

# Panasonic

ideas for life

39<sup>th</sup>  
Annual Report  
2010-2011

*The Only Battery Company in India Manufacturing 100% Eco-friendly Batteries*



Panasonic Energy India Co. Ltd.  
The **Only** Panasonic Battery Company in India



# Panasonic Energy India Co. Ltd.

## BOARD OF DIRECTORS

### Chairman

Mr. A. K. Lakhanpal

### Managing Director

Mr. S. K. Khurana

### Directors

Mr. E. B. Desai (deceased on 24-Dec-2010)

Mr. P. P. Shah

Mr. D. J. Thakkar

Mr. G. N. Punj

Mr. H. Sugimura

Mr. H. Aota

Mr. C. R. Amin (w.e.f. 25-Jan-2011)

### Company Secretary

Ms. Nisha Hindocha

### AUDITORS

M/s. K. C. Mehta & Co.

Chartered Accountants, Vadodara

### SOLICITORS

Mulla & Mulla and Craigie Blunt & Caroe

### BANKERS

State Bank of India

The Bank of Tokyo-Mitshubishi UFJ Ltd.

### REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.

B-102 & 103, Shangrila Complex, First Floor,  
Opp. HDFC Bank, Near Radhakrishna Char Rasta,  
Akota, Vadodara - 390 020, Gujarat - INDIA.

### REGISTERED OFFICE

GIDC, Makarpura,

Vadodara - 390 010, Gujarat - INDIA.

### WORKS

1. GIDC, Makarpura,  
Vadodara - 390 010, Gujarat - INDIA.

2. Plot No. 112, Sector III,  
Pithampur Industrial Area,  
Dist. Dhar, Madhya Pradesh - INDIA.



**39<sup>th</sup> Annual General Meeting** of the Company is scheduled to be held on **Monday, 25<sup>th</sup> July, 2011 at 10:00 a.m. at C. C. Mehta Auditorium, M. S. University, Sayajgunj, Vadodara 390 002.**

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

## C O N T E N T S

Corporate Information .....	1
Notice to Members .....	2
Directors' Report .....	4
Report on Corporate Governance .....	9
Green Initiative .....	20
Auditors' Report .....	21
Balance Sheet .....	24
Profit & Loss Account .....	25
Cash Flow Statement .....	26
Schedules to Balance Sheet .....	27
Schedules to Profit & Loss Account .....	30
Significant Accounting Policies .....	32
Notes on Accounts .....	35
Balance Sheet Abstract & Company's General Profile ..	42

**The Only manufacturer of 100% eco-friendly batteries in India**

## Panasonic Energy India Co. Ltd.

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**NOTICE** is hereby given that the **39<sup>TH</sup> ANNUAL GENERAL MEETING** of the members of Panasonic Energy India Co. Ltd. will be held at **C. C. Mehta Auditorium, M. S. University, Sayajigunj, Vadodara – 390 002** on **Monday, 25<sup>th</sup> July, 2011** at **10:00 a.m.** to transact, with or without modifications, as may be permissible, the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2011, and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To declare dividend on equity Shares for the year ended 31<sup>st</sup> March, 2011.
3. To appoint a Director in place of Mr. G. N. Punj who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. D. J. Thakkar, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**By Order of the Board  
For Panasonic Energy India Co. Ltd.**

**Nisha Hindocha  
Company Secretary & Manager (Legal)**

**Mumbai, May 18, 2011**

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The proxy in order to be effective should be lodged with the Company at its Registered Office atleast 48 hours before the commencement of the meeting.
2. The Register of members and share transfer books of the Company will remain closed from Saturday, 16<sup>th</sup> July, 2011 to Monday, 25<sup>th</sup> July, 2011 (both days inclusive) for the purpose of determining payment of dividend.
3. The Company has proposed the following resolutions by way of Postal Ballot in accordance with the provisions of section 192A of the Companies Act, 1956 ("the Act") read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001. Accordingly a postal ballot notice along with the Explanatory Statement, Postal Ballot form and postage pre-paid self addressed envelope in this regard will be dispatched to all members separately.
  - a) Special Resolution under section 17 and all other applicable provisions, if any, of the Companies Act, 1956 for alteration of the object Clause under Clause III(A) of the Memorandum of Association of the Company by insertion of new clause.
  - b) Special Resolution under section 31 and all other applicable provisions, if any, of the Companies Act, 1956 for alteration in Articles of Association of the Company.
  - c) Special Resolution pursuant to the relevant provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, for payment of remuneration to Mr. Ajai K. Lakhanpal, the Chairman and Whole-time Director of the Company under part B of paragraph I of section II of part II of schedule XIII of the Companies Act, 1956 w.e.f. 1<sup>st</sup> October, 2010 to the remaining period of his tenure of office expiring on 5<sup>th</sup> January, 2012 on the same terms and conditions as approved by the members at the 35<sup>th</sup> and 36<sup>th</sup> Annual General Meetings.
  - d) Special Resolution pursuant to the relevant provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, for payment of remuneration to Mr. S. K. Khurana, the Managing Director of the Company under part B of paragraph I of section II of part II of schedule XIII of the Companies Act, 1956 w.e.f. 1<sup>st</sup> October, 2010 to the remaining period of his tenure of office expiring on 30<sup>th</sup> September, 2011 on the same terms and conditions as approved by the members at 35<sup>th</sup> and 36<sup>th</sup> Annual General Meetings.

Members are requested to carefully read the instructions printed on the Postal Ballot and return the same duly completed in the postage pre-paid self addressed envelope so as to reach the scrutinizer on or before the close of the normal working hours on 18<sup>th</sup> July, 2011.

The Chairman of the Company or the Chairman for the meeting will announce the results of the Postal Ballot at the ensuing 39<sup>th</sup> Annual General Meeting to be held on 25<sup>th</sup> July, 2011. The results of the Postal Ballot will also be announced through a press release and it would also be posted on the Company's website [www.panasonicenergy.in](http://www.panasonicenergy.in) besides communicating it to the Bombay Stock Exchange Ltd. where the Company's shares are listed.

4. Dividend on equity shares as recommended by the Directors, if declared at this Annual General Meeting, will be paid on 8<sup>th</sup> August, 2011 to those members whose names appear on the Company's Register of Members at the close of business on 25<sup>th</sup> July, 2011.

#### Dividend payment

5.
  - a) Members holding shares in electronic mode may please note that that the dividend payable to them would be paid through National Electronic Clearing Services (NECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their Depository Participants (DPs). In absence of availability of NECS facility, the dividend will be paid through warrants and the bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations.
  - b) In respect of shares held in physical form, members desirous of receiving dividends by way of direct credit to their bank accounts through NECS may authorize the Company with their NECS mandate. The shareholders desirous of obtaining the NECS mandate may download it from the website of the Company at [www.panasonicenergy.in](http://www.panasonicenergy.in). or may write to the Company Secretary at the Registered Office of the Company.
6.
  - a) All unclaimed dividends upto the financial year ended on 31<sup>st</sup> March, 1995 (paid in the year 1995) have been deposited with the General Revenue Account of the Central Government and shareholders may claim the same from the Registrar of Companies, Gujarat.
  - b) Unclaimed dividends for the years 1995-96 to 2002-2003 have been transferred to the Investor Education and Protection Fund pursuant to Sections 205A and 205C of the Act. And that of 2003-2004 will be transferred in July, 2011.
  - c) Shareholders who have not en-cashed their dividend warrants for the year 2003-2004 are requested to claim the amount immediately from the Company before 8<sup>th</sup> July, 2011. And for the years from 2004-2005 to 2009-10, are requested to claim the same at the earliest.
7. Members holding shares in physical form and wishing to avail of the nomination facility, are requested to send the duly filled in nomination in the prescribed form (form 2B) to Link Intime India Pvt. Ltd., Vadodara (Company's Registrar & Share Transfer Agent) or to the Company Secretary at the Registered Office of the Company.
8. Members are requested to notify immediately:
  - (a) any change in their residential address.
  - (b) Income-Tax Permanent Account Number (PAN).
  - (c) Bank details – Name and address of the Bank; A/c No.; type of A/c
9. Members holding shares in more than one folio in the same order of name(s) are requested to send the details of their folios along with the share certificates so as to enable the Company to consolidate their holdings into one folio.
10. Members are requested to bring their copies of the Annual Reports along with duly filled attendance slip to the meeting.
11. Members seeking any information or clarification with regard to the accounts, are requested to write to the Company at least TEN DAYS in advance of the meeting so that the information required can be made readily available at the meeting.
12. As required by the Listing Agreement with the Stock Exchange, the relevant details in respect of the Directors proposed to be reappointed are set out in the Corporate Governance Report forming part of the Directors Report.

# Panasonic Energy India Co. Ltd.

Dear Shareholders,

The Directors have pleasure in presenting their 39<sup>th</sup> Annual Report together with the Audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March 2011.

## 1. FINANCIAL RESULTS

Particulars	(Rs. In lacs)	
	As at 31-March-11	As at 31-March-10
<b>Sales Turnover</b>	<b>19828</b>	18645
<b>Profit/(Loss) Before Tax</b>	<b>781</b>	623
Less: Provision for taxation (Net of deferred tax)	<b>223</b>	(96)
Less: Provision for taxation of earlier years (Net of refund/demand)	<b>8</b>	(1)
<b>Profit/(Loss) After Tax</b>	<b>550</b>	720
Add: Profit brought forward from previous year	<b>100</b>	1
<b>Net available surplus for appropriation</b>	<b>650</b>	721
<b>Appropriations</b>		
Proposed dividend	<b>150</b>	150
Dividend distribution tax	<b>24</b>	25
General Reserve No.1 (Statutory)	<b>42</b>	54
General Reserve No. 2	<b>284</b>	392
Surplus carried to Balance Sheet	<b>150</b>	100
	<b>650</b>	721

## 2. OPERATIONAL REVIEW

The Profit Before Tax (PBT) of the Company increased by 25% and it stands at Rs. 781 lacs as compared to the previous year of Rs. 623 lacs. The Company's turnover for the year stood at Rs. 19828 lacs, which has increased by 6% as compared to the previous year. The sales quantity has increased by 9% as compared to previous year. The major factors that contributed to the profits of the Company are increased turnover, several cost reduction measures such as value engineering, etc.

During the year your Company has launched a new improvised product in the D & C size of batteries (R20 & R14). These are eco friendly product i.e. mercury free batteries. We take lot of pride in these improvised batteries as we are the only manufacturer in India with eco friendly products in this segment. These eco friendly products could not have seen the light of the day without the technological support and guidance from our foreign collaborators (Panasonic Corporation, Japan) for development and manufacturing of these batteries. With the launch of these new improvised R20 & R14 eco friendly batteries, now your Company's complete range of product is eco friendly. These new improvised eco friendly products were launched under the "Panasonic" brand and with this, now all the batteries manufactured by your Company are sold under one brand "Panasonic", which is a globally renowned brand. "Panasonic" brand is recognized by the customers across the globe as best quality products.

During the year, various marketing activities of the Company were focused towards brand unification. These activities mainly includes Display In Shop Activities (DISHA) & District Development Plan. Your Company also focused on high potential key urban markets under its Town Development Plan. Also various awareness programs were organized by the Company for its sales force in order to make them aware about the new improved eco friendly products of the Company, their importance in protecting our environment and in turn to the society as a whole. With the help of these activities, under a highly competitive market your Company has been able to marginally increase its market share as compared to last year.

It gives us immense pleasure in informing you that a new milestone was achieved by your Company. In the history of the Company for the first time, we reached mark of 500 million plus dry battery production and sales.

During the year, another milestone was also reached by your Company, we crossed 10 billion cumulative production of dry batteries.

## 3. DIVIDEND

In view of the improved operational profits of the Company, your Directors are happy to recommend dividend at Rs. 2.00 per equity share (previous year Rs. 2.00 per equity share) on 75,00,000 equity shares for the year ended 31<sup>st</sup> March, 2011. The dividend, when approved, will entail payment to shareholders of Rs.150 lacs. It will be tax free income in the hands of recipients and the Company will have to pay dividend distribution tax thereon to the sum of Rs. 24 lacs.

#### 4. MANAGEMENT DISCUSSION AND ANALYSIS

##### A. Business Overview

###### Zinc carbon batteries

This year the dry cell industry showed a negligible increase of just around 1% as compared to the previous year. In order to sustain in stagnant and price sensitive market, your Company continued to focus on improved outlet penetration and brand building activities.

During the year, your Company has carried out various brand building activities like radio campaign, organized dealer meets, DISHA activity, dealer boards, wall paintings etc. to create its brand awareness in high potential area.

Your Company would continue its efforts towards improving its outlet coverage and it would be focusing its resources to reach to the desired levels of outlet coverage. The benefits of these efforts would accrue to the Company in the coming years.

###### Alkaline Batteries

During the year your Company had improved its presence in alkaline range of batteries. Your Company has also marginally improved its market share in this sector. Your Company intends to further improve its presence in this sector.

###### Flashlights

Keeping in view your Company's commitment towards the environment, during the year it has introduced new models of eco friendly torches. Your Company intends to focus in this area as it's a growing segment and has immense potential.

##### B. Industry Structure and Development

During the year, Industry was more or less stagnant. The growth rate was at a negligible rate of just around 1%. R20 segment continued to de-grow due to change in consumer usage pattern. During the year the rate of de-growth had been around 18% as compared to previous year. R6 segment showed some positive trend and it registered a growth of around 7% as compared to previous year. R03 segment also showed some positive trend and it registered a growth of around 8% as compared to previous year. However the concern for R03 segment is that economy product market grew at a higher rate than the premium product market. The whole Indian dry battery market seems to be moving towards economy range of batteries.

##### C. Opportunities and Threats

###### Opportunities

The low per capita consumption of batteries in India indicates inherent potential of the battery market to grow. The changed usage pattern of the gadgets also provides potential for R6, R03 and Alkaline products.

###### Threats

There is import of huge quantity of low performance cheap Chinese AAA batteries which poses a big threat to the organized sector of the Industry. Presently anti dumping duty on R6 segment is valid only till March 2012 which is a matter of concern.

##### D. Risks & concerns

The possibility of increase in input costs is a matter of concern as this would directly impact the profit margins of your Company. In the coming years the usage pattern of appliances would be a determining factor for the growth of the dry battery industry. Changing consumer behavior towards dry battery operated appliances would also play a crucial role.

##### E. Outlook

Penetration of more battery operated appliances should improve the dry battery consumption. The concept of compactness with potable energy need, should help more battery appliances to emerge.

##### F. Internal Control System

Your Company maintains an adequate and effective internal control system commensurate with its size and complexity. We believe that these internal control systems provide, among other things a reasonable assurance that the transactions are executed with management authorizations and they are recorded in material respects to permit preparation of the financial statements in conformity with established accounting principles and that the assets of the Company are adequately safe-guarded against any significant misuse or loss. The Internal audit is done by an independent firm of Chartered Accountants. Internal audit and other controls are reviewed periodically by the Audit Committee and have been found to be adequate.

##### G. Developments in human resources and industrial relations

Directors wish to place on record their appreciation of all employees for their sustained efforts and valuable contribution. The total employee strength of the Company stood at 806 as on 31<sup>st</sup> March, 2011.

## Panasonic Energy India Co. Ltd.

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None of the employees of the Company draw a remuneration of Rs.5 lacs or more (where appointed for a part of the year) or Rs. 60 lacs or more (where appointed for the whole year) and hence no information is provided pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### H. Research & Development

In line with the vision of our foreign collaborators to make our products eco friendly, during the year under review your Company after doing extensive research and development launched new improved eco friendly R20 & R14 dry batteries. You would appreciate the fact that yours is the only manufacturing Company with complete range of eco friendly batteries. Last year's experience of successfully manufacturing and selling of eco friendly batteries has given to your Company and it's staff members lot of satisfaction about its contribution to reduce adverse impact on environment. Over and above these activities, efforts have also been made to reduce hazardous elements from raw materials.

As a part of continual improvement of products and processes various activities were undertaken. These were done by using important and effective Q. C. techniques like small improvement in process through Q. C. Circle and Kaizen activities. These activities were implemented through the involvement of grass root level employees. This had resulted in increasing the confidence level of employees for quality improvement and reduction of rejection during manufacturing process.

During the year, the Company has focused its operations on making good quality eco friendly products and also implementing the concept of 3R's i.e. "Reduce, Reuse and Recycle". Various measures were taken on the production front to reduce Co<sub>2</sub> emission, optimum energy utilization, re-use of effluent water, plantation of trees, etc.

### I. Exports

Continuous efforts are being made to boost exports, particularly in the areas of machinery spare parts and battery components. During the current financial year the Company has earned foreign exchange to the tune of Rs. 125 lacs (previous year Rs. 105 lacs). Pricing continues to be the key factor. The Company intends to further improve its exports.

## 5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state that:

- a. in the preparation of the annual accounts, all applicable accounting standards have been followed;
- b. accounting policies as listed out in schedule 19 to the financial statements have been selected and applied consistently and are reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2011 and of the profit of the Company for the year ended on that day;
- c. proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provisions of the Act, so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis.

## 6. CORPORATE GOVERNANCE

Your Company recognizes the importance and need of good corporate governance as an important step in creating shareholders confidence and thereby enhancing the long term enterprise value.

Pursuant to clause 49 of the listing agreement with stock exchange the Corporate Governance Report along with Auditors certificate regarding compliance of the conditions of corporate governance are given as part of this Annual Report.

## 7. DEPOSITS

During the year under review the Company has not accepted/renewed deposits from public/shareholders. 1 (one) deposit amounting to Rs. 10,000/- matured but not claimed by the depositor and remained unclaimed over a period of seven years, has been transferred to Investor Education & Protection Fund (IEPF) of Central Government during the year. As on 31<sup>st</sup> March, 2011 there are no matured / unclaimed deposits with the Company.

## 8. STATEMENT PURSUANT TO LISTING AGREEMENT

Equity shares of the Company are listed at Bombay Stock Exchange Ltd. (BSE). The Company has already paid annual listing fee for the year 2011-12 to the stock exchange.

## 9. DIRECTORS

During the year under review, Mr. E. B. Desai, Director of the Company passed away on 24<sup>th</sup> December, 2010. Mr. Desai had been on the Board of your Company since 1973. The fact that his association with your Company had been for more than 3 decades endorses the fact that he played a significant role in contributing to the development and growth of the Company. He was an eminent lawyer with thorough knowledge and understanding of corporate



laws which was beyond compare. His death has caused a void that would be difficult to fill in. We on behalf of the entire Panasonic family place on record our heartfelt condolences to his family members and pray to the almighty to give them enough strength to withstand the pain and personal loss and may his soul rest in peace.

During the year, Mr. Chirayu Amin was appointed as Director w.e.f. 25<sup>th</sup> January, 2011 in order to fill in the casual vacancy caused due to Mr. Desai's death. Mr. Amin is a well known Industrialist. I, on behalf of the Board of Directors of the Company whole heartedly welcome him and we are sure that his association would be of immense benefit to your Company in the coming years.

Mr. D. J. Thakkar and Mr. G. N. Punj retire by rotation and, being eligible, offer themselves for reappointment. The Board recommends their reappointment.

**10. AUDITORS**

M/s. K. C. Mehta & Co., Chartered Accountants, Vadodara retire, and being eligible, offer themselves for reappointment.

**11. ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation to Panasonic Corporation, Japan for their valuable support and co-operation. We also wish to thank the State and Central Govt. authorities, suppliers and bankers for their continuous co-operation. We also value the support that we received from our stockiest, wholesale dealers, retailers and consumers.

The Directors also wish to place on record their sincere thanks to the Shareholders for the confidence reposed by them in the Company.

**For and on behalf of the Board**

**Ajai K. Lakhanpal**  
**Chairman**

**Mumbai, May 18, 2011**

**Annexure I to the Directors' Report**

PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011.

**FORM A**

**(A) CONSERVATION OF ENERGY**

Not given as the Company is not covered under the list of specified industries. However, efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

**FORM B**

**(A) DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D).**

1 Specific areas in which R&D carried out by the Company	1. Developed Hg free paste type batteries (R20 & R14) 2. Introduction of new LED torch models. 3. Removal of hazardous content from the raw material and components used in dry battery.
2 Benefit derived as a result of above R&D	1. Environment friendly products. 2. Customer satisfaction. 3. Cost effective products.
3 Future plan of action	1. Introduce new LED torch/Lantern models. 2. Further improve customer satisfaction. 3. To reduce the effect of global warming by reducing CO <sub>2</sub> emission.
4 Expenditure on R&D	(Rs. in lacs)
(i) Capital	-
(ii) Recurring	136
(iii) <b>Total</b>	<u>136</u>
(iv) Total R&D expenditure as a percentage of total turnover	0.01%

## Panasonic Energy India Co. Ltd.

### (B) TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

1. Effort in brief made towards technology absorption, adaptation and innovation.	<ol style="list-style-type: none"> <li>1. Developed Hg free paste type dry batteries (R20 &amp; R14).</li> <li>2. Introduction of New LED torch.</li> <li>3. Efforts for energy conservation.</li> </ol>
2. Benefit derived as a result of the above efforts  e.g. Product improvement, cost reduction, product development, import substitution, etc	<ol style="list-style-type: none"> <li>1. Aligning towards global trend of introducing new environment friendly products in line with RoHS guidelines into the Indian market.</li> <li>2. New technology with emphasis on cost reduction by developing new range of products, packaging and spares part.</li> <li>3. Better cost effective dry battery.</li> </ol>
3. Imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	<ol style="list-style-type: none"> <li>a) Technology imported Technology for manufacturing mercury free paste type R20 &amp; R14 batteries</li> <li>b) Year of import 2010</li> <li>c) Has technology been fully absorbed? Continuing</li> </ol>

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to export initiatives taken to increase exports; development of new export markets for products and services; and export plan	During the year company earned foreign exchange through export of machinery spare parts and components.
2. Total Foreign Exchange	(Rs. in lacs)
Used	3,125
Earned	127

For and on behalf of the Board

Ajai K. Lakhanpal  
Chairman

Mumbai, May 18, 2011

#### CERTIFICATE

This is to certify that the Company has laid down the rules for code of conduct for the members of the Board and Senior Management, as per the revised clause 49 of the Listing Agreement.

I hereby further certify that the Company has obtained certificate for compliance of rules of code of conduct, from the board members and senior management personnel for the financial year ended on 31<sup>st</sup> March, 2011.

For Panasonic Energy India Co. Ltd.

Place: Vadodara  
Date: 3<sup>rd</sup> May, 2011

S. K. Khurana  
Managing Director

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, shareholders, creditors, consumers and lenders and places due emphasis on regulatory compliance.

The Company believes that its systems and actions should be devoted for enhancing corporate performance and maximizing shareholders value in the long term.

## 2. BOARD OF DIRECTORS

### a) Composition of Board of Directors

The Board of Directors is constituted as per the combination prescribed under clause 49 of the Listing Agreement with the stock exchange relating to the number of Independent & Non-Independent and Executive & Non-Executive Directors. The Company has a very balanced structure of Board of Directors. At the end of the financial year under review the Board consisted of 8 Directors, 4 Independent Directors and 4 Non – Independent Directors. The Non-Independent Directors include an Executive Chairman, a Managing Director and 2 Promoter Directors (Non-Executive).

All the Directors of the Company are appointed or re-appointed with requisite approvals of the Remuneration Committee, Board of Directors and shareholders as and when necessary. All Directors are subject to retirement by rotation unless otherwise specifically approved by the shareholders.

The Independent Directors on the Board are experienced, competent and highly renowned persons from their respective field. The Independent Directors take active part in the Board and Committee Meetings which add value in the decision making process of the Board of Directors.

### b) Meetings, Attendance, Agenda for the Meetings and details of other Directorships, etc.

The Board generally meets 4 times during the year, with a maximum time gap of 4 months between any two meetings. During the financial year ended on 31<sup>st</sup> March, 2011 the Board of Directors had 5 Meetings. These were held on 19<sup>th</sup> May, 2010, 23<sup>rd</sup> July, 2010, 19<sup>th</sup> October, 2010, 12<sup>th</sup> January, 2011 and 25<sup>th</sup> January, 2011. The last Annual General Meeting was held on 23<sup>rd</sup> July, 2010.

The Notice convening Board Meetings are being sent to each of the Directors along with relevant papers around 7 to 10 days in advance of the meeting date, so as to enable the Board to discharge its responsibilities effectively. All significant developments and material events are brought to the notice of the Board. The Managing Director briefs the Board on the financial performance of the Company during previous quarter and trend analysis as compared to the plans and market scenario. The Board also reviews periodically the legal compliance reports prepared by the Company and the steps taken by the Company to rectify instance of non – compliances, if any.

None of the Directors of the Company are Directors in more than 15 public companies and member of more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which they are Directors.

The attendance record of the Directors at the Board Meetings during the financial year ended on 31<sup>st</sup> March, 2011 and at the last AGM along with the details of other Directorships (excluding private limited companies, foreign companies and section 25 companies) and the Chairmanships and the Committee memberships (only Audit Committee and Investors' Grievance Committee included) are given below.

Name of the Director	Category of Director	No. of Board Meetings held/ Attended	Attendance at last AGM	No. of Directorships held in public companies	Committees	
					Chairman	Member
Mr. A. K. Lakhanpal*	ED/NID	5/4	No	1	-	1
Mr. S. K. Khurana**	ED/NID	5/5	Yes	1	-	2
Mr. E. B. Desai#	NED/ID	3^/2	Yes	NA	NA	NA
Mr. D. J. Thakkar	NED/ID	5/5	Yes	14	5	5
Mr. P. P. Shah	NED/ID	5/5	Yes	15	2	6
Mr. G. N. Punj	NED/ID	5/1	No	5	1	-
Mr. H. Aota**	NED/NID	5/0	No	3	-	-
Mr. H. Sugimura**	NED/NID	5/0	No	3	-	-
Mr. C. R. Amin <sup>£</sup>	NED/ID	1^/0	NA	12	1	1

ED - Executive Director; NED - Non-Executive Director; ID - Independent Director; NID - Non-Independent Director.

\* Indian Promoter; \*\*Nominees of Panasonic Corporation, Japan; # ceased to be a Director w.e.f. 24.12.2010 due to his death; £ Appointed w.e.f. 25.1.2011; ^ No. of meetings held on/after/up to his appointment on the Board;

**3. Committees of the Board**

**a) Audit Committee**

**Brief Description of terms of reference**

The terms of reference of the Audit Committee are as per the guidelines set out in the clause 49 of the listing agreement with BSE read with section 292A of the Companies Act, 1956. These broadly include the following:

- Effective supervision of the management’s financial reporting process.
- To ensure the objectivity and independence of the independent auditor.
- To review the Company’s quarterly and annual financial statements before submission to the Board for approval;
- To review the accounting and financial policies and practices;
- To review the efficacy of the internal control mechanism and monitor risk management policies adopted by the Company and ensure compliance with regulatory guidelines;
- To review reports furnished by the internal and statutory auditors and to ensure suitable action is taken;
- To recommend appointment/removal of auditors and fix/approve fees and other payments; and
- To review significant related party transactions as per the Accounting Standard 18 (AS18).

**Composition of Committee and its meetings**

As per the clause 49 requirements of Listing Agreement, Audit Committee was formed in the Board Meeting held on 23<sup>rd</sup> January, 2001 and it comprises of 3 Independent Directors. Due to the sad demise of Mr. E. B. Desai – Chairman of the Committee on 24.12.2010, during the year, Committee had to be reconstituted. Accordingly the Board of Directors at its meeting held on 12<sup>th</sup> January, 2011 reconstituted Committee with immediate effect. Mr. D. J. Thakkar who was the member of the Committee was appointed as Chairman and Mr. S. K. Khurana was inducted as a new member of the Committee. The details of the number of meetings held & attendance of members for full financial year are detailed as under:

Sr. No.	Name of member	Status	No. of meetings held	No. of meetings attended
1	Mr. E. B. Desai <sup>@</sup>	Chairman <sup>@</sup>	3 <sup>#</sup>	2
2	Mr. D. J. Thakkar	Member <sup>^</sup> / Chairman <sup>*</sup>	4	4
3	Mr. P. P. Shah	Member	4	4
4	Mr. S. K. Khurana	Member <sup>*</sup>	1 <sup>#</sup>	1

<sup>@</sup> ceased w.e.f. 24.12.2010 due to his death; <sup>#</sup> No. of Meetings held on/after/upto his appointment in the Committee; <sup>^</sup> upto 12<sup>th</sup> January, 2011; <sup>\*</sup> w.e.f. 12<sup>th</sup> January, 2011.

The Audit Committee meetings were also attended by Chairman of the Company as an invitee. Representative of the Statutory, Internal Auditors & Head of Finance Department of the Company also attends the Audit Committee meetings.

The Company Secretary acts as Secretary of the Audit Committee.

Mr. E. B. Desai, Chairman of the Audit Committee was present at the 38<sup>th</sup> Annual General Meeting of the Company held on 23<sup>rd</sup> July, 2010.

The minutes of the meetings of Audit Committee are circulated to the members of the Committee and are also placed before the Board.

**b) Remuneration Committee**

**Brief description of terms of reference**

To determine keeping in mind the interest of Company and shareholders, the remuneration packages of Executive Directors including their pension rights and compensation payments. The packages are determined by the Committee keeping in view (i) financial position of the Company; (ii) trends in the industry; (iii) appointee’s qualification, experience, past performance and past remuneration etc.,

**Composition of Committee and its meetings**

As per clause 49 of the Listing Agreement, constitution of Remuneration Committee is non-mandatory requirement. However the Company formed Remuneration Committee on 23<sup>rd</sup> January, 2004. It comprises of 3 Independent Directors. Due to the sad demise of Mr. E. B. Desai, Member of the Committee on 24.12.2010, during the year, Committee had to be reconstituted. Accordingly the Board of Directors at its meeting held on 12<sup>th</sup> January, 2011 reconstituted Committee with immediate effect. Mr. G. N. Punj was inducted as a new member of the Committee. The details of the number of meetings held & attendance of members for full financial year are detailed overleaf:

Sr. No.	Name of member	Status	No. of meetings held	No. of meetings attended
1	Mr. P. P. Shah	Chairman	1	1
2	Mr. E. B. Desai <sup>@</sup>	Member <sup>@</sup>	NA	NA
3	Mr. D. J. Thakkar	Member	1	1
4	Mr. G. N. Punj <sup>*</sup>	Member <sup>*</sup>	1 <sup>£</sup>	1

<sup>@</sup> ceased w.e.f. 24.12.2010 due to his death; <sup>\*</sup>Appointed w.e.f. 12<sup>th</sup> January, 2011; <sup>£</sup> No. of Meetings held after his appointment.

The Company Secretary acts as Secretary of the Remuneration Committee.

The minutes of the meetings of Remuneration Committee are circulated to the members of the Committee and are also placed before the Board.

#### Remuneration to Directors and shareholding of Non-Executive Directors

##### (i) Pecuniary Relationships

None of the Non-Executive Directors of your Company has any pecuniary relationships or material transactions with the Company except for sitting fees paid to them for attending Board Meetings or Committee Meetings thereof and Commission on net profits, if any.

Late Mr. E. B. Desai, who was a partner of M/s. Mulla & Mulla & Craigie Blunt & Caroe, the legal firm which provides legal services to the Company, on case to case basis, in respect of which, the aggregate amounts involved in such transactions during the year were not material compared to the total income of the firm.

In compliance with the requirements of Accounting Standard 18 (AS – 18) issued by ICAI, transactions with related parties have been furnished under Note No. 17 of Schedule 19 of the Notes to the Accounts of the financial statements.

##### (ii) Remuneration to Executive Directors

The remuneration of Executive Directors comprises salary, perquisites, contribution to provident & superannuation funds and gratuity.

Sr. No.	Name & Designation	Salary (Rs.) (A)	Perquisites (Rs.) (B)	Total (Rs.) (C=A+B)	Contribution to PF & other funds [Exempted Perks] (Rs.) (D)	Total (Rs.) (E=C+D)
1	Mr. A. K. Lakhanpal Chairman	27,30,000	12,22,800	39,52,800	3,64,500	43,17,300
2	Mr. S. K. Khurana Managing Director	18,30,000	12,64,181	30,94,181	3,64,500	34,58,681

Note: a. No commission was paid to the Executive Directors during the year under review.  
b. The aforesaid figures exclude the accruals for gratuity as it is funded on the basis of an actuarial valuation of the Company as a whole.

##### (iii) Remuneration to Non - Executive Directors and the no. of shares held by them

The Non-Executive Directors were paid sitting fees of Rs. 10,000 for attending each of the Board and its Committees meeting. The Chairman and Managing Director being Executive Directors of the Company are not paid any sitting fees.

Sr. No.	Name	Category of Director	Sitting Fess (Rs.) (A)	Commission (Rs.) (B)	Total (Rs.) (C=A+B)	No. of shares (Nos.)
1	Mr. E. B. Desai <sup>@</sup>	Independent	40,000	40,360	80,360	18,455
2	Mr. D. J. Thakkar	Independent	1,10,000	53,814	1,63,814	-
3	Mr. P. P. Shah	Independent	1,00,000	53,814	1,53,814	5,000
4	Mr. G. N. Punj	Independent	20,000	53,814	73,814	264
5	Mr. H. Aota	Non-Independent	-	53,814	53,814	-

## Panasonic Energy India Co. Ltd.

Sr. No.	Name	Category of Director	Sitting Fess (Rs.) (A)	Commission (Rs.) (B)	Total (Rs.) (C=A+B)	No. of shares (Nos.)
6	Mr. H. Sugimura	Non-Independent	-	53,814	53,814	-
7	Mr. Chirayu R Amin*	Independent	-	13,453	13,453	-

@ ceased to be the Director w.e.f. 24.12.2010 due to his death;\* Appointed w.e.f. 25<sup>th</sup> January, 2011.

No Severance fee is payable to any of the Executive Directors.

The Company has not issued stock options to any of its Directors.

### c) Investors' Grievance Committee

#### Brief description of terms of reference

As per the clause 49 requirements of Listing Agreement, Investors' Grievance Committee was formed in the Board Meeting held on 30<sup>th</sup> January, 2002. The Committee specifically looks into issues relating to investors including share related matters and redressal thereof.

#### Composition of Committee and its meetings

Investors' Grievance Committee comprises of 1 Independent Director and 2 Non-Independent Directors. The Board of Directors at its meeting held on 12<sup>th</sup> January, 2011 reconstituted Committee with immediate effect wherein Mr. D. J. Thakkar resigned as the Chairman of the Committee and in his place Mr. G. N. Punj was inducted as a new Chairman of the Committee. The details of the number of meetings held & attendance of members for full financial year are detailed as under:

Sr. No.	Name of member	Status	No. of meetings held	No. of meetings attended
1	Mr. D. J. Thakkar*	Chairman*	1	1
2	Mr. G. N. Punj <sup>#</sup>	Chairman <sup>#</sup>	NA <sup>£</sup>	NA
3	Mr. A. K. Lakhanpal	Member	1	1
4	Mr. S. K. Khurana	Member	1	1

\*Resigned w.e.f. 12<sup>th</sup> January, 2011; #Appointed w.e.f. 12<sup>th</sup> January, 2011; £ No. of meetings held after his appointment.

The Company Secretary has been designated as the Compliance Officer and also acts as Secretary to the Committee.

The minutes of the meetings of Investors' Grievance Committee are circulated to the members of the Committee and are also placed before the Board.

In order to expedite the process of approving the share transfer requests the Board of Directors have at their meeting held on 27<sup>th</sup> May, 2009 decided to delegate the authority to a committee constituted for said purposes. This Committee is known as "Share Transfer and Investments Committee". The Committee meets every fortnightly and approves the shares related transactions.

The minutes of the meeting of this Committee are placed before the Board.

The details of shareholder queries and requests received and replied during financial year 2010-11 are detailed as under:

Sr. No.	Nature of Correspondence	Received (Nos.)	Responded satisfactorily (Nos.)	Pending as on 31-Mar-11 (Nos.)
1	Change of Address	41	41	NIL
2	Bank Mandate	15	15	
3	Registration of NECS / ECS Details	15	15	
4	Nomination Request	2	2	
5	Stop Transfer / Procedure for Issuance of Duplicate Share Certificates	11	11	
6	Correction in Name / Address	3	3	

Sr. No.	Nature of Correspondence	Received (Nos.)	Responded satisfactorily (Nos.)	Pending as on 31-Mar-11 (Nos.)	
7	Change of Signature	1	1	<b>NIL</b>	
8	Stop Transfer Removal	3	3		
9	Procedure for Transmission / Deletion / Transposition	3	3		
10	Issuance of Duplicate Shares	6	6		
11	Cancellation of Bank Details	1	1		
12	Transfer Requests	99	99		
13	Transmission Requests	2	2		
14	Name Deletion	26	26		
15	Revalidation / Issuance of Duplicate Dividend Warrants	138	138		
16	Demat Requests / Remat Requests	142	142		
17	Complaint from SEBI / Stock Exchange	NIL	NA		
<b>TOTAL</b>		<b>508</b>	<b>508</b>		<b>NIL</b>

No investor correspondence remains unattended for more than 30 days.

#### 4. General Body Meeting

Particulars of last three AGM's & Special Resolutions passed thereto

Financial Year	Date & Time	Venue	Special Resolutions passed
2007-2008 (36 <sup>th</sup> AGM)	18 <sup>th</sup> July, 2008 10:30 AM	Mahatma Gandhi Nagargruh, Vadodara	<ul style="list-style-type: none"> <li>➤ Revision in remuneration of Mr. S. K. Khurana as the Managing Director of the Company w.e.f. 1<sup>st</sup> Oct., 2007 to 30<sup>th</sup> Sept., 2011.</li> <li>➤ Revision in remuneration of Mr. A. K. Lakhanpal, Chairman and Whole-time Director of the Company w.e.f. 1<sup>st</sup> October, 2007 to 5<sup>th</sup> January, 2012.</li> </ul>
2008-2009 (37 <sup>th</sup> AGM)	23 <sup>rd</sup> July, 2009 11.00 AM	C. C. Mehta Auditorium, M.S.University, Vadodara	No Special Resolutions were passed at the 37 <sup>th</sup> AGM.
2009-2010 (38 <sup>th</sup> AGM)	23 <sup>rd</sup> July, 2010 11:00 AM	C. C. Mehta Auditorium, M.S.University, Vadodara	Payment of commission, in addition to the sitting fees and reimbursement of expenses, to the non-executive Directors for a period of five years i.e. from 1 <sup>st</sup> April, 2010 to 31 <sup>st</sup> March, 2015.

All the aforesaid resolutions were passed on show of hands.

#### Postal Ballot Resolution

No special resolution requiring postal ballot was passed during the year 2010-11.

**SPECIAL RESOLUTION(S) PROPOSED THROUGH POSTAL BALLOT-RESULT TO BE DECLARED AT ENSUING 39<sup>TH</sup> AGM.**

The Company has proposed the following resolutions by way of Postal Ballot in accordance with the provisions of section 192A of the Companies Act, 1956 ("the Act") read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

- a) Special Resolution under section 17 and all other applicable provisions, if any, of the Companies Act, 1956 for alteration of the object Clause under Clause III(A) of the Memorandum of Association of the Company by insertion of new clause.
- b) Special Resolution under section 31 and all other applicable provisions, if any, of the Companies Act, 1956 for alteration in Articles of Association of the Company.
- c) Special Resolution pursuant to the relevant provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, for payment of remuneration to Mr. Ajai K. Lakhanpal, the Chairman and Whole-time Director of the Company under part B of paragraph I of section II of part II of schedule XIII of the Companies Act, 1956 w.e.f. 1<sup>st</sup> October, 2010 to the remaining period of his tenure of office expiring on 5<sup>th</sup> January, 2012 on the same terms and conditions as approved by the members at the 35<sup>th</sup> and 36<sup>th</sup> AGM's.

## Panasonic Energy India Co. Ltd.

- d) Special Resolution pursuant to the relevant provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, for payment of remuneration to Mr. S. K. Khurana, the Managing Director of the Company under part B of paragraph I of section II of part II of schedule XIII of the Companies Act, 1956 w.e.f. 1<sup>st</sup> October, 2010 to the remaining period of his tenure of office expiring on 30<sup>th</sup> September, 2011 on the same terms and conditions as approved by the members at 35<sup>th</sup> and 36<sup>th</sup> AGM's.

The Board of Directors have appointed M/s. Vijay Bhatt & Co., Practicing Company Secretaries, Vadodara to act as the scrutinizer, for conducting the postal ballot process, in a fair and transparent manner. Members are requested to return the same duly completed in the postage pre-paid self addressed envelope so as to reach the scrutinizer on or before the close of the normal working hours on 18<sup>th</sup> July, 2011.

The Chairman of the Company or the Chairman for the meeting will announce the results of this Postal Ballot at the ensuing 39<sup>th</sup> Annual General Meeting to be held on 25<sup>th</sup> July, 2011.

### 5. Disclosure

- a) Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large.

Related party transactions between Company and related parties as per the Accounting Standard (AS-18) "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given at note No. 17 of Schedule No. 19 of Annual Accounts.

Among the Related party transactions entered into by the Company from time to time in which Directors of the Company are interested are entered into the Register of Contracts maintained under section 301 of the Companies Act, 1956 and the Register is placed before the Audit Committee and Board.

In the opinion of the Management there are no related party transactions which are prejudicial to the interests of the Company.

- b) No penalties or strictures have been imposed on the Company by the Bombay Stock Exchange Ltd. (BSE) or SEBI or any other statutory authority on any matter related to capital markets during last three years.
- c) The Company has complied with and adopted the mandatory requirements stipulated under clause 49 of the Listing Agreement. The Company has obtained CEO / CFO Certificate from the Managing Director and the person heading the finance function in terms of the clause 49 of the Listing Agreement entered into with the Stock Exchange.
- d) Non – Mandatory Requirements

The Board may consider adopting the non – mandatory requirements in due course of time. However during the year under review the status of compliance with non – mandatory requirements of Clause 49 are given below:

- i) Remuneration Committee

Details are given under the heading "Remuneration Committee"

- ii) Audit Qualifications

During the year under review, there were no audit qualifications in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

### 6. Code of conduct

- a) Code of conduct for directors and senior management personnel

The Company has laid down the rules for code of conduct for the members of the board and senior management personnel of the Company. The code of conduct has also been posted on Company's website ([www.panasonicenergy.in](http://www.panasonicenergy.in)). In compliance with this code, the board members and senior management personnel have affirmed their compliance with the code for the year ended on 31<sup>st</sup> March, 2011. A declaration to this effect duly signed by the Managing Director forms part of this Annual Report.

- b) Code of conduct for Prevention of Insider Trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a code of conduct for Prevention of Insider Trading w.e.f. 29<sup>th</sup> January 2003.

This code is applicable to all directors and such identified employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company.

The company secretary acts as the compliance officer.

### 7. Means of Communications

- a) Quarterly, Half yearly and Annual audited results have been submitted to BSE as well as published in dailies having wide coverage such as Economic Times (Ahmedabad edition English & Vernacular Language).
- b) The results are also uploaded on the Company's website at [www.panasonicenergy.in](http://www.panasonicenergy.in).
- c) Management Discussion & Analysis forms part of this Annual Report.



8. Particulars of Directors seeking re-appointment at the ensuing 39<sup>th</sup> Annual General Meeting of the Company

Name of the Director	Mr. D. J. Thakkar	Mr. G. N. Punj
Date of birth	1 <sup>st</sup> October, 1936	8 <sup>th</sup> January, 1974
Education qualification	B.Com, LL.B, FCA	'A' Level Oxford & Cambridge Board, U.K.; Law Graduate from the London School of Economics & Political Science, U.K.
Specific functional area	Practicing Chartered Accountant	Industrialist
Brief resume of Director	<p>Mr. Thakkar received B.Com and LLB degrees from Bombay University in 1957 and 1959, respectively. He has over fifty years of experience as a Chartered Accountant and is a senior partner of M/s. Jayantilal Thakkar &amp; Co. &amp; M/s. Jayantilal Thakkar Associates, Mumbai.</p> <p>He specializes in the Foreign Exchange Management Act, 1999 and has advised many overseas corporations and large Indian companies on investments, taxation and collaboration related issues.</p> <p>He is on the Board of various companies and is also a Chairman/ Member of various committees.</p> <p>He is presently a trustee of the HSBC Mutual Fund.</p> <p>He has been on the Board of your Company since 5-Feb-1994.</p>	<p>Mr. Punj is an Industrialist. He has vast experience in administration and management of Companies.</p> <p>He is on the Board of various companies.</p> <p>He has been on the Board of your Company since 30-Jan-2002.</p>
Shareholding of Non-Executive Directors	Nil	264 Shares
Other directorships held	<p><b>Public companies</b></p> <p>Essar Oil Ltd. Essar Shipping ports &amp; Logistics Ltd. Garware Polyester Ltd. Himatsingka Seide Ltd. Indo Count Industries Ltd. Modern India Ltd. PAE Ltd. Poddar Developers Ltd. Premier Ltd. The Ruby Mills Ltd. Thirumalai Chemicals Ltd. Walchandnagar Industries Ltd. Magus Estates &amp; Hotels Ltd.</p> <p><b>Private Companies</b></p> <p>Ameya Logistics Pvt. Ltd. Blueberry Trading Co. Pvt. Ltd. Hamlet Constructions (India) Pvt. Ltd. Rajasvi Properties Holdings Pvt. Ltd. Skidata (India) Pvt. Ltd. Starrock Investments &amp; Trading Co. Pvt. Ltd. Township Real Estate Developers (India) Pvt. Ltd. Windmere Hospitality (India) Pvt. Ltd.</p>	<p><b>Public companies</b></p> <p>Punj Star Properties Ltd. Isolloyd Engineering Technologies Ltd Lloyd Insulations (India) Ltd. T&amp;T Motors Ltd.</p> <p><b>Private Companies</b></p> <p>Cosmo Capital and Investments Pvt. Ltd. Punj Star Industries Pvt. Ltd. Subhavan Investments Pvt. Ltd. Nitam Investments Pvt. Ltd. Punj Star Infotech Pvt. Ltd. Dyaus Power Project Co. Pvt. Ltd.</p>

## Panasonic Energy India Co. Ltd.

Name of the Director	Mr. D. J. Thakkar	Mr. G. N. Punj
Other Committees of Directors were membership held.	<b><u>Audit Committee</u></b> Essar Oil Ltd. (Chairman) Thirumalai Chemicals Ltd. (Chairman) PAE Ltd (Chairman) Himatsingka Seide Ltd. (Chairman) Walchandnagar Industries Ltd. (Member) <b><u>Investors Grievance Committee</u></b> Essar Oil Ltd. (Member) Thirumalai Chemicals Ltd. (Member) Walchandnagar Industries Ltd. (Member)	<b><u>Audit Committee</u></b>  Nil  <b><u>Investors Grievance Committee</u></b>  Nil

### 9. General shareholder information

#### a) 39<sup>th</sup> Annual General Meeting

Day, date and time	Monday, 25 <sup>th</sup> July, 2011 at 10.00 A.M
Venue	C. C. Mehta Auditorium, M.S. University, Sayajigunj, Vadodara-390 002.

#### b) Financial calendar

For the financial year 2011-12, Financial results will be announced as per the following tentative schedule:

1 <sup>st</sup> quarter ended on 30 <sup>th</sup> June, 2011	Third week of July, 2011
2 <sup>nd</sup> quarter ended on 30 <sup>th</sup> September, 2011	Third week of October, 2011
3 <sup>rd</sup> quarter ended on 31 <sup>st</sup> December, 2011	Third week of January, 2012
Audited financial results for the year ended on 31 <sup>st</sup> March, 2012	Third week of May, 2012

#### c) Date of books closure

The Company's Register of Members and Share Transfer Books will remain closed from 16<sup>th</sup> July, 2011 to 25<sup>th</sup> July, 2011 (both days inclusive).

#### d) Dividend payment date

The dividend for the financial year 2010-11 shall be declared under agenda No. 2 of the forthcoming 39<sup>th</sup> Annual General Meeting scheduled on 25<sup>th</sup> July, 2011. The mandate date on the dividend warrants shall be 8<sup>th</sup> August, 2011.

#### e) Listing on Stock Exchange

Company's equity shares are listed on The Bombay Stock Exchange Ltd. (BSE)

The Company has paid the listing fees for the year 2011 -12 to BSE.

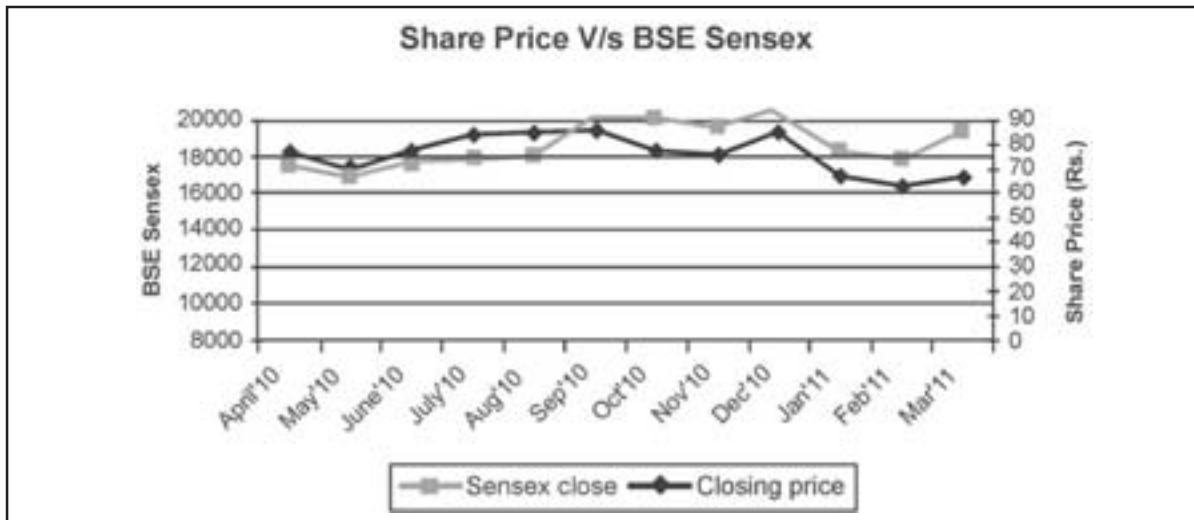
#### f) Stock Code

The Bombay Stock Exchange Ltd.	504093
International Securities Identification No. (ISIN)	INE795A01017

#### g) Market price data for the year 2010-2011 of the Company on BSE

Month	Months High price (Rs.)	Months low price (Rs.)	Sensex	
			High	Low
April'10	88.80	62.55	18047.86	17276.80
May'10	79.90	70.00	17536.86	15960.15
June'10	81.90	69.05	17919.62	16318.39
July'10	99.95	73.10	18237.56	17395.58
August'10	94.90	83.05	18475.27	17819.99
September'10	90.60	81.15	20267.98	18027.12
October'10	92.45	76.60	20854.55	19768.96
November'10	89.95	70.10	21108.64	18954.82
December'10	88.00	68.55	20552.03	19074.57
January'11	90.00	65.15	20664.80	18038.48
February'11	76.45	62.95	18690.97	17295.62
March'11	68.90	58.60	19575.16	17792.17

**h) Company's closing share price movement during the financial year 2010 – 11 on BSE vis-à-vis Sensex**



**i) Registrar & Transfer Agents**

Share transfers, dividend payment and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent (RTA) viz. Link Intime India Pvt. Ltd. The correspondence address of our RTA has been given elsewhere in the Corporate Governance Report.

**j) Share transfer system**

Share transfer request received in physical mode are normally registered within 30 days from the date of receipt and Demat requests are normally confirmed within an average of 15 days from the date of receipt.

**k) Distribution of shareholding as on 31<sup>st</sup> March, 2011**



**l) Dematerialization of shares and liquidity**

At the end of the year 2808428 shares were held in dematerialized form which comes to 37.44% of total capital. Trading in equity shares is permitted only in dematerialized form from 28<sup>th</sup> August, 2000 as per notification issued by Securities & Exchange Board of India. The Company has Demat connectivity with National Securities Depository Ltd. (NSDL) & Central Depository Services (India) Ltd. (CDSL).

**m) Custodial fee to depositories**

The Company has paid custodian fees for the year 2011-12 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

## Panasonic Energy India Co. Ltd.

### n) Audits in 2010-11

Sr. No.	Audit	Audit Firm
1	Statutory Audit	M/s. K. C. Mehta & Co., Chartered Accountants, Vadodara
2	Tax Audit	
3	Internal Audit	Talati & Talati Chartered Accountants, Vadodara
4	Cost Audit	M/s. Diwanji & Associates Cost Auditors, Vadodara
5	Reconciliation of Share Capital Audit	M/s. Vijay Bhatt & Co., Company Secretaries, Vadodara

### o) Compliance Officer

Ms. Nisha Hindocha, Company Secretary & Manager (Legal) is the Compliance Officer of the Company. Contact details have been given elsewhere in this report.

### p) Plant locations

Location	Address
Gujarat	G.I.D.C, Makarpura, Vadodara - 390 010, Gujarat.
Madhya Pradesh	Plot No. 112, Sector III Pithampur Industrial Area, Dist. Dhar (M.P.)

### q) Address for correspondence

Registered Office	Registrar & Share Transfer Agent
Company Secretary Panasonic Energy India Co. Ltd. G.I.D.C., Makarpura, Vadodara – 390 010, Gujarat, India. Tele.: (0265) 264 2661/ 263 8888 Fax: (0265) 263 8890 E-mail:hindocha.nisha@jp.panasonic.com Website:www.panasonicenergy.in	Link Intime India Pvt. Ltd. B-102 & 103, Shangrila Complex, First Floor Opp HDFC Bank, Near Radha Krishna Char Rasta, Akota, Vadodara - 390 020,Gujarat, India. Tele.: (0265) 325 6573/ 235 6794 Fax: (0265) 235 6791 E-mail:alpesh.gandhi@linkintime.co.in Website:www.linkintime.co.in

### r) Information on dividend of past years

Pursuant to section 205A of the Companies Act, 1956 dividend that remained unpaid or unclaimed for the financial year ended on 31<sup>st</sup> March, 2004 will be transferred to "Investor Education & Protection Fund" (IEPF) a fund constituted by the Central Government under section 205C of the Companies Act, 1956.

Attention of the members is drawn to the due dates for transfer to IEPF through this Annual Report.

Year	Rate of Dividend (%)	Last date for claiming
2003-04	30	08.07.2011
2004-05	30	12.07.2012
2005-06	15	12.07.2013
2006-07	15	08.07.2014
2007-08	30	12.07.2015
2008-09	10	16.07.2016
2009-10	20	16.07.2017

For the claims lodged after the last date mentioned above the Company does not take any responsibility for payment, as the amount lying unpaid and unclaimed shall be transferred to IEPF.

### s) Other facilities of interest to shareholders holding shares in physical form

#### (i) Nomination facility

Shareholders who wish to make/change the nomination in respect of their shares as permitted under section 109A of the Companies Act, 1956, may submit to the Company/Registrar & Share Transfer Agent, the prescribed form 2B. Form 2B can be downloaded from the Company's website at [www.panasonicenergy.in](http://www.panasonicenergy.in).

**(ii) Bank details**

Shareholders are requested to notify/send the following details to the Company/RTA to facilitate better services:

- a) Any change in their address: and
- b) Bank Account Details or any change thereto.

Shareholders are advised that respective bank details and address be furnished by them to the Company as it would be printed on their dividend warrants as a measure of protection against fraudulent encashment.

**(iii) NECS facility**

Shareholders who are desirous of receiving dividends by way of direct credit to their bank account through ECS may authorize the Company by way of their ECS mandate. The shareholders desirous to obtain ECS mandate form may download it from the website of the Company at [www.panasonicenergy.in](http://www.panasonicenergy.in) or may write to the Company Secretary at the Registered Office of the Company.

**(iv) PAN card**

Pursuant to SEBI circular, the shareholders holding shares in physical form are requested to submit self certified copy of PAN at the time of sending their request for share transfer/ transmission of name/ transposition of name.

- t) **Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).**

**For and on behalf of the Board**

**Ajai K. Lakhanpal  
Chairman**

**Mumbai, May 18, 2011**

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To,

**The Members of Panasonic Energy India Company Ltd.,**

We have examined the compliance of conditions of Corporate Governance by Panasonic Energy India Co. Ltd., for the year ended March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

We state that no investor grievances are pending for a period exceeding one month against the company as per records maintained by the Company.

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

**For Vijay Bhatt & Co.  
Company Secretaries**

**V. J. Bhatt  
Proprietor  
CP:2265**

**Place: Vadodara  
Date: 18<sup>th</sup> May, 2011**

**GREEN INITIATIVE**

30<sup>th</sup> May, 2011

Dear Shareholders,

We wish to inform you that in order to save trees and environment by reducing the consumption of paper, the Ministry of Corporate Affairs, New Delhi (MCA) has taken "Green Initiative" in the Corporate Governance by permitting paperless compliances by Companies vide its Circular No.17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011. These circulars have been issued after considering certain provisions of the Information Technology Act, 2000 which validates sending of documents through electronic mode. The Ministry has clarified that the service of documents by a Company can be made through electronic mode instead of physical copy of document(s).

Henceforth, we propose to send all communications / documents including notices calling AGM, Audited financial statements, Director's Report, Auditors Report **in electronic form to the E-mail ID provided / updated by you and made available to us by the Depositories.**

In order to join the initiative and to receive the documents in electronic form, kindly comply with the following:

**For shareholders holding shares in demat form**

In case you desire to receive the aforesaid documents in electronic mode, kindly update your E-mail ID in the Demat account by contacting your Depository Participant. Your e-mail ID as available with your depository would be used to send documents through electronic mode.

**For shareholders holding shares in physical form**

In case you desire to receive the aforesaid documents in electronic mode in lieu of physical mode, kindly register/update your e-mail ID with our Registrar and Share Transfer Agent, Link Intime India Private Limited. You can register/update your e-mail ID by mailing **your E-mail ID with the following details to vadodara@linkintime.co.in along with a scan copy of letter duly signed by you. The signature mentioned in your letter should match with the specimen signature registered with the Company.**

Folio No.:                      Name:

E-mail ID:                      Mode of dispatch: Electronic mode

You may also send your consent in writing to our Registrar and Share Transfer Agent to the following address: Link Intime India Private Ltd., Unit: Panasonic Energy India Co. Ltd., at B- 102 and 103, Shangrila Complex, First Floor, Near Radhakrishna Char Rasta, Akota, Vadodara 390 020.

Please note that, as a member of the Company, you will be entitled to be furnished, free of cost, with a printed copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including the Profit and Loss Account and Auditor's report and all other communication that may be sent to you, upon receipt of a requisition from you to this effect.

We are sure that you would appreciate and support in full measure the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

Yours truly,  
**For Panasonic Energy India Co. Ltd.**

**Sd/-**

**Nisha Hindocha**  
**Company Secretary & Manager (Legal)**

**Green Initiative**



To,

**The Members of Panasonic Energy India Company Ltd.,**

1. We have audited the attached Balance Sheet of Panasonic Energy India Company Limited as at 31<sup>st</sup> March, 2011 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of the books;
  - c. the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d. in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with Accounting Standard referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable;
  - e. on the basis of the written representations received from the Directors of the Company, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f. in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - i. in the case of Balance Sheet, the state of affairs of the company as at 31<sup>st</sup> March, 2011;
    - ii. in the case of Profit and Loss Account, of the profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Place: Mumbai**  
**Date: 18<sup>th</sup> May, 2011**

**For K. C. Mehta & Co.**  
**Chartered Accountants**  
**Firm's Registration No. 106237W**

**Vishal P. Doshi**  
**Partner**  
**Membership No. 101533**

## Panasonic Energy India Co. Ltd.

### (ANNEXURE TO THE AUDITORS' REPORT)

(referred to in paragraph (3) thereof)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of fixed assets which, in our opinion is reasonable. The assets which were to be covered as per the said program have been physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off a substantial part of its fixed assets during the year and therefore, do not affect the going concern assumption.
- ii. (a) During the year, the inventories have been physically verified by the management except for inventory lying with third parties where confirmations have been received in most of the cases. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii. According to the information and explanations given to us, the Company has not granted / taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and therefore, the provisions of clause (iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventories and fixed assets and sale of goods. Further on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
- v. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits during the year from the public within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under and therefore, the provisions of clause (vi) of the Order are not applicable to the Company.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of material, labour & other items of cost 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 records with a view to determining whether they are accurate or complete.
- ix. (a) The Company has been regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, investor education and protection fund, employee's state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, and the records of the company examined by us, the particulars of income tax, excise, sales tax and service tax as at 31<sup>st</sup> March, 2011 which have not been deposited on account of dispute pending are as under:



Nature of dues	Amount (in Rs.'000)	Period to which the amount relates	Forum where pending
Service Tax	104	2004-2005	Assessing Authorities and First Appellate Authority
Income tax	1,557	1999-2000	CIT Appeals
	254	1996-97	CIT Appeals
	14,510	2006-07	CIT Appeals
Central Excise	6,794	September 2004 to March 2010	Assistant Commissioner, Commissioner
Sales Tax	16,245	1986 to 2008-09	Sales tax Tribunal, Commissioner of Sales Tax (Appeals), Dy. Commissioner of Commercial Tax at different Jurisdiction.

- x. In our opinion and according to information and explanations given to us, the Company does not have any accumulated losses as at the end of the year. The Company has not incurred cash losses during the financial year and in immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not obtained any borrowings from financial institutions or by way of debentures.
- xii. According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore, the provisions of clause (xii) of the Order are not applicable to the Company
- xiii. In our opinion and according to information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund society and therefore, the provisions of clause (xiii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments and therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions and therefore, the provisions of clause (xv) of the Order are not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company did not have any term loans outstanding during the year and therefore, the provisions of clause (xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short term basis have not been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Companies Act, 1956 and therefore, the provisions of clause (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us, during the period of audit the Company has not issued any secured debentures and therefore, the provisions of clause (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year and therefore, the provisions of clause (xx) of the Order are not applicable to the Company.
- xxi. According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For K. C. Mehta & Co.**  
**Chartered Accountants**  
**Firm's Registration No. 106237W**

**Vishal P. Doshi**  
**Partner**  
**Membership No. 101533**

**Place: Mumbai**  
**Date: 18<sup>th</sup> May, 2011**

# Panasonic Energy India Co. Ltd.

	Schedule No.	As at 31 <sup>st</sup> March, 2011 (Rupees '000s)		As at 31 <sup>st</sup> March, 2010 (Rupees '000s)	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	1	75,000		75,000	
Reserves and Surplus	2	603,010	678,010	565,411	640,411
<b>Loan Funds</b>					
Secured Loans	3		-		4,192
<b>Deferred Tax Liability (Net)</b>			23,764		17,686
			<b>701,774</b>		<b>662,289</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross block	4	1,083,134		1,080,215	
Less: Depreciation		862,269		837,652	
Net block		220,865		242,563	
Capital Work-in-Progress		330	221,195	5,709	248,272
<b>Investments</b>					
	5		1,700		5,004
<b>Current Assets, Loans and Advances</b>					
(a) Interest accrued on Investment		68		211	
(b) Inventories	6	179,427		167,210	
(c) Sundry debtors	7	179,855		140,767	
(d) Cash & Bank balances	8	234,517		224,774	
(e) Loans & Advances	9	154,274	748,141	152,682	685,644
Less: Current Liabilities and Provisions					
(a) Current Liabilities	10	197,106		197,115	
(b) Provisions	11	72,156	269,262	79,516	276,631
<b>Net Current Assets</b>			<b>478,879</b>		<b>409,013</b>
			<b>701,774</b>		<b>662,289</b>
Significant Accounting Policies and Notes on Accounts	19				

As per our report of even date attached.

**For K. C. Mehta & Co.**  
Chartered Accountants

Vishal P. Doshi  
Partner  
Membership No. 101533  
Mumbai, 18<sup>th</sup> May, 2011

For and on behalf of the Board of Directors

Ajai K. Lakhanpal  
Chairman

S. K. Khurana  
Managing Director

Nisha Hindocha  
Company Secretary & Manager (Legal)  
Mumbai, 18<sup>th</sup> May, 2011

	Schedule No.	For the year ended 31 <sup>st</sup> March, 2011 (Rupees '000s)		For the year ended 31 <sup>st</sup> March, 2010 (Rupees '000s)	
<b>INCOME</b>					
Sales		1,982,759		1,864,514	
Less:Excise duty		230,130		175,295	
Net sales		1,752,629		1,689,219	
Other Income	12	26,806	1,779,435	14,512	1,703,731
Increase/(Decrease)in stock	13		(711)		(145)
			1,778,724		1,703,586
<b>EXPENDITURE</b>					
Raw materials and stores consumed	14	1,071,615		989,946	
Cost of finished goods purchased		38,502		37,059	
Manufacturing and other expenses	15	372,539		366,879	
Employee costs	16	185,850		212,300	
Interest & other financial charges	17	780		648	
Depreciation	4	31,943		34,457	
			1,701,229		1,641,289
<b>Profit/(Loss) Before Taxation and prior period adjustments</b>			77,495		62,297
Prior period adjustments (Net)	18		(580)		30
<b>Profit Before Tax</b>			78,075		62,267
Provision for					
a) Current tax			16,173		4,463
b) Deferred tax			6,078		(9,707)
c) MAT credit receivable			-		(4,367)
<b>Profit / (Loss) After Tax</b>			55,824		71,878
Less: Tax adjustment of earlier years			792		(96)
<b>Profit / (Loss) After Tax</b>			55,032		71,974
Add: Profit brought forward from last year			10,000		124
<b>Profit/(Loss) available for Appropriation</b>			65,032		72,098
<b>APPROPRIATIONS</b>					
Proposed dividend		15,000		15,000	
Corporate tax on proposed dividend		2,433		2,491	
General Reserve No.1(Statutory)		4,200		5,400	
General Reserve No.2		28,399		39,207	
			50,032		62,098
Balance carried to Balance Sheet			15,000		10,000
			65,032		72,098
Earning per share - Basic & Diluted (in Rs.)			7.34		9.60
Face value per share (in Rs.)			10		10
Significant Accounting Policies and Notes on Accounts	19				

As per our report of even date attached.

**For K. C. Mehta & Co.**  
**Chartered Accountants**

**Vishal P. Doshi**  
**Partner**  
**Membership No. 101533**  
**Mumbai, 18<sup>th</sup> May, 2011**

**For and on behalf of the Board of Directors**

**Ajai K. Lakhanpal**                      **S. K. Khurana**  
**Chairman**                                      **Managing Director**

**Nisha Hindocha**  
**Company Secretary & Manager (Legal)**  
**Mumbai, 18<sup>th</sup> May,2011**

**Profit and Loss Account**

# Panasonic Energy India Co. Ltd.

Particulars	2010-11 (Rupees '000s)	2009-10 (Rupees '000s)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax (after prior period adjustments)</b>	<b>78,075</b>	62,267
Adjustments for:		
Prior period adjustment	(580)	(7)
Depreciation	31,943	34,457
Increase in VRS Expenditure	-	38,367
Interest received	(12,865)	(8,093)
Interest paid	23	33
Provision for debt and guarantee	1,229	-
Profit on sale of fixed assets	(5,565)	(504)
Loss on sale of fixed assets	153	150
<b>Operating Profit before Working Capital Changes</b>	<b>92,413</b>	126,670
<b>Adjustments for:</b>		
Trade & other receivables	(39,713)	6,171
Inventories	(12,217)	20,422
Loans, advances & others	2,184	(2,913)
Interest accrued	143	197
Trade payables & others	(10)	(7,881)
Provisions	(7,301)	1,507
<b>Cash Generated from Operations</b>	<b>35,499</b>	144,173
Direct taxes paid / tax deducted at source	(19,208)	(12,237)
<b>Net cash from Operating Activities (A)</b>	<b>16,291</b>	131,936
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and investment in CWIP	(6,149)	(7,885)
Sale of fixed assets	6,695	1,334
Interest received	11,308	8,093
Proceeds from maturity of bonds	3,304	5,000
<b>Cash Flow from Investing Activities (B)</b>	<b>15,158</b>	6,542
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of sales tax deferred loan	(4,192)	(7,599)
Dividend paid (incl. corporate dividend tax)	(17,491)	(8,775)
Interest paid	(23)	(33)
<b>Cash Flow from Financing Activities (C)</b>	<b>(21,706)</b>	(16,407)
Net Increase/(Decrease) in cash and cash equivalents	9,743	122,071
Opening cash and cash equivalents	224,774	102,703
<b>Closing Cash and Cash Equivalents</b>	<b>234,517</b>	224,774

Notes:

1. Cash and cash equivalents comprise of:

Cash on hand	19,274	21,292
Balance with Scheduled Banks in current accounts*	34,342	41,736
Fixed Deposits/Margin Money**	180,901	161,746
<b>Closing cash and cash equivalents</b>	<b>234,517</b>	224,774

\* includes Rs. 1,327 thousands (previous year Rs. 1,398 thousands) lying in designated bank accounts towards unclaimed dividend which is not available for use by the Company.

\*\* includes Rs. 2,901 thousands (previous year Rs. 7,246 thousands) against margin money and pledged with government authority.

2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3) (Cash Flow Statement).
3. Previous year figures have been regrouped wherever necessary.

As per our report of even date attached.

**For K. C. Mehta & Co.**  
Chartered Accountants

**Vishal P. Doshi**  
Partner  
Membership No. 101533  
Mumbai, 18<sup>th</sup> May, 2011

**For and on behalf of the Board of Directors**

**Ajai K. Lakhanpal**  
Chairman

**S. K. Khurana**  
Managing Director

**Nisha Hindocha**  
Company Secretary & Manager (Legal)  
Mumbai, 18<sup>th</sup> May, 2011

	As at 31 <sup>st</sup> March, 2011 (Rupees '000s)	As at 31 <sup>st</sup> March, 2010 (Rupees '000s)
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
10,000,000 Equity Shares of Rs.10/- each	100,000	100,000
ISSUED, SUBSCRIBED AND PAID UP		
7,500,000 equity shares of Rs.10/- each fully paid.	75,000	75,000
Of the above		
a) 25,000 equity shares of Rs. 10/- each allotted as fully paid up pursuant to a contract without payment being received in cash.		
b) 1,125,000 equity shares of Rs.10/- each allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve.		
<b>Total</b>	<b>75,000</b>	<b>75,000</b>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
a) i) Capital Reserve	1,288	1,288
ii) Capital State Subsidy Reserve	2,500	2,500
	<b>3,788</b>	<b>3,788</b>
b) Securities Premium Account	92,812	92,812
c) Investment Allowance Reserve (Utilised)		
As per last Balance Sheet	-	6,016
Less: Transferred to General Reserve No.2	-	6,016
	-	-
d) General Reserve No. 1 (Statutory)		
As per last Balance Sheet	107,570	102,170
Add: Transfer from Profit & Loss Account	4,200	5,400
	<b>111,770</b>	<b>107,570</b>
e) General Reserve No. 2		
As per last Balance Sheet	351,241	306,018
Add: Transfer from Investment Allowance Reserve (Utilised)	-	6,016
Add: Transfer from Profit & Loss Account	28,399	39,207
	<b>379,640</b>	<b>351,241</b>
f) Profit and Loss Account	15,000	10,000
<b>Total</b>	<b>603,010</b>	<b>565,411</b>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
a) From banks	-	-
b) From others		
Interest free sales tax loan from MPSIDC refundable in annual installments	-	4,192
<b>Total</b>	<b>-</b>	<b>4,192</b>

Note:

- i) Loans under "a" are against joint hypothecation of plant & machinery, current assets and by way of mortgage of immovable properties of Vadodara Unit and second charge on immovable properties, plant & machineries and current assets of Pithampur Unit in favour of State Bank of India and Bank of Tokyo-Mitsubishi UFJ Ltd.
- ii) Loan under "b" is secured by mortgage by way of first charge on all present & future immovable properties and charge on plant & machineries of Pithampur unit.

# Panasonic Energy India Co. Ltd.

## SCHEDULE 4 FIXED ASSETS

(Rupees '000s)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK		
	As at 01-04-2010	Additions/ Transfers During the year	Sales/ Deductions/ Transfers During the year	As at 31-03-2011	As at 01.04.2010	Depreci-ation for the year	Adjustment during the year	As at 31-3-2011	As at 31-03-2011	As at 31-03-2010
<b>TANGIBLE ASSETS</b>										
Freehold land	-	-	-	-	-	-	-	-	-	-
Building	93,041	-	1,065	<b>91,976</b>	55,534	2,455	609	57,380	<b>34,596</b>	37,507
Leasehold land	3,830	-	-	<b>3,830</b>	839	41	-	880	<b>2,950</b>	2,991
Plant & Machinery	825,040	6,209	-	<b>831,249</b>	661,629	20,255	-	681,884	<b>149,365</b>	163,411
Dies	14,508	1,714	-	<b>16,222</b>	12,856	316	-	13,172	<b>3,050</b>	1,652
Electric Installation	12,182	33	13	<b>12,202</b>	10,688	183	10	10,861	<b>1,341</b>	1,494
Computers	20,088	1,352	396	<b>21,044</b>	18,436	800	368	18,868	<b>2,176</b>	1,652
Airconditioners & Refrigerators	4,063	265	96	<b>4,232</b>	3,219	115	83	3,251	<b>981</b>	844
Furniture & Fixtures	16,336	-	192	<b>16,144</b>	14,606	239	152	14,693	<b>1,451</b>	1,730
Office Equipments & Other Equipments	10,225	303	544	<b>9,984</b>	7,582	338	422	7,498	<b>2,486</b>	2,643
Vehicles & Delivery Equipments	17,777	1,652	6,303	<b>13,126</b>	14,987	831	5,682	10,136	<b>2,990</b>	2,790
<b>INTANGIBLE ASSETS</b>										
Know - how	59,000	-	-	<b>59,000</b>	35,594	5,851	-	41,445	<b>17,555</b>	23,406
Software	4,125	-	-	<b>4,125</b>	1,682	519	-	2,201	<b>1,924</b>	2,443
<b>TOTAL</b>	<b>1,080,215</b>	<b>11,528</b>	<b>8,609</b>	<b>1,083,134</b>	<b>837,652</b>	<b>31,943</b>	<b>7,326</b>	<b>862,269</b>	<b>220,865</b>	242,563
Previous year	1,081,325	5,394	6,504	1,080,215	808,726	34,458	5,531	837,652	242,563	
Capital Work-in-Progress									330	5,709
<b>Total</b>									<b>221,195</b>	248,272

## Schedules to Balance Sheet

### SCHEDULE 5 INVESTMENTS (at cost)

Long Term: Unquoted

- a) NSC deposited with Govt. authorities  
b) Bonds-REC 170 unit (Previous year 500 unit)

**Total**

As at  
31<sup>st</sup> March, 2011  
(Rupees '000s)

As at  
31<sup>st</sup> March, 2010  
(Rupees '000s)

	-	4
	<u>1,700</u>	<u>5,000</u>
<b>Total</b>	<u><u>1,700</u></u>	<u><u>5,004</u></u>
	<b>84,503</b>	71,688
	<b>11,609</b>	10,672
	<b>70,050</b>	71,698
	<b>13,265</b>	13,152
<b>Total</b>	<u><u>179,427</u></u>	<u><u>167,210</u></u>

### SCHEDULE 6 INVENTORY

(As taken, valued and certified by management)

- a) Raw materials (including in transit)  
b) Work-in-process  
c) Finished goods  
d) Stores, spares & tools

**Total**

	As at 31 <sup>st</sup> March, 2011 (Rupees '000s)	As at 31 <sup>st</sup> March, 2010 (Rupees '000s)
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured-considered good unless otherwise stated)		
a) Over six months		
i) Considered good	3,871	4,759
ii) Considered doubtful	625	-
	<u>4,496</u>	<u>4,759</u>
Less: Provision for doubtful debts	625	-
	3,871	4,759
b) Other debts	175,984	136,008
<b>Total</b>	<u><u>179,855</u></u>	<u><u>140,767</u></u>
<b>SCHEDULE 8</b>		
<b>CASH &amp; BANK BALANCES</b>		
a) Cash/Cheques in hand	595	595
b) Remittance in transit	18,679	20,697
c) Balance with scheduled banks		
i) In current accounts	34,342	41,736
ii) In deposit account/margin money (Including fixed deposits of Rs.2,901 thousands pledged with Govt/Local Authorities) (previous year Rs. 7,246 thousands)	180,901	161,746
	215,243	203,482
<b>Total</b>	<u><u>234,517</u></u>	<u><u>224,774</u></u>
<b>SCHEDULE 9</b>		
<b>OTHER CURRENT ASSETS LOANS AND ADVANCES</b>		
(Unsecured-considered good unless otherwise stated)		
a) Advances recoverable in cash or in kind or for value to be received		
i) Considered good	12,654	12,685
ii) Considered doubtful	604	-
	<u>13,258</u>	<u>12,685</u>
Less: Provision for doubtful debts	604	-
	12,654	12,685
b) Prepaid expenses	2,403	2,042
c) Balance with Central Excise, Customs etc.	6,214	8,125
d) Deposits	5,659	6,488
e) Due from staff*	2,135	2,513
f) Advance tax (Net of provision)	125,209	120,829
<b>Total</b>	<u><u>154,274</u></u>	<u><u>152,682</u></u>
* Due from Officers Rs.584 thousands (previous year Rs. 833 thousands); Maximum debit balance during the year Rs. 714 thousands (previous year Rs.1,458 thousands)		
<b>SCHEDULE 10</b>		
<b>CURRENT LIABILITIES</b>		
<b>Creditors:</b> dues to micro and small enterprise	1,158	2,629
Dues to other	40,861	37,023
Due to directors	314	387
Security deposits	2,821	2,303
Dividend uncashed*	1,327	1,398
Uncashed interest on deposits	-	17
Advance from customers	7,278	2,331
Other current liabilities	143,347	151,027
<b>Total</b>	<u><u>197,106</u></u>	<u><u>197,115</u></u>
<b>SCHEDULE 11</b>		
<b>PROVISIONS</b>		
Proposed dividend	15,000	15,000
Corporate tax on proposed dividend	2,433	2,491
Provisions for employee benefit schemes	54,723	62,025
<b>Total</b>	<u><u>72,156</u></u>	<u><u>79,516</u></u>

(\* No amount is due for payment to Investor Education & Protection Fund.)

# Panasonic Energy India Co. Ltd.

## Schedules to Profit & Loss Account

	For the year ended 31 <sup>st</sup> March, 2011 (Rupees '000s)		For the year ended 31 <sup>st</sup> March, 2010 (Rupees '000s)	
<b>SCHEDULE 12</b>				
<b>OTHER INCOME</b>				
Interest (Gross) (TDS Rs. 911 thousands (previous year Rs. 530 thousands))		12,653		8,093
Miscellaneous income		1,054		887
Miscellaneous sales		3,371		2,821
Claim received		1,945		1,700
Discount received		217		58
Profit on sale of fixed assets		5,565		504
Sundry balances written back		2,001		449
<b>Total</b>		<b>26,806</b>		<b>14,512</b>
<b>SCHEDULE 13</b>				
<b>INCREASE / (DECREASE) IN STOCK</b>				
a) Opening Stock				
i) Work-in-process	10,672		13,331	
ii) Finished goods	71,698	82,370	69,184	82,515
Less:				
b) Closing Stock				
i) Work-in-Process	11,609		10,672	
ii) Finished Goods	70,050	81,659	71,698	82,370
<b>Total</b>		<b>(711)</b>		<b>(145)</b>
<b>SCHEDULE 14</b>				
<b>RAW MATERIALS &amp; STORES CONSUMED</b>				
(Including material-in-transit)				
a) Raw materials				
Opening stock	71,688		91,558	
Add: Purchases	1,073,252		960,338	
Less: Closing stock	84,503	1,060,437	71,688	980,208
b) Consumable stores & tools				
Opening stock	13,152		13,560	
Add: Purchases	11,291		9,330	
Less: Closing stock	13,265	11,178	13,152	9,738
<b>Total</b>		<b>1,071,615</b>		<b>989,946</b>
<b>SCHEDULE 15</b>				
<b>MANUFACTURING &amp; OTHER EXPENSES</b>				
Water, Gas, Heavy oil & Electricity		31,158		28,961
Octroi duty		3,159		2,923
Transportation		48,673		45,295
Repairs to machinery		6,224		5,071
General repairs		1,581		1,305
Repairs to building		1,237		551
Rent		3,999		4,544
Rates & taxes		4,637		4,911
Excise duty (Net)		1,402		67
Travelling & conveyance expenses		57,033		52,165
Advertisement & sales promotion expenses		113,345		130,509
Post, Telegrams & Telephone expenses		5,324		5,043



	For the year ended 31 <sup>st</sup> March, 2011 (Rupees '000s)	For the year ended 31 <sup>st</sup> March, 2010 (Rupees '000s)
<b>SCHEDULE 15 (Contd...)</b>		
Printing & Stationery	2,147	1,862
Insurance	1,811	1,944
Miscellaneous Expenses*	11,146	7,521
Directors' Commission	323	-
Bad Debt written Off	525	1,430
Provision for Doubtful Debt and Advances	1,229	-
Royalty & Brand fees	58,426	55,375
Meeting & Conference Expenses	1,856	1,748
Legal & Professional Fees	9,439	9,552
Licence and Registration	288	265
Software Expenses	276	156
Audit Fee	255	255
Sales Tax	5,021	4,198
R & D Expenses	813	498
Loss on Sale of Fixed Assets	153	150
Donation	4	25
Difference in Exchange Rate (Net)	785	295
Directors' Sitting Fee	270	260
<b>Total</b>	<b>372,539</b>	<b>366,879</b>
* Miscellaneous Expenses includes Export Expenses, Motor Car Expenses, Cleaning Expenses and Gardening Expenses.		
<b>SCHEDULE 16</b>		
<b>EMPLOYEES COST</b>		
Salaries, Wages and Bonus, etc.	144,391	136,174
Contribution to provident fund, ESI, gratuity etc.	16,098	13,649
Welfare and H.R.D expenses	25,361	24,110
Voluntary retirement benefits	-	38,367
<b>Total</b>	<b>185,850</b>	<b>212,300</b>
<b>SCHEDULE 17</b>		
<b>INTEREST &amp; OTHER FINANCIAL CHARGES</b>		
To banks	776	633
To others	4	15
<b>Total</b>	<b>780</b>	<b>648</b>
<b>SCHEDULE 18</b>		
<b>PRIOR PERIOD ADJUSTMENTS</b>		
Repairs	-	37
Less:		
Depreciation	-	7
Interest on income tax refund	580	-
<b>Total</b>	<b>(580)</b>	<b>30</b>

**SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable accounting standards.

**2. USE OF ESTIMATES**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognized in the period in which the same are known/materialized.

**3. REVENUE RECOGNITION**

Sales are recognized on invoicing of goods.

Other income is recognized only when it is reasonably certain that the ultimate collection will be made.

Insurance claims lodged with the insurance company in respect of risks covered are accounted for as and when admitted by the insurance company.

Interest income is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

**4. FIXED ASSETS**

Fixed Assets are stated at cost, net of CENVAT/VAT credit, if any, after reducing accumulated depreciation until the date of balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition. Capital work-in-progress includes the cost of fixed assets that are not yet ready for the intended use, advances paid to acquire fixed assets and the cost of assets not put to use before the balance sheet date.

**5. INTANGIBLE ASSETS**

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over the estimated period of benefit, not exceeding ten years.

**6. DEPRECIATION**

Depreciation on tangible assets has been provided as under:

Vadodara unit

Cost of leasehold land is amortized over the period of lease.

On assets purchased prior to January 1<sup>st</sup>, 1987 on written down value method at the rates specified under the Income tax rules and on assets purchased subsequent to January 1<sup>st</sup>, 1987 on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956, on pro-rata basis.

Pithampur unit

Cost of leasehold land is amortised over the period of lease.

Depreciation is provided on straight-line method at the rates specified in schedule XIV of the Companies Act, 1956, on pro-rata basis, and in case of capitalization of exchange fluctuations, over the remaining life of such assets.

**7. INVESTMENTS**

Investments meant for long term are carried at cost together with all incidental cost of acquisition. However, when there is decline, other than temporary in the value of a long term investments, the carrying amount is reduced to recognize the decline.

**8. VALUATION OF INVENTORIES**

Inventories are valued at cost or net realizable value, whichever is lower. The basis of determining cost for various categories of inventories is as follows -

Raw materials	First-In-First-Out basis.
Material & Consumables in transit	At invoice price.
Work-in-process	At raw material cost plus conversion cost, wherever applicable.
Finished goods	Cost represents material, labour and manufacturing expenses and other incidental costs to bring the inventory in present location and condition.
Consumable stores, Spares and Tools	First-In-First-Out basis.

**9. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transactions. At the year end, all the monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences resulting from the translation of such monetary assets and liabilities and also the exchange differences on settlement of foreign currency transactions are recognized in the profit and loss account.

**10. RESEARCH AND DEVELOPMENT**

Expenditure on the design and production of prototypes relating to research & development has been charged to profit & loss account. Capital expenditure relating to research & development is treated as fixed assets.

**11. EMPLOYEE BENEFITS**

a) Post-employment benefits

i) Defined Contribution plan

Company's contribution paid/payable for the year to defined contribution retirement benefit schemes are charged to profit & loss account.

ii) Defined Benefit plan

Company's liabilities towards defined benefit schemes are determined using the projected unit credit method. Actuarial valuations under the projected unit credit method are carried out at the balance sheet date. Actuarial gains and losses are recognized in the profit & loss account in the period of occurrence of such gains and losses. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise it is amortized on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

b) Short-term employee benefits.

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized undiscounted during the period employee renders services. These benefits include special allowance.

c) Long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at present value of the defined benefit obligation at the balance sheet date.

**12. TAXATION**

Provision for income tax is ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1961.

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

Deferred tax assets are recognized only if there is a reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**13. PROVISIONS & CONTINGENT LIABILITIES**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

**14. GOVERNMENT GRANT**

State subsidy received from Madhya Pradesh State Industrial Development Corporation for setting up unit in the specified backward area has been credited to Capital state subsidy reserves account.

**15. IMPAIRMENT OF ASSETS**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit & loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**16. LEASES**

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the profit & loss account on accrual basis.

	As on 31 <sup>st</sup> March, 2011 (Rupees '000s)	As on 31 <sup>st</sup> March, 2010 (Rupees '000s)
<b>1. Contingent liabilities not provided for</b>		
Claims against the Company not acknowledged as debts		
(1) Disputed Excise/Customs/Service Tax pending before Assessing/Appellate Authorities.	104	5,033
(2) Bank guarantees	4,452	22,695
(3) Income tax	121,290	136,700
(4) Sales tax/VAT	15,188	8,077
(5) Others	346	4,740
<b>2. Computation of net profit/(Loss) in accordance with the provisions of Section 349 of the Companies Act, 1956.</b>		
Profit/(Loss) before Taxation as per Profit and Loss Account.	78,398	62,267
Add:		
(a) Depreciation charged in accounts	31,943	34,416
(b) Managerial remuneration	8,046	8,017
(c) Provision for doubtful debts and advances	1,229	-
(d) Loss on sale of fixed assets as per books	153	150
(e) Profit on sale of fixed assets as per section 350 of the Companies Act,1956	5,565	504
	125,334	105,354
Less:		
(a) Profit on sale of fixed assets as per books	5,565	504
(b) Capital profit on sales of fixed asset	3,585	-
(c) Depreciation as per Sec. 350 of the Companies Act,1956	31,943	34,416
(d) Loss on sale of fixed assets as per Sec.350 of the Companies Act,1956	153	150
(e) Excess of expenditure over income for 2008-09	-	(122,083)
(f) Excess of expenditure over income for 2009-10	51,799	-
<b>Net Profit/(Loss) pursuant to Section 349 for the purpose of Directors' commission</b>	32,289	(51,799)
Directors' Commission thereon:		
(1) 1% of net profit each to Chairman as well as Managing Director.	-	-
(2) Other Non-Executive Directors – 1% of net profit	323	-
<b>3. Directors' Remuneration under section 198 of the Companies Act, 1956</b>		
(i) Salaries	4,560	4,560
(ii) Contribution to Provident Fund & other funds	729	729
(iii) Perquisites & benefits	2,487	2,468
(iv) Directors' sitting fees	270	260
(v) Commission	323	-
<b>Total</b>	8,369	8,017

The provision for gratuity and leave encashment is made on the basis of actuarial valuation for all the employees of the Company, including for the managerial personnel. Proportionate amount of gratuity and leave encashment is not included in the above disclosure, since the exact amount is not ascertainable.

## Panasonic Energy India Co. Ltd.

	As on 31 <sup>st</sup> March, 2011 (Rupees '000s)	As on 31 <sup>st</sup> March, 2010 (Rupees '000s)
<b>4. PAYMENT TO AUDITORS</b> (excluding service tax)		
(i) Audit fees	255	255
(ii) Tax audit fees	80	155
(iii) Any other fees (certification & taxation etc.)	449	589
(iv) Out of pocket expenses	43	45
<b>Total</b>	<b>827</b>	<b>1,044</b>
<b>5. PAYMENT TO COST AUDITORS</b> (excluding service tax)		
(i) Audit fees	85	154
(ii) Any other fees (certification etc.)	3	3
(iii) Out of pocket expenses	10	8
<b>Total</b>	<b>98</b>	<b>165</b>
<b>6. DEFERRED TAXES</b>		
The major components of deferred tax liabilities and deferred tax assets are set out below		
Deferred tax liability/(asset)		
(i) On account of timing differences relating to depreciation	39,114	43,575
(ii) Unpaid liability allowable on payment basis under section 43B of Income Tax Act, 1961	2,807	3,071
(iii) Others	(18,157)	(28,960)
<b>Total</b>	<b>23,764</b>	<b>17,686</b>

### 7. POST EMPLOYMENT BENEFITS

#### (i) Defined contribution plans

The Company makes contributions towards Provident Fund and Superannuation Fund to defined contribution retirement benefit plan for qualifying employees. The Superannuation Fund is administered by the Trust owned and managed by the Company. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Provident Fund plan is operated by the "Panasonic Energy India Company Limited Employees Provident Fund Trust" (the "Trust"). Eligible employees receive benefits from the said Provident Fund Trust which is a defined contribution plan. Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate.

The Company recognized Rs. 8,399 thousands (previous year Rs. 8,391 thousands) for Provident Fund contributions and Rs. 405 thousands (previous year Rs. 405 thousands) for Superannuation contribution in the Profit & Loss Account.

#### (ii) Defined benefit plan

The Company makes annual contributions to the Employees' Gratuity Fund Scheme and Leave Encashment Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The present value of obligation is determined based on actuarial valuation using the projected unit credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

I) Reconciliation in Present value of obligations (PVO) defined benefit obligation:

Particulars	Gratuity (Funded)	
	As on 31-3-2011 (Rupees '000s)	As on 31-3-2010 (Rupees '000s)
Current service cost	2,989	2,727
Interest cost	4,246	4,017
Actuarial (gain)/loss	(4,483)	(2,557)
Benefits paid	(1,731)	(1,144)
Past service cost	Nil	Nil
PVO at the beginning of the year	56,610	53,567
Present value of defined benefit obligation at year end	57,631	56,610

II) Change in fair value of plan assets

Expected return on plan assets	1,234	1,107
Actuarial gain/(loss)	(1,165)	(281)
Contributions by the employer	8,485	2,658
Benefits paid	(1,731)	(1,143)
Fair value of plan assets at the beginning of the year	15,427	13,086
Fair value of plan assets at the end of the year	22,250	15,427

III) Reconciliation of PVO and fair value of plan assets

PVO at end of period	57,631	56,610
Fair value of planned assets at the end of the year	22,250	15,427
Liabilities recognized in balance sheet	35,381	41,183

IV) Net cost for the year ended

Current service cost	2,989	2,727
Interest cost	4,246	4,017
Expected return on plan assets	(1,234)	(1,107)
Actuarial (gain)/loss	(3,318)	(2,276)
Net cost	2,683	3,361

V) Category of assets at the year end

	% invested	% invested
Insurer managed funds (100%)	100%	100%

VI) Assumption used in accounting for the gratuity plan:

Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.50%	7.50%
Expected rate of return on plan assets (per annum)	8.50%	8.00%
Rate of escalation in salary (per annum)	6.50%	6.50%

## Panasonic Energy India Co. Ltd.

### VII) Experience Adjustment

Particulars	As on 31-3-2011 (Rupees '000s)	As on 31-3-2010 (Rupees '000s)	As on 31-3-2009 (Rupees '000s)	As on 31-3-2008 (Rupees '000s)
On plan liabilities - Loss/(Gain)	413	N.A*	N.A*	N.A*
On plan assets - Loss/(Gain)	(268)	N.A*	N.A*	N.A*

\* In absence of availability of relevant information on the experience adjustment on plan Liabilities and plan assets have not been furnished above.

The estimates of rate of escalation in salary considered in actuarial valuation, take in to account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors mainly, the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan asset management.

8. The operations of the Company are limited to one segment, namely, dry cell batteries.
9. Research & Development related expenses amounting to Rs. 13,625 thousands (Previous year – Rs. 17,462 thousands) have been debited to respective heads of Account. Additions to fixed assets include addition to Research & Development department NIL (previous year – Rs. 16 thousands).
10. Based on the information available with the Company, the balance due to Micro and Small Enterprises, as defined under the "Micro Small and Medium Enterprise Development Act, 2006" is Rs. 1,165 thousands (previous year Rs. 2,629 thousands). Payment made to suppliers beyond the due dates during the period was Rs. 2,085 thousands (previous year Rs. 4,568 thousands). No interest during the period has been paid to Micro and Small Enterprise on delayed payments. Further interest accrued and remaining unpaid at the year end Rs. 24 thousands (previous year Rs. 46 thousand) is not provided in the books as the management is of the opinion that due to contractual terms they will not be required to pay the same.
11. Letter of confirmation to debtors/creditors are issued, balances of the debtors/creditors are subject to adjustments, if any, on reconciliation/settlement of respective accounts.
12. **Details relating to consumption of Raw materials**

Particulars	Unit	2010-2011		2009-2010	
		Quantity ( '000)	Value (Rupees '000s)	Quantity ( '000)	Value (Rupees '000s)
Zinc	Kg.	2,526	278,359	2,407	255,973
Acetylene Black	Kg.	485	45,147	501	40,915
Printed Metal Sheets	Nos.	1,362	170,439	1,216	153,039
Carbon Rods	Nos.	508,671	69,404	471,138	79,527
Manganese Ore	Kg.	1,236	45,521	1,528	54,151
Others	-		451,567		396,603
<b>Total</b>		-	<b>1,060,437</b>	-	<b>980,208</b>

### 13. Value of Raw materials consumed

Particulars	2010-2011		2009-2010	
	% of Total Consumption	Value (Rupees '000s)	% of Total Consumption	Value (Rupees '000s)
1) Raw materials consumed				
(a) Imported	25.37	269,008	24.07	235,913
(b) Indigenous	74.63	791,429	75.93	744,295
<b>Total</b>	<b>100.00</b>	<b>1,060,437</b>	<b>100.00</b>	<b>980,208</b>



Particulars	2010-2011		2009-2010	
	% of Total Consumption	Value (Rupees '000s)	% of Total Consumption	Value (Rupees '000s)
2) Value of Stores and Spare parts Consumed				
(a) Imported	0.16	18	1.77	172
(b) Indigenous	99.84	11,160	98.23	9,566
<b>Total</b>	<b>100.00</b>	<b>11,178</b>	<b>100.00</b>	<b>9,738</b>

**14. Production, Sales & Stocks of each class of goods**

Class of Goods	Installed capacity* Nos. ('000)	Opening stock as on 1.4.2010 Nos. ('000)	Production 1.4.2010 to 31.3.2011 Nos. ('000)	Closing Stock as on 31.3.2011 Nos. ('000)	2010-2011 Sales	
					Quantity Nos. @ ('000)	Value Rs. ('000s)
a) Dry cell batteries	904,000 (904,000)	15,857 (13,443)	505,724 (468,528)	12,280 (15,857)	509,301 (466,114)	1,940,450 (1,817,460)
Trading Items						
a) Flashlight	- (-)	111 (80)	586 (660)	147 (111)	550 (629)	20,804 (29,298)
b) Alkaline rechargeable lithium battery	- (-)	140 (478)	666 (183)	184 (140)	622 (521)	8,716 (7,383)
c) Dry cell batteries	- (-)	3 (6)	- (-)	2 (3)	1 (3)	19 (6)
d) Export of dry battery components	- (-)	- (-)	- (-)	- (-)	- (-)	8,561 (7,077)
e) Compact fluorescent lamp	- (-)	- (-)	16 (-)	10 (-)	6 (-)	332 (-)
f) Others	- (-)	- (-)	- (-)	- (-)	- (-)	3,877 (3,290)

(Figures in brackets are in respect of the previous year)

\* Installed capacity is as per the certificate from the management and has not been verified by the Auditors, this being a technical matter; @ It includes units given in free schemes, samples/free replacement/damages and shortages during transit.

	2010-2011 (Rupees '000s)	2009-2010 (Rupees '000s)
<b>15. (a) Value of imports on CIF basis in respect of</b>		
i) Raw materials (including material in transit)	259,072	208,836
ii) Capital goods	-	4,788
<b>(b) Expenditure in foreign currency paid or payable</b>		
i) Royalty (including Brand use fee) for current year (Net of tax)	51,989	49,268
ii) Foreign travel	457	659
iii) Foreign bank charges	38	26
iv) Communication charges & others	963	931
<b>(c) Earnings in foreign currency</b>		
i) Exports – FOB	12,504	10,541
ii) Freight	195	408

## Panasonic Energy India Co. Ltd.

	2010-2011 (Rupees '000s)	2009-2010 (Rupees '000s)
16. Amount remitted during the year in foreign currency on account of dividends in respect of year ended:		
31 <sup>st</sup> March, 2010	7,650	-
31 <sup>st</sup> March, 2009	-	3,825
No. of Non-resident Shareholders	1	1
No. of Equity Shares held	3,825	3,825

### 17. Related Party disclosures as required under AS-18 are as under

Names of the Related Parties having transactions with the Company during the year

2010-2011	2009-2010
<b>(a) Collaborator</b> Panasonic Corporation	<b>(a) Collaborator</b> Panasonic Corporation
<b>(b) Joint Venture of collaborator</b> Panasonic Carbon India Co. Ltd P.T. Panasonic Gobel Energy Indonesia. Panasonic Asia Pacific Pte. Ltd. Panasonic Energy Tanzania Co. Ltd. Panasonic Energy Thailand Co. Ltd. Panasonic Energy Poland S.A. Panasonic AVC Networks India Co. Ltd. Panasonic Manufacturing Malaysia Berhad Panasonic Peruana SA Panasonic India Pvt. Ltd	<b>(b) Joint Venture of collaborator</b> Panasonic Carbon India Co. Ltd P.T. Panasonic Gobel Energy Indonesia. Panasonic Asia Pacific Pte. Ltd. Panasonic Energy Tanzania Co. Ltd. Panasonic Energy Thailand Co. Ltd. Panasonic Energy Poland S.A. Panasonic AVC Networks India Co. Ltd. Panasonic Manufacturing Malaysia Berhad
<b>(c) Whole-time Directors</b> Mr. Ajai K. Lakhanpal, Chairman Mr. S. K. Khurana, Managing Director	<b>(c) Whole-time Directors</b> Mr. Ajai K. Lakhanpal, Chairman Mr. S. K. Khurana, Managing Director

Transactions with related parties during the year ended March 31, 2011

Particulars	Collaborator	Joint Venture of Collaborators	Key Management Personnel	Total
	(Rupees '000s)	(Rupees '000s)	(Rupees '000s)	(Rupees '000s)
Export of spare parts	1,019 (983)	2,924 (2,376)	- (-)	3,943 (3,359)
Dividend paid	7,650 (3,825)	- (-)	- (-)	7,650 (3,825)
Royalty (including brand use fee)	58,426 (55,375)	- (-)	- (-)	58,426 (55,375)
Communication charges	963 (931)	- (-)	- (-)	963 (931)
Purchase - carbon rods	- (-)	76,630 (86,688)	- (-)	76,630 (86,688)
Import of machinery	- (-)	- (4,788)	- (-)	- (4,788)
Export of raw material	- (-)	8,561 (7,182)	- (-)	8,561 (7,182)
Import of raw material	- (-)	5,057 (2,746)	- (-)	5,057 (2,746)

Particulars	Collaborator (Rupees '000s)	Joint Venture of Collaborators (Rupees '000s)	Key Management Personnel (Rupees '000s)	Total (Rupees '000s)
Reimbursement of expenses	10,238 (1,329)	- (-)	- (-)	10,238 (1,329)
Import of appliances / Parts	8,054 (1,374)	- (-)	- (-)	8,054 (1,374)
Remuneration to Whole-time Directors (including commission, if applicable)	- (-)	- (-)	7,776 (7,757)	7,776 (7,757)

**Balance outstanding as at March 31, 2011**

Receivables	2,496 (132)	5,694 (1,450)	- (-)	8,190 (1,582)
Payables	- (-)	5,338 (2,359)	314 (387)	5,652 (2,746)

Note: The figures in the bracket represent previous year's figures.

**18. Earnings per share**

Earnings per share (EPS) calculation (basic and diluted)	Unit	2010-11	2009-10
a) Amount used as the numerator Profit After Taxation	Rs.'000	55,032	71,974
b) Weighted average number of equity shares used as the denominator	No.'000	7,500	7,500
c) Nominal value per share	Rs.	10	10
d) Basic and diluted earning per share	Rs.	7.34	9.60

The Company does not have any outstanding dilutive potential equity shares.

19. In the opinion of the management and to the best of their knowledge and belief the value on realization of current assets, loans & advances in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.
20. Exchange Gain/(Loss) on account of import and exports transactions have been included under purchase and sales up to last year of Rs.1,011 thousands and (Rs.175 thousands) respectively.
21. The Company has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating leases or leave and license agreements. These are generally not non-cancelable and range between 11 months to 9 years under leave and licenses or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms.
- Lease payments are recognized in the Profit & Loss Account under "Rent" in Schedule 15.
22. Figures of the previous year have been regrouped/re-cast wherever necessary.

As per our report of even date attached.

**For K. C. Mehta & Co.**  
Chartered Accountants

**Vishal P. Doshi**  
Partner  
Membership No. 101533  
Mumbai, 18<sup>th</sup> May, 2011

**For and on behalf of the Board of Directors**

**Ajai K. Lakhanpal**                      **S. K. Khurana**  
Chairman                                      Managing Director

**Nisha Hindocha**  
Company Secretary & Manager (Legal)  
Mumbai, 18<sup>th</sup> May, 2011

## Balance Sheet Abstract and Company's General Profile

## I. Registration Details

Registration No.	L31400GJ1972PLC002091	State Code	4
	Date	Month	Year
Balance Sheet Date	31	03	2011

## II. Capital Raised during the Year (Amount in Rs. thousand)

Public Issue	Rights Issue
-	-
Bonus Issue	Private Placement
-	-

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	Total Assets
971,036	971,036
Sources of Funds (Excluding net deferred tax liabilities Rs.23,764)	
Paid-up Capital	Reserves & Surplus
75,000	603,010
Secured Loans	Unsecured Loans
-	-
Application of Funds	
Net Fixed Assets	Investments
221,195	1,700
Net Current Assets	Misc.Expenditure
478,879	-
Accumulated Losses	
-	

## IV. Performance of Company (Amount in Rs.Thousands)

Turnover (Sales & Other Income)		Total Expenditure	
1,779,435		1,701,229	
Profit/Loss Before Tax		Profit/Loss After Tax	
+	78,075	+	55,032
Earning Per Share (in Rs.)		Dividend Rate (%)	
7.34		20	

## V. Generic names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	85061100
Product	DRY BATTERIES
Description	ITEM : MANGANESE DIOXIDE



# Panasonic Energy India Co. Ltd.

GIDC, Makarpura, Vadodara - 390 010, Gujarat - INDIA.

## ATTENDANCE SLIP

NAME OF THE SHAREHOLDER:			
FOR PHYSICAL HOLDING	FOR ELECTRONIC FORM (DEMAT)		NO. OF SHARES
LF NO.	DP ID	CLIENT ID	

I hereby record my presence at the 39<sup>TH</sup> ANNUAL GENERAL MEETING, held at C. C. Mehta Auditorium, M. S. University, Sayajigunj, Vadodara - 390 002 on MONDAY, 25<sup>TH</sup> JULY, 2011 at 10:00 a.m. as a Shareholder/Proxy\*.

\_\_\_\_\_  
\*NAME OF PROXY IN BLOCK LETTERS

\_\_\_\_\_  
\*SIGNATURE OF THE SHAREHOLDER/PROXY

Notes:

1. Shareholder/Proxy holder wishing to attend the meeting must bring duly signed attendance slip to the meeting and hand over the same at the entrance.
2. Shareholder/Proxy holder desiring to attend the meeting should carry his copy of the Annual Report for reference at the meeting.



# Panasonic Energy India Co. Ltd.

GIDC, Makarpura, Vadodara - 390 010, Gujarat - INDIA.

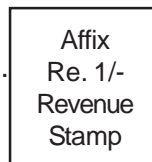
## PROXY

NAME OF THE SHAREHOLDER:			
FOR PHYSICAL HOLDING	FOR ELECTRONIC FORM (DEMAT)		NO. OF SHARES
LF NO.	DP ID	CLIENT ID	

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of Panasonic Energy India Co. Ltd. hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to vote for me/us and on my/our behalf at the 39<sup>TH</sup> ANNUAL GENERAL MEETING, held at C. C. Mehta Auditorium, M. S. University, Sayajigunj, Vadodara - 390 002 on MONDAY, 25<sup>TH</sup> JULY, 2011 at 10:00 a.m. and at any adjournment thereof.

Signed this day of June / July 2011.  
Date of Receipt June / July 2011.

Signature.....

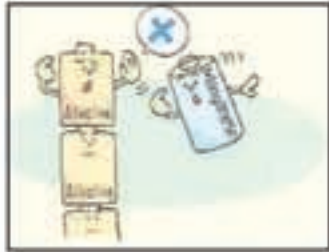


(For office use only)



N.B. Proxies to be valid must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

# DO's & DON'Ts FOR DRY BATTERY



**Use same type of batteries**



**Do not install batteries with reverse polarity**



**Ensure Proper storage**



**Be sure to switch off the device after use**



**Never charge dry batteries**



**Do not short-circuit the batteries**



**Remove batteries immediately once they are exhausted**



**Do not disassemble /dispose of batteries into fire**

To:

[Empty rectangular box for address]



*If undelivered, Please return to:*  
Panasonic Energy India Co.Ltd.  
G.I.D.C., Makarpura, Vidodara - 380 010, Gujarat-INDIA.

  
We are doing  
our bit towards  
Environment.  
Are YOU ?

