

Panasonic

**31st Annual Report
2012- 13**

Panasonic Carbon India Co. Ltd.

PANASONIC CARBON INDIA CO. LIMITED

PANASONIC CARBON INDIA CO. LIMITED 31st ANNUAL REPORT 2012 - 2013

BOARD OF DIRECTORS

R. SENTHIL KUMAR
Managing Director

K.K. JIWARAJKA

HIROYUKI AOTA

HITOSHI ARATA

KENICHI KUDARA

V.R.GUPTA

A.RAGHAVENDRA RAO

K.SUBRAMANIAN

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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31st Annual General Meeting

Venue : Hotel Dee Cee Manor (Opp. to Vani Mahal), No. 90, G. N. Chetty Road
T. Nagar, Chennai - 600 017.

Date : 25th July, 2013

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

Notice is hereby given that the 31st Annual General Meeting of the Members of Panasonic Carbon India Co. Limited will be held on Thursday the 25th July, 2013 at Hotel Dee Cee Manor (Opp. to Vani Mahal), No. 90, G. N. Chetty Road, T. Nagar, Chennai - 600 017, at 2.30 P.M. to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the 31st Annual Report of the Board of Directors and Audited Statements of Account for the Financial Year ended 31st March, 2013 together with the Auditors' Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. A. Raghavendra Rao 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. K. Subramanian, 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 M/s. Brahmayya & Co. Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions if any, of the Companies Act, 1956. and subject to such approvals as may be necessary, including the approval of the Shareholders of the Company, and other Appropriate Authorities if any, Mr.R.Senthil Kumar be and is hereby re-appointed as Managing Director of the Company for a period of Three years effective from 23rd April, 2013 to 22nd April, 2016 on the Terms and Conditions specified in the earlier resolutions passed at the time of his appointment as modified by the present resolution and as approved by the Board of Directors".

"FURTHER RESOLVED THAT Mr. R. Senthil Kumar be and hereby is entitled to compensation for loss of office or for early termination in accordance with the provisions of Section 318 of the Companies Act, 1956".

"FURTHER RESOLVED THAT the Secretary of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution".

7. To consider and, if thought fit, to pass with or without modifications 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 31st July, 2012 and pursuant to the Provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable Provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the revised Remuneration w.e.f. 1st April, 2012 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.

Salary: ₹ 1, 85,000/- (Rupees One Lakh and Eighty Five Thousand) per month.

A) Perquisites:

- (i) House Rent Allowance: ₹ 28,500/- per month (Rupees Twenty Eight Thousand Five Hundred only)
- (ii) Leave Travel Concession, Medical expenses for self and family including surgical and Hospitalisation expenses, Furniture, Furnishings and maintenance cost against actual bills not to exceed ₹ 1,65,000/- per annum.
- (iii) Use of Company's Car and Telephone at residence.

Mr. R. Senthil Kumar, Managing Director 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.

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- 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 purpose 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.

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

NOTES:

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 commencement of the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 19th July, 2013 to 25th July, 2013 (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 25th July, 2013 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

"FURTHER RESOLVED THAT the above remuneration and perquisites be paid to Mr. R. Senthil Kumar as minimum remuneration, in case of absence or in adequacy 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 in Section II of Part II of Schedule XIII of the Companies Act, 1956.

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

Place : Chennai
Date : 26th April, 2013

R. SENTHIL KUMAR
Managing Director

- 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.
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:-
 - i. 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.
 - ii. 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 ₹ 2,94,564/-remaining unclaimed out of the dividend for the Financial Year 2004-2005 was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on 10th August, 2012.

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The unclaimed dividend, if any, for the Financial Year 2005-2006 will become transferable to the "Investor Education and Protection Fund" on or before 20th July, 2013. Therefore, Shareholders are requested to send their claims, if any, for the relevant years from the Financial Year 2005-06 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.
11. Members holding shares in electronic mode may please note that the Dividend payable to them would be paid through National Electronic Clearing Services (NECS) at the available RBI locations. The Dividend would be credited to their Bank A/c as per the mandate given by the

Members to their Depository Participants (DPs). In absence of availability of NECS facility, the Dividend will be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations.

12. The Shares of the Company have been activated for Dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vide **ISIN INE013E01017**. Members opt to dematerialize their shares may approach any Depository Participant (DP).
13. In respect of Shares held in physical form, Members desirous of receiving dividends by way of direct credit to their Bank Accounts through NECS may authorize the Company with their NECS mandate. The Members desirous of obtaining the NECS mandate may download the Form from the Website of the Company at **www.panasoniccarbon.in** or may write to the Company Secretary at the Registered Office of the Company.

ANNEXURE TO THE NOTICE:

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

Item No.6:

At the Annual General Meeting of the Company held on 18th June, 2008, Mr. R. Senthil Kumar was appointed as the Managing Director of the Company for a period of Five years from 23rd April, 2008 to 22nd April, 2013. The present term of appointment of Mr. R. Senthil Kumar expired on 22nd April, 2013.

In view of the contributions made by Mr. R. Senthil Kumar and his extensive knowledge of Company's operations, sincere and dedicated work, rich experience and expertise in managing the affairs of the Company, the Collaborators, M/s. Energy Company, Panasonic Corporation, Japan, recommended Mr.R. Senthil Kumar as a competent person to accomplish the duty of Managing Director of the Company for further more years. The Board of Directors of the Company meeting held on 23rd January, 2013 reappointed Mr. R. Senthil Kumar as Managing Director of the Company, subject to approval of the Shareholders and subject to such other approvals as

may be required, for a further period of Three years effective from 23rd April, 2013 to 22nd April, 2016 on the Terms and Conditions specified in the earlier resolutions passed at the time of his appointment and as approved by the Board of Directors.

His reappointment as detailed in the resolution is now placed before you for consideration and approval. Mr. R. Senthil Kumar, Managing Director shall not be paid any sitting fees for attending the Meetings of the Board or any Committee thereof.

Either party has option to terminate his appointment by giving a notice in writing to the other party at least 3 months in advance.

The abstract of the terms of reappointment, remuneration and memorandum of interest U/S 302 of the Companies Act, 1956 had already been sent to the Members of the Company on 30th January, 2013

His qualification and experience are detailed under the heading Information about the Directors to be appointed/reappointed which forms part of the notice.

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Mr. R. Senthil Kumar represents the foreign Collaborators on the Board.

None of the Directors, except Mr. R. Senthil Kumar, is interested in this resolution. The Board of Directors commend passing of this resolution as set forth at item No. 6 of the Notice convening the Meeting.

Item No.7:

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 31st July, 2012 had approved the revision in remuneration to him with effect from 1st April, 2011.

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 23rd January, 2013 revised his remuneration with effect from 1st April, 2012, subject to your approval.

Mr. R. Senthil Kumar 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.

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

The abstract of the terms of reappointment, remuneration and memorandum of interest U/S 302 of the Companies Act, 1956 had already been sent to the Members of the Company on 30th January, 2013.

The Board commends passing of the resolution set out at item no.7 of the Notice convening the Meeting.

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

Mr. A RAGHVENDRA RAO

Mr.A. Raghavendra Rao is a B.Com (Hons), L.L.B. Graduate and an Associate Member of the Institute of Cost and Management Accountants of India, Kolkata. He joined Indian Revenue Service in 1958 and was holding various positions, including Commissioner of Income-tax, Under Secretary in Department of Revenue, Ministry of Finance, Additional Secretary in

the Department of Space and Member of Central Board of Direct Taxes till 1992. He worked as Member/Vice Chairman/Chairman of Settlement Commission between 1992 and 1997. He was also appointed by Company Law Board as Chairman and by Madras High Court as Administrator for several Non-Banking Financial Companies.

Presently he is a Director of the M/s. Panasonic Appliances India Co. Ltd., and the Chairman of M/s. Kumbakonam Mutual Benefits Fund Limited. He is also a Member of the Audit Committee, Shareholders Grievance Committee and Remuneration Committee of your Company. He is also a Member of the Audit Committee and Remuneration Committee of M/s. Panasonic Appliances India Co. Ltd.

Mr. K. SUBRAMANIAN

Mr. K. Subramanian is an M.A.B.L. He joined the banking service in 1964 and after holding various positions rose to the level of Chairman and Managing Director of Indian Overseas Bank in 1996 and was holding that position till 1999. During his banking career he was Chief Executive of Indian Bank, Singapore Operations and also headed the International Division of the Bank as General Manager. He is an ardent lover of Sports, especially Cricket; he was Vice President of the Tamil Nadu Cricket Association and Member of the Finance Committee of the Board of Control for Cricket in India.

Presently he is a Director on the Board of M/s. Jeypore Sugar Co. Ltd, M/s. Panasonic Appliances India Co. Ltd and M/s. V. Ramakrishna Sugars Limited. He is also a Member of the Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of your Company. He is a Member of the Audit Committee and Share Transfer Committee of The Jeypore Sugar Co. Ltd and a Member of the Audit Committee, Remuneration Committee and Share Transfer and Investors Grievance Committee of M/s. Panasonic Appliances India Co. Ltd.

MR. R. SENTHIL KUMAR

Mr. R. Senthil Kumar, aged about 56 years is a graduate in Commerce. He joined the Company in 1982 as Assistant Officer in Accounts Department. From the date of joining the Company he has evinced lot of interest in Factory Operations and Human Relations related to the Personal Department also apart from improving his Departmental Work. During his past 30 years of experience he had excelled not only in

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Accounts and Finance related matters but also in the entire Operations of the Works and Administration. He has been elevated to the position of Managing Director of your Company by the Collaborators, Energy Company, M/s. Panasonic Corporation, Japan.

Our Collaborators have recommended him as competent personnel to accomplish the duty of Managing Director of your Company, since he has adequate experience and expertise to carry out the day to day Operations of the Company.

Mr. R. Senthil Kumar apart from being a Managing Director also a Member of Audit Committee and Share

Transfer Committee of your Company. He does not hold any Directorship or Membership in any of the Companies/Committees in any other Company.

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

Place : Chennai
Date : 26th April, 2013

R. SENTHIL KUMAR
Managing Director

PANASONIC CARBON INDIA CO. LIMITED

31st ANNUAL REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting to you their 31st Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2013 and the Auditors' Report thereon.

FINANCIAL RESULTS

The summarised working results for the year ended 31st March, 2013 as compared with the earlier year are as under:

Particulars	Year ended 31.03.2013 (₹ in Lakhs)	Year ended 31.03.2012 (₹ in Lakhs)
Profit before depreciation	1014.44	626.96
Less: Depreciation	39.57	43.79
Balance Profit before taxation	974.87	583.17
Less: Provision for Taxation after adjustment towards deferred tax	321.36	190.07
Balance profit after Taxation	653.51	393.10
Add: Surplus brought forward from Previous year	18.84	66.24
Amount available for Appropriation	672.35	459.34

Your Directors recommend the following Appropriations:

Proposed Dividend	336.00	336.00
Taxation on Dividend	57.10	54.51
Transfer to General Reserve	250.00	50.00
Transfer to Profit & Loss Account	29.25	18.83
Total	672.35	459.34

DIVIDEND

Your Directors recommend a dividend of ₹ 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 31st 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 2131 Mln. Pcs. of Carbon Rods, as against 1409 Mln. Pcs., which is 151% of Sales of last year. The Domestic Sales Quantity and Value were 1110 Mln. Pcs. and ₹17.20 Crores, which works out to 98% and 104% respectively of the Sales of last year. The drop in Domestic Sales was mainly on account of continuous steep reduction in UM-1 variety of carbon rods used in D size batteries. Though the total quantity is less compared to last year, the value is higher due to marginal revision of price of UM-3 Carbon Rods.

The Export Sales Quantity and value were 1021 Mln. Pcs. and ₹ 17.91 Crores compared to last year's quantity of 270.7 Mln. Pcs. and ₹ 5.59 Crores. Compared to last year, export sales quantity works out to 377% and value 320%. As informed last year, your Company could stabilize the exports to Panasonic Group Battery Factories in Poland, Peru, Costa Rica, Thailand and Indonesia and achieve the above growth.

The steep increase in prices of some of the Raw Materials and fuel have resulted in increase in production cost considerably. Further during this year, due to power shortage in the State of Andhra Pradesh, where your factory is located, the Government has imposed a power cut of 52%. Hence, the Company was forced to use Generator for the balance requirement, but it costs more than three times the Government supplied power. However by restructuring the process operation timings and increasing productivity the impact was minimised to the maximum extent. The increase in profitability for the current year is mainly due to increased export sales in respect of orders from Panasonic Battery Companies and third parties and by the various cost control measures initiated.

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 1% to 2% in the current year in smaller size Batteries. Accordingly, your Company is also hopeful in

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maintaining the Domestic Sales by maintaining the quality and timely supply. In the Export Front, the Company is depending on the Battery market trend of various countries. Based on the present indications, your Company is confident of maintaining the current year's levels of export quantities in the coming years also. The Directors assure that all steps are being taken by the Company to achieve 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 49%; Exports Sales was 51%.

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 exercise in the Company.

STATEMENT PURSUANT TO LISTING AGREEMENTS

The Company's Securities are listed with Madras Stock Exchanges Ltd, & BSE Ltd. 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 casual 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. A. Raghvendra Rao and Mr. K. Subramanian retire by rotation at this Annual General Meeting. They 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.

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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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit 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 31st Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility under Section 224(1B) of the Companies Act, 1956.

COST AUDITORS

As per the directions of Central Government, the Company has appointed M/s. P. Raju Iyer,

M. Pandurangan Associates, practicing Cost Accountants, as the Cost Auditors of the Company under Section 233B of the Companies Act, 1956 to conduct the Audit of our Cost Accounting Records maintained by the company for the Financial Year 2012-13. M/s. P. Raju Iyer, M. Pandurangan Associates, Cost Accountants had given the Cost Compliance Report to the Company for the Financial Year 2011-12.

ACKNOWLEDGEMENT

Your Directors wish to record their sincere appreciation to the support, co-operation, guidance 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.

Your Directors are especially thankful to the esteemed Shareholders for their continued encouragement and support.

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

Place :Chennai **V.R. GUPTA R. SENTHIL KUMAR**
Date :26th April, 2013 **DIRECTOR MANAGING DIRECTOR**

PANASONIC CARBON INDIA CO. LIMITED

ANNEXURE 'A' TO THE 31st 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 Electricity Cost by 36.6% (₹ 4.66 to ₹ 6.59 per unit) 22.5% reduction in consumption of Electricity was achieved by improving productivity and product yield and reducing process losses and mixing process time for some grades based on moisture content of raw materials used. Replaced with 20HP motor in place of 30HP motor in dust collector and by replacing capacitors to improve power factor and by improving efficiency of Ball Mill in crushing process.

Further, by installing additional dipping tanks and Driers in impregnations process, productivity improved resulting in reduction of fuel consumption. By effectively controlling the heat pattern in the Kiln, the Furnace Oil consumption is reduced. By Restructuring the process layout, the diesel consumption for forklift has also reduced.

B. TECHNOLOGY ABSORPTION:

Research and Development (R&D)

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

- Reduction of Sulphur consumption in UM-1 Carbon Rods.
- Reduction of Coal Tar in UM-3 Carbon rods.
- Reduction of recycle material generation in UM-3 Carbons in extruding process by suitably modifying the machine parts.
- Development of twin extrusion of UM-4 carbons in Screw press for improving productivity and reduction of re-cycles and Shrinkage.
- Development of Low cost UM-1 CP Carbon Rods.
- Reduction of Impregnation Process time in UM-1 CP Grade.
- Reduction of Impregnation process cost in Inch Carbon by eliminating Oil usage.
- Usage of Calcined petroleum coke as breeze in place of Coal coke to reduce solid waste generation.
- Introduction of Personnel dust sampler APM 800 for study and improving work environment.

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

- Reduction of Sulphur dioxide emissions from tunnel kiln.
- Reduction of Coal Tar consumption in UM-3 carbon from 12 to 7%.
- Reduction of return material generation in UM-3 carbon from 13.87 to 1.57%.
- 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 4%.
- Reduction of grinding loss from 18 to 14% in UM-4 carbon.
- Reduction of Direct material cost in UM-1 CP Grade .
- Reduction of wax consumption in UM-1 CP carbon about 0.5%.
- Improving productivity in Inch carbon Impregnation process.

3. Future plan of action:

- Reduction of Carbon Black usage.
- Removal of Coal Tar usage and usage of creosote Oil in all grades
- Improving Extruding process productivity and yield by developing high Capacity power pack
- Improving UM4 carbon productivity in Impregnation process. (By increasing dipping qty).

4. Expenditure on R&D:

Total Expenditure - Revenue	₹15.55 lakhs
R&D Expenditure as a percentage to total turnover	0.44%

Technology absorption, adaptation and Innovation:

- Efforts taken to improve upon technology absorption, adaptation and innovation.
Effective use of Mini Screw press by modifying the screw and barrel, modification of Ball mill, Impregnation process equipments for improving productivity, quality and achieved reduction in recycles.

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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.
2. Total Foreign Exchange used and earned:
Total foreign exchange used in the year ended

31st March, 2013 towards Import of Raw materials and other remittances like Royalty, Dividend, Commission on Sales etc., was ₹ 16.19 Crores. With regard to the earning of Foreign Exchange, the direct inflow of foreign currency due to Exports worked out to ₹ 17.73 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 ₹ 17 Crores.

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

Place : Chennai **V.R. GUPTA** **R. SENTHIL KUMAR**
Date : 26th April, 2013 **DIRECTOR** **MANAGING DIRECTOR**

PANASONIC CARBON INDIA CO. LIMITED

ANNEXURE 'B' TO THE 31st 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

PCIN has always believed that Good Corporate Governance is more a way of business life than a mere legal compulsion. Corporate Governance enhances the confidence of all the stakeholders. PCIN follows good Corporate Governance practices with highest level of transparency, fairness, independence, 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 Seven Non-Executive Directors including three Independent Directors. The Chairman of the Board is a Non-Executive Director.

During the Financial Year ended 31st March, 2013, four Board Meetings were held on 25th May, 2012, 31st July, 2012, 21st October, 2012 and 23rd January, 2013.

The last Annual General Meeting was held on 31st July, 2012

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 the 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 (1)	Managing Director; Executive	4	4	Yes	Nil	Nil
Mr. K.K. Jiwarijka	Director; Promoter; Non-Executive	4	Nil	No	1	Nil
Mr. V.R. Gupte	Director; Independent	4	4	Yes	1	2
Mr. A. Raghavendra Rao	Director; Independent	4	2	No	2	3
Mr. K. Subramanian	Director; Independent	4	4	Yes	3	3
Mr. P. Karthik Anand Reddy (2)	Director; Promoter; Non-Executive	4	Nil	No	Nil	Nil
Mr. Hideo Nakano (3)	Director; Non-Executive	4	Nil	No	Nil	Nil
Mr. Hiroyuki Aota	Director; Non-Executive	4	1	No	1	Nil
Mr. Kenichi Kudara	Director; Non-Executive	4	Nil	No	Nil	Nil
Mr. Hitoshi Arata (4)	Director; Non-Executive	4	Nil	No	Nil	Nil

1 Mr. R. Senthil Kumar reappointed as Managing Director of the Company at the Board Meeting held on 23rd January, 2013 for a period of three years effective 23rd April, 2013 to 22nd April, 2016

2 Mr. P. Karthik Anand Reddy resigned from the Directorship of the Board of the Company at the Board Meeting held on 31st July, 2012

3 Mr. Hideo Nakano resigned from the Directorship of the Board of the Company at the Meeting held on 25th May, 2012

4 Mr. Hitoshi Arata was appointed as Director on the Board of the Company in the casual vacancy caused due to the resignation of Mr. Hideo Nakano at the Board Meeting held on 25th May, 2012 effective that date.

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

PANASONIC CARBON INDIA CO. LIMITED

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 31st Annual General Meeting to the Shareholders of the Company.

None of the Directors of the Company was a member of more than 10 Committees of the Board as stipulated under clause 49 of the Listing Agreement nor was a Chairman of more than 5 such Committees across all Companies in which he was a Director.

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 25th May 2012, 30th July, 2012, 21st October, 2012 and 23rd January, 2013. 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	3
Mr. K.Subramanian	Member	4	4
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 Annual Report, 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 consists 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, 2012 to 31st March, 2013, Fourteen Meetings of the Committee were held. All share transfers, transmissions, transpositions, splits, Issue of Duplicate Share Certificates and consolidations received upto 31st March, 2013 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 23rd January, 2013 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.

5. 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 31st July, 2012. The details of Remuneration paid to the Executive Director during the Financial Year 2012-13 under review is as under:

Name & Designation	Period	Salary ₹	Perquisites ₹	Total ₹
Mr. R. Senthil Kumar Managing Director	01-04-2012 to 31-03-2013	22,20,000	10,32,023	32,52,023

This Executive Director is not paid any sitting fees for the Board Meetings or for any Committees of the Board attended by him. Mr. R. Senthil Kumar 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.

PANASONIC CARBON INDIA CO. LIMITED

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 2012-13.

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	2,54,946	40,000	40,000	5,000
Mr.A.Raghavendra Rao	2,54,946	20,000	30,000	NIL
Mr.K.Subramanian	2,54,946	40,000	40,000	5,000
Mr.K.K. Jivarajka	2,54,946	NIL	NIL	NIL
Mr. 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
Mr. Hitoshi Arata	NIL	NIL	NIL	NIL
Total	10,19,784	1,00,000	1,10,000	10,000

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. K.K. Jivarajka	1,51,442
Mr. Hiroyuki Aota	NIL
Mr. Hitoshi Arata	NIL
Mr. Kenichi Kudara	NIL

6. General Body Meetings

The last Three Annual General Meetings were held as under:

Account Year ended	Date	Day	Time	Venue
31 st March, 2012	31 st July, 2012	Tuesday	2.30 P.M.	Sri.P.Obul Reddy Hall,Vani Mahal, 103,G.N.Chetty Road,T.Nagar, Chennai-600017
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 600 017.

There was only one Special Resolution passed in the last three Annual General Meetings.

PANASONIC CARBON INDIA CO. LIMITED

Subject	Annual General Meeting held on	For the Financial Year ended
Commission payable to Non-Executive Directors	31 st July, 2012	31 st March, 2012

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.

7. 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.
- (b) 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.
- (c) The Company has not established a mechanism for Whistle Blower Policy since it is a non-mandatory requirement.
- (d) 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.

8. 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 Newspapers. 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, 2013 no presentation has been made to Analysts.

The Management Discussion and Analysis Report forms part of the Directors' Report.

GENERAL SHAREHOLDERS INFORMATION :

1. AGM date, time and Venue : 25th July, 2013 Thursday, at 2.30 P.M.
at Hotel Dee Cee Manor (Opp. to Vani Mahal),
No. 90, G. N. Chetty Road, T. Nagar, Chennai - 600017
2. Dates of Book Closure : 19th July, 2013 to 25th July, 2013 (both days inclusive)
3. Financial Year : 01-04-2012 to 31-03-2013
4. Annual Results : 26th April, 2013
5. Last date of receipt of Proxy Form : 48 Hrs before AGM
6. Dividend payment Date : 2nd August, 2013
7. Listing on Stock Exchanges : The Equity Shares of the Company are listed in the Madras Stock Exchange Ltd and BSE Ltd. The Company confirms that it has paid the Annual Listing Fees to the above Stock Exchanges for the year 2013-14 and there are no arrears.

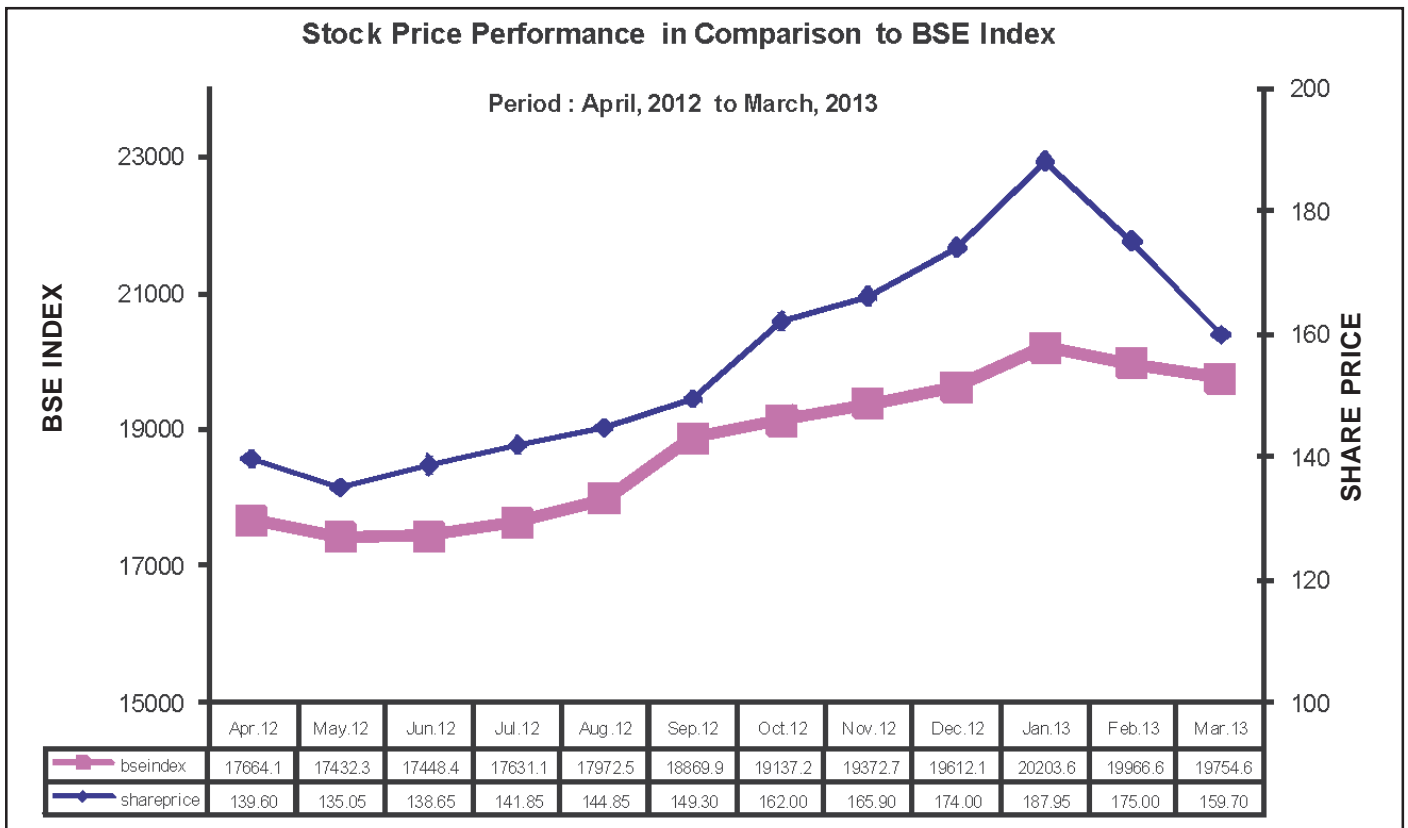
PANASONIC CARBON INDIA CO. LIMITED

9. Stock Code:

Madras Stock Exchange Ltd.	IMT
The BSE Ltd.	508941

10. Market Price data for the Financial Year ended 31st March, 2013:

Month	BSE	
	High ₹	Low ₹
April, 2012	139.60	124.15
May, 2012	135.05	115.00
June, 2012	138.65	120.10
July, 2012	141.85	122.70
August, 2012	144.85	132.10
September, 2012	149.30	137.30
October, 2012	162.00	155.00
November, 2012	165.90	162.75
December, 2012	174.00	162.75
January, 2013	187.95	166.10
February, 2013	175.00	140.35
March, 2013	159.70	141.00



PANASONIC CARBON INDIA CO. LIMITED

11. 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:

M/s. Cameo Corporate Services Ltd.
"Subramanian Building"
No.1 Club House Road
Chennai 600 002

Name of Contact Person:

Mr.R.D.Ramasamy, Director
Phone.No : 0091-44-28460390 (5 Lines)
Fax No. : 0091-44-28460129
E-mail : investor@cameoindia.com

12. 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.

13. Distribution of Shareholding as on 31st March, 2013 :

No. of Shares	Number of Shareholders		Number of Shares	
	Number	% of Total	Number	% of Total
1 - 100	4,433	76.8950	2,19,574	4.5744
101 - 500	1012	17.5542	2,41,621	5.0337
501 - 1000	165	2.8620	1,25,675	2.6182
1001 - 2000	83	1.4397	1,20,080	2.5016
2001 - 3000	25	0.4336	62,487	1.3018
3001 - 4000	13	0.2254	44,388	0.9247
4001 - 5000	7	0.1214	32,417	0.6753
50001 - 10000	12	0.2081	84,010	1.7502
10001 - And Above	15	0.2601	38,69748	80.6197
Total	5,765	100.0000	4800000	100.0000

14. Category wise Shareholding pattern as on 31st March, 2013:

Category	No. of Shares Held	% of Shareholding
Promoters		
Indian Promoters	4,79,173	9.9827
Foreign Collaborators	30,36,820	63.2670
Others		
Corporate Bodies	2,63,795	5.4957
Mutual Funds & UTI	NIL	NIL
Banks & Financial Institutions	150	0.0031
Non-Resident Indians	14,208	0.2960
Public	10,05,854	20.9553
Total	48,00,000	100.0000

15. Dematerialisation of Shares and Liquidity:

The Company's shares are available for trading in the Depository System of both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the Company is **INE013E01017**. As on 31st March 2013, 96.81% of the paid up share capital representing 46,47,051 Equity Shares of the Company including promoter and Collaborators holding are in Dematerialised form.

PANASONIC CARBON INDIA CO. LIMITED

16. Outstanding GDR/ADR/Warrants or any convertible instruments:

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

17. Plant Location:

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

18. 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

E-mail : investor@cameoindia.com

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

Place : Chennai
Date : 26th April, 2013

V.R. GUPTA
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.

For PANASONIC CARBON INDIA CO. LIMITED

Place : Chennai
Date : 26th April, 2013

R. SENTHIL KUMAR
MANAGING DIRECTOR AND CEO

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, 2013, 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.

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.000511S

Place : Chennai
Date : 26th April, 2013

R.NAGENDRA PRASAD
Partner
Membership No.: 203377

PANASONIC CARBON INDIA CO. LIMITED

Independent Auditor's Report

TO THE MEMBERS OF PANASONIC CARBON INDIA CO. LIMITED

Report on the Financial Statements:

1. We have audited the accompanying financial statements of M/s. Panasonic Carbon India Co. Limited ("the Company") which comprise the Balance Sheet as at 31st March 2013, the Profit and Loss Statement and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information. 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.

Management's Responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2013;
 - (ii) in the case of the Profit and Loss Statement, of the Profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

5. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, 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.
6. As required by section 227(3) of the Companies Act, 1956, we report that:
 - a) We have obtained all the information and explanations which to the best of our

PANASONIC CARBON INDIA CO. LIMITED

knowledge and belief were necessary for the purpose of our audit;

- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Profit and Loss Statement and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act; and

- e) On the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For BRAHMAYYA & CO.,
Chartered Accountants
Firm Registration No.000511S**

R.NAGENDRA PRASAD

Partner

Place : Chennai

Date : 26th April, 2013

Membership No.: 203377

Annexure referred to in Paragraph 5 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 since no deposits accepted from public during the year;
- b) Clause (x) regarding accumulated losses since the company's net worth is positive and the company has not incurred any cash losses during the current year and in the immediately preceding financial year;
- c) Clause (xi) regarding defaults in repayment of dues to financial institutions, bank and debenture-holders since the company has not availed any loans during the year;
- d) Clause (xii) regarding loans granted against pledge of shares and securities etc. since no loans have been granted by the company during the year;
- e) Clause (xiii) regarding special statutes applicable to Chit Funds and Nidhis/Mutual Benefit Fund and Societies since the company has not carried on such business;
- f) Clause (xiv) regarding dealing or trading in shares, securities etc. since the company did not carry on such activities during the year;

- g) Clause (xvi) regarding funds raised by term loans and their end use since the company did not borrowed term loans during the year;
- h) Clause (xviii) regarding preferential allotment of shares to specified parties since no allotment of shares was made during the year to such parties;
- i) Clause (xix) regarding creation of securities in respect of debentures since no debentures issued during the year; and
- j) Clause (xx) regarding money raised by public issue and their end use since no money was raised by public issue during the year.

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

PANASONIC CARBON INDIA CO. LIMITED

- 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 Act 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 Act, and are of the opinion that prima facie the prescribed cost records have been maintained.
 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, 2013 for a period of more than six months from the date they become payable.
 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.

**For BRAHMAYYA & CO.,
Chartered Accountants
Firm Registration No.000511S**

**R.NAGENDRA PRASAD
Partner**

Place : Chennai

Date : 26th April, 2013

Membership No.: 203377

PANASONIC CARBON INDIA CO. LIMITED

Balance Sheet as at 31st March, 2013

Particulars	Note	Amount in ₹	
		As at March 31,2013	As at March 31,2012
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
Share Capital	2	48,000,000	48,000,000
Reserves and Surplus	3	540,927,808	514,887,141
2. Current Liabilities			
Trade payables	4	33,776,459	23,021,318
Other current liabilities	5	12,340,633	13,569,452
Short-term provisions	6	41,613,906	39,050,760
Total		676,658,806	638,528,671
II. Assets			
1. Non-current assets			
<i>Fixed assets</i>			
Tangible assets	7	34,221,117	36,915,899
Intangible assets		-	-
Non-current investments	8	13,900	13,900
Deferred tax assets (net)	9	324,693	3,360,286
Long term loans and advances	10	7,200,931	7,190,931
Other non-current assets		-	-
2. Current assets			
Inventories	11	24,666,837	26,645,708
Trade receivables	12	30,338,055	22,625,482
Cash and cash equivalents	13	568,524,459	528,189,170
Short-term loans and advances	14	801,638	528,989
Other current assets	15	10,567,176	13,058,306
Total		676,658,806	638,528,671

See accompanying notes forming part of financial statements

As per our report attached

For **Brahmayya & Co.,**
Chartered Accountants
 Firm Registration No: 000511S

R.Nagendra Prasad
 Partner
 Membership No: 203377

Place : Chennai
 Date : 26th April, 2013

For and on behalf of the Board

R.Senthil Kumar
 Managing Director

V.R.Gupte
 Director

R. Manoranjan
 Secretary

PANASONIC CARBON INDIA CO. LIMITED

Profit and Loss Statement for the year ended 31st March, 2013

Amount in ₹

Particulars	Note	Year ended 31st March, 2013	Year ended 31st March, 2012
Revenue from operations	16	372,817,549	238,400,856
Less: Excise Duty		<u>21,247,183</u>	<u>17,211,308</u>
		351,570,366	221,189,548
Other Income	17	<u>52,402,948</u>	<u>52,374,874</u>
		<u>403,973,314</u>	<u>273,564,422</u>
Expenses:			
Cost of Raw materials consumed	18	125,170,550	84,944,784
Changes in inventories of finished goods and work-in-progress	19	4,333,977	(3,560,666)
Manufacturing Expenses	20	87,243,519	54,455,209
Employee benefits expense	21	52,841,366	46,303,491
Depreciation and amortization		3,957,630	4,378,689
Other expenses	22	<u>32,939,692</u>	<u>21,369,421</u>
		<u>306,486,734</u>	<u>207,890,928</u>
Profit before exceptional item and tax		97,486,580	65,673,494
Less: Exceptional Item (Refer Note No.36)		-	7,356,351
Profit before tax		<u>97,486,580</u>	<u>58,317,143</u>
Tax expense:			
Current tax		29,100,000	19,900,000
Deferred tax		3,035,593	(893,299)
Profit after tax for the year		<u>65,350,987</u>	<u>39,310,442</u>
Earning per equity share:			
Basic		₹ 13.61	₹ 8.19
Diluted		₹ 13.61	₹ 8.19

See accompanying notes forming part of financial statements

As per our report attached

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No: 000511S

R.Nagendra Prasad
Partner
Membership No: 203377

Place : Chennai
Date : 26th April, 2013

For and on behalf of the Board

R.Senthil Kumar
Managing Director

V.R.Gupte
Director

R. Manoranjan
Secretary

PANASONIC CARBON INDIA CO. LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Amount in ₹

	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary activities	97,486,580	58,317,143
Add: Depreciation & Assets written off	3,957,630	4,378,689
Adjustment for foreign currency fluctuations (Net)	-	261,723
Voluntary seperation scheme compensation written off	-	7,356,351
Loss on Sale of Fixed Assets	-	-
	<u>3,957,630</u>	<u>11,996,763</u>
	101,444,210	70,313,906
Less: Interest received	51,449,665	50,215,493
Profit on sale of fixed assets	606,038	89,511
Adjustment for foreign currency fluctuations (Net)	32,540	-
Provisions written back	-	720,000
	<u>52,088,243</u>	<u>51,025,004</u>
	49,355,967	19,288,902
Operating Profit before working capital changes		
Adjustments for working capital changes		
Less/Add: (Increase)/Decrease in trade and other receivables	(7,885,258)	6,421,938
Increase in inventories	1,978,871	11,780,881
	<u>(5,906,387)</u>	<u>18,202,819</u>
	43,449,580	1,086,083
Add : (Decrease) / Increase in trade payables	9,375,039	542,268
Cash generated from operations	52,824,619	1,628,351
Less : Taxes paid	26,796,414	20,409,658
Cash flow before extra-ordinary items	26,028,205	(18,781,307)
Less : Extraordinary items	-	-
Net Cash generated from operating Activities - Total (A)	26,028,205	(18,781,307)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale of fixed assets	971,150	131,000
Sale of Investments	-	-
Interest received	53,863,371	50,767,506
	<u>54,834,521</u>	<u>50,898,506</u>
Less: Purchase of fixed assets	1,627,960	1,924,451
Voluntary Retirement Scheme compensation paid	-	7,356,351
Net Cash generated from Investment Activities - Total (B)	53,206,561	41,617,704
C. CASH FLOW FINANCING ACTIVITIES		
Dividends Paid	39,050,760	39,050,760
Net Cash used in financing activities - Total (C)	39,050,760	39,050,760
Net increase/ (Decrease) in cash and cash equivalents Total (A+B-C)	40,184,006	(16,214,363)
Opening cash and cash equivalents	525,269,799	541,484,162
Closing cash and cash equivalents	565,453,805	525,269,799
Net (Decrease)/increase in cash and cash equivalents	<u>40,184,006</u>	<u>(16,214,363)</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

As per our Report attached
for **BRAHMAYYA & CO.,**
Chartered Accountants
Firm registration no: 000511S

V.R.Gupte
Director

R.Senthil Kumar
Managing Director

R.Nagendra Prasad
Partner
Membership No: 203377
Place : Chennai
Date : 26th April, 2013

R.Manoranjan
Secretary

PANASONIC CARBON INDIA CO. LIMITED

Notes on accounts forming part of Financial Statements as on 31st March, 2013

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 Statement.

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 Statement.

PANASONIC CARBON INDIA CO. LIMITED

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 Statement. Gratuity which is in the nature of defined benefit scheme and provided in the Books of Account 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 Statement.

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".

Particulars	As at March 31, 2013	As at March 31, 2012
2 Share Capital	₹	₹

2.1 Equity Share Capital

a) *Authorised Share Capital:*

1,00,00,000 Equity shares of ₹10 each	<u>100,000,000</u>	<u>100,000,000</u>
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b) *Issued, Subscribed and Fully Paid Up:*

48,00,000 Equity shares of ₹ 10 each	<u>48,000,000</u>	<u>48,000,000</u>
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2.2 Reconciliation of number of shares outstanding

Particulars	As at March 31, 2013	As at March 31, 2012
Number of equity shares outstanding at the beginning of the year	4,800,000	4,800,000
Number of equity shares outstanding at the end of the year	4,800,000	4,800,000
Change in the number of Equity Shares Outstanding	-	-

2.3 Number of Shares held by Holding company

- Panasonic Corporation, Japan	3,036,820	2,434,480
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2.4 Number of shares held by each shareholder holding more than 5% shares

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	% of holding	Number of Shares	% of holding
Panasonic Corporation, Japan	3,036,820	63.27%	2,434,480	50.72%
Associated Electrical Agencies	-	-	469,000	9.77%

2.5 The Board of Directors in their meeting on 26th April, 2013 proposed a final dividend of ₹ 7 /- per equity share (70%). The proposal is subject to approval of shareholders at the Annual General Meeting to be held on 25th July, 2013.

PANASONIC CARBON INDIA CO. LIMITED

Particulars	Amount in ₹	
	As at March 31, 2013	As at March 31, 2012
3 Reserves and Surplus		
Reserves		
Capital Reserve		
As per last Balance Sheet	1,003,250	1,003,250
Security Premium Account		
As per last Balance Sheet	27,000,000	27,000,000
General Reserve		
As per last Balance Sheet	485,000,000	480,000,000
Add: transfer from profit & loss account	<u>25,000,000</u>	<u>5,000,000</u>
Closing balance	510,000,000	485,000,000
Surplus		
As per last Balance Sheet	1,883,891	6,624,209
Add: Net profit after tax for the year transferred from Profit and Loss Statement	65,350,987	39,310,442
Less: Transfer to General Reserve	(25,000,000)	(5,000,000)
Less: Proposed dividend	(33,600,000)	(33,600,000)
Less: Tax on Dividend	<u>(5,710,320)</u>	<u>(5,450,760)</u>
Closing balance	2,924,558	1,883,891
	<u>540,927,808</u>	<u>514,887,141</u>
4 Trade payables		
	As at March 31, 2013	As at March 31, 2012
Trade payables	33,776,459	23,021,318
Others	-	-
	<u>33,776,459</u>	<u>23,021,318</u>
5 Other Current Liabilities		
Unpaid dividends	3,070,654	2,919,371
Other payables		
Statutory Dues	1,591,695	2,233,910
Employee related dues	5,129,020	5,762,479
Advances received from customers	128,415	98,660
Others (refer Note 5.1)	2,420,849	2,555,032
	<u>12,340,633</u>	<u>13,569,452</u>
5.1 Includes amounts due to directors	1,019,784	617,140
6 Short Term Provisions		
Provision for Taxation	29,100,000	-
Less: Advance tax and Tax deducted at Source	<u>26,796,414</u>	-
Provision for dividend	33,600,000	33,600,000
Provision for dividend tax	5,710,320	5,450,760
	<u>41,613,906</u>	<u>39,050,760</u>

7 Fixed Assets

Amount in ₹

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2012	Additions	Deletions	As at March 31, 2013	As at April 1, 2012	Additions	Deletions	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets										
Land	1,932,544	-	-	1,932,544	-	-	-	-	1,932,544	1,932,544
Building	76,616,064	-	-	76,616,064	51,243,245	1,520,224	-	52,763,469	23,852,595	25,372,819
Plant, Machinery & Equipments*	271,202,660	43,820	5,775,122	265,471,359	264,495,043	1,731,442	5,674,936	260,551,550	4,919,809	6,707,617
Furniture & Fixtures	3,850,478	-	-	3,850,478	3,287,321	76,252	-	3,363,573	486,905	563,158
Vehicles	5,221,108	1,428,600	1,454,000	5,195,708	4,342,177	346,533	1,189,074	3,499,636	1,696,072	878,931
Office Equipments	11,114,837	155,540	-	11,270,377	9,654,006	283,179	-	9,937,185	1,333,192	1,460,830
Intangible assets	-	-	-	-	-	-	-	-	-	-
Capital Work- in - Progress	-	-	-	-	-	-	-	-	-	-
Total	369,937,691	1,627,960	7,229,122	364,336,530	333,021,792	3,957,630	6,864,010	330,115,413	34,221,117	36,915,899
Figures for the previous year	369,141,385	1,924,451	1,128,145	369,937,691	329,729,759	4,378,689	1,086,656	333,021,792	36,915,899	39,411,626

* Includes assets retired from active use and the original cost of retired assets is ₹ 4,92,27,892 and carrying cost of retired assets is ₹ Nil (net of provision which is included in accumulated depreciation made of ₹ 34,45,116.)

PANASONIC CARBON INDIA CO. LIMITED

Particulars	Amount in ₹	
	As at March 31, 2013	As at March 31, 2012
8 Non- Current Investments		
(i) Trade Investments	-	-
(ii) Other Investments - QUOTED		
a) Investment in equity instruments		
(i) 100 Equity share of ₹ 5 each of Eveready Industries India Limited	5,450	5,450
(ii) 100 Equity share 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	36,645	29,565
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		
VRS Compensation to employees	1,428,148	1,905,501
Royalty	-	1,996,332
Bonus and Provisions	340,673	759,358
	<u>1,768,821</u>	<u>4,661,191</u>
Deferred Tax Liabilities		
Related to Fixed Assets	1,444,128	1,300,905
	<u>324,693</u>	<u>3,360,286</u>
10 Long Term Loans and Advances		
Unsecured, considered good, unless otherwise stated		
Capital Advance	-	-
Security deposits	3,585,146	3,575,146
Other loans and advances		
Advance Tax and Tax deducted at source	3,615,785	3,615,785
(Net of Provision for Income Tax) (Refer Note 10.1)	<u>7,200,931</u>	<u>7,190,931</u>
10.1 Advance Tax and Tax deducted at source		
Advance Income Tax	109,738,583	109,738,583
Tax deducted at Source	35,933,718	35,933,718
	<u>145,672,301</u>	<u>145,672,301</u>
Less: Provision for income tax	142,056,516	142,056,516
	<u>3,615,785</u>	<u>3,615,785</u>

PANASONIC CARBON INDIA CO. LIMITED

Particulars	Amount in ₹	
	As at March 31, 2013	As at March 31, 2012
11 Inventories		
(Refer Note 1.6 for mode of valuation)		
Raw materials	12,545,517	10,204,328
Work in progress	7,083,668	10,087,915
Finished goods	1,733,026	3,260,613
Stores and Spares	3,304,626	3,092,852
	<u>24,666,837</u>	<u>26,645,708</u>
12 Trade Receivables		
Trade receivables, Unsecured, Considered Good outstanding for more than 6 months others	-	-
	30,338,055	22,625,482
	<u>30,338,055</u>	<u>22,625,482</u>
13 Cash and Bank Balances		
Cash and cash equivalents		
Cash in hand	100,494	165,407
Balance with banks		
In current accounts	7,172,103	5,104,392
In deposit accounts	5,018,771	36,000,000
Other Bank Balances:		
In Deposit accounts	553,162,437	484,000,000
In earmarked accounts		
Unpaid dividend accounts	3,070,654	2,919,371
	<u>568,524,459</u>	<u>528,189,170</u>
14 Short-term Loans and Advances		
Unsecured, considered good, unless otherwise stated		
Others		
Advances for Supplies and Services	126,680	95,337
Advances to Staff	120,754	15,692
Balance with Government Authorities	-	-
Balance with excise and Cenvat Credit	360,796	283,741
Other Receivables	193,408	134,219
	<u>801,638</u>	<u>528,989</u>
15 Other Current Assets		
Prepaid expenses	518,631	596,055
Interest accrued on deposits	10,048,545	12,462,251
	<u>10,567,176</u>	<u>13,058,306</u>

PANASONIC CARBON INDIA CO. LIMITED

Particulars	Amount in ₹	
	Year ended 31st March, 2013	Year ended 31st March, 2012
16 Revenue from Operations		
Sale of Products	372,212,586	238,063,170
Less: Exercise Duty paid	21,247,183	17,211,308
	<u>350,965,403</u>	<u>220,851,862</u>
Other operating revenues		
Sale of Scraps	604,963	337,686
	<u>351,570,366</u>	<u>221,189,548</u>
Sale of products comprise		
Manufactured Goods		
Midget Electrodes	372,212,586	238,063,170
17 Other Income		
Interest Income	51,449,665	50,215,493
Dividend Income	629	500
Foreign Exchange Fluctuations (net)	346,616	1,109,370
Profit on Sale of Fixed assets	606,038	89,511
Miscellaneous Income	-	240,000
Excess Provisions written back	-	720,000
	<u>52,402,948</u>	<u>52,374,874</u>
18 Cost of Materials Consumed		
Opening Stock of Raw Materials	10,204,328	3,736,285
Clearing, forwarding, Storage and transportation charges	10,345,750	7,331,329
Purchases	117,165,989	84,081,498
	<u>137,716,067</u>	<u>95,149,112</u>
Less: Closing stock of Raw Material	12,545,517	10,204,328
	<u>125,170,550</u>	<u>84,944,784</u>
18.1 Particulars of Raw material consumed		
Low Ash Content Coal Coke	5,245,760	4,932,122
ParaffinWax	23,326,852	14,347,639
Coal Tar Pitch	33,052,842	23,955,071
Amorphous Graphite	6,433,113	5,870,682
Others	57,111,983	35,839,270
	<u>125,170,550</u>	<u>84,944,784</u>
19 Changes in Inventories of Finished Goods and Work-in-Progress		
Opening Stock		
- Finished Goods	3,260,613	2,187,925
- Work-in-Progress	10,087,915	7,442,968
	<u>13,348,528</u>	<u>9,630,893</u>
Less: Adjustment relating to Excise duty on finished goods	(197,857)	156,969
	<u>13,150,671</u>	<u>9,787,862</u>
Closing Stock		
- Finished Goods	1,733,026	3,260,613
- Work-in-Progress	7,083,668	10,087,915
	<u>8,816,694</u>	<u>13,348,528</u>
Changes in Inventories of finished goods and work-in-Progress	4,333,977	(3,560,666)

PANASONIC CARBON INDIA CO. LIMITED

Particulars	Amount in ₹	
	Year ended 31st March, 2013	Year ended 31st March, 2012
20 Manufacturing Expenses		
Stores consumed	12,893,285	7,609,667
Power and fuel	65,075,220	42,925,850
Machinery Maintenance	9,275,014	3,919,692
	87,243,519	54,455,209
21 Employee benefit expenses		
Salaries, Wages and Bonus	40,859,130	35,640,951
Gratuity	107,578	1,063,428
Contribution to Provident fund, Employee State Insurance & Super annuation fund	4,392,181	3,933,558
Staff Welfare	7,482,477	5,665,554
Voluntary Retirement Scheme Expenses (Refer Note No.36)	-	-
	52,841,366	46,303,491
22 Other Expenses		
Rent	2,431,763	2,216,460
Rates and taxes, excluding, taxes on income	1,056,748	724,833
Royalty	11,584,022	6,152,974
Insurance	441,107	411,122
Electricity	335,528	456,045
Repairs to buildings	727,830	503,630
Repairs others	6,071,124	3,272,703
Communication expenses	1,404,903	2,102,605
Printing & Stationery	366,534	282,508
Advertisement	161,760	134,399
Sitting fees	220,000	245,000
Professional and Consultancy charges	920,303	698,331
Travelling & conveyance expenses	1,324,901	727,632
Commission & discount	158,607	182,682
Freight outwards	3,653,645	1,871,985
Loss on sale of Assets (Net)	-	-
Audit fee	440,000	407,500
Commission to Non-Whole time Directors	1,019,784	617,140
Bank charges	517,136	221,812
Miscellaneous Expenses	103,997	140,060
	32,939,692	21,369,421
22.1 Audit fees		
a) Statutory Audit	200,000	175,000
b) Tax Audit	60,000	50,000
c) Other services *	180,000	182,500
	440,000	407,500

* Include fee for quarterly limited review and corporate governance reports

PANASONIC CARBON INDIA CO. LIMITED

Particulars	Amount in ₹			
	31st March, 2013	31st March, 2012		
23 Contingent liabilities & Commitments (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.	14,932,076	14,932,076		
(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	38,168,566	27,316,604		
2 Components & Spare parts	-	-		
3 Capital goods	-	-		
25 Expenses incurred in foreign currency				
1 Royalty	10,390,868	5,519,218		
2 Travelling and Training fees	270,308	98,978		
3 Commission On Sales	158,607	182,682		
4 Communication Expenses	714,097	1,017,523		
5 Other matters	-	14,200		
26 (a) Raw materials consumed	Value	%	Value	%
Imported	44,547,094	38.80%	24,076,167	31.02%
Indigenous	70,277,706	61.20%	53,537,289	68.98%
Total	114,824,800	100.00%	77,613,456	100.00%
(b) Spare Parts consumed				
Imported	-	-	-	-
Indigenous	4,234,774	100%	2,123,643	100%
Total	4,234,774	100%	2,123,643	100%
(c) Details of finished goods and work-in-progress			Closing inventory	Opening inventory
(i) Details of Finished Goods				
Manufactured Goods				
Midget Electrodes			1,733,026	32,60,613
(ii) Details of Work-in-progress				
Midget Electrodes			7,083,668	10,087,915
27 Amount remitted in Foreign exchange	31st March, 2013		31st March, 2012	
On account of dividend	2,12,57,740		1,70,41,360	
Total number of non - resident share holders	1		1	
Number of shares held persons mentioned in (Refer Note No. 2.3)	30,36,820		24,34,480	
Year to dividends declared	2011-12		2010-11	

PANASONIC CARBON INDIA CO. LIMITED

Particulars	Amount in ₹	
	31st March, 2013	31st March, 2012
28 Earnings in Foreign Exchange		
Export of goods calculated on FOB Basis	177,344,287	54,780,708
29 Cost of Research and Development revenue expenditure aggregated to ₹ 15.55 lakhs (Previous Year ₹ 15.10 lakhs) which has been debited to various heads of account in the Profit and Loss Statement. 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 31st March, 2013. The identification of Micro and Small Enterprises and the information as required to be disclosed under the Micro, Small and Medium Enterprises development Act, 2006 has been determined on the basis of Vendor information available with the Company.

	31st March, 2013	31st March, 2012
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 31st March, 2013 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 2012-13 (₹)	Gratuity 2011-12 (₹)
Interest cost	1,371,516	1,415,827
Current service cost	742,423	735,535
Expected rate return on plan assets	(1,485,889)	(1,518,888)
Acturial Loss / (gain)	(520,472)	430,954
Expenses to be recognised in profit and loss statement	107,578	1,063,428

II. Net Asset / (Liability) recognised in Balance Sheet as on 31st March, 2013

	2012-13 (₹)	2011-12 (₹)
Present value of defined benefit obligation	17,782,805	17,143,952
Less : Fair Value of Plan Assets	17,678,450	16,157,865
(Liability) / Asset recognised in the balance sheet	(104,355)	(986,087)

PANASONIC CARBON INDIA CO. LIMITED

III. Changes in defined benefit obligation	2012-13	2011-12
	(₹)	(₹)
a. Present Value of defined benefit obligation at the beginning of the year	17,143,952	17,697,837
b. Interest cost	1,371,516	1,415,827
c. Current service cost	742,423	735,535
d. Benefits paid	(954,614)	(3,136,201)
e. Actuarial (gains)/losses on obligation	(520,472)	430,954
Present value of defined benefit obligation at the end of the year	17,782,805	17,143,952
IV. Changes in fair value of plan assets	2012-13	2011-12
	(₹)	(₹)
Fair Value of Plan assets at the beginning of year	16,157,865	17,775,178
Return on plan assets	1,485,889	1,518,888
Contribution	989,310	-
Benefits paid	(954,614)	(3,136,201)
Actuarial (gain) / Loss on plan assets	-	-
Fair Value of Plan assets as at 31st March, 2013	17,678,450	16,157,865
V. Principle actuarial assumptions at the balance sheet date.		
Discount rate	8%	8%
Salary growth rate	8%	8%
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) Midget Electrodes 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 Asia Pacific Pte. Limited,Singapore h) Panasonic Energy Taiwan Co. Ltd., Taiwan i) Panasonic Carbon Anyang Co. Limited, China j) Panasonic Centro Americana, S.A., Costa Rica k) Panasonic India Pvt Ltd
Associates under Common Control	Nil
Key Management Personnel	Mr. Senthil Kumar, Managing Director

PANASONIC CARBON INDIA CO. LIMITED

Nature of Transaction	Holding Company	Fellow Subsidiaries	Associates	Key Management Personnel	Amount in ₹
					Total
Sale of Goods (Excluding Excise Duty & Sales tax)	-	22,98,25,019 (10,54,94,313)	-	-	22,98,25,019 (20,12,75,779)
Purchase of Goods	-	4,03,925 (898,342)	-	-	- (898,342)
Royalty payable	1,15,84,022 (61,52,974)	-	-	-	(1,15,84,022) (61,52,974)
Reimbursement of expenses	7,14,097 (11,34,811)	12,78,404 -	-	-	19,92,501 (11,34,811)
Remuneration	-	-	-	32,52,023 (28,63,006)	32,52,023 (28,63,006)
Due from as on 31 st March, 2013	-	1,96,27,867 (91,88,189)	-	-	1,74,75,719 (1,74,75,719)
Due to as on 31 st March, 2013	1,16,06,534 (64,54,873)	12,78,404 -	-	-	- (64,54,873)

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	65,350,987	39,310,442
Number of equity shares – Basic	4,800,000	4,800,000
Number of equity shares – Diluted	4,800,000	4,800,000
Nominal value of the shares	₹ 10	₹ 10
Earnings per share – basic	13.61	8.19
- Diluted	13.61	8.19

35 The Outstanding Derivative Instruments as on 31st March, 2013

- (i) Derivative instruments that are outstanding as on 31st March, 2013 is ₹ Nil. **(Previous year ₹ Nil)**.
- (ii) The Foreign Currency Exposures not hedged by a Derivative Instrument or otherwise as on 31st March, 2013 is receivables of US\$ 2,90,848/- ₹ 1,57,11,634/- **(Previous Year US\$ 2,38,731/- ₹ 1,21,41,537/-)**,

36 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.

37 Previous year's figures have been re-grouped and reclassified wherever necessary so as to make them comparable with the current year's figures.

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

R.Nagendra Prasad
Partner
Membership No: 203377

Place : Chennai
Date : 26th April, 2013

For and on behalf of the Board

R.Senthil Kumar
Managing Director

V.R.Gupte
Director

R. Manoranjan
Secretary

PANASONIC CARBON INDIA CO. LIMITED

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 dematerialized 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 31st Annual General Meeting of the Company held at **Hotel Dee Cee Manor (Opp. to Vani Mahal), No. 90, G. N. Chetty Road, T. Nagar, Chennai- 600 017, on Thursday the 25th July, 2013 at 2.30 P.M.**

*Please indicate whether Shareholder or Proxy

Signature of the Shareholders 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 dematerialized 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 ofor 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 31st Annual General Meeting of the Company to be held at **Hotel Dee Cee Manor (Opp. to Vani Mahal), No. 90, G. N. Chetty Road, T. Nagar, Chennai- 600 017, on Thursday the 25th July, 2013 at 2.30 P.M.** and at every adjournment thereof.

Signed this..... day of..... 2013.

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.

Panasonic

Panasonic Carbon India Co. Ltd.
(Formerly Indo Matsushita Carbon Co. Ltd.)

Regd. Office : Pottioati Plaza, 3rd Floor,
77 (Old No. 35) Nungambakkam High Road,
Nungambakkam, Chennai - 600 034, India.

Tel : +9144 28275216, 28275226, 28275015
Fax : +9144 28263010.

FORM A

*Format of covering letter of the annual audit report to be filed with the
Stock exchanges*

1.	Name of the Company	Panasonic Carbon India Co. Ltd.
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Not Applicable
5.	To be signed by- • CEO/Managing Director (R. Senthil Kumar) • CFO (P.V Rao) • Auditor of the company(M/s Brahmayya & Co. Chartered Accountants, R. Nagendra Prasad, Partner) Membership No: 203377 • Audit Committee Chairman (V.R Gupte)	