

ANNUAL REPORT 2004



Gandhimathi Appliances Limited



GANDHIMATHI APPLIANCES LIMITED

GANDHIMATHI APPLIANCES LIMITED

BOARD OF DIRECTORS

Mr. V.M. LAKSHMINARAYANAN

Mr. V.M. BALASUBRAMANIAM (Managing Director)

Mr. V.M. GANGADHARAM (Wholetime Executive Director)

Mr. V.R. SIVARAMAN

Mr. V.R. LAKSHMINARAYANAN

Mr. K. GANESAN

Mr. M. PADMABHAN

Mr. C. RAMESAN (IIBI Nominee)

AUDIT COMMITTEE :

Mr. K. Ganesan, Chairman

Mr. V.R. Sivaraman

Mr. M. Padmanabhan

Mr. V.M. Lakshminarayanan

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Mr. V.R. Sivaraman, Chairman

Mr. V.M. Balasubramaniam

REMUNERATION COMMITTEE

Mr. V.R. Sivaraman

Mr. K. Ganesan

Mr. M. Padmanabhan

Mr. C. Ramesan

SECRETARY :

Mr. D. KRISHNAMURTHY

Auditors :

M/s. Rudhrakumar Associates

Chartered Accountants,

No. 11, Mangesh Street, T. Nagar, Chennai - 17.

Bankers :

State Bank of Travancore

The South Indian Bank Limited

Bank of Baroda

Registered Office :

143, Pudupakkam Village,

Vandalur - Kelambakkam Road, Kelambakkam - 603 103.

Kancheepuram District, Tamilnadu

Share Registrars :

M/s. GNSA Investors Services (P) Ltd.,

18/1, Balaiah Avenue, Mylapore,

Chennai - 600 004.

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

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

- Mahatma Gandhi

"WE AT BUTTERFLY SHALL CONTINUE
TO CEASELESSLY WORK TOWARDS THIS OBJECTIVE"



GANDHIMATHI APPLIANCES LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Eighteenth 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, 17th December, 2004 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS:

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

"RESOVLED THAT the Audited Balance Sheet as at 31st March, 2004, the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors of the Company, be and are hereby approved and adopted".

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

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

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

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

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

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

**GANDHIMATHI APPLIANCES LIMITED****SPECIAL BUSINESS:**

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

- (A) "That pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 ("the Act") and other applicable provisions, if any, of the Act and subject to approval of Central Government/Financial Institutions Mr.V.M.Gangadharam be and is hereby reappointed as Executive Director of the Company for a period of three years with retrospective effect from 1st October, 2004 whose period of office shall not be subject to retirement by rotation during his tenure of office as Whole-time Executive Director on the following terms and conditions, which may also be deemed as an abstract of the terms of his reappointment pursuant to Section 302 of the Act.

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

Salary: Rs.7,20,000 per annum or Rs.60,000/- per month, including dearness and all other allowances.

Perquisites: Perquisites will be allowed to Mr.V.M.Gangadharam, Whole-time Executive Director in addition to salary, restricted to an amount equal to his annual salary, viz., Rs.7.20 lakhs. For this purpose perquisites are classified into three categories - 'A', 'B' and 'C' as follows:-

CATEGORY A:

1. Housing I: The expenditure by the Company for hiring furnished accommodation for Mr.V.M.Gangadharam will be subject to the ceiling of sixty percent of his salary.

Housing II: In case the accommodation is owned by the Company, ten percent of the salary of the Whole-time Executive Director shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the Whole-time Executive Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.



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Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Whole-time Executive Director.

(ii) Medical reimbursement: Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(iii) Leave and Leave Travel Concession: Leave as per rules of the Company including encashment of leave. Leave travel concession for self and family once in a year incurred in accordance with rules specified by the Company.

(iv) Club Fees: Fees of clubs subject to a maximum of two clubs. Admission and life membership fee will not be allowed.

(v) Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.4000/- per annum.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income Tax Rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actuals.

However, the Board of Directors will have the liberty to refix individual ceilings under each of the above heads so as not to exceed the limit of annual salary or to allow any other perquisite as may be permitted by the Government of India.

Explanation: For the purpose of category 'A', Family means the spouse, the dependent children and dependent parents of the Whole-time Executive Director.

CATEGORY B:

1. Company's contribution towards Provident Fund, subject to a ceiling of 12 percent of the salary.
2. Company's contribution towards Superannuation Fund or Annuity Fund. Such contribution together with the contribution towards Provident Fund shall not exceed 27 percent of his salary.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.



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3. **GRATUITY:** Payable in accordance with the rules of the Company, not exceeding half a month's salary for each completed year of service, subject to a limit of Rs.3,50,000/-.
4. **ENCASHMENT OF LEAVE:** Encashment of leave at the end of the tenure, payable in accordance with the rules of the Company. This will not be included in the computation of the ceiling on perquisites.

CATEGORY C:

The Company shall provide a car with driver, cellular phone for official use and telephone at the residence of Mr.Gangadharam. Provision of a car for use on Company's business and Cellular Phone / Telephone at residence for official use will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by Company to Mr.Gangadharam.

REIMBURSEMENT OF EXPENSES:

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

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

MINIMUM 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 aforesaid shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956 read with Schedule XIII to the said Act shall be payable to Mr.Gangadharam with the approval of the Central Government, if so required.

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

Chennai - 600 018
Date - 29.10.2004

By Order of the Board
D.KRISHNAMURTHY
Secretary



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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 13th to 17th December, 2004 (both days inclusive).
3. Members are requested to immediately intimate any change in their address registered with the Company to the Registrar and Share Transfer Agents, M/s.GNSA Investor Services Pvt.Ltd., 18/1, Balaiah Avenue, Mylapore, Chennai - 600 004.
4. Members/Proxies should bring the attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the meeting hall.
5. Members/Proxies are requested to bring their copies of their Annual Report to the meeting.
6. Members are requested to quote their folio number in all their correspondence.
7. The Company's equity shares are listed with Madras, Mumbai and Ahmedabad Stock Exchanges.

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**GANDHIMATHI APPLIANCES LIMITED**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No.5:**

The Remuneration Committee/Board of Directors of the Company at their meeting held on 20.08.2004, (a) subject to approval of the members in General Meeting, (b) Central Government and Financial Institutions, approved reappointment Mr.V.M.Gangadharam as Executive Director for a further period of three years from 1st October 2004 to 30th September 2007, on his existing remuneration.

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

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

Mr.V.M.Gangadharam, Executive Director is interested or concerned in the resolution. Apart from him Messrs.V.M.Balasubramaniam, Managing Director, and V.M.Lakshminarayanan, Director may also be deemed to be interested or concerned in the resolution by virtue of the Executive Director being their relative. No other Directors are interested or concerned in the resolution.

The Board recommends that the resolution be passed.

**GANDHIMATHI APPLIANCES LIMITED**

The General Information to be given to the shareholders in connection with the aforesaid reappointment of the Executive Director and the remuneration payable to him are as follows:

I. GENERAL INFORMATION:

1. Nature of Industry	Manufacturing and Marketing of home appliances like LPG Stoves, Mixer-Grinders and Table Top Wet Grinders.
2. Date or expected date of commencement of commercial production	The Company commenced commercial production in October 1987.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not applicable
4. Financial performance based on given indicators	Not applicable
5. Export performance and net foreign exchange collaborations	The Company's products are predominantly orientated for Indian cuisine. However, Indians living abroad are showing interest in the products. The highest export performance of the Company at Rs.56.40 lakhs was achieved in the financial year 2002-2003.
6. Foreign Investments or collaborations, if any.	NIL

II INFORMATION ABOUT THE APPOINTEE:

1. Background details	Mr.V.M.GANGADHARAM (EXECUTIVE DIRECTOR APPOINTEE) : Mr.V.M.Gangadharam is the fourth son of Late Mr.V.Murugesu Chettiar, Ex-Chairman of the Company. Being a member of industrialist family, from his childhood he was trained by his father in business activities. He grew up under the strict control of his father and took keen interest in making press tools, moulds, etc. for utensils and appliances as also undertook new innovations in
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**GANDHIMATHI APPLIANCES LIMITED**

	<p>this field. During his school days, in addition to studies, he worked in his father's workshop to get practical "Hands on" experience. He specialised in manufacturing a wide range of Stainless Steel Utensils. Mr.V.M.Gangadharam has widely travelled and has always involved himself in the innovation of new technologies and product improvements. He has immaculate ability in the vital area of personnel management. With his long experience in the business, he has developed a team of potential distributors/dealers for marketing the Company's products.</p>
2. Past remuneration	<p>Remuneration payable to Mr.V.M.Gangadharam as Executive Director of the Company with effect from 1.8.2000 to 30.9.2004 is salary of Rs.7,20,000/- per annum, with perquisites restricted to an amount equal to the said annual salary, which is also the minimum remuneration payable to him in the absence or inadequacy of profits.</p>
3. Recognition or awards	<p>The Company's turnover which was just Rs.234.62 lakhs for the year ended 31.3.1989 rose upto Rs.5777.15 lakhs for the year ended 31.3.2001, an increase of 2362%, over a period of twelve years. The business acumen, dedication and diligence of Mr.V.M.Gangadharam as Executive Director of the company under the able guidance of the Managing Director are the prime factors for such fast growth of the company.</p>
4. Job profile and his suitability	<p>Mr.V.M.Gangadharam as the Executive Director of the Company is the functional head for the production, marketing and finance activities of the Company, under the superintendence of the Managing Director and in view of his rich experience of over three decades in the home appliances industry, Mr.Gangadharam is ideally suited to hold the position of Executive Director. During his tenure, he has exhibited high and rare business skills and contributed to the growth of the Company.</p>