

PANASONIC CARBON INDIA CO. LIMITED
THIRTIETH ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS	R. SENTHIL KUMAR Managing Director
	K.K. JIWARAJKA HIROYUKIAOTA HITOSHI ARATA KENICHI KUDARA V.R.GUPTA A.RAGHAVENDRA RAO K.SUBRAMANIAN KARTHIK ANAND REDDY
SECRETARY	R. MANORANJAN
AUDITORS	BRAHMAYYA & CO., Chartered Accountants 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai – 600 014
BANKERS	CANARA BANK THE BANK OF TOKYO- MITSUBISHI UFJ, LTD., ICICI BANK LIMITED STATE BANK OF INDIA SYNDICATE BANK
REGISTERED OFFICE	POTTIPATI PLAZA Third Floor 77 Nungambakkam High Road Chennai – 600 034
FACTORY	Tada Mandal Nellore District Andhra Pradesh 524 401
REGISTRAR AND SHARE TRANSFER AGENTS	Cameo Corporate Services Ltd., “Subramanian Building” No.1, Club House Road, Chennai – 600 002.

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Thirtieth Annual General Meeting

Venue	: Sri P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai 600 017
Date	: 31 st July, 2012
Time	: 2.30 P.M.

1. Kindly bring your copy of this Annual Report along with you for the Annual General Meeting.
2. Only members and, in their absence, duly appointed proxies will be allowed for the Meeting. Please avoid bringing non-members and/or children for the Meeting.
3. Members are requested to fill in the respective columns provided in the Attendance Slip/Proxy Form fully and legibly so as to facilitate smooth entry into the Meeting Hall.
4. Company is not arranging any compliments for distribution in the Meeting.

PANASONIC CARBON INDIA CO. LIMITED
Regd.Office: "Pottipati Plaza", Third Floor,
No.77, Nungambakkam High Road, Chennai - 600 034

Notice of the Thirtieth Annual General Meeting

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of Panasonic Carbon India Co. Limited will be held on Tuesday the 31st July 2012 at 2.30 P.M. at Sri P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai 600 017 to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Thirtieth Annual Report of the Board of Directors and Audited Statements of Account for the Financial Year ended 31st March, 2012 together with the Auditors' Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. V.R Gupte, who retires by rotation under Article 138(3) of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Hiroyuki Aota, who retires by rotation under Article 138(3) of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought to fit, to pass the following resolution as a special Resolution.

"RESOLVED THAT pursuant to the provisions of section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 consent and authority of the Company be and is hereby accorded to the payment of remuneration by way of Commission up to One percent on Net Profits of the Company in each Financial Year, for a period of Five Financial Years commencing from the year 2012 -13 to 2016-17 to one or more Directors of the Company, other than the Managing Director(s) to be divided and distributed among one or more or all Directors and in such a manner as the Board of Directors from time to time determine and decide"

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this Resolution.

7. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Hitoshi Arata who was appointed as a Director by the Board under Section 262 of the Companies Act, 1956, and Article 124 of the Articles of Association of the Company to fill in the casual vacancy on the Board occasioned due to the resignation of Mr Hideo Nakano, who ceases to hold office under the provisions of the said Section and the Article, and is eligible for re-appointment and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".

8. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of the resolutions passed by the Members of the Company at the Annual General Meeting held on 20th July, 2011 and pursuant to the provisions of Sections 198,269,309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the revised remuneration with effect from 1st April, 2011 to Mr. R. Senthil Kumar, Managing Director of the Company on the terms as set out hereunder, with further liberty to the Board of Directors to revise his remuneration from time to time as they deem fit within the limits of Schedule XIII of the Companies Act, 1956".

(A) Salary: ₹1, 58,500/- (Rupees One Lakhs Fifty Eight thousand five hundred only per month)

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(B) Perquisites:

- (i) House Rent Allowance : ₹28,500/- (Twenty Eight Thousand Five Hundred per month)
- (ii) Leave Travel Concession, Medical expenses for self and family including surgical and hospitalization expenses, Furniture and Furnishings against actual bills not to exceed ₹1,50,000/- per annum.
- (iii) Use of Company's car and telephone at residence
- (iv) Mr. R. Senthil Kumar shall also be eligible for the following perquisites which shall not be included in computation of the ceiling on perquisites specified herein above.
 - a. Contribution to Provident Fund and Superannuation fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
 - b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - c. Leave: One month's leave on full pay and allowances for every eleven months of service. Encashment of leave as per the Rules of the Company.
 - d. Reimbursement of entertainment, hotel and other expenses actually and properly incurred for the legitimate business of the Company.

The other terms and conditions, as to his appointment and remuneration as approved by the Shareholders at the Annual General Meeting held on 18th June, 2008 remain unchanged.

Explanation: "Family" means the spouse, dependent children and dependent parents of the managerial person.

"FURTHER RESOLVED THAT the above remuneration and perquisites be paid to Mr. R. Senthil Kumar as minimum remuneration, in case of absence or inadequacy of profits in any financial year of the Company during his term of office, subject however, that the said remuneration and perquisites shall be governed by and accordingly be within the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956".

By Order of the Board of Directors
For Panasonic Carbon India Co. Limited

R. SENTHIL KUMAR
MANAGING DIRECTOR

Place : Chennai

Date : 25th May, 2012

1. Explanatory statement as per the provisions of Section 173(2) of the Companies Act, 1956 in respect of the item of the Special Business as set out above is annexed.
2. **Every Member entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of himself/herself and such proxy need not be a Member of the Company.**
3. The Proxy in order to be valid must be deposited at the Registered Office of the Company at 3rd Floor, No.77, Nungambakkam High Road, Nungambakkam, Chennai-600034 not less than 48 hours before the time for holding the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 26th July, 2012 to 31st July, 2012 (both days inclusive).
5. The Dividend upon its declaration at the Meeting will be paid to those Members, whose names appear in the Register of Members as on 31st July, 2012 In respect of shares held in Electronic Form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. Members desiring to have any clarification on Accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
7. As per provisions of Section 109A of the Companies Act, 1956 Member(s) who are holding Equity Shares in the Company may nominate a person on whom the Shares will vest in the event of death of the holder(s) in the prescribed manner. Member(s) desiring to make such a nomination are requested to send the prescribed Form-2B to the Registered Office of the Company at Chennai.

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8. Members holding Shares in physical form are requested to notify / send the following information by quoting their Folio Number to the Company / Registrar and Share Transfer Agents to facilitate better servicing:-
- Any change in their address/mandate/bank account details with Phone Nos., Fax Nos., and E-mail ID for speedy disposal of letters on various issues and payment of Dividend.
 - Share Certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.
9. Pursuant to Section 205A of the Companies Act, 1956 an amount of ₹ 2,19,936/-remaining unclaimed out of the dividend for the Year ended 31st March, 2004 was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on 30th August, 2011.
- The unclaimed dividend, if any, for the year ended 31st March, 2005 will become transferable to the "Investor Education and Protection Fund" on or before 20th July, 2012. Therefore, Shareholders are requested to send their claims, if any, for the relevant years from the year ending 31st March, 2005 onwards before the respective amounts become due for transfer to the fund. No claims shall lie against the Fund or the Company thereafter in respect of amount transferred.
10. The Ministry of Corporate Affairs vide its Circular dated 21st April, 2011 allowed the Companies to send Notices, Annual Reports and other documents by means of e-mail to the members. Hence Members, who have not registered their e-mail addresses, are requested to register their e-mail addresses to the Company/Registrar and Share Transfer Agents.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No.6:

The Shareholders at their Meeting held on 14th June, 2007 had accorded their approval for payment of commission at the rate of 1 % to Non-Whole Time Directors for a period of Five Financial Years commencing from the Year 2007-08 to 2011-12.

Shareholders are aware that the Company is making profits in spite of decline in sales, price reduction, negative growth of Battery Market, increase in Raw Material and Fuel Costs. The wholehearted and dedicated services by all the Directors and also their continued guidance and co-operation have resulted in achieving Profits for the past years. Accordingly, it is considered necessary that they continued to be remunerated by way of commission of 1% on Net Profits for a further period of Five Financial Years commencing from the Year 2012-13 to 2016-17 by means of a Special Resolution. Hence the Resolution is placed before you for your consideration and approval. This Resolution, on approval will be in force for payment of commission for Five Financial Years commencing from the Year 2012-13.

All the Directors of the Company, except Mr. R. Senthil Kumar, Managing Director may be deemed to be interest in this Resolution to the extent of commission receivable by them.

Item No.7:

At the Board Meeting held on 25th May, 2012 Mr. Hitoshi Arata was appointed as a Director to fill in the casual vacancy caused by the resignation of Mr. Hideo Nakano under Article 124 of the Company's Articles of Association and pursuant to Section 262 of the Companies Act, 1956. Mr. Hitoshi Arata will hold office only up to the date of this Annual General Meeting and he offers himself for re-appointment. A notice in writing from a Member has been received under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- proposing his appointment as a Director liable to retire by rotation.

His qualification and experience are detailed under the heading "*Information about the Directors to be appointed / re-appointed*" which forms part of this Notice.

Mr. Hitoshi Arata represents the Foreign Collaborators on the Board. He shall not be paid any Sitting Fee for attending the Meetings of the Board or Committee thereof.

None of the Directors, except Mr. Hitoshi Arata, is interested in this resolution.

The Board of Directors commend passing of the Resolution set out at Item No.7 of the Notice convening the Meeting.

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Item No.8

The Board of Directors at their meeting held on 23rd April, 2008 appointed Mr. R. Senthil Kumar as Managing Director and approved the remuneration for a period of five years from 23rd April, 2008 to 22nd April, 2013. The said appointment and remuneration had also been approved by the Shareholders at the Annual General Meeting held on 18th June, 2008. The Shareholders at their Annual General Meeting held on 20th July, 2011 had approved the revision in remuneration to him with effect from 1st April, 2010.

Considering his contribution and performance for the growth of the Company and based on the recommendation of the Remuneration Committee, the Board at their Meeting held on 20th July, 2011 revised his remuneration with effect from 1st April, 2011, subject to your approval.

Mr. R. Senthil Kumar represents the Foreign Collaborator on the Board. He shall not be paid any sitting fee for attending the Meetings of the Board or Committee thereof.

Mr. R. Senthil Kumar may be treated as interested in the resolution.

The Board commends passing of the resolution set out at item no.8 of the Notice convening the Meeting.

INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED

Mr. HITOSHI ARATA

Mr. Hitoshi Arata is an Economics Graduate from Tohoku University, Japan. He joined M/s Panasonic Corporation (Formerly M/s Matsushita Electric Industrial Co. Ltd) Japan, immediately after completion of Graduation (i.e) in April, 1987. From 1st April 1987 to 15th March, 1993 he worked in Accounting Department, HQ, Panasonic Corporation. From March, 16th 1993 to September 15th 2001 in Accounting Department, Energy Company, Panasonic Corporation, from 16th September, 2001 to December, 2006 as a Finance Director, P.T Panasonic Gobel Energy Indonesia. Currently he is working as an Accounting Group Leader in Energy Company, Panasonic Corporation, Japan.

He is a Director on the Board of three other Foreign Companies.

Mr. V.R GUPTE

Mr. V.R Gupte, after completing Master Degree in Law (L.L.M) and passing the I.R.S and allied service examinations of Union Public Service Commission, joined Indian Revenue service in 1954 and held several positions in Income Tax Department till 1964. In 1963, he obtained Master Degree in Law from Harvard Law School, USA and was appointed as Deputy Secretary, Ministry of Finance, Government of India in 1965. From 1969 to 1974 he was deputed to Embassy of India, Washington as Financial Advisor. He was the Joint Secretary, Ministry of Finance, Banking division from 1977 to 1980. On Voluntary Retirement from the Government Services in 1980, he worked as Finance Director, Spencer & Co. Chennai till 1983 and there after he is practicing as an Advocate. Presently he is a Director on the Board of M/s Nippo Batteries Co. Limited.

He is the Chairman of the Audit Committee, Shareholders/Investors Grievance Committee and a Member of Remuneration Committee of M/s Nippo Batteries Co. Limited. He is also the Chairman of the Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of your Company.

MR. HIROYUKI AOTA

Mr. Hiroyuki Aota, is an Economics Graduate of Kwansai Gakuin University, Japan in March, 1983. He joined M/s Panasonic Corporation (Formerly M/s Matsushita Electric Industrial Co. Ltd) Japan, immediately after completion of Graduation (i.e) in April, 1983. From 1st April 1998 to 31st March, 1999 he worked as Manager, Sales Department in the Information Equipment Motor Business Unit, Motor Company of Panasonic Corporation. From 1st April, 1999 to 31st January 2002, he worked as Manager, Planning Section, Management Planning Department of Motor Company. On 1st February, 2002 he was elevated to the position of President and CEO of America Matsushita Motor Company and worked till 31st October, 2003. From 1st November, 2003 to 31st December, 2003 he worked as General Manager, Information Equipment Business Unit of Motor Company. From 18th May, 2009 he is working as Business Unit Executive of Dry Battery Business Unit of Energy Company, Panasonic Corporation, Japan.

He is not a member in any of the Committees of the Board of your Company.

He is a Director on the Board of Nippo Batteries Co. Ltd and he is a Director on the Board of Panasonic Energy India Co. Ltd. Apart from above two Companies he is also Director on the Board of Nine other Foreign Companies.

By Order of the Board of Directors
For Panasonic Carbon India Co. Limited

Place : Chennai
Date : 25th May, 2012

R. SENTHIL KUMAR
MANAGING DIRECTOR

PANASONIC CARBON INDIA CO. LIMITED

THIRTIETH ANNUAL REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting to you their Thirtieth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012 and the Auditors' Report thereon.

FINANCIAL RESULTS

The summarised working results for the year ended 31st March, 2012 as compared with the earlier year are as under:

Particulars	Year ended 31.03.2012 (Rs in Lakhs)	Year ended 31.03.2011 (Rs in Lakhs)
Profit before depreciation	626.96	757.33
Less: Depreciation	43.79	51.12
Balance Profit before taxation	583.17	706.21
Less: Provision for Taxation after adjustment towards deferred tax	190.07	236.44
Balance profit after Taxation	393.10	469.77
Add: Surplus brought forward from Previous year	66.24	86.98
Amount available for Appropriation	459.34	556.75

Your Directors recommend the following Appropriations:

Proposed Dividend	336.00	336.00
Taxation on Dividend	54.51	54.51
Transfer to General Reserve	50.00	100.00
Transfer to Profit and Loss Account	18.83	66.24
Total	459.34	556.75

DIVIDEND

Your Directors recommend a dividend of Rs 7/- per Share (i.e.) 70%, which as per the provisions of Income-tax Act presently in force will not be taxed in the hands of the Shareholders. However, the Company will be paying the prescribed tax on the distributed dividend. This dividend if approved by you at the ensuing Thirtieth Annual General Meeting will be paid to the Shareholders whose names appear in the Register of Members as on the date of said Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND BUSINESS OVERVIEW AND OPERATIONAL AND FINANCIAL PERFORMANCE

Your Company sold 1409 Mln. Pcs. of Carbon Rods, as against 1395 Mln. Pcs. of Sales of last year. The Domestic Sales Quantity and Value were 1138 Mln. Pcs. and ₹ 16.5 Crores, which works out to 93% and 90% respectively of the Sales of the last year. The drop in Sales value of Domestic Sales was mainly on account of continuous steep reduction in UM-1 variety of Carbon Rods used in D size Batteries.

The Export Sales Quantity of the Company was 271 Mln. Pcs. which works out to 65% more than the Export Sales Quantity of last year and by Value 40% more than the last year.

The steep increase in prices of some of the Raw Materials and fuel have resulted in increase in production cost considerably. Your Company had continued to implement cost saving, cost control and value engineering methods. The decrease in profitability for the current year is mainly due to increase in raw material and fuel costs.

OUTLOOK ON OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

The Company has higher production capacity to meet any increased demand of Carbon rods in the Domestic and International Markets in the years to come. Your Company's finished product (Carbon Rods) is being supplied as a critical component to the Indian Dry Battery Industry, which is projecting a growth of 2% to 3% in the current year in smaller size Batteries. Accordingly, your Company is also hopeful in achieving growth by maintaining the quality and timely supply. In the Export Front, your Company's two major varieties of Carbon Rods have passed the Quality Tests conducted by the Panasonic Group

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factories in Poland, Peru, Costa Rica, Thailand and Indonesia. As the prices also were found to be competitive compared to Chinese Competitors, your Company's export is estimated to grow by more than 200%. The Directors assure that all steps are being taken by the Company to increase the growth level in the coming years, in proportion to the growth of the Dry Battery Industry by taking into consideration the adverse conditions, if any, in the Dry Battery Industry.

There are no materially significant threats, risks or concerns to the Company.

SEGMENT-WISE PERFORMANCE

The Company operates in only one Segment (i.e.) Carbon Rods as a component of Dry Cell Batteries.

By value, while Domestic Sales was 75%; Exports Sales was 25%.

FINANCIAL ARRANGEMENTS

Your Company continues to be free from debts – both on Long Term and on Working Capital requirements. The surplus funds available with the Company are being invested with Banks in deposits at regular intervals, in line with the policy of the Company. This is reflected in increased deposits.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. A firm of experienced Chartered Accountants had carried Audit throughout the year. Whenever it is required, the systems and procedures are upgraded.

HUMAN RESOURCES

The relationship with Employees continues to be cordial. The Company always considers its human resources as its most valuable asset. Imparting adequate and specialised training to its employees is an on going process in the Company.

STATEMENT PURSUANT TO LISTING AGREEMENTS

The Company's Securities are listed with Madras and Mumbai Stock Exchanges and it has paid the respective Annual Listing Fees up-to-date and there are no arrears.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION, FOREIGN EXCHANGE ETC.

Details regarding conservation of energy, foreign exchange and technology absorption including R&D efforts are given separately in Annexure 'A' to this Report.

CODE OF CORPORATE GOVERNANCE

A detailed report on Corporate Governance as updated with the particulars of this Financial Year, as per the directions from SEBI is annexed to this report (Annexure "B") together with Report of the Auditors on the compliance with the said Code.

PERSONNEL

Particulars of employment as required under Section 217(2A) of the Companies Act, 1956 are not furnished as none of the employees were in receipt of remuneration exceeding the limits prescribed under the Companies Act.

DIRECTORS

Mr. Hideo Nakano had resigned from the Board of your Company effective 25th May, 2012.

Mr. Hitoshi Arata was appointed as a Director in the vacancy caused on the resignation of Mr. Hideo Nakano at the Board Meeting held on 25th May, 2012.

The Board of Directors places on record their appreciation for the valuable contribution made by Mr. Hideo Nakano for the growth of the Company during his tenure of Directorship.

In accordance with the Articles of Association of the Company Mr. Hiroyuki Aota and Mr. V. R Gupte retires by rotation at this Annual General Meeting. They are, being eligible, offer themselves for re-appointment.

Information about all the Directors proposed to be appointed/re-appointed is furnished in the Explanatory Statement under the heading "Information about the Directors proposed to be appointed/re-appointed" attached to the Notice of the ensuing Annual General Meeting for your consideration.

The Directors recommend that all the resolutions placed before the Members regarding the appointment of the Directors be approved.

PANASONIC CARBON INDIA CO. LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements u/s 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your Directors confirm that they had:

1. followed in the preparation of Annual Accounts, the applicable Accounting Standards and given proper explanation relating to material departures, if any;
2. selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for that period;
3. taken proper and sufficient care for the maintenance of adequate accounting records 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; and
4. Prepared the Accounts on a Going Concern basis.

AUDITORS

M/s.Brahmayya & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the conclusion of the ensuing Thirtieth Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors record their sincere appreciation to the support, co-operation and assistance provided by the Collaborators, M/s.Panasonic Corporation, Japan.

Your Directors thank the valued Customers for their patronage, the Suppliers for their timely and quality supply, the Shareholders for the confidence reposed and the Bankers, State and Central Governments for extending their invaluable support.

Your Directors place on record their appreciation of the dedicated services of the Employees of the Company at all levels for the growth of the Company.

By Order of the Board of Directors
For Panasonic Caron India Co. Limited

Place : Chennai
Date : 25th May, 2012

V.R. GUPTA
DIRECTOR

R. SENTHIL KUMAR
MANAGING DIRECTOR

ANNEXURE 'A' TO THE THIRTIETH ANNUAL REPORT OF THE BOARD OF DIRECTORS

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, etc.

A. CONSERVATION OF ENERGY

During the year under review, though there was steep increase in fuel cost by 48% there was a reduction in consumption of fuel (19%) by synchronization of CN Impregnation process at CP impregnation process in one process hall and eliminated use of one thermic fluid heater. Transport of process material from one process hall to another also eliminated resulting reduction of Fork Lift usage by 30%. Energy consumption reduced by 7% by shifting Recycle material crushing Hammer Mill nearer to Mixing process, replacing of 75 Nos. of 70w Sodium vapour lamps in place of Mercury vapour lamps of 125w, installation of 3 star Panasonic split AC (5X 2TR) in place of existing packaged AC of 30 TR. Further, Energy efficient Binder tanks, Jaw crusher for crushing pitch to reduce melting time & single pitch melting tank instead of two, Common blower utilization for two individual processes like Sieving process and Recycle crushing also contributed for reduction of power consumption.

B. TECHNOLOGY ABSORPTION

Research and Development (R&D)

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

- a. Reduction of power consumption by implementing Energy efficient systems.
- b. Reduction of Tar consumption in UM-3 size by using Higher softening point pitch.
- c. Reduction of recycle material generation in UM-3 size of extruding process by suitably modifying the machine parts.
- d. Development of twin extrusion of UM-4 carbons in Screw press for improving productivity and reduction of recycles.

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- e. Introduction of 3 stage sieving machine for segregating coal coke fine material and use them directly in process without crushing, there by reducing the crushing cost.
- f. Analysis of 'Volatile Organic Compounds, Heavy Metals and Pesticides' in ground water Quality.

2. Benefits derived as a result of the above R&D activities:

- a. Reduction of Fuel consumption by 15% in Impregnation process.
- b. Improved extruding process productivity of UM-4 size carbon rods by 30% by introduction of twin extrusion and use of screw press. Recycle material generation also reduced by 8%.
- c. Reduction of Coal Coke Crushing cost in UM-1 size carbon rods by 16% and improved crushing section productivity by 10% by modifying specification and introducing 3 stage sieving machine.
- d. Reduction of fuel consumption in Tar aging process by 40%.
- e. Reduction of Impregnation process time by 1.5 hrs./batch for 10 mm diameter carbons.
- f. Cost reduction by 2% by replacing Tar with creosote oil in certain varieties of carbon rods.
- g. Reduction of Tar consumption in UM-3 size carbon rods by 3%.
- h. Reduction of Recycles generation in UM-3 size carbon rods by 5%.

3. Future plan of action:

- a) Establishment of Analytical Services for monitoring Water Analysis.
- b) Develop usage of Calcined petroleum coke in place of coal coke for Kiln car loading for reduction of Refractory kiln car repairs and solid waste generation.
- c) Development of High efficiency Screw press for 100% use of coal pitch and eliminate use of Tar completely.
- d) Develop new composition of UM-3 grade carbon rods with improved quality and reduced cost.
- e) Reduction of impregnation process time for 25mm carbon rods.

4. Expenditure on R&D:

Total Expenditure - Revenue	₹15.10 lakhs
R&D Expenditure as a percentage to total turnover	0.68%

Technology absorption, adaptation and Innovation:

1. Efforts taken to improve upon technology absorption, adaptation and innovation :
Effective use of MSP -1 Screw press by modifying the screw and barrel, modification of Ball mill, Impregnation process equipments for improving productivity ,Quality, achieved reduction in recycles.
2. Benefits derived as a result of the above :
Reduction of Energy cost, productivity improvement, quality improvement and improved environmental friendly operations.
3. Imported technology (imported during last five years) :
Except for regular up-gradation of the know-how, no specific technology had been imported in the last five years.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to Exports: Initiatives taken to increase exports; Development of new export markets for Products and services and export plans.
Pressure for price reduction from Customers continues to be exerted on the Company and this is being met positively by selling price adjustments, wherever necessary. Simultaneously cost reduction activities are also being strengthened. The Collaborator's wide exposure in the International Market is helping the Company to keep itself abreast of the latest developments in technology and this is exploited for possible market enlargement. The Company is also regularizing its periodical market study activities.
2. Total Foreign Exchange used and earned:
Total foreign exchange used in the year ended 31st. March, 2012 towards Import of Raw materials and other remittances like Royalty, Dividend, Commission on Sales etc., was ₹ 5.08 Crores. With regard to earning of Foreign Exchange, the direct inflow of foreign currency due to Exports worked out to ₹ 5.48 crores. Apart from this, the Company has stopped outgo of substantial amount of Foreign Exchange by indigenously producing Carbon Rods as an import substitute. This saving worked out approximately to ₹ 16 Crores.

By Order of the Board of Directors
For Panasonic Caron India Co. Limited

Place : Chennai
Date : 25th May, 2012

V.R. GUPTE
DIRECTOR

R. SENTHIL KUMAR
MANAGING DIRECTOR

PANASONIC CARBON INDIA CO. LIMITED

ANNEXURE 'B' TO THE THIRTIETH ANNUAL REPORT OF THE BOARD DIRECTORS REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

Introduction

The Company is regular in complying with the mandatory requirements of the Code of Corporate Governance.

Company's Philosophy on Code of Corporate Governance

The Company, in line with its philosophy, follows good Corporate Governance practices with highest level of transparency, accountability, responsibility, integrity and ethics. This has resulted in provision of quality product and services to the Customer and consequent growth of healthy business, strengthening of Management and Decision making process, effective functioning of Board of Directors in a professionally sound and competent manner and enhancement of long term economic value of Shareholders.

Board of Directors

The Board functions as a full Board and it meets at regular intervals. Policy formulation, evaluation of performance and control functions vest with the Board.

The Board comprises of one Executive Director and Eight Non-Executive Directors including three Independent Directors. The Chairman of the Board is a Non-Executive Director.

During the Financial Year ended 31st March, 2012, four Board Meetings were held on 29th April, 2011, 20th July, 2011, 19th October, 2011 and 24th January, 2012.

The last Annual General Meeting was held on 20th July, 2011

The composition of the Board, attendance of each Director at the Board Meetings held during the year under review as well as in the last Annual General Meeting and number of other Directorships/Committee Memberships held by them are as follows :

Name of Director	Designation and Category	No. of Board Meetings in the year		Attendance last AGM	No. of outside Directorships (Excludes Private and Foreign Companies)	No. of outside Board Committee Memberships (Excludes Private and Foreign Companies)
		Held	Attended			
Mr.R.Senthil Kumar	Managing Director; Executive	4	4	Yes	Nil	Nil
Mr. K.K. Jiwrajka	Director; Promoter; Non-Executive	4	2	Yes	1	Nil
Mr.V.R.Gupte	Director; Independent	4	4	Yes	1	2
Mr.A.Raghavendra Rao	Director; Independent	4	4	Yes	2	3
Mr.K.Subramanian	Director; Independent	4	4	Yes	3	5
Mr. P. Karthik Anand Reddy	Director, Promoter, Non-Executive	4	Nil	No	Nil	Nil
Mr.Hideo Nakano	Director; Non-Executive	4	Nil	No	Nil	Nil
Mr.Hiroyuki Aota	Director; Non-Executive	4	3	Yes	2	Nil
Mr.Kenichi Kudara	Director; Non-Executive	4	4	Yes	1	Nil

Mr.Hiroyuki Aota, Mr. Hideo Nakano and Mr. Kenichi Kudara are nominated by our Collaborators and are employed in Japan.

Information about the Directors proposed to be appointed/re-appointed required to be furnished pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges is furnished under 'Notes' attached to the Notice of the Thirtieth Annual General Meeting to the Shareholders of the Company.

PANASONIC CARBON INDIA CO. LIMITED

Committees of the Board

1. Audit Committee

Terms of Reference

The Qualified and Independent Audit Committee of the Board of the Company monitors and provides effective supervision of the Management's financial reporting process with a view to ensure accurate and proper disclosure and transparency and quality of financial reporting. The Committee also reviews the financial and risk management policies and the adequacy of internal control systems and meets the Internal Auditors and Statutory Auditors periodically.

Composition and Attendance:

The Company has an Audit Committee of the Board consisting of three Non-Executive Independent Directors and the Managing Director. The Audit Committee met four times during the year (i.e) on 28th April, 2011, 19th July, 2011, 18th October, 2011 and 24th January, 2012. The details of attendance of Members are as follows:

Name of Director	Status	No.of Meetings held	No.of Meetings attended
Mr. V.R.Gupte	Chairman	4	4
Mr. A.Raghavendra Rao	Member	4	4
Mr. K.Subramanian	Member	4	3
Mr. R.Senthil Kumar	Member	4	4

The Quorum shall be either two Members or one-third of the Members, whichever is higher and there shall be a minimum of two Independent Directors.

The Company Secretary, Mr. R. Manoranjan, is the Secretary of the Committee.

2. Shareholders/Investors Grievance Committee

Terms of Reference

The Committee oversees Share Transfers and monitor investors grievance such as complaints on transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend etc. and redressal thereof, within the purview of the guidelines set out in the Listing Agreement.

Composition

The Shareholders/Investors Grievance committee constituted by the Board of Directors consist of the following three Directors as Members:

Name of Director	Designation in the Company	Status in the Committee
Mr. V.R.Gupte	Independent Director	Chairman
Mr. A.Raghavendra Rao	Independent Director	Member
Mr. K.Subramanian	Independent Director	Member

The quorum for the Meeting shall be any two of the above three Members.

The Company Secretary, Mr. R. Manoranjan, is the Compliance Officer of the Committee.

The Company attends to the Shareholders / Investors grievances / correspondence expeditiously. No complaints of material nature were received during the year under review.

3. Share Transfer Committee

Terms of reference

This Committee attends to approval, Issue and registration of transfers, transmissions, transpositions, splits, Duplicate Share Certificates and consolidations of Shares and other matters connected therewith, within the purview of the guidelines set out in the Listing Agreement.

PANASONIC CARBON INDIA CO. LIMITED

Role and Performance

The Board constituted this Committee delegating the powers of Share Transfer to expedite the process. The Members of the Committee are Mr.R.Senthil Kumar, Managing Director, Mr. P.Venkateswara Rao, CFO and Mr.R. Manoranjan, Secretary of the Company. The quorum for the Meeting shall be any of the above two Members. The Committee holds its Meeting regularly to consider all matters concerning transfer, transmission, transposition, Issue of Duplicate Share Certificates, split, consolidation etc. of Shares. During the period 1st April, 2011 to 31st March, 2012, Twelve Meetings of the Committee were held. All share transfers, transmissions, transpositions, splits, Issue of Duplicate Share Certificates and consolidations received upto 31st March, 2012 have already been considered and there were no pending Share Transfers etc. as at the end of the year.

4. Remuneration Committee

The Committee is vested with necessary powers and authority to determine and recommend the Remuneration payable to Executive Director, within the purview of the Companies Act and Listing Agreement.

The Committee was constituted to determine and recommend payment of Remuneration to Executive Director. The Committee consists of the following Non-Executive Independent Directors.

Name of Director	Designation in the Company	Status in the Committee
Mr. V.R.Gupte	Independent Director	Chairman
Mr. A.Raghavendra Rao	Independent Director	Member
Mr. K.Subramanian	Independent Director	Member

The Committee met during the year on 19th July, 2011 to determine and recommend the revision in Remuneration payable to the Managing Director.

The quorum for the Meeting shall be any two of the above three Members. The Company Secretary, Mr. R. Manoranjan is the Secretary of the Committee.

Remuneration of Directors

Executive Director

The Company has one Executive Director. Mr. R. Senthil Kumar is the Managing Director and his appointment and Remuneration was approved by the Shareholders at the Annual General Meeting held on 18th June, 2008 for a period of five years from 23rd April, 2008 to 22nd April, 2013. The revision in Remuneration as approved by the Remuneration Committee and the Board is being approved by the Shareholders at the Annual General Meeting on 20th July, 2011. The details of Remuneration paid to the Executive Director during the period of employment with the Company in the year under review is as under:

Name & Designation	Period	Salary ₹	Perquisites ₹	Total ₹
Mr.R.Senthil Kumar Managing Director	01-04-2011 to 31-03-2012	19,02,000	9,61,006	28,63,006

The above Executive Director is not paid any sitting fees for the Board Meetings or for any Committees of the Board attended by him.

The above Whole-time Director had been nominated by the Collaborators, M/s.Panasonic Corporation, Japan.

Non-Executive Directors

The Board of Directors decided to pay the Remuneration to Non-Executive Directors. Non-Executive Directors of the Company are Remunerated by way of Sitting Fees for the Meetings of the Board / Committees of the Board attended by them and by way of Commission up to a total of one percent on the Net Profits of the Company in each Financial Year. None of the Non-Executive Directors of your Company have any pecuniary relationship or material transactions with the Company except for Sitting Fees paid to them for attending Board Meetings and Committee Meetings thereof and Commission on Net Profits.

The Company has not issued Stock Options to any of its Directors.

There is no differential Accounting Treatment followed in the Company during the Financial Year 2011-12.

PANASONIC CARBON INDIA CO. LIMITED

The details of Remuneration paid to the Non-Executive Directors are as under:

Name of the Director	Commission ₹	Sitting Fees		
		Board Meeting ₹	Audit Committee Meeting ₹	Remuneration Committee Meeting ₹
Mr.V.R.Gupte	1,54,285	40,000	40,000	5,000
Mr.A.Raghavendra Rao	1,54,285	40,000	40,000	5,000
Mr.K.Subramanian	1,54,285	40,000	30,000	5,000
Mr.K.K. Jiwrajka	1,54,285	NIL	NIL	NIL
Mr.P. Karthik Anand Reddy	NIL	NIL	NIL	NIL
Mr.Hiroyuki Aota	NIL	NIL	NIL	NIL
Mr. Hideo Nakano	NIL	NIL	NIL	NIL
Mr. Kenichi Kudara	NIL	NIL	NIL	NIL
Total	6,17,140	1,20,000	1,10,000	15,000

No. of Shares held by Non-Executive Directors

Name of the Director	No. of Shares held
Mr.V.R. Gupte	NIL
Mr.A.Raghavendra Rao	NIL
Mr.K.Subramanian	NIL
Mr.Hiroyuki Aota	NIL
Mr.Hideo Nakano	NIL
Mr. Kenichi Kudara	NIL

General Body Meetings

The last Three Annual General Meetings were held as under:

Accounting Year ended	Date	Day	Time	Venue
31 st March, 2011	20 th July, 2011	Wednesday	2.30 P.M.	Sri.P.Obul Reddy Hall,Vani Mahal, 103,G.N.Chetty Road,T.Nagar, Chennai-600017
31 st March, 2010	23 rd July, 2010	Friday	2.30 P.M.	Sri.P.Obul Reddy Hall,Vani Mahal, 103, G.N.Chetty Road,T.Nagar, Chennai-600017
31 st March, 2009	11 th September, 2009	Friday	2.30 P.M.	Sri P. Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T. Nagar, Chennai 600017.

No Special Resolutions was passed in the last three Annual General Meetings.

No Special Resolution was put through Postal Ballot last year. Special Resolution(s) through Postal Ballot process shall be conducted as per the provisions of the Companies Act, 1956 as applicable at the relevant point of time.

Disclosures:

(i) Related Party Transactions

The Company has not entered into any transactions of a material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

(ii) Compliances by the Company

(a) The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to Capital Markets and no penalties/strictures have been imposed on the Company in the last three years.

PANASONIC CARBON INDIA CO. LIMITED

The Company complied with Mandatory requirements of Clause 49 of the Listing Agreement. The Company has not adopted the non-mandatory requirements of the above Clause.

- (b) The Company has not established a mechanism for Whistle Blower Policy since it is a non-mandatory requirement.
- (c) The Chief Executive Officer and Chief Financial Officer have issued necessary Certificate to the Board of Directors in Compliance with Clause 49 of the Listing Agreement.

Means of Communication

The Board of Directors of the Company approve and take on record the Financial Results as per the Performa prescribed by the Stock Exchange within the statutory period and announce forthwith the said results to all the Stock Exchanges, where the Shares of the Company are listed.

The Quarterly and Annual Financial Results are published in News papers. These results are promptly submitted to the Stock Exchanges to enable them display the same on their Websites.

The Financial Results are made available at the Website of the Company – www.panasoniccarbon.in

The Company is also filing the specified documents/statements/informations as per SEBI directive within the stipulated time.

During the year ended 31st March, 2012 no presentation has been made to Analysts.

The Management Discussion and Analysis Report form part of the Directors Report.

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

Day & Date	Tuesday, 31st July, 2012
Time	2.30 P.M.
Venue	Sri P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai - 600 017

Financial Calendar

Adoption of Quarterly Results for the quarter ending

30 th June, 2012	3 rd /4 th week of July, 2012
30 th September, 2012	3 rd /4 th week of October, 2012
31 st December, 2012	3 rd /4 th week of January, 2013
31 st March, 2013	3 rd /4 th week of April, 2013

Dates of Book Closure

From 26th July, 2012 to 31st July, 2012 (Both days inclusive).

Dividend Payment Date : 7th August, 2012

Listing on Stock Exchanges

The Equity Shares of the Company are listed in the Madras and Bombay Stock Exchanges. The Company confirms that it has paid the Annual Listing Fees to the above Stock Exchanges for the year 2012-13 and there are no arrears.

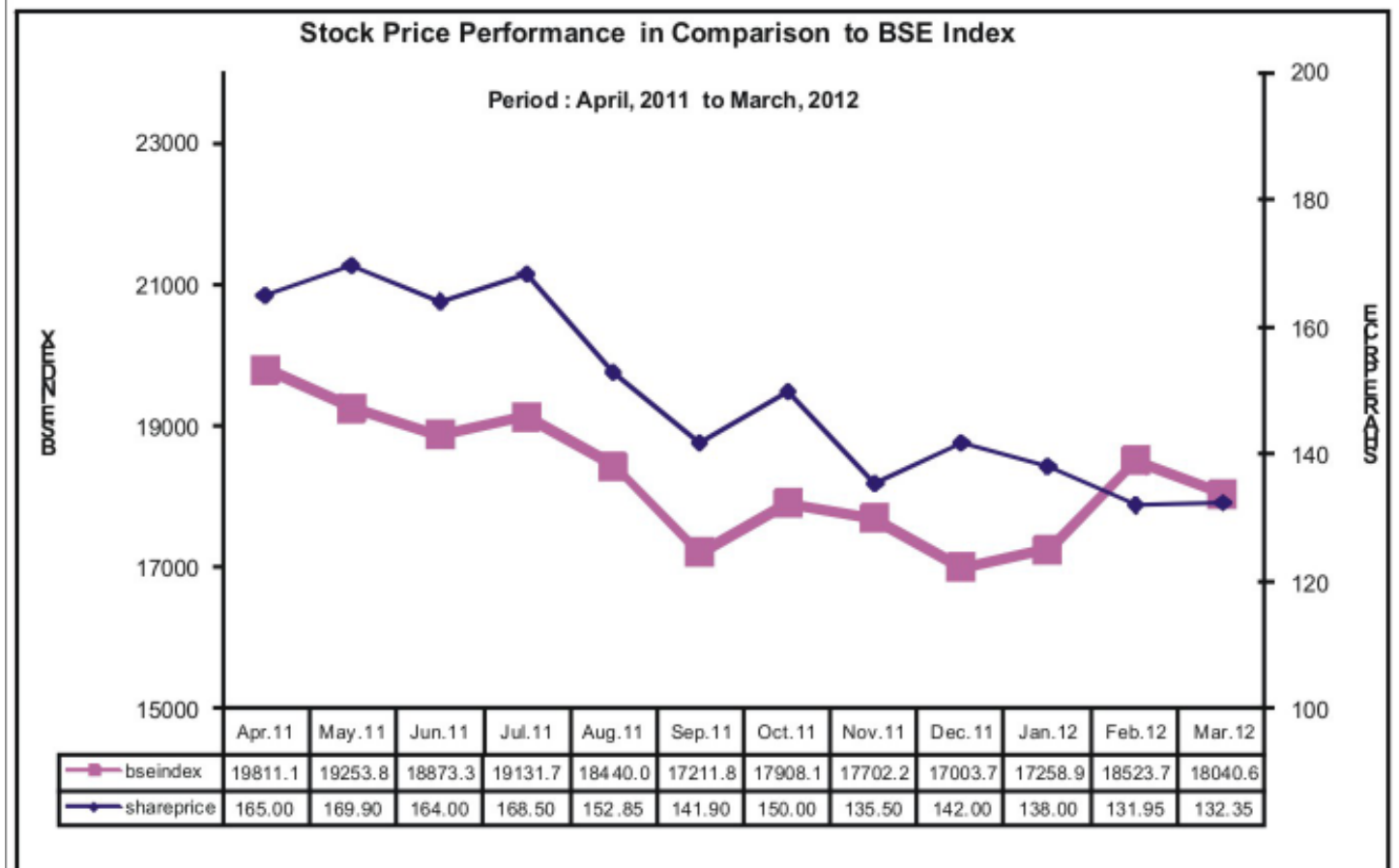
Stock Code

Madras Stock Exchange Ltd.	IMT
Bombay Stock Exchange Ltd.	508941

PANASONIC CARBON INDIA CO. LIMITED

Market Price data for the Financial Year ended 31st March, 2012

Month	BSE	
	High Rs.P.	Low Rs.P.
April 2011	165.00	145.10
May 2011	169.90	145.25
June 2011	164.00	142.50
July 2011	168.50	144.05
August 2011	152.85	125.05
September 2011	141.90	120.00
October 2011	150.00	126.00
November 2011	135.50	120.05
December 2011	142.00	109.10
January 2012	138.00	113.00
February 2012	131.95	121.25
March 2012	132.35	118.15



PANASONIC CARBON INDIA CO. LIMITED

Registrars and Share Transfer Agents

M/s. Cameo Corporate Services Ltd., are the Registrars and Share Transfer Agents for providing electronic connectivity for trading Company's scrips in Dematerialised form through NSDL and CDSL and also for Shares held in Physical mode.

Address:	Name of Contact Person :
M/s. Cameo Corporate Services Ltd.	Mr.R.D.Ramasamy, Director
"Subramanian Building"	Phone.No: 0091-44-28460390 (5 Lines)
No.1 Club House Road	Fax No. : 0091-44-28460129
Chennai 600 002	E-mail : investor@cameoindia.com

Share Transfer System

The Shares received for Transfer in physical mode are considered expeditiously and, on its approval, the duly endorsed Share Certificates are returned to the Transferees immediately thereafter. In cases, where it is accompanied with D-mat request form, the Transferred and endorsed Share Certificates are retained and further processing done. Confirmation in respect of the requests received for Dematerialisation is sent to the Depositories concerned through the Registrars.

The Share Transfer Committee constituted by the Board of Directors of the Company holds its meeting regularly to consider all matters concerning Transfers etc., as well as approval of all the above requests.

Distribution of shareholding as on 31st March, 2012

No. of Shares	Number of Shareholders		Number of Shares	
	Number	% Total	Number	% Total
Upto 500	5,439	94.2307	4,58,904	9.5605
501 - 1000	178	3.0838	1,37,587	2.8663
1001 - 2000	81	1.4033	1,21,037	2.5216
2001 - 3000	27	0.4677	65,698	1.3687
3001 - 4000	10	0.1732	35,550	0.7406
4001 - 5000	6	0.1039	29,048	0.6051
5001 - 10000	13	0.2252	95,742	1.9946
10001 and above	18	0.3118	38,56,434	80.3423
Total	5,772	100.0000	48,00,000	100.0000

Category wise Shareholding pattern as on 31st March, 2012:

Category	No. of Shares Held	% of Shareholding
Promoters		
Indian Promoters	10,88,327	22.6734
Foreign Collaborators	24,34,480	50.7183
Others		
Corporate Bodies	2,64,948	5.5197
Mutual Funds & UTI	NIL	NIL
Banks & Financial Institutions	150	0.0031
Non-Resident Indians	9,728	0.2026
Public	10,02,367	20.8825
Total	48,00,000	100.0000

Dematerialisation of Shares and Liquidity

The Company's shares are available for trading in Dematerialised form. The International Securities Identification Number (ISIN) allotted is INE013E01017. As on 31st March 2012, 46,35,450 Equity Shares of the Company including promoter and Collaborators holding (96.57% of the paid-up share capital) are in Dematerialised form.

Outstanding GDR/ADR/Warrants or any convertible instruments

The Company has not issued any GDRs /ADRs/ Warrants or any convertible instruments.

PANASONIC CARBON INDIA CO. LIMITED

Plant Location:

Tada Mandal, Nellore District, Andhra Pradesh 524 401
Phone: 08623 - 249126 / 249108 Fax : 08623 - 249049

Address for correspondence:

The Shareholders may address their correspondence to

The Company Secretary
Panasonic Carbon India Co.Limited
"Pottipati Plaza", III Floor No.77
Nungambakkam High Road,
Chennai 600 034
Phone : 0091-044-28275216, 28275226, 28275015
Fax : 0091-044-28263010
E-mail: manoranjan.r@jp.panasonic.com.

(and/or)

Mr.R.D.Ramasamy, Director
M/s.Cameo Corporate Services Ltd.
"Subramaniam Building" No.1 Club House Road
Chennai 600 002 Phone : 0091-44-28460390 (5 Lines)
Fax No. : 0091-44-28460129
Email : investor@cameoindia.com

By Order of the Board of Directors
For Panasonic Carbon India Co. Limited

Place : Chennai
Date : 25th May, 2012

V.R. GUPTE
DIRECTOR

R. SENTHIL KUMAR
MANAGING DIRECTOR

DECLARATION

To The Members of the Panasonic Carbon India Co. Limited

This is to declare that the Code of Conduct envisaged by the Company for Members of the Board and Senior Management Personnel have been complied with, by all the Members of the Board, and the Senior Management Personnel of the Company respectively.

Place : Chennai
Date : 25th May, 2012

For Panasonic Carbon India Co. Limited
R. SENTHIL KUMAR
MANAGING DIRECTOR AND C.E.O.

AUDITORS' REPORT ON CORPORATE GOVERNANCE

TO THE MEMBERS OF PANASONIC CARBON INDIA CO. LIMITED

We have examined the compliance of conditions of Corporate Governance by Panasonic Carbon India Co. Ltd. for the year ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

We 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.

Place: Chennai
Date : 25th May, 2012

FOR BRAHMAYYA & CO.,
Chartered Accountants
Registration No. 000511S
R. NAGENDRA PRASAD
Partner
Membership No:203377

PANASONIC CARBON INDIA CO. LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF PANASONIC CARBON INDIA CO. LIMITED

1. We have audited the attached Balance Sheet of Panasonic Carbon India Co. Limited as at 31st March 2012, and the Profit and Loss Account and the 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 have conducted our audit in accordance with the generally accepted Auditing Standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read 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 the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Chennai
Date : 25th May, 2012

FOR BRAHMAYYA & CO.,
Chartered Accountants
Firm Registration No. 000511S
R. NAGENDRA PRASAD
Partner
Membership No:203377

PANASONIC CARBON INDIA CO. LIMITED

Annexure referred to in Paragraph 3 of our report of even date

1. The provisions of Clauses of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 listed below are not applicable to the Company for the year.
 - a) Clause (vi) regarding acceptance of deposits;
 - b) Clause (x) regarding accumulated losses;
 - c) Clause (xi) regarding defaults in repayment of dues to financial institutions, bank and debenture-holders;
 - d) Clause (xii) regarding loans granted against pledge of shares and securities etc.;
 - e) Clause (xiii) regarding special statutes applicable to Chit Funds and Nidhis/Mutual Benefit Fund and Societies;
 - f) Clause (xiv) regarding dealing or trading in shares, securities etc.;
 - g) Clause (xvi) regarding funds raised by term loans and their end use;
 - h) Clause (xviii) regarding preferential allotment of shares to specified parties;
 - i) Clause (xix) regarding creation of securities in respect of debentures; and
 - j) Clause (xx) regarding money raised by public issue and their end use.
2. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the Management during the year based on the programme of verifying all the assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification. During the year, there was no substantial disposal of fixed assets affecting the status of the Company as a going concern.
3. Physical verification of inventory has been conducted by the Management at reasonable intervals. The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of its inventory and the discrepancies noticed on verification between the physical stocks and the book records were not material and have been adequately dealt with in the Books of Account.
4.
 - (a) In our opinion and according to the information and explanations given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) In our opinion and according to the information and explanations given to us, the company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
6. Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under the said section.
7. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Registers maintained under Section 301 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices and commercial conditions at the relevant time.
8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
9. We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records maintained by the company.
10. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess. There are no undisputed amounts payable in respect of statutory dues, which are outstanding as on 31st March, 2012 for a period of more than six months from the date they become payable.

PANASONIC CARBON INDIA CO. LIMITED

11. Based on our audit procedures and on the information and explanations given by the Management, there are no dues outstanding in respect of sales tax, excise duty, customs duty, wealth-tax, service-tax and cess on account of any dispute. Income tax demands for the assessment years 1999-2000 to 2007-08 aggregating to ₹ 1,87,46,659/- has not been deposited since the Company's appeals are pending disposal before the appellate authorities.
12. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
13. The Company has not raised any funds short term and long term.
14. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Chennai
Date : 25th May, 2012

FOR BRAHMAYYA & CO.,
Chartered Accountants
Firm Registration No. 000511S
R. NAGENDRA PRASAD
Partner
Membership No:203377

PANASONIC CARBON INDIA CO. LIMITED

Balance Sheet as at 31st March, 2012

Particulars	Notes	As at March 31, 2012	As at March 31, 2011
Amount in ₹			
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
Share Capital	2	4,80,00,000	4,80,00,000
Reserves and Surplus	3	51,48,87,141	51,46,27,459
2. Current Liabilities			
Trade payables	4	2,30,21,318	1,97,17,407
Other current liabilities	5	1,35,69,452	2,12,43,350
Short-term provisions	6	3,90,50,760	3,90,50,760
Total		63,85,28,671	64,26,38,976
II. Assets			
1. Non-current assets			
<i>Fixed assets</i>			
Tangible assets	7	3,69,15,899	3,94,11,626
Intangible assets		-	-
Non-current investments	8	13,900	13,900
Deferred tax assets (net)	9	33,60,286	24,66,987
Long term loans and advances	10	71,90,931	66,80,273
Other non-current assets		-	-
2. Current assets			
Inventories	11	2,66,45,708	1,48,64,827
Trade receivables	12	2,26,25,482	1,53,78,613
Cash and cash equivalents	13	52,81,89,170	54,85,95,788
Short-term loans and advances	14	5,28,989	17,85,910
Other current assets	15	1,30,58,306	1,34,41,052
Total		63,85,28,671	64,26,38,976

See accompanying notes forming part of financial statements

For and on behalf of the Board

As per our report attached
For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No: 000511S

R.Senthil Kumar
Managing Director

V.R.Gupte
Director

R.Nagendra Prasad
Partner
Membership No: 203377
Place: Chennai
Date: 25th May, 2012

R. Manoranjan
Secretary

PANASONIC CARBON INDIA CO. LIMITED

Profit and Loss Statement for the year ended 31st March, 2012

Particulars	Notes	Year ended 31 st March, 2012	Amount in ₹	Year ended 31 st March, 2011
Revenue from operations	16	23,84,00,856		24,26,47,049
Less: Excise Duty		<u>1,72,11,308</u>		<u>1,88,17,441</u>
		22,11,89,548		22,38,29,608
Other Income	17	<u>5,23,74,874</u>		<u>3,56,53,687</u>
		27,35,64,422		<u>25,94,83,295</u>
<u>Expenses:</u>				
Cost of Raw materials consumed	18	8,49,44,784		7,02,59,061
Changes in inventories of finished goods and work-in-progress	19	(35,60,666)		(42,46,485)
Manufacturing Expenses	20	5,44,55,209		4,55,45,402
Employee benefits expenses	21	4,63,03,491		4,87,41,744
Depreciation and amortization		43,78,689		51,12,093
Other expenses	22	<u>2,13,69,421</u>		<u>2,34,50,415</u>
		20,78,90,928		<u>18,88,62,230</u>
Profit before exceptional item and tax		6,56,73,494		7,06,21,065
Less: Exceptional Item (Refer Note No.36)		<u>73,56,351</u>		-
Profit before tax		5,83,17,143		7,06,21,065
Tax expenses:				
Current tax		1,99,00,000		2,23,00,000
Deferred tax		<u>(8,93,299)</u>		<u>13,44,268</u>
Profit after tax for the year		3,93,10,442		4,69,76,797
Earning per equity share:				
Basic		₹ 8.19		₹ 9.79
Diluted		₹ 8.19		₹ 9.79

See accompanying notes forming part of financial statements

For and on behalf of the Board

As per our report attached
For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No: 000511S

R.Senthil Kumar
Managing Director

V.R.Gupte
Director

R.Nagendra Prasad
Partner
Membership No: 203377
Place: Chennai
Date: 25th May, 2012

R. Manoranjan
Secretary

PANASONIC CARBON INDIA CO. LIMITED

Notes on accounts forming part of Financial Statements as on 31st March, 2012

1. Significant Accounting Policies

Basis of Accounting

1.1 The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and comply with the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956.

1.2 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Estimates include allowance for uncollectible accounts receivables, useful life of fixed assets, accounting for employee cost pending execution of agreements with workmen unions etc. The actual amounts may differ from these estimates.

1.3 Fixed Assets

Fixed Assets are stated at cost less depreciation except in the case of land which is stated at cost.

1.4 Depreciation

Depreciation is provided on the fixed assets except Land under the written down value method at rates specified in Schedule XIV to the Companies Act, 1956. Assets costing less than ₹ 5,000/- individually are fully depreciated.

1.5 Impairment

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

1.6 Inventories

Raw Materials, work-in-process and finished goods are valued at lower of cost and net realisable value. Stores and spares are valued at cost.

The cost of raw materials and stores and spares is arrived at on the basis of issues being charged out in the 'First-in-First-out' method.

The cost of work-in-process and finished goods is arrived at on the basis of materials consumed, production wages and salaries and production overheads.

1.7 Transactions in Foreign Currencies

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the Profit and Loss Account.

Premium or discount on forward contracts is amortised over the life of such contract and is recognised as income or expense in the Profit and Loss Account.

1.8 Employee benefits

Contribution to Provident Fund, Family Pension and Superannuation Funds which are in the nature of defined contributions schemes and the contribution made during the year are charged to Profit and Loss Account. Gratuity which is in the nature of defined benefit scheme and provided in the Books of Accounts based on the actuarial valuations. Gratuity is covered by the Group Gratuity Scheme with Life Insurance Corporation of India.

Leave encashment benefits payable to employees as per the rules of the Company has been provided in the Books of Account based on actuarial valuation. Leave Encashment is covered by the Group Leave Encashment Scheme with Life Insurance Corporation of India.

1.9 Investments

Investments are long term and carried at cost. Decline, other than temporary, will be recognised through Profit and Loss Account.

1.10 Taxes on Income

Provision for taxation is the aggregate of Income Tax liability on the profits for the year chargeable to tax and Deferred Tax resulting from timing differences between Book and Tax Profits and is provided in accordance with relevant tax laws and the Accounting Standard-22, "Accounting for Taxes on Income".

PANASONIC CARBON INDIA CO. LIMITED

Notes forming part of financial Statements

Particulars	As at March 31, 2012	Amount in ₹	As at March 31, 2011
2 Share Capital			
2.1 Equity Share Capital			
a Authorised Share Capital:			
1,00,00,000 Equity shares of ₹ 10/- each	10,00,00,000		10,00,00,000
b Issued, Subscribed and Fully Paid Up:			
48,00,000 Equity shares of ₹ 10/- each	4,80,00,000		4,80,00,000
2.2 Reconciliation of number of shares outstanding			
Number of equity shares outstanding at the beginning of the year	48,00,000		48,00,000
Number of equity shares outstanding at the end of the year	48,00,000		48,00,000
Change in the number of Equity Shares Outstanding	-		-
2.3 Number of Shares held by Holding company			
- Panasonic Corporation, Japan	24,34,480		24,34,480
2.4 Number of shares held by each shareholder holding more than 5% shares			
	As at March 31, 2012	As at March 31, 2011	
<i>Name of Shareholder</i>	Number of Shares	% of holding	Number of Shares
			% of holding
Panasonic Corporation, Japan	24,34,480	50.72%	24,34,480
Associated Electrical Agencies	4,69,000	9.77%	4,69,000
			9.77%

2.5 The Board of Directors in their meeting on 25th May, 2012 proposed a final dividend of ₹7/- per equity share. The proposal is subject to approval of shareholders at the Annual General Meeting to be held on 31st July, 2012.

PANASONIC CARBON INDIA CO. LIMITED

Particulars	As at March 31, 2012	As at March 31, 2011
3 Reserves and Surplus		
	Amount in ₹	
Reserves		
Capital Reserve		
As per last Balance Sheet	10,03,250	10,03,250
Security Premium Account		
As per last Balance Sheet	2,70,00,000	2,70,00,000
General Reserve		
As per last Balance Sheet	48,00,00,000	47,00,00,000
Add: transfer from profit & loss account	<u>50,00,000</u>	<u>1,00,00,000</u>
Closing balance	48,50,00,000	48,00,00,000
Surplus		
As per last Balance Sheet	66,24,209	86,98,172
Add: Net profit after tax for the year transferred from Profit and Loss Statement	3,93,10,442	4,69,76,797
Less: Transfer to General Reserve	(50,00,000)	(1,00,00,000)
Less: Proposed dividend	(3,36,00,000)	(3,36,00,000)
Less: Tax on Dividend	<u>(54,50,760)</u>	<u>(54,50,760)</u>
Closing balance	<u>18,83,891</u>	<u>66,24,209</u>
	51,48,87,141	51,46,27,459
4 Trade payables		
Trade payables	2,30,21,318	1,97,17,407
Others	-	-
	<u>2,30,21,318</u>	<u>1,97,17,407</u>
5 Other Current Liabilities		
Unpaid dividends	29,19,371	71,11,626
Other payables	-	-
Statutory Dues	22,33,910	17,10,828
Employee related dues	57,62,479	85,08,639
Advances received from customers	98,660	12,49,165
Others (refer Note 5.1)	<u>25,55,032</u>	<u>26,63,092</u>
	<u>1,35,69,452</u>	<u>2,12,43,350</u>
5.1 Includes amounts due to directors	<u>6,17,140</u>	<u>7,40,527</u>
6 Short Term Provisions		
Provision for dividend	3,36,00,000	3,36,00,000
Provision for dividend tax	<u>54,50,760</u>	<u>54,50,760</u>
	<u>3,90,50,760</u>	<u>3,90,50,760</u>

PARTICULARS	Amount in ₹											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As At April 1, 2011	Additions	Deletions	As At March 31, 2012	As at April 1, 2011	Additions	Deletions	As At March 31, 2012	As At March 31, 2012	As At March 31, 2011		
Tangible Assets												
Land	19,32,544	-	-	19,32,544	-	-	-	19,32,544	19,32,544	19,32,544		
Building	7,66,16,064	-	-	7,66,16,064	4,96,13,584	16,29,661	-	2,53,72,819	2,53,72,819	2,70,02,480		
Plant, Machinery & Equipments*	27,07,17,439	16,13,366	11,28,145	27,12,02,660	26,35,44,926	20,36,773	10,86,656	26,44,95,043	67,07,617	61,38,764		
Furniture & Fixtures	38,50,478	-	-	38,50,478	31,96,105	91,215	-	32,87,320	5,63,158	22,28,910		
Vehicles	52,21,108	-	-	52,21,108	40,33,759	3,08,418	-	43,42,177	8,78,931	11,87,349		
Office Equipments	1,08,03,752	3,11,085	-	1,11,14,837	93,41,385	3,12,622	-	96,54,007	14,60,830	9,21,579		
Intangible Assets	-	-	-	-	-	-	-	-	-	-		
Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	-		
Total	36,91,41,385	19,24,451	11,28,145	36,99,37,691	32,97,29,759	43,78,689	10,86,656	33,30,21,792	3,69,15,899	3,94,11,626		
Figures for the previous year	36,92,13,605	3,19,814	3,92,034	36,91,41,385	32,49,46,552	51,12,093	3,28,886	32,97,29,759	3,94,11,626	4,42,67,053		

* Includes assets retired from active use and the original cost of retired assets is ₹ 4,92,27,892 and carrying cost of retired assets of ₹ 34,45,116 is fully provided for in an earlier year and included in the accumulated depreciation.

PANASONIC CARBON INDIA CO. LIMITED

Particulars	As at March 31, 2012	As at March 31, 2011
	Amount in ₹	
8 Non- Current Investments		
(i) Trade Investments	-	-
(ii) Other Investments - QUOTED		
a Investment in equity instruments		
(i) 100 Equity shares of ₹5/- each of Eveready Industries India Limited	5,450	5,450
(ii) 100 Equity shares of ₹ 5/- each of McLeod Russel India Limited	5,450	5,450
b Investment in government securities		
6 Years National Savings Certificate VIII Issue	3,000	3,000
	<u>13,900</u>	<u>13,900</u>
1 Aggregate value of Quoted investments	10,900	10,900
2 Market value of the Quoted investments	29,565	30,195
3 Aggregate value of Unquoted investments	3,000	3,000
4 Aggregate provision for diminution in value of investments	-	-
9 Deferred Tax Assets (Net)		
Deferred Tax Assets		
VSS Compensation to employees	19,05,501	11,89,737
Royalty	19,96,332	19,20,446
Bonus and Provisions	7,59,358	5,74,277
	<u>46,61,191</u>	<u>36,84,460</u>
Deferred Tax Liabilities		
Related to Fixed Assets	13,00,905	12,17,473
	<u>33,60,286</u>	<u>24,66,987</u>
10 Long Term Loans and Advances		
Unsecured, considered good, unless otherwise stated		
Capital Advance	-	-
Security deposits	35,75,146	35,74,146
Other loans and advances		
Advance Tax and Tax deducted at source	36,15,785	31,06,127
(Net of Provision for Income Tax) (Refer Note 10.1)	<u>71,90,931</u>	<u>66,80,273</u>
10.1 Advance Tax and Tax deducted at source		
Advance Income Tax	10,97,38,583	9,86,77,937
Tax deducted at Source	<u>3,59,33,718</u>	<u>2,65,84,706</u>
	<u>14,56,72,301</u>	<u>12,52,62,643</u>
Less: Provision for income tax	<u>14,20,56,516</u>	<u>12,21,56,516</u>
	<u>36,15,785</u>	<u>31,06,127</u>

PANASONIC CARBON INDIA CO. LIMITED

Particulars	As at March 31, 2012	As at March 31, 2011
	Amount in ₹	
11 Inventories		
(Refer Note 1.6 for mode of valuation)		
Raw materials	1,02,04,328	37,36,285
Work in progress	1,00,87,915	74,42,968
Finished goods	32,60,613	21,87,925
Stores and Spares	<u>30,92,852</u>	<u>14,97,649</u>
	<u>2,66,45,708</u>	<u>1,48,64,827</u>
12 Trade Receivables		
Trade receivables, Unsecured, Considered Good outstanding for more than 6 months others	-	-
	<u>2,26,25,482</u>	<u>1,53,78,613</u>
	<u>2,26,25,482</u>	<u>1,53,78,613</u>
13 Cash and Bank Balances		
Cash and cash equivalents		
Cash in hand	1,65,407	1,45,413
Balance with banks		
In current accounts	51,04,392	1,13,38,749
In deposit accounts	3,60,00,000	6,60,00,000
Other Bank Balances:		
In Deposit accounts	48,40,00,000	46,40,00,000
In earmarked accounts		
Unpaid dividend accounts	<u>29,19,371</u>	<u>71,11,626</u>
	<u>52,81,89,170</u>	<u>54,85,95,788</u>
14 Short-term Loans and Advances		
Unsecured, considered good, unless otherwise stated		
Others		
Advances for Supplies and Services	95,337	15,42,414
Advances to Staff	15,692	19,375
Balance with Government Authorities		
Balance with excise and Cenvat Credit	2,83,741	1,13,693
Other Receivables	<u>1,34,219</u>	<u>1,10,428</u>
	<u>5,28,989</u>	<u>17,85,910</u>
15 Other Current Assets		
Prepaid expenses	5,96,055	4,26,788
Interest accrued on deposits	<u>1,24,62,251</u>	<u>1,30,14,264</u>
	<u>1,30,58,306</u>	<u>1,34,41,052</u>

PANASONIC CARBON INDIA CO. LIMITED

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
	Amount in ₹	
16 Revenue from Operations		
Sale of Products	23,80,63,170	24,23,14,615
Less: Excise Duty paid	1,72,11,308	1,88,17,441
	<u>22,08,51,862</u>	<u>22,34,97,174</u>
Other operating revenues		
Sale of Scrap	3,37,686	3,32,434
	<u>22,11,89,548</u>	<u>22,38,29,608</u>
16.1 Sale of products comprise		
<i>Manufactured Goods</i>		
Carbon Rods	<u>23,80,63,170</u>	<u>24,23,14,615</u>
17 Other Income		
Interest Income	5,02,15,493	3,53,63,859
Dividend Income	500	450
Foreign Exchange Fluctuations (net)	11,09,370	2,89,378
Miscellaneous Income	2,40,000	-
Excess Provisions written back	7,20,000	-
Profit on Sale of Fixed assets	89,511	-
	<u>5,23,74,874</u>	<u>3,56,53,687</u>
18 Cost of Materials Consumed		
Opening Stock of Raw Materials	37,36,285	67,50,487
Clearing, forwarding, Storage and transportation charges	73,31,329	66,78,948
Purchases	8,40,81,498	6,05,65,911
	<u>9,51,49,112</u>	<u>7,39,95,346</u>
Less: Closing stock of Raw Material	1,02,04,328	37,36,285
	<u>8,49,44,784</u>	<u>7,02,59,061</u>
18.1 <u>Particulars of Raw material consumed</u>		
Low Ash Content Coal Coke	49,32,122	52,84,843
ParaffinWax	1,43,47,639	1,31,60,336
Coal Tar Pitch	2,39,55,071	2,01,51,061
Amorphous Graphite	58,70,682	56,92,473
Others	3,58,39,271	2,59,70,348
	<u>8,49,44,785</u>	<u>7,02,59,061</u>
19 Changes in Inventories of Finished Goods and Work-in-Progress		
Opening Stock		
- Work-in-Progress	21,87,925	23,60,523
- Finished Goods	74,42,968	30,49,460
	<u>96,30,893</u>	<u>54,09,983</u>
Less: Adjustment relating to Excise duty on finished goods	1,56,969	(25,575)
	<u>97,87,862</u>	<u>53,84,408</u>
Closing Stock		
- Work-in-Progress	32,60,613	21,87,925
- Finished Goods	1,00,87,915	74,42,968
	<u>1,33,48,528</u>	<u>96,30,893</u>
Changes in Inventories of finished goods and work-in-Progress	<u>(35,60,666)</u>	<u>(42,46,485)</u>

PANASONIC CARBON INDIA CO. LIMITED

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
	Amount in ₹	
20 Manufacturing Expenses		
Stores consumed	76,09,667	70,04,892
Power and fuel	4,29,25,850	3,45,95,191
Machinery Maintenance	39,19,692	39,45,319
	5,44,55,209	4,55,45,402
21 Employee benefit expenses		
Salaries, Wages and Bonus	3,56,40,951	3,83,53,490
Gratuity	10,63,428	11,33,150
Contribution to Provident fund, Employee State Insurance & Super annuation fund	39,33,558	36,60,878
Staff Welfare	56,65,554	55,94,226
Voluntary Retirement Scheme Expenses (Refer Note No.36)	-	-
	4,63,03,491	4,87,41,744
22 Other Expenses		
Rent	22,16,460	20,67,265
Rates and taxes, excluding, taxes on income	7,24,833	9,18,704
Royalty	61,52,974	59,19,083
Insurance	4,11,122	3,67,029
Electricity	4,56,045	4,25,412
Repairs to buildings	5,03,630	5,12,579
Repairs others	32,72,703	38,95,178
Communication expenses	21,02,605	17,45,339
Printing & Stationery	2,82,508	2,53,569
Advertisement	1,34,399	1,16,140
Sitting fees	2,45,000	2,55,000
Professional and Consultancy charges	6,98,331	15,23,231
Travelling & conveyance expenses	7,27,632	7,75,334
Commission & discount	1,82,682	2,64,700
Freight outwards	18,71,985	18,53,738
Loss on sale of Assets (Net)	-	28,748
Audit fee	4,07,500	3,82,500
Commission to Non-Whole time Directors	6,17,140	7,40,527
Bank charges	2,21,812	205,738
Miscellaneous Expenses	1,40,060	12,00,601
	2,13,69,421	2,34,50,415
22.1 Audit fees		
a) Statutory Audit	1,75,000	1,75,000
b) Tax Audit	50,000	50,000
c) Other services *	1,82,500	1,57,500
	4,07,500	3,82,500

* Include fee for quarterly limited review and corporate governance reports

PANASONIC CARBON INDIA CO. LIMITED

Particulars	31st March, 2012	31st March, 2011		
23 Contingent liabilities & Commitments	Amount in ₹			
(to the extend not provided for)				
(i) Contingent liabilities				
Income Tax demands in dispute for which the company has preferred appeals to higher authorities and has been legally advised that demands are unsustainable.	1,49,32,076	1,49,32,076		
(ii) Commitments				
a Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-		
b other commitments	-	-		
24 Value of CIF imports made during the year				
1 Raw Materials	2,73,16,604	1,74,43,313		
2 Components & Spare parts	-	296,271		
3 Capital goods	-	-		
25 Expenses incurred in foreign currency				
1 Royalty	55,19,218	53,09,417		
2 Travelling and Training fees	98,978	1,53,172		
3 Commission On Sales	1,82,682	2,64,700		
4 Communication Expenses	10,17,523	8,61,022		
5 Other matters	14,200	-		
26 (a) Raw materials consumed	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>
Imported	24,076,167	31.02%	19,461,346	30.61%
Indigenous	53,537,289	68.98%	44,118,767	69.39%
Total	<u>77,613,456</u>	<u>100.00%</u>	<u>63,580,113</u>	<u>100.00%</u>
(b) Spare Parts consumed				
Imported	-	-	-	-
Indigenous	2,123,643	100%	2,306,914	100%
Total	<u>2,123,643</u>	<u>100%</u>	<u>2,306,914</u>	<u>100%</u>
(c) Details of finished goods and work-in-progress			Closing inventory	Opening inventory
(i) Details of Finished Goods				
Manufactured Goods				
Carbon Rods			32,60,613	21,87,925
(ii) Details of Work-in-progress				
Carbon Rods			1,00,87,915	74,42,968

PANASONIC CARBON INDIA CO. LIMITED

Particulars	31st March, 2012	31st March, 2011
	Amount in ₹	
27 Amount remitted in Foreign exchange		
On account of dividend	17,041,360	17,041,360
Total number of non - resident share holders	1	1
Number of shares held persons mentioned in (2)	24,34,480	24,34,480
Year of dividend declared	31.03.2011	31.03.2010
28 Earnings in Foreign Exchange		
Export of goods calculated on FOB Basis	5,47,80,708	3,94,59,412
29 Cost of Research and Development revenue expenditure aggregated to ₹ 15.10 lakhs (Previous Year ₹ 15.54 lakhs) which has been debited to various heads of account in the Profit and Loss Account. There was no Research and Development Capital expenditure during the year as well as in the previous year.		
30 Outstanding dues to Micro, Small and Medium Enterprises		
There are no Micro and Small Enterprise to whom the Company owes dues, which are outstanding for more than forty five days as at 31 st March, 2012. The identification of Micro and Small Enterprises and the information as required to be disclosed under the under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of vendor information available with the Company.		
The disclosure pursuant to the said Act is as under		
(i) Principal amount (alongwith payment made to suppliers)	-	-
(ii) Interest paid beyond the appointed day during the year	-	-
(iii) Interest due and payable for delay in making the payment	-	-
(iv) Interest accrued and remaining unpaid at the end of the year	-	-
(v) Further interest remaining due and payable in succeeding years	-	-
31 Defined Benefit Plan		
Defined benefit plan as per actuarial valuation as on 31 st March, 2012 and recognised in the financial statements in respect of Employee Benefit Scheme: Disclosure under AS 15 (Revised) Employee Benefit Schemes		
I. Components of Employee Cost	Gratuity 2011-12 (₹)	Gratuity 2010-11 (₹)
Interest cost	14,15,827	12,90,788
Current service cost	7,35,535	5,82,126
Expected rate return on plan assets	(15,18,888)	(14,30,980)
Actuarial Loss / (gain)	4,30,954	6,91,216
Expenses to be recognised in profit and loss account	<u>10,63,428</u>	<u>11,33,150</u>
II. Net Asset / (Liability) recognised in Balance Sheet as on 31st March, 2012		
Present value of defined benefit obligation	1,71,43,952	1,76,97,837
Less : Fair Value of Plan Assets	1,61,57,865	1,77,75,178
(Liability) / Asset recognised in the balance sheet	<u>(9,86,087)</u>	<u>77,341</u>

PANASONIC CARBON INDIA CO. LIMITED

III. Changes in defined benefit obligation	2011-12	2010-11
	(₹)	(₹)
a. Present Value of defined benefit obligation at the beginning of the year	1,76,97,837	1,61,34,854
b. Interest cost	14,15,827	12,90,788
c. Current service cost	7,35,535	5,82,126
d. Benefits paid	(31,36,201)	(10,01,147)
e. Actuarial (gain) / loss on obligation	4,30,954	6,91,216
Present value of defined benefit obligation at the end of the year	<u>1,71,43,952</u>	<u>1,76,97,837</u>
IV. Changes in fair value of plan assets		
Fair Value of Plan assets at the beginning of year	1,77,75,178	1,60,83,862
Return on plan assets	15,18,888	14,30,980
Contribution	-	12,61,483
Benefits paid	(31,36,201)	(10,01,147)
Actuarial (gain) / Loss on plan assets	-	-
Fair Value of Plan assets as at 31st Mar 2012	<u>1,61,57,865</u>	<u>1,77,75,178</u>
V. Principle actuarial assumptions at the balance sheet date.		
Discount rate	8%	8%
Salary growth rate	8%	7.50%
Expected rate of return on plan assets	8%	8%
Attrition rate	1-3%	1-3%

32 The company operates in only one segment (i.e) Carbon Rods as a component of Dry Cell Batteries

33 Related Parties

Holding Company	Panasonic Corporation, Japan
Fellow Subsidiaries under Common Control	<ul style="list-style-type: none"> a) Panasonic Energy India Co. Ltd., Vadodara & Pithampur. b) Panasonic Energy Tanzania Co. Ltd., Tanzania c) Panasonic Peruana S.A., Peru d) Panasonic Energy(Thailand) Co.Ltd, Thailand e) P.T Panasonic Gobel Energy Indonesia, Indonesia f) Panasonic Energy Poland S.A., Poland g) Panasonic Centroamericana, Costa Rica h) Panasonic Asia Pacific Pte. Limited, Singapore i) Panasonic Energy Taiwan Co. Ltd., Taiwan j) Panasonic Carbon Anyang Co Limited, China
Associates under Common Control	Nippo Batteries Co. Ltd., Chennai
Key Management Personnel	Mr. R.Senthil Kumar, Managing Director

PANASONIC CARBON INDIA CO. LIMITED

Amount in ₹

Nature of Transaction	Holding Company	Fellow Subsidiaries	Associates	Key Management Personnel	Total
Sale of Goods (Excluding Excise Duty & Sales tax)	-	10,54,94,313 (9,07,75,338)	9,57,81,466 (10,64,12,484)	-	20,12,75,779 (19,71,87,822)
Purchase of Goods	-	8,98,342 (2,96,271)	-	-	8,98,342 (2,96,271)
Royalty payable	61,52,974 (59,19,083)	-	-	-	61,52,974 (59,19,083)
Reimbursement of expenses	11,34,811 (9,59,550)	-	-	-	11,34,811 (9,59,550)
Remuneration	-	-	-	28,63,006 (24,36,130)	28,63,006 (24,36,130)
Due from as on 31 st March, 2012	-	91,88,189 (56,21,685)	82,87,530 (67,25,973)	-	1,74,75,719 (1,23,47,658)
Due to as on 31 st March, 2012	64,54,873 (61,66,874)	-	-	-	64,54,873 (61,66,874)

Note: The Previous year's figures are shown in the brackets

34 Particulars of earnings per share

	Current year	Previous year
Net profit (loss) after tax	₹ 3,93,10,442	₹ 4,69,76,797
Number of equity shares – Basic	48,00,000	48,00,000
Number of equity shares – Diluted	48,00,000	48,00,000
Nominal value of the shares	₹ 10	₹ 10
Earnings per share – basic	₹ 8.19	₹ 9.79
- Diluted	₹ 8.19	₹ 9.79

35 The Outstanding Derivative Instruments as on 31st March, 2012

- (i) Derivative instruments that are outstanding as on 31st March, 2012 is ₹ Nil. (Previous year ₹ Nil)
- (ii) The Foreign Currency Exposures not hedged by a Derivative Instrument or otherwise as on 31st March, 2012 is Receivables of **US\$ 2,38,731/- ₹ 1,21,41,837/-** (Previous Year US\$ 117,350/- ₹ 52,21,936/-)

36 Exceptional Item represent Voluntary Separation Scheme (VSS) compensation paid to employees opted for VSS amounts to ₹ 73,56,351.

37 In the opinion of management, current assets, loans and advances are approximately of the value stated in the balance sheet if realized in the ordinary course of business.

38 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been re-classified to confirm to this year's classification.

For and on behalf of the Board

As per our report attached
For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No: 000511S

R.Senthil Kumar
Managing Director

V.R.Gupte
Director

R.Nagendra Prasad
Partner
Membership No: 203377
Place: Chennai
Date: 25th May, 2012

R. Manoranjan
Secretary

PANASONIC CARBON INDIA CO. LIMITED

Statement Pursuant to Part IV to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile

(1) Registration details

Regn.No.: L29142TN1982PLC009560 State Code: 18
Balance Sheet Date : 31st March, 2012

(2) Capital raised during the year (Amount in Rs.Thousands)

Public Issue Nil Rights Issue Nil
Bonus Issue Nil Private Placement Nil

(3) Position of mobilisation and deployment of funds

	01.04.2011 to 31.03.2012	01.04.2010 to 31.03.2011
	(Amount in Rs.Thousands)	
Total Liabilities	<u>6,38,529</u>	<u>6,42,639</u>
Total Assets	<u>6,38,529</u>	<u>6,42,639</u>
Source of Funds		
Paid-up Capital	48,000	48,000
Reserves and Surplus	<u>5,14,887</u>	<u>5,14,627</u>
Total	<u>5,62,887</u>	<u>5,62,627</u>
Application of Funds		
Net Fixed Assets	36,916	39,411
Investments	14	14
Deferred Tax Asset	3,360	2,467
Net Current Assets	<u>5,22,597</u>	<u>5,20,735</u>
Total	<u>5,62,887</u>	<u>5,62,627</u>

(4) Performance of Company

	(Amount in Rs.Thousands)	
Gross Turnover	2,38,063	2,42,315
Net Turnover	2,07,891	2,23,497
Total Expenditure	2,15,247	1,88,862
Profit before tax	58,317	70,621
Profit after tax	39,310	46,977
Earnings per Share in Rs.	8.19	9.79
Dividend rate %	70%	70%

(5) Generic Names of Principal Products/Services of the Company

Item Code (ITC Code) : 85451900
Product Description : Midget Electrodes (Carbon Rods)

Signatures to Notes 1 to 38

For and on behalf of the Board

As per our report attached
For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No: 000511S

R.Senthil Kumar
Managing Director

V.R.Gupte
Director

R.Nagendra Prasad
Partner
Membership No: 203377
Place: Chennai
Date: 25th May, 2012

R. Manoranjan
Secretary

PANASONIC CARBON INDIA CO. LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	1 st April, 2011 to 31 st March, 2012		1 st April, 2010 to 31 st March, 2011	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary activities		5,83,17,143		7,06,21,065
Add : Depreciation & Assets written off	43,78,689		51,12,093	
Adjustment for foreign currency fluctuations (Net)	2,61,723		-	
Voluntary seperation scheme compensation written off	73,56,351		-	
Loss on Sale of Fixed Assets	-		28,748	
		<u>1,19,96,763</u>		<u>51,40,841</u>
		<u>7,03,13,906</u>		<u>7,57,61,906</u>
Less: Interest received	5,02,15,493		3,53,63,859	
Profit on sale of fixed assets	89,511		-	
Provisions written back	7,20,000		-	
		<u>5,10,25,004</u>		<u>3,53,63,859</u>
		<u>1,92,88,902</u>		<u>4,03,98,047</u>
Operating Profit before working capital changes				
Adjustments for working capital changes				
Less/Add:(Increase)/Decrease in trade and other receivables	(64,21,939)		44,17,655	
Increase in inventories	(1,17,80,881)		(63,436)	
		<u>(1,82,02,820)</u>		<u>43,54,219</u>
		10,86,082		4,47,52,266
Add :(Decrease) / Increase in trade payables		<u>5,42,268</u>		<u>26,46,901</u>
Cash generated from operations		16,28,350		4,73,99,167
Less : Taxes paid		2,04,09,658		2,16,51,690
Cash flow before extra-ordinary items		(1,87,81,308)		2,57,47,477
Less : Extraordinary items		-		-
Net Cash generated from operating Activities - Total (A)		<u>(1,87,81,308)</u>		<u>2,57,47,477</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES				
Sale of fixed assets	1,31,000		34,400	
Sale of Investments	-		2,000	
Interest received	5,07,67,506		3,49,94,417	
		5,08,98,506		3,50,30,817
Less: Purchase of fixed assets	19,24,451		3,19,814	
Voluntary Seperation Scheme compensation paid	73,56,351	92,80,802	-	3,19,814
		<u>4,16,17,704</u>		<u>3,47,11,003</u>
Net Cash generated from Investment Activities - Total (B)				
C. CASH FLOW FINANCING ACTIVITIES				
Dividend Paid		3,90,50,760		3,91,80,540
Net Cash used in financing activities - Total (C)		<u>3,90,50,760</u>		<u>3,91,80,540</u>
Net increase/ (Decrease) in cash and cash equivalents Total (A+B-C)		<u>(1,62,14,364)</u>		<u>2,12,77,940</u>
Opening cash and cash equivalents	54,14,84,162		52,02,06,222	
Closing cash and cash equivalents	52,52,69,799		54,14,84,162	
Net (Decrease)/increase in cash and cash equivalents		<u>(1,62,14,363)</u>		<u>2,12,77,940</u>

Note : For the purpose of this statement, Bank balances of ₹ 29,19,371 (Previous year ₹ 71,11,626) in unclaimed dividend account are not included in cash and cash equivalents as they are adjusted against unclaimed dividends payable since the obligations of the company are met from unclaimed dividends deposited into separate bank account in accordance with Sec.205A of the Companies Act, 1956.

For and on behalf of the Board

As per our report attached
For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No: 000511S

R.Senthil Kumar
Managing Director

V.R.Gupte
Director

R.Nagendra Prasad
Partner
Membership No: 203377
Place: Chennai
Date: 25th May, 2012

R. Manoranjan
Secretary

PANASONIC CARBON INDIA CO. LIMITED

Registered Office: 'Pottipati Plaza', III Floor, 77
Nungambakkam High Road, Nungambakkam, Chennai - 600 034.

ATTENDANCE SLIP

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

Name in Full: Folio No. :

If held in dematerialised form : D P ID No. Client ID No.

I certify that I am a Shareholder of the Company and hold Shares.
I hereby record my presence at the Thirtieth Annual General Meeting of the Company held at
Sri. P. Obul Reddy Hall, Vani Mahal, No.103, G.N. Chetty Road, T. Nagar, Chennai-600 017, on Tuesday the
31th July, 2012 at 2.30 P.M.

* Please Indicate whether Shareholder or Proxy

Signature of the Shareholder or Proxy*

PANASONIC CARBON INDIA CO. LIMITED

Registered Office: 'Pottipati Plaza', III Floor, 77
Nungambakkam High Road, Nungambakkam, Chennai - 600 034.

PROXY FORM

Folio No.: No. of Shares:

If held in dematerialised form : D P ID No. Client ID No.

I/we of in the district of
..... being a Shareholder(s) of the
above named Company hereby appoint Mr./Ms. of
..... in the district of or failing him
Mr. Ms. in the district of
..... of my/our Proxy to attend and vote for me / us on
my / our behalf at the Thirtieth Annual General Meeting of the Company to be held at Sri. P. Obul Reddy Hall, Vani
Mahal, No.103, G.N. Chetty Road, T. Nagar, Chennai-600 017, on Tuesday the
31th July, 2012 at 2.30 P.M. and at every adjournment thereof.

Signed this day of 2012.

Affix
₹ 1/-
Revenue
Stamp

Note : The proxy must be deposited at the Registered Office of the Company not less than 48 hours before
the time for holding the Meeting.