

# **ANNUAL REPORT 2010**



**Gandhimathi Appliances Limited**



**GANDHIMATHI APPLIANCES LIMITED**

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

**23rd ANNUAL REPORT**

**FACTORY**

143, Pudupakkam Village  
Vandalur - Kelambakkam Road  
Kelambakkam - 603 103.  
Kancheepuram District  
Website : [www.butterflyindia.com](http://www.butterflyindia.com)

**BANKERS**

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

**AUDITORS**

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

**REGISTRARS**

GNSA Infotech 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. Lakshminarayanan, 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 GRIEVANCE 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 BUTTERLY 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 Third 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, 3rd November, 2010 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 30th June, 2010, the Profit and Loss Account for the financial year 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.R.Sivaraman, 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.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.D.Krishnamurthy, 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 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:**

- (A) "That pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 ("the Act") and other applicable provisions, if any, of the Act Mr.V.M.Balasubramaniam be and is hereby reappointed as Managing Director of the Company for a period of three years with effect from 1st January, 2011 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 or perquisites or both shall not exceed the following limits, viz.,:

Salary: Rs.24,00,000/- per annum or Rs.2,00,000/- per month, including dearness and all other allowances.

Perquisites: Perquisites will be allowed to Mr.V.M.Balasubramaniam in addition to salary, restricted to an amount equal to 50% of his annual salary, viz., Rs.12 lakhs. For this purpose perquisites are classified into three categories - 'A', 'B' and 'C' as follows:-

**CATEGORY A:**

- (i) Medical reimbursement : Expenses incurred for self and family, including premium payable for Medical Insurance, 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.5,000/- 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 fifty percent of the annual salary or to allow any other perquisite as may be permitted by the Central Government.

Explanation: For the purpose of category 'A' family means the spouse, the dependent children and dependent parents of the Managing Director



## **GANDHIMATHI APPLIANCES LIMITED**

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### **CATEGORY B:**

1. 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.

### **3. 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.10,00,000/-.

### **4. ENCASHMENT OF LEAVE:**

Encashment of leave at the end of the tenure, payable in accordance with the rules of the Company. This will not be included in the computation of the ceiling on perquisites.

Note: The aforesaid perquisites shall not be included in the computation of the ceiling on remuneration specified in Part II, Section II paragraph 1 of Schedule XIII of the Companies Act, 1956.

### **CATEGORY C:**

The Company shall provide a car with driver, cellular phone for official use and telephone at the residence of Mr.V.M.Balasubramaniam. 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 Company to Mr.V.M.Balasubramaniam.

### **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.

### **MINIMUM REMUNERATION:**

In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr.V.M.Balasubramaniam, the remuneration aforesaid shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956 read with Schedule XIII to the said Act shall be payable to Mr.V.M.Balasubramaniam with the approval of the Central Government, if so required.



B.That the Board is authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.V.M.Balasubramaniam, 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.Balasubramaniam, without further reference to the Company in General Meeting and/or the Central Government.

**7. 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 of 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 Whole time Executive Director of the Company for a period of three years with effect from 1st October, 2010 whose period of office shall not be subject to retirement by rotation during his tenure of office as Wholetime 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 or perquisites or both shall not exceed the following limits,viz.,:

Salary: Rs.24,00,000/- per annum or Rs.2,00,000/- per month, including dearness and all other allowances.

Perquisites: Perquisites will be allowed to Mr. V.M.Gangadharam in addition to salary, restricted to an amount equal to 50% of his annual salary, viz., Rs.12,00,000/-. For this purpose perquisites are classified into three categories - 'A', 'B' and 'C' as follows:-

**CATEGORY A:**

- (i). Medical reimbursement : Expenses incurred for self and family, including premium payable for Medical Insurance, 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.5,000/- 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 fifty percent of the 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, the dependent children and dependent parents of the Executive Director

**CATEGORY B:**

1. 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.

**3. 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.10,00,000/-.

**4. ENCASHMENT OF LEAVE:**

Encashment of leave at the end of the tenure, payable in accordance with the rules of the Company. This will not be included in the computation of the ceiling on perquisites.

Note: The aforesaid perquisites shall not be included in the computation of the ceiling on remuneration specified in Part II, Section II paragraph 1 of Schedule XIII of the Companies Act, 1956.

**CATEGORY C:**

The Company shall provide a car with driver, cellular phone for official use and telephone at the residence of Mr.V.M.Gangadharam. 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 Company to Mr.V.M.Gangadharam.

**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.



**MINIMUM REMUNERATION:**

In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr.V.M.Gangadharam, the remuneration aforesaid shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956 read with Schedule XIII to the said Act shall be payable to Mr.V.M.Gangadharam with the approval of the Central Government, if so required.

(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.

**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 of the Companies Act, 1956 ("the Act") and other applicable provisions, if any, of the Act Mr.V.M.Kumaresan be and is hereby reappointed as Wholtime Executive Director-Technical of the Company for a period of three years with effect from 1st June, 2010 whose period of office shall not be subject to retirement by rotation during his tenure of office as Wholtime Executive Director-Technical, 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 or perquisites or both shall not exceed the following limits, viz.,:

Salary: Rs.24,00,000/- per annum or Rs.2,00,000/- per month, including dearness and all other allowances.

Perquisites: Perquisites will be allowed to Mr.V.M.Kumaresan, Whole-time Executive Director –Technical in addition to salary, restricted to an amount equal to 50% of his annual salary, viz., Rs.12,00,000/-. For this purpose perquisites are classified into three categories - 'A', 'B' and 'C' as follows:-

**CATEGORY A:**

- (i). Medical reimbursement : Expenses incurred for self and family, including premium payable for Medical Insurance, 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.5,000/- 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 fifty percent of the 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, the dependent children and dependent parents of the Executive Director-Technical

**CATEGORY B:**

1. 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.

**3. 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.10,00,000/-.

**4. ENCASHMENT OF LEAVE:**

Encashment of leave at the end of the tenure, payable in accordance with the rules of the Company. This will not be included in the computation of the ceiling on perquisites.

Note: The aforesaid perquisites shall not be included in the computation of the ceiling on remuneration specified in Part II, Section II paragraph 1 of Schedule XIII of the Companies Act, 1956.

**CATEGORY C:**

The Company shall provide a car with driver, cellular phone for official use and telephone at the residence of Mr.Kumaresan. 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 Company to Mr.Kumaresan.

**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.

**MINIMUM REMUNERATION:**

In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr.Kumaresan, the remuneration aforesaid shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956 read with Schedule XIII to the said Act shall be payable to Mr.Kumaresan with the approval of the Central Government, if so required.

B. That the Board is authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.V.M.Kumaresan, Executive Director-Technical, 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.Kumaresan, 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 of the Companies Act, 1956 (“the Act”) and other applicable provisions, if any, of the Act Mr.D.Krishnamurthy be and is hereby reappointed as Wholetime Executive Director-cum-Company Secretary of the Company for a period of three years with effect from 1st November, 2010 whose period of office shall be subject to retirement by rotation during his tenure of office as Wholetime Executive Director-cum-Company Secretary 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 or perquisites or both shall not exceed the following limits, viz.,:

Salary: Rs.12.00 lakhs per annum or Rs.1,00,000/- per month, including dearness and all other allowances.

Perquisites: Perquisites will be allowed to Mr.D.Krishnamurthy in addition to salary, restricted to an amount equal to 50% of his annual salary, viz., Rs.6.00 lakhs. For this purpose perquisites are classified into three categories - `A', `B' and `C' as follows:-

**CATEGORY A:**

- (i). Medical reimbursement : Expenses incurred for self and family, including premium payable for Medical Insurance, 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.5,000/- 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 fifty percent of the 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, the dependent children and dependent parents of the Executive Director-cum-Company Secretary.

**CATEGORY B:**

1. 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.

**3. GRATUITY:**

Payable in accordance with the rules of the Company, not exceeding half a month's salary for each completed year of service (inclusive of earlier service in the Company), subject to a limit of Rs.10 lakhs.

**4. ENCASHMENT OF LEAVE:**

Encashment of leave at the end of the tenure, payable in accordance with the rules of the Company. This will not be included in the computation of the ceiling on perquisites.

**CATEGORY C:**

The Company shall provide a car with driver, cellular phone for official use and telephone at the residence of Mr.Krishnamurthy. 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 Company to him.

**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.

### **MINIMUM REMUNERATION:**

In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr.D.Krishnamurthy, the remuneration aforesaid shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956 read with Schedule XIII to the said Act shall be payable to Mr.D.Krishnamurthy with the approval of the Central Government, if so required.

B The Board is authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.D.Krishnamurthy, Wholetime Executive Director- cum-Company Secretary, 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.Krishnamurthy, without further reference to the Company in General Meeting and/or the Central Government.

By Order of the Board  
D. Krishnamurthy  
Executive Director-cum-Company Secretary

Chenani – 600 018

Date : 30th September, 2010

### **NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th October to 3rd November, 2010 (both days inclusive)
3. Members are requested to immediately intimate any change in their address registered with the Company to the Registrars and Share Transfer Agents, M/s.GNSA Infotech Ltd, G.R.Mansion, 11, Srinivasan, Road, Pondy Bazaar, Chennai – 600 017.
4. Members/Proxies should bring the attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the meeting hall.
5. Members/Proxies are requested to bring their copies of the Annual Report to the meeting.
6. Members are requested to quote their folio number in all their correspondence.
7. The Company's equity shares are listed with Madras, Mumbai and Ahmedabad Stock Exchanges.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS TO BE TRANSACTED AT THE COMPANY'S ANNUAL GENERAL MEETING ON 3rd NOVEMBER, 2010**

**Item No.6:**

The Remuneration Committee at its meeting held on 22.5.2010, considered the following factors in connection with the reappointment and the enhanced remuneration payable to Mr.V.M.Balasubramaniam as Managing Director of the Company for a period of three years:

- a) The Company became a sick industrial Company as on 31.3.2003. During the period of Company's sickness, Central Government had restricted his remuneration at Rs.75,000/- per month, i.e., Rs.9 lakhs per annum (including perquisites) upto 31st December 2007.
- b) Considering the Company's improved performance through the strenuous efforts made by the Managing Director and his team, the networth of the Company became positive as on 31.12.2008 and eventually Hon'ble BIFR at its hearing held on 31.08.2009 allowed deregistration of the Company's reference under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.
- c) During the last five years, there has been phenomenal increase in the overall salaries and perquisites throughout the country, both in the public as well as private sectors. However, although the Company's performance on a year on year basis considerably improved, no change in his remuneration structure was made on his reappointment at the Annual General Meeting held on 28th December 2007 and the salary structure as approved at the Annual General Meeting held on 30th September 2002 was retained, as the Company was passing through a period of financial stringency

Considering the above factors, the Remuneration Committee and Board of Directors of the Company at their meetings held on 22.05.2010, subject to approval of the members through a special resolution in General Meeting, approved reappointment of Mr.V.M.Balasubramaniam as Managing Director of the Company for a further period of three years from 1st January, 2011 to 31st December, 2013, with remuneration package as indicated in the resolution being Item No.6 of the Notice convening the Annual General Meeting.

In the present revision of remuneration, the only deviation made as compared to the earlier practice is combining the house rent allowance hitherto allowed as a perquisite with the basic salary itself, as house rent allowance is no more required by the Managing Director. Consequently, the value of his perquisites has been brought down to 50% of salary, in place of 100% allowed earlier.

In the event of absence or inadequacy of profits during any financial year, the remuneration payable to Mr.Balasubramaniam will be governed by the provisions of Section II of Part II of Schedule XIII.

Further, the Board seeks authority to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Balasubramaniam from time to time within the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto without further reference to the Company in General Meeting or the Central Government.



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At the Annual General Meeting held on 21ST December 1992, Mr.V.M.Balasubramaniam was appointed as Managing Director of the Company for a period of five years with effect from 1st January, 1993 and thereafter he has been continuing as the Managing Director as approved by the Members for about 18 years. His present term expires on 31st December, 2010.

Mr.V.M.Balasubramaniam, Managing Director is interested or concerned for his reappointment. Apart from him, Messrs.V.M.Lakshminarayanan, Chairman, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical, may also be deemed to be interested or concerned in the resolution by virtue of the Managing Director being their relative. No other Director is concerned or interested in the resolution.

The Board recommends that the resolution be passed.

### **Item No.7:**

The Remuneration Committee at its meeting held on 22.5.2010, considered the following factors in connection with the reappointment and the remuneration payable to Mr.V.M.Gangadharam as Wholetime Executive Director of the Company for a period of three years:

- a) The Company became a sick industrial Company as on 31.3.2003. During the period of Company's sickness, Central Government had restricted his remuneration at Rs.75,000/- per month, i.e., Rs.9 lakhs per annum (including perquisites) upto 30th September 2007.
- b) Considering the Company's improved performance through the strenuous efforts made by the managerial personnel and their team, the networth of the Company became positive as on 31.12.2008 and eventually Hon'ble BIFR at its hearing held on 31.08.2009 allowed deregistration of the Company's reference under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.
- c) During the last five years, there has been phenomenal increase in the overall salaries and perquisites throughout the country, both in the public as well as private sectors. However, although the Company's performance on a year on year basis considerably improved, no change in his remuneration structure was made on his reappointment at the Annual General Meeting held on 28th December 2007 and the salary structure as approved at the Annual General Meeting held on 17th December 2004 was retained, as the Company was passing through a period of financial stringency.

Considering the above factors, the Remuneration Committee and Board of Directors of the Company at their meetings held on 22.05.2010, subject to approval of the members through a special resolution in General Meeting, approved reappointment of Mr.V.M.Gangadharam as Executive Director of the Company for a further period of three years from 1st October, 2010 to 30th September, 2013, with remuneration package as indicated in the resolution being Item No.7 of the Notice convening the Annual General Meeting.

In the present revision of remuneration, the only deviation made as compared to the earlier practice is combining the house rent allowance hitherto allowed as a perquisite with the basic salary itself, as house



rent allowance is no more required by the Executive Director. Consequently, the value of his perquisites has been brought down to 50%, of salary, in place of 100% allowed earlier.

In the event of absence or inadequacy of profits during any financial year, the remuneration payable to Mr.Gangadharam will be governed by the provisions of Section II of part II of Schedule XIII.

Further, the Board seeks authority to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Gangadharam from time to time within the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto without further reference to the Company in General Meeting or the Central Government.

At the Annual General Meeting held on 29th October, 1994, Mr.V.M.Gangadharam was appointed as Wholetime Executive Director of the Company with effect from 1st October 1994 and since then, with the approval of the members he has been continuing as the Wholetime Executive Director of the Company for about 16 years. His present term expires on 30th September, 2010.

Mr.Gangadharam is a technocrat having wide experience in the production and marketing of home appliances for the past 37 years. He has richly contributed for the Company's progress all these years.

Mr.V.M.Gangadharam, Executive Director is interested or concerned for his reappointment. Apart from him, Messrs.V.M.Lakshminarayanan, Chairman, V.M.Balasubramaniam, Managing Director and V.M.Kumaresan, Executive Director-Technical, may also be deemed to be interested or concerned in the resolution by virtue of the Executive Director being their relative. No other Director is interested or concerned in the resolution.

The Board recommends that the resolution be passed.

**Item No.8:**

The Remuneration Committee at its meeting held on 22.5.2010, considered the following factors in connection with the reappointment and the remuneration payable to Mr.V.M.Kumaresan as Wholetime Executive Director-Technical of the Company for a period of three years:

- A) The Company became a sick industrial Company as on 31.3.2003. During the period of Company's sickness, Central Government had restricted remuneration of its managerial personnel, i.e, Managing Director and Executive Director at Rs.75,000/- per month, i.e., Rs.9 lakhs per annum (including perquisites).
- b) Considering the Company's improved performance through the strenuous efforts made by the managerial personnel and their team, the networth of the Company became positive as on 31.12.2008 and eventually Hon'ble BIFR at its hearing held on 31.08.2009 allowed deregistration of the Company's reference under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.





## **GANDHIMATHI APPLIANCES LIMITED**

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- c) Mr.Kumaresan was Wholetime Executive Director-Technical of the Company until 29.10.2004. In view of the urgent necessity for carrying out improvements in the various models of company's products, Mr.Kumaresan was requested to take up the position of Wholetime Executive Director-Technical once again for a period of three years w.e.f. 01.06.2007, as approved by members at the Annual General Meeting held on 28th December, 2007. At the said Annual General Meeting, members also approved his remuneration consisting of salary of Rs.7,20,000/- per annum, (Rs.60,000/- per month) and perquisites equal to his annual salary of Rs.7.20 lakhs, aggregating Rs.14.40 lakhs.
- d) During the last five years, there has been phenomenal increase in the overall salaries and perquisites throughout the country, both in the public as well as private sectors. However, the remuneration of the Wholetime Executive Director-Technical of the Company could not be fixed at a higher level, as the Company was passing through a period of financial stringency.
- e) Taking into account the salary levels of persons heading the Research & Development wing of competitors, the revision of remuneration package of Mr.V.M.Kumaresan, who has immense potential and vast experience in the Research & Development of home appliances products, was considered just and equitable.

Considering the above factors, the Remuneration Committee and Board of Directors of the Company at their meetings held on 22.05.2010, subject to approval of the members through a special resolution in General Meeting, approved reappointment of Mr.V.M.Kumaresan as Executive Director-Technical of the Company for a further period of three years from 1st June, 2010 to 31st May, 2013, with remuneration package as indicated in the resolution being Item No.8 of the Notice convening the Annual General Meeting.

In the present revision of remuneration, the only deviation made as compared to the earlier practice is combining the house rent allowance hitherto allowed as a perquisite with the basic salary itself, as house rent allowance is no more required by the Executive Director-Technical. Consequently, the value of his perquisites has been brought down to 50%, of salary, in place of 100% allowed earlier.

In the event of absence or inadequacy of profits during any financial year, the remuneration payable to Mr.Kumaresan will be governed by the provisions of Section II of part II of Schedule XIII.

Further, the Board seeks authority to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Kumaresan from time to time within the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto without further reference to the Company in General Meeting or the Central Government.

At the Annual General Meeting held on 28th December, 2007, Mr.V.M.Kumaresan was appointed as Wholetime Executive Director-Technical of the Company for a fresh term with effect from 1st June 2007 to 31st May 2010.

Mr.Kumaresan possesses sound technical knowledge in deep drawing process, sheet metal forming, making tools and dies and has dedicated about 29 years for Research and Development and innovation of new products in the home appliances segment.





## **GANDHIMATHI APPLIANCES LIMITED**

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Mr.V.M.Kumaresan, Executive Director-Technical is interested or concerned for his reappointment. Apart from him, Messrs.V.M.Lakshminarayanan, Chairman, V.M.Balasubramaniam, Managing Director and V.M.Gangadharam, Executive Director may also be deemed to be interested or concerned in the resolution by virtue of the Executive Director being their relative. No other Director is interested or concerned in the resolution.

The Board recommend his appointment as Wholetime Executive Director-Technical.

### **Item No.9:**

The Remuneration Committee at its meeting held on 22.5.2010, considered the following factors in connection with the reappointment and the remuneration payable to Mr.D.Krishnamurthy as Wholetime Executive Director-cum-Company Secretary of the Company for a period of three years:

During the last five years, there has been phenomenal increase in the overall salaries and perquisites throughout the country, both in the public as well as private sectors. However, higher remuneration for the Wholetime Executive Director-cum-Company Secretary of the Company could not be considered earlier, as the Company was passing through a period of financial stringency.

Considering the above factor and also having regard to the prevailing remuneration package for experienced professional in his line, the Remuneration Committee and Board of Directors of the Company at their meetings held on 22.05.2010, subject to approval of the members through a special resolution in General Meeting, approved reappointment of Mr.D.Krishnamurthy as Executive Director-cum-Company Secretary of the Company for a further period of three years from 1st November, 2010 to 31st October, 2013 with remuneration package as indicated in the resolution being Item No.9 of the Notice convening the Annual General Meeting.

In the present revision of his remuneration, the only deviation made as compared to his previous remuneration package is combining the house rent allowance hitherto allowed as a perquisite with the basic salary itself, as house rent allowance is no more required by him. Consequently, the value of his perquisites has been brought down to 50%, of his salary, in place of 100% allowed earlier.

In the event of absence or inadequacy of profits during any financial year, the remuneration payable to Mr.Krishnamurthy will be governed by the provisions of Section II of part II of Schedule XIII.

Further, the Board seeks authority to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.Krishnamurthy from time to time within the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto without further reference to the Company in General Meeting or the Central Government.

At the Annual General Meeting held on 28th December, 2007, Mr.D.Krishnamurthy was appointed as Wholetime Executive Director-cum-Company Secretary of the Company with effect from 1st November 2007 and his present term expires on 31st October, 2010.



## **GANDHIMATHI APPLIANCES LIMITED**

Mr.Krishnamurthy is a Fellow Member of the Institute of Company Secretaries, a Law Graduate and holder of post graduate Diploma in Financial Management with rich experience of over 25 years in multinational Companies. He has richly contributed for the Company's progress during his tenure of two decades with the Company's Associate and the Company.

Mr.D.Krishnamurthy is interested or concerned in the Resolution for his appointment and remuneration. Apart from him no other Director is interested or concerned in the Resolution.

The Board recommends that the resolution be passed.

### **I. General Information pursuant to the Proviso (iv) to Section II (B) of Part II of Schedule XIII.:**

The General Information to be given to the shareholders in connection with the aforesaid reappointment of the Managing Director, Executive Director, Executive Director-Technical and Executive Director-cum-Company Secretary and the remuneration payable to them as follows:

1.	Nature of Industry	Manufacturing and Marketing of small household appliances like LPG Stoves, Mixer-Grinders and Table Top Wet Grinders.
2.	Date or expected date of commencement of commercial production	The Company commenced commercial production on 24th February 1986.
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NotApplicable
4.	Financial performance based on given indicators	NotApplicable
5.	Export performance and net foreign exchange collaborations	The Company's products are predominantly orientated for Indian cuisine. However, Indians living abroad are showing interest in the products. The highest export performance of the Company at Rs.576.02 lakhs was achieved for the financial year of 18 months ended on 30.6.2010 (Rs.384.01 lakhs anualised)
6.	Foreign Investments of collaborations, if any.	Nil

### **II. Information about the Appointee:**

#### **a. Reappointment of Mr.V.M.Balasubramaniam as Managing Director:**

1.	Background details	Mr.Balasubramaniam is a technocrat having rich experience in the manufacturing and marketing of home appliances for the past 43 years. He has richly contributed for the Company's progress during his tenure as Managing Director of the Company for the past 18 years.
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**GANDHIMATHI APPLIANCES LIMITED**

2.	Past remuneration	At the Annual General Meeting of the Company held on 28th December, 2007, members through a Special Resolution reappointed Mr.V.M. Balasubramaniam as Managing Director of the Company for a period of three years w.e.f.1/1/2008 to 31/12/2010, with a salary of Rs.9 lakhs per annum (Rs.75,000/- per month) and an amount equal to his annual salary, viz., Rs.9 lakhs per annum as perquisites.
3.	Recognition or awards	Turning around the Company, which became sick in the financial year ended on 31.3.2003 and making its networth positive in the financial year ended on 31.12.2008.
4.	Job Profile and his suitability	Subject to the overall control and superintendence of the Board of Directors, Mr.Balasubramaniam is the Chief Executive of the Company for all its day to day operations. In view of his rich experience of about 43 years in the home appliances industry. Mr.V.M.Balasubramaniam is ideally suited to hold the position of Managing Director. During his tenure he has exhibited high and rare business skills and has contributed to the Company's growth.
5.	Remuneration proposed	As set out in Resolution No.6 of the Notice convening this Annual General Meeting.
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. in the country of his origin)	In the organized sector of home appliances industry manufacturing similar products there are only a few Companies with similar synergies. In comparable Companies like TTK Prestige Ltd and Pressure Cookers & Appliances Ltd, the remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Balasubramaniam.
7.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Mr.Balasubramaniam has no direct or indirect pecuniary relationship with the Company excepting his remuneration and reimbursement of out of pocket expenses incurred wholly and exclusively for the Company's business. Mr.Balasubramaniam is related to Messrs.V.M. Lakshminarayanan, Chairman, Mr.V.M. Gangadharam, Executive Director and Mr.V.M.Kumaresan, Executive Director-Technical. The Company has entered into contracts for purchase/supply of goods with private companies/firms in which Mr.V.M. Balasubramaniam and/or his relatives are Directors/Partners for which previous approval of the Central Government has been obtained.



**b. Reappointment of Mr.V.M.Gangadharam, Executive Director:**

1.	Background details	Mr.Gangadharam is a technocrat having rich experience in the manufacturing and marketing of home appliances for the past 37 years. He has richly contributed for the Company's progress as its Executive Director for the past 16 years.
2.	Past remuneration	At the Annual General Meeting of the Company held on 28th December, 2007, members through a Special Resolution reappointed Mr.V.M. Gangadharam as Executive Director of the Company for a period of three years w.e.f.1/10/2007 to 30/09/2010, with a salary of Rs.7.20 lakhs per annum (Rs.60,000/- per month) and an amount equal to his annual salary, viz., Rs.7.20 lakhs per annum as perquisites.
3.	Recognition or awards	Turning around the Company, which became sick in the financial year ended on 31.3.2003 and making its networth positive in the financial year ended on 31.12.2008.
4.	Job Profile and his suitability	Mr.V.M.Gangadharam as the Executive Director of the Company is the functional head for the production, marketing and finance activities of the Company, under the superintendence of the Managing Director and in view of his rich experience of about four decades in the home appliances industry, Mr.Gangadharam is ideally suited to hold the position of Executive Director. During his tenure, he has exhibited high and rare business skills and has contributed to the growth of the Company.
5.	Remuneration proposed	As set out in Resolution No.7 of the Notice convening this Annual General Meeting.
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. in the country of his origin)	In the organized sector of home appliances industry manufacturing similar products there are only a few Companies with similar synergies. In comparable Companies like TTK Prestige Ltd and Pressure Cookers & Appliances Ltd, the remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Gangadharam.
7.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Mr.Gangadharam has no direct or indirect pecuniary relationship with the Company excepting his remuneration and reimbursement of out of pocket expenses incurred wholly and exclusively for the Company's business. Mr.Gangadharam is related to



		<p>Messrs.V.M. Lakshminarayanan, Chairman, Mr.V.M.Balasubramaniam, Managing Director and Mr.V.M.Kumaresan, Executive Director-Technical. The Company has entered into contracts for purchase/supply of goods with private companies/ firms in which Mr.V.M.Gangadharam and/or his relatives are Directors/Partners for which previous approval of the Central Government has been obtained.</p>
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**c. Appointment of Mr.V.M.Kumaresan as Executive Director:**

1.	Background details	<p>Mr.Kumaresan possesses sound technical knowledge in deep drawing process, sheet metal forming, making tools and dies and has dedicated about 29 years in Research and Development and innovation of new products. He was wholetime Executive Director of the Company from 1.8.2000 to 30.9.2004 and resigned on his own accord from 1.10.2004. He was again reappointed by members as Executive Director-Technical for a period of three years from 01.6.2007 to 31.5.2010.</p>
2.	Past remuneration	<p>At the Annual General Meeting of the Company held on 28th December, 2007, members through a Special Resolution appointed Mr.V.M. Kumaresan as Executive Director-Technical of the Company for a period of three years w.e.f.1/06/2007 to 31/05/2010, with a salary of Rs.7.20 lakhs per annum (Rs.60,000/- per month) and an amount equal to his annual salary, viz., Rs.7.20 lakhs per annum as perquisites.</p>
3.	Recognition or awards	<p>Invention of three stone Table Top Wet Grinder which has since been patented by the Company. Introduction of premium quality Mixer Grinders.</p>
4.	Job Profile and his suitability	<p>Mr.V.M.Kumaresan as the Executive Director-Technical of the Company is the functional head for the Research &amp; Development activities of the Company, under the superintendence of the Managing Director and in view of his rich experience of about three decades in the above fields. Mr.Kumaresan is ideally suited to hold the position of Executive Director-Technical</p>
5.	Remuneration proposed	<p>As set out in Resolution No.8 of the Notice convening this Annual General Meeting.</p>



6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. in the country of his origin)	In the organized sector of home appliances industry manufacturing similar products there are only a few Companies with similar synergies. In comparable Companies like TTK Prestige Ltd and Pressure Cookers & Appliances Ltd, the remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Kumaresan.
7.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Mr.Kumaresan has no direct or indirect pecuniary relationship with the Company excepting his remuneration and reimbursement of out of pocket expenses incurred wholly and exclusively for the Company's business. Mr.Kumaresan is related to Messrs.V.M.Lakshminarayanan, Chairman, Mr.V.M. Balasubramaniam, Managing Director and Mr.V.M.Gangadharam, Executive Director. The Company has entered into contracts for purchase/supply of goods with private companies/ firms in which Mr.V.M.Kumaresan and/or his relatives are Directors/Partners, for which previous approval of the Central Government has been obtained.

**d. Appointment of Mr.D.Krishnamurthy as Executive Director-cum-Company Secretary:**

1.	Background details	Mr.D.Krishnamurthy is a Fellow Member of the institute of Company Secretaries, a Law Graduate and holder of post graduate Diploma in Financial Management with rich experience over 25 years in multinational companies prior to joining the Company. After servicing an associate of the Company as Company Secretary for about three years, he was appointed as Secretary of the Company with effect from 1.10.1993.
2.	Past remuneration	At the Annual General Meeting of the Company held on 28th December, 2007, members through a Special Resolution appointed Mr.D.Krishnamurthy as Executive Director-cum-Company Secretary of the Company for a period of three years w.e.f.1/11/2007 to 31/10/2010, with a salary of Rs.4.20 lakhs per annum (Rs.35,000/- per month) and an amount equal to his annual salary, viz., Rs.4.20 lakhs per annum as perquisites.
3.	Recognition or awards	Immense contribution in the Secretarial and legal areas for the past 17 years and especially in the Company's turn around after it became sick in 2003.



4.	Job Profile and his suitability	Mr.D.Krishnamurthy as the Executive Director-cum-Company Secretary of the Company is the functional head for Company Secretarial and legal matters, under the superintendence of the Managing Director and in view of his rich experience of over 45 years in these functions Mr.Krishnamurthy is ideally suited to hold the position of Executive Director-cum-Company Secretary.
5.	Remuneration proposed	As set out in Resolution No.9 of the Notice convening this Annual General Meeting.
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. in the country of his origin)	In the organized sector of home appliances industry manufacturing similar products there are only a few Companies with similar synergies. In comparable Companies like TTK Prestige Ltd and Pressure Cookers & Appliances Ltd, the remuneration package for similar position is much higher than the remuneration proposed to be paid to Mr.Krishnamurthy.
7.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Mr.D.Krishnamurthy has no direct or indirect pecuniary relationship with the Company, excepting his remuneration and reimbursement of out of pocket expenses incurred wholly and exclusively for the Company's business. He is not related to any other managerial personnel of the Company.

**III. OTHER INFORMATION:**

## 1. Reasons of loss or inadequate profit:

Does not arise, as the Company is earning adequate profits.

## 2. Steps taken or proposed to be taken for improvement:

Not Applicable

## 3. Expected increase in productivity and profits in measurable terms:

Increase in productivity of 11-14% and increase in pre-tax profit margin of 40-60% is estimated as compared to the financial year of 18 months ended on 30.06.2010 for the next three years.



## GANDHIMATHI APPLIANCES LIMITED

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### IV. DISCLOSURES:

- (1) Remuneration package of the managerial personnel:  
Remuneration paid to the managerial personnel for the financial year of 18 months ended on 30.06.2010 is given vide item No.4 (v) of the Report on Corporate Governance.
- (2) Other Disclosures as per Schedule XIII, Part II (B) of the Companies Act, 1956:
- (i) **Elements of Remuneration Package:** The elements of remuneration package have been enumerated in the special resolution proposing the appointment and the remuneration payable to the managerial personnel.
  - (ii) **Details of fixed components and performance linked incentives along with the performance criteria:** Only fixed remuneration and perquisites including minimum remuneration in the event of loss or inadequacy of profits have been provided to the Managing Director/three Wholetime Executive Directors.
  - (iii) **Service contracts, notice period, severance fees:** Messrs.V.M.Balasubramaniam, Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical, who are proposed to be reappointed, are Promoter-Directors. Hence, no service contract, notice period and severance fees have been stipulated for them. In respect of Mr.D.Krishnamurthy, Executive Director-cum-Company Secretary, service contract as per Company's rules and a notice period of six months have been stipulated, with no severance fees.
  - (iv) **Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:** None.





**ANNEXURE TO THE NOTICE**

**BRIEF DETAILS OF DIRECTORS SEEKING REAPPOINTMENT IN ANNUAL GENERAL MEETING SCHEDULED TO BE HELD ON 3rd NOVEMBER, 2010**

(In Pursuance to Clause 49 of the Listing Agreement)

Name of the Director(s)	Mr.V.R.SIVARAMAN	Mr.M.PADMANABHAN	Mr.D.KRISHNAMURTHY
Date of Birth	20.03.1914	20.11.1949	13.09.1940
Date of Appointment	09.12.1992	30.01.1999	01.11.2007
Expertise in specific Functional Area	All the key areas of Corporate Management. Specialization in starting new manufacturing Industries.	Finance & Accounts Practising Chartered Accountant	Company Secretarial, Legal and Corporate Management matters.
Qualification	B.A.	B.Com., F.C.A.	B.A.; L.L.B; F.C.S; PGDFM.
List of Outside Directorship held	Gangadharam Appliances Ltd	Member: Gangadharam Appliances Ltd Chairman: Quintegra Solutions Ltd	Gangadharam Appliances Ltd
Chairman/Member of Committee of the Board of Directors of the Company	NIL	Member: 1.Audit Committee 2. Remuneration Committee 3. Committee for approval of financial statements	NIL
Chairman/Member of the Committees of Directors of other Companies in which he is a Director.			
a. Audit Committee	Chairman: Gangadharam Appliances Ltd	Member: Gangadharam Appliances Ltd Chairman: Quintegra Solutions Ltd	Member: Gangadharam Appliances Ltd
b. Remuneration Committee	Chairman: Gangadharam Appliances Ltd	Member: Gangadharam Appliances Ltd Member: Quintegra Solutions Ltd	Member: Gangadharam Appliances Ltd
c. Share Transfer cum Investor Grievance Committee	—	Chairman: Quintegra Solutions Ltd	—



## GANDHIMATHI APPLIANCES LTD DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in presenting this Twenty Third Annual Report together with the Audited Statement of Accounts of the Company for the financial year of eighteen months ended on 30th June, 2010.

### FINANCIAL RESULTS:

( ₹ in lakhs)

	Financial year of 18 months ended on 30.06.2010	Financial year of 18 months ended on 31.12.2008
Sales	27162.38	16055.57
Operating Expenditure	24371.76	14646.30
Operating Profit	2790.62	1409.27
Other Income	182.50	435.81
Profit/(Loss) before Depreciation and interest	2973.12	1845.08
Interest	614.18	313.74
Depreciation	130.15	170.89
Profit/(loss) before Tax	2228.79	1360.45
Prior period expenses	—	(5.49)
Fringe Benefit Tax	(0.83)	(6.40)
Income Tax for the current period	(1019.87)	(462.42)
Interest Reclaimed by Bank	(132.00)	—
Deferred Tax Assets/(Liability)	482.14	64.00
Profit/(Loss) after Tax	1558.23	950.14

### DIVIDEND:

Taking into account the necessity to conserve working capital requirements, your Directors regret their inability to recommend any dividend for the year.

### REVIEW OF OPERATIONS:

During the period under review, despite constraints in bank finance for working capital for major part of the period, sales turnover improved by 69.18 % and profit before interest and depreciation also improved as compared to the previous financial year. After providing for interest and depreciation the Company earned a profit before tax of Rs.22.29 crores.



**DEREGISTRATION FROM BIFR:**

With the net worth of the Company having become positive as on 31.12.2008 at the request of the Company, the Hon'ble BIFR at its hearing held on 31.08.2009 deregistered the Company's name from the list of sick companies.

**CURRENT YEAR'S OPERATIONS:**

Barring unforeseen circumstances your Directors are hopeful of achieving improved performance in the current financial year.

**DIRECTORS:**

Messrs.V.R.Sivaraman, M.Padmanabhan and D.Krishnamurthy, Directors retire by rotation from the Board under Company's Articles of Association and being eligible offer themselves for reappointment.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

The Directors' comments on Management Discussion and Analysis are restricted to the areas which are relevant to the current scenario of the Company and outlook.

**CORPORATE GOVERNANCE:**

Your Company conforms to the norms of Corporate Governance. In accordance with the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance along with a certificate from the Auditors forms part of this report.

**MERGER OF GANGADHARAM APPLIANCES LIMITED:**

A proposal has been submitted by Gangadharam Appliances Ltd (GAL - Transferor Company) for its merger with the Company to the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) effective from 1st January, 2009. At the Extraordinary General Meeting of the Company held on 9th September, 2010, the shareholders unanimously approved the Scheme for the purpose of proposed merger, subject to approval of the Hon'ble BIFR.

**AUDITORS:**

Messrs.Rudhrakumar Associates, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have expressed their willingness to continue in office, if reappointed.

**FIXED DEPOSITS:**

The Company has not accepted any deposits from the public and, as such, there are no outstanding in terms of the Companies (Acceptance of Deposits) Rules 1975.

**PARTICULARS OF EMPLOYEES (SECTION 217 (2A)):**

There was no employee covered by the provisions of Section 217(2A) of the Companies Act, 1956.



## **GANDHIMATHI APPLIANCES LIMITED**

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### **REPORT ON ENERGY CONSERVATION AND R&D ACTIVITIES:**

Information relating to energy conservation, foreign exchange earned and spent and research and development activities undertaken by the Company in accordance with the provisions of 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are given in Annexure "A" of the Directors' Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Statement under sub-section (2AA) of Section 217 of the Companies Act, 1956 ("The Act").

In the preparation of the Annual Accounts:

- i. The applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the results of the Company for the year.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- iv. "Going concern" basis has been followed.

The financial statements have been audited by Messrs.Rudhrakumar Associates, Chartered Accountants, the Statutory Auditors and their report is appended to the Accounts.

### **PERSONNEL**

The spirit of trust, transparency and team work has enabled the Company to build a tradition of partnership and harmonious industrial relations. Your Directors record their sincere appreciation of the dedication and commitment of the employees to achieve excellence in all areas of the business.

### **ACKNOWLEDGEMENTS:**

Your Directors take this opportunity to thank, in particular Industrial Development Bank of India Ltd., State Bank of Travancore, Bank of Baroda, The South Indian Bank Ltd, PEC Ltd. and SBI Global Factors Ltd, for the co-operation extended by them. Our thanks are also due to the suppliers, distributors, dealers and customers for their continued support.

Your Directors also thank the shareholders for their continued confidence and trust placed by them with the Company.

For and on behalf of the Board  
V.M.LAKSHMINARAYANAN  
Chairman

Chennai – 600 018.  
Date: 30.09.2010



## ANNEXURE A

### ANNEXURE TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR OF 18 MONTHS ENDED ON 30TH JUNE, 2010.

#### STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT

#### A. CONSERVATION OF ENERGY:

##### FORM A

POWER AND FUEL CONSUMPTION ELECTRICITY	CURRENT PERIOD (18 months)	PREVIOUS PERIOD (18 months)
(a) Purchased Units	19,11,706	20,84,215
Total amount	₹ 1,11,81,673	₹ 1,13,30,709
Rate/Unit	₹ 5.84	₹ 5.44
(b) Own Generation		
Through Diesel Generator	₹ 122,62,515	₹ 26,54,350
Units	10,09,260	2,43,147
Cost/Unit	₹ 12.15	₹ 10.92

#### B. RESEARCH AND DEVELOPMENT:

1. Specific areas in which R&D carried out by the Company.

The Company lays emphasis on Research and Development for improvement in existing process for better productivity and development of new products.

2. Benefits derived as a result of the above R&D on production processes :

Provides economy in cost of production.

3. Future plan of action.

Development of new products in Domestic Appliances.

**4. Expenditure on R&D**

	₹
(A) Capital	Nil
(B) Recurring	8,95,357
(C) Total	8,95,357
(D) Total R& D Expenditure as percentage of total turnover:	Not Significant

**C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

Regular progress is being made in updating the technology in the process area. With regard to imported technology the following information is furnished

(a) Technology	Nil
(b) Year of Import	Nil
(c) Has technology been fully absorbed	Not applicable
(d) If not fully absorbed areas where that have not taken place, reason and future plan of action	Not applicable

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(a) The Company is exploring foreign markets for its products.

(b) Foreign Exchange earnings - ₹ 576.02 lakhs

Foreign Exchange outgo - ₹ 52.68 lakhs

For and on behalf of the Board  
**V.M.LAKSHMINARAYANAN**  
Chairman

Chennai – 600 018.  
Date: 30.09.2010



## ANNEXURE B

### MANAGEMENT DISCUSSION AND ANALYSIS

#### OVERVIEW:

The Company's sales performance for the financial year under review improved by 69.18% as compared to the previous financial year.

#### SALES VOLUME AND REALISATION:

The average price realization in respect of LPG Stoves, mixer grinders and table top wet grinders improved as compared to the previous financial year. Sales quantities in respect of LPG Stoves, mixer grinders, table top wet grinders and pressure cookers increased respectively by 32.22%, 110.40%, 27.96% and 247.76% as compared to the previous financial year. However, due to modernization of the flask manufacturing plant and consequent stoppage of production for sometime the sales quantities of flasks were lower by 19.39%.

#### FINANCIAL REVIEW AND ANALYSIS:

(₹ in lakhs)

	Financial year of 18 months ended on 30.06.2010	Financial year of 18 months ended on 31.12.08
Sales	27162.38	16055.57
Operating Expenditure	24371.76	14646.30
Operating Profit	2790.62	1409.27
Other Income	182.50	435.81
Profit/(Loss) before Depreciation and interest	2973.12	1845.08
Interest	614.18	313.74
Depreciation	130.15	170.89
Profit/(loss) before Tax	2228.79	1360.45
Prior period expenses	—	(5.49)
Fringe Benefit Tax	(0.83)	(6.40)
Income Tax for the current period	(1019.87)	(462.42)
Interest Reclaimed by Bank	(132.00)	—
Deferred Tax Assets/(Liability)	482.14	64.00
Profit/(Loss) after Tax	1558.23	950.14



## **GANDHIMATHI APPLIANCES LIMITED**

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### **DEREGISTRATION FROM BIFR:**

With the net worth of the Company having become positive as on 31.12.2008, at the request of the Company the Hon'ble BIFR deregistered the Company's name from the list of sick companies.

### **EXPORTS:**

Exports at Rs.576.02 lakhs for the financial year ended on 30.6.2010 under review were higher by 174.62% as compared to Rs.209.75 lakhs in the previous financial year.

### **PRICE REALISATION FOR FINISHED PRODUCTS:**

Price realisation in respect of all the products manufactured by the Company improved as compared to the previous year.

### **OUTLOOK**

We have been able to switch over the mortgage loan of Rs.21.50 crores availed in the month of December 2009 from Messrs.Dewan Housing Finance Corporation Ltd, Mumbai to M/s.Religare Finvest Limited, New Delhi during September 2010. This has resulted in substantial benefit to the Company both by way of lower Equated Monthly Instalments (EMI) to be paid against the said loan and longer tenor of the loan. The additions/modernization of plant & machinery out of the equipment finance loan sanctioned by Bank of Baroda has enabled the Company to increase its production of LPG Stoves and mixer grinders.

With improved market conditions, the Company expects to sustain its growth level during the current financial year.

### **ADEQUATE INTERNAL CONTROLS**

The Company has adequate systems of internal controls to ensure that all assets are safeguarded and are productive. Checks and balances exist to ensure that transactions are adequately authorised and reported correctly.

### **ENVIRONMENT REPORT**

Environment protection, pollution control measures and social welfare activities form an integral part of the Company's operations.

The Company lays strong emphasis on green belt development. The entire factory complex of our Company has been covered with greenery.

### **CAUTIONARY STATEMENT:**

Statement in the Management Discussion and Analysis Section describing the Company's expectation and prediction may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include Global and Indian demand-supply conditions, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and labour negotiations.





## ANNEXURE C:

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and the practices followed by the Company.

#### I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Our Company's philosophy is to add value to its customers' interests and provide a service that gives satisfaction to them while upholding the core values of transparency, integrity, honesty, accountability and compliance with laws.

#### 2. BOARD OF DIRECTORS:

##### (i) COMPOSITION :

As on 30.06.2010, the Board of Directors of the Company consisted of a combination of Executive and Non-Executive Directors. The present Board comprise of nine Directors of which four are Independent Non-Executive Directors. The Chairman is a Non-Executive Director and the remaining four Directors fall in the category of Executive Directors.

Name of the Directors	Title	Category
Mr.V.M.Lakshminarayanan	Non-Executive Chairman	Promoter
Mr.V.M.Balasubramaniam	Managing Director	Promoter
Mr.V.M.Gangadharam	Executive Director	Promoter
Mr.V.M.Kumaresan	Executive Director-Technical	Promoter
Mr.D.Krishnamurthy	Executive Director-cum-Company Secretary	Service
Mr.V.R.Sivaraman	Non-Executive Director	Independent
Mr.K.Ganesan	Non-Executive Director	Independent
Mr.V.R.Lakshminarayanan	Non-Executive Director	Independent
Mr.M.Padmanabhan	Non-Executive Director	Independent



**(ii) ATTENDANCE OF EACH DIRECTOR AT THE BOARD OF DIRECTORS MEETINGS AND THE LAST ANNUAL GENERAL MEETING / EXTRA ORDINARY GENERAL MEETING DURING THE FINANCIAL YEAR ENDED 30TH JUNE, 2010.**

Name of Director	Board Meetings Attended	Attendance at the last AGM Yes/No	Attendance at the EGM held on 29.6.2010 Yes/No	Attendance at the EGM held on 09.9.2010 Yes/No
Total no. of meetings held during the year	22	1	1	1
Mr.V.M.Lakshminarayanan	21	Yes	Yes	Yes
Mr.V.M.Balasubramaniam	22	Yes	Yes	Yes
Mr.V.M.Gangadharam	21	Yes	Yes	Yes
Mr.V.M.Kumaresan	21	Yes	Yes	Yes
Mr. V.R.Sivaraman	20	Yes	Yes	Yes
Mr. K.Ganesan	22	Yes	Yes	Yes
Mr. V.R.Lakshminarayanan	10	No	No	Yes
Mr.M.Padmanabhan	20	Yes	Yes	Yes
Mr.D.Krishnamurthy	22	Yes	Yes	Yes

**(iii) NUMBER OF OTHER BOARDS OR BOARD COMMITTEES IN WHICH THE PRESENT DIRECTORS OF THE COMPANY ARE MEMBER OR CHAIRPERSON:**

Details of the Directors of the Company holding Directorships in other Companies are given below:

Name of Director	No. of Outside Directorship held			
	Public		Private	
	Director	Chairman/Member of Committee(s)	Director	Chairman/Member of Committee(s)
Mr.V.M.Lakshminarayanan	2	1	1	-
Mr.V.M.Balasubramaniam	2	-	-	-
Mr.V.M.Gangadharam	1	-	2	-
Mr. V.R.Sivaraman	1	2	-	-
Mr. K.Ganesan	-	-	-	-
Mr.V.R.Lakshminarayanan	1	-	-	-
Mr..M.Padmanabhan	2	4	-	-
Mr.V.M.Kumaresan	1	-	1	-
Mr.D.Krishnamurthy	1	2	-	-



**(iv) NUMBER OF BOARD OF DIRECTORS' MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 30th JUNE, 2010 DATES ON WHICH HELD:**

During the 18 months financial year ended 30th June, 2010, the Board met twenty two times on 22.01.2009, 14.03.2009, 03.04.2009, 30.04.2009, 06.05.2009, 10.06.2009, 30.07.2009, 01.08.2009, 11.09.2009, 20.10.2009, 31.10.2009, 09.12.2009, 06.01.2010, 13.01.2010, 30.01.2010, 26.03.2010, 29.03.2010, 30.04.2010, 17.05.2010, 22.05.2010, 19.06.2010, 29.06.2010.

**(v) Details of Directors seeking appointment/re-appointment as required under clause 49 IV(G)(i) of the Listing Agreement entered into with the Stock Exchanges:**

As required under the Listing Agreement, the particulars of Directors who are proposed to be reappointed are given as an Annexure to the Notice, after the Explanatory Statement and Notes.

**(vi) Code of Conduct:**

The Board has laid down a code of conduct for all Board members and senior management of the Company which is posted on the website of the Company.

All Board members and senior management personnel have affirmed compliance with the code on an annual basis. A declaration to this effect signed by the CEO forms part of this Annual Report.

**3. AUDIT COMMITTEE:**

**(i) Brief description of terms of reference:**

The Audit Committee's functions include:

Reviewing the quarterly, half-yearly and annual financial results before submission to the Board.

Interaction with the auditors of the Company.

Ensuring compliance of internal control system and statutory compliance.

Seeking information from any employee.

Recommending the appointment and remuneration of Auditors/Internal Auditors.

Reviewing the internal audit procedures and all aspects forming part of the internal audit function and discussion with the internal auditors periodically about internal control systems, scope of audit including the observations of auditors and on all aspects of internal audit.



## **GANDHIMATHI APPLIANCES LIMITED**

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The Audit Committee also looks into all other matters as enumerated in clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The members of the Audit Committee periodically meet the Internal and Statutory Auditors for discussions and suggestions. The Managing Director, Executive Director, Internal Auditors and Statutory Auditors also attend the Audit Committee meetings.

### **(ii) Composition, name of members and Chairperson:**

The Company's Audit Committee during the financial year of 18 months ended 30.6.2010 comprised the following Members.

- a) Mr.K.Ganesan, Independent Non-Executive Director - Chairman
- b) Mr.V.R.Sivaraman, Independent Non-Executive Director - Member
- c) Mr.M.Padmanabhan, Independent Non-Executive Director - Member
- d) Mr.V.M.Lakshminarayanan, Non-Executive Director - Member

### **(iii) Meetings and attendance during Financial year of 18 months ended 30th June, 2010:**

During the 18 months financial year ended on 30th June, 2010, the Audit Committee met seven times on 12.03.2009, 14.03.2009, 30.04.2009, 30.07.2009, 31.10.2009, 30.01.2010, 30.04.2010.

<b>Name of Director</b>	<b>Attendance at Audit Committee meetings</b>
Total no. of meetings held during the year which were attended by the Members	7
Mr. K.Ganesan	7
Mr.V.R.Sivaraman	5
Mr.V.M.Lakshminarayanan	6
Mr.M.Padmanabhan	5

## **4. REMUNERATION COMMITTEE:**

### **(i) Brief description of terms of reference:**

The Remuneration Committee first reviews and approves the remuneration payable to the managerial personnel before the same is considered by the Board/Shareholders. The Remuneration Committee takes into account various factors like the financial performance of the Company, performance of the Managing Director/Wholetime Directors, their existing remuneration, the individual contribution of the person in achieving the corporate goals, remuneration package offered to Managing Director/Wholetime Directors in other companies in the Home Appliances industry, the terms of employment and various other related factors in recommending the remuneration to be paid to the Managing Director/Wholetime Directors.

**(ii) Composition, name of members and Chairperson:**

The Committee consisted of the following Directors' during the financial year of 18 months ended 30th June, 2010

Mr.V.R.Sivaraman - Chairman  
Mr.K.Ganesan - Member  
Mr.M.Padmanabhan - Member

**(iii) Meetings and Attendance during the financial year ended on 30.06.2010:**

Two Remuneration Committee meetings were held during the financial year on 01.04.2010 and 22.05.2010 at which all the Members were present.

**(iv) Remuneration Policy:**

The remuneration recommended will have bearing on the previous remuneration of the managerial personnel, their individual contribution to the Company, remuneration package in similar industry, future contribution for the Company's growth. In fixing such remuneration, the Remuneration Committee will be guided by the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

**(v) Details of remuneration to all the Directors, as per format in main report:**

Details of salary paid/payable to the Managing Director and Wholetime Executive Directors during the financial year of 18 months ended 30.06.2010 are as follows:

Name of Director	Designation	Remuneration ₹
Mr.V.M.Balasubramaniam	Managing Director	2160000
Mr.V.M.Gangadharam	Executive Director	1728000
Mr.V.M.Kumaresan	Executive Director – Technical	1832000
Mr.D.Krishnamurthy	Executive Director cum Company Secretary	945000

There is no stock option for any of the Directors including the Managing Director/Executive Directors.

The remuneration of Managing/Executive Directors are given above are fixed components. They do not enjoy any performance linked incentives. The tenure of office of the Managing Director and Wholetime Executive Directors is for a period of three years from their respective dates of appointments. Messrs.V.M.Balasubramaniam, V.M.Gangadharam and V.M.Kumaresan being Promoter-Directors no



## GANDHIMATHI APPLIANCES LIMITED

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service contract/notice/period has been stipulated for them. Services of Mr.D.Krishnamurthy can be terminated by either party by giving three months' notice in writing. There is no separate provision for payment of severance fees.

Stock Option details : Nil

### vi. Directors' Sitting Fee:

The Non-Executive Directors are paid Sitting fee of Rs.5000/- for each Board/Committee meeting attended by them. Details of such sitting fees paid to them during the financial year of 18 months ended 30th June, 2010 are given below:

Name of the Director	Sitting Fees ₹
Mr.V.M.Lakshminarayanan	135000
Mr.V.R.Sivaraman	135000
Mr.K.Ganesan	270000
Mr.V.R.Lakshminarayanan	70000
Mr.M.Padmanabhan	135000
<b>TOTAL</b>	<b>745000</b>

### 5. SHAREHOLDERS' GRIEVANCE COMMITTEE:

#### (i) Name of the Non-Executive Director heading the Committee:

Mr.K.Ganesan, Non-Executive Director is heading the Committee. The Committee consists of two members, viz., Mr.K.Ganesan and Mr.V.M.Balasubramaniam, Managing Director.

#### (ii) Name and designation of the Compliance Officer:

Mr.D.Krishnamurthy, Executive Director cum Company Secretary

#### (iii) Number of Shareholders' complaints received so far:

During the eighteen months period from 1.1.2009 to 30.06.2010, the Company received 87 shareholders' complaints pertaining to non-receipt of dividend, annual reports, share certificates sent for transfer, etc. All the complaints have been duly attended by the Company and there is no pending complaint.

#### (iv) Number not solved to the satisfaction of shareholders - Nil



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### 6. GENERAL BODY MEETINGS:

Location and time, where last three AGMs held :

YEAR	LOCATION	DATE	TIME
2007-2008	143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam - 603 103. Kanchipuram District	06.05.2009	10.30 a.m.
2006-2007	-do-	28.12.2007	3.30 p.m.
2005-2006	-do-	29.09.2006	10.15 a.m.

Whether any special resolutions passed in the previous three Annual General Meetings:

#### 1.2005-2006 : YES

Special Resolution under Section 81(1A) of the Companies Act, 1956 for preferential allotment of shares to the Promoter-Directors of the Company, their relatives and/or associate companies managed/controlled by them.

#### 2.2006-2007 : YES

- a. Special Resolution under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for reappointment of Mr.V.M.Balasubramaniam as Managing Director.
- b. Special Resolution under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for reappointment of Mr.V.M.Gangadharam as Executive Director.
- c. Special Resolution under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for appointment of Mr.V.M.Kumaresan as Executive Director – Technical.
- d. Special Resolution under Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for appointment of Mr.D.Krishnamurthy as Executive Director cum Company Secretary.
- e. Special Resolution under Section 314(1)(b) 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 for appointment of Mr.V.M.L.Karthikeyan as Vice President –Marketing.



- f. Special Resolution under Section 314(1)(b) 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 for appointment of Mr.V.M.L.Senthilnathan as General Manager-Technical.
- g. Special Resolution under Section 314(1)(b) 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 for appointment of Mr.V.M.G.Viswanathan as General Manager-Materials Management.
- h. Special Resolution under Section 372A of the Companies Act, 1956 to provide Corporate Guarantee along with Associate Companies of the Company in respect of mortgage loan availed by the Associates of the Company.

**3. 2007-2008 : YES**

- a. Special Resolution under 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 for appointment and remuneration payable to Mr.V.M.L.Karthikeyan as Vice President –Marketing, subject to approval of Central Government.
- b. Special Resolution under 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 for appointment and remuneration payable to Mr.V.M.G.Viswanathan as General Manager-Materials Management, subject to approval of Central Government.
- c. Special Resolution under 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 for appointment and remuneration payable to Mr.V.M.L.Senthilnathan as General Manager-Technical, subject to approval of Central Government.
- d. Special Resolution under 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 for appointment and remuneration payable to Mr.V.M.L.Ganesan as Deputy General Manager-Marketing, subject to approval of Central Government.
- e. Special Resolution under Section 314(1)(b) 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 for appointment and remuneration payable to Mr.V.M.S.Selvamuthukumaran as Deputy General Manager-Marketing.





## **GANDHIMATHI APPLIANCES LIMITED**

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- f. Special Resolution under 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 for appointment and remuneration payable to Mr.V.M.S.Selvamuthukumaran as Deputy General Manager-Marketing, subject to approval of Central Government.
- (iii) Whether any Special Resolution passed last year through postal ballot - details of voting pattern :
- No Special Resolution was passed through postal ballot last year.
- (iv) Whether any Special Resolution is proposed to be conducted through postal ballot:
- No Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting of the Company.

### **7. Disclosures:**

- (i) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large :
- There was no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors during the financial year of 18 months ended 30th June, 2010 that may have a potential conflict with the interest of the Company at large, excepting related party transactions made during the year which are covered by approval of the Central Government u/s.297 of the Companies Act, 1956.
- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges, SEBI or any other Statutory Authorities on any matter related to capital markets, during the last three years.
- There was no non-compliance by the Company, penalties or strictures imposed on the Company by any Stock Exchange, SEBI, or any other Statutory Authority or any matters relating to capital market during the last three years.
- (iii) Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.
- The Company has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and it has provided protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices.



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- (iv) Details of compliances with mandatory requirements and adoption of the non-mandatory requirements of the clause:

All the applicable mandatory requirements have been complied with.

### **8. CEO/CFO Certification:**

Certificate from Mr.V.M.Balasubramaniam, Managing Director and Mr.V.M.Gangadharam, Executive Director/Chief Financial Officer, in terms of Clause 49 (V) of the Listing Agreement with the Stock Exchange for the financial year of 18 months ended on 30th June, 2010 was placed before the Board of Directors of the Company in its meeting held on 30.09.2010.

### **9. MEANS OF COMMUNICATION**

- (i) Quarterly results : The Unaudited Quarterly/half yearly financial results are published in Newspapers as required under the Listing Agreement.
- (ii) Newspapers wherein results normally published : Trinity Mirror (English), Makkal Kural (Tamil)
- (iii) Any website, where displayed : [www.gandhimathiappliances.com](http://www.gandhimathiappliances.com)
- (iv) Whether it also displays official news releases : Yes, wherever necessary.
- (v) The presentations made to institutional investors or to the analysts : The Company has no institutional investor. No presentation was made to the analysts.
- (vi) Whether Management Discussion & Analysis Report is part of Annual Report or not : Yes.

### **10. GENERAL SHAREHOLDER INFORMATION :**

Date, time and venue of Annual General Meeting :

- i. The Twenty Third Annual General Meeting will be held on Wednesday, 3rd November, 2010 at 11.00 a.m at the Company's Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kanchipuram District.

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### ii. Financial Calender – 2010-2011 :

First Quarter results (30.09.2010)	Latest by 31st October, 2010
Second Quarter results (31.12.2010)	Latest by 31st January, 2011
Third Quarter results (31.03.2011)	Latest by 30th April 2011
Fourth Quarter results (30.06.2011)	Latest by 31.07.2011
Annual General meeting for the year Ending 30.06.2011	Latest by 3rd November 2011

iii. Date of Book Closure 28.10.2010 to 03.11.2010 (both days inclusive)

iv. Dividend Payment : Not Applicable

v. Listing on Stock Exchanges :

Equity Shares

The Bombay Stock Exchange Ltd., Mumbai

The Ahmedabad Stock Exchange Ltd., Ahmedabad

Madras Stock Exchange Ltd., Chennai

vi. Stock Code:

1. The Bombay Stock Exchange Ltd	: 517421
2. Ahmedabad Stock Exchange	: Gandhima
3. Madras Stock Exchange	: Gandha Appl.

vii. Market Price Data (High/Low during each month in the last financial year 2009 - 2010)

S.No.	Month	Month's Highest rate	Month's Lowest rate
1.	January 2009	9.00	8.32
2.	February 2009	9.39	8.49
3.	March 2009	9.85	8.12
4.	April 2009	11.52	8.82
5.	May 2009	16.27	10.00
6.	June 2009	23.80	16.30
7.	July 2009	23.00	15.35
8.	August 2009	32.70	21.10
9.	September 2009	35.00	27.50
10.	October 2009	42.35	27.55
11.	November 2009	64.40	37.80



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12.	December 2009	60.75	45.50
13.	January 2010	78.40	57.40
14.	February 2010	76.20	59.05
15.	March 2010	93.75	62.00
16.	April 2010	98.85	83.20
17.	May 2010	96.45	62.80
18.	June 2010	98.65	67.80

viii. Performance in comparison to broad-based indices such as BBE Sensex, CRISIL index etc:  
Not Applicable.

ix. Registrars and Share Transfer Agents ;

The shares of the Company have been dematerialised. The Share management, both physical and demat, is being handled by the Registrars and Share Transfer Agents of the Company, M/s.GNSA Infotech Limited, G.R.Mansion, No.11, Srinivasan Road, Pandy Bazaar, T.Nagar, Chennai – 600 017.

x. Share Transfer System:

Share transfers in physical form are registered and despatched within 30 days from the date of receipt, if documents are complete in all respects. The Share Transfer Committee of the Board meets as often as needed to approve transfer/transmission of the shares in physical form processed by the Registrars and Share Transfer Agents.

xi. Distribution of shareholding as on 30.06.2010:

No. of Equity Shares Held	No.of Share holders	%	No. of Equity shares of ₹ 10/- each held	%
Upto 500	8626	95	1345173	13.96
501 - 1000	249	2.74	209071	2.17
1001-2000	91	1.00	135861	1.41
2001 - 3000	28	0.31	67414	0.70
3001- 4000	6	0.07	21451	0.22
4001 - 5000	17	0.19	78613	0.82
5001 - 10000	28	0.31	205953	2.14
10001 and above	35	0.39	7571065	78.58
<b>Total</b>	<b>9080</b>	<b>100.00</b>	<b>9634601</b>	<b>100</b>



## GANDHIMATHI APPLIANCES LIMITED

No. of Shares held in physical form	6823	75.14	3461381	35.93
No. of Shares held in electronic mode	2257	2486	6173220	64.07
<b>Total</b>	<b>9080</b>	<b>100.00</b>	<b>9634601</b>	<b>100.00</b>

xii. Dematerialisation of shares and liquidity: The benefit of dematerialisation of shares was made as per directive of Securities and Exchange Board of India w.e.f. 05.04.2002. As on 30.06.2010, 64.07% of the paid-up capital has been dematerialised.

xiii. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity :

No such instruments have been issued by the Company.

xiii. Plant location : 143 Pudupakkam Village  
Vandalur-Kelambakkam Road,  
Kelambakkam - 603 103  
Kancheepuram District  
Tamil Nadu

xv. Address for Communication :

All communication regarding share transactions, change of address, bank mandates, nominations etc. should be addressed to the Registrars and Share transfer agents. Complaints, if any, may also be addressed to the Executive Director cum Company Secretary at the Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, P.O.Kelambakkam-603 103, Kancheepuram District or sent by email to butterflyho@butterflyindia.com and butterflyco@butterflyindia.com

### Declaration – Code of Conduct

All Board members and senior management personnel have, for the financial year comprising eighteen months ended on 30th June, 2010, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the clause 49 of the Listing Agreement entered with the Stock Exchanges.

For and on behalf of the Board  
V.M.LAKSHMINARAYANAN  
Chairman

Chennai - 600 018  
Date : 30.09.2010



**CODE OF CONDUCT:**

The Code of Conduct adopted by the Company is furnished below:

Members of the Board and the Senior Management, shall

- a) Always act in the best interests of the Company and its stakeholders.
- b) Adopt the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with all matters relating to the Company.
- c) Apply themselves diligently and objectively in discharging their responsibilities and contribute to the conduct of the business and the progress of the Company, and not be associated simultaneously with competing organization either as a Director or in any managerial or advisory capacity.
- d) Always adhere and conform to the various statutory and mandatory regulations/guidelines applicable to the operations of the Company avoiding violations or non-conformities.
- e) Not derive personal benefit or undue advantages (financial or otherwise) by virtue of their position or relationship with the Company, and for this purpose:
  - (i) shall adopt total transparency in their dealings with the Company.
  - (ii) shall disclose full details of any direct or indirect personal interests in dealings/transactions with the Company.
  - (iii) shall not be party to transactions or decisions involving conflict between their personal interest and the Company's interest.
- f) Conduct themselves and their activities outside the Company in such manner as not to adversely affect the image or reputation of the Company.
- g) Bring to the attention of the Board, Chairman or the Managing Director as appropriate, any information or development either within the Company (relating to its employees or stakeholders) or external, which could have an impact on the Company's operations, and which in the normal course may not have come to the knowledge of the Board/Chairman or Managing Director.
- h) Always abide by the above Code of Conduct, and shall be accountable to the Board for their actions/violations/defaults.

For and on behalf of the Board  
**V.M.Balasubramaniam**  
Managing Director

Chennai – 600 018  
Date : 30.09.2010



## **COMPLIANCE CERTIFICATE**

To the Members of GANDHIMATHI APPLIANCES LIMITED

We have examined the compliance of conditions of Corporate Governance by Gandhimathi Appliances Ltd., for eighteen months period ended on 30.06.2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the financial year of eighteen months period ended on 30th June, 2010, no investor grievance(s) is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For RUDHRAKUMAR ASSOCIATES

Chartered Accountants  
(Registration No.: 07033S)

R. RUDHRAKUMAR

Proprietor  
Membership No. 019444.

Chennai - 600 018  
Date : 30.09.2010



## **AUDITORS' REPORT TO THE MEMBERS OF GANDHIMATHI APPLIANCES LIMITED**

1. We have audited the attached Balance Sheet of Gandhimathi Appliances Limited, as at June 30th, 2010, and the related Profit and Loss Account and Cash Flow Statement for the eighteen months period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;





## **GANDHIMATHI APPLIANCES LIMITED**

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- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable.
- e. On the basis of written representations received from the Directors as on 30th June 2010 and taken on record by the Board of Directors, we report that, no Director of the Company is disqualified as on 30th June, 2010 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Act.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June 2010.
  - ii) in the case of the Profit and Loss Account, of the profit of the Company for the 18 months period ended on 30th June, 2010, and
  - iii) in the case of Cash Flow statement, of the cash flows for the period ended on that date.

For **RUDHRAKUMAR ASSOCIATES**  
Chartered Accountants  
(Registration No:07033S)

Chennai – 600 0018.  
Dated : 30.09.10

**R.RUDHRAKUMAR**  
Proprietor  
Membership No.019444



## **ANNEXURE `A' TO THE AUDITORS' REPORT TO THE MEMBERS OF GANDHIMATHII APPLIANCES LIMITED**

**(referred to in Paragraph of 3 of our Report of even date)**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) These fixed assets are physically verified by the management in a phased manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies between the
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the period.
2. (a) The Inventory has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records which have been properly dealt with in the books of account were not material.
3. (a) The Company has granted interest free secured loans, during the period to two Companies, covered in the register maintained under section 301 of the Act. The maximum amount involved during the period was Rs.21.50 crores and the year-end balance of loans granted to such parties was Rs.21.50 crores.
- (b) In our opinion, the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) In view of the proposed merger of one of its Associate Company as referred to in para 3(a) above with the Company for which the Hon'ble BIFR has granted in-principle approval, this loan of Rs.21.50 crores granted by the Company as aforesaid will get extinguished once the said merger proposal is approved by BIFR by passing suitable entries in the Transferor and Transferee Company.
- (d) The Company has not taken any loans, secured or unsecured, during the period from any parties covered in the register maintained under Section 301 of the Act.



## **GANDHIMATHI APPLIANCES LIMITED**

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4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventories, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
5. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of the Act, have been entered.  
  
(b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which the transactions for similar goods have been made with other parties.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed thereunder.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. In our opinion and to the best of our knowledge and according to the information and explanations given to us, the Central Government, has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, for any of the products manufactured by the Company during the period under audit.
9. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues by way of provident fund, employees' state insurance, sales-tax, customs duty, excise duty and income tax deducted at source with the appropriate authorities and to the extent not deposited as at 30th June, 2010 is 'NIL' for a period exceeding six months from the date they became payable.
10. The Company neither has accumulated losses as at the end of the period ended on 30th June, 2010 nor has incurred cash losses during the period and in the immediately preceding period.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions/banks, during the period.
12. We are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, and other securities.
13. The provisions of any special statute applicable to a chit fund / nidhi / mutual benefit fund / society are not applicable to the Company.



## **GANDHIMATHI APPLIANCES LIMITED**

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14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
16. In our opinion, the term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet and Fund flow statement of the Company in our opinion the funds raised on short term basis during the period have not been used for long term investments.
18. The Company has not made any preferential allotment of shares during the period.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by way of public issues during the period.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
22. Hon'ble Board for Industrial and Financial Reconstruction (BIFR) has de-registered the Company's reference under the provision of Section 3 of the Sick Industrial Companies (Special provisions) Act, 1985 and the Company is no longer a Sick Industrial Company within the meaning of that Act.

Chennai - 600 018  
Date : 30.09.2010

For **RUDHRAKUMAR ASSOCIATES**  
Chartered Accountants  
(Registration No: 07033S)

R.RUDHRAKUMAR  
Proprietor  
Membership No.019444



## BALANCE SHEET AS AT 30TH JUNE 2010

	Sch No.	As at 30th June 2010 ₹	As at 31st December 2008 ₹
<b>SOURCES OF FUNDS:</b>			
1) SHARE HOLDERS FUNDS			
a) Share Capital	1	9,63,46,010	9,63,46,010
b) Reserves & Surplus	2	17,64,70,615	2,06,47,889
2) LOAN FUNDS			
a) Secured Loans	3	36,43,89,362	12,03,69,823
b) Unsecured Loans	4	31,01,61,057	13,10,76,554
TOTAL		<b>94,73,67,044</b>	<b>3,68,440,276</b>
<b>APPLICATION OF FUNDS</b>			
1) FIXEDASSETS			
a) Gross Block	5	31,84,17,635	25,76,85,173
b) Less: Depreciation		12,49,80,251	11,55,20,225
c) Net Block		19,34,37,384	14,21,64,948
2) CAPITAL WORK IN PROGRESS			
	6	5,19,73,811	-
<b>3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Inventories	7	27,33,02,268	12,86,05,183
b) Sundry Debtors	8	28,96,74,337	215767012
c) Cash and Bank Balance	9	1,81,31,145	66,61,365
d) Loans & Advances	10	31,87,27,391	4,73,38,780
		89,98,35,141	39,83,72,340
Less : CURRENT LIABILITIES & PROVISIONS	11	26,17,92,662	18,77,96,500
NET CURRENTASSETS		63,80,42,479	21,05,75,840
4) DEFERRED TAXASSET (NET)			
	12	6,39,13,369	1,56,99,488
TOTAL		<b>94,73,67,044</b>	<b>36,84,40,276</b>
Notes on accounts	17		
Signatory to the accounts			

**V.M.BALASUBRAMANIAM**  
Managing Director

**M.PADMANABHAN**  
Director

**D.KRISHNAMURTHY**  
Executive Director-cum-Company Secretary

As per our report attached of even date  
for Rudhrakumar Associates  
Chartered Accountants  
(Registration No: 07033S)

Chennai - 600 018.  
Date: 30.09.10

R.Rudhrakumar  
Proprietor  
Membership No.019444



## PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR OF EIGHTEEN MONTHS PERIOD ENDED ON 30TH JUNE 2010

	Sch No.	18 Months ended on 30th June 2010 ₹	18 Months ended on 31st December 2008 ₹
<b>INCOME</b>			
Sales		2,71,62,37,915	1,60,55,57,040
Other Income	13	1,82,50,236	4,35,81,550
	<b>TOTAL</b>	<b>2,73,44,88,151</b>	<b>1,64,91,38,590</b>
<b>EXPENDITURE</b>			
Raw Materials, Stores & Spares, Work-in-process and Finished Goods	14	1,58,13,09,911	95,45,88,378
Salaries, Wages and Other Expenses	15	67,47,61,986	35,14,08,036
Excise Duty		18,11,04,554	1,586,34,286
Finance Cost	16	6,14,17,533	3,13,73,721
Depreciation		1,30,15,434	1,70,88,940
	<b>TOTAL</b>	<b>2,51,16,09,418</b>	<b>1,51,30,93,361</b>
Profit/(Loss) before Tax		22,28,78,733	13,60,45,229
Interest waived relating to previous years reclaimed by a Bank		(1,32,00,000)	-
Prior period expenses		-	(5,48,578)
Fringe Benefit tax		(82,504)	(6,40,393)
Provision for taxation		(10,19,87,384)	-
Adjustment/Provision for Deferred Tax		4,82,13,881	(3,98,42,222)
Profit/(Loss) after Tax		15,58,22,726	9,50,14,036
Balance brought forward from previous year		5,61,449	(9,44,52,587)
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>15,63,84,175</b>	<b>5,61,449</b>
Notes on accounts	17		
Signatory to the accounts			

**V.M.BALASUBRAMANIAM**  
Managing Director

**M.PADMANABHAN**  
Director

**D.KRISHNAMURTHY**  
Executive Director-cum-Company Secretary

As per our report attached of even date  
for Rudhrakumar Associates  
Chartered Accountants  
(Registration No: 07033S)

Chennai - 600 018.  
Date: 30.09.10

R.Rudhrakumar  
Proprietor  
Membership No.019444



**SCHEDULES FORMING PART OF ACCOUNTS FOR THE FINANCIAL YEAR  
EIGHTEEN MONTH PERIOD ENDED ON 30TH JUNE 2010**

	<b>As at 30th June 2010 ₹</b>	<b>As at 31st December 2008 ₹</b>
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
Authorised 100,00,000 Equity Shares of Rs.10/- each	1,00,00,000	1,00,00,000
Issued, Subscribed and Paid-up 9634601 (Previous year 9634601) Equity Shares of Rs.10/- each fully paid up	9,63,46,010	9,63,46,010
	<u>9,63,46,010</u>	<u>9,63,46,010</u>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
a. Share Premium Account as per last Balance Sheet	1,99,13,560	1,99,13,560
b. Capital Reserve Amount paid on Shares Forfeited - 34,576 Shares as per last Balance Sheet	1,72,880	1,72,880
c. Profit and Loss account (Credit Balance)	15,63,87,175	5,61,449
	<u>17,64,70,615</u>	<u>2,06,47,889</u>
<b>SCHEDULE 3:</b>		
<b>SECURED LOANS</b>		
<b>I LONG TERM</b>		
a. From a Bank	2,30,22,883	3,98,37,883
Interest accrued and due thereon (Secured by mortgage of certain Freehold land & Building and hypothecation of Plant and Machinery, present and future, and by personal guarantee of Promoter Directors)	2,27,026	4,15,733

**GANDHIMATHI APPLIANCES LIMITED**



	As at 30th June 2010 ₹	As at 31st December 2008 ₹
b. From a Bank (Secured by hypothecation of specific Plant and Machinery purchased out of the loan, and also by paripassu second charge on other fixed assets of the Company, along with Corporate Guarantee of an associate Company and personal Guarantee of Promoter Directors).	40,070,136	—
c. From Banks - Working Capital Term Loan ( Secured by mortgage of Land and Buildings, the title deeds of which are in the course of transfer in the Company's name and also by the paripassu second charge on other fixed assets of the Company along with personal Guarantee of Promoter Directors).	46,98,082	1,56,16,369
<b>II SHORT TERM</b>		
From Banks		
Cash Credit (Secured by hypothecation of Inventories, present and future, certain book debts and collateral paripassu charge of Land and Buildings, the title deeds of which are in the course of transfer in the Company's name and also by the paripassu second charge on other fixed assets of the Company along with personal Guarantee of Promoter Directors).	29,19,17,310	5,05,86,053
Factoring from SBI Factors Ltd., (Secured by specific book debts and also by the personal Guarantee of Promoter Directors)	44,53,925	1,39,13,785
	<b>36,43,89,362</b>	<b>12,03,69,823</b>

**SCHEDULE 4:**

**UNSECURED LOANS**

**LONG TERM**

i. Security Deposit from Distributors	4,87,54,749	3,52,58,527
ii. From Banks	25,67,093	37,45,459
iii. Loan from Directors	1,23,64,756	1,23,64,756
iv. Dewan Housing Finance Corporation Limited (Refer Note: 6 of Schedule 17)	20,54,38,994	—
v. Others	4,10,35,465	7,97,07,812
	<b>31,01,61,057</b>	<b>13,10,76,554</b>





**SCHEDULE 5**

FIXED ASSETS

(In Rupees)

PARTICULARS	GROSS BLOCK - AT COST			DEPRECIATION			NET BLOCK		
	AS ON 31st Dec 2008	ADDITION	DELETION	AS ON 30th June 2010	AS ON 31st Dec 2008	FOR THE EIGHTEEN MONTHS PERIOD	UP TO 30st June 2010	AS ON 30th June 2010	AS ON 31st Dec 2008
Land (Freehold)	43,20,316	—	—	43,20,316	—	—	—	43,20,316	43,20,316
Buildings (Freehold)	3,36,57,006	—	—	3,36,57,066	1,32,73,877	16,84,600	1,49,55,477	1,87,01,589	2,03,83,188
Land & Buildings (Leasehold)	5,10,87,500	—	8,25,000	5,02,62,500	—	—	—	5,02,62,500	5,10,87,500
Usage Right of Trade Marks	2,92,00,000	—	24,00,000	2,68,00,000	—	—	—	2,68,00,000	2,92,00,000
Plant & Machinery	4,86,33,955	4,90,31,642	49,73,676	9,26,91,921	2,67,18,561	51,95,913	2,83,59,064	6,43,32,856	2,19,15,394
Dies & Tools	4,96,12,207	31,39,514	—	5,27,51,721	4,93,33,250	8,60,744	5,01,93,994	25,57,727	2,78,957
Electrical Machinery & Installations	59,86,015	10,38,089	—	70,24,104	34,83,414	4,48,045	39,31,460	30,92,644	25,02,601
Computer	72,38,956	35,67,246	—	1,08,06,202	56,67,340	9,51,867	66,19,207	41,86,996	15,71,617
Office Equipments	28,45,889	10,01,490	—	38,47,379	12,74,899	2,39,630	15,14,529	23,32,850	15,70,990
Vehicles	1,80,96,236	21,47,059	—	2,02,43,295	1,13,96,490	27,03,354	1,40,99,844	61,43,451	66,99,746
Furniture & Fittings	70,07,033	90,06,098	—	1,60,13,131	43,72,394	9,34,282	53,06,676	1,07,06,455	26,34,639
Total	25,76,85,173	6,89,31,138	81,98,676	31,84,17,635	11,55,20,225	35,55,409	1,30,15,434	19,34,37,384	14,21,64,948
Previous Year	24,60,40,373	1,49,44,800	33,00,000	25,76,85,173	9,84,76,991	45,706	11,55,20,225	14,21,64,948	14,75,63,381

**Note:**

1. Deletion in Land and Building (leasehold) and Usage rights of trade marks represents the amount written off during the period on account of amortisation by charging off to Profit and Loss account of lease rental in respect of Leasehold land and building and Usage right of trade marks.
2. Vehicles include Assets acquired on "Hire Purchase"
3. Freehold Land includes Rs.10,00,000/- and Freehold Buildings include Rs.1537686/- in respect of which the transfer of title deeds to the name of the company is pending
4. Usage Right of Trade Marks represents assignment of trade marks for future usage.
5. Additions to Plant & Machinery includes machineries purchased under term loan assistance from a bank.

**GANDHIMATHI APPLIANCES LIMITED**


	As at 30th June 2010 ₹	As at 31st December 2008 ₹
<b>SCHEDULE 6:</b>		
<b>CAPITAL WORK IN PROGRESS - At cost</b>		
Factory Building (Under construction)	4,14,23,205	—
Machinery (Under Installation)	1,05,50,606	—
	5,19,73,811	—
<b>SCHEDULE 7:</b>		
INVENTORIES (As taken valued and certified by the Managing Director) Refer Note 1 (ii) - Schedule 17		
a) Raw Materials and Components	8,20,63,433	7,02,58,811
b) Stores & Spares	10,15,085	1,58,146
c) Work-in-process	10,07,69,266	3,78,27,301
d) Finished goods	8,94,54,484	2,03,60,925
	27,33,02,268	12,86,05,183
<b>SCHEDULE 8:</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured		
(a) Outstanding for a period exceeding six months		
Considered Good	1,60,41,099	1,67,11,116
Considered doubtful	1,16,41,700	1,05,34,158
Less: Provision for doubtful debts	1,16,41,700	1,05,34,158
	1,60,41,099	1,67,11,116
(b) Others	27,36,33,238	19,90,55,896
	28,96,74,337	21,57,67,012
<b>SCHEDULE 9:</b>		
<b>CASH AND BANK BALANCES</b>		
a) With Scheduled Banks:		
i) In Fixed Deposit (Lodged as security to the Bankers on LC facilities)	1,21,58,608	64,44,959
ii) In Current Accounts	51,36,716	1,88,055
b) Cash in hand	8,35,821	28,351
	1,81,31,145	66,61,365

**GANDHIMATHI APPLIANCES LIMITED**

	As at 30th June 2010 ₹	As at 31st December 2008 ₹
<b>SCHEDULE 10:</b>		
<b>LOANS AND ADVANCES</b>		
Unsecured Considered good		
a) Advances recoverable in cash or in kind or for value to be received (Refer Note: 6 of schedule 17)	28,46,20,607	2,08,12,640
b) Deposits	2,60,65,479	2,38,85,586
c) Balances with Government Authorities	80,41,305	26,40,554
	<u>31,87,27,391</u>	<u>4,73,38,780</u>
<b>SCHEDULE 11:</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
A) Current Liabilities:		
Sundry Creditors	12,41,70,790	10,62,53,144
Due to Directors	3,56,200	13,44,762
Others	1,83,98,868	6,96,65,446
B) Provisions:		
Provision for Fringe benefit tax	—	3,01,067
Provision for Gratuity	1,68,79,420	1,02,32,080
Provision for Income Tax	10,19,87,384	—
	<u>26,17,92,662</u>	<u>8,77,96,500</u>
<b>SCHEDULE 12:</b>		
<b>DEFERRED TAX ASSET (NET)</b>		
Provision as at beginning of the period	28,46,20,607	5,55,41,710
Add/(Less):		
Provision/adjustment for Deferred Tax assets upto the period	28,46,20,607	(3,98,42,222)
	<u>28,46,20,607</u>	<u>1,56,99,488</u>

**GANDHIMATHI APPLIANCES LIMITED**

	18 Months ended on 30th June 2010 ₹	18 Months ended on 31st December 2008 ₹
<b>SCHEDULE 13:</b>		
OTHER INCOME		
Interest on Bank Deposits (Gross - TDS Rs.2,24,211)	18,61,442	10,68,144
Miscellaneous Income	10,23,865	12,83,006
Liabilities no longer required	-	2,43,88,233
Scrap Sales	1,45,74,663	1,43,07,022
Exchange gain	7,90,265	1,45,522
Provision for Doubtful debts reversed '(Doubtful debts recovered)	-	23,89,622
	1,82,50,235	43,58,15,550
<b>SCHEDULE 14:</b>		
<b>RAW MATERIALS, STORES &amp; SPARES, WORK-IN-PROCESS AND FINISHED GOODS</b>		
<b>RAW MATERIAL AND COMPONENTS</b>		
Opening Balance:		
Raw Materials & Components	7,02,58,811	2,49,65,578
Work-in-process	3,78,27,301	2,77,97,422
	10,80,86,112	5,27,63,000
Add: Purchases:		
Raw Materials & Components	1,21,04,39,973	74,53,13,744
Packaging	11,49,03,359	6,99,54,205
Processing Charges	13,77,59,448	10,06,88,891
	1,46,31,02,780	91,59,56,840
<b>Sub Total</b>	1,57,11,88,892	96,87,19,840
Less: Closing Balance:		
Raw Materials & Components	8,20,63,432	7,02,58,811
Work-in-process	10,07,69,266	3,78,27,301
	18,28,32,699	10,80,86,112
<b>Total - A</b>	1,38,83,56,194	86,06,33,728

**GANDHIMATHI APPLIANCES LIMITED**

	18 Months ended on 30th June 2010 ₹	18 Months ended on 31st December 2008 ₹
<b>STORES SPARES</b>		
Opening Balance:	1,58,146	2,21,652
Add: Purchases:	1,55,08,411	1,15,88,125
<b>Sub Total</b>	<b>1,56,66,557</b>	<b>1,18,09,777</b>
Less: Closing Balance	10,15,085	1,58,146
<b>Total - B</b>	<b>1,46,51,472</b>	<b>1,16,51,631</b>
<b>FINISHED GOODS</b>		
Opening Balance:	2,03,60,925	83,18,751
Add: Purchases:	24,73,95,804	9,43,45,193
<b>Sub Total</b>	<b>26,77,56,729</b>	<b>10,26,63,944</b>
Less: Closing Balance	8,94,54,484	2,03,60,925
<b>Total - C</b>	<b>17,83,02,245</b>	<b>8,23,03,019</b>
<b>TOTAL (A+B+C)</b>	<b>1,58,13,09,911</b>	<b>95,45,88,378</b>

**SCHEDULE 15:****SALARIES, WAGES & OTHER EXPENSES**

Salaries, Wages and Bonus	9,16,73,695	5,07,80,118
Contribution to Provident and other Funds	1,04,86,365	65,10,811
Gratuity & Superannuation Contribution	70,23,527	63,73,928
Directors' remuneration	66,65,000	57,08,200
Directors' Sitting fees	7,45,000	4,56,000
Staff & Workmen welfare expenses	1,60,81,643	66,88,105
Power & Fuel	2,52,62,401	1,39,85,059
Rent	92,28,257	39,38,279
Trade Mark Usage rights	24,00,000	24,00,000
Insurance	1515,477	7,51,878
Rates & Taxes	69,25,058	47,25,825

**GANDHIMATHI APPLIANCES LIMITED**

	18 Months ended on 30th June 2010 ₹	18 Months ended on 31st December 2008 ₹
<b>Repairs and Maintenance</b>		
Building	22,86,782	11,25,718
Plant & Machinery	53,62,007	27,87,682
Other Assets	1,52,72,575	68,62,139
<b>Audit fees</b>		
Audit fees	82,725	84,270
For Company Law Matters	55,150	56,180
For Taxation	33,090	33,708
For Other Matters	17,78,780	3,05,518
Loss on sale of Asset	8,98,267	19,294
Commission on sales	8,61,18,530	6,17,74,299
Freight Outward	4,79,62,304	2,70,08,216
Advertisement and Publicity	22,02,37,177	9,18,41,993
Discount on Sales	3,34,08,118	1,62,12,439
Provision for Doubtful Debts	11,07,542	16,04,976
Other Expenses	8,21,52,516	3,93,73,400
	<b>67,47,61,986</b>	<b>3,51,408,036</b>

**SCHEDULE 16:****INTEREST AND FINANCIAL CHARGES**

a) On Fixed Loans	97,78,142	86,37,079
b) On Others	5,16,39,391	2,27,36,642
	<b>6,14,17,533</b>	<b>3,13,73,721</b>



**SCHEDULE 17:**

**NOTES ON ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The Financial Statements have been prepared on the historical cost convention and in accordance with normally accepted accounting principles.

**(i) Fixed Assets and Depreciation :**

Fixed Assets are capitalised at acquisition cost, including directly attributable cost of bringing the assets to their working condition for the intended use less CENVAT Credits.

Depreciation on Fixed Assets has been provided on the basis of straight line method at the rates specified in Schedule XIV to the Companies Act, 1956. In respect of additions/deductions made during the period, depreciation is charged on pro-rata basis from the day or upto the date of addition/deletions.

Leasehold properties and Usage Right of Trade Marks are amortised over the period of Lease/Usage.(ii)

**(ii) Inventories :**

Inventories are stated at lower of cost/net realisable value. Cost includes all direct costs and other applicable manufacturing overheads and in ascertaining the cost, FIFO method is adopted.

**(iii) Revenue recognition :**

Revenue in respect of sale of products is recognised at the point of despatch to customers. Sales also includes products which are manufactured through third party on Contract basis, which represents invoiced value of goods including excise duty and are net of sales tax, returns and inter-branch transfers. Export sales are accounted at the prevailing rate of exchange as on the date of invoicing. The difference in the rate of exchange, if any, is accounted at the time of realisation.

**(iv) Research & Development Expenditure :**

Revenue Expenditure on Research & Development is charged off to the Profit and Loss account in the period in which it is incurred.

**(v) Retirement Benefits :**

a) Accrued Liability for gratuity is provided in the accounts in accordance with the provisions of the Payment of Gratuity Act, 1972, calculated on the basis of Actuarial Valuation method in accordance with the guidelines of the Institute of Chartered Accountants of India under Accounting Standard. (AS 15).

b) Contribution to Provident Fund & ESI Fund are accounted at the applicable rates on accrual basis and are charged against revenue.

C) Accrued liability for encashment of leave to employees is accounted on calendar year basis, in accordance with the Company's Rules.



**2. Excise duty :**

CENVAT credit for Excise Duty on inputs and other capital goods is accounted fully and to the extent the sum availed off is adjusted towards payment of excise duty on despatches leaving the unutilised balance being carried forward to subsequent year and kept in Advances recoverable in cash or in kind or for value to be received shown under Loans and Advances

3. In the evaluation of the Managing Director, Sundry Debtors and Loans and Advances have the value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

4. The particulars required to be disclosed under the Micro Small and Medium Enterprises Development Act, 2006 relating to unpaid balances, interest payable thereon to such small scale industries as defined in the said Act could not be disclosed for want of information on the status of those sundry creditors.

**5. Proposed merger with Gangadharam Appliances Limited**

A proposal submitted by Gangadharam Appliances Limited (GAL), an associate of the Company, which is also in the same segment of business as the Company, viz., domestic appliances, for the merger of its entire undertaking with the Company has been approved 'in principle' by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR). The draft Scheme for the said merger as of 1st January, 2009 (approved date) is submitted by GAL to BIFR. An extraordinary General Meeting of the Company seeking approval of the shareholders of the Company for the proposed merger was convened on 9th September, 2010 at which the share holders unanimously approved through a Special Resolution, the proposed merger and the draft Scheme therefor subject to approval of the same by Hon'ble BIFR. The approval of BIFR has not been received till date. The results now provided are therefore of the Company only on a stand-alone basis and on the proposed merger being approved by Hon'ble BIFR, the Transaction, Assets and Liabilities of GAL will be incorporated as part of the Transaction, Assets and Liabilities of the Company and will be reflected appropriately in the accounts of the Company to be made after such approval is received.

**6. Unsecured Loan**

During the period, the Company has raised a loan of Rs.21.50 Crores (balance outstanding is Rs.20.54 Crores) from Dewan Housing Finance Corporation Limited (DHFL) classified as 'Unsecured Loan' repayable over a period of seven years for which the securities have been provided by an associate Company, Promoter Directors and their relatives. At the extraordinary General Meeting of the Company held on 29th June 2010, shareholders have unanimously approved availing the said loan through a Special Resolution.

In view of proposed merger of Gangadharam Appliances Limited with Gandhimathi Appliances Limited, for which the Hon'ble BIFR has granted in-principle approval, the Company has advanced a sum of Rs.15 crores to one of its Associate Companies against the security of pledge of certain shares and Demand Promissory Note and another sum of Rs.6.50 crores to Gangadharam Appliances Limited against the second charge of its immovable property, to settle their liabilities out of the loan availed from DHFL as stated above, which will get extinguished once the merger proposal is approved by Hon'ble BIFR and necessary entries are effected in the books of the Transferor and Transferee Companies. The interest on the loan from DHFL is borne by GAL and the Associate Company.



**GANDHIMATHI APPLIANCES LIMITED**

7. In terms of the Memorandum of Compromise executed on 1.11.2000 by the Company and M/s L.G Varadarajulu & others, Coimbatore in the matter of patents/designs dispute in the manufacture of Table top wet grinders, the Company is liable to pay to the latter such damages as may be determined by the Court, in the event of the suit C.S. No.613 of 1999, pending in the High Court of Judicature at Chennai being decreed in their favour. In the mean while a Patent has been duly granted under Patents Act, 1970 by Government of India in respect of those Table Top Wet Grinders, which has been duly renewed and kept in force. This Patent right remains unchallenged as of now.
8. Provision for Taxation charged to the Profit and Loss account for the current period of eighteen months amounting to Rs.10,19,87,384, inter-alia includes a sum of Rs.3,44,01,285 towards Minimum Alternate Tax (MAT) provided under section 115JB of the Income Tax Act, 1961 treating the said MAT as the current tax liability of the Company. In the year in which the said MAT credit becomes eligible to be recognised as an asset, the same will be taken as credit to the Profit and Loss account of that year.

	As on 30.06.2010 ₹	As on 30.06.2010 ₹
9 Contingent Liabilities not provided for		
Claim against the Company under litigation against which, Bank Guarantee has been provided	7,26,000	7,26,000
10 Sundry Debtors include :		
(a) Due from firms in which some of the Directors of the Company are partners	45,63,970	64,32,481
(b) Due from Private Companies in which some of the Directors of the Company are Directors/Members	—	6,61,489
	<u>45,63,970</u>	<u>70,93,970</u>
Loans & Advances include :		
Due from a Private Company in which Directors of the Company are Directors/ Members	4,16,51,296	—
	<u>4,16,51,296</u>	<u>—</u>
11 Directors' Remuneration :		
<u>Managing Director &amp; Whole Time Directors</u>		
Salaries & allowances	61,51,400	52,97,800
Contribution to Provident Fund	5,13,600	4,10,400
<u>Other Directors</u>		
Directors' sitting fees	7,45,000	4,56,000
	<u>74,10,000</u>	<u>61,64,200</u>

**GANDHIMATHI APPLIANCES LIMITED**


12 SALE BY CLASS OF GOODS	2009-2010 (18 Months)		2007-2008 (18 Months)	
	Qty (Nos)	₹	Qty (Nos)	₹
LPG Stove	7,33,503	1,05,99,12,564	5,54,738	74,53,97,254
Mixer - Grinder	3,51,186	70,22,24,469	1,66,914	27,72,78,104
Table-top wet Grinder	92,752	38,49,65,913	72,597	28,69,81,237
Cooker / Pan	6,56,523	47,52,78,584	1,88,784	22,59,08,733
Flask	87,626	3,76,91,070	1,08,707	4,50,27,573
Others (Individual value not exceeding 10% of total value)		5,61,65,315	—	2,49,64,139
		2,71,62,237,915		1,60,55,57,040

13 RAW MATERIALS INCLUDING COMPONENTS CONSUMED	2009-2010 (18 Months)		2007-2008 (18 Months)	
	Quantity (MT)	Value ₹	Quantity (MT)	Value ₹
i) Basic Raw materials :				
S.S. Coils / sheets	2,690.210	25,82,60,160	2,285.335	24,02,13,847
ABS plastic granules	650.641	6,89,67,946	442.439	5,22,07,802
Aluminum Circles	701.864	10,31,74,008	368.053	5,88,88,480
ii) Components (individual value not exceeding 10% of total value)		76,82,33,237		34,87,10,382
		1,19,86,35,351		70,00,20,511

**14 CONSUMPTION OF RAW MATERIALS, COMPONENTS, STORES & SPARES**

	2009-2010 (18 Months)		2007-2008 (18 Months)	
	%	₹	%	₹
A. RAW MATERIALS & COMPONENTS				
(i) Imported	4.82	5,78,17,064	0.03	1,98,47,754
(ii) Indigenous	95.18	1,14,08,18,287	99.97	68,01,72,757
	100.00	1,19,86,35,351	100.00	70,00,20,511
B. STORES & SPARES				
Indigenous	100.00	1,46,51,472	100.00	1,16,51,631
	100.00	1,46,51,472	100.00	1,16,51,631

**15 Licensed and Installed Capacity (per annum) and Actual Production**

	2009-2010	2007-2008
	18 Months	18 Months
A. No licence is required for any of the products of the Company.	Nos.	Nos.
B. INSTALLED CAPACITY ON SINGLE SHIFT BASIS PER ANNUM (AS CERTIFIED BY THE MANAGING DIRECTOR)		
LPG Stove	5,40,000	1,80,000
Mixer - Grinder	3,60,000	1,80,000
Table-top Wet Grinder	48,000	48,000

**GANDHIMATHI APPLIANCES LIMITED**


C. ACTUAL PRODUCTION	2009-2010	2007-2008
	18 Months	18 Months
	Nos.	Nos.
LPG Stove	6,38,921	5,28,516
Mixer - Grinder	3,03,801	1,47,585
Table-top Wet Grinder	85,542	69,550
Cooker / Pan	6,64,317	1,91,411
Flasks	88,496	1,08,685

**16 PURCHASE OF FINISHED GOODS**

	2009-2010 (18 Months)		2007-2008 (18 Months)	
	Qty (Nos)	₹	Qty (Nos)	₹
LPG Stove	1,12,487	15,74,81,800	33,670	6,30,14,398
Mixer Grinder	49,440	5,19,12,000	19,603	2,11,16,698
Table Top Wet Grinder	8,097	1,80,56,310	3,570	70,16,230
Others (Individual value not exceeding 10% of total value)		1,99,48,694		31,97,867
<b>TOTAL</b>		<b>24,73,95,804</b>		<b>9,43,45,193</b>

**17 Opening and Closing Stock-in-trade (this comprises of both purchased and own manufactured goods)**

CLASS OF GOODS	2009-2010 (18 Months)		2007-2008 (18 Months)	
	Qty (Nos)	₹	Qty (Nos)	₹
(i) Opening stock				
LPG Stove	11,195	1,32,79,721	3,747	35,14,686
Mixer - Grinder	1,015	14,46,923	741	10,52,390
Table-top Wet Grinder	887	24,58,203	364	14,06,824
Cooker /Pan	2,630	23,67,000	3	2,742
Flasks	309	1,62,225	331	1,60,204
Others (Individual value not exceeding 10% of total value)		6,46,853		21,81,905
		<b>2,03,60,925</b>		<b>83,18,751</b>
(ii) Closing stock				
LPG Stove	29,1000	35,14,686	11,195	1,32,79,721
Mixer - Grinder	3,070	10,52,390	1,015	14,46,923
Table-top Wet Grinder	1,774	14,06,824	887	24,58,203
Cooker /Pan	10,424	2,742	2,630	23,67,000
Flasks	1,179	1,60,204	309	1,62,225
Others (Individual value not exceeding 10% of total value)		21,81,905		6,46,853
		<b>83,18,751</b>		<b>2,03,60,925</b>



**18 Disclosure on Related Party Transaction**

As per Accounting Standard (AS - 18) issued by The Institute of Chartered Accountants of India, the Company's related party transaction during the eighteen months ended 30th June, 2010 in terms are disclosed below.

**Names of related parties and description of relationship:**

- |   |   |
|---|---|
| 1. Key Management Personnel   | Mr. V.M.Lakshminarayanan, Chairman<br>Mr. V.M.Balasubramaniam, Managing Director<br>Mr. V.M.Gangadharam, Executive Director<br>Mr. V.M.Kumaresan Executive Director Technical   |
| 2. Enterprises in which key management personnel and their relatives have significant influence | Butterfly Constructions Limited<br>Butterfly Home Appliances<br>Butterfly Quality Center Private Limited<br>Butterfly Marketing Private Limited<br>Swaminathan Enterprises Private Limited<br>Gangadharam Appliances Limited<br>LLM Appliances Limited<br>Sivagurunathan Industries<br>Vishalss Enterprises |
| 3. Relatives of Key Management Personnel  | Mr. V.M.L.Karthigeyan<br>Mr. V.M.L.Senthilnathan<br>Mr. V.M.G.Viswanathan<br>Mr. V.M.S.Selvamuthukumaran.<br>Mr. V.M.L.Ganesan  |

sl. no	Particulars	Key Management personnel	Enterprise in which key management personnel and their relatives have significant influence	Relatives of Key Management Personnel
	<u>Transaction for 18 months ended 30.06.2010</u>			
1	Purchase		9,68,06,359	
2	Sales		1,84,00,879	
3	Interest received		—	
4	Interest paid		—	
5	Services rendered		5,88,73,400	
6	Services received - Employee remuneration			
	a. Directors' Remuneration	56,44,400		
	b. Others	1,35,000		26,37,600
7	Purchase of Assets Capitalised during the period			
8	Sale of Assets			
	<u>Outstanding as on 30.06.2010</u>			
	Debtors		1,11,82,501	
	Creditors			
	Advances		21,50,00,000	
	Loans received			

## GANDHIMATHI APPLIANCES LIMITED



	<b>2009-2010</b>	<b>2007-2008</b>
	<b>18 Months</b>	<b>18 Months</b>
	₹	₹
<b>19 Details for Earnings per Share:</b>		
Net Profit as per Profit and Loss account	15,58,22,726	9,50,14,036
No. of equity shares	96,34,601	96,34,601
Face Value of Shares	10	10
Basic earnings per share	16.17	9.86
<b>20 Computation of deferred tax:</b>		
	<b>30.06.2010</b>	<b>31.12.2008</b>
	<b>18 Months</b>	<b>18 Months</b>
	<b>AMOUNT</b>	<b>AMOUNT</b>
<b>Particulars</b>		
i) Brought Forward Loss/Unabsorbed depreciation as per Income-tax return		—
ii) Other Disallowances	66,47,340	59,90,080
iii) Difference between book depreciation and tax depreciation	—	1,28,37,668
iv) Utilisation of Loss/Unabsorbed depreciation of previous period adjusted	13,60,45,229	
Deferred Tax Asset (A)	<u>14,26,92,569</u>	<u>1,88,27,748</u>
i) Difference between book depreciation and tax depreciation		—
ii) Other Allowance	8,45,316	—
iii) Utilisation of Loss/Unabsorbed depreciation		13,60,45,229
Deferred tax liability (B)	<u>8,45,316</u>	<u>13,60,45,229</u>
Net Deferred Tax Asset/(Liability) (A - B)	14,18,47,253	(11,72,17,480)
Tax on Net Deferred Tax Asset/(Liability)	<u>4,82,13,881</u>	<u>(3,98,42,223)</u>
Cumulative Deferred Tax Asset	<u><b>6,39,13,369</b></u>	<u><b>1,56,99,488</b></u>
<b>21 Imports (CIF Value)</b>		
Raw materials/Components	5,78,17,064	1,83,47,447
<b>22 Expenditure in Foreign Currency</b>		
Royalty, Know-how, Professional and Consultation fees	Nil	Nil
Others (including Travelling expenses)	52,68,489	6,45,093
<b>23 Exports on FOB basis</b>	5,76,02,566	2,09,74,858
<b>24</b> Hon'ble Board for Industrial and Financial Reconstruction (BIFR) has de-registered the Company's reference under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 on 31.08.2009 and the Company is no longer a Sick Industrial Company within the meaning of that Act.		
<b>25</b> As on the Balance sheet date, the Company's assets net of accumulated depreciation is not less than the recoverable amount of those assets. Hence, there is no impairment loss on the assets of the Company.		
<b>26</b> The Financial Year of the Company has been extended for a period of eighteen months upto 30th June, 2010.		



## GANDHIMATHI APPLIANCES LIMITED

27 The Figures for the period 31.12.2008 have been re-grouped and re-arranged to conform to the current period's classification.

**28 Statement pursuant to Part IV of Schedule VI of the Companies Act, 1956.  
Balance Sheet Abstract and Company's General Business Profile.**

(1) REGISTRATION DETAILS :

Registration No	L28931TN1986PLCO12728	State Code No.	18
Balance Sheet Date	30.06.2010		

(2) CAPITAL RAISED DURING THE YEAR :

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

(3) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS:

	₹		₹
Total Liabilities	94,73,67,044	Total Assets	94,73,67,044

(4) SOURCES OF FUNDS :

Paid-up Capital	9,63,46,010	Reserves & Surplus	17,64,70,615
Secured Loans	36,43,89,362	Unsecured Loans	31,01,61,057

(5) APPLICATION OF FUNDS :

Net Fixed Assets (Including Capital WIP)	24,54,11,195	Investments	—
Net Current Assets	63,80,42,479	Misc. Expenditure	—
Deferred Tax Asset	6,39,13,369	Profit & Loss a/c	—

(6) PERFORMANCE OF COMPANY

Total Income	94,73,67,044	Total Expenditure	2,51,16,09,418
Profit before tax	94,73,67,044	Profit after tax	15,58,22,726
Earnings per share	94,73,67,044	Dividend Rate	—

(7) GENERIC NAME OF PRINCIPAL PRODUCTS : (AS PER MONETARY TERMS)

Product Description	Item Code
a) LPG STOVE	741700
b) MIXER - GRINDER	850940
c) TABLE-TOP WET GRINDER	363729003
d) SS COOKER AND ALUMINIUM COOKER	732111 / 761510
e) FLASK	961700

**V.M.BALASUBRAMANIAM**  
Managing Director

**M.PADMANABHAN**  
Director

**D.KRISHNAMURTHY**  
Executive Director-cum-Company Secretary  
As per our report attached of even date  
for Rudhrakumar Associates  
Chartered Accountants  
(Registration No: 07033S)

R.Rudhrakumar  
Proprietor  
Membership No.019444

Chennai - 600 018.  
Date: 30.09.10



## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR OF EIGHTEEN MONTHS PERIOD ENDED ON 30TH JUNE 2010

	As At 30th June 10 ₹	As At 31st December 08 ₹
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax	22,28,78,733	13,60,45,229
Other Income	(1,82,50,236)	(4,35,81,550)
Depreciation	1,30,15,434	1,70,88,940
Interest waived relating to previous years reclaimed by a Bank	(1,32,00,000)	-
Provision for Income Tax	(10,19,87,384)	-
Prior period expenses	—	(5,48,578)
Fringe Benefit tax	(82,504)	(6,40,393)
Charge on Leasehold land	8,25,000	8,25,000
Charge of Intangible assets	24,00,000	24,00,000
Decrease/(Increase) in Capital Work in Process	(5,19,73,811)	-
Decrease/(Increase) in Sundry Debtors	(7,39,07,325)	(11,78,61,781)
Decrease/(Increase) in Inventories	(14,46,97,085)	(6,73,01,780)
Decrease/(Increase) in Loans & Advances	(27,13,88,611)	(3,18,28,927)
Increase/(Decrease) in Sundry Creditors & Provisions	7,39,96,162	(1,64,23,494)
<b>Net cash from Operating Activities (A)</b>	<b>(36,23,71,627)</b>	<b>(12,18,27,334)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (Net)	(6,75,12,871)	(1,49,15,506)
Other Income	1,82,50,236	4,35,81,550
<b>Net Cash from Investing Activities (B)</b>	<b>(4,92,62,635)</b>	<b>2,86,66,044</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of Long-term borrowing	42,31,04,042	5,42,18,615
Increase in Share Capital	—	3,95,00,000
<b>Net Cash from Financing Activities (C)</b>	<b>42,31,04,042</b>	<b>9,37,18,615</b>
<b>NET INFLOW/ (OUTFLOW) (A)+(B)+(C)</b>	<b>1,14,69,780</b>	<b>5,57,324</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents (Opening)	66,61,365	61,04,041
Cash and Cash Equivalents (Closing)	1,81,31,145	66,61,365
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,14,69,780</b>	<b>5,57,324</b>

For and on behalf of the Board

**V.M.BALASUBRAMANIAM**  
Managing Director

**M.PADMANABHAN**  
Director

**D.KRISHNAMURTHY**  
Executive Director-cum-Company Secretary

As per our report attached of even date  
for Rudhrakumar Associates  
Chartered Accountants  
(Registration No: 07033S)

Chennai - 600 018.  
Date: 30.09.10

R.Rudhrakumar  
Proprietor  
Membership No.019444



**GANDHIMATHI APPLIANCES LIMITED**

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

**ATTENDANCE SLIP  
PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER  
AT THE ENTRANCE OF THE MEETING**

I hereby record my presence at the Twenty Third Annual General Meeting scheduled to be held at the Company's Registered Office on Wednesday, 3rd November, 2010 at 11.00 a.m.

NAME OF THE SHAREHOLDER  
(IN BLOCK LETTERS)

SIGNATURE OF THE SHAREHOLDER  
OR PROXY

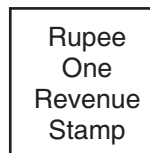
**GANDHIMATHI APPLIANCES LIMITED**

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

**PROXY FORM**

I / We .....  
..... being a member/members  
of GANDHIMATHI APPLIANCES LIMITED hereby appoint ..... of  
..... or failing him / her ..... of  
..... as my / our proxy in  
my / our absence to attend and vote for me / us on my / our behalf at the Twenty Third Annual General  
Meeting of the Company to be held on Wednesday 3rd November 2010 at 11.00 a.m. or at any  
adjournment thereof.

As witness my hand / our hands on ..... day of .....2010.



Signature(s)

This form duly completed should be deposited at the Office of the Company's Registrars & Share Transfer Agents, M/s. GNSA Infotech Ltd., G.R. Mansion, 11, Srinivasa Road, Pondy Bazaar, T.Nagar, Chennai - 600 017. A proxy need not be a member.



**GANGADHARAM APPLIANCES LIMITED**



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**BOOK - POST**

**To**

If undelivered return to :

**M/s. GNSA Infotech Ltd.,**  
G.R. Mansion, 11, Srinivasan Road,  
Pondy Bazaar, T. Nagar, Chennai - 600 017.