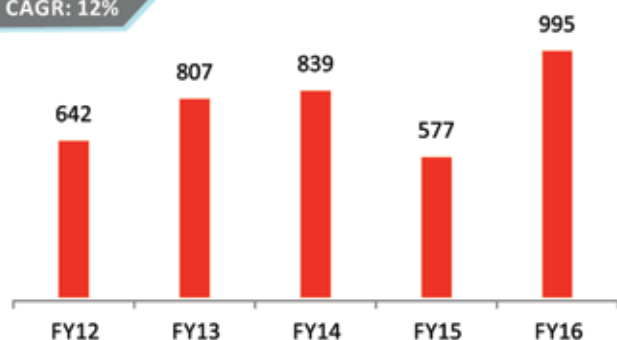




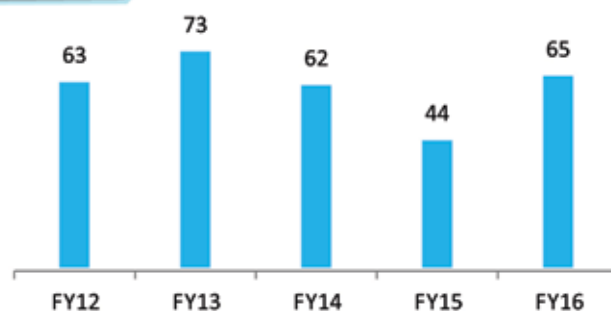
BUTTERFLY GANDHIMATHI APPLIANCES LIMITED
ANNUAL REPORT - 2016

Total Revenue (Rs. crore)

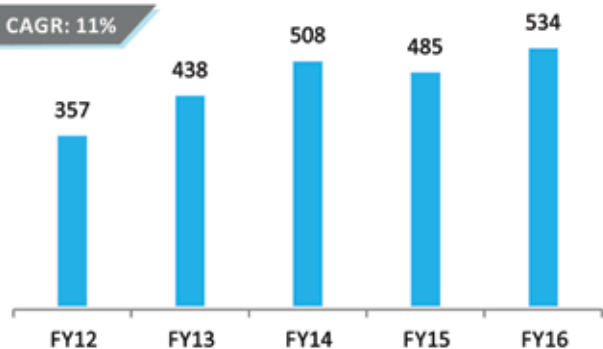
CAGR: 12%

**EBITDA (Rs. crore)**

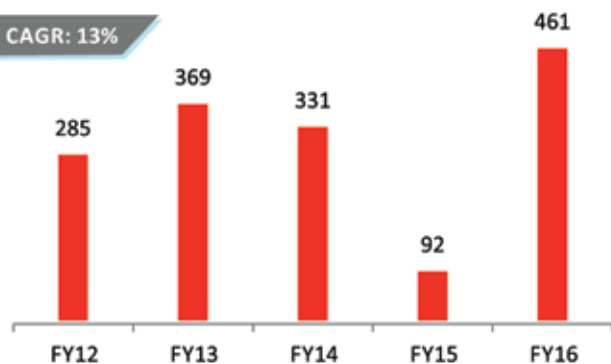
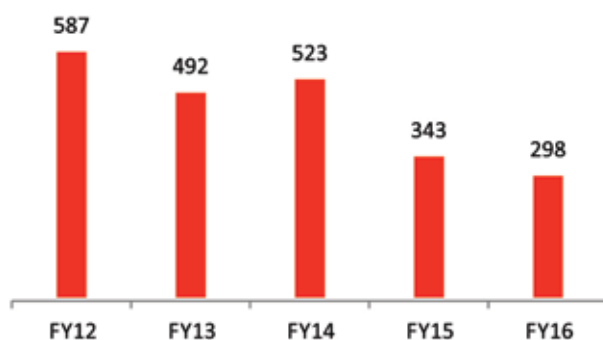
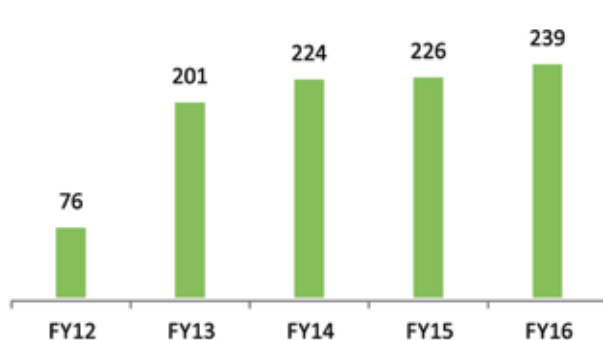
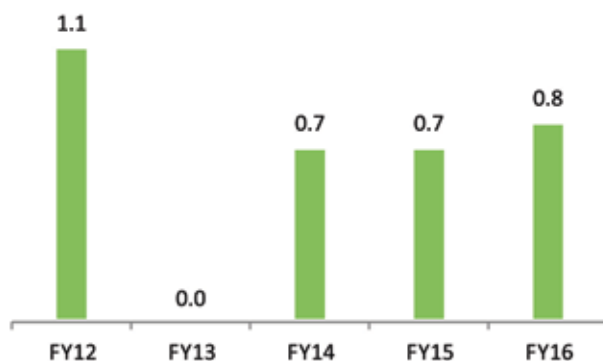
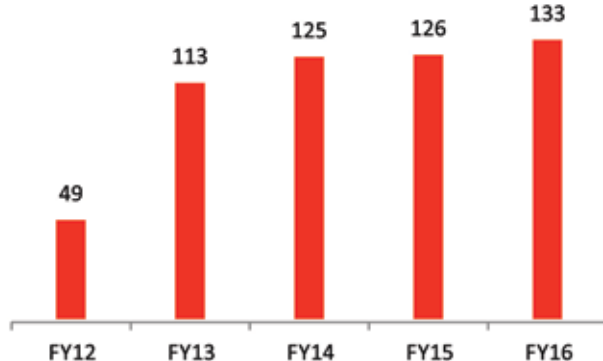
CAGR: 1%

**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

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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

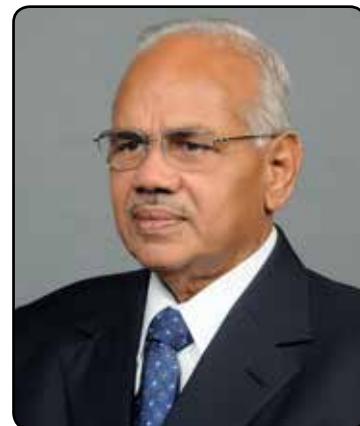
*State Bank of Travancore *Axis Bank *IDBI Bank *State Bank of India *Kotak Mahindra Bank * Bank of Maharashtra

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.Balasubramaniam 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 and under 'Investor Section' on the website of the Company viz., 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.