAR**  
Proprietor  
Membership No.019444



**BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**  
**CIN No.L28931TN1986PLC012728**  
**Regd. Office: 143, Pudupakkam Village, Vandalur-Kelambakkam Road,**  
**Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu**

**PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

\*DP ID: Folio No.  
 \* Client ID No. of shares:

NAME AND ADDRESS OF THE SHAREHOLDER:

I hereby record my presence at the Twenty Ninth Annual General Meeting of the Company to be held on Friday, 5th August 2016 at 11.00 a.m at its Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu.

.....  
 \*Application for investors holding shares in electronic form. Signature of the shareholder/proxy



**PROXY FORM**

**[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
 (Management and Administration) Rules 2014]**

**BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**  
**CIN No.L28931TN1986PLC012728**  
**Regd. Office: 143, Pudupakkam Village, Vandalur-Kelambakkam Road,**  
**Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu**

Name of the Member(s)	Registered Address	Email ID : Folio No: *Client ID: *DP ID:	
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I/We, being the member(s) of ..... shares of Butterfly Gandhimathi Appliances Ltd, hereby appoint:

Name:	or failing him	or failing him
	Name	Name
Address	Address	Address
Email ID:	Email ID:	Email ID:
Signature:	Signature:	Signature:

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Friday 5th August 2016 at 11.00 a.m. at its Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District and at any adjournment thereof in respect of such resolutions, as are indicated below:

\*Applicable for investor holding shares in electronic form  
 \*\* I wish my above Proxy to vote in the manner as indicated in the box below:



Sl.No.	Resolutions	Type of Resolution	For Y/N	Against Y/N
<b>A.</b>	<b>ORDINARY BUSINESS:</b>			
1	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors	Ordinary		
2	Consider and approve payment of Dividend for financial year ended on 31st March 2016	Ordinary		
3	Reappointment of Mr.V.M.Kumaresan, Director, who retires by rotation	Ordinary		
4	Ratification of appointment of M/s.Rudhrakumar Associates as Statutory Auditors	Ordinary		
<b>B.</b>	<b>SPECIAL BUSINESS:</b>			
5	Reappointment of Mr.V.M.Seshadri as Managing Director	Special		
6	Reappointment of Mr.V.M.Gangadharam as Executive Director	Special		
7	Amendment to Articles of Association of the Company	Special		
8	Approval of remuneration of the Cost Auditor	Ordinary		

Signed this ..... Day of August 2016

.....

Signature of Shareholder

.....

Signature of Proxyholder(s)

Affix Re.1/- Revenue Stamp
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Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company or at the Office of its Registrar and Share Transfer Agents at GNSA Infotech Ltd, STA Department, Nelson Chambers, 115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029, not less than 48 hours before the commencement of the meeting.

**ELECTRIC CHIMNEY**



**LPG STOVE**



**MIXER GRINDER**



**MIXER GRINDER**



**MIXER GRINDER**



**TABLE TOP WET GRINDER**



**TABLE TOP WET GRINDER**



**POWER HOB**



**WATER HEATER**



**ELECTRIC KETTLE**



**POP-UP TOASTER**



**ELECTRIC RICE COOKER**



**WASHER**



**PRESSURE COOKER**



**SANDWICH MAKER**







*Company's representative, Mr.S.Mahadevan, receiving the 'Certificate of Appreciation' awarded by the Petroleum Conservation Research Association of Government of India from Shri.Dharmendra Pradhan, Hon'ble Minister of State (IC), Ministry of Petroleum & Natural Gas on 16th January 2016 at New Delhi.*



*Company's new Pressure Cooker Division Building at its Pudupakkam Factory.*

To.



**If undelivered return to :**

**GNSA Infotech Ltd,**  
STA Dept., Nelson Chambers, 4th Floor, F-Block,  
No.115, Nelson Manickam Road,  
Aminjikarai, Chennai - 600 029.  
Tel : 044-42962025  
E-mail : sta@gnsaindia.com