

Board of Directors	Mr. P. Obul Reddy Chairman (upto 30-06-2010)
	Mr. Hidenori Aso Managing Director
	Mr. Justice S. Natarajan
	Mr. A. Ragavendra Rao
	Mr. K. Subramanian
	Mr. Norifumi Matsui
Company Secretary	Mr. Tom Antony
Auditors	M/s Brahmayya & Co., Chartered Accountants No. 48, Masilamani Road, Balaji Nagar, Royapettah Chennai - 600 014.
Registered Office and Factory	N.H. No.5, Sholavaram Village, Ponneri Taluk, Chennai - 600 067. Tamilnadu. Tel : +91 44 2633 0133 Fax : +91 44 2633 0132
Corporate Office	“SPIC HOUSE” Annexe 6 th Floor, 88, Mount Road, Guindy, Chennai - 600 032. Tel : +91 44 2230 4201 Fax : +91 44 2230 4200
Bankers	The Bank of Tokyo Mitsubishi UFJ Ltd., HDFC Bank Ltd.

TWENTY SECOND ANNUAL REPORT	
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Twenty Second Annual General Meeting

Venue	: Sri P. Obul Reddy Hall, Vani Mahal, No. 103, G.N. Chetty Road, T. Nagar, Chennai – 600 017.
Date	: September 24, 2010
Time	: 10.15 a.m.

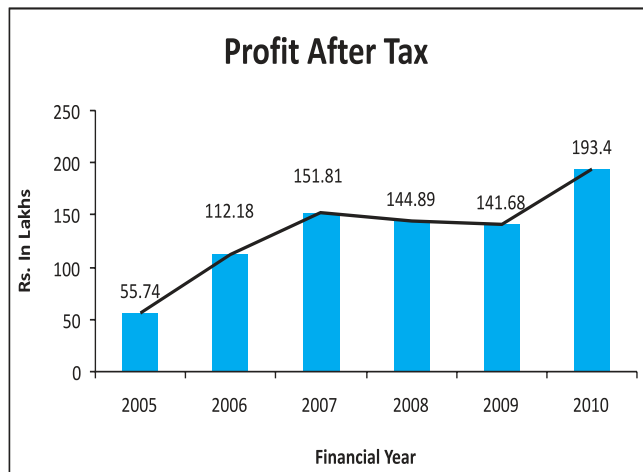
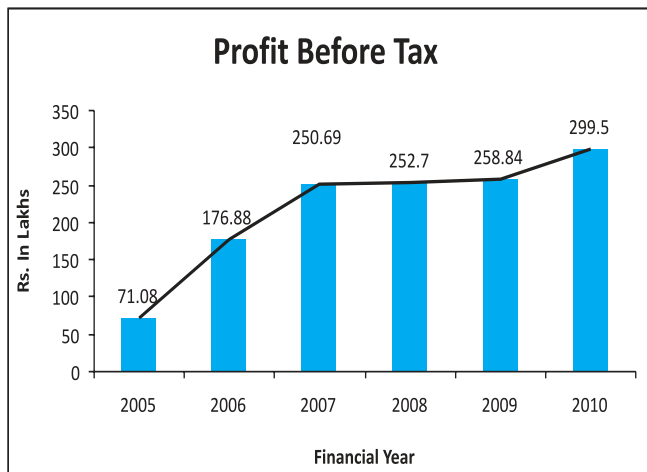
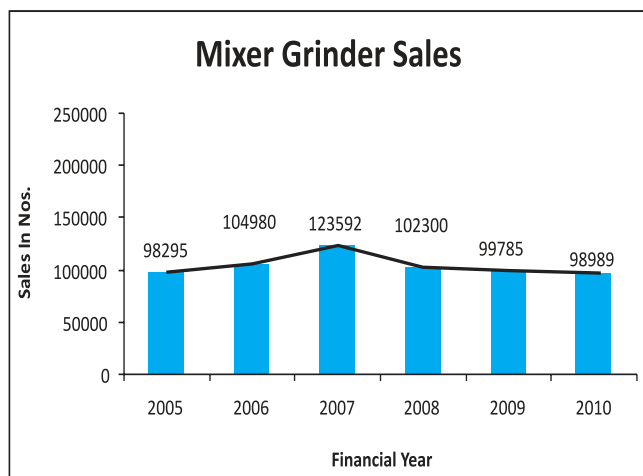
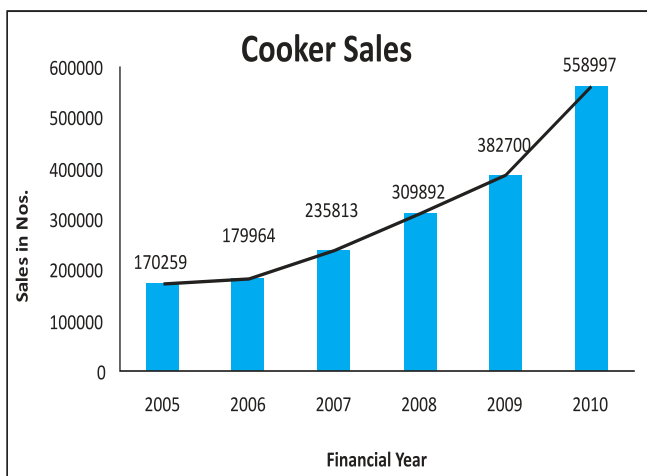
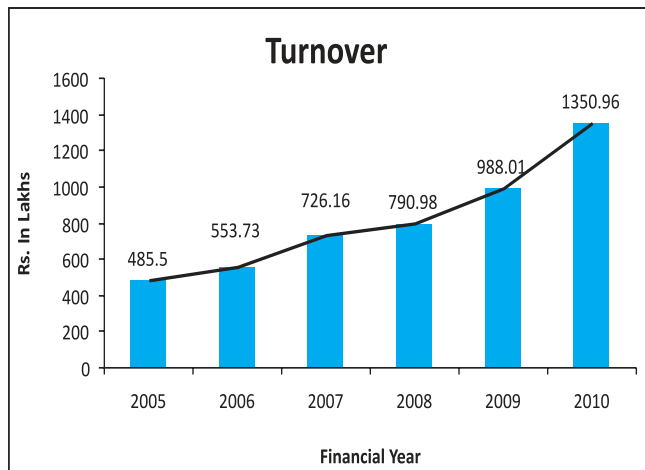
Registrar & Share Transfer Agents

M/s. Integrated Enterprises (India) Limited
“Kences Towers”, 2nd Floor,
#1, Ramakrishna Street, North Usman Road, T.Nagar,
Chennai - 600 017 Email : corpseiv@iepindia.com
Tel : +91 44 2814 0801
Fax : +91 44 2814 2479

Note :

1. Kindly bring your copy of 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.
5. Shareholder's Privilege Discount Coupon is enclosed along with this Annual Report.

FINANCIAL HIGHLIGHTS 2005-2010



Notice of Twenty Second Annual General Meeting

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of Panasonic Home Appliances India Co. Ltd will be held on Friday, September 24, 2010 at 10.15 a.m at Sri.P.Obul Reddy Hall, Vani Mahal, No.103, G.N.Chetty Road, T.Nagar, Chennai – 600 017 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares for the financial year ended March 31, 2010.
3. To appoint a Director in place of Mr.K.Subramanian who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company and to fix their remuneration. The retiring Auditors M/s.Brahmayya & Co., Chartered Accountants are eligible for re-appointment and have confirmed their willingness to accept the office, if re-appointed.

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

“RESOLVED THAT M/s.Brahmayya & Co., Chartered Accountants (Firm Reg. No.000511S), Chennai be and is hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors”.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Norifumi Matsui who was appointed as a Director by the Board under Section 262 of the Companies Act, 1956 and Article 125 of the Articles of Association of the Company to fill in the casual vacancy on the Board occasioned due to the resignation of Ms. Machiko Miyai, who ceases to hold office under the provisions of the said Section and the Article, and is eligible for re-appointment and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

(By Order of the Board)
For Panasonic Home Appliances India Co. Ltd

Place : Chennai
Date : July 22, 2010

HIDENORI ASO
MANAGING DIRECTOR

NOTES

1. **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing a proxy should be lodged with the Company at its Registered Office at least 48 hours before the time fixed for the commencement of the Meeting.
3. Explanatory Statement as per Section 173 (2) of the Companies Act, 1956, in respect of Special Business as set out above is annexed.
4. All documents relevant to the business to be transacted at this meeting will be available for inspection at the Corporate Office of the Company on all working days during business hours.
5. The Register of Members and Share Transfer Books will remain closed from September 18, 2010 to September 24, 2010 (both days inclusive).

Panasonic

6. Shareholders seeking any information, with regard to accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
7. Members / Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
8. Corporate shareholders/ Trusts/ Societies are requested to send a duly certified copy of the Board/ Managing Committee Resolution authorizing their representative to attend and vote at the Meeting.
9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. The Dividend as recommended by the Board of Directors, if declared at the Meeting will be paid on or after October 04, 2010 to those shareholders/members whose names appear on the Register of Members as on September 24, 2010. In respect of shares held in Electronic Form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
11. Company provides National Electronic Clearing System (NECS) facility made available by Reserve Bank of India (RBI) for payment of dividend, which can be availed by the shareholders who have Bank account at any Bank Branches where core-banking solution (CBS) is implemented. Availing NECS facility will help the shareholder to avoid loss of dividend warrant in transit and facilitate direct credit of the dividend amount to his bank account instantly. Since correct and up-to-date bank account details of the shareholder is a pre-requisite for successful NECS transfer, shareholders must update the new bank account number allotted after implementation of CBS with the Depository or Registrar & Share Transfer Agent as the case may be. Shareholders holding shares in physical form and desirous of availing NECS facility are requested to contact M/s.Integrated Enterprises (India) Ltd, Company's Registrar & Share Transfer Agent.
12. Those members who have so far not encashed their Dividend Warrants for the below mentioned financial years, may claim or approach the Company's Share Transfer Agents for the payment thereof as the same will be transferred to the **Investor Education and Protection Fund** of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the respective due dates mentioned there against. **Kindly note that after such date, the members will not be entitled to claim such dividend.**

Financial Year	Rate of Dividend	Date of Declaration	Last date for claiming unpaid Dividend
2004 - 2005	10%	02.09.2004	02.10.2011
2005 - 2006	10%	31.08.2005	30.09.2012
2006 - 2007	10%	31.08.2007	30.09.2014
2007 - 2008	10%	24.09.2008	23.10.2015
2008 - 2009	12%	25.09.2009	24.10.2016

13. As per the provisions of Section 109(A) of the Companies Act, 1956 member(s) who are holding Equity Shares in the Company may nominate in the prescribed manner, a person on whom the shares will vest in the event of death of the holder(s). Member(s) desiring to make such a nomination are requested to send the prescribed Form-2B to the Registrar and Share Transfer Agent of the Company.
14. Members holding shares in physical form are requested to notify / send the following information by quoting their Folio Number to the Registrar and Share Transfer Agent of the Company to facilitate better servicing: -
 - i. Any change in their address / mandate / bank details;
 - ii. Particulars of the bank account, in case the same have not been furnished earlier;
 - iii. 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.
 - iv. Phone No., Fax No., and Email ID etc for speedy disposal of complaints/requests on various issues.

Explanatory Statement as per Section 173 (2) of the Companies Act, 1956

Item No.5

Mr. Norifumi Matsui was appointed as a Director by the Board under Section 262 of the Companies Act, 1956 and Article 125 of the Articles of Association of the Company to fill in the casual vacancy on the Board occasioned due to the resignation of Ms. Machiko Miyai, who ceases to hold office under the provisions of the said Section and the Article, and is eligible for re-appointment. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose him as a candidate for the office of a Director of the Company liable to retire by rotation. Mr. Norifumi Matsui represents Panasonic Corporation on the Board of the Company.

Memorandum of Interest

Except Mr. Norifumi Matsui no other Director of the company is interested in this resolution.

The Board recommends this resolution for approval of Members.

AS REQUIRED UNDER THE LISTING AGREEMENT, THE PARTICULARS OF DIRECTORS WHO ARE PROPOSED TO BE APPOINTED / RE-APPOINTED ARE GIVEN BELOW.

Mr.K.Subramanian

Mr.K.Subramanian Joined Banking Service in 1964 and rose to the level of Chairman & Managing Director of Indian Overseas Bank (IOB) in 1996 and was holding that position till November, 1999. He held the position of Chief Executive in-charge of Singapore operations and also headed International & Credit Division in Indian Bank. He also held various prestigious positions viz., Director - United India Insurance Company Ltd., Member - Finance Committee Board of Control for Cricket in India (BCCI), Vice-president and Chairman - Finance Committee, Tamil Nadu Cricket Association. He also wrote many Articles related to Banking and edited the Book "Banking Reforms in India". Presently he is a member, Planning and Monitoring Board - SASTRA University.

Mr.K.Subramanian is a Director on the Board of Panasonic Carbon India Co. Ltd, and Jeypore Sugar Company Ltd. He is a member of Audit Committee, Shareholders/Investors Grievances Committee and Remuneration Committee of Panasonic Carbon India Co. Ltd, and a member of Audit Committee and Share Transfer Committee of Jeypore Sugar Company Ltd.

Mr.K.Subramanian does not hold any shares in the Company.

Mr.Norifumi Matsui

Mr.Norifumi Matsui is an engineering graduate who joined Panasonic Corporation Japan during April 1979. He worked in various important positions at various locations and divisions of Panasonic Corporation viz., business promotion group manager, Director - IH Cooking Heater Business Unit Kobe factory. Presently he is working as Director - Kitchen Appliances Business Unit in the Home Appliances Company of Panasonic Corporation.

Mr.Norifumi Matsui does not hold any shares in the Company.

(By Order of the Board)
For Panasonic Home Appliances India Co. Ltd

Place : Chennai
Date : July 22, 2010

HIDENORI ASO
MANAGING DIRECTOR

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Accounts of your Company for the financial year ended March 31, 2010.

FINANCIAL RESULTS

The financial performance of your Company for the financial year ended March 31, 2010 is summarized below:

(Rs. in Lakhs)

Particulars	2009-10	2008-09
Gross Sales	14465.86	10986.28
Profit before depreciation and interest	620.08	492.06
Less: Interest	93.92	48.44
Depreciation	226.66	184.78
Profit before Tax	299.50	258.84
Less: Provision for taxation and FBT	106.10	117.16
Profit after Tax	193.40	141.68
Add: Profit brought forward from previous year	278.88	261.06
Balance available for Appropriation	472.28	402.74
Less: Dividend proposed / paid	85.70	102.84
Tax on dividend	14.23	17.48
Transfer to General Reserve	–	3.54
Balance of Profit & Loss carried to Balance Sheet	372.35	278.88

PERFORMANCE

During the year under review your Company has registered an impressive growth in its sales where the gross sales increased to Rs.144.66 Crore from Rs.109.86 Crore in the previous year registering a growth rate of 31.68%. The increase in sales was mainly contributed by the Electric Cooker segment. Your Company has registered a profit before tax of Rs.299.50 Lakhs as against Rs. 258.84 Lakhs, in the previous year. The profit after tax of your Company stood at Rs.193.40 Lakhs as against Rs. 141.68 Lakhs in the previous year.

DIVIDEND

As you are aware, your Company has made considerable investments during the past two years for the purpose of manufacturing mechanical jar cooker as well for the ongoing capacity expansion project. Part of the investment required for the above purposes are funded through internal generations which made it necessary to retain a part of the profit generated during the year with the Company. Keeping in mind the fund requirements of the Company and the shareholders' expectations, the Board of Directors have decided to recommend a final dividend of Rs.1/- per share (10 %) on an equity share of par value Rs. 10/- for the financial year 2009-10. The payment of dividend is subject to shareholders' approval at the ensuing annual general meeting to be held on September 24, 2010. The Register of Members and Share Transfer Books will remain closed from September 18, 2010 to September 24, 2010 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.

Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be payable on or after October 04, 2010 to those shareholders/members whose names appear on the Register of Members as on September 24, 2010. In respect of shares held in Electronic Form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose. This dividend, together with dividend distribution tax of Rs.14.23 Lakhs absorbs a sum of Rs.99.93 Lakhs.

DIRECTORS

Your Directors express their profound grief on the sad demise of Shri P.Obul Reddy, the beloved founder and Chairman of the Company, on June 30, 2010 and pay tributes to his vision and entrepreneurial spirit and for the immense contribution made by him for the establishment and growth of the Company. Apart from being an industrialist, Mr.P.Obul Reddy was a great philanthropist and patron of the fine arts. The sudden demise of Mr.P.Obul Reddy is an irreparable loss to the Company and the Institutions associated with him.

During the year Ms.Machiko Miyai who was representing Panasonic Corporation resigned from the Directorship of the Company. The Board has co-opted Mr.Norifumi Matsui as Director in the casual vacancy created due to the resignation of Ms.Machiko Miyai. The Board places on record their appreciation for the valuable contribution made by Ms.Machiko Miyai during her tenure as Director on the Board of the Company.

In accordance with the Articles of Association Mr.K.Subramanian and Mr.Norifumi Matsui retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s.Brahmayya & Co., Chartered Accountants, Statutory Auditors of the Company retires at the ensuing Annual General Meeting and has given their consent for reappointment. The Company has also received a confirmation from them that their appointment would be within the limits prescribed under proviso of Section 224(1B) of the Companies Act, 1956.

PERSONNEL

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended are furnished in **Annexure "A"** to the Directors Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE AND OUTGO

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that they had:

- i. Followed in the preparation of Annual Accounts, the applicable Accounting Standards and given proper explanations relating to material departures, if any;
- ii. 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.
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and
- iv. Prepared the Annual Accounts on a going concern basis.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, your Company greatly values the conservation of our environment and is committed to conducting business activities with minimal adverse impact on the environment. Your Company endeavors to produce energy-efficient products and strive for reduction of CO2 emissions at its manufacturing site and encourage the spread of environmental conservation activities. The manufacturing process and plants of your Company adhere to the standards laid down by various regulatory authorities for the protection of environment and safety of workers engaged in the manufacturing process. Your Company has obtained certification under ISO 14001 Environment Management System Standards from TUV NORD.

Product safety and quality underline the Company's determination to deliver a sense of security and satisfaction in its products to all its customers. The Company's improved quality of products was through enhancement in Product Evaluation

Panasonic

System encompassing product development, design and manufacturing. At the same time, the Company also ensures product safety by enhancing product designs, adhering strictly to Panasonic's Safety Design Standard, regulatory requirements and Restriction of Hazardous Substances ("RoHS") compliance. The Company has through its "eco ideas" activities contributed to the prevention of global warming by implementing measures that help to reduce CO2 emissions. Several awareness campaigns on energy efficiency were initiated. The operations have been reviewed to improve energy efficiency by reducing energy, fuel and diesel consumptions in daily operations which have a direct impact on CO2 emissions.

AWARDS & RECOGNITION

The Institute of Economic Studies, New Delhi, (IES) one of the country's premier research institutes has conferred the 'Excellence Award' on the Company in recognition for its contribution to the Industrial development of the Country and Udyog Rattan Award to Mr.H.Aso, Managing Director. The award was presented by Mr. Korn Dabbaransi, Former Deputy Prime Minister of Thailand at the award ceremony held on December 02, 2009 at Bangalore.

CORPORATE GOVERNANCE

Your Company recognizes the importance and need of good Corporate Governance as an important step in creating stakeholders confidence and for a healthy and stable Capital Market thereby enhancing the long term enterprise value.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report and Corporate Governance Report along with Auditors' Certificate regarding Compliance of the Conditions of Corporate Governance are given in **Annexure 'C'** and **Annexure 'D'** to the Director's Report respectively.

DEPOSITS

Your Company has not accepted/ invited any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

ACKNOWLEDGEMENTS

Your Directors wish to express their deep sense of appreciation for the committed services of all the employees of the Company. The Board place on record their appreciation for the support and co-operation your Company has been receiving from its Bankers, Customers, Distributors, Dealers, suppliers and other business partners and also the valuable assistance received from the collaborator Panasonic Corporation, Japan. Your Directors also take this opportunity to thank all stakeholders, banks, regulatory and government authorities for their continued support. As we continue to grow and expand, we look forward to sharing our success in the years ahead with all our stakeholders.

(By Order of the Board)

For Panasonic Home Appliances India Co. Ltd

Place : Chennai
Date : July 22, 2010

HIDENORI ASO
MANAGING DIRECTOR

JUSTICE S NATARAJAN
DIRECTOR

ANNEXURE 'A' to DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors report for the year ended March 31, 2010.

Employee Name	Designation	Qualification	Age	Joining Date	Experience (years)	Gross Remuneration	Previous-Employment Designation
N.Kannan	Chief Operating Officer	B.Sc, FCA, ACS	57	28-03-2003	32 Years	Rs.28,26,612/-	Link Natural Products (I) Ltd., Chief Operating Officer
G.Gurumohan	Head Sales & Marketing	B.Com	55	14-05-2001	33 Years	Rs.29,62,440/-	Pidilite Industries Ltd., Branch Manager
T.Ganesan	Sr. General Manager -Works	B.E., M.B.A	44	03-02-2003	22 Years	Rs.28,20,348/-	Power Control and Appliances Company Dy. General Manager (Production&Operations)

Note: None of the above employee is related to any of the Directors.

ANNEXURE 'B' to DIRECTORS' REPORT

Information as required under Section 217(e) of the Companies Act, 1956

Conservation of Energy

<p>a) Energy Conservation measures taken</p>	<ul style="list-style-type: none"> - Replacement of motorized conveyor in the main assembly line with cell (table type) assembly system. - Introduction of automatic oil controller Cut Off to control the oil consumption in Furnace - Replacement of Sodium Vapor Lamps with LED Lamps and other energy saving lights - Introduction of solar powered light for street Lights
<p>b) Additional investments and proposals, if any, being implemented for reduction of Consumption of energy.</p>	<ul style="list-style-type: none"> - There are no pre-planned investment proposals to mention here.
<p>c) Impact of the measures of (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.</p>	<ul style="list-style-type: none"> - Furnace oil consumption reduced from 0.036 Ltrs to 0.026 Ltrs per product and corresponding cost reductions per product was Rs.0.30/-. - Electricity consumption reduced from 2.9 units to 2.8 units per product and corresponding cost reduction per product was Rs.0.35/-.

FORM B

Disclosure of Particulars with respect to Technology Absorption Research and Development (R&D)

Research and Development (R&D)

<p>1. Specific areas in which R&D carried out</p>	<ul style="list-style-type: none"> - Development of Mechanical Jar Cooker completed and mass production started. - New Mixer Grinder Model AC400 development work started.
<p>2. Benefits derived as a result of the above R&D</p>	<ul style="list-style-type: none"> - Expansion of sales including penetration to foreign markets. - More and more indigenization in production process.
<p>3. Future plan of action</p>	<ul style="list-style-type: none"> - Development of new models of Lid Cooker, Mechanical Jar Cooker and Mixer Grinder which meets international standards in safety and quality so as to expand the export market.
<p>4. Expenditure on R&D</p>	<ul style="list-style-type: none"> - Expenses incurred during the year for developing various models of Cooker and Mixer Grinder was Rs. 11.10 Lakhs

Technology Absorption, Adaptation & Innovation

<p>1. Efforts, in brief made towards absorption, adaptation and innovation</p>	<ul style="list-style-type: none"> - Company obtained technical assistance and knowhow from Panasonic Corporation Japan (KABU) through Panasonic Manufacturing Malaysia Berhad for the Development of Mechanical Jar Cooker and new model of Mixer Grinder
<p>2. Benefits derived as a result of the above efforts, example product improvement, cost reduction, product development, import substitution etc.</p>	<ul style="list-style-type: none"> - Company was able to develop Mechanical Jar Cooker and export models of lid cooker successfully with support of technical collaborators. - Aggressive Cost reduction activity in materials of Cooker & Mixer Grinder has resulted Cost benefit of Rs.118.21 Lakhs.

Foreign Exchange Earnings and Outgo

<p>a) Activities relating to exports, initiatives taken to increase exports, development new export markets for products.</p>	<ul style="list-style-type: none"> - The Company has exported 13,100 Nos. of Electric Rice Cookers and 700 Nos. of Mixer Grinder during the financial year 2009-10
<p>b) Total foreign exchange used and earned</p>	<ul style="list-style-type: none"> - Foreign Exchange earned during the financial year 2009-10 was Rs.3.49 Crores and the outgo was Rs.35.96 Crores.

ANNEXURE 'C' to DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRIAL REVIEW

The global economy continues to recover amidst ongoing policy support and improving financial market conditions. India's GDP stood at 7.4 per cent in the year 2009-10 as compared to 6.7% in the previous year. The Government estimates the economy to grow at a rate of 8.5 per cent in 2010-11 driven by better farm output and a global recovery. The industrial sector recovery is increasingly becoming broad-based and is expected to take firmer hold going forward on the back of rising domestic and external demand. The improved performance of the industrial sector is also reflected in the improved profitability in the corporate sector.

Driven by a young population with access to disposable incomes and easy finance options, the Indian consumer market has been growing very fast. The Indian consumer durables segment can be segregated into consumer electronics viz., TVs, VCD players and audio systems and consumer appliances like refrigerators, washing machines, air conditioners, microwave ovens, vacuum cleaners etc.,. Most of the segments in this sector are characterized by intense competition consequent to the re-entry of many Multinational Companies (MNCs) into the Indian consumer market, introduction of state-of-the-art models, price discounts and exchange schemes. MNCs continue to dominate the Indian consumer durable segment.

Your Company continued to sustain its predominant position in the Electric Cooker segment. Quality of the product continues to be the strength of the Company to secure maximum customer satisfaction. During the year, your Company has successfully launched the mechanical Jar Cooker, a new product from its manufacturing stable besides revamping some of its current offerings to better suit consumer tastes. The ongoing capacity expansion program to increase the manufacturing capacity of Electric Cooker to 10 lakhs numbers is progressing as scheduled and is expected to be completed during the first half of the current financial year. The investment requirements for the ongoing expansion program and for the development of new models of electric cooker and mixer grinder are being met through a combination of internal accruals and Bank borrowings.

ANALYSIS OF FINANCIAL CONDITION AND RESULTS

During the year under review your Company has registered an impressive growth in its sales where the gross sales increased to Rs.144.66 Crore from Rs.109.86 Crore in the previous year registering a growth rate of 31.68%. Your Company has registered a profit before tax of Rs.299.50 Lakhs as against Rs. 258.84 Lakhs, in the previous year. The profit after tax of your Company stood at Rs.193.40 Lakhs as against Rs. 141.68 Lakhs in the previous year.

OUTLOOK ON OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The demand for consumer durables has increased with rising income levels, double-income families, changing lifestyles, availability of credit, increasing consumer awareness and introduction of new models. Apart from steady income gains, consumer financing has become a major driver in the consumer durables industry. The other factor for surging demand for consumer goods is the phenomenal growth of media in India. The flurry of television channels and the rising penetration of cinemas will continue to spread awareness of products in the remotest of markets.

The consumers will increase their spending owing to improving economic conditions. A large number of hypermarkets are expected to come into existence in tier-I and tier-II cities across India within two years to capitalize the boom in organized retail sector. Approximately 315 hypermarkets are expected to come into existence in Tier-I and Tier-II cities across India by the end of 2011, according to a joint study by consultancy firm KPMG and industry body ASSOCHAM named 'Reinventing India's Retail Sector'. Consultancy firm Technopak has opined that the organised modern retail segment in India will grow by over three times during the next five years (from 2010), to reach a figure of US\$ 80 billion

Your Company with the support of technical collaborator has developed Electric Cookers meeting the IEC standards to cater to the export market. With the manufacture of Electric Cooker and Mixer Grinder meeting the international IEC standard, your Company expects to increase the exports sales substantially in the coming years. Your Company has successfully launched the mechanical jar cooker during the year. With the launch of mechanical jar cooker, your Company has added one more product to its manufacturing portfolio. Throughout the year, the Company had continuous price-down negotiations with suppliers and resorted to localisation of imported material parts in order to achieve cost reduction targets. In addition, the Company implemented some in-house production of components to achieve greater cost efficiency and to improve quality of products.

Overall the sector promises significant growth opportunities. Strong distribution network, own manufacturing facility, market positioning and branding coupled with product technology that benefit the customer through low power consumption, low service requirement and low cost of operation are the factors which strengthen your Company.

Entry of new players both MNCs and domestic companies in the industry, unbranded products and cheaper imports are the main causes of concern at this stage. The increase in prices of key raw materials and persistent power shortage are also a matter of concern which may negatively impact the margins of your Company as it would not be able to pass on the increase in input costs to the customers.

RISK MANAGEMENT

Risk refers to events which hinder the achievement of business objectives the occurrence of which is uncertain, and Risk Management refers to a series of measures to recognize, confirm, evaluate and prioritize risks and, by establishing measures to respond to such risks in advance, to prevent the occurrence of or reduce such risks, or to minimize the damage caused when such risks occur. Your Company follows the risk management policy globally adopted by all Panasonic companies where it is committed to ensuring the achievement of its business plans by adequately promoting risk management and appropriately responding to risks that could impede the accomplishment of its business goals, with the aim of achieving the sustainable and steady growth of business.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Your Company has a proper and adequate system of internal controls to ensure that its assets are safeguarded and protected against loss and from unauthorized use and to ensure that transactions are authorized, recorded, and reported correctly. The internal control systems are supplemented by internal audits by an external auditor and periodic reviews by management. The adequacy of the internal control systems are regularly tested by the Statutory as well as Internal Auditors. The systems and procedures are constantly upgraded to suit the requirements.

HUMAN RESOURCES

Human Resource Management, work place safety and employee welfare have always been given utmost importance in your Company. The Company will continue to strengthen employer-employee relationship by providing a conducive working environment and offering a competitive compensation package. Imparting adequate HR training programmes and specialized trainings to the employees of the Company is an on going exercise. The industrial relations in your Company continued to be cordial. The attrition rate for the year stood at 4%. The Company has 252 number of employees as on 31st March 2010.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable Securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could affect and influence Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

ANNEXURE D TO DIRECTORS REPORT CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

The corporate governance framework of the Company is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values besides an effective independent Board and the separation of the Board's supervisory role from the executive management.

1. Company's Philosophy on Code of Governance

The Company continues to focus on Good corporate governance practices, which result in growth of business with all integrity, ethics and regulatory compliance and enhance long-term economic value of shareholders.

Your Company's primary objective is to create and adhere to a highest level of transparency, accountability and responsibility in all its operations, high business ethics, and interaction with all stakeholders including shareholders, employees and the Government. Your Company is committed to ultimate customer satisfaction by providing quality products and services.

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2. Board of Directors

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

The meetings of the Board of Directors are normally held at the Chairman's office at Chennai. Meetings are scheduled well in advance and the notice of each Board Meeting is given to each Director. The Board meets at least once in a quarter to review the quarterly performance and the financial results.

The agenda for the Board/Committee Meetings along with explanatory notes are circulated to the Directors in advance. The Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion.

The Board comprises of one Executive Director, Five Non-Executive Directors including three Independent Directors. Mr. P. Obul Reddy was the Chairman of the Board upto June 30, 2010, the date of his demise. The Board is yet to elect any person as the Chairman of Board.

Composition and Category of Directors and attendance at the Board Meetings

The Composition of the Board is in conformity with Clause 49 of the Listing Agreement with the Stock Exchanges.

Name of the Director	Designation & Category	No. of Board Meetings in the year		Attendance at last A.G.M
		Held \$	Attended	
Mr.P.Obul Reddy#	Chairman; Promoter; Non-Executive. (up to June 30, 2010)	7	2	No
Mr.Hidenori Aso	Managing Director; Promoter; Executive.	7	7	Yes
Mr.Justice S Natarajan	Director; Non-Executive; Independent	7	7	Yes
Mr.A.Ragavendra Rao	Director; Non-Executive, Independent	7	7	Yes
Mr.K.Subramanian	Director; Non-Executive; Independent	7	7	Yes
Ms.Machiko Miyai ^	Director; Promoter; Non-Executive	3	Nil	NA
Mr.Norifumi Matsui *	Director; Promoter; Non-Executive	4	Nil	No

(\$)Held since appointment or up to resignation; (#) Mr.P.Obul Reddy has expired on June 30, 2010 (^) Ms.Machiko Miyai has resigned with effect from July 21, 2009; (*) Mr.Norifumi Matsui has been appointed as a Director with effect from July 21, 2009 in the casual vacancy created due to the resignation of Ms.Machiko Miyai.

Details of the Board of Directors in terms of their Directorships / Memberships in Committees of other Public Companies (excluding Panasonic Home Appliances India Co. Ltd)

S.No.	Directors	No. of Directorships	No. of Committees		No. of Shares Held
			Member	Chairperson	
1	Mr.P.Obul Reddy (up to June 30, 2010)	1	1	Nil	2,71,910
2	Mr.Hidenori Aso	Nil	Nil	Nil	0
3	Mr.Justice S Natarajan	2	2	1	500
4	Mr.A.Ragavendra Rao	1	2	Nil	0
5	Mr.K.Subramanian	2	3	Nil	0
6	Ms.Machiko Miyai	Nil	Nil	Nil	0
7	Mr.Norifumi Matsui	Nil	Nil	Nil	0

The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Shareholders'/Investors' Grievance Committees of all Public Limited Companies have been considered.

Number of Board Meetings held, dates on which held

During the financial year ended 31st March 2010, Seven Board Meetings were held on May 22, 2009, June 2, 2009, July 21, 2009, August 28, 2009, October 27, 2009, January 20, 2010 and March 26, 2010.

3. Committees of the Board

(A) Audit Committee:

Terms of reference

The Board has constituted Audit Committee in accordance with the requirements of Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement with Stock Exchanges. The terms of reference of Audit Committee include the powers set out in Clause 49 II (C) and role stipulated in Clause 49 II (D) of the Listing Agreement.

The objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting processes with a view to ensure accurate and proper disclosure and the 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 Internal Auditors and Statutory Auditors periodically.

The Audit Committee reviews with the management, quarterly financial statements before submission to the Board of Directors for its approval. The Committee is also responsible for objectively reviewing the reports of the internal auditors and statutory auditors and ensuring adequate follow-up action is taken by management on observations and recommendations made by the auditors. In addition, the Committee annually reviews the performance of the Company's auditors (both internal and statutory), to ensure that an objective, professional and cost-effective relationship is being maintained.

Composition

The Audit Committee of the Company comprises solely of Independent Directors. During the year Four Audit Committee Meetings were held on May 21, 2009, July 21, 2009, October 26, 2009, and January 19, 2010. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Sl.No	Name of Member	Number of Meetings Attended
1.	Mr.Justice S. Natarajan, Chairman	4
2.	Mr.A.Ragavendra Rao	4
3.	Mr.K.Subramanian	4

All the members of the Audit Committee are financially literate with knowledge in finance and accounts. The Company Secretary acts as the Secretary to the Audit Committee. Apart from Statutory Auditors and Internal Auditors, Senior Officers from the Finance and Accounts Department attend the Audit Committee Meetings as invitees.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 25, 2009.

(B) Share Transfer and Investor Grievances Committee

Terms of reference

The functions and powers of the Committee include approval of transfers, transmissions, transpositions, splitting, consolidation of shares, issue of duplicate certificates and demat / remat requests within the purview of the guidelines issued by SEBI and Listing Agreement besides review and redressal of shareholders' and investors' complaints.

Composition

The Share Transfer and Investor Grievances Committee comprise Two Independent Directors and Managing Director.

During the year Nine Share Transfer and Investor Grievances Committee Meetings were held on April 22, 2009, July 21, 2009, August 28, 2009, September 18, 2009, October 15, 2009, November 20, 2009, December 28, 2009, February 8, 2010 and March 9, 2010. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

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Sl.No	Name of Member	Number of Meetings Attended
1.	Mr.Justice S. Natarajan, Chairman	09
2.	Mr.Hidenori Aso	09
3.	Mr.K.Subramanian	09

The Company attends to the Shareholders correspondence and investor grievances expeditiously. During the year, the Company received 28 complaints and all the complaints have been redressed to the satisfaction of investors. There was no Shareholder/ Investor Compliant pending as on March 31, 2010.

(C) Remuneration Committee & Policy

Terms of Reference

The Company has constituted a Remuneration Committee in accordance with the requirements specified under the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The functions of the Committee include recommendation of appointments to the Board, evaluation of the performance of the wholetime Directors on predetermined parameters, recommendation to the Board of the remuneration (including performance bonus and perquisites) to wholetime Directors.

Composition

The Remuneration Committee comprises Three Independent Directors and is chaired by Mr.Justice S Natarajan. The details of the composition of the Committee are set out in the following table:

Sl.No	Name of Member
1.	Mr.Justice S. Natarajan, Chairman
2.	Mr.A.Ragavendra Rao
3.	Mr.K.Subramanian

During the year there was one meeting of the Remuneration Committee which was held on July 21, 2009 to approve the re-appointment and remuneration of the Managing Director.

Whole-time Directors

The Company has only one Whole-time Director viz., the Managing Director. The detail of remuneration paid to the Managing Director during the year is given below:

Name & Designation	Salary	Perquisites	Total
Mr.Hidenori Aso Managing Director	Rs.11,50,074/-	Rs. 97,437/-	Rs.12,47,511/-

The Managing Director was not paid any sitting fees for the Board Meetings attended by him. The Managing Director has been nominated by the Foreign Promoters viz., Panasonic Corporation (formerly M/s. Matsushita Electric Industrial Co. Ltd.) Japan.

Non executive Directors' compensation and disclosures

All fees/compensation paid to non-executive directors, including independent directors, has been fixed by the Board of Directors. Company does not have any stock option plans.

Non-Executive Directors other than Promoter Directors have been paid sitting fee at the rate of Rs.10,000/- and Rs.8,000/- for attending each meeting of the Board and Audit Committee respectively. Non-Executive Directors are paid sitting fee at the rate of Rs.5,000/- for attending each Remuneration Committee Meeting and Rs.1,500/- for attending each Share Transfer and Investor Grievances Committee Meeting.

Information on the total sitting fees paid to each of the Non-executive Directors during the year for attending Meetings of the Board and Committees is set out in the following table:

Sl.No	Name of Director	Amount (Rupees)
1.	Mr.P.Obul Reddy	Nil
2.	Mr.Justice S Natarajan	1,20,500
3.	Mr.A.Ragavendra Rao	1,07,000
4.	Mr.K.Subramanian	1,20,500
5.	Ms.Machiko Miyai	Nil
6.	Mr.Norifumi Matsui	Nil
	TOTAL	3,48,000

4. Annual General Meetings

(a) The last three Annual General Meetings were held as under: -

Financial Year ended	Date	Day	Time	Venue
March 31, 2009	September 25, 2009	Friday	10:15 a.m.	Sri.P.Obul Reddy Hall, Vani Mahal, # 103, G.N.Chetty Road, T.Nagar Chennai – 600 017
March 31, 2008	September 24, 2008	Wednesday	10:15 a.m.	Sri.P.Obul Reddy Hall, Vani Mahal, # 103, G.N.Chetty Road, T.Nagar Chennai – 600 017
March 31, 2007	August 31, 2007	Friday	10:15 a.m.	Sri.P.Obul Reddy Hall, Vani Mahal, # 103, G.N.Chetty Road, T.Nagar Chennai – 600 017

There were no resolutions requiring approval through postal ballot. Hence no resolution (Special / Ordinary) was put through postal ballot during the past three years.

(b) Disclosures:

(i) Related Party Transactions

The Company has not entered into any transactions of 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. Transactions with related parties are disclosed under S.No.14 of the notes on Accounts under Schedule 11.

(ii) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets and there were no strictures or penalties imposed either by SEBI or Stock Exchanges or any Statutory Authorities for non-compliance of any matter related to capital markets during the last three years.

The Company has complied with mandatory requirements of Clause 49 of the Listing Agreement. As regards the compliance with non-mandatory requirements, Company has constituted a Remuneration Committee and formulated a Whistle Blower Policy.

Code of Conduct

The Board of Directors and the Senior Management Staff have submitted the annual declaration of compliance, confirming the compliance with the provisions of Code of Conduct for the financial year ended March 31, 2010. The Code of Conduct will be posted on the website of the Company as and when it is created.

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CEO / CFO CERTIFICATION

The Managing Director and Chief Operating Officer (as CFO) have submitted the certificate to the Board of Directors as required under Clause 49 of the Listing Agreement for the year ended March 31, 2010 and same was taken on record by the Board.

Prevention of Insider Trading

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, Company has framed and implemented code of conduct for prevention of insider trading.

5. Means of Communication:

- (a) Quarterly results were published in "Business Standard", "Trinity Mirror" and the Tamil version of the same was published in "Makkal Kural". Pursuant to the listing agreement with stock exchanges, Company files its financial and other information on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by the National Informatics Centre (NIC). However SEBI has dispensed with the EDIFAR facility since April 2010.
- (b) The Management Discussion and Analysis Report forms part of the Annual Report.

6. General Shareholders Information:

i) Annual General Meeting

Date	September 24, 2010
Time	10.15 a.m
Venue	Sri.P.Obul Reddy Hall, Vani Mahal # 103, G.N.Chetty Road, Chennai – 600 017

ii) Financial Calendar

Adoption of Quarterly Results for the quarter ending

June 30, 2010	3 rd / 4 th week of July, 2010
September 30, 2010	3 rd / 4 th week of October 2010
December 31, 2010	3 rd / 4 th week of January 2011
March 31, 2011	01 st / 2 nd week of May 2011

iii) Date of Book Closure

September 18, 2010 to September 24, 2010 (Both days inclusive)

iv) Listing on Stock Exchanges

The Equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and Madras Stock Exchange Limited (MSE) besides being traded at National Stock Exchange of India Limited (NSE) under the MOU signed between MSE and NSE. The Company confirms that it has paid annual listing fees to above Exchanges for the year 2009-2010 and 2010- 2011.

v) Stock Code

Bombay Stock Exchange Ltd (BSE)	:	523307
Madras Stock Exchange Ltd (MSE)	:	INDOMATAPP
National Stock Exchange of India Ltd. (NSE)	:	PANASONIC
ISIN	:	INE841C01015

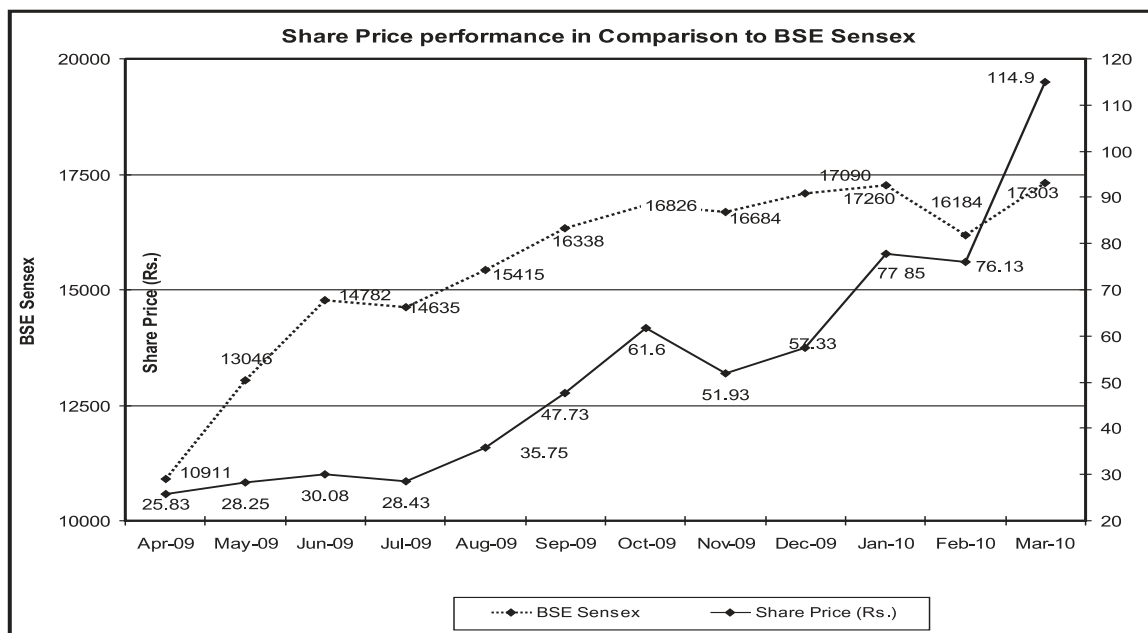
vi) Market Price data for the Financial Year ended March 2010

The reported high and low prices based on the daily closing prices of the equity shares of the Company traded during the financial year 2009– 10 on BSE and NSE are set out in the following table:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	28.50	23.15	N.A	N.A
May 2009	31.70	24.80	N.A	N.A
June 2009	34.45	25.70	N.A	N.A
July 2009	32.85	24.00	N.A	N.A
August 2009	42.20	29.30	N.A	N.A
September 2009	55.00	40.45	N.A	N.A
October 2009	69.05	54.15	N.A	N.A
November 2009	54.80	49.05	N.A	N.A
December 2009	61.90	52.75	N.A	N.A
January 2010	92.30	63.40	91.75	72.90
February 2010	83.50	68.75	86.55	67.45
March 2010	146.25	83.55	145.80	87.10

(*) Trading of Company's shares commenced in NSE only from January 08, 2010, accordingly share price data in NSE was available only from January 2010.

vii) Performance in comparison with BSE Sensex



viii) Registrar & Share Transfer Agent:

M/s. Integrated Enterprises (India) Ltd acts as the Registrar and Share Transfer Agent of the Company. The Registrar and Share Transfer Agent handle investor services besides providing electronic connectivity for the purpose of dematerialization of Company's shares through NSDL and CDSL.

All share transfer and the relating queries may be forwarded to the Share Transfer Agent directly to their address mentioned under 6(xiv): -

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ix) Share Transfer System

The Board has delegated the power to approve Share Transfer to the Share Transfer and Investor Grievances Committee. The Share Transfer and Investor Grievances Committee holds its meeting every month to consider all matters concerning transfer, transmission, transposition of shares. The shares received for transfer in physical mode by the Company are transferred expeditiously. Confirmation in respect of the request for dematerialization is sent to the depositories through the Registrars. The equity shares of the Company are traded only in dematerialized form.

As required under Clause 47(c) of the listing agreements entered into with Stock Exchanges, a certificate is obtained every six months from a practicing Company Secretary, with regard to, *inter alia*, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares within one month of their lodgment. The certificates are forwarded to the Stock Exchanges where the equity shares are listed and also placed before the Board.

In terms of SEBI's circular no. D&CC/FITTC/CIR-16 dated December 31, 2002, a Secretarial Audit is conducted on a quarterly basis by a Practicing Company Secretary, for the purpose of, *inter alia*, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/paid-up equity capital of the Company. Certificates issued in this regard are placed before the Board and forwarded to the Stock Exchanges where the equity shares of the Company are listed.

x) Distribution of shareholding as on March 31, 2010:

No. of Shares	Number of Shareholders		Number of Shares	
	Number	% Total	Number	% Total
Upto 500	5,667	93.84	7,21,951	8.42
501 – 1000	189	3.13	1,55,895	1.82
1001 – 2000	59	0.98	90,723	1.06
2001 – 3000	44	0.73	1,13,165	1.32
3001 – 4000	17	0.28	60,507	0.71
4001 – 5000	13	0.22	60,922	0.71
5001 – 10000	22	0.36	1,66,415	1.94
10001 and above	28	0.46	72,00,422	84.02
Total	6,039	100.00	85,70,000	100.00

Shareholding pattern as on March 31, 2010

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Indian Promoters	10	16,65,106	19.43
Foreign Promoters	1	43,70,000	50.99
Corporate Bodies	104	7,44,520	8.69
Mutual Funds & UTI	2	1,700	0.02
Banks & Financial Institutions	8	1,800	0.02
NRIs/OCBs	12	2,836	0.03
Indian Public	5,868	17,56,230	20.49
Clearing Member	34	27808	0.33
Total	6,039	85,70,000	100.00

xi) Dematerialisation of Shares and Liquidity

The Company's shares are available for trading in dematerialized form. The International Securities Identification Number (ISIN) allotted is INE841C01015. As on March 31, 2010, 19,27,160 Equity Shares constituting 22.49% of the paid-up share capital of the Company have been dematerialized. Panasonic Corporation (formerly Matsushita Electric and Industrial Company Ltd.), Japan the foreign promoter and technical collaborator of the Company continues to hold its shares amounting to 50.99% of the aggregate paid up capital of the Company in physical form.

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No. of Shareholders	No. of Shares	% of Shares
No. of Shareholders in Physical Mode	66,42,840	77.51
No. of Shareholders in Electronic Mode	19,27,160	22.49
Total	85,70,000	100.00

xii) Outstanding GDR / ADR / Warrants or any convertible instruments

The Company has not issued any GDR / ADR / Warrants or other convertible instruments.

xiii) Plant Location

N.H.No.5, Sholavaram Village, Ponneri Taluk, Chennai – 600 067

xiv) Address for Correspondence:

In line with the requirement of Clause 47(f) of the Listing Agreement, Company has designated an email ID secretary@panasonicindia.in exclusively for the purpose of registering complaints by investors.

The Shareholders may address their correspondence to:

Compliance Officer

Tom Antony
Company Secretary
Panasonic Home Appliances India Co. Ltd
"SPIC House" Annexe, 6th Floor
#88, Mount Road, Guindy
Chennai – 600 032
Phone Nos.:044-22304201 – 05;
Fax No.: 044 - 22304200
Email:tom.antony@panasonicindia.in

Registrars and Transfer Agents

M/s. Integrated Enterprises (India) Limited
"Kences Towers", 2nd Floor, #1, Ramakrishna Street
North Usman Road, T.Nagar, Chennai – 600 017
Tamil Nadu
Phone Nos.: 044 - 28140801-03 Fax: 044 – 28142479
Email: corpserv@iepindia.com
Website: www.iepindia.com

(By Order of the Board)

For Panasonic Home Appliances India Co. Ltd

Place : Chennai
Date : July 22, 2010

HIDENORI ASO **JUSTICE S NATARAJAN**
MANAGING DIRECTOR DIRECTOR

Declaration in respect of Compliance with the Code Conduct

I Hidenori Aso, Managing Director of the Company hereby declare and confirm that all Directors and Senior Officers of the Company have affirmed compliance with Code of Conduct of the Company for the year ended March 31, 2010.

Place : Chennai
Date : July 22, 2010

HIDENORI ASO
MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF PANASONIC HOME APPLIANCES INDIA CO. LIMITED

We have examined the compliance of conditions of Corporate Governance by Panasonic Home Appliances India Company Limited, for the year ended March 31, 2010 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 Agreements.

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

For **BRAHMAYYA & CO.**
Chartered Accountants
Firm Registration No. 000511S
R.Nagendra Prasad
Partner
Membership No.203377

Place : Chennai
Date : July 22, 2010

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AUDITORS' REPORT

TO THE MEMBERS OF PANASONIC HOME APPLIANCES INDIA COMPANY LIMITED

1. We have audited the attached Balance Sheet of Panasonic Home Appliances India Company Limited, as at March 31, 2010, and also the Profit and Loss account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting standards Referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting Principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of Affairs of the Company as at March 31, 2010;
 - (b) In the case of the Profit and Loss Account, the profit for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement of the cash flow for the year ended on that date.

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

R.Nagendra Prasad
Partner
Membership No.203377

Place : Chennai

Date : May 07, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. The provisions of Clauses of paragraph 4 of the Companies (Auditor's Report) Order, 2003 listed below are not applicable to the Company for the year:
 - a) Clause (vi) regarding acceptance of deposits.
 - b) Clause (viii) regarding maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956;
 - c) Clause (xii) regarding loans granted against pledge of shares and securities etc., .
 - d) Clause (xiii) regarding special statute applicable to Chit Fund and Nidhis / Mutual Benefit Fund and Societies;
 - e) Clause (xiv) regarding dealing or trading in shares, securities etc;
 - f) Clause (xviii) regarding preferential allotment of shares to specified parties;
 - g) Clause (xix) regarding creation of securities in respect of debentures; and
 - h) Clause (xx) regarding the money raised by public issue and its end use.
2. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Fixed Assets have been physically verified by the management during the year based on the programme of verifying all the assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and 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 the inventories followed by the Management are reasonable and adequate in relation to the size of the

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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 explanation given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the 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 the transactions need to be entered in to the register maintained under section 301 of the Companies Act 1956 have been so entered.
7. In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000/- in respect of any party during the year have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices 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. According to the records of the Company, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Value Added Tax (VAT), Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year. We are informed that the Company is exempt from the provision of Employees State Insurance Act (ESI) and there are no amounts due or outstanding to be transferred to Investors Education and Protection Fund. There are no undisputed amounts payable in respect of statutory dues, which are outstanding as at March 31, 2010 for a period of more than six months from the date they become payable.
10. Based on our audit procedures and on the information and explanations given by the Management, there are no dues outstanding in respect of Excise Duty, Custom Duty, Wealth Tax and Cess on account of any dispute. The detailed of disputed income tax, sales tax and service tax that have not been deposited with appropriate authorities are as follows.

Nature of Dues	Amount (in Rs.)	Forum where dispute is pending
Sales Tax demands for the financial year 2001-2002 and 2002-2003	2,20,582	Assistant Commissioner of Sales Tax (Appeals) Kolkata
Sales Tax demands for the financial years 2002-03 and 2003-04	1,03,817	Commissioner of Sales Tax - Mumbai
Income Tax demands for the Assessment year 2004-05	2,96,348	Income Tax Appellate Tribunal, Chennai
Service Tax Liability on the Royalty Payment	21,00,041	Service Tax Appellate Authorities, Chennai

11. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the current and the immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not obtained any borrowings from any financial institutions or by way of debentures.
13. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial Institutions.
14. On the basis of the review of utilisation of funds, the term loans taken by the Company were applied for purposes for which the loans were obtained
15. No funds raised on short term basis have been used for long term investment by the Company.
16. 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
Membership No.203377

Place : Chennai
Date : May 07, 2010

Panasonic

Balance Sheet as at March 31, 2010

	Schedule No.	As at 31st March 2010		As at 31st March 2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	85,700,000		85,700,000	
Reserves and Surplus	2	<u>102,028,882</u>		<u>92,681,976</u>	
			187,728,882		178,381,976
Loan Funds:					
Secured Loans	3	55,625,000		16,875,000	
Unsecured Loans	4	<u>10,000,000</u>		<u>1,118,226</u>	
			65,625,000		17,993,226
Deferred Tax Liability (Net)			7,053,658		3,626,110
(Refer Note No: 6 of Schedule 11)					
TOTAL			<u>260,407,540</u>		<u>200,001,312</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	380,810,844		298,362,753	
Less: Depreciation		<u>204,860,938</u>		<u>188,900,403</u>	
Net Block		175,949,906		109,462,350	
Capital Work-in-Progress		<u>9,519,154</u>		<u>24,935,582</u>	
			185,469,060		134,397,932
Current Assets, Loans and Advances					
Inventories		144,849,158		133,280,941	
Sundry Debtors		154,834,917		71,136,270	
Cash and Bank Balances		3,887,103		20,611,850	
Income Receivable		71,952		251,107	
Loans and Advances		<u>72,747,381</u>		<u>62,287,705</u>	
(A)		376,390,511		287,567,873	
Less: Current Liabilities and Provisions					
Current Liabilities	7	237,499,873		160,598,323	
Provisions		<u>63,952,158</u>		<u>61,366,170</u>	
(B)		301,452,031		221,964,493	
Net Current Assets (A-B)			74,938,480		65,603,380
TOTAL			<u>260,407,540</u>		<u>200,001,312</u>
Notes on Accounts	11				

As per our report of even date attached

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

For and on behalf of the Board of Directors

R. NAGENDRA PRASAD
Partner
Membership No.203377
Place: Chennai
Date : May 07, 2010

HIDENORI ASO
Managing Director

JUSTICE S. NATARAJAN
Director

A. RAGAVENDRA RAO
Director

K. SUBRAMANIAN
Director

TOM ANTONY
Company Secretary

PANASONIC HOME APPLIANCES INDIA Co. LTD.

Profit and Loss Account for the year ended March 31, 2010

	Schedule No.	1st April 2009 to 31st March 2010		1st April 2008 to 31st March 2009	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales (Gross)		1,446,586,054		1,098,628,103	
Less: Excise Duty		95,621,127	1,350,964,927	110,621,687	988,006,416
Other Income	8		1,464,773		10,651,920
TOTAL (A)			1,352,429,700		998,658,336
EXPENDITURE					
Manufacturing and other expenses	9		1,039,383,645		765,888,228
Cost of Traded Goods (Refer Note No. 15(b) of Schedule 11)			251,039,148		183,564,338
Interest	10		9,391,535		4,844,042
Depreciation			22,665,548		18,477,680
TOTAL (B)			1,322,479,876		972,774,288
Profit Before Tax (A-B)			29,949,824		25,884,048
Less: Provision for Taxation :					
Current Tax		7,182,000		9,100,000	
Deferred Tax		3,427,548		(260,725)	
Fringe Benefit Tax		—	10,609,548	2,876,998	11,716,273
Profit After Tax			19,340,276		14,167,775
Add : Profit Brought forward from previous year			27,887,682		26,105,867
Amount available for appropriation			47,227,958		40,273,642
Less : Appropriation					
(a) Proposed Dividend		8,570,000		10,284,000	
(b) Tax on Dividend		1,423,370		1,747,766	
(c) General Reserve		—	9,993,370	354,194	12,385,960
Balance in Profit carried to Balance Sheet			37,234,588		27,887,682
Net Profit after taxation			19,340,276		14,167,775
Number of Equity Shares			8,570,000		8,570,000
Nominal value of Equity Shares			10.00		10.00
Basic and Diluted Earnings per Shares (EPS)			2.26		1.65
Notes on Accounts	11				

As per our report of even date attached

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

For and on behalf of the Board of Directors

R. NAGENDRA PRASAD
Partner
Membership No.203377

HIDENORI ASO
Managing Director

JUSTICE S. NATARAJAN
Director

Place: Chennai
Date : May 07, 2010

A. RAGAVENDRA RAO
Director

K. SUBRAMANIAN
Director

TOM ANTONY
Company Secretary

Panasonic

Schedules to Accounts

	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Schedule 1				
SHARE CAPITAL				
Authorised				
1,30,00,000 Equity Shares of Rs.10 each		<u>130,000,000</u>		<u>130,000,000</u>
Issued,Subscribed and Paid-up				
85,70,000 Equity Shares of Rs.10 each (Of the above, 43,70,000 Equity Shares of Rs. 10 each are held by the Holding Company Panasonic Corporation, Japan)		<u>85,700,000</u>		<u>85,700,000</u>
Total		<u>85,700,000</u>		<u>85,700,000</u>
Schedule 2				
RESERVES AND SURPLUS				
Capital Reserve				
As per Last Balance Sheet				
(a) Subsidy received from State Industries Promotion Corporation of Tamil Nadu Ltd.	<u>2,609,000</u>		<u>2,609,000</u>	
(b) Profit on Re-issue of forfeited shares	<u>4,500</u>	<u>2,613,500</u>	<u>4,500</u>	<u>2,613,500</u>
Share Premium Account				
As per Last Balance Sheet		<u>61,826,600</u>		<u>61,826,600</u>
General Reserve				
As per Last Balance Sheet	<u>354,194</u>		<u>-</u>	
Add: Trasfer from Profit & Loss Account	<u>-</u>	<u>354,194</u>	<u>354,194</u>	<u>354,194</u>
Balance in Profit and Loss Account		<u>37,234,588</u>		<u>27,887,682</u>
Total		<u>102,028,882</u>		<u>92,681,976</u>
Schedule 3				
SECURED LOANS				
Term Loan-The Bank of Tokyo Mitsubishi UFJ Ltd (Amount due within one year Rs.1,25,83,334) (Previous year Rs.1,12,50,000) (Refer Note No: 3.2 of Schedule 11)		<u>55,625,000</u>		<u>16,875,000</u>
Total		<u>55,625,000</u>		<u>16,875,000</u>
Schedule 4				
UNSECURED LOANS				
Interest Free Sales Tax Loan from State Industries Promotion Corporation of Tamil Nadu Limited for Mixer- Grinder Project (Amount due within one year Rs.Nil) (Previous year Rs. 1,118,226)		<u>-</u>		<u>1,118,226</u>
Term Loan The Bank of Tokyo Mitsubishi UFJ Ltd. (Amount due within one year Rs. Nil)		<u>10,000,000</u>		<u>-</u>
Total		<u>10,000,000</u>		<u>1,118,226</u>

Schedule 5

FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 31-03-2009 Rs.	Additions during the year Rs.	Deletions during the year Rs.	Cost as on 31-03-2010 Rs.	Upto 31-03-2009 Rs.	For the year Rs.	On Deletions Rs.	Upto 31-03-2010 Rs.	As on 31-03-2010 Rs.	As on 31-03-2009 Rs.
FIXED ASSETS										
Land	2,116,840	—	—	2,116,840	—	—	—	—	2,116,840	2,116,840
Building	27,183,429	1,591,239	—	28,774,668	11,594,833	930,542	—	12,525,375	16,249,293	15,588,596
Plant&Machinery	231,910,810	82,934,389	6,961,667	307,883,532	153,271,768	17,436,978	6,135,905	164,572,841	143,310,691	78,639,042
Furniture,Fixtures & Fittings	24,236,561	3,938,165	261,603	27,913,123	15,684,655	2,758,338	150,980	18,292,013	9,621,110	8,551,906
Vehicles	6,830,582	1,723,500	523,212	8,030,870	3,881,646	891,180	418,128	4,354,698	3,676,172	2,948,936
INTANGIBLE										
Computer Software	6,084,531	7,280	—	6,091,811	4,467,501	648,510	—	5,116,011	975,800	1,617,030
Sub Total	298,362,753	90,194,573	7,746,482	380,810,844	188,900,403	22,665,548	6,705,013	204,860,938	175,949,906	109,462,350
Capital Work in Progress	—	—	—	—	—	—	—	—	9,519,154	24,935,582
Total	298,362,753	90,194,573	7,746,482	380,810,844	188,900,403	22,665,548	6,705,013	204,860,938	185,469,060	134,397,932
Previous Year	286,610,758	15,434,152	3,682,157	298,362,753	173,361,590	18,477,679	2,938,866	188,900,403	134,397,932	113,249,168

Panasonic

	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Schedule 6				
CURRENT ASSETS, LOANS AND ADVANCES				
A.Current Assets				
Inventories :				
(As Certified by the Management)				
(Ref: Note 1.(E) of Schedule 11 for basis of valuation)				
(a) Raw materials and Components	35,098,529		22,121,395	
(b) Stores and spares at cost	1,927,734		1,189,237	
(c) Work in progress	19,927,916		15,608,896	
(d) Finished Goods	70,621,124		87,865,378	
(e) Raw materials and Components in transit	<u>17,273,855</u>		<u>6,496,035</u>	
		144,849,158		133,280,941
Sundry Debtors				
(Unsecured, considered good unless otherwise stated)				
Debts Outstanding for a period exceeding 6 months	1,256,383		–	
Other Debts	<u>153,578,534</u>		<u>71,136,270</u>	
		154,834,917		71,136,270
Cash and bank balances				
Cash on hand	83,795		45,187	
Balances With Scheduled Banks				
In Current Accounts	3,803,308		2,066,663	
In Deposit Accounts	<u>–</u>		<u>18,500,000</u>	
		3,887,103		20,611,850
Income Receivable		71,952		251,107
B.Loans and advances				
(Unsecured, considered Good)				
Advances recoverable in cash or in kind or for value to be received				
Considered good	15,382,713		12,500,923	
Duty Refund Receivable	8,271,114		7,347,569	
Advance Income Tax & Tax Deducted at Source	49,092,554		42,438,213	
Balance with Excise Authorities	<u>1,000</u>		<u>1,000</u>	
		72,747,381		62,287,705
Total		<u>376,390,511</u>		<u>287,567,873</u>

PANASONIC HOME APPLIANCES INDIA Co. LTD.

	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Schedule 7				
CURRENT LIABILITIES AND PROVISIONS				
A. Current Liabilities				
Sundry Creditors				
For Materials, Expenses, Capital items etc.				
(I) Amount due to Micro and Small Enterprises (Refer Note 8 of Schedule 11)	75,067		-	
(II) Other than Micro and Small Enterprises	<u>213,646,459</u>		144,486,469	
	<u>213,721,526</u>		144,486,469	
For others	<u>22,782,740</u>		15,399,548	
		<u>236,504,266</u>		159,886,017
Investor Education and Protection Fund - Unclaimed Dividends		<u>995,607</u>		712,306
		<u>237,499,873</u>		160,598,323
B. Provisions				
For Taxation	46,404,228		39,222,229	
For Proposed Dividend and Tax thereon	9,993,370		12,031,766	
For Gratuity	668,530		5,091,791	
For Leave encashment	3,862,278		2,934,777	
For Warranty Claims	<u>3,023,752</u>		<u>2,085,607</u>	
		<u>63,952,158</u>		61,366,170
Total		<u>301,452,031</u>		<u>221,964,493</u>

1st April, 2009 to
31st March, 2010
Rs.

1st April, 2008 to
31st March, 2009
Rs.

Schedule 8

OTHER INCOME

Duty Draw Back received	-	36,999
Special Additional Duty Refund	-	1,020,675
Gain on Foreign Exchange Transactions(Net)	490,947	1,105,605
Insurance claim received	37,235	156,941
Sales Tax Refund Received	5,458	-
Bad debts recovered	-	2,000,000
Excess provisions / Credit balances written back	-	3,941,719
Miscellaneous income	103,575	25,733
Interest received	168,874	1,897,557
Scrap Sales	658,684	466,691
Total	<u>1,464,773</u>	<u>10,651,920</u>

Panasonic

	1st April, 2009 to 31st March 2010		1st April, 2008 to 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Schedule 9				
MANUFACTURING AND OTHER EXPENSES				
Raw materials and Components consumed (Net of Process Scrap Sales - Rs.13,449,248) (Previous Year - Rs.12,449,664)		483,491,041		366,957,578
Stores and spares Consumed		17,071,782		12,519,735
Power		6,892,128		6,297,808
Fuel		20,975,145		11,809,959
Royalty		15,044,302		8,672,880
Brand Licence Fee		7,515,841		5,727,067
Payments and Benefits to employees :				
Salaries,Wages and Bonus	99,102,962		73,375,583	
Contributions to Provident Fund	5,165,528		4,196,478	
Gratuity	1,076,739		1,474,035	
Leave Encashment	1,711,040		851,970	
Staff welfare	12,650,691		9,379,410	
		119,706,960		89,277,476
Product Development Expenses		3,106,547		1,158,135
Travelling and conveyance		26,534,553		22,684,438
Insurance		2,366,753		2,432,588
Rent		8,641,472		6,245,480
Communications		4,340,795		3,671,410
Printing & Stationery		1,377,658		1,250,385
Rates and taxes		2,151,985		1,463,171
Repairs and Maintenance :				
Machinery	1,553,394		1,831,244	
Buildings	1,591,096		899,964	
Vehicles	801,583		595,599	
Others	4,426,656		2,351,962	
		8,372,729		5,678,769
Directors' Sitting Fees		348,000		276,000
Audit Fees :				
For Statutory Audit	325,000		250,000	
For Tax Audit	100,000		100,000	
For Certification, Special Reports and other matters (Includes fee paid for compliance with clause 41 and 49 of the listing agreement)	222,500	647,500	163,000	513,000
Professional Charges		1,585,171		2,376,926
Bank charges & Guarantee Commission		1,797,884		1,487,026
Advertisement and sales promotion (Refer Note No. 4 of Schedule 11)		254,112,962		174,421,728

PANASONIC HOME APPLIANCES INDIA Co. LTD.

	1st April, 2009 to 31st March 2010		1st April, 2008 to 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Incentives on Sales		13,194,270		10,789,868
Freight		31,290,713		19,023,546
Turnover tax & Purchase Tax		2,165,085		299,035
Warranty Cost		4,321,460		3,319,588
Advances Written off	-		610,500	
Less : Provision for Advances	-	-	610,500	-
Loss on sale of Fixed Assets (net)	-	488,879	-	117,434
Fixed Assets written off		86,263		-
Unserviceable/Obsolete Stocks written off		1,983,613		2,286,016
Miscellaneous Expenses		9,192,526		7,658,211
Less/Add : (Increase) / Decrease in Stock				
Opening Stock				
Work in process	15,608,896		15,851,472	
Finished Goods	30,894,876		31,410,377	
	<u>46,503,772</u>		<u>47,261,849</u>	
Add / (Less) : Adjustment for excise duty on finished goods	<u>1,035,203</u>		<u>(3,285,106)</u>	
	47,538,975		43,976,743	
Less : Closing Stock				
Work in process	19,927,916		15,608,896	
Finished Goods	37,031,431		30,894,876	
	<u>56,959,347</u>	<u>(9,420,372)</u>	<u>46,503,772</u>	<u>(2,527,029)</u>
Total		<u>1,039,383,645</u>		<u>765,888,228</u>
Schedule 10				
INTEREST				
Interest				
- on fixed loans		3,231,560		2,032,944
- on others		6,159,975		2,811,098
Total		<u>9,391,535</u>		<u>4,844,042</u>

Panasonic

SCHEDULE 11

NOTES ON ACCOUNTS

1. Significant Accounting Policies

A. Basis of Accounting

The financial Statements have been prepared under the historical cost convention and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules 2006.

B. Fixed Assets

All tangible assets and Technical Know-how Fees are stated at Cost less depreciation. Cost includes, in the case of substantial expansion or diversification, pre-operative expenses incurred up to the date of commencement of commercial production.

C. Depreciation

The company has adopted the following method of providing depreciation:

- i. Plant and Machinery and buildings are depreciated under Straight Line Method and all assets other than Land, Building and Plant and Machinery are depreciated under Written Down Value method. The rates adopted are those prescribed under Schedule XIV to the Companies Act, 1956.
- ii. Assets costing less than Rs.5,000/- individually are fully depreciated.
- iii. Technical Know-how Fee of Rs.7,19,255/- paid before commencement of operations included in Plant and Machinery is depreciated under Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- iv. Technical Know-how Fee of Rs. 1,03,64,232/- paid after commencement of operations included in Plant and Machinery is amortized over a period of 6 years.

D. 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 recognized 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 recognized 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.

E. Inventories

- (i) Raw Materials, Components and Stores (including in transit) are valued at lower of cost and net realizable value. Cost is arrived at on the basis of issues being charged out on weighted average cost method.
- (ii) Finished goods and Work-in-Process are valued at lower of cost and net realizable value.
- (iii) Trade goods are valued at lower of cost or net realizable value. The cost of goods is arrived at on the basis of issues being charged out on 'First - in - First - out' method.

F. Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at the year-end exchange rate. Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the profit and loss account.

Premium or discount on forward exchange contract other than those contracts entered into to hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction is recognized as income or expense over the period of the contract.

G. Borrowing Costs

Borrowing cost that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of such asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use.

All other borrowing costs are recognized as expenses in the period in which they are incurred.

H. Insurance Claims

Insurance Claims are accounted on the basis of receipts of claim money or intimation of acceptance if received earlier.

I. Product Warranty

The Company has warranty obligations on the products sold by it. Provision for warranty is made based on past experience.

J. Government Grants

- i) Government Grants received in the nature of promoter's contribution is credited to Capital Reserve.
- ii) Government Grants related to specific fixed assets received on or after 01.04.1994 are credited to Deferred Government Grants. These grants are treated as deferred income and recognized in the Profit & Loss Account over the useful life of assets in the proportion in which depreciation on related assets is charged.

K. Taxes on Income

Provision for Taxation, 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, is provided in accordance with the Accounting Standard – 22 (AS-22) – “Accounting for Taxes on Income”, as per Companies (Accounting Standards) Rules 2006. The Institute of Chartered Accountants of India.

L. Employee Benefit

Contribution to Provident fund which is in the nature of defined benefit contribution scheme and the contributions made is charged to profit and loss account.

Gratuity which is in the nature of defined benefit scheme and provided in the Books of Account based on actuarial valuation. The Liability for Gratuity is funded with Life Insurance Corporation of India under Group Gratuity Scheme.

Leave Encashment benefits is provided for based on valuation, as at the balance sheet dates made by an independent actuary. Leave encashment benefits are provided for based on the rules of the company.

2. Contingent Liabilities

- 2.1 The company has received a Demand from Service Tax cell of Central Excise Department regarding Service Tax Liability of Rs.21,00,041(Previous year Rs. 21,00,041/-)payable on Royalty as per the order of Deputy Commissioner (Appeals). The Company has preferred an appeal against the order with the Appellate authorities and the matter is pending for the issuance of final orders. The Company has been advised by the Legal counsel that the said sum is recoverable from the collaborator as per the terms of Technical Assistance Agreement.
- 2.2 Income tax demands in dispute for the assessment year 2004-05 is Rs. 2,96,348/- (previous year Rs.11,73,215). The company has preferred an appeal against the order of CIT (Appeals) and the appeal is pending before Income Tax Appellate Tribunal.
- 2.3 The company has received demand notice for Rs.2,20,582/- from Sales Tax Department, West Bengal, for the Assessment years 2001-02 and 2002-03. The Company has preferred an appeal against demand and the appeal is pending before Assistant Commissioner of Sales Tax(Appeal), Kolkata.
- 2.4 The company has received demand notice for Rs.1,43,817/- from Sales Tax Department, Mumbai, for the Assessment years 2002-03 and 2003-04 and the company has preferred an appeal against demand and the appeal is pending before commissioner of Sales Tax (Mumbai)

Panasonic

3. Secured Loans

- 3.1 Fixed Loans availed from a Bank for funding the Jar cooker Project is secured by hypothecation of all present and future movable Plant and machinery of the company.
- 3.2 Mid term loan availed from a Bank for funding the New Mixie Project is secured by Hypothecation of all present and future current assets of the company.
- 3.3 The Cash Credit and Bill Discounting facilities from Banks are secured by a first charge on inventories and book debts. However, the Company does not have any amount outstanding as on 31st March,2010.
4. Advertisement and Sales Promotion Expenses is net of amount reimbursed by the Collaborator/Associate Companies amounting to **Rs. 2,40,55,358/-**. (Previous Year Rs.1,52,87,886/-).

5. Warranty Claims

The following is the Reconciliation of the changes in the warranty liability for the Financial year 2009-10

	2009-10	2008-09
	Rs.	Rs.
Opening Balance	20,85,607	55,23,796
Add : Additions during the Year	43,21,460	33,19,588
	64,07,067	88,43,384
Less : Settled during the year	33,83,315	31,05,055
Less : WrittenBack *	NIL	36,52,722
Closing Balance	30,23,752	20,85,607

*Amount written back represents the provision no longer required written back from the provision made for replacement of Chutney Cup for the New Model Mixie in an earlier year.

6. For the current year ended 31st March, 2010 timing differences have resulted in a net deferred tax debit amounting to Rs. 34,27,548/-(Previous Year Net deferred tax credit of Rs.2,60,725) which is debited to profit and loss account.

The Components of Deferred Tax Liability and Asset as at 31st March, 2010 are as detailed below:

	2009-10	2008-09
	Rs.	Rs.
A. Deferred Tax liability :		
Timing difference on account of Depreciation	1,74,15,263	1,19,00,715
Total – A	1,74,15,263	1,19,00,715
B. Deferred Tax Asset :		
Timing difference on account of Royalty	76,68,193	48,94,542
Provision for retirement benefits	13,12,788	27,28,230
Bonus, Taxes and other expenses	13,80,624	6,51,833
Total – B	1,03,61,605	82,74,605
C. Deferred Tax Liability -Net (A-B)	70,53,658	36,26,110

7. Managing Director's Remuneration

Mr. Hidenori Aso

	2009-10	2008-09
	Rs.	Rs.
Salary	11,50,074	10,46,322
Perquisites	97,437	90,726
Total	12,47,511	11,37,048

8. Amounts due to Micro, Small and Medium Enterprises

Principle amount due to Micro and Small enterprises under “ The Micro, Small and Medium Enterprises development Act, 2006” amount to Rs. 75,067/-. No Interest is paid to such enterprises for the year ended 31st Mar 2010. This information as required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the company.

Information as required to be disclosed as per the Micro, Small and Medium Enterprises Act, 2006 (MSME Act) as at 31st March 2010.

	2009-10	2008-09
	Rs.	Rs.
a) Principle amount due to suppliers under MSME Act	75,067	Nil
b) Interest accrued and due to suppliers under MSME Act.	50,953	Nil
c) Payment to suppliers (other than interest) beyond the appointed day, during the year	55,04,742	Nil
d) Interest paid to suppliers under MSME Act (Under Sec 16)	Nil	Nil
e) Interest due and payable to suppliers under MSME Act. (for payments already made)	50,953	Nil
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSME Act.	50,953	Nil

9. Particulars of Expenditure in Foreign Currency (On payment basis)

	2009-10	2008-09
	Rs.	Rs.
Travelling	17,64,565	44,36,245
Royalty (Net of Taxes)	72,97,578	42,10,399
Brand License Fee (Net of Taxes)	45,32,544	38,57,125
Design & Consultancy Charges (Net of Taxes)	78,57,970	51,88,375
Other Payments (Net of Taxes)	11,40,596	6,07,404

10. Derivative Instrument and Unhedged Foreign Currency exposure.

S. No	Purpose	As at 31.03.2010	As at 31.03.2009
(A)	Forward Currency Swap Outstanding	USD 2,50,000 Rs. 1,12,52,500	Nil
(B)	Unhedged Foreign Currency Exposure		
1.	Outstanding Creditors for Purchase of Materials and Merchandise	USD 4,59,818 Rs. 2,08,34,354 JPY 13,68,090 RS.6,67,491	USD 1,14,830 Rs. 58,75,866 Nil
2.	Outstanding Receivables	USD 1,48,803 Rs. 66,76,809 JPY 1,43,00,000 RS.68,69,690	USD 12,410 Rs.6,28,820

Panasonic

11. Defined benefit plans as per actuarial valuation as on 31st Mar 2010, and recognized in the financial statements.

I. Components of Employee Cost	Gratuity	
	2009-10 (Rs.)	2008-09 (Rs.)
a) Current service cost	11,24,934	10,32,247
b) Interest cost	8,16,985	6,50,316
c) Expected return on plan assets	(7,99,674)	(1,96,674)
d) Acturial Loss / (gain)	(64,948)	5,16,526
e) Past service cost	—	—
f) Adjustment for opening differences	(558)	(7,32,056)
g) Expenses to be recognized in Profit and Loss A/c	<u>10,76,739</u>	<u>12,70,359</u>

II. Amount recognized in Balance Sheet

Present value of defined benefit obligation	1,12,70,663	1,02,12,871
Less : Fair Value of Plan Assets	<u>1,06,02,133</u>	<u>51,21,080</u>
Net Liability recognised in the balance sheet	<u>6,68,530</u>	<u>50,91,791</u>

III. Changes in defined benefit obligation during the year

a. Present Value of defined benefit obligation at the beginning of the year	1,02,12,871	88,61,000
b. Current service cost	8,16,985	10,32,247
c. Interest cost	11,24,934	6,50,316
d. Actuarial (gains)/losses on obligation	(64,948)	5,24,086
e. Benefits paid	(8,18,621)	(1,22,722)
f. Adjustment for opening differences	(558)	(7,32,056)
Present value of defined benefit obligation at the end of the year	<u>1,12,70,663</u>	<u>1,02,12,871</u>

IV. Changes in fair value of plan assets during the year

Fair Value of Plan assets at the beginning of year	51,21,080	—
Expected return on plan assets	7,99,674	1,96,674
Contributions	55,00,000	50,39,568
Benefits paid	(8,18,621)	(1,22,722)
Acturial (gain) / Loss on plan assets	<u>Nil</u>	<u>7,560</u>
Fair Value of Plan assets as at the end of the year	<u>1,06,02,133</u>	<u>51,21,080</u>

V. Principle actuarial assumptions at the balance sheet date.

Discount rate	8%	8%
salary growth rate	5%	6%
Attrition rate	1-3%	1-3%
Expected rate of return on plan assets	8%	8%

The estimate of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors.

12. Borrowing cost for qualifying assets capitalized during the year Rs. 6,06,870/-

13. C.I.F. Value of Imports	2009-10 Rs.	2008-09 Rs.
Electric Cooker		
Raw Materials & Components (Including in-transit)	15,71,80,763	7,80,47,997
Capital Goods	2,79,42,084	2,81,368
Machinery Spares	2,37,856	Nil

PANASONIC HOME APPLIANCES INDIA Co. LTD.

Mixer Grinder

Raw Materials & Components (Including in-transit)	2,37,158	5,24,741
Capital Goods	Nil	14,01,354

Traded Goods

CIF Value (Including in-transit)	18,64,44,947	15,15,75,771
Spare parts	29,33,291	27,23,823

14. Related Party Disclosures

Holding Company : Panasonic Corporation – Osaka
(formerly Matsushita Electric Industrial Company Limited, Japan)

Fellow Subsidiaries : Panasonic Home Appliances Thailand Co.,Ltd
Panasonic Trading S Pte Ltd. Singapore
Panasonic Electric Works (Asia Pacific) Pte.Ltd.,- Singapore
Panasonic Logistics (Hong Kong) Company Ltd
Panasonic (Export Division)- Singapore
Panasonic Centroamericana –SA C-RICA
Panasonic Asia Pacific PTE Ltd
Panasonic Manufacturing Malaysia Berhad
Panasonic India Pvt Ltd
Panasonic Latin America
Panasonic Mktg-Middle East
Panasonic Singapore (RSG)
Panasonic Gulf FZE (Dubai)
Panasonic Peruana S.A – Peru

Associates : Nil

Key Managerial Personnel: Mr. Hidenori Aso

(Rs. In Lakhs)

Nature of Transactions	Holding company	Fellow Subsidiaries	Associates	Key Managerial Personnel
Royalty	150.44 (86.73)	—	—	—
Brand Licence Fee	75.16 (57.27)	—	—	—
Sales	—	10353.55 (142.37)	—	—
Reimbursement of expenses - Received	109.33 (36.02)	150.97 (139.55)	—	—
Payment for Services and reimbursement of expenses - Paid	38.72 (55.01)	1197.72 (109.87)	—	—
Purchase of Traded Goods	1703.02 (1290.66)	109.10 (198.64)	—	—
Purchase of Materials	NIL (0.79)	65.38 (NIL)	—	—
Purchase of Fixed Assets	3.64 (3.85)	155.99 (NIL)	—	—
Payables as on 31.03.2010	247.00 (183.88)	53.60 (29.17)	—	—
Receivables as on 31.03.2010	68.40 (NIL)	1045.11 (7.42)	—	—
Remuneration	—	—	—	12.47 (11.37)

Panasonic

15. (a). Details of Licensed, Installed Capacities, Production of Goods manufactured (As certified by the Managing Director and accepted by the Auditors being a technical matter)

Class of Goods Manufactured:	Electric Cooker	Mixer Grinder
Licensed Capacity (Originally Licensed since deregulated)	2,50,000 numbers per annum on single shift Basis	3,00,000 numbers per annum on single shift Basis
Installed Capacity: (As certified by the Managing Director and accepted by the Auditors being a technical Matter)	6,00,000 numbers per annum on double shift basis	3,00,000 Numbers per annum on single shift basis

Production :	<u>2009-10</u>	<u>2008-09</u>
(a) Electric Cooker-Nos.	5,54,627	3,87,138
(b) Mixer Grinder-Nos.	99,064	98,595
Accessories	3,54,934	2,06,245
Sales :		
(a) Electric Cooker-Nos.	5,58,997	3,82,700
(b) Mixer Grinder-Nos.	98,989	99,785
Accessories	3,49,379	2,17,400
Sales Value in Rs.		
(a) Electric Cooker	69,83,69,992	45,44,49,225
(b) Mixer Grinder	25,34,75,159	23,21,27,071
(c) Service Parts & Accessories	4,99,56,631	3,63,62,967
Total	<u>1,00,18,01,782</u>	<u>72,29,39,262</u>
	<u>2009-10</u>	<u>2008-09</u>
Opening Stock		
– Electric Cooker - Nos.	26,243	21,828
– Mixer Grinder - Nos.	5,211	6,425
Value in Rs.		
– Electric Cooker	2,13,53,855	1,83,08,833
– Mixer Grinder	55,80,936	83,99,038
Closing Stock		
– Electric Cooker - Nos.	21,520	26,243
– Mixer Grinder - Nos.	5,108	5,211
Value in Rs.		
– Electric Cooker	2,08,49,922	12,13,53,855
– Mixer Grinder	89,02,166	55,80,936

Closing Stock quantity is exclusive of 353 Nos. Electric Cookers and 178 Nos. MixerGrinders, (23 Nos. Electric Cooker & 24 Mixer Grinder) scrapped during the year due to unsaleable / damaged stock conditions.

15. (b) (i). Traded Goods:

Home Appliances such as Electric Cookers, Juicer, Microwave Oven, Thermo Pot, Steam Iron, Health and beauty care products, Vaccum Cleaner, Massage Lounger, Stand by Light etc.,	2009-2010		2008-2009	
	Qty in Nos.	Value in Rs.	Qty in Nos.	Value in Rs.
Opening Stock	41,398	5,69,70,502	20,571	3,14,26,805
Purchases	2,03,538	22,76,58,340	1,72,073	20,91,08,035
Sales	2,16,413	34,91,87,269	1,50,913	26,50,89,542
Closing Stock	28,000	3,35,89,694	41,398	5,69,70,502

Closing Stock Quantity is exclusive of 523 Nos. (333 Nos.) scrapped during the year due to unsaleable/damaged stock conditions and sample issued for promotional activities.

(ii) **Cost of Traded Goods**

Particulars	2009-2010 <u>Rs.</u>	2008-2009 <u>Rs.</u>
Opening Stock	56,970,502	31,426,805
Add : Purchases	<u>227,658,340</u>	<u>209,108,035</u>
	<u>284,628,842</u>	<u>240,534,840</u>
Less : Closing Stock	<u>33,589,694</u>	<u>56,970,502</u>
Cost of Goods Sold	<u>251,039,148</u>	<u>183,564,338</u>

16. Consumption of Raw Materials & Components

Raw Materials & Components

	2009– 2010		2008– 2009	
	Qty (Kgs.)	Value Rs.	Qty (Kgs.)	Value Rs.
A. Electric Cooker				
CRCA Steel	640,662	36,109,145	471,116	27,982,586
Aluminium Sheets	430,814	67,295,991	256,106	47,081,334
Aluminium Ingots	265,958	28,398,435	194,428	23,716,776
Stainless Steel	129,624	16,383,861	91,035	11,119,783
	2009– 2010		2008– 2009	
	Qty (Kgs.)	Value Rs.	Qty (Kgs.)	Value Rs.
B. Mixer Grinder				
ABS Materials	51,925	5,557,618	52,675	6,381,383
Stainless Steel	87,148	18,591,491	69,681	15,225,099
Motor – Nos	104,415	41,634,089	104,973	44,970,063
C. Others (which do not individually Contribute 10% of material Value)	–	282,969,659	–	202,930,218
Total (A+B+C)	–	496,940,289	–	379,407,245
D. Less : Process Scrap Sales	–	13,449,248	–	12,449,664
Total (A+B+C-D)	–	483,491,041	–	366,957,578

17. Value of Imported and Indigenous Raw Materials, Spare Parts consumed and Percentage to total consumption:

	2009– 2010		2008– 2009	
	Value (Rs.)	%	Value (Rs.)	%
Raw Materials & Components:				
Electric Cooker				
Imported	159,660,603	45.95	86,348,002	37.41
Indigenous	187,830,989	54.05	144,453,623	62.59
Total	<u>347,491,592</u>	<u>100.00</u>	<u>230,801,625</u>	<u>100.00</u>
Mixer Grinder				
Imported	862,262	0.58	116,293	0.08
Indigenous	148,586,435	99.42	148,489,324	99.92
Total	<u>149,448,697</u>	<u>100.00</u>	<u>148,605,617</u>	<u>100.00</u>
Spare Parts				
Imported	NIL	NIL	NIL	NIL
Indigenous	138,885	100	743,763	100.00
Total	<u>138,885</u>	<u>100</u>	<u>743,763</u>	<u>100.00</u>

Panasonic

18. FOB Value of Exports Rs.18,486,197/- (Rs.14,312,834/-)

19. Remittance during the year in Foreign Currency on account of

	<u>2009– 2010</u>	<u>2008– 2009</u>
Dividends (Rs.)	5,244,000	4,370,000
No.of Non-Resident Shareholders	1	1
No.of Shares held by them	437,000	437,000
Year to which dividend related	2008-09	2007-08

20. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details			
Registration No.: L30007TN1988PLCO16184	State Code	:	18
Balance Sheet Date: 31.03.2010			
II. Capital Raised During the year (Amount in Rs. Thousands)			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities :	260,408	Total Assets :	260,408
<u>Sources of Funds</u>		<u>Application of Funds</u>	
Paid-up Capital	85,700	Net Fixed Assets	185,469
Secured Loans	55,625	Net Current Assets	74,939
Unsecured Loans	10,000	Deferred Tax Asset	Nil
Reserves & Surplus	102,029	Accumulated Losses	Nil
Deferred Govt. Grants	Nil	Investments	Nil
Deferred Tax Liability (Net)	7,054	Misc. Expenditure	Nil
IV Performance of Company (Amount in Rs. Thousands)			
Turnover (inclusive of other income)	1,352,430	Total Expenditure	1,322,480
Profit before Tax	29,950	Profit after tax	19,340
Earning Per Share in Rs.	2.26	Dividend Rate	10%
V Generic Names of the Principal Products/Services of Company			
(as per monetary Terms)			
Item Code No. (ITC Code)	8516.60.00	8509.40.90	
Product Description	Electric Cooker	Mixer Grinder	
21. Previous year's figures have been regrouped wherever necessary for comparison purposes.			
22. Figures in bracket represent figures for the previous year.			

As per our report of even date attached

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

For and on behalf of the Board of Directors

R. NAGENDRA PRASAD
Partner
Membership No.203377

HIDENORI ASO
Managing Director

JUSTICE S. NATARAJAN
Director

Place: Chennai
Date : May 07, 2010

A. RAGAVENDRA RAO
Director

K. SUBRAMANIAN
Director

TOM ANTONY
Company Secretary

PANASONIC HOME APPLIANCES INDIA Co. LTD.

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Particulars	1st April 2009 to 31st March 2010		1st April 2008 to 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from Operating Activities				
Net Profit before tax		29,949,824		25,884,048
Add: Depreciation	22,665,548		18,477,680	
Interest	9,391,535		4,844,042	
Provision for warranty claims	938,145		214,533	
Provision for Gratuity and Leave encashment	1,504,240		1,583,568	
Unservicable/Obsolete Stocks written off	1,983,613		2,286,016	
Loss on sale of fixed assets	488,879		117,433	
Fixed assets written off	86,263		—	
		<u>37,058,223</u>		<u>27,523,272</u>
		67,008,047		53,407,320
Less:				
Interest on deposits with banks	168,874		1,897,557	
Excess provisions/ credit balances writtenback	—		3,941,719	
Profit on sale of fixed assets	—		—	
Gains on foreign currency fluctuations(Net)	356,778		(142,901)	
		<u>525,652</u>		<u>5,696,375</u>
Operating Profit before working capital changes		66,482,395		47,710,945
Adjustments for:				
(Increase) in trade and other receivables	(86,916,674)		(15,719,180)	
(Increase) in inventories	(13,551,831)		(25,290,621)	
Increase in trade payables	71,723,922	(28,744,583)	26,251,515	(14,758,286)
Cash generated from operations		37,737,812		32,952,659
Interest paid	(9,391,535)		(4,844,042)	
Tax paid (Net)	(6,654,341)	(16,045,876)	(13,730,384)	(18,574,426)
Net Cash Generated from Operating Activities	Total A	21,691,936	Total A	14,378,233
B. Cash Flow from Investing Activities				
Payment for purchase of fixed assets	(75,114,348)		(37,773,112)	
		(75,114,348)		(37,773,112)
Less: Proceeds from sale of fixed assets	466,327		625,858	
Proceeds from Redemption of Investments	—		1,930,000	
Interest received	348,029	814,356	6,149,608	8,705,466
Net Cash Used in Investing Activities	Total B	(74,299,992)	Total B	(29,067,646)

Panasonic

Particulars	1st April 2009 to 31st March 2010		1st April 2008 to 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
C. Cash Flow from Financing Activities				
Proceeds /(Repayment) from Term Loans		48,750,000		(5,625,000)
Repayment of interest free sales tax loan		(1,118,226)		(2,866,651)
Dividend paid		(10,284,000)		(8,570,000)
Tax paid on dividend		(1,747,766)		(1,456,472)
Net Cash from Financing Activities	Total C	35,600,008		(18,518,123)
Net Increase/(Decrease) in cash and cash equivalents	Total A+B+C	(17,008,048)		(33,207,536)
Opening cash and cash equivalents		19,899,544		53,107,080
Closing cash and cash equivalents		2,891,496		19,899,544
Net Increase/(Decrease) in cash and cash equivalents		(17,008,048)		(33,207,536)

'Note: For the purpose of this statement, Bank balances of Rs.995,607 (previous year Rs. 712,306) in unclaimed dividend account are not included in cash and cash equivalents as they are adjusted against unclaimed dividend 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 of even date attached

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

For and on behalf of the Board of Directors

R. NAGENDRA PRASAD
Partner
Membership No.203377
Place: Chennai
Date : May 07, 2010

HIDENORI ASO
Managing Director

JUSTICE S. NATARAJAN
Director

A. RAGAVENDRA RAO
Director

K. SUBRAMANIAN
Director

TOM ANTONY
Company Secretary