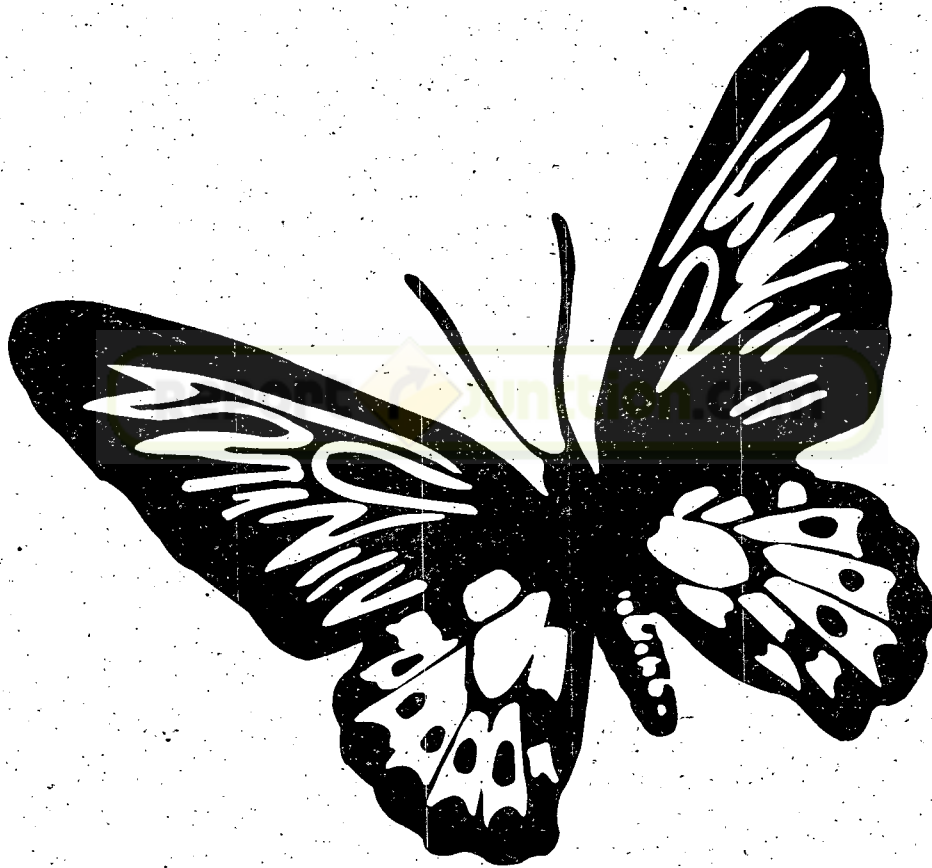


ANNUAL REPORT 2008



Gandhimathi Appliances Limited



GANDHIMATHI APPLIANCES LIMITED

GANDHIMATHI APPLIANCES LIMITED

Registered Office: 143, Pudupakkam Village, Vandalur - Kelambakkam Road,
Kelambakkam - 603 103.

22nd ANNUAL REPORT

FACTORY

143, Pudupakkam Village,
Vandalur - Kelambakkam Road
Kelambakkam - 603 103
Kancheepuram District
Website : www.butterflyindia.com

BANKERS

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

AUDITORS

Rudhrakumar Associates
Chartered Accountants
11, Mangesh Street, T. Nagar,
Chennai - 600 017.

RESISTRARS

GNSA Investor Services Pvt. Ltd.
G.R. Mansion, 11, Srinivasan Road,
Pondy Bazaar, T. Nagar,
Chennai - 600 017.

BOARD OF DIRECTORS

Mr. V.M. Lakshminarayanan, Chairman
Mr. V.M. Balasubramaniam, Managing Director
Mr. V.M. Gangadharam, Executive Director
Mr. V.M. Kumaresan, Executive Director - Technical
Mr. V.R. Sivaraman, Director
Mr. K. Ganesan, Director
Mr. M. Padmanabhan, Director
Mr. V.R. Lakshminarayan, Director
Mr. D. Krishnamurthy, Executive Director cum Company Secretary

AUDIT COMMITTEE:

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

SHAREHOLDERS/INVESTORS GRIVENCE COMMITTEE:

Mr. K. Ganesan
Mr. V.M. Balasubramaniam

REMUNERATION COMMITTEE

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

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

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

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



GANDHIMATHII APPLIANCES LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty Second 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 Wednesday, 6th May, 2009 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:**

"RESOLVED THAT the Audited Balance Sheet as on 31st December, 2008, the Profit and Loss Account for the period of eighteen months 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.M. 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. K. Ganesan, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".

4. **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".

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

"RESOLVED THAT the retiring Auditors, M/s. Rudhrakumar Associates, Chartered Accountants, Chennai be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the



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Company, in addition to service tax, travelling and other out of pocket expenses actually incurred by them in connection with audit and fees, if any, for the professional services rendered by them, in any other capacity from time to time."

SPECIAL BUSINESS:

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

"THAT pursuant to the provisions of the Section 314 (1B) of the Companies Act, 1956 read with Rule 10C (i) of the Companies (Central Government's) General Rules and Forms, 1956, and Director's Relatives (Office or Place of Profit) Rules, 2003 subject to approval of Central Government, consent of the Company be and is hereby accorded to Mr.V.M.L.Karhikeyan, a relative of Messrs.V.M.Lakshminarayanan, Chairman, V.M.Balasubramaniam, Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as Vice President – Marketing on the following remuneration:

1. Salary : Rs.8.40 lakhs per annum or Rs.70,000/- per month, including dearness and all other allowances with annual increment in the scale of Rs.70,000-2,500 – 80,000-3,000-92,000.

In addition to the salary, Mr.Karhikeyan will be entitled to the following perquisites; monetary value of which shall not exceed 50 percent of his annual salary.

CATEGORY A:

- (i) 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.
- (ii) 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.
- (iii) Club Fees: Fees of club subject to a maximum of two clubs. Admission and life membership fee will not be allowed.
- (iv) Personal Accident Insurance : Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.3000/- 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 actual.

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 50 percent of his annual salary or to allow any other perquisites as may be permitted by the Central Government.

Explanation: For the purpose of category "A" family means the spouse and the dependent children of the Vice President – Marketing.



GANDHIMATHII APPLIANCES LIMITED

CATEGORY B:

1. The 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.

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.5,00,000/-.

ENCASHMENT OF LEAVE:

Encashment of leave at the time of leaving Company's service, payable in accordance with the rules of the Company not exceeding the ceiling specified under the Income Tax Act.

CATEGORY C:

The Company shall provide a car with driver, cellular phone for official use and telephone at the residence of Mr. Karthikeyan. 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 cellular phone/telephone and use of car for private purpose shall be billed by the Company to Mr. Kathikeyan.

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.

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

"THAT pursuant to the provisions of the Section 314 (1B) of the Companies Act, 1956 read with Rule 10C (i) of the Companies (Central Government's) General Rules and Forms, 1956, and Director's Relatives (Office or Place of Profit) Rules, 2003 subject to approval of Central Government, consent of the Company be and is hereby accorded to Mr. V.M.G. Viswanathan, a relative of Messrs. V.M. Lakshminarayanan, Chairman, V.M. Balasubramaniam, Managing Director, V.M. Gangadharam, Executive Director and V.M. Kumaresan, Executive Director-Technical of the



GANDHIMATHII APPLIANCES LIMITED

Company to hold Office or Place of Profit as General Manager – Materials Management on the following remuneration:

1. Salary : Rs.7.80 lakhs per annum or Rs.65,000/- per month, including dearness and all other allowances with annual increment in the scale of Rs.65,000 – 2,500 – 75,000-3,000- 87,000.

In addition to the salary, Mr. Viswanathan will be entitled to the following perquisites; monetary value of which shall not exceed 50 percent of his annual salary.

CATEGORY A:

- (i) 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.
- (ii) 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.
- (iii) Club Fees: Fees of club subject to a maximum of two clubs. Admission and life membership fee will not be allowed.
- (iv) Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.3000/- 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 actual.

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 50 percent of his annual salary or to allow any other perquisites as may be permitted by the Central Government.

Explanation: For the purpose of category "A" family means the spouse and the dependent children of General Manager-Materials Management.

CATEGORY B:

1. The 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.

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.5,00,000/-.



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ENCASHMENT OF LEAVE:

Encashment of leave at the time of leaving Company's service, payable in accordance with the rules of the Company not exceeding the ceiling specified under the Income Tax Act.

CATEGORY C:

The Company shall provide a car with driver, cellular phone for official use and telephone at the residence of Mr. Viswanathan. 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 cellular phone/telephone and use of car for private purpose shall be billed by the Company to Mr. Viswanathan.

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."

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

"THAT pursuant to the provisions of the Section 314 (1B) of the Companies Act, 1956 read with Rule 10C (i) of the Companies (Central Government's) General Rules and Forms, 1956, and Director's Relatives (Office or Place of Profit) Rules, 2003 subject to approval of Central Government, consent of the Company be and is hereby accorded to Mr. V.M.L. Senthilnathan, a relative of Messrs. V.M. Lakshminarayanan, Chairman, V.M. Balasubramaniam, Managing Director, V.M. Gangadharam, Executive Director and V.M. Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as General Manager - Technical on the following remuneration:

1. Salary : Rs. 7.80 lakhs per annum or Rs. 65,000/- per month, including dearness and all other allowances with annual increment in the scale of Rs. 65,000 – 2,500 – 75,000-3,000– 87,000.

In addition to the salary, Mr. Senthilnathan will be entitled to the following perquisites, monetary value of which shall not exceed 50 percent of his annual salary.

CATEGORY A:

- (i) 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.
- (ii) 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.



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- (iii) Club Fees: Fees of club subject to a maximum of two clubs. Admission and life membership fee will not be allowed.
- (iv) Personal Accident Insurance : Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.3000/- 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 actual.

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 50 percent of his annual salary or to allow any other perquisites as may be permitted by the Central Government.

Explanation: For the purpose of category "A" family means the spouse and the dependent children of the General Manager-Technical.

CATEGORY B:

- 1. The 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.

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.5,00,000/-.

ENCASHMENT OF LEAVE:

Encashment of leave at the time of leaving Company's service, payable in accordance with the rules of the Company not exceeding the ceiling specified under the Income Tax Act.

CATEGORY C:

The Company shall provide a car with driver, cellular phone for official use and telephone at the residence of Mr.Senthilnathan. 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 cellular phone/telephone and use of car for private purpose shall be billed by the Company to Mr.Senthilnathan.

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.



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- (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."

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

"THAT pursuant to the provisions of the Section 314 (1B) of the Companies Act, 1956 read with Rule 10C (i) of the Companies (Central Government's) General Rules and Forms, 1956, and Director's Relatives (Office or Place of Profit) Rules, 2003 subject to approval of Central Government, consent of the Company be and is hereby accorded to Mr. V.M.L. Ganesan, a relative of Messrs. V.M. Lakshminarayanan, Chairman, V.M. Balasubramaniam, Managing Director, V.M. Gangadharam, Executive Director and V.M. Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as Deputy General Manager – Marketing on the following remuneration:

1. Salary : Rs.7.20 lakhs per annum or Rs.60 000/- per month, including dearness and all other allowances with annual increment in the scale of Rs.60,000 – 2,000 – 70,000-2,500-80,000.

In addition to the salary, Mr.Ganesan will be entitled to the following perquisites, monetary value of which shall not exceed 50 percent of his annual salary.

CATEGORY A:

- (i) 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.
- (ii) 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.
- (iii) Club Fees: Fees of club subject to a maximum of two clubs. Admission and life membership fee will not be allowed.
- (iv) Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.3000/- 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 actual.

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 50 percent of his annual salary or to allow any other perquisites as may be permitted by the Central Government.

Explanation: For the purpose of category "A" family means the spouse and the dependent children of Deputy General Manager – Marketing.

CATEGORY B:

1. The Company's contribution towards Provident Fund, subject to a ceiling of 12 percent of the salary.



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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.

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.5,00,000/-.

ENCASHMENT OF LEAVE:

Encashment of leave at the time of leaving Company's service, payable in accordance with the rules of the Company not exceeding the ceiling specified under the Income Tax Act.

CATEGORY C:

The Company shall provide a car with driver, cellular phone for official use and telephone at the residence of Mr. Ganesan. 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 cellular phone/telephone and use of car for private purpose shall be billed by the Company to Mr. Ganesan."

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."

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

"Resolved that pursuant to the provisions of Section 314(1)(b) of the Companies Act, 1956 read with Rule 10C (1) of the Companies (Central Government's) General Rules and Forms, 1956, consent of the Company be and is hereby accorded to Mr. V.M.S. Selvamuthukumar, a relative of Messrs. V.M. Lakshminarayanan, Chairman, V.M. Balasubramaniam, Managing Director, V.M. Gangadharam, Executive Director and V.M. Kumaresan, Executive Director-Technical of the Company to hold Office or Place of Profit as Deputy General Manager – Marketing with retrospective effect from 1.1.2008 on the following terms and conditions:

- (i) Salary: Rs.3.60 lakhs per annum or Rs.30,000/- per month, including dearness and all other allowances with annual increment in the scale of Rs.30,000-1,500-37,500.