

Annual Report 2012



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED



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



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

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

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

25th ANNUAL REPORT

FACTORY

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

CORPORATE OFFICE

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

BANKERS

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

STATUTORY AUDITORS

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

REGISTRARS

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

BOARD OF DIRECTORS

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

COMPANY SECRETARY:

Mr.D.Krishnamurthy

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Mr.K.Ganesan
Mr.M. Padmanabhan

SELECTION COMMITTEE

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

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

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

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



NOTICE TO THE SHAREHOLDERS

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

ORDINARY BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

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

I. SALARY AND PERQUISITES:

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

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

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

II. COMMISSION:

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

III. REIMBURSEMENT OF EXPENSES

a. Entertainment expenses:

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

b. Travelling expenses:

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

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

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

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

I. SALARY AND PERQUISITES:

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

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

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

II.COMMISSION:

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

III. REIMBURSEMENT OF EXPENSES

a. Entertainment expenses:

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

b. Travelling expenses:

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

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

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

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

I. SALARY AND PERQUISITES:

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