



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

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MINUTES OF THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT ITS REGISTERED OFFICE PREMISES AT 143, PUDUPAKKAM, VANDALUR-KELAMBAKKAM ROAD, KELAMBAKKAM – 603 103, KANCHEEPURAM DISTRICT ON THURSDAY, 20TH AUGUST 2015 AT 11.00 A.M.

66 Shareholders (including Six Director-shareholders) and 16 proxies were present in person. The following Directors attended the meeting.

1. Mr.V.M.Lakshminarayanan, Chairman & Managing Director
2. Mr.V.M.Balasubramaniam, Vice-Chairman & Managing Director
3. Mr.V.M.Seshadri, Managing Director
4. Mr.V.M.Gangadharam, Executive Director
5. Mr.V.M.Kumaresan, Executive Director-Technical
6. Mr.D.Krishnamurthy, Executive Director-cum-Company Secretary
7. Mr.V.R.Lakshminarayanan, Independent Director
8. Mr.K.Ganesan, Independent Director
9. Mr.A.Balasubramanian, Independent Director
10. Mr.K.J.Kumar, Independent Director
11. Mr.G.S.Samuel, Independent Director
12. Mr.T.R.Srinivasan, Independent Director
13. Mrs.Maheshwari Mohan, Woman Independent Director
14. Mr.R.S.Prakash, Nominee Director

Mr.V.M.Lakshminarayanan, Chairman & Managing Director occupied the chair.

As the requisite quorum of minimum 30 members was present, the Chairman called the meeting to order.

He mentioned that pursuant to the provisions of section 170 of the Companies Act, 2013, the Register of Directors and Key Management Personnel with their shareholding is available for inspection of the Members. Thereafter, he requested the Executive Director-cum-Company Secretary to read the Notice convening the meeting.

Mr.Pramodkumar Agarwal, a shareholder suggested that the Notice could be taken as read. As the other members present also agreed for the same, Chairman requested the Executive Director-cum-Company Secretary to read the Auditors' Report which was done. Thereafter, Chairman read out his following address to the shareholders:

“Dear Shareholders,

It gives me great pleasure in welcoming you all to the 28th Annual General Meeting of your Company. The Annual Report for the year ended 31st March 2015 has been with you for quite some time now. So, with your permission, I shall take it as read.

Regd. Office : 143, Pudupakkam Village, Vandalur - Kelambakkam Road, Kelambakkam - 603 103, Kancheepuram District.

Phone : +91-44-67415590 / 91 / 93 / 94 CIN No. : L28931TN1986PLC012728

E-mail : gmal@butterflyindia.com Web : www.butterflyindia.com

Corporate Office : E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 600 130, Kancheepuram District.

Phone : 044 - 4900 5100, 5120 E-mail : butterflyho@butterflyindia.com / butterflyco@butterflyindia.com

Review of Performance

Fiscal 2015 was a mixed year for your Company as it marked some important milestones for your Company but was also characterised by a sluggish operating performance. Although the macro-economy displayed initial signs of improvement along with healthy growth prospects across most sectors, many challenging factors such as weaker consumer sentiment, a delayed monsoon, lower growth in rural markets, persistent high inflation and restricted growth in disposable incomes slowed down the overall on-ground activity during the fiscal.

Due to these factors and the late release of purchase order by the Government of Tamil Nadu, the Company's revenue performance and profitability was lower during the fiscal, as compared to the previous fiscal. The Company's total net income stood at Rs. 533.3 crore in FY2015 as against Rs.770.7 crore in FY2014. The government order net sales amounted to Rs.84 crore as against Rs.308 crore in the previous year.

During the fiscal, there was continued effort and resources invested in strategic initiatives such as improving brand awareness, enhancing the distribution network and increased focus towards development of innovative product variants. A consolidation of presence in new markets, entry into modern retail and formulation of the ecommerce strategy have laid the foundation for stronger growth in the years ahead. The Company incurred significant costs to support these strategic initiatives.

Along with this, the rate change as per new Companies Act and amortization of intangible assets during the year led to a higher depreciation. The cascading effect of all these factors along with higher finance costs impacted the Company's profitability in FY2015, translating to lower Profit before tax. Prolonged instability in raw material prices further impacted the margins during FY15.

FY15 marked the first full year of operations of the acquired business of LLM Appliances Ltd. The widened product portfolio has been favourable for the Company to enhance its market presence. Moreover, the license for exclusive use of the BUTTERFLY brand for domestic kitchen and electrical appliances has strengthened the Companies brand strength.

The Management of your Company firmly believes that the slowdown in performance witnessed in FY2015 was due to the confluence of temporary factors and holds no material impact on the Company's long-term growth prospects. We remain confident of achieving renewed momentum in business performance in the upcoming quarters, led by the many internal initiatives undertaken by the Company and supported by our resilient business foundation.



Branded Sales

Branded Gross Sales contributed to 84% of total Gross revenue during the fiscal 2015. In Branded Sale revenues, Kitchen Appliances accounted for 76%, registering an improvement of 6% over the previous fiscal. Cooker/cookware segment contributed 18% and other products 6%.

Stable performance across the key product categories of LPG stoves, Mixer Grinders and Table top wet grinders, supported by the products of the acquired business, drove the overall branded sales performance in FY15. The revenue performance of acquired products from LLM Appliances Ltd, stood at Rs. 76.7 crores in FY15.

Government Sales

In the month of January 2015, the Company was awarded a tender worth Rs. 510 crore from the Tamil Nadu Civil Supplies Corporation for the supply of Table Top Wet Grinders. This is the largest ever order received by the Company and marks the conclusion of the TNCSC scheme as envisaged by the government.

As the order was received in January 2015, only a small part of the order could be executed in FY15. Absence of government orders for a major part of FY15 led to lower contribution of Government order Sales, which stood at Rs. 92 crore and contributed 16% to the total gross revenue. Total supply of 4.5 lakh Table top wet grinders were made in FY2015.

Outlook

The present government at the Centre has completed one year in power. This has been marked by an improving macroeconomic outlook, enhanced foreign policy initiatives and a decline in commodity prices such as oil, coal and metals. Further, programmes like 'MAKE IN INDIA' have given strong impetus to domestic manufacturing. The initial reforms and policies have been encouraging and this trend will be further enhanced as many of the promised reforms become a reality. In addition, there has been a fairly positive start to the monsoon season in 2015 and some moderation in inflation and interest rates has set the base for an increase in consumption, which in turn will help the consumer durables market.

As we look ahead, the opportunity remains significant and we will be taking suitable steps in accelerating growth in our business operations, while also simultaneously focusing on unlocking the value of our solid business model.

The many initiatives undertaken by the Company such as enhancing brand visibility, expansion of operations in new markets, efficiently leveraging strong foothold in the South Market, supported by a solid business model will help the company to consolidate its position in the near term and contribute to its accelerated growth and improved profitability, going forward.



Corporate Governance

The philosophy of your Company in relation to corporate governance is to ensure transparency in its dealings and compliance of applicable laws and regulations in order to promote ethical conduct and practices throughout the organization. Your Company is committed to comply with the provisions of Clause 49 of the Listing Agreement of SEBI relating to the Corporate Governance. A separate section on corporate governance furnishing applicable details forms part of the Directors' Report.

Industrial Relations

I am pleased to inform you that industrial relations at all units have been cordial during the year under review and, on behalf of your Directors and my own behalf, I would like to acknowledge the co-operation and contribution of the entire workforce.

Auditors' comments

The Statutory Auditors' Report has already been circulated to all the shareholders. I am glad to inform you that the auditors after having reviewed your Company's accounts for the year ending 31st March, 2015 do not have any adverse comments.

Acknowledgements

Before I conclude, on behalf of the Board of Directors of your Company and my own behalf, I wish to convey earnest thanks to the valued Shareholders for your continued support and trust in us. This motivates us to excel in all our pursuits and constant endeavour to create value for you.

I would like to thank my colleagues on the Board for their valuable guidance and contribution in steering the Company to higher levels of achievement.

Above all, I would like to place on record the commendable efforts and commitments shown by our most valued resource, i.e. the Human Resource of the Company as our employees have always contributed their best and enabled the Company to set new benchmarks.

Jai Hind"

On conclusion of his speech, the Chairman informed the members that in compliance with the provisions of Section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, the Company had provided Members facility to exercise their right to vote by electronic means, which commenced on Monday 17.08.2015 [9.00 a.m.] and ended on Wednesday 19.08.2015 [5.00 p.m].



Chairman further informed the Members that the Company has arranged for voting by use of Ballot Paper on all the nine resolutions to be passed at this meeting for all those members who are present but have not casted their votes by availing the remote e-voting facility. The Ballot Paper will be circulated to such members enabling their voting as soon as all the resolutions are duly proposed and seconded by the members. The Box in which the Ballot Papers are to be deposited has been kept at a Central place in the meeting hall.

Thereafter, he mentioned that Mr.K.J.Rebello, Advocate, who has been appointed by the Board of Directors as Scrutiniser for the Poll process, is present at the meeting. Mr.Rebello will arrange for distribution of the Ballot Papers to the Members, who have not already exercised their e-voting right and Proxies of such Members present at the meeting. In case of joint shareholders, the Ballot paper will be given to the first named holder or in his absence to the joint holder attending the meeting as appearing in the chronological order in the folio. The Ballot paper has been made in the prescribed form No.MGT-12.

Thereafter, Chairman requested the shareholders to propose and second one by one the following resolutions contained in the Notice convening the Annual General Meeting.

RESOLUTION NO.1 – ADOPTION OF ACCOUNTS - ORDINARY RESOLUTION:

Mr.Pramod Kumar Agarwal, a shareholder, proposed the following Ordinary Resolution:

“RESOLVED THAT the Audited Balance Sheet as on 31st March, 2015 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”.

The Resolution was seconded by Mr.M.V.Kumar, a shareholder.

Thereafter, Chairman requested the members present to raise their queries, if any, on the accounts.

Messrs.Pramod Kumar Agawal, Pinni Sreenivasulu and V.D.Joshi, shareholders raised certain points/queries, which were replied by the Chairman and Managing Director and Mr.V.M.Seshadri, Managing Director.

RESOLUTION NO.2 – APPOINTMENT OF MR.V.M.SESHADRI, DIRECTOR RETIRING BY ROTATION – ORDINARY RESOLUTION:

Mr.N.Rose, a shareholder, proposed the following ordinary resolution.

“RESOLVED THAT Mr.V.M.Seshadri (DIN 00106506), 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.”

The resolution was seconded by Mr.Pramod Kumar Agarwal, a shareholder.

RESOLUTION NO.3 – APPOINTMENT OF MR.V.M.GANGADHARAM, DIRECTOR RETIRING BY ROTATION – ORDINARY RESOLUTION:

Mr.V.Radhakrishnan, a shareholder, proposed the following ordinary resolution.

“RESOLVED THAT Mr.V.M.Gangadharam (DIN 00106466), 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 Director of the Company.

The resolution was seconded by Mr.M.Anguswamy, a shareholder.

RESOLUTION NO.4 – APPOINTMENT OF M/S.RUDRAKUMAR ASSOCIATES, CHARTERED ACCOUNTANTS AS STATUTORY AUDITORS – ORDINARY RESOLUTION:

Mr.Pramod Kumar Agarwal, a shareholder, proposed the following Ordinary Resolution:

“RESOLVED that in partial modification of Resolution No. 4 passed at the 27th Annual General Meeting of the Company held on 31st July, 2014 and pursuant to the provisions of Section 139(2) and other applicable provisions, if any, of the Companies Act, 2013 (“New 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, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company in relation to the appointment of M/s. Rudhrakumar Associates, Chartered Accountants, [FRN 007033 S], Chennai as Statutory Auditors of the Company from the conclusion of this twenty eighth Annual General Meeting till the conclusion of the thirtieth Annual general Meeting of the Company.”

The resolution was seconded by Mr.Pinni Sreenivasulu, a shareholder.

RESOLUTION NO.5 – APPOINTMENT OF MRS.MAHESHWARI MOHAN, ADVOCATE, AS WOMAN INDEPENDENT DIRECTOR – ORDINARY RESOLUTION:

Mr.Alagu Swaminathan, a shareholder, proposed the following Ordinary Resolution:

“That pursuant to the provisions of Section 149, 150, 152 and the second proviso under Section 149(1)(b) read with Schedule IV and all other applicable provisions of Companies Act 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the listing agreement



Mrs.Maheswari Mohan (DIN No.07156606) who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 31.3.2015 and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice under section 160 of the Act from a Member proposing her candidature for the Office of Director, be and is hereby appointed as a Woman Independent Director on the Board of the Company, not liable to retire by rotation and to hold office for a consecutive period of five years, with effect from 21.8.2015 to 20.8.2020 on the terms and conditions as stipulated in Section 149 (8) read with Schedule IV to the Act.”

The resolution was seconded by Mr.N.Rose, a shareholder.

RESOLUTION NO.6 – REAPPOINTMENT OF MR.V.M.KUMARESAN AS EXECUTIVE DIRECTOR–TECHNICAL – SPECIAL RESOLUTION :

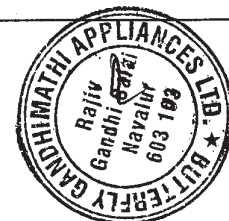
Mrs.R.Vijaya, a shareholder, proposed the following Special Resolution:

A. 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.Kumaresan, [holding Director Identification No.00835948] (**‘Mr.Kumaresan’**) as the Executive Director-Technical (**‘ED-Technical’**) of the Company for a period of 5 (five) years with effect from 1st June, 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.
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 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.</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, however 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 ceiling of Rs.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 Part II of Section II of Schedule V to the Companies Act, 2013</p>	
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.
<p>Note: Provision of a car for use on Company Business and Mobile Phone/Telephone for official use will not be considered as Perquisites.</p>	

Where in any financial year during the tenure of Mr.V.M.Kumaresan as Executive Director-Technical of 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.Kumaresan together with the four other managerial personnel viz., Messrs. V.M.Lakshminarayanan, V.M.Balasubramaniam, V.M.Seshadri and V.M. Gangadharam 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 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 managerial personnel 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.Kumaresan, 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.42,00,000/- in a financial year) and as may be agreed to by and between the Board of Directors and Mr.Kumaresan, 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.

The resolution was seconded by Mrs. S.Alarmelu Mangai, a shareholder.



RESOLUTION NO.7 – APPROVAL OF REMUNERATION PAYABLE TO THE COST AUDITORS – ORDINARY RESOLUTION :

Mr.V.D.Joshi, a shareholder, proposed the following Ordinary Resolution:

“(i)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 2016, 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.”

The resolution was seconded by Mrs. Pinni Nagamani, a shareholder.

RESOLUTION NO.8 – AMENDMENT OF ARTICLE 117 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY - SPECIAL RESOLUTION :

Mr.Pramod Kumar Agarwal, a shareholder, proposed the following Special Resolution:

“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: Notwithstanding the relevant provisions of the Act, the Board shall have power to appoint a Managing Director or a whole-time Director or one from amongst themselves as the Chairman of the Company; the Board shall also have power to appoint one or more Managing Directors, or whole-time Directors, as the case may be and the terms of office of Chairman and such key management persons shall be determined by it.”

The resolution was seconded by Mr.N.Rose, a shareholder.



RESOLUTION NO.9 – ENHANCEMENT OF BORROWING POWERS OF THE BOARD OF DIRECTORS - SPECIAL RESOLUTION:

Mr.K.Sivalingam, a shareholder, proposed the following Special Resolution:

“That in partial modification of the Special Resolution passed at the Annual General Meeting of the Company held on 31st July 2014, the consent of the Company be and is hereby accorded under the provisions of Section 180 and other applicable provisions, if any, of the Companies Act 2013 to the Board of Directors to borrow from time to time all such sums of monies as it may deem requisite for the purpose of business of the Company, notwithstanding that monies to borrow together with the monies already borrowed (apart from temporary loan obtained from bankers in the ordinary course of business) will exceed in the aggregate paid-up capital and free reserves, i.e. to say reserves not set apart for any specific purpose, provided however, that the total amount upto which monies may be borrowed by the Directors shall not exceed the sum of Rs.160 crores (Rupees One hundred sixty crores only).”

The resolution was seconded by Mrs.Koteeswari, a shareholder.

Thereafter, Mr.K.J.Rebello, Scrutinizer, distributed the Ballot Papers to those shareholders who have not availed the facility of e-voting. After the shareholders dropped the duly completed Ballot papers in the Ballot Box, the meeting terminated with a vote of thanks to the shareholders from the Chairman and Managing Director.

