



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

September 13, 2017

General Manager – DCS,
Dept. of Corporate Services,
BSE Ltd,
Floor I, P.J.Towers,
Dalal Street,
Mumbai – 400 001
Thro' BSE Listing Centre

Manager,
National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051
Thro' NEAPS

Dear Sir,

Sub: Submission of Company's Annual Report for financial year ended on 31.3.2017 pursuant to the provisions of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the provisions of Regulation 34(1) of the SEBI (LODR) Regulation 2015, enclosed please find Annual Report 2017 duly adopted and approved in the Annual General Meeting held on 7.9.2017 for your reference and record.

Kindly treat this as in compliance the Listing Regulations.

Thanking you,

Yours faithfully,
For Butterfly Gandhimathi Appliances Limited

K.S. Ramakrishnan
K.S. Ramakrishnan
Company Secretary &
General Manager (Legal)

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

Phone : +91-44-4741 5500 CIN No. : L28931TN1986PLC012728

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

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

Phone : 044 - 4900 5100, 5154 E-mail : butterflyho@butterflyindia.com

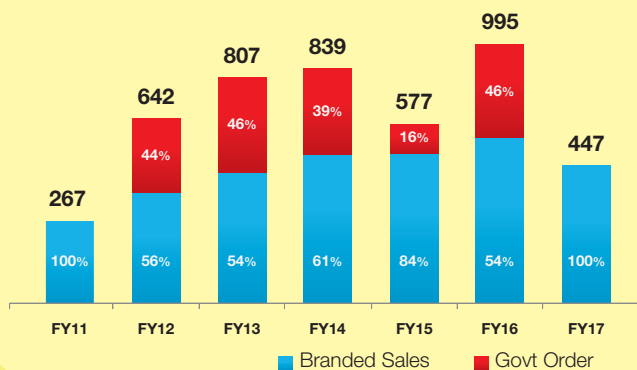


Annual Report 2017

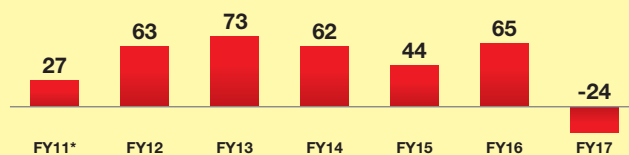


Butterfly Gandhimathi Appliances Limited

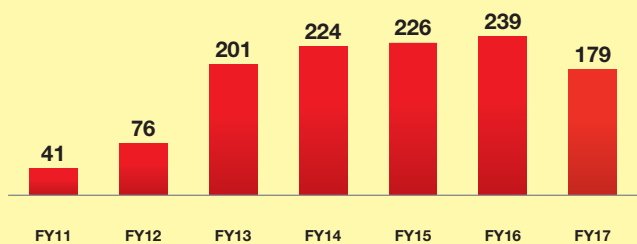
Annual Revenue (₹. crore)



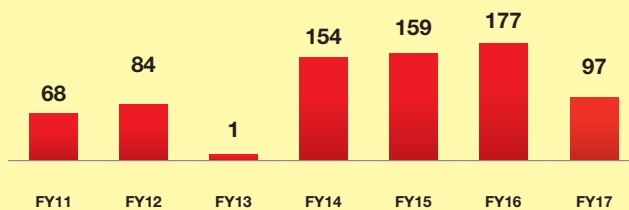
EBITDA (₹. crore)



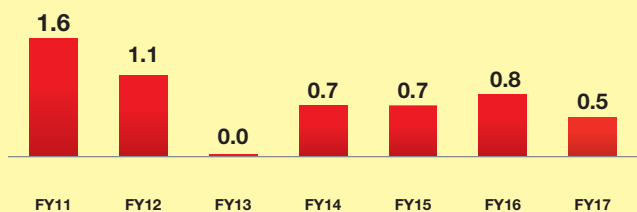
Net Worth (₹. crore)



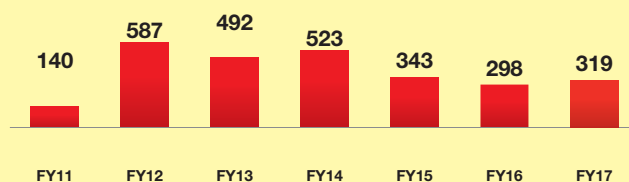
Net Debt (₹. crore)



Net Debt - Equity Ratio



Market Cap (₹. crore)



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

ANNUAL REPORT - 2017

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BOARD OF DIRECTORS

Mr.V.M.Lakshminarayanan	Chairman & Managing Director
Mr.V.M.Balasubramaniam	Vice Chairman & Managing Director
Mr.V.M.Seshadri	Managing Director
Mr.V.M.Gangadharam	Executive Director
Mr.V.M.Kumaresan	Executive Director – Technical
Mr.K.Ganesan	Independent Director
Mr.M.Padmanabhan	Independent Director
Mr.A.Balasubramanian	Independent Director
Mr.K.J.Kumar	Independent Director
Mr.G.S.Samuel	Independent Director
Mr.T.R.Srinivasan	Independent Director
Mrs.Maheshwari Mohan	Woman Independent Director
Mr.Anand Munda	Nominee Director –Equity Investor
Mr.Prakash Iyer	Chief Executive Officer
Mr.K.S.Ramakrishnan	Company Secretary & General Manager – Legal
Mr.R.Nagarajan	Chief Financial Officer

STATUTORY AUDITORS

M/s.Rudhrakumar Associates
Chartered Accountants
11, Mangesh Street
T.Nagar, Chennai - 600017

COST AUDITORS

M/s.S.Mahadevan & Co,
Cost Accountants
1, Lakshmi Nivas K.V.Colony, Third Street,
West Mambalam, Chennai -600033

REGISTERED OFFICE

143, Pudukkamm Village,
Vandalur-Kelambakkam Road,
Kelambakkam – 603103
Kancheepuram District, Tamil Nadu
Phone : 044-47415590/92-93
e-mail: butterflyho@butterflyindia.com

CORPORATE OFFICE

E-34, Second Floor,
Rajiv Gandhi Salai, Egattur Village,
Navalur- 600130,
Kancheepuram District, Tamil Nadu
Phone : 044-49005154/180
Email: cs@butterflyindia.com

Website: www.butterflyindia.com

REGISTRAR & SHARE TRANSFER AGENT

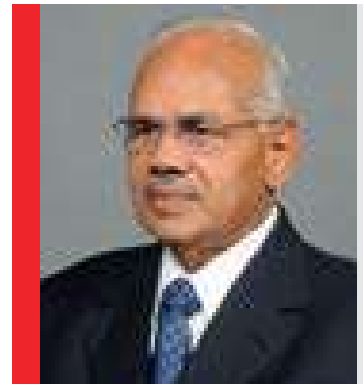
GNSA Infotech Ltd, STA Department, F-Block, 4th Floor, 115, Nelson Manickam Road,
Aminjikarai, Chennai - 600029, Phone: 044-42962025, Email: sta@gnsaindia.com

BANKERS

State Bank of India • Axis Bank • IDBI Bank • Kotak Mahindra Bank • Bank of Maharashtra

Chairman's Message

Mr. V. M. Lakshminarayanan,
Chairman & Managing Director,



Dear Fellow Shareholders,

The Financial year 2016-17 was a year of several surprises and challenges, in equal measure, to trade and industry as also to the common consumer. On a larger canvas, the global economy was caught in crosshairs of sluggish demand and currency volatility. These were ultimately reflected in the growth rates of large economies. In an era of global integration, Indian economy cannot remain totally insulated from the global currents. To face these challenges, it must be said to the credit of our policy makers, a number of measures have been initiated both on the policies front and in boosting investment, particularly in the infrastructure. These initiatives coupled with concrete ground-level action on Financial inclusion are expected to yield results from the current year onwards and will lay a solid foundation for a sustainable growth, by generating employment and the resultant push in consumption.

The kitchen appliances segment which had witnessed an exponential growth trend for the last few decades, started slowing down over the last couple of years due to a variety of factors such as volatility in the prices of raw materials besides uncertainties in their availability, aggravated by natural calamities like floods and cyclones in the areas where your company's products have strong presence. Another factor that impacted the retail sales adversely was demonetization though this measure would benefit the nation in the long run.

The aforesaid reasons adversely affected the performance of the company both in respect of top line and the bottom line during the period under review. Total revenues stood at Rs.447.35 crores for the year. But one notable feature was that the entire revenue came from the company's branded products without any Government order. The adverse conditions discussed above were converted by your company into an opportunity to focus on more efficient management of our working capital and for improving the hold on the South Indian market through enhanced relationship program with the distributors and through modern retails. The implementation of the much awaited GST is expected to benefit the industry through the efficiency and efficacy of new taxation system.

The company is striving to achieve a quick turnaround through effective cost rationalization, greater market penetration and an efficient working capital management. We do believe that the committed team in your company will achieve the aforesaid objective. I take this opportunity to express my deep sense of gratitude to all our customers, suppliers, banks, employees at all levels and to you all for your continued support.

Yours sincerely,
Chairman.

Butterfly Gandhimathi Appliances Limited

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirtieth 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 Thursday, 7th September, 2017 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March 2017 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr.V.M.Seshadri (DIN 00106506), who retires by rotation, and, being eligible offers himself for reappointment.
3. To appoint the Statutory Auditors of the Company.

RESOLVED THAT pursuant to Section 139 and 142 and other applicable provisions, if any, of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules 2014 made thereunder M/s. ASA & Associates LLP, Chartered Accountants, Chennai [FRN:009571N/N500006], be and is hereby appointed as Statutory Auditors of the Company to hold office for a period of five consecutive years commencing from the conclusion of thirtieth Annual General Meeting till the conclusion of the thirty fifth Annual General Meeting of the Company, on such remuneration as may be agreed between the Auditors and the Board of Directors of the Company, in addition to applicable taxes, travelling and other out of pocket expenses actually incurred by them, subject to ratification of the appointment by the members at every Annual General Meeting.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act 2013 and the Rules made thereunder, approval is hereby accorded for the remuneration of Rs.1,75,000/- (Rupees One lakhs seventy five thousand

only) plus taxes as applicable and reimbursement of travel and out of pocket expenses, to be paid to M/s.S.Mahadevan & Co., Cost Accountants (Regn. No.000007), Chennai approved by the Board as Cost Auditors for conducting the audit of cost records of the Company, for the financial year ending 31st March 2018, as recommended by the Audit Committee and approved by the Board of Directors of the Company.

Navalur – 600 130
Date: 05.07.2017

By Order of the Board
K.S.Ramakrishnan
Company Secretary &
General Manager - Legal

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer Books of the Company will remain closed from 01.09.2017 to 07.09.2017 (both days inclusive) for annual closing.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies (Proxy Form attached herewith) to attend and vote on a poll instead of himself/herself. Such a proxy/proxies need not be a member of the Company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the share capital of the Company. The instrument of proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarial certified copy of that Power of authority in order to be effective shall be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours (forty eight hours) before the commencement of the Meeting. Proxies submitted on behalf of the companies/societies, etc., must be supported by an appropriate resolution/authority, as applicable.
4. The necessary documents in relation to the proposed resolutions shall be open for inspection at the Registered Office of the Company during

NOTICE TO THE SHAREHOLDERS

business hours, from Monday to Friday and will also be available for inspection at the Annual General Meeting.

5. Members/Proxy holders are requested to affix their signatures at the space provided in the Attendance Slip and handover the slip at the entrance of the meeting hall.
6. Corporate Members/Societies are requested to send a duly certified copy of the Board of Directors/ Governing Bodies resolution/Power of Attorney authorising their representative to attend and vote on their behalf at the Annual General Meeting.
7. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
8. The Members are informed that in the case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. In terms of the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with Company's) Rules 2012 ('IEPF Rules'), the Company has uploaded the information in respect of the unclaimed dividends for financial years from 2010-2011, 2011-12, 2012-13 as on the date of the twenty ninth Annual General Meeting held on 5th August, 2016 on the website of the IEPF viz., www.iepf.gov.in and under 'Investor Section' on the website of the Company viz., www.butterflyindia.com. Members who have not encashed their dividend warrants are advised to write to the Company/its Share Registrars immediately claiming the unencashed dividends declared by the Company.
10. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statements of holdings

should be obtained from the concerned Depository Participant and holdings should be verified.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Income Tax Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they are maintaining their Demat Account. Members holding shares in physical form can submit their PAN details to the Company/its Share Registrars.
12. Members are requested to update their preferred e-mail ids with the Depository Participants/ Company's Registrar and Transfer Agents, which will be used for the purpose of sending the official documents through e-mail in future.
13. Electronic copy of the Notice of the thirtieth Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the thirtieth Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.
14. Members may note that the Notice of the Thirtieth Annual General Meeting and the Annual Report 2017 will also be available on the Company's website www.butterflyindia.com for their download. The physical copies of the above documents will also be available at the Company's registered office for inspection during normal business hours on working days, excepting Saturdays. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the

NOTICE TO THE SHAREHOLDERS

shareholders may send request to the Company's investor email ID: cs@butterflyindia.com.

15. Voting through Electronic means:

- (i) In compliance with provisions of Section 108 of the Companies Act 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 (Amended Rules 2015) and Regulation 44 of the SEBI (LODR) Regulations 2015 the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the thirtieth Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).
- (ii) The Notice of the AGM of the Company inter-alia indicating the process and manner of e-voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com> or www.butterflyindia.com
- (iii) The remote e-voting period commences on 04.09.2017 (9.00 a.m.) and ends on 06.09.2017 (5.00 p.m.). During this period members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 31.08.2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (iv) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 31.08.2017. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e., 31.08.2017 may obtain login ID and password by sending a request at evoting@nsdl.co.in or sta@gnsainfotech.com.
- (v) The facility for voting through ballot paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting as per (i) above shall be able to exercise their right at the meeting through ballot paper.
- (vi) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- (vii) **The procedure to login to e-voting website is given below:**
 1. Open email and open PDF file viz., "Butterfly Gandhimathi e-voting.pdf" with your client ID (in case you are holding shares in demat mode) or folio number (in case you are holding shares in physical mode) as password which contains your "user ID" and "password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
 2. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 3. Click on "Shareholder – Login".
 4. Put user ID and password as initial password noted in step (1) above and Click login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com.
 5. Password Change Menu appears. Change the password with new password of your choice with minimum eight digits/characters or combination thereof.
 6. Home page of remote 'e-voting' opens. Click on e-voting: Active Voting Cycles.
 7. Select 'EVEN' of Butterfly Gandhimathi Appliances Limited. Members can cast their

NOTICE TO THE SHAREHOLDERS

vote online from 04.09.2017 (9.00 a.m) to 06.09.2017 (5.00 p.m).

Note: e-voting shall not be allowed beyond said time.

8. Now you are ready for remote 'e-voting' as 'Cast Vote' page opens.
9. Cast your vote by selecting appropriate option and click on "SUBMIT" and also "CONFIRM" when prompted. Upon confirmation, the message "Vote Cast Successfully" will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
10. Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant Board resolution/ authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through an email to evoting@akjainassociates.com with a copy marked to evoting@nsdl.co.in.

Please note the following:

A member may participate in the AGM even after exercising his right to vote through remote e-voting, but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

Other Information:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login ID and password can be used by you exclusively for e-voting on the resolutions

placed by the companies in which you are the shareholder.

- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.:1800-222-990.

In case a member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Depository Participant(s)/Company's Registrars and Share Transfer Agents or requesting physical copy):

- (i) Initial password is provided as below/at the bottom of the attendance slip for the AGM

REVEN (Remote E-Voting Event Number)	
USER ID	PASSWORD/PIN

- (ii) Please follow all steps from Sl.No. (2) to Sl.No.(10) above, to cast vote.
- (iii) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and Password for casting your vote.
- (iv) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (v) The voting right of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, i.e.31.8.2017.
- (vi) A person whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of Remote e-voting as well as Voting at the AGM through ballot paper,
- (vii) Mr.Balu Sridhar (C.P.No.3550), Partner, M/s.A.K.Jain Associates, Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting

NOTICE TO THE SHAREHOLDERS

process in a fair and transparent manner for the purpose of e-voting.

- (viii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 - (ix) The Scrutinizer after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two (2) witnesses not in employment of the Company and shall make, not later than three days, of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter-sign the same and declare the result of the voting forthwith.
 - (x) The Results declared along with the scrutinizer's report shall be placed on the Company's website www.butterflyindia.com and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE / NSE, Mumbai.
16. Members/Proxies are requested to bring their copies of the Annual Report to the meeting.
 17. The Company's equity shares are listed with Bombay Stock Exchange and the National Stock Exchange of India Ltd.
 18. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s.GNSA Infotech Ltd. for consolidation into a single folio.
 19. For the convenience of members willing to attend the Annual General Meeting, the Company proposes

to arrange pick up bus/van from Tambaram and Madhya Kailash (Adyar). The bus/van will be placed opposite to Hindu Mission Hospital, Tambaram and Madhya Kailash Temple, Adyar between 9.00 a.m to 9.45 a.m on 7.9.2017. Members are requested to produce their attendance slip/proxy form for availing this facility. The road maps respectively from Tambaram and Madhya Kailash to the Company's Registered Office are given before to the Attendance Slip.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 :

Item No.4: Remuneration of Cost Auditors:

The Board of Directors of the Company, on recommendation of Audit Committee, approved the appointment of M/s.S.Mahadevan & Co., Cost Accountants (Regn.No.000007), Chennai as Cost Auditors, to conduct the Audit of the cost records of the Company for the financial year ending 31st March 2018.

In accordance with the provisions of Section 148 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors has to be approved by the shareholders of the Company.

Accordingly, consent of the Members is sought for passing an ordinary resolution as set out in Item No.4 of the Notice for approval of the remuneration amounting to Rs.1,75,000/- (Rupees One lakhs and seventy five thousand only) plus applicable taxes, travel and out of pocket expenses to the Cost Auditors for the financial year ending on 31.3.2018.

The Board commends the above resolution for approval of the members.

MEMORANDUM OF INTEREST:

None of the Directors or key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution.

NOTICE TO THE SHAREHOLDERS

Additional Information on directors recommended for appointment/ re-appointment as required under Regulation 36(3) of the SEBI (LODR) Regulations, 2015:

Name of the Director	V.M.Seshadri
DIN	00106506
Date of Birth	04.11.1952
Date of Appointment	01.06.2011
Expertise in specific Functional area	Promoter-Entrepreneur. 'Hands-on' experience of over four decades in all key management area of the home appliances industry.
Qualification	Matriculation
List of Outside Directorship held	Nil
Chairman/Member of the Board of Directors of the Company	Member of the Board – Managing Director
Chairman/Member of the Committee of Directors of other Companies in which he is a Director. Audit Committee Nomination & Remuneration Committee Stakeholders' Grievance Committee	Nil
Shareholding if any, in the Company	1251673 (7%)
Relationship between Director, inter-se	Messrs.V.M.Lakshminarayanan. Chairman & Managing Director, V.M. Balasubramaniam, Vice Chairman & Managing Director, V.M.Gangadharam, Executive Director and V.M.Kumaresan, Executive Director-Technical of the Company, being relative of Mr.V.M.Seshadri, Managing Director, who are deemed to be interested in this Resolution

Navalur – 600 130
Date: 05.07.2017

By Order of the Board
K.S.Ramakrishnan
Company Secretary &
General Manager - Legal

REPORT BY BOARD OF DIRECTORS TO SHAREHOLDERS

Your Directors have pleasure in presenting this thirtieth Annual Report together with the Audited Statement of Accounts for the financial year ended on 31st March 2017.

FINANCIAL RESULTS:

The Company's financial performance for the year ended 31st March 2017 is summarised below:

(Rs. in lakhs)

	Financial Year ended on 31 March 17	Financial Year ended on 31 March 16
Revenue from Operations (Gross)	44,734.60	99,459.67
LESS: Excise Duty	4,501.26	9,365.48
Revenue from Operations (Net)	40,233.34	90,094.19
Other Income	317.80	537.66
Operating Expenditure	42,925.86	84,112.08
Operating Profit/(Loss)	(2,692.52)	5,982.11
Profit/(Loss) before Depreciation and Finance cost	(2,374.52)	6,519.77
Finance Cost	2,124.64	3,447.75
Depreciation	1,161.48	1,154.92
Profit/ (Loss) before Tax	(5,560.84)	1,917.10
IT/Deferred Tax for the current year	(111.01)	678.10
Profit/ (Loss) after Tax	(5,549.83)	1,239.00

2. REVIEW OF OPERATIONS:

The Company registered a gross turnover of Rs.447.35 crores for the period ended 31st March, 2017 against Rs.994.60 crores including Government Agencies sales of Rs.432.70 crores as compared to previous year ended on 31st March 2016. After completion of the Government supplies made to Tamil Nadu Government and Pondicherry Co-Operative Wholesales Stores Limited, the Company achieved the above turnover only through branded sales. The de-growth was mainly due to demonetization, volatility in raw material prices and continuous weak consumer sentiments during the festive season especially in southern states due to natural calamities.

3. DIVIDEND:

Considering the loss incurred by the Company, the Board of Directors does not recommend any dividend for the financial year under review on equity shares.

4. DIRECTORS:

Mr.V.M.Seshadri (DIN No.00106506), Director retires by rotation from the Board, pursuant to the provisions of section 152(6) (c) of the Companies Act, 2013 and, being eligible, offers himself for reappointment.

Consequent to the resignation of Mr.Prakash Iyer from M/s.Fairwind Private Equity (formerly Reliance Alternative Investment Fund – Private Equity Scheme-I), his nomination has been withdrawn and Mr.Anand Mundra was appointed as a Nominee Director by M/s. Fairwind Private Equity (formerly Reliance Alternative Investment Fund Private Equity Scheme –I), pursuant to the provisions of Article 112 of the Company's Articles of Association and Section 161(3) of the Companies Act 2013 with effect from the close of 05.08.2016.

5. MANAGEMENT DISCUSSION AND ANALYSIS:

The Directors' comments on Management Discussion and Analysis, which forms a part of this report, are restricted to the areas which are relevant to the current scenario of the Company and outlook.

6. CREDIT RATING:

The Company is retaining the following CRISIL's credit ratings for its bank facilities.

Long Term Rating	CRISIL BBB+
Short Term Rating	CRISIL A2

7. DIRECTORS RESPONSIBILITY STATEMENT:

In pursuance of Section 134(5) of the Act, the Directors hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

REPORT BY BOARD OF DIRECTORS TO SHAREHOLDERS

- (b) The directors had selected such accounting policies and applied them consistently and made judgments 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 of the profit & Loss of the Company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

8. CORPORATE GOVERNANCE:

The Report on Corporate Governance along with a certificate from the Statutory Auditors as required under the various provisions of the Companies Act, 2013 and as stipulated under the SEBI (LODR) Regulations, 2015 is annexed to this Report.

9. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTY TRANSACTIONS:

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an 'arm's length' basis. The Company had not entered into any contract/arrangement/transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Company enjoys distinct advantages in the form of competitive prices, product quality, economy in transportation cost and lower inventories by virtue of the existing related party transactions.

Particulars of contract or arrangements with related parties referred to in Section 188 (1) in Form AOC-2 has been annexed as **Annexure - I**

10. RISK MANAGEMENT:

The Board has formulated the Company's Risk Management Policy, identifying the elements of risk that the Company may face, such as strategic, financial, credit, market, liquidity, security, property, legal, regulatory and other risks, pursuant to the provisions of Section 134 (3) (n), which has been exhibited in the Company's website.

11. INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate and effective internal financial control system commensurate with its size and operations.

12. DECLARATION FROM INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each Independent Director under section 149 (7) of the Act that they meet with the criteria of their independence laid down in Section 149 (6).

13. APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION:

Pursuant to the provisions of Section 178 (3) read with Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 19(4) read with Schedule II Part -D of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director and for evaluating performance of the Directors and Key Management Personnel, which can be viewed at the Company's website www.butterflyindia.com.

REPORT BY BOARD OF DIRECTORS TO SHAREHOLDERS

14. KEY MANAGERIAL PERSONNEL (KMP):

The following managerial personnel are Key Managerial Personnel (KMP):

- Mr.V.M.Lakshminarayanan, Chairman & Managing Director
- Mr.V.M.Balasubramaniam, Vice-Chairman & Managing Director
- Mr.V.M.Seshadri, Managing Director
- Mr.V.M.Gangadharam, Executive Director
- Mr.V.M.Kumaresan, Executive Director -Technical
- Mr.Prakash Iyer, Chief Executive Officer w.e.f. 5.8.2016.
- Mr.K.S.Ramakrishnan, Company Secretary & General Manager–Legal w.e.f.1.7.2016
- Mr.R.Nagarajan, Chief Financial Officer

15. PROGRAMME FOR FAMILIARISATION OF INDEPENDENT DIRECTORS:

The details of programme for familiarization of independent directors of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at its link www.butterflyindia.com.

16. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee of the Company has formulated and devised policies regarding qualifications, positive attributes and independence of a Director as also a policy relating to the remuneration for the Directors and Key Management Personnel. The Company's policy in this regard is exhibited in its website www.butterflyindia.com.

17. PERFORMANCE EVALUATION OF DIRECTORS:

The independent Directors of the Company held a separate meeting on 29.03.2017 without the attendance of non-independent Directors and members of management. At the said meeting, they reviewed the performance of non-independent Directors and the

Board as a whole, including the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Director. Similarly, at a meeting of the Board of Directors held on 7.4.2017, the Board evaluated the performance of each Independent Directors and the Committees represented by such Independent Directors in accordance with the parameters for such evaluation formulated by the Nomination and Remuneration Committee of the Company.

18. AUDITORS AND AUDITORS REPORT:

Statutory Auditors:

Under Section 139 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules 2014, the term of M/s.Rudhrakumar Associates (FRN 007033 S), Chartered Accountants, Chennai as the Statutory Auditor of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company. The Board wishes to place on record its appreciation for the valuable contribution/services made by them to the Company during their long tenure.

The Board of Directors of the Company at their meeting held on 5.7.2017 on the recommendation of the Audit Committee, have made its recommendation for the appointment of M/s.ASA Associates LLP, Chartered Accountants, (FRN 009571N/N500006) as Statutory Auditors of the Company by the Members at the Thirtieth Annual General Meeting of the Company for an initial term of five years. Accordingly, a resolution, proposing appointment of M/s.ASA Associates LLP, Chartered Accountants as a Statutory Auditors of the Company for a term of five consecutive years (i.e.) from the conclusion of Thirtieth Annual General Meeting of the Company till the conclusion of the thirty fifth Annual General Meeting of the Company, subject to ratification of the appointment by the Members at every Annual General Meeting.

Pursuant to Section 139 of the Companies Act 2013, forms part of the notice of the thirtieth Annual General Meeting of the Company.

19. COST AUDITORS:

The Board has reappointed M/s.S.Mahadevan & Co., Cost Auditors (FRN.000007), No.1, Lakshmi Nivas, K.V.Colony, Third Street, West Mambalam, Chennai – 600 033 for

REPORT BY BOARD OF DIRECTORS TO SHAREHOLDERS

conducting the audit of cost records of the Company for the financial year 2017-18. Their report for financial year 2015-16 was filed on the MCA Portal on 27.08.2016.

20. SECRETARIAL AUDIT:

The Board has appointed Mr.T.Murugan, Company Secretary in Practice, [COP No.4393], M-22E, Sri Subah Colony, Munusamy Road, K.K.Nagar, Chennai – 600 078 to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31.3.2017 is annexed to this report as **Annexure II**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

21. DISCLOSURES:

Audit Committee:

The Audit Committee comprises Independent Directors, viz., Messrs.K.Ganesan (Chairman), M.Padmanabhan and A.Balasubramanian (Members) all Chartered Accountants and also V.M.Lakshminarayanan, Chairman & Managing Director of the Company as a Member. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism:

The Company has established vigil mechanism for directors and employees to report genuine concerns pursuant to section 177 (9) and (10) of the Act and Regulation 22 of the Listing Regulations, 2015.

The Vigil Mechanism of the Company also incorporates a Whistle Blower Policy in terms of the Listing Regulations. Protected disclosures can be made by a Whistle Blower through an email or dedicated telephone line or a letter addressed to the Chairman of the Audit Committee/ Executive Director of the Company. The Company's Whistle Blower Policy may be accessed on its website at the link www.butterflyindia.com.

Meetings of the Board:

The Board met seven times during the financial year. The meeting details are provided in the Corporate Governance Report forming part of this Board's Report.

Conservation of energy, technology, absorption and foreign exchange out go:

Information relating to energy conservation, technology absorption, foreign exchange earned and spent and research and development activities undertaken by the Company in accordance with Section 134 (3) (m) of the Act read with Rule 8(3) of Companies (Accounts) Rules, 2014, are given in **Annexure – III** of the Directors' Report.

Extract of Annual Return:

As required pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules 2014, an extract of Annual Return in Form MGT-9 is given in **Annexure – IV** of the Directors' Report.

Statement pursuant to Rule 5 (1), (2) & (3) of Companies (Appointment and remuneration) Rules 2014:

Information as per Section 197 (12) of the Companies Act 2013 read with Rules 5 (1), (2) & (3) of Companies (Appointment and Remuneration) Rules 2014 is annexed as **Annexure V**.

Payment of remuneration made to managerial personnel is in conformity with Schedule V Part II Section II (A) to the Companies Act 2013.

Corporate Social Responsibility Committee:

Pursuant to the provisions of Section 135(1) of the Act, the Company has constituted a Corporate Social Responsibility Committee, consisting two Independent Directors and the Chairman & Managing Director of the Company. The said Committee has formulated and recommended to the Board a Corporate Social Responsibility Policy (CSR Policy), indicating the activities to be undertaken by the Company, which has been approved by the Board.

During the year under review, the Company created a plan to ensure that its CSR initiatives are truly beneficial to the community in the long run. The company initiated CSR projects in the area of education, environment and

REPORT BY BOARD OF DIRECTORS TO SHAREHOLDERS

community/social development having duration of more than one year. For this reasons, during the year, the Company's spending on the CSR activities has been less than the prescribed limits. The Company regularly spends significant amounts of money on various activities aimed at serving communities around the factories. That our Company was always contributing to CSR activities much before it was even mandated for several years now. The Company will keep this momentum; despite spend on such social responsibility activities not qualifying as CSR expenses under the Companies Act 2013.

The CSR committee confirmed that the implementation and monitoring of CSR Policy is in compliances with CSR objectives and Policy of the Company.

Details of CSR Activities are annexed as **Annexure VI**.

Listing with Stock Exchanges:

The Company confirms that it has paid the Annual Listing Fee for the year 2017-18 to both National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd., with whom the equity shares of the Company have been listed.

22. GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items, as they are not applicable for the financial year under review:

1. Details relating to deposits covered under chapter V of the Act;
2. Details regarding investment/loan/guarantee, attracting the provisions of section 186 of the Act;
3. Issue of equity shares with differential rights as to dividend, voting or otherwise;
4. Issue of shares (including sweat equity shares) to employees of the Company under any scheme;

5. Material orders, if any, passed by the Regulators or Courts or Tribunals which may impact the going concern status and Company's operations in future;
6. Case, if any, filed under the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act 2013.

There are no material changes and commitments, affecting the financial position of the Company which have occurred between financial year ended 31.03.2017 and the date of this report.

23. 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.

24. ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank, in particular State Bank of Travancore, Industrial Development Bank of India Ltd., Axis Bank, Kotak Mahindra Bank Ltd, State Bank of India, Fullerton India Credit Company Ltd, Indian Oil Corporation Ltd., Bharat Petroleum Corporation Ltd. and Hindustan Petroleum Corporation Ltd. for the co-operation extended by them. Our thanks are also due to employees at all levels, suppliers, distributors, dealers and customers for their strong support.

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

Navalur – 600 130
Date - 05.07.2017

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

ANNEXURE - 1

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTY REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013

FORM NO.AOC - 2

(Pursuant to clause (h) of Sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain 'arms length' transaction under third proviso thereto, for the financial year ended 31.3.2017.

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL
2. Details of material contracts or arrangements or transactions at arm's length basis/related party's appointment to any office or place of profit in the Company

Sl.No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transaction	"Duration of the contracts/ arrangements/ transaction"	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board/ Members at General Meeting	Amount paid as advances, if any
1	East West Combined Industries - The Proprietor is daughter of Mr.V.M.Seshadri, Managing Director	Supply of components for Table Top Wet Grinders/Mixer Grinders	01.04.2016 to 31.03.2017	The prices charged from time to time for each component shall not exceed the prices charged by other competitive manufacturers. Aggregate value of supplies shall not exceed Rs.10 crores for the financial year.	26.03.2016	NIL
2	Mrinalini Industries - Partners are 'relatives' of Mr.V.M.Gangadharam, Executive Director	Supply of components for Mixer Grinders and LPG Stoves	01.04.2016 to 31.03.2017	The prices charged from time to time for each component shall not exceed the prices charged by other competitive manufacturers. Aggregate value of supplies shall not exceed Rs.8 crores for the financial year.	26.03.2016	NIL
3	Sivagurunathan Industries - Partners are 'relatives' of Messers. V.M.Lakshminarayanan, Chairman and Managing Director, V.M.Seshadri, Managing Director and V.M.Gangadharam, Executive Director.	Supply of Master/printed carton boxes and gaskets for pressure cookers	01.04.2016 to 31.03.2017	The prices charged from time to time for each component shall not exceed the prices charged by other competitive manufacturers. Aggregate value of supplies shall not exceed Rs.10.45 crores for the financial year.	26.03.2016	NIL

ANNEXURE - 1

Sl.No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transaction	"Duration of the contracts/ arrangements/ transaction"	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board/ Members at General Meeting	Amount paid as advances, if any
4	H&S Supply Chain Sevices Pvt. Ltd. - Directors are 'relatives' of Mr.V.M.Seshadri, Managing Director.	Providing 3PL Logistic services	01.04.2016 to 31.03.2017	Rates charged for services from time to time shall not exceed the rates quoted by other competitors. The aggregate annual charges paid shall not exceed 2.6% on Company's gross annual turnover (less VAT) in South India.	26.03.2016	NIL
5	LLM Appliances Private Limited - Directors are Messrs.V.M.Balasubramaniam, V.M.Gangadharam and V.M.Kumaresan who are the Promoter-Directors of the Company	Purchase of Utensils	01.04.2016 to 31.03.2017	Rates are as per prevailing price of LLM Appliances Private Limited to other distributors - not exceeding Rs.10 crores	26.03.2016	NIL
6	Bean and Leaf Beverages Private Limited - Directors are relatives of Messrs.V.M.Lakshminarayanan V.M.Balasubramaniam and V.M.Kumaresan	Beverage Vending Services	01.04.2016 to 31.03.2017	Not exceeding the charges of other vendors for similar service - not exceeding 12 lakhs	26.03.2016	NIL
7	Chrysalis Home Needs Private Limited - Directors are 'relatives' of Messrs.V.M.Lakshminarayanan and V.M.Seshadri	Sale of goods	01.04.2016 to 31.03.2017	At prices charge from time to time by the Company for their distributors.- not exceeding Rs.5 lakhs.	26.03.2016	NIL
8	Butterfly Industrial Designs Private Limited - Directors are relatives of Messrs.V.M.Balasubramaniam and V.M.Kumaresan	Receipt of rental	01.04.2016 to 31.03.2017	At the prevailing rental charges in Rajiv Gandhi Salai. - not exceeding Rs. 6 lakhs	26.03.2016	-
9	Butterfly Industrial Designs Private Limited - Directors are relatives of Messrs.V.M.Balasubramaniam and V.M.Kumaresan	Design supply and services	01.04.2016 to 31.03.2017	Aggregate net value for the services rendered by BIDPL shall not exceed Rs.75 lakhs.	10.11.2016	NIL
10	Mr.V.M.L.Karthikeyan - Son of Mr.V.M.Lakshminarayanan, Chairman and Managing Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Senior Vce President - Marketing. Salary and perquisites not exceeding Rs.29,95,200/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL

ANNEXURE - 1

Sl.No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transaction	"Duration of the contracts/ arrangements/ transaction"	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board/ Members at General Meeting	Amount paid as advances, if any
11	Mr.V.M.G.Viswanathan - Son of Mr.V.M.Gangadharam, Executive Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Senior Vice President - Materials Management. Salary and perquisites not exceeding Rs.29,08,800/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL
12	Mr.V.M.L.Senthilnathan - Son of Mr.V.M.Lakshminarayanan, Chairman and Managing Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Senior Vice President - Technical. Salary and perquisites not exceeding Rs.29,08,800/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL
13	Mr.V.M.L.Ganesan - Son of Mr.V.M.Lakshminarayanan, Chairman and Managing Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Vice President - Finance. Salary and perquisites not exceeding Rs.28,22,400/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL
14	Mr.V.M.G.Mayuresan - Son of Mr.V.M.Gangadharam, Executive Director	Holding office or place of profit in the Company	From 1.06.2013 onwards	Working as Vice President - Corporate Strategy. Salary and perquisites not exceeding Rs.27,64,800/-p.a.	26.07.2013 (Special Resolution at AGM)	NIL

Place : Navalur - 600 130
Date : 05.07.2017

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

ANNEXURE II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31.03.2017

To

The Members,
Butterfly Gandhimathi Appliances Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Butterfly Gandhimathi Appliances Limited (Hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and Returns filed and other records maintained by M/s. Butterfly Gandhimathi Appliances Limited for the financial year ended on 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the "**Act**") and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(v) The Other laws specifically applicable to this Company are as follows:

- (a) Factories Act 1948
- (b) Shops and Establishment Act
- (c) The Legal Meteorology Act, 2009
- (d) The Patents Act, 1970
- (e) Trademarks Act 1999
- (f) The Designs Act, 2000

I have also examined compliance with the applicable clauses of the following:

- (i) Listing Agreement entered into by the Company with Bombay Stock Exchange & National Stock Exchange Ltd.
- (ii) Secretarial Standard on Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).

I report that, during the year under review, the company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above.

ANNEXURE II

I further report that, there were no actions/events in pursuance of:

- a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008:
- b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998,
- c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999,
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 requiring compliance thereof by the company during the financial year.

I further report that, based on the information provided by the Company, its officers and authorised representatives during the conduct of audit, in my opinion, adequate systems and processes and control mechanism exist in the company to monitor and ensure compliance with general laws like Labour and Environmental Laws.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws are subjected to review by statutory financial audit and other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations: NIL

I further report that

The Board of Directors of the Company is duly constituted with Proper balance of Executive Directors,

Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least Seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda Items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the chairman, the decisions of the Board were unanimous and no dissenting views have been expressed.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with Applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has:

Accorded members approval for availing credit facilities (apart from temporary loans obtained from the bankers in the ordinary course of business) exceeding the aggregate paid-up capital and free reserves and the total amount upto which the monies may be borrowed by the Directors shall not exceed the sum of Rs. 160 Crores.

Chennai
Date: 05.07.2016

Sd/-
T. Murugan
Practicing Company Secretary
Membership no: A11923
C.P No. 4393

ANNEXURE III

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

**[Pursuant to Section 134 (3)(m) of the Companies Act 2013
read with Rule 8 of Companies (Accounts) Rules 2014]**

[A] Conservation of Energy:

The Company has carried out the following activities during the financial year 2016-17, for energy conservation:

1. Installed Harmonic Filter in the electrical circuit thereby saving energy.
2. Conventional electric brakes removed and new pneumatic brakes introduced for power saving.
3. Conventional florescent bulbs replaced with LED lamps.
4. Bus Bar Trucking system introduced, replacing cables and Power Distribution Boards, reducing number of links and switches, thus reducing energy loss.
5. Introduce MCBs, replacing conventional fuse links, thus reducing energy loss.

[B] Technology absorption:

- (i) The efforts made towards technology absorption:
Regular initiatives are taken in updating the technology in the process area.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:
The benefits derived include product improvement and deduction in labour cost.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

- (a) The details of technology imported - No technology has been imported.
- (b) The year of import – Not Applicable
- (c) Whether the technology been fully absorbed - Not Applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - Not Applicable

(iv) the expenditure incurred on Research and Development :

(Rs. in lakhs)		
(a)	Capital	125.09
(b)	Recurring	9.31
(c)	Total	134.40

[C] Foreign Exchange earnings and outgo:

Foreign Exchange earnings : Rs. 926.28 lakhs

Foreign Exchange outgo : Rs. 6770.24 lakhs

Place : Navalur – 600 130

Date : 05.07.2017

For and on behalf of the Board

V.M.LAKSHMINARAYANAN

Chairman & Managing Director

ANNEXURE IV

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year Ended 31st March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	L28931TN1986PLC012728
ii) Registration Date	24.02.1986
iii) Name of the Company	Butterfly Gandhimathi Appliances Limited
iv) Category / Sub-category of the company	Public Limited Company
v) Address of the Registered Office and Contact Details	143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu
vi) Whether Listed Company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	

GNSA INFOTECH LTD.,
STA Department,
Nelson Chambers, 4th Floor, F-Block,
No.115, Nelson Manickam Road, Aminjikarai,
Chennai – 600 029
Email : sta@gnsaindia.com
Phone : 044-42962025

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% of more of the total turnover of the Company shall be stated:

Sl.No	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	LPG Stove	27504	35.81
2	Mixer Grinder	27501	26.18
3	Table Top Wet Grinder	27501	12.67
4	Pressure Cooker	27504	11.41

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl.No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
	NONE				

ANNEXURE IV

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) AS ON 31.03.2017

i) Category-wise Shareholding:

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
(a)	Individual / HUF	5091113	-	5091113	28.47	5092113	-	5092113	28.48	0.01
(b)	Central Govt. / State Govt(s).	-	-	-	-	-	-	-	-	-
(c)	State Govt(s).									
(d)	Bodies Corporate	6553665	-	6553665	36.65	6553665	-	6553665	36.65	-
(e)	Banks / FI									
(f)	Any other									
	Sub-Total (A)(1)	11644778	0	11644778	65.13	11645778	0	11645778	65.13	0.01
(2)	Foreign									
(a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b)	Other – Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	11644778	-	11644778	65.13	11645778	-	11645778	65.13	0.01
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds/UTI	615	30	645	-	615	5	620	-	-
(b)	Banks / FI	-	2000	2000	0.01	6504	2025	8529	0.05	0.04
(c)	Central Govt.	-	-	-	-	-	-	-	-	-
(d)	State Govt(s).	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Others (specify) [Reliance Alternative Investment Fund –Private Equity Scheme-I (Acting through Reliance Alternative Investments Services Pvt.Ltd).	2451000	-	2451000	13.71	2451000	-	2451000	13.71	0.00
	Sub-Total (B)(1)	2451615	2030	2453645	13.72	2458119	2030	2460149	13.76	0.04

ANNEXURE IV

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	Non-Institutions									
(a)	Bodies Corporate	884558	3254	887812	4.97	968098	3254	971352	5.43	0.47
(i)	Indian									
(ii)	Overseas									
(b)	Individuals									
(i)	Individual Shareholders holding Nominal Share Capital upto Rs.1 lakh	1457421	815784	2273205	12.71	1532355	795880	2328235	13.02	0.31
(ii)	Individual Shareholders holding Nominal Share Capital in excess of Rs.1 lakh	477123	-	477123	2.67	354651	-	354651	1.98	-0.68
(c)	Others (specify)									
(i)	Non Residential Indians	140685	2303	142988	0.80	117083	2303	119386	0.67	-0.13
	Sub-Total (B)(2)	2959787	821341	3781128	21.15	2972187	801437	3773624	21.11	-0.04
	Total Public Shareholding (B) = (B)(1) + (B)(2)	5411402	823371	6234773	34.87	5430306	803467	6233773	34.87	-0.01
(C)	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	17056180	823371	17879551	100.00	17076084	803467	17879551	100.00	0.00

ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	
1	V. M. Seshadri	1251673	7.00	-	1251673	7.00	-	0.00
2	V.M.Lakshminarayanan	1000965	5.60	-	1000965	5.60	-	0.00
3	V.M.Balasubramaniam	570130	3.19	-	570130	3.19	-	0.00
4	V. M. Gangadharam	494083	2.76	-	494083	2.76	-	0.00
5	V. M. Kumaresan	487804	2.73	-	487804	2.73	-	0.00
6	V. M. K. Mangalam	218947	1.22	-	218947	1.22	-	0.00
7	V. M. B. Unnamalai	217750	1.22	-	217750	1.22	-	0.00
8	V.M.L.ShenbagaLakshmi	217750	1.22	-	217750	1.22	-	0.00
9	V. M. G. Sivakami	217750	1.22	-	217750	1.22	-	0.00
10	V. M. S. Karpagam	217750	1.22	-	217750	1.22	-	0.00
11	V. M. L. Karthikeyan	76700	0.43	-	76700	0.43	-	0.00
12	Gandhimathi A	64500	0.36	-	64500	0.36	64500	0.00
13	V.M.S. Namasivayam	16495	0.09	-	16495	0.09	-	0.00

ANNEXURE IV

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	
14	Gangadharam Viswanathan	11300	0.06	-	16100	0.09	-	0.03
15	V.M.L.Senthilnathan	11055	0.06	-	11055	0.06	-	0.00
16	V M L Karthikeyan	5000	0.03	-	6000	0.03	-	0.01
17	Selvamuthukumaran V M S	4800	0.03	-	0	0.00	-	-0.03
18	V M G Mayuresan	3311	0.02	-	3311	0.02	-	0.00
19	V M S Kumaraguru	3350	0.02	-	3350	0.02	-	0.00
20	Butterfly Marketing Pvt. Ltd.	2835000	15.86	-	0	0.00	-	-15.86
21	LLM Appliances Limited	3046565	17.04	-	3046565	17.04	-	0.00
22	Butterfly Constructions Limited	672100	3.76	-	0	0.00	-	-3.76
23	V M Chettiar & Sons India Private Limited	0	0.00	-	3507100	19.62	-	19.62
	Total	11644778	65.13	-	11645778	65.13		

iii) Change in promoters' shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company"
At the beginning of the year	11644778	65.13	11644778	65.13
Sold 08-04-2016 (Selvamuthukumaran V M S)	4800	0.03	11639978	65.10
Bought 15-04-2016 (Gangadharam Viswanathan)	4565	0.03	11644543	65.13
Bought 22-04-2016 (Gangadharam Viswanathan)	235	0.00	11644778	65.13
29-04-2016 (Butterfly Marketing Pvt. Ltd. Transferred to V.M.Chettiar & Sons India Pvt.ltd due to Amalgamation)	2835000	15.86	8809778	49.27
29-04-2016 (Butterfly Constructions Limited Transferred To V.M.Chettiar & Sons India Pvt.ltd Due to Amalgamation)	672100	3.76	8137678	45.51
Transferred ON 29-04-2016 Due to Amalgamation of 4 & 5 Above. (V.M.Chettiar & Sons India Private Limited)	3507100	19.62	11644778	65.13
Bought 27-01-2017 (V M L Karthikeyan)	1000	0.01	11645778	65.13
Total at the end of the year	11644778	65.13	11645778	65.13

ANNEXURE IV

iv) Shareholding pattern of top ten shareholders:

(Other than directors, promoters and holders of GDRs and ADRs):

Sl No	For each of the top 10 shareholders name, date & reason of change	Shareholding		Date	Increase / decrease in shareholding	Reason	Cumulative shareholding during the year (1.4.16 to 31.3.17)	
		No. of shares at the beginning (1.4.16) / end of the year (31.3.17)	% of total shares of the company				No. of shares	% of total shares of the company
1	Reliance Alternative Investments Fund	2451000	13.71				2451000	13.71
2	Arksun Systems Solutions Private Limited	400000	2.24	22-Apr-16	705	sold - Demat	399295	2.23
				22-Apr-16	705	bought-Demat	400000	2.24
				08-Jul-16	900	sold - Demat	399100	2.23
				02-Sep-16	2744	sold - Demat	396356	2.22
				09-Sep-16	31	bought-Demat	396387	2.22
				16-Sep-16	2897	bought-Demat	399284	2.23
				23-Sep-16	716	bought-Demat	400000	2.24
				30-Sep-16	23500	sold - Demat	376500	2.11
				07-Oct-16	43167	sold - Demat	333333	1.86
				28-Oct-16	20000	sold - Demat	313333	1.75
				11-Nov-16	3000	sold - Demat	310333	1.74
				23-Dec-16	137	sold - Demat	310196	1.73
				17-Feb-17	9300	bought-Demat	319496	1.79
				24-Feb-17	16733	bought-Demat	336229	1.88
				03-Mar-17	22618	bought-Demat	358847	2.01
				10-Mar-17	3896	sold - Demat	354951	1.99
				31-Jul-17	7951	sold - Demat	347000	1.94
3	CSP Infrastructure Private Limited	140144	0.78	03-Jun-16	14856	bought-Demat	155000	0.87
				10-Jun-16	2000	bought-Demat	157000	0.88
				08-Jul-16	6000	bought-Demat	163000	0.91
				02-Sep-16	4867	bought-Demat	167867	0.94
				28-Oct-16	1043	sold - Demat	166824	0.93

ANNEXURE IV

SI No	For each of the top 10 shareholders name, date & reason of change	Shareholding		Date	Increase / decrease in shareholding	Reason	Cumulative shareholding during the year (1.4.16 to 31.3.17)	
		No. of shares at the beginning (1.4.16) / end of the year (31.3.17)	% of total shares of the company				No. of shares	% of total shares of the company
				27-Jan-17	12384	sold - Demat	154440	0.86
				03-Feb-17	2540	sold - Demat	151900	0.85
				10-Feb-17	1900	sold - Demat	150000	0.84
				24-Feb-17	500	bought-Demat	150500	0.84
				24-Mar-17	5000	sold - Demat	145500	0.81
4	Esvee Capital	126703	0.71	10-Jun-16	8474	bought-Demat	135177	0.76
5	Vidhi Nimish Shah	51000	0.29				51000	0.29
6	Jalpa Nimish Shah	38000	0.21				38000	0.21
7	Nitin Tandon	36990	0.21				36990	0.21
8	Jamish Investment Pvt. Ltd.	35000	0.20				35000	0.20
9	Shaktiman Steel Castings Pvt. Ltd.	0	0.00	28-Oct-16	24601	bought-Demat	24601	0.14
				04-Nov-16	6148	bought-Demat	30749	0.17
				11-Nov-16	4251	bought-Demat	35000	0.20
10	Aniket B Nikumb	0	0.00	28-Oct-16	9600	bought-Demat	9600	0.05
				04-Nov-16	2600	bought-Demat	12200	0.07
				11-Nov-16	1962	bought-Demat	14162	0.08
				18-Nov-16	13256	bought-Demat	27418	0.15
				25-Nov-16	2582	bought-Demat	30000	0.17
				02-Dec-16	3836	bought-Demat	33836	0.19
				09-Dec-16	157	bought-Demat	33993	0.19
				06-Jan-17	7	bought-Demat	34000	0.19
				20-Jan-17	2000	sold - Demat	32000	0.18
				03-Feb-17	2000	bought-Demat	34000	0.19
				17-Feb-17	1000	sold - Demat	33000	0.18
				24-Feb-17	1032	bought-Demat	34032	0.19
				03-Mar-17	4	sold - Demat	34028	0.19
				24-Mar-17	1028	sold - Demat	33000	0.18

ANNEXURE IV

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Name Name	Shareholding		Date	Increase / decrease in shareholding	Reason	Cumulative Shareholding during the year (1.4.16 to 31.3.17)	
		No. of shares at the beginning (1.4.16 / end of the year 31.3.17)	% of total shares of the company				No. of shares	% of total shares of the company
1	V. M. Lakshminarayanan Chairman & Managing Director	1000965	5.60	1.4.16 to 31.3.17	-	Nil movement during the year	1000965	5.60
2	V. M. Balasubramaniam Vice Chairman & Managing Director	570130	3.19	1.4.16 to 31.3.17	-	Nil movement during the year	570130	3.19
3	V. M. Seshadri Managing Director	1251673	7.00	1.4.16 to 31.3.17	-	Nil movement during the year	1251673	7.00
4	V. M. Gangadharam Executive Director	494083	2.76	1.4.16 to 31.3.17	-	Nil movement during the year	494083	2.76
5	V. M. Kumaresan Executive Director-Technical	487804	2.73	1.4.16 to 31.3.17	-	Nil movement during the year	487804	2.73
6	Prakash Iyer Chief Executive Officer	-	-	-	-	-	-	-
7	K.S.Ramakrishnan Company Secretary	-	-	-	-	-	-	-
8	R.Nagarajan Chief Financial Officer	-	-	-	-	-	-	-

Details of shareholders holding more than 5% shares in the company

Sl. No	Name of the Shareholder	31st March 2016		31st March 2017	
		Equity shares		Equity shares	
		No. of shares held	% of holding	No. of shares held	% of holding
1	V M Chettiar & Sons India Private Limited	0	0.00	3507100	19.62
2	LLM Appliances Private Limited	3046565	17.04	3046565	17.04
3	Reliance Alternative Investments Fund - Private Equity Scheme - I	2451000	13.71	2451000	13.71

ANNEXURE IV

(V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

₹ In lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	19,289.02	1,202.54	-	20,491.56
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	150.78	-	-	150.78
Total (i+ii+iii)	19,439.80	1,202.54	-	20,642.34
Change in Indebtedness during the financial year				
Addition	1,758.90	752.46		2,511.36
Reduction	9,104.20	-	-	9,104.20
Net Change	-7,345.30	752.46	-	-6,592.84
Indebtedness at the end of the financial year				
i) Principal Amount	12,005.44	1,955.00	-	13,960.44
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	89.06		-	89.06
Total (i+ii+iii)	12,094.50	1,955.00	-	14,049.50

ANNEXURE IV

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

₹ In lakhs

Sl. N	Particulars of Remuneration	Name of MD/WTD/ Manager						Total Amount
		V.M.Lakshminarayanan CMD	V.M. Balasubramaniam MD	V.M. Seshadri MD	V.M.Gangadharan ED	V.M. Kumaresan ED-Tech	D. Krishnamurthy EDCS	
1	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36.00	35.40	34.80	33.60	33.60	3.40	176.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7.20	7.08	6.96	6.72	6.72	0.68	35.36
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0	0.00	0.00
2	Stock Option	0	0	0	0	0	0.00	0.00
3	Sweat Equity	0	0	0	0	0	0.00	0.00
4	Commission	0	0	0	0	0	0.00	0.00
	- as % of profit							
	- others, specify...						0.00	0.00
5	Others, please specify	0	0	0	0	0	0.00	0.00
	Contribution to PF/Superannuation Funds	4.32	4.25	4.18	4.03	4.03	0.41	21.22
	Total (A)	47.52	46.73	45.94	44.35	44.35	4.49	233.38
	Ceiling as per the Act *	NA	NA	NA	NA	NA	NA	NA

* **NOTE:** The remuneration paid to MDs/Wholetime Directors named above are the minimum remuneration payable to them in the event of inadequacy of profits in any financial year during the currency of their tenure, as approved by the members through Special Resolutions, pursuant to the provisions of Schedule V Part II, Section 2(A) to the Companies Act 2013. Mr.D.Krishnamurthy, EDCS, ceased to be a Director as on 31.5.2016.

ANNEXURE IV

B. Remuneration to other Directors

₹ Rs

Sl No.	Name of Director	Fee for attending Board/ Committee Meetings	Commission	Others	Total
1	V.R.Lakshminarayanan (Independent Director)	60,000	-	-	60,000
2	K.Ganesan (Independent Director)	405,000	-	-	405,000
3	M.Padmanabhan (Independent Director)	300,000	-	-	300,000
4	A.Balasubramanian (Independent Director)	255,000	-	-	255,000
5	K.J.Kumar (Independent Director)	105,000	-	-	105,000
6	G.S.Samuel (Independent Director)	150,000	-	-	150,000
7	T.R.Srinivasan (Independent Director)	150,000	-	-	150,000
8	Mrs.Maheshwari Mohan (Woman Independent Director)	120,000	-	-	120,000
9	Prakash Iyer (Nominee Director - upto 5.8.2016)	45,000	-	-	45,000
	TOTAL	1,590,000	-	-	1,590,000

C. Remuneration to key Managerial Personnel other than MD/Manager/WTB

₹ In lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr.Prakash Iyer, CEO*	Mr.K.S.Ramakrishnan, CS	Mr.R.Nagarajan, CFO
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	75.16	22.57	17.92
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.40	1.01	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
5	Others, please specify			
	TOTAL	77.56	23.58	17.92

* Employed for part of the year

VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no Penalties / Punishment / Compounding of Offences against the Company, Directors and other Officers in default for the year ended 31st March 2017

ANNEXURE V

Disclosure pursuant to Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

1. Ratio of the remuneration to each Director to the median remuneration of the employees of the Company for the financial year ended on 31.3.2017:

Name of Director	Ratio of remuneration to the median remuneration of the Company's employees
Mr.V.M.Lakshminarayanan	25.61
Mr.V.M.Balasubramaniam	25.18
Mr.V.M.Seshadri	24.75
Mr.V.M.Gangadharam	23.90
Mr.V.M.Kumaresan	23.90

2. Percentage increase in remuneration of each Director, in the financial year ended on 31.3.2017:

There was no increase in remuneration of any one of the above named in the financial year ended on 31.3.2017.

3. Percentage increase in the median remuneration of employees in the financial year ended on 31.3.2017:

There was an increase of 2.33 % in the median remuneration of employees in the financial year ended on 31.3.2017.

4. Number of permanent employees on the rolls of Company:

There were 1150 permanent employees on the rolls of Company as on 31.3.2017.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration :

There was no increase in remuneration of any one of the above named in the financial year ended on 31.3.2017.

6. Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid to the managing/whole-time Directors and other executives/employees of the Company is as per the remuneration policy of the Company.

Statement pursuant to section 197 (12) read with Chapter XIII Rule 5(2) of the Companies Act, 2013

Sl. No.	Name /(Age)	Designation of the Employees	Remuneration (Rs.)	Nature of Employment	Qualification (Experience)	Date of Commencement employment	Previous Employment	% of shares held by the employee	Relative of a Director / Manager or not
1	Prakash Iyer (49)	Chief Executive Officer	77,55,528	Full Time	M.Com, Chartered Accountant and Cost & Works Accountant (25 years)	August 11, 2016	Fair Winds Private Equity (previously known as Reliance Private Equity)	Nil	No

Statement pursuant to section 197 (12) read with Chapter XIII Rule 5(3) of the Companies Act, 2013

Particulars of top ten employees employed in terms of remuneration drawn

Sl. No.	Name /(Age)	Designation of the Employees	Remuneration (Rs.)	Nature of Employment	Qualification (Experience)	Date of Commencement employment	Previous Employment	% of shares held by the employee	Relative of a Director / Manager or not
1	V.M.Lakshminarayanan (69)	Chairman & Managing Director	47,52,000	Full Time	Matriculation(51)	01.12.2011	Managing Director of Gangadharam Appliances Ltd	5.60	Brother of Messrs. V.M.Balasubramaniam V.M.Seshadri V.M.Gangadharam and V.M.Kumaresan
2	V.M.Balasubramaniam (67)	Vice Chairman & Managing Director	46,72,800	Full Time	Matriculation(49)	01.08.2014	Executive Director of Gangadharam Appliances Ltd	3.19	Brother of Messrs. V.M.Lakshminarayanan V.M.Seshadri V.M.Gangadharam and V.M.Kumaresan
3	V.M.Seshadri (65)	Managing Director	45,93,600	Full Time	Matriculation(47)	01.06.2011	Executive Director of Gangadharam Appliances Ltd	7.00	Brother of Messrs. V.M.Lakshminarayanan V.M.Balasubramaniam V.M.Gangadharam and V.M.Kumaresan
4	V.M.Gangadharam (62)	Executive Director	44,35,200	Full Time	Matriculation(44)	01.10.1994	Executive Vice President – (Production) of Gangadharam Appliances Ltd	2.76	Brother of Messrs. V.M.Lakshminarayanan V.M.Balasubramaniam V.M.Seshadri and V.M.Kumaresan
5	V.M.Kumaresan (54)	Executive Director -Technical	44,35,200	Full Time	Matriculation(36)	01.06.2007	Director of Butterfly Electrical & Electronics Pvt. Ltd	2.73	Brother of Messrs. V.M.Lakshminarayanan V.M.Balasubramaniam V.M.Seshadri and V.M.Gangadharam

Sl. No.	Name /(Age)	Designation of the Employees	Remuneration (Rs.)	Nature of Employment	Qualification (Experience)	Date of Commencement employment	Previous Employment	% of shares held by the employee	Relative of a Director / Manager or not
6	Rajesh Logani (42)	V.P. - Sales - Rest of South	40,49,472	Full Time	B.com, P.G., Diploma in Sales and Marketing (25 Years)	22.06.2016	Videocon Industries	Nil	No
7	Karthikeyan V.M.L. (43)	Sr. Vice President - Marketing	29,95,200	Full Time	B.E.(Mechanical)	01.06.2007	Nil	0.46	Son of Mr.V.M.Lakshminarayanan
8	Vishwanathan V.M.G. (39)	Sr. Vice President - Materials Management	29,08,800	Full Time	B.E.(Mechanical), MEP at IIMA	01.10. 2001	Nil	0.09	Son of Mr.V.M.Gangadharam
9	Senthilnathan V.M.L. (39)	Sr. Vice President - R&D	29,08,800	Full Time	Matriculation	01.04.1999	Nil	0.06	Son of Mr.V.M.Lakshminarayanan
10	Ganesan V.M.L. (37)	Vice President - Finance	28,22,400	Full Time	B.A.(Corporate Secretaryship)	01.06.2009	Nil	Nil	Son of Mr.V.M.Lakshminarayanan

Place : Navalur – 600 130

Date : 05.07.2017

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

ANNEXURE VI

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR Policy and projects or programs:

CSR PHILOSOPHY AND POLICY:

The Company was always contributing to CSR activities much before it was even mandated under the Companies Act 2013. The activities or projects that will be undertaken by the Company shall include one or more of the activities specified in CSR Policy as may be recommended by the CSR Committee and approved by the Board of Directors. The CSR Policy of the Company is available in our website under the following link: <http://www.butterflyindia.com>.

2. The Composition of the CSR Committee:

Name	Position
Mr.T.R.Srinivasan	Chairman
Mr.V.M.Lakshminarayanan	Member
Mr.G.S.Samuel	Member

3. Average Net Profit of the Company for the last three financial years: Rs.2905.94 lakhs

4. Prescribed CSR expenditure 2% of the amount as item 3 above):

- Total amount spent during the year Rs.7.30 lakhs
- Amount unspent : Rs.50.80 lakhs
- Manner in which amount spent during the financial year is detailed below.

S.No.	CSR Activity Identified	Sector covered	Place of activity	Amount outlay	Amount spent	Direct or Agency
1	Education	Education facility infrastructure	Pudupakkam and Chengalpattu District	10,00,000	3,90,780	Direct
2	Environmental protection/ Planting Trees and maintenance	Environmental	Pudupakkam and Chengalpattu District	6,00,000	3,38,800	Direct

5. Details of CSR spent during the financial year:

It has spent Rs.7.30 lakhs towards education and environmental protection.

6. In case the Company has failed to spend the 2% of the average net profit of the last time financial year or any part thereof, the Company shall provide the reasons for not spending the amount:

As the Company has not reached the threshold limits stipulated in Section 135(1) of the Act till 2015 and the amount has been allocated only in 2016. As it is an on-going process, the unspent CSR fund to be spread over in a phased manner in the coming years. The balance of Rs.50.80 lakhs on the amount allocated for CSR on 2016, the Company has initiated CSR projects in the areas of education, tree sapling in and around Pudupakkam where the factory is situated and sanitation to Adi Dravida School and will be implementing the same in the coming financial years.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company:

The CSR committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Place : Navalur
Date : 05.07.2017

for and on behalf of the Board
V.M.Lakshminarayanan T.R.Srinivasan
Chairman & Managing Chairman-CSR
Director Committee

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Headwinds for global growth

During FY 2016-17, the global economy was characterised by stagnant growth, political turmoil (Middle East, US and Europe being flashpoints). The Brexit issue and US politics signalled a “reverse globalisation” leading to inward looking policies of central banks leading to massive volatilities in currency, seemingly inward immigration laws and sudden jolts in interest rates. All these independent events had a negative effect in global growth with oil prices and commodity prices into a downward spin. While the oil prices benefited India the commodity downward spiral caught the Indian economy in burgeoning bad assets in the banking sector. China faced its own set of domestic challenges leading to stunted growth thus delivering a knockout punch for global growth. The net effect of all the tectonic shifts in global policies may have a far reaching impact on the outlook for growth into the future.

India and its growth performance

India remains the biggest green shoot amongst global economies delivering again on being amongst the fastest growing economies. The steps the Government initiated in “spring cleaning” its economy will have far reaching positive impact in its path to be amongst the most trusted global economies in terms of growth delivery. By far, the demonetisation of certain currency notes announced in the beginning of November 2016 is the most significant step in India’s economic history. While growth was affected for the rest of the fiscal year, the measures of remonetisation of the Indian economy remains unparalleled in global economic history. The pillars of growth i.e. interest rates (have remained benign through the fiscal), exemplary inflation control performance and growth oriented outlook of the central bank and control on government finances (fiscal deficit) have been cornerstones of this fiscal journey.

Despite steady increase in US interest rates and EU’s policy challenges, the global fund flows into India have been at historic highs. Likewise, domestic savings remained steady, capital flows into mutual funds and therefore equity markets have surpassed previous

records and have been the highest in India’s fiscal history.

India also took one of the most prolific steps and probably the most awaited tax reform, the GST. the government’s determination on creating the most firm foundation for growth into the future and its track record in execution has been exemplary. With India going live on its biggest tax reform, July 1st 2017 will be a historic day in the annals of India’s economic history and will fundamentally change the growth parameter in the country.

All the above steps lead to a sustained confidence on the strength of the Indian economy.

Though demonetisation directly and suddenly affected the immediate growth for the fiscal year under review, the future appears to be positive. Coupled with the inherent strengths in its brand and its growth infrastructure created, the Company is confident of growth in both the short and medium term.

Snapshot of the factors affecting the business performance of the Company during the fiscal year under review

Kitchen appliances is amongst the fastest growing sectors in India. Being an essential it has enjoyed growth patronage from the Government of India. In one of the recently announced landmark decisions of the Government, the Prime Minister Ujjwala Yojana Scheme (PMUY Scheme) scheme targeted distribution of gas stoves for Rs.990 and aimed at correcting the fuel balance ratio in India directly targeted at the under privileged and marginal sections. The commendable primary objective of this scheme was to help the under privileged sections to move away from wood as the primary source of fuel. Your company was an enthusiastic participant in this scheme.

As you are aware, your company was amongst the chosen few many years back that worked very closely with the oil marketing companies (such as Indian Oil, HPCL etc) in developing gas stoves (especially for the marginalised sections) that were most fuel efficient. Your Company, apart from clocking very healthy growth in sale of gas stoves through the network of gas dealers, has won numerous awards from the oil

MANAGEMENT DISCUSSION AND ANALYSIS

marketing companies for developing green gas stoves that maximised LPG consumption.

The announcement of the PMUY scheme (at low price of Rs.990), significantly increased the uncertainty of the sale of traditional gas stoves thus plunging the LPG institutional sales against budgeted growth performance planned by the Company.

While demonetisation remained a historic step in fiscal consolidation, it directly and significantly affected the immediate growth curve. The Company had continued to grow at a healthy rate of above 20% upto the date of demonetisation. The trade (mainstay of distribution of the company's products) was the most affected by demonetisation since 86% of the currency was withdrawn by the Government and it directly affected consumer sentiment by drying up the cash circulation.

The other factors directly affecting growth were

1. Cyclone in Chennai and the worst drought Tamil Nadu has faced in recent times. Tamil Nadu is amongst the most significant contributor to the Company revenues.
2. Contracting rural incomes in Karnataka wherein drought like conditions prevailed and
3. Slower than expected stabilisation of the erstwhile Andhra Pradesh.

While the revenues of your Company decelerated due to the above factors, the management remained robustly focused on the fiscal position in the Balance sheet. It initiated very strong collection drives and its performance has been impressive in fiscal management despite reporting a loss.

Though the Company reported a loss during the year under review, the management is confident of leveraging its product, brand and manufacturing strengths and reclaim its path to growth in the coming fiscal.

SWOT ANALYSIS

Strengths

The foremost strength of the Company is its brand "Butterfly" and the trust it enjoys amongst its customer

base. This has been made possible due to the dedication of the Company to build its ethos on product quality, functional performance and understanding of the consumer needs. Its other key strength remains in the area of manufacturing. With its large plant in Chennai, and installed capacities well planned to capture growth in future, the Company is poised to excel in its product manufacturing performance in future. Butterfly has always been known for its product quality, durability and most importantly, its innovative, ergonomic designs. The Company remains committed to invest continually in developing innovative products and investing in its in house design team.

The Company continues to introduce new products and variants of it to address key consumer needs. The Company's dominant strength in South India remains its retail reach. Your Company has coverage of over 18000 outlets to reach its consumers. Leveraging this retail strength it has with confidence taken major steps in building a strong presence in the digital world (e - commerce). Modern trade, Canteen Stores (primarily addressing the armed force needs) and exports.

The Company has taken major steps in addressing the post sales and service requirements of the consumer. It has taken steps to provide a single window redressal of consumer complaints through a Call Centre and recording service history through a newly implemented Customer Relationship Management (CRM).

All these steps coupled with the combined experience of the promoters and management forms the key strengths of the Company thus laying a strong foundation for sustained growth into the future.

The management team comprises promoters with 'hands on' experience for four decades and senior professionals who possess vast experience in the kitchen appliances industry. They have witnessed multiple business cycles and have ably steered the Company through challenging market trends. A mix of promoter family and professionals in the leadership team provides the best of both worlds. Family representation offers a strong sense of dedication and direction for ensuring continued success while professionals offer functional expertise and ensure adoption of best business practices in corporate governance.

MANAGEMENT DISCUSSION AND ANALYSIS

Weaknesses

The Company enjoys a high market share in the South-India region. In FY16-17, 83% of revenues came from these markets. The Company continues its efforts in consolidating its presence outside South India by promoting its brand strengths and investing in building a strong performance oriented execution team.

As mentioned earlier, the Company has developed a strategy and now implementing its measures to leverage its retail reach strengths in building a strong presence in the digital world (e-commerce), exports, modern trade amongst others. These steps will significantly *inter se* channel revenue contribution balance with these new channels contributing at a much faster rate to the Company's revenue growth.

The expansion of channels will also correct the perceived imbalance of higher sales during the festive season (Quarter 2 and 3 in any fiscal year). This will have a positive effect on the fiscal management by rationalising stock holding and collections being evenly spread during the year.

Opportunities

The Company has made significant efforts in investing in markets of South India as well as strengthen the profit centres of North India. While it has spent significantly in this expansion, the positive benefits of these efforts will be felt in future with Butterfly as a brand reaching its consumers, all India and thus building a strong base for sustainable growth in future.

The advent of 0% finance schemes, credit cards and cash back schemes has changed the perception of consumers and the products that were once considered high-end and expensive are now considered to be accessible due to affordable monthly instalment payments.

Business opportunities like online sales and Customer Relationship Management [CRM] will lead the good performance as well as consumer satisfaction.

Urban markets account for over 65% of the total revenues in the Consumer Durables sector in India. Urban customers are now considering appliances as lifestyle products and are open to pay increased prices for products that are ergonomically designed and offer

multiple features. Positive trends in demographics have further helped to enhance growth. Factors such as the increasing number of nuclear families have led to a rise in the volumes of appliances sold.

Threats

The industry is highly fragmented in the hands of several organized and unorganized players. Due to the attractiveness of the opportunity and large potential, competition across the Kitchen appliances industry in India is rising significantly. International companies that foray into the kitchen appliances space through mergers, acquisitions and joint ventures, have further intensified the competition in this space.

Several competitors who are attracted to the growth and returns offered by this industry have emerged. These companies have short term agendas and are sourcing lower value/substandard quality products from China and participating in the Indian markets through unsustainable practices. This can cause temporary distortions in prices and demand, especially to long-term players who are focused on quality.

Inflation rates in India, despite various control measures, have still been higher than the desired level and acted as deterrent in boosting the consumption particularly in rural area. There is also uncertainty and pressure on other costs such as transportation, supplies, raw material costs and other expenses.

Company Overview

Your Company is a leading manufacturer of Domestic Kitchen and Electrical Appliances in India established in 1986. The Company is ranked amongst the top five manufacturers in the domestic kitchen appliances sector.

Headquartered in Tamil Nadu, the Company is a multi-product Company with state-of-the-art-manufacturing units, strong R&D and international industrial design facilities, mainly manufacturing LPG Stoves, Mixer Grinders, Table Top Wet Grinders and Pressure Cookers amongst others. Contribution from the new product categories added to its portfolio through business acquisition will enhance its revenue/profits from operation.

Manufactured at our state-of-the-art R&D facilities, with in-house design ability and advanced die-making tools,

MANAGEMENT DISCUSSION AND ANALYSIS

BGMAL products are recognized for their quality, safety and durability. The Company has emerged as a market leader for LPG stoves and Table Top Wet Grinders in India.

BGMAL has a solid foothold in the Southern market and an extensive distribution network all over India. BGMAL also actively exports its products to the United Kingdom, United States of America, Mauritius, Sri Lanka, Japan and United Arab Emirates.

Branded Sales Performance

Total Branded sales stood at Rs. 447.35 crores for financial year 2016-17 as compared to Rs. 487.50 crores in the financial year 2015-16.

The product-wise revenue contribution of Branded sales is as under

(Rs. in lakhs)

Sales (Value)	FY 2016-17
Brand Market	
Kitchen Appliances	37,468.65
Cooker/cookware	5,508.24
Others	1,757.71
Total	44,734.60

Outlook

Overall, the year in retrospect witnessed several challenges on the global and domestic economic environment front. The branded sales dropped due to various domestic factors as explained above. The company will strive hard to come out of the uncertainties prevailing in the market.

We believe, the Company has a great deal of opportunities for future growth. There is enormous untapped potential across our established brand equity, target geographies and diversified product portfolio and we continue to take several steps towards capitalizing on these growth drivers.

Our vision is being directed towards the innovation of products, further complimented by improved packaging. We believe continual improvement in our business ways will help further increase efficiency and agility of brand 'Butterfly'. The demonetization and the

payment in digital mode along with implementation of GST is expected to drive the formal economy and it will render more organised market.

The Company also continues to converge on improving business capabilities and enhancing growth levers. Improved R&D capabilities, enhanced retail format expansion, design abilities and better inventory management amongst others will help reinforce our competitive advantages, while simultaneously adding substantial value to brand 'Butterfly'.

We are keenly focused on a compelling long-term shareholder value proposition for our investors. Our growth is driven by the many initiatives undertaken by the Company in the past few years such as meeting with customer expectation, strengthening product offering, deriving value from premiumisation of products, focus on marketing and service segment with the help of good Customer Relationship Management and brand awareness activities and entry into underpenetrated markets. In addition to internal drivers, macro-factors such as changing consumer shopping behaviours along with spending power of the consumer are also undergoing a profound transformation, which we believe, will help the Company accomplish its long-term secular growth objectives.

Risk Management

Risk management is an integral function and is embedded across all of the business processes undertaken by the Company. Your Company believes it is essential to identify and manage risks to reduce uncertainties and ensure continuity of operations. To manage risks, the Company's Risk Management team continuously assesses and monitors business practices, ensuring the smooth flow of operations and adhering to stringent guidelines. The Company has a risk management framework in place, with processes to strategize, monitor, identify, assess and mitigate risks that could impact sustainability of business operations.

BGMAL implements comprehensive risk management practices across its operations. We are committed to providing the highest degree of safety to our employees, especially at factories. Regular machinery inspections are important to ensure that the functionality of the machinery

MANAGEMENT DISCUSSION AND ANALYSIS

is up to date and does not impose any potential hazards that could cause accidents at the workplace. Periodic maintenance checks to equipment are conducted to assure that they meet acceptable safety requirements.

The Company also actively manages risks arising from credit, raw material price fluctuation and foreign exchange volatility.

Internal Control Systems

The Company and the Management has adequate internal control systems in place to safeguard and shield the Company from losses and in ensuring proper use of assets. This also ensures that the Company's assets and interests are carefully protected and all the transactions are appropriately authorized, recorded and presented to the management. The Company always adheres to prescribed guidelines and follows all Accounting Standards prescribed for maintenance of books of accounts and reporting of financial statements. The appointed independent internal auditors monitor and report on the effectiveness of the internal control systems of the various areas of operations. Key matters that are reported in the Internal Audit are brought to the notice of the Audit Committee of the Board of Directors and corrective measures are recommended and appropriate actions are taken. The Internal Control systems ensure the business operations function efficiently and the applicable laws, rules, regulations, policies of the Company are followed, in addition to safeguarding the reliability of financial reporting.

Capital Expenditure

During FY 16, Rs.10.44 crores capital expenditure was incurred towards enhancing our manufacturing capacity. For FY17, a capital expenditure of Rs.9.50 crores is envisaged for modernisation of infrastructure facilities, machinery/equipment and tools/dies.

Balance Sheet

There was no fresh issuance of equity capital during the year. Debt increased as the Company opted for Long-term Borrowings in order to meet its business requirements and also to improve the current ratio. Short-term borrowings reduced mainly due to better management of working capital. The debt equity ratio was continues to be at healthy level.

Accounting Treatment

In the preparation of financial statements, the Company has not followed a treatment different from that prescribed in Accounting Standards. The Company have adopted the Indian Accounting Standard with effect from April 2017.

Human Resources

The Company strives to maintain a cordial relationship and healthy atmosphere with its employees at all levels. Human resources are considered the most important and valuable asset of the Company. Continuous commitment to upgrading skills is an integral part of the human resource development policy of the Company. The focus has always been towards creating a rewarding and nurturing environment for employees. The Company is an equal opportunity employer and promotes diversity in its workforce. Equal opportunities are given to optimize their potential and improve their standard of living.

The Company lays great emphasis on retention of its human talents. The Company invests in human resources intangibles from time to time by providing on the job training, in-house and external training programs and workshops related to technical/functional, behavioural/general and health and safety ISO certification standards, etc., which motivates employee productivity and skills. Competitive remuneration is awarded to employees on a timely basis and the Company ably maintains amicable industrial relations at all plants. As at March 31, 2017, the total workforce of the Company, stood at 1150 employees.

Cautionary Statement

Certain Statements made in the Management Discussion and Analysis Report relating to the company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make a significant difference to the Company's operations. These include climatic conditions and macroeconomic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on, over which the company does not have any direct control.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company submits the report on the matters mentioned in the said Schedule V and the practices followed by the Company.

1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Our Company's philosophy is to provide high quality kitchen and electrical appliances which offer ergonomic features and attractive design at great value for money

to our customers and provide service that gives satisfaction to them, while upholding the core values of transparency, integrity, honesty, accountability and compliance with laws. We consider stakeholders at all levels as partners in our success and we remain committed to maximizing value of shareholders.

2. BOARD OF DIRECTORS:

(A) Composition And Category of Directors:

The Board comprises of thirteen Directors as on 31.3.2017, of whom seven are Non-Executive Independent Directors:

Name of the Directors	Title	Category
Mr.V.M.Lakshminarayanan	Chairman and Managing Director	Promoter – Executive
Mr.V.M.Balasubramaniam	Vice Chairman and Managing Director	Promoter – Executive
Mr.V.M.Seshadri	Managing Director	Promoter – Executive
Mr.V.M.Gangadharam	Executive Director	Promoter – Executive
Mr.V.M.Kumaresan	Executive Director-Technical	Promoter – Executive
Mr.D.Krishnamurthy	Executive Director-cum-Company Secretary *	Executive
Mr.Prakash Iyer	Nominee Director **	Nominee of Equity Investor – M/s.Reliance Alternative Investment Fund – Private Equity Scheme-1 (acting through Reliance Alternative Investment Services Pvt.Ltd).
Mr.Anand Mundra	Nominee Director	Nominee of Equity Investor – M/s.Reliance Alternative Investment Fund – Private Equity Scheme-1 (acting through Reliance Alternative Investment Services Pvt. Ltd).
Mr.V.R.Lakshminarayanan	Independent Director ***	Non-Executive Director
Mr.K.Ganesan	Independent Director	Non-Executive Director
Mr.M.Padmanabhan	Independent Director	Non-Executive Director
Mr.A.Balasubramanian	Independent Director	Non-Executive Director
Mr.K.J.Kumar	Independent Director	Non-Executive Director
Mr.G.S.Samuel	Independent Director	Non-Executive Director
Mr.T.R.Srinivasan	Independent Director	Non-Executive Director
Mrs.Maheswari Mohan	Independent Woman Director	Non-Executive Director

* Ceased from Executive Director with effect from 31.05.2016.

** Nomination withdrawn by the Equity Investor w.e.f. 5.8.2016.

*** Resigned w.e.f. 30.05.2016.

REPORT ON CORPORATE GOVERNANCE

(b) Attendance of Each Director at the Board of Directors Meetings and the Last AGM:

Name of Director	Board Meetings Attended	Attendance at the last AGM (05.08.2016) Yes/No
Total no. of meetings held during the year	7	1
Mr.V.M.Lakshminarayanan	6	Yes
Mr.V.M.Balasubramaniam	7	Yes
Mr.V.M.Seshadri	7	Yes
Mr.V.M.Gangadharam	6	No
Mr.V.M.Kumaresan	7	Yes
Mr. K.Ganesan	7	Yes
Mr.V.R.Lakshminarayanan *	1	Yes
Mr.M.Padmanabhan	5	No
Mr.D.Krishnamurthy **	2	Yes
Mr.A.Balasubramanian	7	Yes
Mr.K.J.Kumar	6	Yes
Mr.G.S.Samuel	7	Yes
Mr.Prakash Iyer ***	2	Yes
Mr.T.R.Srinivasan	7	Yes
Mrs.Maheswari Mohan	7	Yes
Mr.Anand Mundra	4	N.A.

* Resigned w.e.f. 30.05.2016.

** Ceased from Executive Director with effect from 31.05.2016.

** Nomination withdrawn by the Equity Investor w.e.f. 5.8.2016.

(c) Number of other Boards or Board Committees in Which the 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	-	-	-	-
Mr.V.M.Balasubramaniam	-	-	1	-
Mr.V.M.Seshadri	-	-	-	-
Mr.V.M.Gangadharam	-	-	2	-
Mr.V.M.Kumaresan	-	-	2	-
Mr. K.Ganesan	-	-	-	-
Mr.M.Padmanabhan	1	4	-	-
Mr.A.Balasubramanian	1	2	-	-
Mr.K.J.Kumar	-	-	5	-
Mr.G.S.Samuel	1	-	1	-
Mr.T.R.Srinivasan	-	-	-	-
Mrs.Maheshwari Mohan	-	-	-	-
Mr.Anand Mundra	-	-	-	-

REPORT ON CORPORATE GOVERNANCE

(d) Number of Board Meetings Held During the Year and Dates on Which Held:

During the financial year ended 31st March, 2017, the Board met seven times on 30.05.2016, 09.06.2016, 05.08.2016, 11.08.2016, 22.09.2016, 10.11.2016 and 9.02.2017.

(e) Disclosure of Relationship Between Directors Inter-Se:

Messrs. V. M. Balasubramaniam, V. M. Seshadri, V. M. Gangadharam and V. M. Kumaresan, whose names are mentioned in the category of 'Promoter-Executive', are brothers of Mr. V. M. Lakshminarayanan who is also 'Promoter Executive'.

(f) Number of Shares and Convertible Instruments Held by Non-Executive Directors:

None of the Non-Executive Directors hold any shares/convertible instruments in the Company.

(g) Web Link Where Details of Familiarisation Programmes Imparted to Independent Directors are Disclosed

Details of familiarization programmes imparted to independent directors are disclosed at the Company's Website www.butterflyindia.com.

3. AUDIT COMMITTEE:

(i) Brief description of terms of reference:

As per the provisions of Section 177 of the Companies Act 2013 and Regulation 18(3) of Schedule II Part-C to the SEBI (LODR) Regulations, 2015, the brief terms of reference to the Audit Committee of the Company, *inter alia* include:

- Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is sufficient and credible;
- The Recommendation for appointment, remuneration and terms of appointment of auditors, internal auditors, cost auditors and practicing company secretary for Secretarial Audit;
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing with the management the annual financial statements and Auditors' Report thereon before submission to the Board for approval with particular reference to:
 - a) matters required to be included in the Directors' Responsibility Statement.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other requirements relating to financial statements.
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
- Reviewing with the management the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;

REPORT ON CORPORATE GOVERNANCE

- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Discussion with internal auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of Chief Financial Officer (CFO) after assessing the qualifications, experience and background, etc., of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(ii) Composition, name of Members and Chairperson:

The Audit Committee of the Company was reconstituted on 5.8.2016 consequent to the resignation of Mr.V.R.Lakshminarayanan, member.

The Composition of the Committee is in line with the provisions of Section 177 of Companies Act 2013 and Regulation 18(3) of the SEBI (LODR) Regulations 2015 as detailed below.

Name of Director	Position	Category
Mr.K.Ganesan	Chairman	Non-Executive Ind. Director
Mr.V.M.Lakshminarayanan	Member	Promoter/ Executive Director
Mr.M.Padmanabhan	Member	Non-Executive Ind. Director
Mr.A.Balasubramanian	Member	Non-Executive Ind. Director

(iii) Meetings and attendance during Financial year ended 31st March, 2017:

During the financial year ended on 31st March, 2017, the Audit Committee met seven times on 13.05.2016, 28.05.2016, 11.08.2016, 02.11.2016, 10.11.2016, 28.01.2017 and 09.02.2017.

Name of Director	Attendance at Audit Committee meetings
Total no. of meetings held during the year which were attended by the Members	7
Mr. K.Ganesan	7
Mr.M.Padmanabhan	6
Mr.V.R.Lakshminarayanan (Resigned w.e.f. 30.5.2016)	2
Mr.A.Balasubramanian	7
Mr.V.M.Lakshminarayanan	6

The Audit Committee Meetings were also attended by the Statutory/Cost/Internal Auditors, whenever necessary.

4. NOMINATION AND REMUNERATION COMMITTEE:

(i) Brief description of terms of reference:

The brief terms of reference are as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19(4) of Schedule II Part-D to the SEBI (LODR) Regulations, 2015, inter-alia include:

- Formulation of the criteria for determining qualifications, positive attributes and independence

REPORT ON CORPORATE GOVERNANCE

of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;

- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Carry out any other function as may be mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

(ii) Composition, name of members and Chairperson:

The Nomination and Remuneration Committee of the Company was reconstituted on 5.8.2016, consequent to the resignation of Mr.V.R.Lakshminarayanan, member and change of Nominee Directorship by withdrawal of Nomination of Mr.Prakash Iyer by the Private Equity Investors.

The Composition of the Committee is in line with the provisions of Section 178 of Companies Act 2013 and Regulation 19(1) of the SEBI (LODR) Regulations 2015 as detailed below.

Name of Director	Position	Category
Mr.K.Ganesan	Chairman	Non-Executive Ind. Director
Mr.M.Padmanabhan	Member	Non-Executive Ind. Director
Mr.A.Balasubramanian	Member	Non-Executive Ind. Director
Mr.Anand Mundra	Member	Nominee Director

(iii) Meetings and Attendance during the financial year ended on 31.03.2017:

During the financial year ended on 31st March, 2017, the Nomination and Remuneration Committee met two times on 19.05.2016 and 11.08.2016.

Name of Director	Attendance at Remuneration Committee Meeting
Total no. of meetings held during the year which were attended by the Members	2
Mr.V.R.Lakshminarayanan (Resigned w.e.f. 30.5.2016)	1
Mr.K.Ganesan	2
Mr.M.Padmanabhan	1
Mr.Prakash Iyer (Withdrawal of Nomination w.e.f. 5.8.2016)	1
Mr.A.Balasubramanian	2
Mr.Anand Mundra	1

(iv) Performance evaluation criteria for Independent Directors:

The performance evaluation criteria for Independent Directors, inter-alia, includes factors like (a) participation at Board/Committee Meetings (b) Managing Relationship with fellow Board Members (c) Knowledge and skill (d) Personal attributes, like ethics and integrity, independent judgment with regard to corporate strategy, performance, risk management etc. (e) corporate governance implementation (f) knowledge about the Company and external environment in which it operates (g) confidentiality level, and (h) adherence to the applicable code of conduct for Independent Directors.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the outcome of the evaluation, which reflected the overall engagement of the Board and its Committees with the Company.

REPORT ON CORPORATE GOVERNANCE

Your Company adopted a Policy relating to Selection, remuneration and evaluation of Directors and Senior Management. The said Policy was made available on the website of the Company www.butterflyindia.com.

5. REMUNERATION OF DIRECTORS:

(a) Non-Executive/Independent Directors :

The Company has only one Non-Executive Director, who is the Nominee Director of the Private Equity Participants. In addition, there are seven Independent Directors including a Woman Independent Director. None of the Non-Executive Director/Independent Directors has any pecuniary relationship or transactions with the Company.

(b) Criteria of making payments to Non-Executive/Independent Directors :

The Non-Executive Directors were paid Sitting fee of Rs.15,000/- for each Board/Committee meeting attended by them. Details of such sitting fee paid to them during the financial year ended 31st March, 2017 are given below:

(Rs)

Name of the Director	Sitting Fees
Mr.K.Ganesan	4,05,000
Mr.V.R.Lakshminarayanan (upto 30.5.2016)	60,000
Mr.M.Padmanabhan	3,00,000
Mr.A.Balasubramanian	2,55,000
Mr.G.S.Samuel	1,50,000
Mr..Prakash Iyer (upto 5.8.2016)	45,000
Mr.K.J.Kumar	1,05,000
Mr.T.R.Srinivasan	1,50,000
Mrs.Maheswari Mohan	1,20,000
TOTAL	15,90,000

The above sitting fees are within the ceiling prescribed under the provisions of the Companies Act 2013.

(c) Disclosure with respect to remuneration paid to the Managing Directors and Wholetime Directors are as follows:

The Managerial remuneration paid to the Wholetime Directors is within the ceiling prescribed under Schedule V of Section 197 of the Companies Act 2013.

Details of remuneration paid/payable to the Managing Directors and Wholetime Executive Directors during the financial year ended on 31.03.2017 are as follows:

(Rs)

Name of Director	Salary	Perquisites	Contribution to PF	Total
V.M.Lakshminarayanan	36,00,000	7,20,000	4,32,000	4,75,2000
V.M.Balasubramaniam	35,40,000	7,08,000	4,24,800	46,72,800
V.M.Seshadri	34,80,000	6,96,000	4,17,600	45,93,600
V.M.Gangadharam	33,60,000	6,72,000	4,03,200	44,35,200
V.M.Kumaresan	33,60,000	6,72,000	4,03,200	44,35,200
D.Krishnamurthy (till 31.5.2016)	3,40,000	68,000	40,800	4,48,800

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

The remuneration of Managing/Executive Directors given above is fixed components. The tenure of office of the Managing Directors and Wholetime Executive Directors is for a period of five years from their respective dates of appointments. Messrs.V.M.Lakshminarayanan, V.M.Balasubramaniam, V.M. Seshadri, V.M.Gangadharam and V.M.Kumaresan being Promoter-Directors no service contract/notice period has been stipulated for them.

6. SHAREHOLDERS' RELATIONSHIP COMMITTEE:

Composition, Name of the Members and Chairperson:

The composition of the Shareholders' Relationship Committee is in line with the provisions of Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015, as detailed below:

Name of Director	Position	Category
Mr.K.Ganesan	Chairman	Non-Executive Independent
Mr.M.Padmanabhan	Member	Non-Executive Independent

Name and Designation of Compliance Officer:

Name of Compliance Officer	Designation
Mr.K.S.Ramakrishnan	Company Secretary & General Manager - Legal

REPORT ON CORPORATE GOVERNANCE

During the financial year ended on 31st March, 2017, the Shareholders' Relationship Committee met three times on 02.06.2016, 04.10.2016 and 28.01.2017.

Number of Shareholders' complaints received during the financial year:

During the financial year, the Company received 18 shareholders' complaints mainly pertaining to non-receipt of dividend, annual reports, share certificates sent for transfer, etc. All the complaints were duly attended by the Company/Share Transfer Registrars and there is no pending complaint.

Number not solved to the satisfaction of shareholders – Nil.

Number of pending compliance: Nil.

6. SHARE TRANSFER COMMITTEE:

The Committee consisted of the following Directors.

- i. Mr.V.M.Seshadri, Managing Director.
- ii. Mr.D.Krishnamurthy, Executive Director-cum-Company Secretary (till 30.6.2016).
- iii. Mr.K.S.Ramakrishnan, Company Secretary & General Manager-Legal.

Share Transfer Committee meetings were held on 25.04.2016, 14.05.2016, 07.6.2016, 01.07.2016, 15.07.2016, 06.08.2016, 26.08.2016, 26.09.2016, 14.10.2016, 15.07.2016, 08.11.2016, 02.12.2016, 10.01.2017, 22.02.2017 and 28.03.2017.

7. GENERAL BODY MEETINGS:

- i. Location and time, where last three AGMs held :

Year	Location	Date	Time
2015-2016	143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam, Kancheepuram 603 103	05.08.2016	11.00 a.m.
2014-2015	143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam, Kancheepuram 603 103	20.08.2015	11.00 a.m.
2013-2014	E-34, Rajiv Gandhi Salai, Egattur Village, Navalur – 600 130, Kancheepuram District.	31-07-2014	11.00 a.m.

- ii. Whether any special resolutions passed in the previous 3 Annual General Meetings:

1. 2013-14 - YES

Special Resolutions passed under the Companies Act 2013:

- a. Pursuant to Sections 14 and 15, amendment of articles 83 and 89 of the Articles of Association of the Company.
- b. Pursuant to Sections 196, 197 and 203, reappointment of Mr.V.M. Lakshminarayanan as Chairman & Managing Director for a period of five years w.e.f. 1.12.2014.
- c. Pursuant to Sections 196, 197 and 203, appointment of Mr.V.M. Balasubramaniam as Managing Director for a period of five years w.e.f. 1.8.2014.
- d. Pursuant to Section 188(1)(f), appointment of Mr.V.M.B.Shanmuganathan as General Manager – Marketing w.e.f. 01.08.2014. *
- e. Pursuant to Section 188(1)(f), appointment of Mr.V.M.K.Sivashanmugam as Deputy General Manager – Designs w.e.f. 01.08.2014. *
- f. Pursuant to Section 188(1)(f), re-designation of Mr.V.M.L.Ganesan as General Manager – Finance w.e.f. 01.08.2014.
- g. Pursuant to Section 180, powers of the Board to borrow moneys up to Rs.120 crores.

* Note: Mr.V.M.B.Shanmuganathan and Mr.V.M.K.Sivashanmugam have since resigned from the Company's services.

REPORT ON CORPORATE GOVERNANCE

2. 2014-15: YES

Special Resolutions passed under the Companies Act 2013 ("the Act"):

- a. Pursuant to Sections 196, 197 and 203 of the Act, reappointment of Mr.V.M. Kumaresan as Executive Director – Technical for a period of five years w.e.f. 01.06.2016 to 31.05.2021.
- b. Pursuant to Section 14 and 15 of the Act, amendment of article 117 of the Articles of Association of the Company.
- c. Pursuant to Section 180 of the Act, enhancement of powers of the Board to borrow moneys from Rs.120 crores to Rs.160 crores.

3. 2015-16: YES

Special Resolutions passed under the Companies Act 2013 ("the Act"):

- a. Pursuant to Sections 196, 197 and 203 of the Act, reappointment of Mr.V.M. Seshadri as Managing Director for a period of five years w.e.f. 01.06.2017 to 31.05.2022.
- b. Pursuant to Sections 196, 197 and 203 of the Act, reappointment of Mr.V.M. Gangadharam as Executive Director for a period of five years w.e.f. 01.10.2016 to 31.09.2022.
- c. Pursuant to Section 14 and 15 of the Act, amendment of article 117 of the Articles of Association of the Company.

(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: None

(v) Procedure for Postal Ballot: Not Applicable

8. MEANS OF COMMUNICATION

- (i) The quarterly Unaudited Financial Results and the Annual Audited Financial Results of the Company, in

the prescribed proforma, are taken on record by the Board and are submitted to the Stock Exchanges.

- (ii) The Unaudited Quarterly financial results are published in Trinity Mirror and Makkal Kural.
- (iii) The Quarterly/Annual Results are also posted on the Company's website www.butterflyindia.com and also on the website of the BSE Limited and National Stock Exchange of India Limited.
- (iv) All the official news releases are disseminated on the Company's website whenever necessary.
- (v) The presentation made to Institutional Investors or to the analysts – The quarterly presentation of Company's financial performance is posted on the Company's website www.butterflyindia.com and also on the website of the BSE Limited and National Stock Exchange of India Limited.

9. GENERAL SHAREHOLDER INFORMATION:

- (a) Date, time and venue of the Thirtieth Annual General Meeting:

Date : 07.09.2017

Day : THURSDAY

Time : 11.00 A.M.

Venue : 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District

- (b) Particulars of Financial Calendar:

Financial year : 1st April 2017 to 31st March 2018

Unaudited First Quarter Results On or by 15th August, 2017

Unaudited Second Quarter Results : On or by 15th November, 2017

Unaudited Third Quarter Results : On or by 15th February, 2018

Audited Annual Results : On or by 30th May, 2018

- (c) Date of Book Closure: 01.09.2017 to 07.09.2017 (both days inclusive)

- (d) Date of remote e-voting: from 04.09.2017 (9.00 a.m.) to 06.09.2017 (5.00 p.m.)

REPORT ON CORPORATE GOVERNANCE

- (e) Name and Address of Stock Exchanges where the Company's shares are listed and confirmation of payment of Annual Listing Fees:

1	BSE Limited(BSE)	Phiroze Jeejeebhoy Towers 25th Floor, Dalal Street, Mumbai – 400 001
2	National Stock Exchange of India Ltd (NSE)	Exchange Plaza, Bandra- Kurla Complex, Bandra East, Mumbai – 400 051

Annual Listing Fees have been paid for the financial year 2017-18.

- (f) Stock Code

BSE	517421
NSE	BUTTERFLY
Demat ISIN	INE295F01017

- (g) Market Price Data (High/Low) during financial year 2016-2017

Sl. No.	Month	Month's Highest (Rs.)		Month's Lowest (Rs.)	
		BSE	NSE	BSE	NSE
01	April, 2016	188.60	188.75	163.80	162.35
02	May, 2016	189.00	189.00	160.30	162.35
03	June, 2016	176.30	176.50	154.00	154.00
04	July, 2016	177.85	175.25	157.50	161.50
05	August, 2016	212.95	212.70	138.15	138.00
06	September, 2016	214.90	215.00	180.00	180.35
07	October, 2016	274.75	275.15	197.30	199.00
08	November, 2016	273.95	273.95	177.90	178.20
09	December, 2016	211.00	210.50	172.00	173.15
10	January, 2017	209.90	210.00	185.10	185.00
11	February, 2017	206.90	207.00	165.00	165.00
12	March, 2017	184.00	184.85	166.25	166.00

- (h) Performance in comparison to BSE Sensex and CNX Nifty:

On an annual basis, for financial year 2016-17, the Company delivered a return of (7.56%) as compared to BSE Sensex return of (17%) and CNX Nifty return of (18.86%).

The Company's shares are highly liquid and actively traded on the Stock Exchanges. The Company's shares are categorised as frequently traded shares,

both in terms of number of shares traded as well as in terms of value.

- (i) The Company's equity shares were not suspended from trading during the financial year 2016-17.

- (j) Registrars and Share Transfer Agents:

The public shareholding in the Company are partly dematerialized and partly in physical form. The Company has appointed M/s.GNSA Infotech Limited, STA Department, Nelson Chambers, 4th Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai-600 029, Email ID: sta@ gnsaindia.com; Phone: 044-42962025 as its Share Transfer Agents to take care of share transactions, both in demat and physical forms.

- (k) Share Transfer System:

Share transfers in physical form are registered and despatched within 15 days from the date of receipt, if documents are complete in all respects. The Share Transfer Committee of the Board every fortnight to approve transfer/transmission of the shares in physical form, processed by the Registrars and Share Transfer Agents. As at 31st March 2017, no Equity Shares were pending for transfer.

- (l) Shareholding Pattern as at 31.3.2017

	Category	No. of Shares Held	Percentage of Shareholding
A	Promoter's holding Promoters & their relatives	11645778	65.13
B	Non-Promoters Holding		
1	Institutional Investors		
	Private Equity Investor	2451000	13.71
	Mutual Funds/UTI	620	0.00
	Financial Institutions/ Banks	4952	0.03
	Others	3552	0.02
	Central/State Governments	25	0.00
2	Non-Institutional Investors		
	a. Bodies Corporate	971352	5.43
	b. Indian Public	2682886	15.01
	c. NRIs	119386	0.67
	GRAND TOTAL	17879551	100.00

REPORT ON CORPORATE GOVERNANCE

(m) Distribution of shareholding as on 31.03.2017:

No. of Equity Shares Held	No. of Share holders	%	No. of Shares Held	%
1 – 500	15355	94.94	1467324	8.21
501 – 1000	444	2.75	357607	2.00
1001 – 2000	184	1.14	276111	1.54
2001 – 3000	70	0.43	172290	0.96
3001 – 4000	25	0.15	88911	0.50
4001 – 5000	19	0.12	89904	0.50
5001 – 10000	40	0.25	289159	1.62
Above 10000	36	0.22	15138245	84.67
Total	16173	100.00	17879551	100.00

No. of shares held in physical form	8700	53.79	803467	4.49
No. of Shares held in electronic mode	7473	46.21	17076084	95.51
Total	16173	100.00	17879551	100.00

(n) Dematerialisation of shares and liquidity: As on 31.03.2017, 95.51 % of the paid-up capital has been dematerialised.

(o). Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity : No such instruments have been issued by the Company.

(p) Plant locations :

- (i) 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam - 603 103 Kancheepuram District Tamil Nadu
- (ii) No.41, Pudupakkam Village, Vandalur – Kelambakkam Road, Kanchipuram District – 603 103, Tamil Nadu
- (iii) No.7, Karanai-Puducherry Village, Kattur - 603 202, Chengalpattu Taluk Kancheepuram Dist Tamil Nadu

(q) 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 at their address given above. Complaints, if any, can also be addressed to the Company Secretary & General Manager – Legal at the Corporate Office at E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur – 600 130, Kancheepuram District or sent by email to butterflyho@butterflyindia.com and cs@butterflyindia.com

9. OTHER DISCLOSURES:

(i) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large:

During the financial year ended 31st March, 2017, there was no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Promoters, the Directors or the key managerial personnel or their relatives, etc., that may have a potential conflict with the interest of the Company at large, excepting related party transactions made during the year, which continued to be covered by approval of the Central Government u/s.297 of the Companies Act, 1956 and/or 'arm's length' transactions in the normal course of Company's business as approved by the Audit Committee/Board of Directors under section 188 of the Companies Act 2013.

The Register of Contracts containing transactions, in which directors are interested, is placed before the Audit Committee/Board quarterly.

The Board of Directors of the Company, on the recommendation of the Audit Committee, adopted a policy on Related Party Transactions, to regulate the transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Policy as approved by the Board is uploaded on the Company's website at www.butterflyindia.com.

The details of the Related Party Transactions in Form AOC2 are annexed to the Directors' Report.

REPORT ON CORPORATE GOVERNANCE

The particulars of transactions between the Company and its related parties as per Accounting Standard 18 (AS-18) are set out in Notes of Accounts in this Report.

(ii) Details of non-compliance by the Company, penalties and 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 Stock Exchange(s), SEBI, or any other Statutory Authority or any matters relating to capital market during the last three years.

(iii) Establishment of Vigil Mechanism/Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.

In accordance with the provisions of Section 177(9) of the Companies Act 2013 and the Rules made thereunder and also Regulation 22 of the SEBI (LODR) Regulations 2015, Whistle Blower Policy of the Company can be visited at its website www.butterflyindia.com. 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.

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

All the applicable mandatory requirements of Corporate Governance norms as enumerated under Schedule II to the SEBI (LODR) Regulations, 2015 have been complied.

(v) Weblink where policy for determining 'material' subsidiaries is disclosed:

The Company has no subsidiary.

(vi) Weblink where policy dealing with 'related party' transactions:

The Company's policy for dealing with 'related party' transactions can be viewed at its website www.butterflyindia.com.

(vii) MD/CFO Certification:

As required under Schedule II – Part B to the SEBI (LODR) Regulations, 2015 the CEO/CFO have furnished necessary certificates to the Board of Directors with respect to Financial Statements and the Cash Flow Statement for the year ended 31st March 2017.

(viii) Declaration on Code of Conduct

All Board members and senior management personnel have, for the financial year ended on 31st March, 2017, have affirmed compliance with the Code of Conduct laid down by the Board of Directors and senior management, in terms of Schedule V-D of SEBI (LODR) Regulations, 2015.

Place: Navalur
Date: 05.07.2017

For and on behalf of the Board
V.M.Lakshminarayanan
Chairman and Managing Director

CODE OF CONDUCT:

The Code of Conduct adopted by the Company for its Board of Directors and the Senior Management Members is furnished below:

"Members of the Board and the Senior Management, shall

- a) Always act in the best interest 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 confirm to the various statutory and mandatory regulations/ guidelines applicable to the operations of the Company avoiding violations or non-conformities.

REPORT ON CORPORATE GOVERNANCE

- 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."

Place: Navalur
Date: 05.07.2017

For and on behalf of the Board
V.M.Lakshminarayanan
Chairman and Managing Director

MD/CFO CERTIFICATION**MD/CFO CERTIFICATION UNDER THE PROVISIO TO CLAUSE (B) OF SUB REGULATION (2)
OF REGULATION 33****To**

The Board of Directors
Butterfly Gandhimathi Appliances Limited

- A.** We have reviewed financial statements and the cash flow statement for the year ended on 31.3.2017 and that to the best of our knowledge and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B.** There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C.** We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, improvement in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take for such improvement.
- D.** We have indicated to the Auditors and the Audit Committee:
1. There is no significant changes in internal controls over financial reporting during the year;
 2. There is no significant changes in accounting policies during the year, excepting those disclosed in the notes to the financial statements; and
 3. There is no instance of any fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the company's internal control system over financial reporting.

(V.M.Seshadri)
Managing Director

(R.Nagarajan)
Chief Financial Officer

Place : Navalur
Date : 25.05.2017

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**To the Members of BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Butterfly Gandhimathi Appliances Ltd ('the Company') for the year ended on 31st March 2017, as stipulated in Chapter IV, Schedule V (Annual Report) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Schedule. 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of the above mentioned Listing Regulations.

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

For RUDHRAKUMAR ASSOCIATES
Chartered Accountants
Registration No.007033S

R.RUDHRAKUMAR
Proprietor
Membership No. of ICAI: 019444

Chennai – 600 017
Date – 25.05.2017

INDEPENDENT AUDITORS' REPORT

To the Members of Butterfly Gandhimathi Appliances Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Butterfly Gandhimathi Appliances Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the "Act" for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions

of the "Act" and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of "the Act". Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 'the Act' in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), as amended, issued by the Central Government of India in terms of Sub-Section (11) of section 143 of 'the Act', we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

INDEPENDENT AUDITORS' REPORT

9. As required by section 143(3) of 'the Act', we report that:

- (a) We have sought and 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, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements, comply with the Accounting Standards specified under Section 133 of 'the Act', read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the Directors as on 31st March 2017, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2017, from being appointed as a Director in terms of section 164(2) of 'the Act';
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" and
- (g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations give to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statement – Refer Note 25 to the financial statements.
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There have been no delays in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its financial statements as holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company.

for RUDHRAKUMAR ASSOCIATES
Chartered Accountants
Registration No: 007033S

(R. Rudhrakumar)

Proprietor

Place: Chennai

Date: 25th May, 2017

Membership No. 019444

INDEPENDENT AUDITORS' REPORT

ANNEXURE - A

TO INDEPENDENT AUDITORS' REPORT (REFERRED TO IN OUR REPORT OF EVEN DATE)

To the Members of Butterfly Gandhimathi Appliances Limited.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. No material discrepancies as compared to book records were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company except a portion of Freehold land situated at Pudupakkam, Kanchipuram District, in respect of which the transfer of title deeds in the name of the company is pending.
- (ii) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of 'the Act'. Hence, the clauses (iii) (a), (b) and (c) of this paragraph of the Order are not applicable.
- (iv) The Company has not granted any loans, made investments and provided any guarantee or security. Hence the provisions of Section 185 and 186 of the "Act" are not applicable.
- (v) The Company has not accepted any deposits from the public. Hence, the provisions of clause (v) of this paragraph of the order are not applicable.
- (vi) The Central Government has prescribed maintenance of cost records U/s. 148(1) of 'the Act'. We have broadly reviewed the records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under the said section and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues with the appropriate authorities.
- (b) The details of the disputed Statutory dues which have not been deposited are contested in appeals are as under:

Sl. No	Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Forum where the dispute is pending
1.	Central Excise Act, 1944	Excise Duty, Interest and penalty	3201.69	CESTAT, Chennai
2.	VAT Acts	Sales tax	208.89	Appellate Deputy Commissioner
3.	ESI Act	ESI contribution / interest / damages	19.78	Principal Labour Court, Chennai
4.	Labour Act	Additional Compensation	28.63	Principal Labour Court, Chennai

INDEPENDENT AUDITORS' REPORT

- (viii) On this basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions/Banks.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The moneys raised by way of term loans were applied for the purpose for which the term loans were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the "Act";
- (xii) The Company is not a Nidhi Company. Therefore, this paragraph of the Order is not applicable.
- (xiii) The transactions with the related parties are in compliance with section 177 and section 188 of the "Act", and details have been disclosed in the

Financial Statements as required by the applicable accounting standards.

- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Hence, this paragraph of the Order is not applicable.
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with them. Hence, this paragraph of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Hence, this paragraph of the Order is not applicable.

For RUDHRAKUMAR ASSOCIATES
Chartered Accountants
Registration No: 0070335

(R. Rudhrakumar)

Place: Chennai
Date: 25th May, 2017

Proprietor
Membership No. 019444

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Butterfly Gandhimathi Appliances Limited ("the Company"), as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the

Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the "Act".

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial

INDEPENDENT AUDITORS' REPORT

reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, (the standards) issued by ICAI and deemed to be prescribed under section 143(10) of the "Act", to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets

of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For RUDHRAKUMAR ASSOCIATES
Chartered Accountants
Registration No: 007033S

Place: Chennai
Date: 25th May, 2017

(R. Rudhrakumar)
Proprietor
Membership No. 019444

BALANCE SHEET AS AT 31ST MARCH, 2017
₹ In lakhs

Particulars	Note No	As at 31st March 2017		As at 31st March 2016	
I EQUITY AND LIABILITIES					
1 Shareholders' Funds					
a Share Capital	1	1,787.95		1,787.95	
b Reserves and Surplus	2	16,198.95	17,986.90	21,748.79	23,536.74
2 Non-Current Liabilities					
a Long-Term Borrowings	3	6,005.46		4,342.39	
b Deferred Tax Liabilities (Net)	4	541.61		401.17	
c Other Long-Term Liabilities	5	255.00		291.50	
d Long-Term Provisions	6	-	6,802.07	248.37	5,283.43
3 Current Liabilities					
a Short-Term Borrowings	7	6,503.71		14,884.96	
b Trade Payables					
(i) Total outstanding dues of Micro enterprises and Small enterprises		-		-	
(ii) Total outstanding dues of Creditors other than Micro enterprises and Small enterprises	8	5,195.79		10,504.38	
c Other Current Liabilities	9	3,803.30		3,439.25	
d Short-Term Provisions	10	435.28	15,938.08	1,075.32	29,903.91
TOTAL			40,727.05		58,724.08
II ASSETS					
1 Non-Current Assets					
a Fixed Assets					
(i) Tangible Assets	11	12,245.43		12,143.81	
(ii) Intangible Assets	11	4,483.24		4,815.59	
(iii) Capital Work-in-Progress	12	422.67		293.96	
b Non-Current Investments		-		-	
c Deferred Tax Assets (Net)	4	-		-	
d Long-Term Loans and Advances	13	446.00	17,597.34	109.43	17,362.79
2 Current Assets					
a Current Investments	14	10.00		-	
b Inventories	15	10,879.94		12,382.20	
c Trade Receivables	16	8,132.05		25,742.41	
d Cash and Bank Balances	17	2,820.14		1,336.98	
e Short-Term Loans and Advances	18	1,287.58	23,129.71	1,899.70	41,361.29
TOTAL			40,727.05		58,724.08

Contingent Liabilities & Commitments

(To the extent not provided for)

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Other Notes

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Accompanying notes referred forms part to the Financial Statements

V.M.LAKSHMINARAYANAN
Chairman & Managing Director

V.M.SESHADRI
Managing Director

PRAKASH IYER
Chief Executive Officer

A.BALASUBRAMANIAN
Director

K.S.RAMAKRISHNAN
Company Secretary & GM (Legal)

R.NAGARAJAN
Chief Financial Officer

As per our report attached of even date
for **Rudhrakumar Associates**
Chartered Accountants
(Registration No: 0070335)

R.Rudhrakumar
Proprietor
Membership No. 019444

Place: Navalur (Kanchipuram District) - 600130.
Date: 25th May, 2017.

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2017

₹ In lakhs

Particulars	Note No	2016-17	2015-16
1 INCOME			
a Revenue from Operations (Gross)	19	44,734.60	99,459.67
Less: Excise Duty		4,501.26	9,365.48
Revenue from Operations (Net)		40,233.34	90,094.19
b Other Income	20	317.80	537.66
TOTAL REVENUE		40,551.14	90,631.85
2 EXPENSES			
a Cost of Materials Consumed	21	15,111.80	56,666.26
b Purchases of Finished Goods Stock-in-Trade		7,874.10	3,145.23
c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		2,183.26	2,380.26
d Employee Benefit Expenses	22	5,004.28	6,132.65
e Other Expenses	23	12,752.42	15,787.68
f Depreciation and Amortization	11	1,161.48	1,154.92
g Finance Cost	24	2,124.64	3,447.75
TOTAL EXPENSES		46,211.98	88,714.75
3 Profit (+) / Loss (-) Before Exceptional and Extraordinary Items and Tax (1-2)		-5,660.84	1,917.10
4 Exceptional Items		-	-
5 Profit (+) / Loss (-) Before Extraordinary Items and Tax (3-4)		-5,660.84	1,917.10
6 Extraordinary Items		-	-
7 Profit (+) / Loss (-) Before Tax (5-6)		-5,660.84	1,917.10
8 Tax Expenses			
a Current Tax		-	409.14
b MAT Credit Entitlement		-	-24.90
c Deferred Tax		140.44	293.86
d MAT Credit Entitlement - Previous Year		-251.45	-
		-111.01	678.10
9 Profit (+) / Loss (-) for the year (7-8)		-5,549.83	1,239.00
10 Earnings per Equity Share			
a Basic		-31.04	6.93
b Diluted		-31.04	6.93

Other Notes

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Accompanying notes referred forms part to the Financial Statements

V.M.LAKSHMINARAYANAN
Chairman & Managing Director

V.M.SESHADRI
Managing Director

PRAKASH IYER
Chief Executive Officer

A.BALASUBRAMANIAN
Director

K.S.RAMAKRISHNAN
Company Secretary & GM (Legal)

R.NAGARAJAN
Chief Financial Officer

As per our report attached of even date
for **Rudhrakumar Associates**
Chartered Accountants
(Registration No: 0070335)

R.Rudhrakumar
Proprietor
Membership No. 019444

Place: Navalur (Kanchipuram District) - 600130.
Date: 25th May, 2017.

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2017
₹ In lakhs

Particulars	Financial Year ended on 31st March 2017	Financial Year ended on 31st March 2016
CASH FLOW FROM OPERATING ACTIVITIES:		
PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	(5,660.84)	1,917.10
Add:		
Depreciation and Amortization	1,161.48	1,154.92
Finance Cost	2,124.64	3,447.75
Interest Received	(29.23)	(90.91)
Profit/ Loss on Sale of Asset	8.35	20.38
Cash Generated From Operations Before Working Capital Changes	(2,395.60)	6,449.24
Adjustments For:		
Decrease/(Increase) In Trade Receivables	17,610.36	(6,450.29)
Decrease/(Increase) In Inventory	1,502.26	4,504.68
Decrease/(Increase) In Loans And Advances	904.57	(273.93)
(Decrease)/Increase In Trade Payables and Provisions	(5,869.45)	(1,465.13)
Cash Generated From Operations	11,752.14	2,764.57
Less:		
Direct Taxes Paid	41.00	385.00
Deferred Tax Asset Transfer	-	-
Net Cash From Operating Activities (A)	11,711.14	2,379.57
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	11.33	73.47
Purchase of Fixed Assets	(938.96)	(979.54)
Purchase of Investments	(10.00)	-
Intangible Assets	(11.48)	(64.16)
Decrease/(Increase) In Capital Work In Progress	(128.71)	(1.70)
Decrease/(Increase) In Long Term Assets	(336.57)	(24.90)
Interest Received	29.23	90.91
Net Cash From Investing Activities (B)	(1,385.16)	(905.93)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Long Term Borrowings	1,663.07	(2,485.95)
Proceeds of Short Term Borrowings	(8,381.25)	4,250.72
Finance Cost	(2,124.64)	(3,447.75)
Net Cash From Financing Activities (C)	(8,842.82)	(1,682.98)
NET INFLOW/(OUTFLOW) (A) + (B) + (C)	1,483.16	(209.36)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents (Opening)	1,336.98	1,546.34
Cash and Cash Equivalents (Closing)	2,820.14	1,336.98
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,483.16	(209.36)

V.M.LAKSHMINARAYANAN
Chairman & Managing Director

V.M.SESHADRI
Managing Director

PRAKASH IYER
Chief Executive Officer

A.BALASUBRAMANIAN
Director

K.S.RAMAKRISHNAN
Company Secretary & GM (Legal)

R.NAGARAJAN
Chief Financial Officer

As per our report attached of even date
for **Rudhrakumar Associates**
Chartered Accountants
(Registration No: 0070335)

R.Rudhrakumar
Proprietor
Membership No. 019444

Place: Navalur (Kanchipuram District) - 600130.
Date: 25th May, 2017.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

₹ In lakhs

NOTE 1**SHARE CAPITAL****a Authorised**

4,00,00,000 Equity Shares of Rs.10/- each

b Issued Subscribed and Fully Paid-up

1,78,79,551 Equity Shares of Rs.10/- each

As at 31st March, 2017	As at 31st March, 2016
4,000.00	4,000.00
1,787.95	1,787.95

c Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

There is no change in the holding of the Share Capital during the year 2016-17.

d Rights, Preferences and restrictions

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each member is entitled to one vote by show of hands and while on poll, every shareholder is entitled to vote in proportion to their holdings.

e Shares in the company held by each shareholder holding more than 5 % shares as at

LLM Appliances Limited

V.M. Chettiar & Sons India Private Limited

Reliance Alternative Investments Fund - Private Equity Scheme - I

Mr. V.M. Seshadri

Mr. V.M. Lakshminarayanan

31st March, 2017	31st March, 2016
(Number of Shares in lakhs)	(Number of Shares in lakhs)
30.47	30.47
28.35	28.35
24.51	24.51
12.51	12.51
10.01	10.01

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017
₹ In lakhs
NOTE 2
RESERVES AND SURPLUS
a General Reserve

As per last Balance sheet

Add: Transfer from Surplus

b Capital Profit
(i) Forfeited Shares (Transferred from Share Capital)

(No. of Shares 34,756)

As per last Balance sheet

(ii) On Redemption of Preference Shares issued by erstwhile Gangadharam Appliances Limited to IFCI

As per last Balance sheet

c Securities Premium Reserve (Share Premium Account)

As per last Balance sheet

d Revaluation Reserve

As per last Balance sheet

e Surplus

As per last Balance sheet

Add: Profit/ - Loss after tax for the year

Less:

 (i) Proposed equity Dividend @ Nil per share
 (Previous year @ ₹ 1.25 per share)

(ii) Dividend Tax on proposed equity dividend

(iii) Transfer to General Reserve

TOTAL

As at 31st March, 2017	As at 31st March, 2016
538.55	476.60
- 538.55	61.95 538.55
1.73	1.73
142.10	142.10
9,701.53	9,701.53
80.08	80.08
11,284.83	10,376.77
-5,549.83	1,239.00
5,735.00	11,615.77
-	223.49
-	45.50
- 5,735.00	61.95 11,284.83
16,198.95	21,748.79

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

₹ In lakhs

NOTE 3**NON CURRENT LIABILITIES****LONG TERM BORROWINGS****A SECURED BORROWINGS****a Term Loan from State Bank of Travancore**

(Secured by first charge by way of hypothecation of specific Plant and Machinery purchased out of the loan and also by first charge on other fixed assets of the Company except the assets for which specific charges created in other banks, Equitable Mortgage of certain land and building of the Company at Pudupakkam along with personal Guarantee of Promoter Directors)

b Term Loan from Indusind Bank Ltd,

(Secured by Retention money held by Tamil Nadu Civil Supplies corporation (TNCSC) and Collateral Security of Land and Structure thereon at Pudupakkam New S.No. 252/8B valued at Rs.11.16 Crores)

c Term Loan from Axis Bank Ltd,

(Secured by Equitable mortgage of certain land and building at Pudupakkam Village and subservient charges on Current Assets excluding Retention Money receivable from Tamil Nadu Civil Supplies Corporation(TNCSC) along with personal Guarantee of Promoter Directors)

d Vehicle Loan from HDFC, ICICI & Kotak Bank,

(Secured by hypothecation of Vehicles purchased out of loan)

e From Fullerton India Credit Company Limited

(Secured by Equitable Mortgage of undivided land and office complex building at Egattur)

B UNSECURED BORROWINGS**a Aditya Birla Finance Limited****TOTAL**

As at 31st March, 2017		As at 31st March, 2016	
	252.75		638.03
	1,111.11		-
	1,649.39		2,048.64
	10.02		18.59
	1,132.18	4,155.46	786.67
			3,491.93
		1,850.00	850.46
	6,005.46		4,342.39

Note

(i) Terms of Repayment for Term loans from bank 3 to 6 years, for Vehicle Loan 3 to 5 years and for Fullerton India Credit Co Limited 15 years

(ii) There is no default as on Balance Sheet date on the repayment of long term borrowings and the interest due thereon.

NOTE 4**DEFERRED TAX LIABILITIES (NET)****a Deferred Tax Liabilities/ (Assets)**

Balance brought forward from last Balance Sheet

b Deferred Tax Liability

Depreciation, etc.,

TOTAL**DEFERRED TAX ASSET****a Balance brought forward from last Balance Sheet****b Deferred Tax Liability**

Depreciation, etc.,

TOTAL

	401.17		107.31
	140.44		293.86
	541.61		401.17
	-		-
	-		-
	-		-

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017
₹ In lakhs
NOTE 5
OTHER LONG TERM LIABILITIES
UNSECURED

Security Deposit from Distributors

TOTAL

255.00

255.00

291.50

291.50
NOTE 6
LONG TERM PROVISIONS

Provision for Employee Benefits - Gratuity and Superannuation Payable

TOTAL

-

-

248.37

248.37
NOTE 7
CURRENT LIABILITIES
SHORT TERM BORROWINGS - SECURED
Loans repayable on demand from Banks

(Secured by hypothecation by way of first charge on Inventories, book debts, present and future excluding Retention Money receivable from Tamil Nadu Civil Supplies Corporation (TNCSC) 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 at Pudupakkam along with personal Guarantee of Promoter Directors)

TOTAL

6,503.71

6,503.71

14,884.96

14,884.96
As at 31st March, 2017
As at 31st March, 2016
NOTE 8
TRADE PAYABLES
A SECURED

Sundry Creditors under Letter of Credit

1,135.42

4,874.88

B UNSECURED

i) Dues to Micro, Small and Medium Enterprises

-

-

ii) Dues to Other Sundry Creditors

4,060.37

5,629.50

TOTAL
5,195.79
10,504.38

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

₹ In lakhs

NOTE 9**OTHER CURRENT LIABILITIES****A SECURED BORROWINGS****Current Maturities of Long-Term Debt****i) Term Loan from State Bank of Travancore**

(Secured by first charge by way of hypothecation of specific Plant and Machinery purchased out of the loan and also by first charge on other fixed assets of the Company except the assets for which specific charges created in other banks, Equitable Mortgage of certain land and building of the Company at Pudupakkam along with personal Guarantee of Promoter Directors)

ii) Term Loan from Indusind Bank Ltd,

(Secured by Retention money held by Tamil Nadu Civil Supplies corporation (TNCSC) and Collateral Security of Land and Structure thereon at Pudupakkam New S.No. 252/8B valued at Rs.11.16 Crores)

iii) Term Loan from Axis Bank Ltd,

(Secured by Equitable mortgage of certain land and building at Pudupakkam Village and subservient charges on Current Assets excluding Retention Money receivable from Tamil Nadu Civil Supplies Corporation (TNCSC) along with personal Guarantee of Promoter Directors)

iv) Vehicle Loan from HDFC, ICICI & Kotak Bank,

(Secured by hypothecation of Vehicles purchased out of loan)

v) From Fullerton India Credit Company Limited

(Secured by Equitable Mortgage of undivided land and office complex building at Egattur)

B UNSECURED BORROWINGS**i) Aditya Birla Finance Limited****C Unclaimed Dividend****D Provision for Expenses****E Statutory Dues****F Advance from Customers****G Hedge Liability and Deferred forward contract account****TOTAL**

	As at 31st March, 2017	As at 31st March, 2016
	528.00	420.00
	358.68	-
	416.64	416.64
	8.57	46.42
	34.39	29.07
	1,346.27	912.13
	105.00	352.08
	35.28	28.32
	1,443.51	1,327.93
	452.27	450.85
	420.97	340.25
	-	27.69
	3,803.30	3,439.25

Note

(i) Terms of Repayment for Term loans from bank 3 to 6 years, for Vehicle Loan 3 to 5 years and for Fullerton India Credit Co Limited 15 years

(ii) There is no default as on Balance Sheet date on the repayment of term loan borrowings and the interest due thereon.

NOTE 10**SHORT TERM PROVISIONS****UNSECURED****a Employee Benefits****b Provision for Taxation****c Proposed Dividend****d Tax on Proposed Dividend****TOTAL**

	435.28	397.19
	-	409.14
	-	223.49
	-	45.50
	-	268.99
	435.28	1,075.32

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

NON CURRENT ASSETS

NOTE: 11

FIXED ASSETS

TANGIBLE ASSETS

₹ In lakhs

Particulars	GROSS BLOCK - AT COST			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 1st Apr, 2016	Additions	Deletions	As at 31st March, 2017	As at 1st April 2016	Deduction	For the Year	As at 31st March, 2017
Land (Freehold)	4,020.02	-	-	4,020.02	-	-	-	4,020.02
Buildings (Freehold)	3,528.34	88.47	-	3,616.81	479.01	-	113.38	3,024.42
Plant & Machinery	3,483.65	170.00	7.52	3,646.13	1,032.11	1.92	223.20	2,392.74
Dies & Tools	1,858.43	511.94	-	2,370.37	951.57	-	175.08	1,243.72
Electrical Machinery & Installations	497.98	57.40	-	555.38	141.97	-	43.96	369.45
Computers	333.20	29.25	-	362.45	227.51	-	52.23	82.71
Office Equipments	187.55	25.95	-	213.50	74.55	-	31.51	107.44
Vehicles	774.20	0.00	31.87	742.33	372.26	17.79	76.86	431.33
Furniture & Fittings	1,055.72	55.95	-	1,111.67	316.30	-	101.44	693.93
Total	15,739.09	938.96	39.39	16,638.66	3,595.28	19.71	817.66	12,245.43

INTANGIBLE ASSETS

Usage Right of Trade Mark	400.00	-	-	400.00	224.00	-	16.00	240.00	160.00	176.00
Trade Mark and License	4,775.00	-	-	4,775.00	477.50	-	238.75	716.25	4,058.75	4,297.50
Computer Software	556.60	11.48	-	568.08	214.51	-	89.08	303.59	264.49	342.09
Total	5,731.60	11.48	-	5,743.08	916.01	-	343.83	1,259.84	4,483.24	4,815.59
Grand Total	21,470.69	950.44	39.39	22,381.74	4,511.29	19.71	1,161.49	5,653.07	16,728.67	16,959.40
Previous Year	20,815.63	1,043.70	124.43	21,734.90	3,651.16	30.58	1,154.92	4,775.50	16,959.40	17,164.47

Notes:

1. Vehicles includes Assets acquired on "Hire Purchase"
2. Freehold Land includes ₹. 10,00,000/- in respect of which the transfer of title deeds in the name of the company is pending.
3. Usage Right of Trade Marks represents assignment of trade marks for future usage and is amortised over the estimated useful life viz., 25 years.
4. Additions to Plant & Machinery includes machineries purchased under term loan assistance from banks.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

₹ In lakhs

NON CURRENT ASSETS**NOTE 12****FIXED ASSETS****CAPITAL WORK IN PROGRESS**

Plant & Machinery	13.82	3.55
Dies & Tools	382.77	280.67
Other Assets	26.08	9.73
TOTAL	422.67	293.96

NOTE 13**LONG-TERM LOANS AND ADVANCES**

MAT Credit Entitlement	446.00	109.43
TOTAL	446.00	109.43

CURRENT ASSET**NOTE 14****CURRENT INVESTMENTS - NON TRADE**

Units of SBI Magnum Balanced Fund (9233.593 units at cost) (Market Value as on 31st March 2017 Rs.10,07,896/-)	10.00	-
	10.00	-

NOTE 15**INVENTORIES (As taken, valued and certified by a Managing Director - Mr.V.M.Seshadri) See Note 26 (i) & (iii)**

Raw Materials and Components (includes Goods-in Transit ₹. 103.24 lakhs - Previous year ₹. 225.54 lakhs)	3,966.16	3,508.74
Spares	124.94	148.11
Stores	6.09	7.96
Packing Materials	360.95	112.33
Work in Progress	1,846.83	1,591.92
Finished Goods	1,989.39	2,932.15
Finished Goods - Traded (includes Goods-in Transit ₹. Nil - Previous year ₹. 54.21 lakhs)	2,585.58	4,080.99
TOTAL	10,879.94	12,382.20

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017
₹ In lakhs
NOTE 16
TRADE RECEIVABLES
UNSECURED - CONSIDERED GOOD

- a** Outstanding for a period more than six months from the date they became due for payment
Less: Provision for Doubtful Debts
- b** Retention Money - Tamilnadu State Civil Supplies Corporation
- c** Others

	As at 31st March, 2017		As at 31st March, 2016	
	1853.90		1,643.12	
	412.69	1,441.21	229.12	1,414.00
	1,917.61		3,152.57	
	4,773.23	6,690.84	21,175.84	24,328.41
TOTAL		8,132.05		25,742.41

NOTE 17
CASH AND BANK BALANCES

- a** Balance with Banks
(i) In Current Accounts
(ii) Term Deposit with Banks (Margin Money)
(iii) Unclaimed Dividend account
- b** Cash and Cash Equivalents

	2,433.92		414.44	
	310.36		843.84	
	35.28	2,779.56	28.32	1,286.60
		40.58		50.38
TOTAL		2,820.14		1,336.98

NOTE 18
SHORT TERM LOANS AND ADVANCES
UNSECURED - CONSIDERED GOOD

- a** Balance with Government Authorities
- b** Advances on Capital Account
- c** Other Advances
- d** Insurance Claim Receivable

	509.80		1,040.59	
	11.72		-	
	766.06		743.86	
	-		115.25	
TOTAL		1,287.58		1,899.70

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

₹ In lakhs

Particulars	As at 31st March, 2017		As at 31st March, 2016	
NOTE 19				
REVENUE FROM OPERATIONS				
Sale of Products		44,734.60		99,459.67
Less: Excise duty		4,501.26		9,365.48
TOTAL		40,233.34		90,094.19
NOTE 20				
OTHER INCOME				
a Interest on Bank Deposit & Others (Gross TDS ₹. 2.89 lakhs - Previous year ₹. 8.95 lakhs)		29.23		90.91
b Scrap Sales		252.58		284.25
c Insurance Claim		-		138.95
d Other Non-operating Income		35.99		23.55
TOTAL		317.80		537.66
NOTE 21				
COST OF MATERIALS CONSUMED				
a Raw material Consumption				
Opening Balance				
Raw Materials & Components	3,508.74		5,622.79	
Packing Material	112.33		162.80	
Spares	148.11	3,769.18	105.34	5,890.93
Add: Purchases				
Raw Materials & Components	13,675.38		49,278.54	
Packing Material	1,044.97		2,276.49	
Processing Charges	651.80		1,803.34	
Spares	315.20		624.00	
Freight Inward	107.33	15,794.68	562.14	54,544.51
Less Closing Stock				
Raw Materials & Components	3,966.16		3,508.74	
Packing Material	360.95		112.33	
Spares	124.94	4,452.05	148.11	3,769.18
		15,111.80		56,666.26
b Purchase of Finished Goods - Stock-in-trade		7,874.10		3,145.23
c Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade				
Opening Balance				
Work in Progress	1,591.92		1,667.35	
Stock-in-Trade - Finished Goods	7,013.14	8,605.06	9,317.97	10,985.32
Less Closing Balance				
Work in Progress	1,846.83		1,591.92	
Stock-in-Trade - Finished Goods	4,574.97	6,421.80	7,013.14	8,605.06
		2,183.26		2,380.26
TOTAL		25,169.16		62,191.75

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017
₹ In lakhs

Particulars	As at 31st March, 2017	As at 31st March, 2016
NOTE 22		
EMPLOYEE BENEFIT EXPENSES		
a Directors' Remuneration & Perquisites	212.16	232.56
b Salaries and Wages	3,680.94	4,516.26
c Bonus and Others	285.97	249.73
d Contribution to Provident and Other Funds (includes Directors PF of ₹. 21.22 Lakhs and Prev. year ₹. 23.26 Lakhs)	316.95	324.35
e Contribution to Gratuity & Superannuation Funds (includes Directors Superannuation of ₹. Nil and Prev. year ₹. 29.07 Lakhs)	32.02	108.43
f Leave Travel Concession	7.36	12.02
g Staff Welfare Expenses	468.88	689.30
TOTAL	5,004.28	6,132.65
NOTE 23		
OTHER EXPENSES		
Consumption of Stores	9.99	34.35
Commission on Sales	826.13	1,163.59
Freight Outward	1,635.07	2,546.91
Advertisement, Publicity & Sales Promotion	5,776.99	6,795.04
Discount on Sales	366.98	268.57
Power and Fuel	474.25	664.80
Directors' Sitting fees	18.89	21.75
Rent	378.30	662.26
Insurance	33.75	33.77
Rates & Taxes	161.16	122.60
Repairs and Maintenance		
Building	64.66	142.73
Plant & Machinery	21.74	115.25
Other Assets	227.97	264.48
Auditors' Remuneration		
Statutory Audit fees	4.00	4.00
Company Law matters	3.50	3.50
Taxation matters	2.50	2.50
Other Services	11.89	9.00
Cost Audit fees	1.75	1.75
Provision for doubtful debts	322.72	54.98
Loss on Sale of Assets	8.35	20.38
Travelling Expenses	1,026.95	1,170.27
Professional & Consultancy Charges	318.06	270.80
Other Expenses	1,056.82	1,414.40
TOTAL	12,752.42	15,787.68
NOTE 24		
FINANCE COST		
a On Term Loan from Banks	491.95	560.75
b On Cash Credit from Banks	921.43	1,575.51
c Interest Paid on Security Deposit	22.61	27.24
d Interest Paid on Others	545.17	668.66
e Processing Fees to Banks	132.30	128.76
f Exchange Fluctuation / Loss	11.18	486.83
TOTAL	2,124.64	3,447.75

V.M.LAKSHMINARAYANAN
Chairman & Managing Director

V.M.SESHADRI
Managing Director

PRAKASH IYER
Chief Executive Officer

A.BALASUBRAMANIAN
Director

K.S.RAMAKRISHNAN
Company Secretary & GM (Legal)

R.NAGARAJAN
Chief Financial Officer

As per our report attached of even date
for **Rudhrakumar Associates**
Chartered Accountants
(Registration No: 007033S)

R.Rudhrakumar
Proprietor

Place: Navalur (Kanchipuram District) - 600130.
Date: 25th May, 2017.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

NOTE 25

₹ In lakhs

CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)	As at 31st March, 2017	As at 31st March, 2016
(i) CONTINGENT LIABILITIES		
1 Claim against the Company not acknowledged as debts		
Central Excise (of which sum of ₹.7.35 lakhs (Upto previous year ₹.3.31 lakhs) paid under protest in current year)	3,201.69	2,907.89
Sales Tax	208.89	64.70
Employee State Insurance Matter. (of which sum of ₹. Nil (Upto previous year ₹.6.27 lakhs) paid under protest)	26.05	26.05
Labour Matter (of which sum of ₹. Nil (Upto previous year ₹.20.61 lakhs) paid under protest)	49.24	49.24
2 Guarantee		
Counter Guarantees given to the Banks in respect of Performance Guarantees given by the Banks.	720.74	1,388.80
Counter Guarantee given to Banks in respect of Guarantees given by the Banks in favour of Commercial Tax Department.	5.16	33.64
Counter Guarantee given to Banks in respect of Guarantees given by the Banks in favour of Central Excise Department.	-	3.00
3 Other money for which the Company is contingently liable		
In term 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.	Amount Not determinable	Amount Not determinable
(ii) COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account and not provided for	18.60	80.57

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017
NOTE: 26
OTHER NOTES
1.SIGNIFICANT ACCOUNTING POLICIES:
(i) Basis for Preparation of accounts:

The Financial Statements have been prepared on the historical cost convention in accordance with the Generally Accepted Accounting Principles in India, to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 as applicable to the company during the current financial year.

(ii) Fixed Assets and Depreciation:

- a. 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 and VAT Credits and as reduced by accumulated depreciation.
- b. Depreciation on tangible fixed assets is charged over the estimated useful life on straight line method, in accordance with Part A of Schedule II to the Companies Act 2013.
- c. The estimated useful life of the tangible fixed assets followed by the Company is given below:

Description	Years
Factory Building and Other Buildings	5 to 60
Plant and Machinery	15
Electrical Equipment	10
Office Equipment	5
Furniture and Fittings	10
Vehicles	8 to 10
Computers and Information Systems	3 to 6

- d. Dies and Tools are depreciated at the rate of 11.88 percent.
- e. In respect of additions/deductions made during the year, depreciation is charged on pro-rata basis from the date of addition/till the date of disposal.

- f. Intangible assets in the form of Software are amortised over their useful life of 10 years and in the form of Usage Right of Trade Mark/Trade Mark and License are amortised over the period of Usage of 20 – 25 years.

(iii) Inventories:

Inventories are stated at lower of cost (net of CENVAT and VAT credits) or net realisable value. Cost includes all direct costs and other applicable manufacturing overheads and in ascertaining the cost, Moving Weighted Average Method is adopted. In the case of work-in-progress and finished goods, cost represents materials (net of CENVAT and VAT credits), direct labour and appropriate portion of factory overheads.

(iv) Revenue recognition:

Revenue in respect of sale of products is recognised at the point of dispatch 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. The excise duty is separately disclosed and deducted from sales. 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 realization if it is made within the same financial year and if unrealised at the rate of exchange as at the end of the financial year.

(v) Impairment of Assets:

As on the Balance sheet date, the Company's assets net of accumulated depreciation/amortization is not less than the recoverable amount of those assets. Hence no impairment loss on the assets of the Company is recognized and charged to the profit and loss statement during the year.

(vi) Research & Development Expenditure:

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017
(vii) Staff Terminal Benefits:

- a)** Accrued Liability for gratuity has been provided in the accounts in accordance with the provisions of the Payment of Gratuity Act, 1972, calculated on the basis of Actuarial Valuation in accordance with the guidelines of the Institute of Chartered Accountants of India under Accounting Standard (AS15) for employees who are eligible for gratuity funded by Life Insurance Corporation (LIC).

The Company contributes to the said Gratuity fund covering specified employees. The contributions are by way of annual premium payable on such policy issued by the LIC of India, which confers benefits to those specified employees based on policy norms.

- b)** Contribution to Provident fund are accounted at the applicable rates and paid over to the Government authorities.
- c)** Accrued liability for encashment of leave to employees is accounted on calendar year basis, in accordance with the Company's Rules and paid to the employees after the end of calendar year.

2. EXCISE DUTY:

CENVAT credit/Service Tax credit on inputs and other capital goods are accounted fully and to the extent the sum availed is adjusted towards payment of excise duty on dispatches leaving the unutilised balance being carried forward to subsequent year and kept under Loans and Advances.

3. DISCLOSURES REQUIRED UNDER THE "MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006"

Particulars	2016-17	2015-16
a. Principal amount due to Suppliers under the Act	NIL	NIL
b. Interest accrued and due to Suppliers under the Act, on the above amount	-	-
c. Payment made to Suppliers (Other than interest) beyond the appointed day during the year	-	-

Particulars	2016-17	2015-16
d. Interest paid to Suppliers under the Act (Other than Section 16)	-	-
e. Interest paid to Suppliers under the Act (Section 16)	-	-
f. Interest due and payable to suppliers under the Act, for payments already made		
g. Interest accrued and remaining unpaid at the end of the year to Suppliers under the Act	-	-

This information has been given in respect of such vendors to the extent they could be treated as 'Micro,

Small and Medium Enterprises' on the basis of information available with the Company on which the Auditors have relied upon.

4. TAXES ON INCOME:

Current tax is determined as the amount of Tax payable in respect of Taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing difference, being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and unabsorbed losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

5. FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currency are recorded at exchange rate prevailing at the time of the transactions and exchange difference arising from foreign currency transaction are dealt within the Profit and Loss Statement and capitalized where they relate to the Fixed Assets. Current Assets and Liabilities at the yearend are being converted at closing rates and exchange gains / losses are dealt within the Profit and Loss Statement, as per AS 11.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017
6. IMPORTS (CIF VALUE)

	2016-17	2015-16
	₹.In Lakhs	₹.In Lakhs
Raw Materials	1,046.89	3,709.92
Components and Spares	3,074.71	12,403.63
Capital Goods	15.75	5.19
Finished Goods / Semi Finished Goods	2,525.81	2,941.88

7. EXPENDITURE IN FOREIGN CURRENCY

	2016-17	2015-16
	₹.In Lakhs	₹.In Lakhs
Travelling	69.47	24.19
Salary and Allowance	37.61	39.66

8. EARNING IN FOREIGN EXCHANGE

Exports (on FOB basis)	926.28	913.69
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9. DISCLOSURE ON RELATED PARTY TRANSACTION
1. Key Management Personnel

Mr.V.M.Lakshminarayanan, Chairman & Managing Director

Mr.V.M.Balasubramaniam, Vice-Chairman & Managing Director

Mr.V.M.Seshadri, Managing Director

Mr.V.M.Gangadharam, Executive Director

Mr.V.M.Kumaresan, Executive Director-Technical

Mr.K.S. Ramakrishnan – Company Secretary &
General Manager (Legal)

Mr. Prakash Iyer - Chief Executive Officer

Mr. R. Nagarajan – Chief Financial Officer

2. Enterprises in which key management personnel and their Relatives have Significant influence

LLM Appliances Private Limited
V.M.Chettiar & Sons LLP
Butterfly Quality Centre Private Limited
Butterfly Industrial Designs Private Limited
Swaminathan Enterprises Private Limited
Sivagurunathan Industries
East West Combined Industries
Mrinalini Industries
Bean and Leaf Beverages Private Limited
H&S Supply Chain Solution Private Limited
Chrysalis Home Needs Private Limited

3. Relatives of Key Management Personnel

Mr.V.M.L.Karthikeyan
Mr.V.M.G.Viswanathan
Mr.V.M.L.Senthilnathan
Mr.V.M.L.Ganesan
Mr.V.M.G.Mayuresan

₹. In Lakhs

S.no	Particulars	2016-17	2015-16
	Transaction for year ended on 31st March, 2017		
	Key Management Personnel		
1	Executive Directors' Remuneration and Perquisites.	233.38	284.89
	Enterprises in which Key Management Personnel and their relatives have significant influence		
1	Purchases of goods / Services	2,061.29	4,887.66
2	Sales of goods / Services	77.36	112.15
3	Balance due to us – Sundry Debtors	11.71	28.61
4	Balance due from us – Sundry Creditors	21.00	704.58
	Relatives of key Management Personnel		
1	Employee Remuneration and Perquisites	158.40	176.40

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

10. DISCLOSURE ON SPECIFIED BANK NOTES (SBN'S)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. On the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification is given below.

(in ₹.)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016 :	40,85,500	18,91,708	59,77,208
Add : Permitted receipts	-	20,27,600	20,27,600
Less: Permitted payments	-	10,99,618	10,99,618
Less: Amount deposited in Banks	40,85,500	-	40,85,500
Closing Cash in hand as on December 30, 2016:	-	28,19,690	28,19,690

For the purpose of this clause the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Govt of India, in the Ministry of

Finance, Department of Economic Affairs No. SO. 340E, dated the 8th November 2016.

11. SEGMENT INFORMATION IN ACCORDANCE WITH AS17 ISSUED BY ICAI.

The Company operates in only one segment viz. Domestic Appliances.

12. EARNINGS PER SHARE IN ACCORDANCE WITH AS20 ISSUED BY ICAI:

	2016-17	2015-16
Net Profit / (Loss) as per Profit and Loss Statement	₹.(5,549.83) Lakhs	₹.1,239.00 Lakhs
No. of Equity Shares	1,78,79,551	1,78,79,551
Nominal Value per Share	₹.10.00	₹.10.00
Basic and Diluted earnings per share	₹.(31.04)	₹.6.93

13. DURING THE YEAR NO PROVISION MADE FOR CSR ACTIVITY AND ₹. 7.30 LAKHS WAS SPENT AGAINST THE LAST YEAR PROVISION OF ₹. 58.10 LAKHS.**14. PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED AND RECLASSIFIED WHEREVER NECESSARY TO CONFORM TO THIS YEAR'S CLASSIFICATION.**

V.M.LAKSHMINARAYANAN
Chairman & Managing Director

V.M.SESHADRI
Managing Director

PRAKASH IYER
Chief Executive Officer

A.BALASUBRAMANIAN
Director

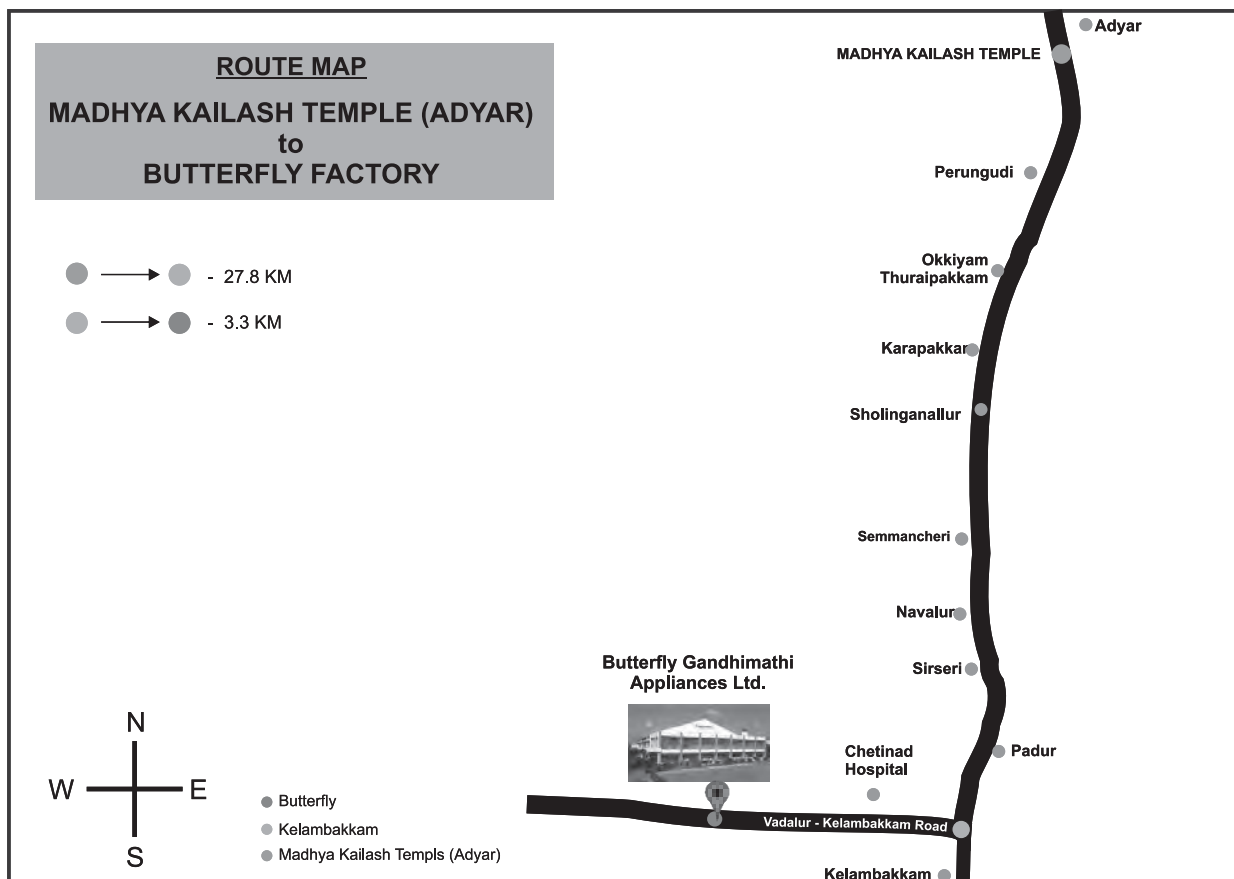
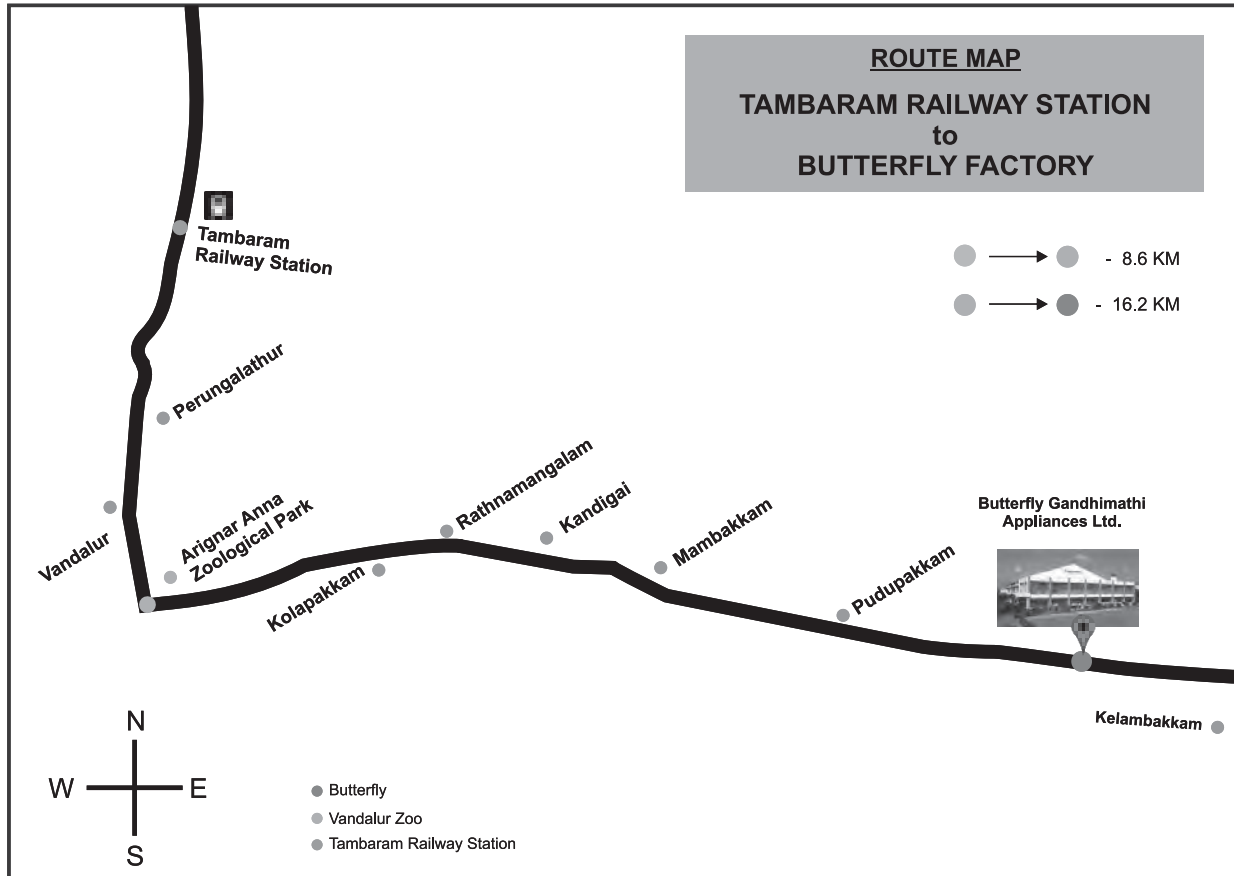
K.S.RAMAKRISHNAN
Company Secretary & GM (Legal)

R.NAGARAJAN
Chief Financial Officer

As per our report attached of even date for **Rudhrakumar Associates**
Chartered Accountants
(Registration No: 0070335)

R.Rudhrakumar
Proprietor
Membership No. 019444

Place: Navalur (Kanchipuram District) - 600130.
Date: 25th May, 2017.



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**CIN No.L28931TN1986PLC012728**

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

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

*DP ID:

Folio No.

* Client ID

No. of shares:

NAME AND ADDRESS OF THE SHAREHOLDER:

I hereby record my presence at the Thirtieth Annual General Meeting of the Company to be held on Thursday 7th September 2017 at 11.00 a.m at its Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District, Tamil Nadu.

*Application for investors holding shares in electronic form.

Signature of the shareholder/proxy

PROXY FORM

**[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules 2014]**

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**CIN No.L28931TN1986PLC012728**

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

Name of the Member(s)	Registered Address	Email ID : Folio No: *Client ID: *DP ID:	
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I/We, being the member(s) of shares of Butterfly Gandhimathi Appliances Ltd, hereby appoint:

Name:	or failing him	or failing him
	Name	Name
Address	Address	Address
Email ID:	Email ID:	Email ID:
Signature:	Signature:	Signature:

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Thursday 7th September 2017 at 11.00 a.m. at its Registered Office at 143, Pudupakkam Village, Vandalur-Kelambakkam Road, Kelambakkam – 603 103, Kancheepuram District and at any adjournment thereof in respect of such resolutions, as are indicated below:

*Applicable for investor holding shares in electronic form

** I wish my above Proxy to vote in the manner as indicated in the box below:



S.No.	Resolutions	Type of Resolution	For Y/N	Against Y/N
A	ORDINARY BUSINESS			
1.	Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors.	Ordinary		
2.	Re-appointment of Mr. V. M. Seshadri (DIN 00106506), who retiring by rotation.	Ordinary		
3.	Consider and approve appointment of M/s.ASA & Associates LLP as Statutory Auditors	Ordinary		
B	SPECIAL BUSINESS			
4.	Approval of Remuneration of Cost Auditors	Ordinary		

Signed this Day of September 2017

Affix Re.1/-
Revenue
Stamp

.....

Signature of Shareholder

.....

Signature of Proxyholder(s)

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company or at the office of its Registrar and Share Transfer Agents at GNSA Infotech Ltd, STA Department, Nelson Chambers, 115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029, not less than 48 hours before the commencement of the meeting.

LPG STOVES



SPECTRA



PRISM



SIGNATURE



CURVE



FRIENDLY



BLAZE

TABLE TOP WET GRINDERS



MATCHLESS PLUS



MATCHLESS PRO



RHINO

MIXER GRINDERS



SPECTRA 4 JAR



SIGNATURE 4 JAR



DESIRE 4 JAR



PEBBLE 3 JAR



POWER HOBS



HAND BLENDERS

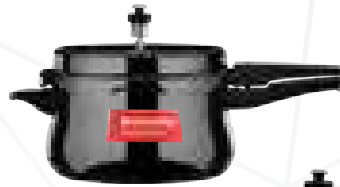


WATER KETTLES

ELECTRIC RICE COOKERS



PRESSURE COOKERS



NON-STICK COOKWARE



ELECTRIC CHIMNEYS



To

if undelivered, return to

GNSA Infotech Ltd,
STA Dept., Nelson Chambers,
4th floor, F-Block,
115, Nelson Manickam Road,
Aminjikarai, Chennai - 600 029.
Tel: +91 44 4296 2025. e-mail: sta@gnsaindia.com