

**Soaring  
Greater Heights**



**BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**

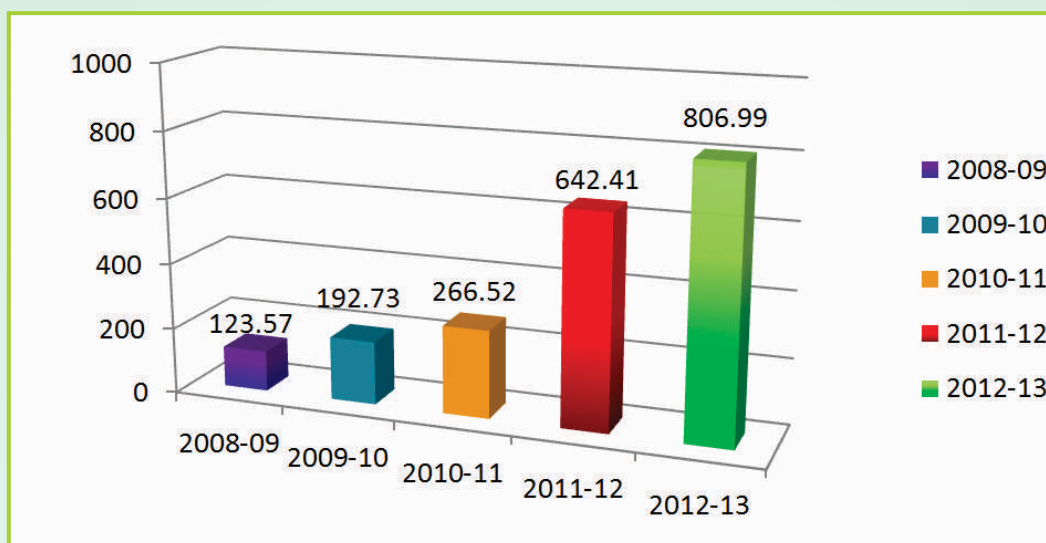
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**ANNUAL REPORT 2013**

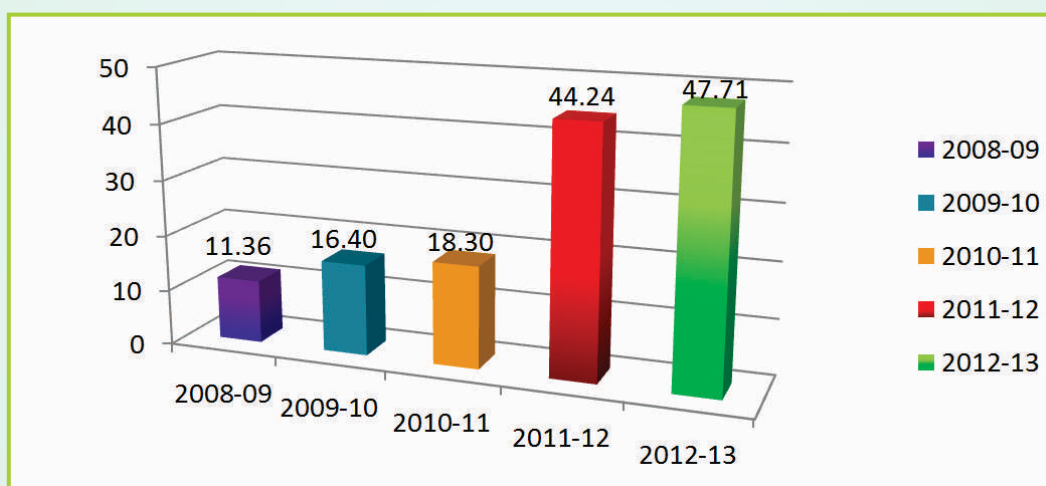
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## SALES INCLUDING EXCISE DUTY (₹. IN CRORES)- ANNUALISED

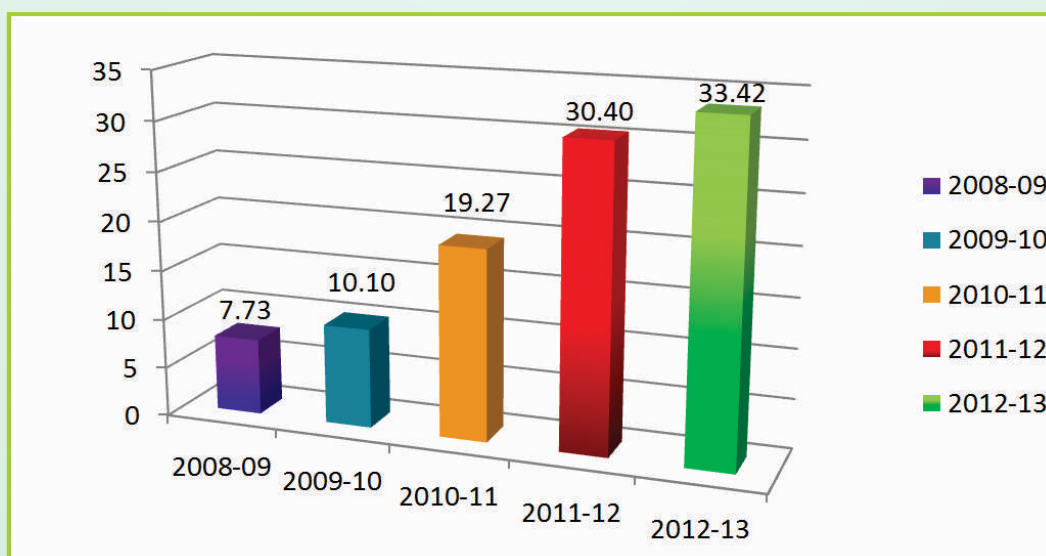
Compounded Annual Growth Rate : 60%



## PROFIT BEFORE TAX (₹. IN CRORES)- ANNUALISED



## PROFIT AFTER TAX (₹. IN CRORES)- ANNUALISED



**BUTTERFLY GANDHIMATHI APPLIANCES LIMITED****ANNUAL REPORT 2013**

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**BOARD OF DIRECTORS**

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

**STATUTORY AUDITORS**

M/s. Rudhrakumar Associates  
Chartered Accountants

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

**REGISTERED OFFICE**

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

**REGISTRAR & SHARE TRANSFER AGENT**

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

**CORPORATE OFFICE**

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

**BANKERS**

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

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## **NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twenty sixth Annual General Meeting of the Company will be held at its Corporate Office Premises at E-34, Rajiv Gandhi Salai, Egattur Village, Navalur- 603103, Kancheepuram District, Tamil Nadu on Friday, 26<sup>th</sup> July 2013 at 11.00 a.m. to transact the following business:

### **ORDINARY BUSINESS:**

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

“RESOLVED THAT the Audited Balance Sheet as on 31st March, 2013 and the Profit and Loss Statement for the financial year ended on that date and the Report of the Directors and the Auditors of the Company, be and are hereby approved and adopted.”

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

“RESOLVED THAT pursuant to the recommendation of the Board of Directors of the Company, a dividend of ₹.2.50/- per equity share on 1,78,79,551 Equity Shares of ₹.10/- each fully paid up, absorbing a sum of ₹.4,46,98,878/-, exclusive of Income Tax be and is hereby declared for the financial year ended 31<sup>st</sup> March, 2013 and the same be paid to those shareholders whose names appear in the Register of Members of the Company as at the close of 26<sup>th</sup> July 2013.”

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

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

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

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

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

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

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

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

### **SPECIAL BUSINESS:**

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

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

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

A. That pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 (‘The Act’) and other applicable provisions, if any, of the Act, Mr. V.M. Seshadri be and is hereby reappointed as Managing Director of the Company for a period of three years with effect from 01<sup>st</sup> June, 2014 whose period of office shall not be subject to retirement by rotation during his tenure of office as Managing Director on the following terms and Conditions:

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

### **I. SALARY AND PERQUISITES**

1. Salary	₹.34,80,000/- per annum or ₹.2,90,000/- per month, including dearness and all other allowances
2. Medical	One month’s salary in a year or three month’s salary over a period of three years for self and family.
3. Leave Travel Assistance	For self and family to and fro Airfare to any place in India and abroad once a year.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
4. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed ₹.10,000/- per annum.

5. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1 : Perquisites (2) to (5) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix individual ceilings under each of the above heads or to allow any other perquisites as may be permitted by the Central Government so as not to exceed 20% of the annual salary.</p>	
6. Other Benefits	
a. Provident Fund Contribution	Subject to a ceiling of 12% of his salary
b. Superannuation Contribution	Subject to a ceiling of 15% of his salary
c. Gratuity	Not exceeding half a month's salary for each completed year of service, subject to a limit of ₹.10 lakhs.
7. Encashment of Leave at the end of the tenure.	As per rules of the Company
<p>Note: Contribution to Provident Fund, Superannuation fund, Gratuity payable and encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII to the Companies Act, 1956</p>	
8. Car	Use of Company maintained car with driver for official purposes.
9. Telephone/Mobile	Telephone at residence / cellular phone for official use.
<p>Note: Provision of a car for use on Company Business and Cellular Phone/Telephone for official use will not be considered as Perquisites</p>	

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

## **II. COMMISSION**

In addition to his salary and perquisites stated vide I.(1) to (9) above, where the company earns profits in a financial year, Mr.V.M. Seshadri, together with the three other managerial personnel, viz.,



Messrs. V.M. Lakshminarayanan, V.M.Gangadharam and V.M.Kumaresan, shall be entitled to receive commission on net profits. However, the combined aggregate limit of salary / perquisites / commission paid to all the managerial personnel of the Company shall not exceed 10% of net profits, as prescribed under Section 309(3) read with Part II, Section I of Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof. The quantum of commission to be paid to each of the above managerial personnel will be determined as agreed amongst them and approved by the Remuneration Committee / Board of Directors.

### **III. REIMBURSEMENT OF EXPENSES**

#### **a. Entertainment expenses:**

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

#### **b. Travelling expenses:**

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

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

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

- A. That pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 ('The Act') and other applicable provisions, if any, of the Act, Mr.V.M.Gangadharam be and is hereby reappointed as Executive Director of the Company for a period of three years with effect from 01<sup>st</sup> October 2013, whose period of office shall not be subject to retirement by rotation during his tenure of office as Executive Director on the following terms and conditions:

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

### **I.SALARY AND PERQUISITES**

1. Salary	₹.33,60,000/- per annum or ₹.2,80,000/- per month, including dearness and all other allowances
2. Medical	One month's salary in a year or three month's salary over a period of three years for self and family.

3. Leave Travel Assistance	For self and family to and fro Airfare to any place in India and abroad once a year.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
4. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
5. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (5) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix individual ceilings under each of the above heads or to allow any other perquisites as may be permitted by the Central Government so as not to exceed 20% of the annual salary.</p>	
6. Other Benefits	
a. Provident Fund Contribution	Subject to a ceiling of 12% of his salary
b. Superannuation Contribution	Subject to a ceiling of 15% of his salary
c. Gratuity	Not exceeding half a month salary for each completed year of service subject to a limit of ₹.10 lakhs.
7. Encashment of Leave at the end of the tenure.	As per rules of the Company
Note: Contribution to Provident Fund, Superannuation fund, Gratuity payable and encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII to the Companies Act, 1956	
8. Car	Use of Company maintained car with driver for official purposes.
9. Telephone / Mobile	Telephone at residence / cellular phone for official use.
Note: Provision of a car for use on Company Business and Cellular Phone / Telephone for official use will not be considered as Perquisites	

Where in any financial year during the tenure of Mr. V.M.Gangadharam as Executive Director the Company has no profits or its profits are inadequate, the salary and perquisites stated vide I (1) to (9) above will be paid as minimum remuneration to him, subject to the ceiling prescribed under Schedule XIII, Part II, Section (B)



to the Companies Act, 1956. In case such minimum remuneration exceeds the limits prescribed under Schedule XIII, necessary application will be made to the Central Government for approval.

## **II. COMMISSION**

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

## **III. REIMBURSEMENT OF EXPENSES**

### **a. Entertainment expenses:**

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

### **b. Travelling expenses:**

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

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

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

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

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

A. That pursuant to the provisions of Sections 198, 269, 310 and 311 read with Schedule XIII to the Companies Act, 1956 (‘The Act’) and other applicable provisions, if any, of the Act, Mr.D.Krishnamurthy be and is hereby appointed as a Wholetime Executive Director-cum-Company Secretary of the Company for a period of three years with effect from 01<sup>st</sup> June, 2013 on the following terms and conditions:

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

# I. SALARY AND PERQUISITES

1. Salary	₹.20,40,000/- per annum or ₹.1,70,000/- per month, including dearness and all other allowances
2. Medical	One month's salary in a year or three month's salary over a period of three years for self and family.
3. Leave Travel Assistance	For self and family to and fro Air fare to any place in India and abroad once a year.
4. Bonus	As per rules of the Company, not exceeding one month's salary.
Note: For items (2) and (3) above, Family includes the spouse, the dependent children and the dependent parents.	
5. Personal Accident Insurance	Personal Accident cover of an amount, the annual premium of which does not exceed ₹.10,000/- per annum.
6. Annual Leave and leave encashment Benefits	As per rules of the Company
<p>Note 1: Perquisites (2) to (6) shall not exceed 20% of his annual salary. For this purpose, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites will be evaluated at actual.</p> <p>Note 2: The Board of Directors will have the liberty to re-fix individual ceilings under each of the above heads or to allow any other perquisite as may be permitted by the Central Government so as not to exceed 20% of the annual salary.</p>	
7. Other Benefits	
a. Provident Fund Contribution	Subject to a ceiling of 12% of his salary
b. Superannuation Contribution	Subject to a ceiling of 15% of his salary
c. Gratuity	Not exceeding half a month salary for each completed year of service subject to a limit of ₹.10 lakhs.
8. Encashment of Leave at the end of the tenure.	As per rules of the Company