

<b>Board of Directors</b>	<b>Mr. H. Aso</b> <b>Managing Director</b> <b>Mr. Justice S. Natarajan</b> <b>Mr. A. Raghavendra Rao</b> <b>Mr. K. Subramanian</b> <b>Mr. Harshad Reddy</b> <b>Mr. Norifumi Matsui</b>
<b>Company Secretary</b>	<b>Mr. Tom Antony</b>
<b>Auditors</b>	M/s Brahmayya & Co., Chartered Accountants No. 48, Masilamani Road, Balaji Nagar, Royapettah Chennai - 600 014.
<b>Registered Office and Factory</b>	N.H. No.5, Sholavaram Village, Ponneri Taluk, Chennai - 600 067. Tamilnadu. Tel : +91 44 2633 0133 Fax : +91 44 2633 0132
<b>Corporate Office</b>	“SPIC HOUSE” Annexe 6 <sup>th</sup> Floor, 88, Mount Road, Guindy, Chennai - 600 032. Tel : +91 44 6108 9401-05 Fax : +91 44 6108 9400
<b>Bankers</b>	The Bank of Tokyo Mitsubishi UFJ Ltd., HDFC Bank Ltd.

<b>TWENTY FOURTH ANNUAL REPORT</b>	
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**Twenty Fourth Annual General Meeting**

Venue	: Sri P. Obul Reddy Hall, Vani Mahal, No. 103, G.N. Chetty Road, T. Nagar, Chennai – 600 017.
Date	: September 28, 2012
Time	: 10.15 a.m.

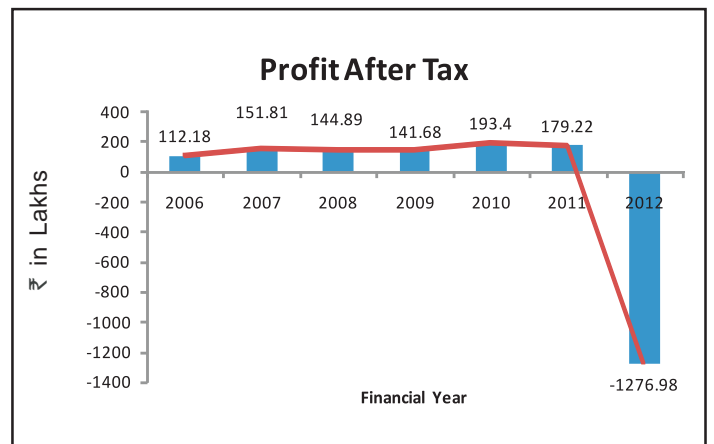
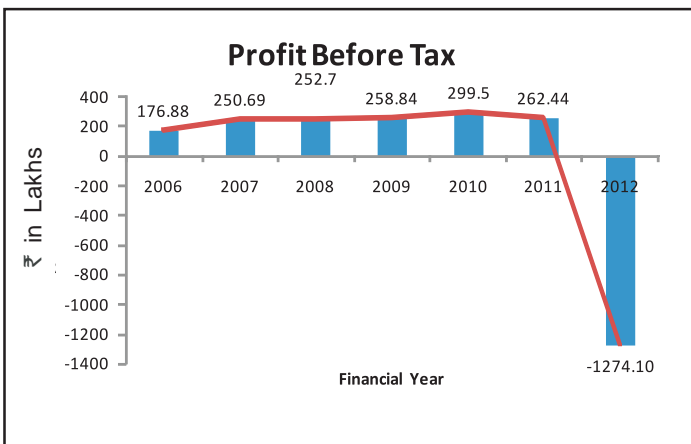
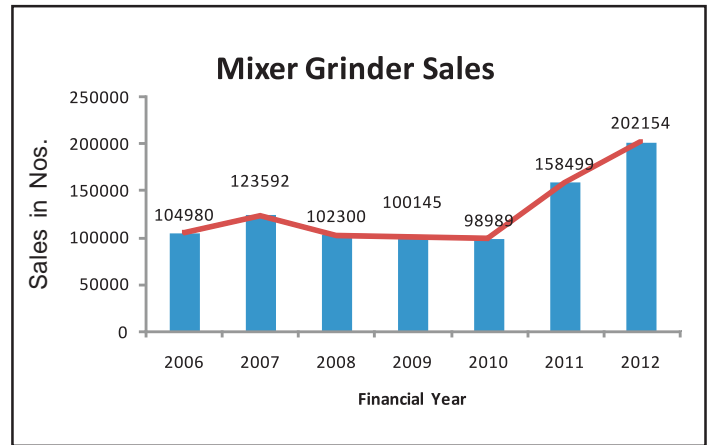
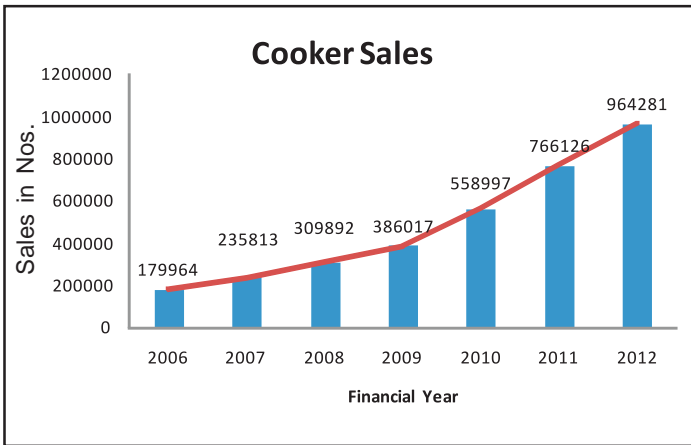
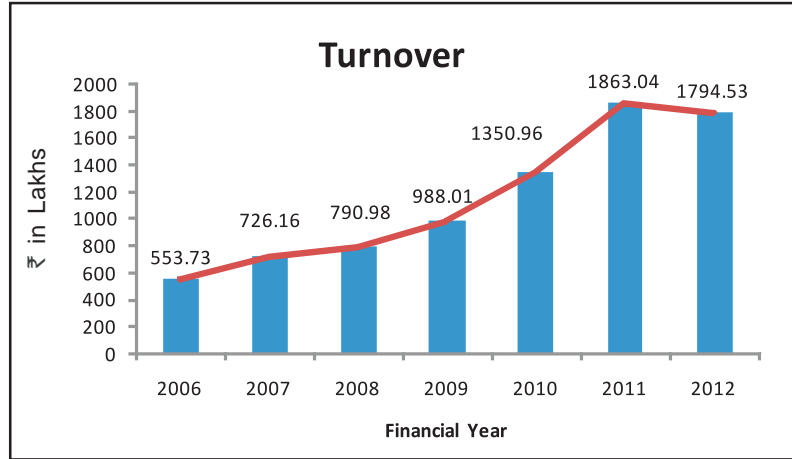
**Registrar & Share Transfer Agents**

M/s. Integrated Enterprises (India) Limited  
“Kences Towers”, 2<sup>nd</sup> Floor,  
#1, Ramakrishna Street, North Usman Road, T.Nagar,  
Chennai - 600 017 Email : corpserve@integratedindia.in  
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 separately with this Annual Report.

## FINANCIAL HIGHLIGHTS 2006-2012



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Accounts of your Company for the financial year ended March 31, 2012.

**FINANCIAL RESULTS**

The performance of your Company for the financial year ended March 31, 2012 is summarized below:

(₹ in Crores)

Particulars	2011-12	2010-11
Revenue from Operations (including Excise Duty)	198.78	201.77
Other Income	0.42	0.49
Profit / (Loss) before depreciation and interest	(5.88)	7.59
Less: Interest	3.68	2.21
Depreciation	3.18	2.75
<b>Profit / (Loss) before Tax</b>	<b>(12.74)</b>	<b>2.62</b>
Less: Provision for taxation	0.03	0.83
<b>Profit / (Loss) after Tax</b>	<b>(12.77)</b>	<b>1.79</b>
Add: Profit brought forward from previous year	4.52	3.72
<b>Balance available for Appropriation</b>	<b>(8.25)</b>	<b>5.52</b>
Less: Dividend proposed / paid	-	0.86.
Tax on dividend	-	0.14
Balance of Profit / Loss carried to Balance Sheet	<b>(8.25)</b>	<b>4.52</b>

**PERFORMANCE**

The year under review was a difficult period for the Company where it had encountered a huge loss of ₹ 12.77 Crores as against the profit of ₹ 1.79 Crore in the previous year. As you are aware, the Company has successfully developed and established a business model which comprised manufacture and sale of Electric Cooker and Mixer Grinder under "Panasonic" Brand and trading of "Panasonic" brand imported products viz., Microwave Oven and other kitchen/small appliances, Beauty care, and Health care/Personal care products. The Company was forced to discontinue the business in traded products as Panasonic Corporation decided to shift this business to Panasonic India Private Limited (PI) as part of its strategy to consolidate sales of all Panasonic products in India under PI. The discontinuation of business in traded products has affected the Business Model of the Company and it was unable to reduce the cost associated with the imported products business as the Company had been maintaining a common infrastructure and resources for sales and marketing of both manufactured and traded products.

During the year under review the gross sales of the Company stood at ₹ 198.78 Crores as against ₹ 201.77 Crores in the previous year. The Company has incurred a loss of ₹ 12.77 Crores in 2011-12 as against the profit of ₹ 1.79 Crores in the previous year.

**DIVIDEND**

Owing to the inadequacy of profit, the Board of Directors was unable to recommend any dividend for the financial year 2011-12.

**INCREASE IN SHARE CAPITAL**

Pursuant to the approval of members at the Extra-ordinary General Meeting held on May 07, 2012, the Company has allotted 9,73,000 Equity Shares of face value ₹ 10/- each at a premium of ₹ 115/- per Equity Share on a preferential basis to Panasonic Corporation, the foreign promoter of the Company. Consequent to the allotment of shares as aforesaid, the Paid-up Equity Share Capital of the Company stands increased from the present ₹ 8,57,00,000/- divided into 85,70,000 equity shares of face value ₹ 10/- each to ₹ 9,54,30,000/- divided into 95,43,000 equity shares of face value ₹ 10/- each.

**UTILISATION OF ISSUE PROCEEDS - PREPAYMENT OF LONG TERM LOANS**

In line with the object of the issue as informed to the members while seeking their approval for the preferential issue of shares to the promoters, the Company has utilized the entire proceeds amounting to ₹ 12.16 Crores raised from the preferential issue of shares for the purpose of pre-payment of the long term loans availed by the Company. However the Company could not completely pre-pay the long term loans as originally planned as the Indian Promoter represented by P.Obul Reddy Group has not subscribed to their portion of the preferential issue which also resulted in reduction in the number of shares originally planned to be issued to the Panasonic Corporation as it had to comply with certain provisions under SEBI (Substantial Acquisition of Shares and Takeover) Regulations 2011.

**CHANGE OF NAME OF THE COMPANY**

The Shareholders of the Company approved the proposal to change the name of the Company from Panasonic Home Appliances India Company Limited to Panasonic Appliances India Company Limited at the Extra-ordinary General Meeting of the Company held on May 07, 2012. The change of name as above has been approved by the Central Government and became effective from June 29, 2012.

**IMPORTED PRODUCT BUSINESS**

In the Annual General Meeting held on September 25, 2009 the Shareholders were informed that the Company is considering a proposal to integrate its sales and marketing activities with Panasonic India Private Limited (PI), which is a company registered in India and wholly owned by Panasonic Corporation, Japan. The Proposal was mooted in the context of the global policy of Panasonic Corporation, Japan of "One Country – One Sales Company". Pending further negotiations with PI, it was decided to have a "routing arrangement" with effect from 01.07.2009, under which all the sales of your Company were routed through PI. However the negotiations could not successfully completed till now due to differences between your Company and PI, on the terms and conditions in respect of transfer of sales and marketing activities of the Company to PI. In view of this, the Board of Directors decided to discontinue the routing arrangement with effect from 01.11.2011.

The proposal for transfer of sales and marketing to PI, envisages payment of consideration to your Company by PI for the intangible assets involved including sales and marketing network. However in the absence of a consensus on the terms and conditions governing the proposed transfer, it is unlikely to receive any amount as consideration from PI during the current financial year.

Considering the delay in arriving at a mutually acceptable proposition regarding the proposed transfer and the deteriorating financial position, the Company has requested Panasonic Corporation to extend its support to overcome the present difficulties and bring the business of the Company back to profitability.

**DIRECTORS**

In accordance with the Articles of Association Mr.Justice S Natarajan and Mr.K.Subramanian retire by rotation at the ensuing Annual General Meeting and being eligible, offers 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 re-appointment. 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.

**COST AUDITORS**

The Central Government has made cost audit mandatory for most of the Companies operating in the manufacturing sector with effect from 01.04.2012. Accordingly, your Company has appointed M/s.SJ & Associates, Cost Accountants, as the Cost Auditor of the Company for the financial year 2012-13, subject to the approval of Central Government.

**PERSONNEL**

None of the employees fall under the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING 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 "A" 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 loss 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.

#### **AWARDS & RECOGNITIONS**

Your Company begged Bronze Medal in the 19<sup>th</sup> World Quality Control Circle Convention conducted by Panasonic Corporation which was held in Japan during December 2011. Considering that the other participants of this Convention were the best manufacturing companies from the Panasonic Group located in various countries, this award is a great achievement and recognition for your Company.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The Corporate Social Responsibility of the Company has been guided by the basic management philosophy of Panasonic, which states that the mission of an enterprise is to contribute to the progress and development of society and the well-being of people worldwide. 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 CO<sub>2</sub> emissions 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 India Private Limited.

The Company has undertaken various activities to spread environmental awareness among the citizens living in and around the location of its factory. As a part of this, training programs were conducted for the school children and local people. The Company has continued its green belt activities by planting tree samplings inside and outside the factory premises. As a part of ground water conservation measures, the waste water generated is recycled with the help of sewage water treatment plant and used for purposes like gardening, cleaning etc.,

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 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 CO<sub>2</sub> emissions. 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 CO<sub>2</sub> emissions.

#### **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. Apart from the mandatory corporate governance requirements under Clause 49 of the listing agreements with Stock Exchanges your Company endeavors to follow the Corporate Governance voluntary Guidelines 2009 issued by Ministry of Corporate Affairs.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report (Annexure 'B') and Corporate Governance Report (Annexure 'C') along with Auditors' Certificate regarding Compliance of the Conditions of Corporate Governance are given as part of this Annual Report.

#### **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.

#### **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provision of Section 205A (5) of the Companies Act, 1956, relevant amounts which remained unpaid or

# PANASONIC APPLIANCES INDIA Co. LTD.

unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund. During the year an amount of ₹ 151,287/- being the unclaimed dividend pertaining to financial year 2004-05 had been transferred to the Investor Education and Protection Fund.

## ACKNOWLEDGEMENTS

Your Directors wish to express their deep sense of appreciation for the committed services of all the employees of the Company. 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 Appliances India Co. Ltd

Place : Chennai  
Date : August 16, 2012

H.Aso  
Managing Director

Justice S Natarajan  
Director

## ANNEXURE 'A' to DIRECTORS' REPORT

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988

### A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken	- Implementation of additional transporter system helped to reduce electricity consumption by 0.3 units in Cooking Pan anodizing process - Replacement of Sodium Vapor Lamps (250W) with energy efficient lamps CFL Lamps (96W) in the common lighting areas inside the factory helped to save Electricity 11.5 units/day.
b) Additional investments and proposals, if any, being implemented for reduction of Consumption of energy.	- There are no pre-planned investment proposals to mention here.
c) Impact of the measures of (a) and (b) for reduction of energy consumption and consumption impact on the cost of production of goods.	- The above measures helped to reduce electricity consumed during the production of Electric Cooker. The saving in terms of cost will vary according to the rate at which the electric power is procured by the Company.

### B. TECHNOLOGY ABSORPTION

#### FORM B (See Rule 2)

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out	- R&D activities were carried out in the area of development of new models of Cooker and Mixer Grinder for export market where product specifications vary from country to country.
2. Benefits derived as a result of the above R&D	- New Mixer Grinder Model AC400 development. - Expansion of export market.
3. Future plan of action	- Development of new model of Cooker for Peru and Panama - Development of new Mixer Grinder Model AC350 for domestic market - More and more indigenization in production process.
4. Expenditure on R&D	- Development of new protective frame and Thermostat for Electric Cooker to reduce cost of production. - Development of new models for Export market. - Expenses incurred for developing various models of Cooker and Mixer Grinder during 2011-12 ₹ 0.47 Crores

**TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION**

1. Efforts, in brief made towards absorption, adaptation and innovation	- Company continues to avail technical assistance and knowhow from Panasonic Corporation Japan (KABU) for the Development of export model Cooker and new models of Mixer Grinder
2. Benefits derived as a result of the above efforts, example product improvement, cost reduction, product development, import substitution etc.	- Company was able to get technical inputs and suggestions towards cost reduction, productivity increase, product quality improvement etc.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

a) Activities relating to exports, initiatives taken to increase exports, development new export markets for products.	- The Company has exported 92,657 Nos. of Electric Rice Cookers and 56763 Nos. of Mixer Grinder during the financial year 2011-2012
b) Total foreign exchange used and earned	- Foreign Exchange earned during the financial year 2011-12 was ₹ 21.87 Crores and the outgo was ₹ 37.96 Crores.

(By Order of the Board)

**for Panasonic Appliances India Co. Ltd**

Place : Chennai

Date : August 16, 2012

**H.Aso**  
**Managing Director**

**Justice S Natarajan**  
**Director**

**ANNEXURE 'B' to DIRECTORS' REPORT**  
**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**INDUSTRIAL REVIEW**

The world economy continued to be under pressure due to the fiscal crisis faced by some prominent member countries of the European Union like Greece, Spain etc., and recessionary trend prevailed across all major economies in the world. The growth in Indian economy has also been affected by the adverse developments in the global economy. Contrary to expectations of a 9 per cent growth rate, the growth in GDP during 2011-12 was only 6.5%. The growth in all major sectors of the economy viz., agriculture, industry and services was sluggish where the performance of the industry sector had been the worst. The growth of the index of industrial production has fallen to 3.6 per cent as against 8.2 per cent in 2010-11. The rate of inflation continued to remain above healthy levels. As a result of the conservative monetary policy followed by Reserve Bank of India (RBI) mainly on account of higher inflation, the interest rates continued to be high during the year 2011-12. Global uncertainty and the slowdown in economic activity had adversely affected the equity markets, with declining profits and increased FII outflow, the Indian equity market continued to be bearish during 2011-12.

**ANALYSIS OF FINANCIAL CONDITION AND RESULTS**

During the year under review the gross sales of the Company stood at ₹ 198.78 Crores as against ₹ 201.77 Crores in the previous year. The Company has incurred a loss of ₹ 12.77 Crores in 2011-12 as against the profit of ₹ 1.79 Crores in the previous year. The intense competition from local players and cheap Chinese made cookers forced the Company to reduce the price of Cookers steeply to protect its market share in its major markets like Andhra Pradesh and Tamil Nadu. The sales of mixer grinder have been affected to a larger extent due to the Tamil Nadu Government's policy of offering free mixer grinder. The adverse market conditions which prompted the Company to reduce the selling price of Cookers drastically coupled with shifting of imported products like Microwave Oven, Iron, Beauty care and Health care products were the major factors attributed to the huge loss incurred by the Company. The uncertainty on the proposed integration of sales and marketing activities with Panasonic India Private Limited also prevented the Company to implement any large scale cost reduction measures associated with sales and marketing.

**OUTLOOK ON OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

It is estimated that during 2011-12, the manufacturing sector contributed around 16% of India's GDP. Quality standards in Indian manufacturing have improved significantly and the sector is now well known globally for its high quality. In order to give further thrust to the manufacturing sector, the government set up the National Manufacturing Competitiveness Council

## *PANASONIC APPLIANCES INDIA Co. LTD.*

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(NMCC) with an objective to increase the global competitiveness of the Indian manufacturing sector and increase the share of manufacturing sector in the GDP.

The estimated size of the Indian small appliances market is at around ₹ 6,000 crore and past trend shows an annual growth rate of 7-9%. The growing middle class population in India is perceived as a huge market potential for the consumer durable industry. It is expected that there will be a 10% annual growth in the house hold income of the people living in the major cities in India which is expected to act as a catalyst for consumer spending. According to recent McKinsey Report, India will emerge as the world's fifth largest consumer market by 2025. The major factors which support India's potential are strengthened economic growth, population expansion, the increasing wealth of individuals and the development of organized retail sector.

Even though the Company is going through a difficult phase, there are many factors as mentioned above which are positive for the Company. Your Company belongs to the manufacturing domain in Panasonic Corporation. To be a successful manufacturing company, cost competitiveness is essential. The major disadvantage faced by the products manufactured by the Company is its comparatively higher cost. In order to address this, your Company has implemented many cost reduction activities as an ongoing exercise. The sustainability of the Company will depend on its ability to manufacture products in a cost competitive manner besides introduction of more products which are both profitable and having good market potential.

Availability of Chinese made Cookers at a price which was substantially lower compared to the price of Cookers manufactured by the Company continued to be the major challenge faced by the Company during the year. In the absence of a government policy prescribing stringent quality standards for these imported Cookers, the threat from Chinese made Cookers will continue to exist.

With the manufacture of Electric Cooker and Mixer Grinder meeting the international IEC standard, your Company was able to increase the export of Cooker and Mixer Grinder. The Company was able to increase the exports by increasing the exports to its existing markets as well as entering new markets.

Your Company continued to sustain its dominant position in the Electric Cooker segment. Quality of the product continues to be the strength of the Company. Your Company continues to launch various models of Cookers to meet consumer preferences which generally vary from place to place. As a part of introducing more products for manufacture in your Company, Panasonic Corporation has completed feasibility study on Induction Cook Top. It is expected that the Company will be able to launch this product during the financial year 2013-14.

Negotiations with suppliers and more localisation of imported material parts were the major activities undertaken to achieve cost reduction targets. As in the past wide 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's prospects.

With recent acquisition of some leading local players operating in the fragment kitchen appliances market by the Multinational companies (MNCs) it is expected that competition will be growing in this sector which may also results into certain amount of consolidation. Cheap imports from China and dominance of local unorganized market, unbranded products, and high levels of inflation are matters of concern at this stage. Increase in prices of key raw materials and power shortage are some of the major adverse factors which may have some impact on margins of your Company.

As the growth in the small appliance market in the future will be driven by product innovation and value-added features periodic revamping of existing product lines would be necessary to effectively face the growing competition as well to capitalize on the emerging opportunities.

### **RISK MANAGEMENT**

Risk refers to events which hinder the achievement of business objectives and 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. The Company has laid down procedures to inform Board members about risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management is controlling risks through properly defined framework.

**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, 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 ongoing exercise. The industrial relations in your Company continued to be cordial. The Company has 260 number employees as on 31<sup>st</sup> March 2012.

**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 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 'C' 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.

**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 Chennai. Meetings are scheduled well in advance and after adequate notice. 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. The post of Chairman of the Board became vacant after demise of Mr.P.Obul Reddy. The Board is yet to elect a Chairman of the Board. In every Board Meeting, one of the Directors present is being elected as Chairman to chair the meeting.

**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.H.Aso,	Managing Director; Promoter; Executive.	13	13	Yes
Mr.Justice S Natarajan	Director; Non-Executive; Independent	13	13	Yes
Mr.A.Raghavendra Rao	Director; Non-Executive, Independent	13	13	Yes
Mr.K.Subramanian	Director; Non-Executive; Independent	13	13	Yes
Mr.Harshad Reddy	Director; Promoter; Non-Executive	13	7	Yes
Mr.Norifumi Matsui	Director; Promoter; Non-Executive	13	1	No

**Details of the Board of Directors in terms of their Directorships / Memberships in committees of other public companies (excluding Panasonic Appliances India Co. Ltd)**

S.No.	Directors	No. of Directorships	No. of Committees		No. of Shares Held
			Member	Chairperson	
1	Mr.H.Aso	Nil	Nil	Nil	Nil
2	Mr.Justice S Natarajan	1	2	Nil	500
3	Mr.A.Raghavendra Rao	1	2	Nil	Nil
4	Mr.K.Subramanian	3	3	Nil	Nil
5	Mr.Harshad Reddy	Nil	Nil	Nil	Nil
6	Mr.Norifumi Matsui	Nil	Nil	Nil	Nil

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 has been considered.

**Number of Board Meetings held, dates on which held**

During the financial year ended 31<sup>st</sup> March 2012, Thirteen Board Meetings were held on 09<sup>th</sup> May 2011, 27<sup>th</sup> May 2011, 29<sup>th</sup> June 2011, 29<sup>th</sup> July 2011, 27<sup>th</sup> September 2011, 06<sup>th</sup> October 2011, 02<sup>nd</sup> November 2011, 28<sup>th</sup> November 2011, 23<sup>rd</sup> December 2011, 13<sup>th</sup> January 2012, 30<sup>th</sup> January 2012, 27<sup>th</sup> February 2012 and 22<sup>nd</sup> March 2012..

**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 Five Audit Committee Meetings were held on 06<sup>th</sup> May 2011, 27<sup>th</sup> May 2011, 28<sup>th</sup> July 2011, 01<sup>st</sup> November 2011 and 27<sup>th</sup> January 2012. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

SI.No	Name of Member	Number of Meetings Attended
1.	Justice S. Natarajan, Chairman	5
2.	Mr.A.Raghavendra Rao	5
3.	Mr.K.Subramanian	5

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 30<sup>th</sup> September 2011.

**(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 Eleven Share Transfer and Investor Grievances Committee Meetings were held on 20<sup>th</sup> April 2011,

## PANASONIC APPLIANCES INDIA Co. LTD.

27<sup>th</sup> May 2011, 29<sup>th</sup> June 2011, 29<sup>th</sup> July 2011, 25<sup>th</sup> August 2011, 30<sup>th</sup> September 2011, 02<sup>nd</sup> November 2011, 02<sup>nd</sup> December 2011, 13<sup>th</sup> January 2012, 27<sup>th</sup> February 2012 and 22<sup>nd</sup> March 2012. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

SI.No	Name of Member	Number of Meetings Attended
1.	Mr.Justice S. Natarajan, Chairman	11
2.	Mr.H.Aso	11
3.	Mr.K.Subramanian	11

The Company attends to the Shareholders correspondence and investor grievances expeditiously. During the year, the Company received 12 complaints and all the complaints have been redressed to the satisfaction of investors. There was no Shareholder/ Investor Compliant pending as on 31<sup>st</sup> March 2012.

### (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 whole-time Directors. Effective from financial year 2011-12, the Board of Directors decided to widen the scope of the remuneration committee by including review of the remuneration recommended to the senior management personnel.

#### 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:

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

During the year there were two meetings of the Remuneration Committee which was held on 09<sup>th</sup> May 2011 and 29<sup>th</sup> June 2011.

#### 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.H.Aso Managing Director	₹ 29,03,808/-	₹ 1,94,153/-	₹ 30,97,961/-

The Managing Director is 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, 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 ₹ 10,000/- and ₹ 8,000/- for attending each meeting of the Board and Audit Committee respectively. Non-Executive Directors are paid sitting fee at the rate of ₹ 5,000/- for attending each Remuneration Committee Meeting and ₹ 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 (₹)
1.	Mr.Justice S Natarajan	1,96,500
2.	Mr.A.Raghavendra Rao	1,80,000
3.	Mr.K.Subramanian	1,96,500
4.	Mr.Harshad Reddy	Nil
5.	Mr.Norifumi Matsui	Nil
	<b>TOTAL</b>	<b>5,73,000</b>

#### **4. Annual General Meetings**

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

Financial Year ended	Date	Day	Time	Venue
31 <sup>st</sup> March 2011	30 <sup>th</sup> September 2011	Friday	02:30 p.m.	Sri.P.Obul Reddy Hall, Vani Mahal, # 103, G.N.Chetty Road, T.Nagar, Chennai – 600 017
31 <sup>st</sup> March 2010	24 <sup>th</sup> September 2010	Friday	10:15 a.m.	Sri.P.Obul Reddy Hall, Vani Mahal, # 103, G.N.Chetty Road, T.Nagar, Chennai – 600 017
31 <sup>st</sup> March 2009	25 <sup>th</sup> September 2009	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.33 of the notes on Accounts.

##### **(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 31<sup>st</sup> March 2012. The Code of Conduct is available on the website of the Company.

##### **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 31<sup>st</sup> March 2012 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

## PANASONIC APPLIANCES INDIA Co. LTD.

in "Makkal Kural". The periodic financial results, shareholding pattern and Annual Report are available at the website of the Company and Stock Exchanges.

(b) The Management Discussion and Analysis Report forms part of the Annual Report.

### 6. General Shareholders Information:

#### i) Annual General Meeting

<b>Date</b>	<b>September 28, 2012</b>
<b>Time</b>	10.15 a.m
<b>Venue</b>	Sri.P.Obul Reddy Hall, Vani Mahal# 103, G.N.Chetty Road, Chennai – 600 017

#### ii) Financial Calendar (Tentative)

##### Adoption of Quarterly Results for the quarter ending

30 <sup>th</sup> June 2012	3 <sup>rd</sup> / 4 <sup>th</sup> week of July, 2012
30 <sup>th</sup> September 2012	3 <sup>rd</sup> / 4 <sup>th</sup> week of October 2012
31 <sup>st</sup> December 2012	3 <sup>rd</sup> / 4 <sup>th</sup> week of January 2013\
31 <sup>st</sup> March 2013	3 <sup>rd</sup> / 4 <sup>th</sup> week of May 2013

#### iii) Date of Book Closure

**September 22, 2012 to September 28, 2012 (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 (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 2011-2012 and 2012- 2013 and there is no fee outstanding in relation to any of the previous financial years.

#### v) Stock Code

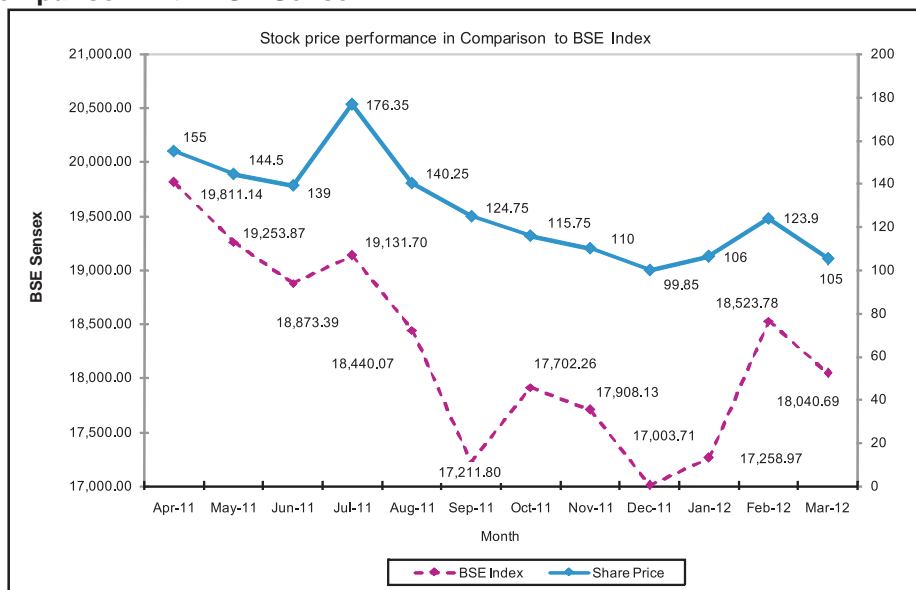
The Bombay Stock Exchange Ltd	:	523307
Madras Stock Exchange Ltd	:	INDOMATAPP
National Stock Exchange of India Ltd	:	PANASONIC
ISIN	:	INE841C01015

#### vi) Market Price data for the Financial Year ended March 2012:

The reported high and low prices based on the daily closing prices of the equity shares of the Company traded during the financial year 2011– 12 on BSE and NSE are set out in the following table:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2011	155.00	122.00	155.00	123.25
May 2011	144.50	114.05	144.00	118.05
June 2011	139.00	101.25	131.50	103.00
July 2011	176.35	97.05	176.00	98.35
August 2011	140.25	83.00	145.00	82.20
September 2011	124.75	94.60	125.90	97.50
October 2011	115.75	98.25	115.00	97.00
November 2011	110.00	81.80	107.50	81.00
December 2011	99.85	61.00	95.00	68.00
January 2012	106.00	71.05	109.50	73.00
February 2012	123.90	90.05	123.90	86.70
March 2012	105.00	90.00	113.95	88.00

**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).

**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 atleast once in a 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, reconciliation of share capital 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 31<sup>st</sup> March 2012:**

No. of Shares	Number of Shareholders		Number of Shares	
	Number	%	Number	%
Upto 500	6,323	94.61	745,634	8.70
501 – 1000	199	2.98	161,536	1.88
1001 – 2000	73	1.09	110,046	1.29
2001 - 3000	32	0.48	79,676	0.93
3001 – 4000	7	0.11	24,130	0.28
4001 – 5000	13	0.19	62,454	0.73
5001 – 10000	13	0.19	96,299	1.12
10001 and above	23	0.35	7,290,225	85.07
<b>Total</b>	<b>6,683</b>	<b>100.00</b>	<b>8,570,000</b>	<b>100.00</b>

# PANASONIC APPLIANCES INDIA Co. LTD.

## Shareholding pattern as on 31<sup>st</sup> March 2012

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Indian Promoters	10	1,665,106	19.43
Foreign Promoters	1	4,370,000	50.99
Corporate Bodies	133	1,135,952	13.25
Mutual Funds & UTI	2	1,700	0.02
Banks & Financial Institutions	8	1,800	0.02
Indian Public	6,489	1,377,019	16.07
Clearing Member	40	18,423	0.22
<b>Total</b>	<b>6,683</b>	<b>8,570,000</b>	<b>100.00</b>

### 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 31<sup>st</sup> March 2012, 33,76,990 Equity Shares constituting 39.40% of the paid-up share capital of the Company have been dematerialized. The shares amounting to 50.99% of the aggregate paid up capital of the Company held by Panasonic Corporation, Japan the foreign promoter and technical collaborator of the Company were in the physical form as on 31<sup>st</sup> March 2012. However these shares were subsequently converted into dematerialized form.

	No. of Shareholders	No. of Shares	% of Shares
No. of Shareholders in Physical Mode	3,360	5,193,010	60.60
No. of Shareholders in Electronic Mode	3,323	3,376,990	39.40
Total	6,683	8,570,000	100

### 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](mailto:secretary@panasonicindia.in) exclusively for the purposed of registering complaints by investors. The Shareholders may address their correspondence to:

#### Compliance Officer

Tom Antony  
Company Secretary  
Panasonic Appliances India Co. Ltd  
"SPIC House" Annexe, 6<sup>th</sup> Floor  
#88, Mount Road, Guindy  
Chennai – 600 032  
Phone Nos.:044-61089401 – 06;  
Fax No.: 044 - 61089400  
Email:tom.antony@panasonicindia.in  
Website:www.panasonicappliances.in  
www.21timesbetter.com

#### Registrars and Transfer Agents

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

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

Place : Chennai  
Date : August 16, 2012

H.Aso  
Managing Director

Justice S Natarajan  
Director

### Declaration in respect of Compliance with the Code Conduct

I H.Aso, Managing Director of the Company hereby declare and confirm that all Directors and Senior Officers have affirmed compliance with Code of Conduct of the Company for year ended March 31, 2012.

Place : Chennai  
Date : August 16, 2012

H.Aso  
Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To**

**The Members of Panasonic Appliances India Co. Limited**

We have examined the compliance of conditions of Corporate Governance by Panasonic Appliances India Co. Ltd. (formerly Panasonic Home Appliances India Co. Ltd) for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information, and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing 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's Reg.No.000511S)  
**(R.Nagendra Prasad),**

Place : Chennai  
Date : August 16, 2012

Partner  
Membership No.203377

# **PANASONIC APPLIANCES INDIA Co. LTD.**

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## **AUDITORS' REPORT**

To

**The Members of Panasonic Home Appliances India Co. Ltd**

1. We have audited the attached Balance Sheet of Panasonic Home Appliances India Co. Ltd as at 31<sup>st</sup> March 2012, and also the Profit and Loss Statement and the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Statement 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 Statement 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 31<sup>st</sup> March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 31<sup>st</sup> March 2012;
    - (b) in the case of the Profit and Loss Statement, of the Loss for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BRAHMAYYA & CO.**  
Chartered Accountants  
(Firm's Reg.No.000511S)  
**(R.Nagendra Prasad),**

Place : Chennai  
Date : June 06, 2012

Partner  
Membership No.203377

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### **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 Funds 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 money raised by public issue and its end use

## PANASONIC APPLIANCES INDIA Co. LTD.

2. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year based on the programme of verifying all the assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification. During the year, there was no substantial disposal of fixed assets affecting the status of the company as a going concern.
3. Physical verification of inventory has been conducted by the Management at reasonable intervals. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of its inventory and the discrepancies noticed on verification between the physical stocks and the book records were not material and have been adequately dealt with in the books of account.
4. (a) In our opinion and according to the information and explanations given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
(b) In our opinion and according to the information and explanations given to us, the company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and 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 that need to be entered into 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 transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are prima facie reasonable having regard to 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, employees state insurance, income-tax, sales-tax/VAT, wealth-tax, service tax, custom duty, excised-duty, cess and other statutory dues with the appropriate authorities during the year. We are informed that there are no amounts due or outstanding to be transferred to investor education protection fund. There are no undisputed amounts payable in respect of statutory dues, which are outstanding as at 31<sup>st</sup> March, 2012 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, customs duty, income tax, service tax, wealth tax and cess on account of any dispute. The details of disputed taxes that have not been deposited with the appropriate authorities are as follows:

Nature of Dues	Amount (in ₹)	Forum where dispute is pending
Sales Tax demands for the financial years 2001-2002 and 2002-03	2,20,582	Assistant Commissioner of Sales Tax(Appeals), Kolkata

11. The accumulated losses of the company as at the end of the financial year is less than 50% of networth of the company. The company has incurred cash losses during the financial year ended 31<sup>st</sup> March, 2012 and has not incurred cash losses in 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 bank or financial institutions.
14. On the basis of the review of utilization of funds, the term loans taken by the company were applied for purposes for which the loans were obtained.
15. According to the information and explanation given to us and on a overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis amounting to ₹ 2.50 Crores from banks 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's Reg.No.000511S)  
**(R.Nagendra Prasad),**

Place : Chennai  
Date : June 06, 2012

Partner  
Membership No.203377

# PANASONIC APPLIANCES INDIA CO. LTD.

## Balance Sheet as at 31<sup>st</sup> March 2012

Particulars	Note	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	85,700,000	85,700,000
Reserves and Surplus	3	<u>(17,706,758)</u>	<u>109,991,068</u>
		67,993,242	195,691,068
<b>Non-Current Liabilities</b>			
Long Term borrowings	4	108,458,345	94,708,338
Deferred tax liabilities (Net)	5	14,946,578	14,946,578
Long Term provisions	6	<u>6,849,221</u>	<u>4,869,995</u>
		130,254,144	114,524,911
<b>Current Liabilities</b>			
Short Term borrowings	7	213,775,000	50,000,000
Trade payables	8	302,225,494	258,050,781
Other current liabilities	9	134,636,679	114,536,401
Short Term provisions	10	<u>6,935,603</u>	<u>17,388,937</u>
		657,572,776	439,976,119
<b>Total</b>		<u>855,820,162</u>	<u>750,192,098</u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<i>Fixed assets</i>			
Tangible assets	11	325,444,342	281,290,084
Intangible assets		927,459	738,072
Capital work-in-progress		1,331,770	2,121,814
Long Term loans and advances	12	19,688,870	14,537,630
Other non-current assets		-	-
		347,392,441	298,687,600
<b>Current assets</b>			
Inventories	13	158,536,161	186,202,657
Trade receivables	14	296,549,875	213,429,575
Cash and Bank balances	15	1,711,104	8,490,601
Short Term loans and advances	16	25,512,841	22,471,530
Other current assets	17	<u>26,117,740</u>	<u>20,910,135</u>
		508,427,721	451,504,498
<b>Total</b>		<u>855,820,162</u>	<u>750,192,098</u>

See accompanying notes forming part of the financial statements.

As per our report of even date

For and on behalf of the Board

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

**H.Aso**  
Managing Director

**Justice S.Natarajan**  
Director

**K.Subramanian**  
Director

**A.Raghavendra Rao**  
Director

**R.Nagendra Prasad**  
Partner  
Membership No: 203377  
Place : Chennai  
Date : June 06, 2012

**Harshad Reddy**  
Director

**Tom Antony**  
Company Secretary

**PANASONIC APPLIANCES INDIA CO. LTD.**

**Profit and Loss Statement for the year ended 31<sup>st</sup> March 2012**

Particulars	Note	Year ended 31 <sup>st</sup> March, 2012 ₹	Year ended 31 <sup>st</sup> March, 2011 ₹
Revenue from operations	18	1,987,809,902	2,017,695,432
Less: Excise Duty		<u>191,932,345</u>	<u>153,863,626</u>
		1,795,877,557	1,863,831,806
Other Income	19	<u>4,245,728</u>	<u>4,943,052</u>
<b>Total Revenue</b>		<u>1,800,123,285</u>	<u>1,868,774,858</u>
<b>Expenses</b>			
Cost of materials and components consumed	20	998,723,219	740,554,127
Purchase of Traded goods	21	127,060,434	393,863,164
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	31,603,771	(32,223,290)
Employee benefits expense	23	183,656,360	154,653,565
Finance costs	24	36,840,083	22,109,869
Depreciation and amortization		31,800,423	27,534,289
Other expenses	25	<u>517,848,804</u>	<u>536,039,178</u>
<b>Total Expenses</b>		<u>1,927,533,094</u>	<u>1,842,530,902</u>
(Loss) / Profit before tax		<u>(127,409,809)</u>	<u>26,243,956</u>
Tax expense:			
Current tax		-	5,230,549
Deferred tax ( Refer Note 5.1)		-	7,892,921
MAT Credit Entitlement		-	(4,801,968)
Relating to earlier years		<u>288,017</u>	-
(Loss) / Profit after tax for the year		<u>(127,697,826)</u>	<u>17,922,454</u>
Earning per equity share of face value of ₹ 10 each			
Basic		(14.90)	2.09
Diluted		(14.90)	2.09

See accompanying notes forming part of the financial statements.

As per our report of even date

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

**R.Nagendra Prasad**  
Partner  
Membership No: 203377  
Place : Chennai  
Date : June 06, 2012

For and on behalf of the Board

**H.Aso**  
Managing Director

**K.Subramanian**  
Director

**Harshad Reddy**  
Director

**Justice S.Natarajan**  
Director

**A.Raghavendra Rao**  
Director

**Tom Antony**  
Company Secretary

# PANASONIC APPLIANCES INDIA Co. LTD.

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

Particulars	1 <sup>st</sup> April 2011 to 31 <sup>st</sup> March 2012		1 <sup>st</sup> April 2010 to 31 <sup>st</sup> March 2011	
	₹	₹	₹	₹
<b>A. Cash Flows from Operating Activities</b>				
Net Profit before tax		(127,409,809)		26,243,956
Add: Depreciation	31,800,423		27,534,289	
Interest	36,840,083		22,109,869	
Provision for warranty claims	1,402,827		1,184,895	
Provision for Gratuity and Leave encashment	83,333		3,559,209	
Unserviceable/Obsolete Stocks written off	1,788,270		1,506,682	
Provision for doubtful debts	-		274,913	
Gains on foreign currency fluctuations(Net)	(108,952)		250,929	
Loss on sale of fixed assets	-		345,379	
Fixed assets written off	-		1,819	
		<u>71,805,984</u>		<u>56,767,984</u>
		(55,603,825)		83,011,940
Less:				
Interest on deposits with banks	547,911		61,384	
Excess provisions/ credit balances writtenback	-		1,587,047	
Profit on sale of fixed assets	37,485		-	
Gains on foreign currency fluctuations(Net)	-		-	
		<u>585,396</u>		<u>1,648,431</u>
<b>Operating Profit before working capital changes</b>		<b>(56,189,221)</b>		<b>81,363,509</b>
Adjustments for:				
(Increase) in trade and other receivables	(93,841,178)		(63,658,465)	
(Increase) / Decrease in inventories	25,878,225		(42,860,180)	
Increase in trade payables	58,542,517	<u>(9,420,436)</u>	<u>65,590,869</u>	<u>(40,927,776)</u>
<b>Cash generated from operations</b>		<b>(65,609,657)</b>		<b>40,435,733</b>
Tax paid (Net)	1,834,174	<u>1,834,174</u>	<u>(6,664,396)</u>	<u>(6,664,396)</u>
<b>Net Cash Generated from Operating Activities</b>		<b>(63,775,483)</b>		<b>33,771,337</b>
<b>Total (A)</b>		<b>(63,775,483)</b>		<b>33,771,337</b>
<b>B. Cash Flows from Investing Activities</b>				
Payment for purchase of fixed assets	(97,338,611)		(115,512,631)	
		<u>(97,338,611)</u>		<u>(115,512,631)</u>
Less: Proceeds from sale of fixed assets	152,586		854,972	
Interest received	502,600	<u>655,186</u>	<u>67,367</u>	<u>922,339</u>
<b>Net Cash Used in Investing Activities Total (B)</b>		<b>(96,683,425)</b>		<b>(114,590,292)</b>

**C. Cash Flows from Financing Activities**

Proceeds /(Repayment) from Term Loans	<b>200,441,670</b>	117,416,666
Interest paid	<b>(36,840,083)</b>	(22,109,869)
Dividend paid	<b>(8,570,000)</b>	(8,570,000)
Tax paid on dividend	<b>(1,390,268)</b>	(1,423,370)
<b>Net Cash from Financing Activities Total (C)</b>	<b><u>153,641,319</u></b>	<u>85,313,427</u>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b><u>(6,817,589)</u></b>	<u>4,494,472</u>
<b>Opening cash and cash equivalents</b>	<b>7,385,968</b>	2,891,496
<b>Closing cash and cash equivalents</b>	<b>568,379</b>	7,385,968
<b>Net Increase /(Decrease) in cash and cash equivalents</b>	<b><u>(6,817,589)</u></b>	<u>4,494,472</u>

Note: For the purpose of this statement, Bank balances of ₹ 1,142,725 (previous year ₹ 1,104,634) 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

For and on behalf of the Board

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

**H.Aso**  
Managing Director

**Justice S.Natarajan**  
Director

**K.Subramanian**  
Director

**A.Raghavendra Rao**  
Director

**R.Nagendra Prasad**  
Partner  
Membership No: 203377  
Place : Chennai  
Date : June 06, 2012

**Harshad Reddy**  
Director

**Tom Antony**  
Company Secretary

**Notes forming part of Financial Statements for the year ended 31st March, 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

- 1.1 The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and comply with the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956.
- 1.2 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Estimates include allowance for uncollectible accounts receivables, future obligations under employees benefit plans, useful life of fixed assets, accounting for employee cost pending execution of agreements with workmen unions etc. The actual amounts (crystallized after preparation of financial statements) may differ from these estimates.

**1.3 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.

**1.4 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 ₹ 5,000/- individually are fully depreciated.
- iii. Technical Know-how Fee of ₹ 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 ₹ 1,03,64,232/- paid after commencement of operations included in Plant and Machinery is amortized over a period of 6 years.

**1.5 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is 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.

**1.6 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.

**Notes forming part of Financial Statements for the year ended 31st March, 2012**

**1.7 Foreign Currency 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.

**1.8 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.

**1.9 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 specified in the Companies ( Accounting Standards ) Rules 2006.

Deferred tax, being tax on timing difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years, has been recognized.

Deferred tax assets, excluding assets arising from loss/depreciation carried forward, are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In case of carried forward loss/depreciation, it is recognized only if virtual certainty exists.

**1.10 Insurance Claims**

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

**1.11 Warranty Claims**

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

**1.12 Employee Benefits**

- (i) 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.
- (ii) 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.
- (iii) 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.

**1.13 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.

**1.14 Revenue Recognition**

Sales are net of sales returns and trade discounts and exclude all taxes and levies.

# PANASONIC APPLIANCES INDIA Co. LTD.

## Notes forming part of financial Statements

Particulars	As at 31 <sup>st</sup> March, 2012 ₹	As at 31 <sup>st</sup> March, 2011 ₹
<b>2 Share Capital</b>		
<b>2.1 Equity Share Capital</b>		
a <b>Authorised Share Capital:</b>		
1,30,00,000 Equity shares of ₹ 10 each	<u>130,000,000</u>	<u>130,000,000</u>
b <b>Issued, Subscribed and Fully Paid Up:</b>		
85,70,000 Equity shares of ₹ 10 each	<u>85,700,000</u>	<u>85,700,000</u>
<b>2.2 Reconciliation of number of shares outstanding</b>		
Number of equity shares outstanding at the beginning of the year	8,570,000	8,570,000
Number of equity shares outstanding at the end of the year	8,570,000	8,570,000
Change in the number of Equity Shares Outstanding	-	-
<b>2.3 Number of Shares held by Holding company</b>		
- Panasonic Corporation, Japan	4,370,000	4,370,000

### 2.4 Number of shares held by each shareholder holding more than 5% shares

Name of Shareholder	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	Number of Shares	% of holding	Number of Shares	% of holding
Panasonic corporation, Japan	4,370,000	50.99%	4,370,000	50.99%
Mentor capital Limited	879,053	10.26%	879,053	10.26%

2.5 The Company has only one class of shares i.e. equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to shareholding.

**PANASONIC APPLIANCES INDIA Co. LTD.**

**Notes forming part of financial Statements**

	As at 31 <sup>st</sup> March, 2012 ₹	As at 31 <sup>st</sup> March, 2011 ₹
<b>3 Reserves and Surplus</b>		
<b>Reserves</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet		
(i) Subsidy received from State Industries Promotion Corporation of Tamil Nadu Ltd	2,609,000	2,609,000
(ii) Profit on Re-issue of forfeited Shares	<u>4,500</u>	<u>4,500</u>
	<b>2,613,500</b>	<b>2,613,500</b>
<b>Security Premium Account</b>		
As per last Balance Sheet	<b>61,826,600</b>	61,826,600
<b>General Reserve</b>		
As per last Balance Sheet	<b>354,194</b>	-
		<b>354,194</b>
<b>Surplus</b>		
As per last Balance Sheet	<b>45,196,774</b>	37,234,588
Add: Net (Loss) / profit after tax for the year transferred from Profit and Loss Statement	<b>(127,697,826)</b>	17,922,454
Less: Transfer to General Reserve	-	-
Less: Proposed dividend	-	(8,570,000)
Less: Tax on Dividend	-	<u>(1,390,268)</u>
Closing balance	<b><u>(82,501,052)</u></b>	<u>45,196,774</u>
	<b><u>(17,706,758)</u></b>	<u>109,991,068</u>
<b><u>Non Current Liabilities</u></b>		
<b>4 Long Term Borrowings</b>		
<b>Secured</b>		
Term Loans from a Bank (Refer Note No.4.1 and 4.2.1)	<b>101,791,677</b>	84,708,338
<b>Unsecured</b>		
Term Loan from a Bank (Refer Note No. 4.2.2)	<b><u>6,666,668</u></b>	<u>10,000,000</u>
	<b><u>108,458,345</u></b>	<u>94,708,338</u>
<b>4.1 Notes on Secured Long Term Borrowings</b>		

Fixed Loans availed from a Bank for funding Jar Cooker Project and Capacity Expansion are secured by hypothecation of all present and future Plant and Machinery of the company.

# PANASONIC APPLIANCES INDIA CO. LTD.

## Notes forming part of financial Statements

### 4.2 The details of the long term borrowings are as follows:

	Repayment Start Date	Outstanding Amount as on 31.03.2012 ₹	Current Maturities ₹	Instalment Amount ₹	Interest Rate	No. of Quarterly Instalments
<b>4.2.1 Secured Rupee Term Loans</b>						
Term Loan 1	Sep/2010	16,749,998	11,166,668	2,791,667	9.35%	12
Term Loan 2	Oct/2010	9,625,000	5,500,000	1,375,000	9.10%	12
Term Loan 3	May/2011	30,000,001	13,333,332	3,333,333	8.50%	12
Term Loan 4	June/2011	15,000,002	6,666,664	1,666,666	8.75%	12
Term Loan 5	July/2011	16,666,668	6,666,664	1,666,666	8.75%	12
Term Loan 6	June/2012	50,000,000	12,499,998	4,166,666	10.85%	12
Term Loan 7	Oct/2012	25,000,000	2,083,334	2,083,334	10.50%	12
<b>4.2.2 Unsecured</b>						
Rupee Term Loan	Jan/2011	<u>6,666,668</u>	<u>3,333,332</u>	833,333	8.78%	12
		<u>169,708,337</u>	<u>61,249,992</u>			

4.3 None of the above loans have been guaranteed by any Directors or others.

4.4 There has been no default as on Balance Sheet date in repayment of loans and payment of interest.

		As at 31 <sup>st</sup> March, 2012 ₹	As at 31 <sup>st</sup> March, 2011 ₹
<b>5 <u>Deferred Tax Liabilities (Net)</u></b>			
<b>Liability</b>			
Related to Fixed Assets	(A)	<u>33,776,047</u>	<u>26,351,054</u>
<b>Less :</b>			
<b>Assets</b>			
Timing difference on account of Royalty		<b>9,196,039</b>	9,018,849
Provision for retirement benefits		<b>1,459,560</b>	1,527,155
Provision for doubtful debts		-	89,196
Unabsorbed depreciation		<b>7,387,104</b>	-
Bonus, taxes and other expenses		<b>786,766</b>	769,276
	(B)	<u>18,829,469</u>	<u>11,404,476</u>
	(A)-(B)	<u>14,946,578</u>	<u>14,946,578</u>

5.1 Deferred Tax asset on carried forward business loss amounting to ₹ 4,13,38,110 has not been recognised in the books of account as a matter of prudence as no virtual certainty exist on realisation of asset as on the balance sheet date. This will be reviewed on at the end of the balance sheet date every year and adjustments required, if any, would be carried out accordingly.

**PANASONIC APPLIANCES INDIA Co. Ltd.**

**Notes forming part of financial Statements**

	As at 31 <sup>st</sup> March, 2012 ₹	As at 31 <sup>st</sup> March, 2011 ₹
<b>6</b>		
<b><u>Long Term Provisions</u></b>		
<b>Provision for employee benefits</b>		
Leave Encashment (Unfunded)	4,070,770	4,278,314
Other provisions		
Provision for Warranty ( Refer Note No.10 and 40 )	2,778,451	591,681
	<u>6,849,221</u>	<u>4,869,995</u>
<b><u>Current Liabilities</u></b>		
<b>7</b>		
<b>Short Term Borrowings</b>		
<b><u>Secured</u></b>		
Short Term Loan from a Bank ( Refer Note 4.1)	25,000,000	-
Loans repayable on demand from a bank (Refer Note No.7.1)	188,775,000	50,000,000
	<u>213,775,000</u>	<u>50,000,000</u>
7.1	The Cash Credit and Bill Discounting facilities from a Bank are secured by first charge on inventories and book debts.	
7.2	None of the above loans have been guaranteed by any Directors or others.	
<b>8</b>		
<b>Trade Payables</b>		
Related Party	52,545,590	45,277,442
Others (Refer Note No.37)	249,679,904	212,773,339
	<u>302,225,494</u>	<u>258,050,781</u>
<b>9</b>		
<b><u>Other Current Liabilities</u></b>		
Current Maturities of Long Term Borrowings	61,249,992	38,333,328
Interest accrued but not due on borrowings	774,234	-
Unclaimed Dividends (Refer Note. No.35)	1,142,725	1,104,633
Other Payables		
Trade Deposits	134,000	134,000
Employee Related dues	2,565,193	13,136,591
Payable on Purchase of Fixed Assets	1,276,966	18,789,746
Contractual	28,240,131	12,566,021
Statutory Dues	23,202,299	25,614,543
Others (Refer Note No.9.1)	16,051,139	4,857,539
	<u>134,636,679</u>	<u>114,536,401</u>
9.1	6,371,454	125,102

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as on 1/04/2011	Additions during the year	Deletions during the year	Cost as on 31/03/2012	As on 01/04/2011	For the year	On Deletions	Upto 31/03/2012	As on 31/03/2012	As on 31/03/2011
<b>Tangible Assets</b>										
Land	2,116,840	-	-	2,116,840	-	-	-	-	2,116,840	2,116,840
Building	61,405,257	11,909,755	-	73,315,012	13,872,650	1,772,933	-	15,645,583	57,669,429	47,532,607
Plant & Machinery	387,253,815	60,338,221	-	447,592,036	172,659,412	25,237,192	-	197,896,604	249,695,432	214,594,403
Furniture, Fixtures & Fittings	15,559,629	1,452,354	-	17,011,983	8,285,313	1,599,300	-	9,884,613	7,127,370	7,274,316
Office Equipments	18,037,794	1,309,578	60,000	19,287,372	12,454,622	1,670,296	50,289	14,074,629	5,212,743	5,583,172
Vehicles	8,554,122	725,000	897,045	8,382,077	4,365,376	1,185,829	791,656	4,759,549	3,622,528	4,188,746
	492,927,457	75,734,908	957,045	567,705,320	211,637,373	31,465,550	841,945	242,260,978	325,444,342	281,290,084
<b>Intangible Assets</b>										
Software	6,215,420	524,261	-	6,739,681	5,513,312	334,873	-	5,848,185	891,496	702,108
Technical KnowHow	11,083,487	-	-	11,083,487	11,047,524	-	-	11,047,524	35,963	35,963
	17,298,907	524,261	-	17,823,168	16,560,836	334,873	-	16,895,709	927,459	738,071
Sub total	510,226,364	76,259,169	957,045	585,528,488	228,198,209	31,800,423	841,945	259,156,687	326,371,801	282,028,155
Capital Work in progress									1,331,770	2,121,814
Total	510,226,364	76,259,169	957,045	585,528,488	228,198,209	31,800,423	841,945	259,156,687	327,703,571	284,149,969
Previous Year	380,810,844	134,814,708	5,399,187	510,226,364	204,860,938	27,534,289	4,197,018	228,198,209	284,149,969	185,469,060

11.1 Borrowing Cost incurred for acquisition of qualifying asset capitalised during the year ₹ 533,395 (₹ 1,084,669)

**Notes forming part of financial Statements**

	As at 31 <sup>st</sup> March, 2012 ₹	As at 31 <sup>st</sup> March, 2011 ₹
<b>10</b>	<b><u>Short Term Provisions</u></b>	
	<b>Provision for employee benefits</b>	
	Gratuity (Funded)	3,383,113
	Leave Encashment (un funded)	428,590
	<b>Other provisions</b>	
	Provision for Warranties ( Refer Note No. 10.1 and 40 )	3,616,966
	Proposed Dividend on Equity Shares	8,570,000
	Provision for Tax on distributed profits	1,390,268
	<b><u>6,935,603</u></b>	<b><u>17,388,937</u></b>
10.1	Warranty Claims to be settled within a period of one year is estimated based on the provision made and claims expected to be serviced during the period.	
<b>12</b>	<b><u>Long Term Loans and Advances</u></b>	
	<b><u>Unsecured, considered good, unless otherwise stated</u></b>	
	Capital Advances	-
	Security Deposits	2,224,734
	Rent Deposits	3,330,844
	<b>Other loans and advances</b>	
	Advance Income Tax	55,814,863
	Less : Provision for Income Tax	(51,634,779)
	<b><u>2,057,893</u></b>	<b><u>4,180,084</u></b>
	MAT Credit entitlement	4,801,968
	<b><u>4,801,968</u></b>	<b><u>4,801,968</u></b>
	<b><u>19,688,870</u></b>	<b><u>14,537,630</u></b>
<b>13</b>	<b><u>Inventories</u></b>	
	<b>Valued at Lower of Cost or Realisable value</b>	
	Raw Materials	43,502,990
	Raw Material-Goods in Transit	11,711,477
	Work in Progress	24,491,332
	Finished Goods	39,600,155
	Stock in Trade	59,130,800
	Stock in Trade -Goods in Transit	5,354,506
	Stores and Spares	2,411,397
	<b><u>4,973,460</u></b>	<b><u>2,411,397</u></b>
	<b><u>158,536,161</u></b>	<b><u>186,202,657</u></b>

# PANASONIC APPLIANCES INDIA Co. LTD.

## Notes forming part of financial Statements

	As at 31 <sup>st</sup> March, 2012 ₹	As at 31 <sup>st</sup> March, 2011 ₹
<b>14 Trade Receivables</b>		
<b><u>Unsecured</u></b>		
Over six months		
Considered good	-	-
Considered doubtful	-	274,913
Others		
Considered good ( Refer Note 14.1 )	296,549,875	213,429,575
Considered doubtful	-	-
	<u>296,549,875</u>	<u>213,704,488</u>
Less:- Provison for Doubtful receivables	-	274,913
	<u>296,549,875</u>	<u>213,429,575</u>
14.1 Amount due from related parties	8,765,915	172,117
<b>15 Cash and Bank balances</b>		
Cash and cash equivalents		
Cash on hand	40,170	20,239
Balance with banks		
In Current Accounts	528,209	7,365,729
Other bank balances	-	-
Earmarked balances with banks	-	-
Unpaid Dividend accounts	1,142,725	1,104,633
	<u>1,711,104</u>	<u>8,490,601</u>
<b>16 Short Term Loans and Advances</b>		
<b><u>Unsecured, considered good, unless otherwise stated</u></b>		
Loans and Advances to Employees	1,588,648	1,155,050
Prepaid expenses	2,248,671	2,477,406
<b>Balance with government authorities</b>		
Customs and Excise	10,430,696	7,256,694
Value added tax	2,216,162	1,231,448
Others	-	-
	<u>12,646,858</u>	<u>8,488,142</u>
Advance for supplies- Related parties	3,450,852	8,827,043
Advance for supplies and services	4,405,812	333,889
Other Advances	1,172,000	1,190,000
	<u>25,512,841</u>	<u>22,471,530</u>
<b>17 Other Current Assets</b>		
Interest accrued on Deposits	111,280	65,969
Other Receivables - related parties	17,642,166	12,479,872
Duty Refund Receivable ( Refer Note No. 41 )	8,364,294	8,364,294
	<u>26,117,740</u>	<u>20,910,135</u>

**PANASONIC APPLIANCES INDIA CO. LTD.**

**Notes forming part of financial Statements**

	Year ended 31 <sup>st</sup> March, 2012 ₹	Year ended 31 <sup>st</sup> March, 2011 ₹
<b>18 Revenue from Operations</b>		
Sale of products (Refer Note No. 18.1 and 18.2)	1,986,467,318	2,016,906,976
Less : Excise duty	<u>191,932,345</u>	<u>153,863,626</u>
	1,794,534,973	1,863,043,350
Other operating revenues		
Sale of Scrap	<u>1,342,584</u>	<u>788,456</u>
	<u>1,795,877,557</u>	<u>1,863,831,806</u>
<b>18.1 Manufactured Goods</b>		
Electric Rice cookers	1,014,903,109	885,354,085
Mixer-Grinder	490,410,815	379,393,333
Service Parts & Accessories	<u>95,500,727</u>	<u>69,784,837</u>
Total	<u>1,600,814,651</u>	<u>1,334,532,255</u>
<b>18.2 Traded Goods</b>		
Microwave Oven	9,196,326	139,674,574
Steam Iron	29,012,489	72,991,827
Electric Rice Cooker	32,949,695	26,059,908
Health Care / personal care products	29,106,493	213,248,823
Accessories - Idly Stand	28,248,399	-
Other Domestic Appliances and accessories	<u>65,206,920</u>	<u>76,535,963</u>
	<u>193,720,322</u>	<u>528,511,095</u>
	<u>1,794,534,973</u>	<u>1,863,043,350</u>
<b>19 Other Income</b>		
Interest Income	547,911	61,384
Insurance Claims received	343,972	314,332
Gain on Foreign currency fluctuations	3,041,447	2,979,989
Profit on Sale of Assets (Net)	37,485	-
Provision no longer required written back	274,913	1,587,047
Miscellaneous Income	-	300
	<u>4,245,728</u>	<u>4,943,052</u>
<b>20 Cost of Materials and Components Consumed</b>		
(Refer Note.No.20.1 and 29.1)		
Opening Stock	43,502,990	35,098,529
Add : Purchases	984,819,260	722,752,406
Machining charges	67,783,275	50,528,932
Freight and VAT Credit	<u>(9,553,523)</u>	<u>(1,682,783)</u>
Less : Closing Stock	<u>(55,362,109)</u>	<u>(43,502,990)</u>
	1,031,189,893	763,194,094
Less: Process Scrap	<u>(32,466,674)</u>	<u>(22,639,967)</u>
Cost of Materials Consumed	<u>998,723,219</u>	<u>740,554,127</u>

# PANASONIC APPLIANCES INDIA Co. LTD.

## Notes forming part of financial Statements

	Year ended 31 <sup>st</sup> March, 2012 ₹	Year ended 31 <sup>st</sup> March, 2011 ₹
<b>20.1 Materials consumed comprises:</b>		
CRCA Steel	63,914,461	51,529,573
Aluminium Sheets	149,999,203	98,734,445
Aluminium Ingots	62,747,456	46,076,740
Stainless Steel for Cooker	27,893,737	19,997,093
ABS Materials	15,085,758	10,472,196
Stainless Steel for Mixer Grinder	36,506,185	29,089,691
Motors	102,633,820	72,637,096
Others (which do not individually contribute 10% of consumption)	572,409,273	434,657,260
Less: Process Scrap Sales	<u>(32,466,674)</u>	<u>(22,639,967)</u>
	<b>998,723,219</b>	<b>740,554,127</b>
<b>21 <u>Purchase of Traded goods</u></b>		
Trading purchase	<b>127,060,434</b>	393,863,164
<b>21.1 <u>Purchase of Traded Goods comprises:</u></b>		
Microwave Oven	2,393,756	109,951,255
Steam Iron	17,350,558	52,932,282
Electric Rice Cooker	23,330,479	18,750,797
Health Care / personal care products	975,908	148,366,717
Accessories - Idly Stand	30,365,131	-
Other domestic appliances and accessories	<u>52,644,602</u>	<u>63,862,113</u>
	<b>127,060,434</b>	<b>393,863,164</b>
<b>22 <u>Changes in inventories of finished goods, work-in-progress and Stock-in-Trade</u></b>		
<b>Inventories at the end of the year:</b>		
Finished goods	43,047,395	39,600,154
Work-in-progress	28,388,422	24,491,332
Stock-in-Trade	<u>19,835,008</u>	<u>59,130,800</u>
	<b>91,270,825</b>	<b>123,222,286</b>
Add / (Less) : Adjustment for excise duty on finished goods	<b>(347,690)</b>	449,956
<b>Inventories at the beginning of the year:</b>		
Finished goods	39,600,154	37,031,430
Work-in-progress	24,491,332	19,927,916
Stock-in-Trade	<u>59,130,800</u>	<u>33,589,694</u>
	<b>123,222,286</b>	<b>90,549,040</b>
Changes in inventories	<u>31,603,771</u>	<u>(32,223,290)</u>
<b>23 <u>Employee Benefits Expense</u></b>		
Salaries, Wages and Bonus	<b>155,045,529</b>	128,562,490
Contributions to -		
Provident and other Funds	7,917,958	7,129,992
Gratuity fund	3,674,783	3,383,113
Staff welfare expenses	<u>17,018,090</u>	<u>15,577,970</u>
	<b>183,656,360</b>	<b>154,653,565</b>

**PANASONIC APPLIANCES INDIA Co. Ltd.**

**Notes forming part of financial Statements**

	Year ended 31 <sup>st</sup> March, 2012 ₹	Year ended 31 <sup>st</sup> March, 2011 ₹
<b>24</b>	<b><u>Finance Costs</u></b>	
Interest expense	37,373,478	23,194,538
Other borrowing costs	-	-
Less: Interest Expense capitalised during the year	<u>(533,395)</u>	<u>(1,084,669)</u>
	<u>36,840,083</u>	<u>22,109,869</u>
<b>25</b>	<b><u>OTHER EXPENSES</u></b>	
Stores and spares Consumed	30,430,664	24,061,271
Power and Fuel	51,713,081	39,043,166
Rent	11,975,306	10,352,175
Royalty	18,971,499	18,549,453
Brand Licence Fee	9,371,972	9,247,893
Product Development Expenses	4,743,192	2,243,114
Travelling and conveyance	33,744,721	32,927,424
Insurance	5,111,763	3,532,261
Communications	5,463,839	4,915,513
Printing & Stationery	1,905,149	1,494,082
Rates and taxes	2,217,760	2,125,013
Repairs and Maintenance :		
Machinery	5,824,422	1,941,580
Buildings	1,813,196	1,590,708
Vehicles	916,210	895,740
Others	<u>6,099,331</u>	<u>5,578,022</u>
	14,653,159	10,006,050
Directors' Sitting Fees	573,000	486,000
Audit Fee ( Refer Note 25.1)	758,925	861,392
Professional Charges	2,516,673	2,595,856
Bank charges & Guarantee Commission	1,632,756	1,879,903
Advertisement and sales promotion ( Refer Note 25.2 )	243,352,349	296,777,772
Incentives on Sales	5,106,798	9,348,404
Freight and Forwarding	53,526,780	47,396,518
Turnover tax & Purchase Tax	231,790	433,242
Warranty Claims	5,732,565	6,085,000
Provision for Bad and Doubtful Debts	-	274,913
Loss on sale of Fixed Assets (net)	-	345,379
Fixed Assets written off	-	1,819
Unserviceable/Obsolete Stocks written off	1,788,270	1,506,682
Miscellaneous Expenses	<u>12,326,793</u>	<u>9,548,883</u>
	<u>517,848,804</u>	<u>536,039,178</u>

# PANASONIC APPLIANCES INDIA Co. LTD.

## Notes forming part of financial Statements

	Year ended 31 <sup>st</sup> March, 2012 ₹	Year ended 31 <sup>st</sup> March, 2011 ₹
<b>25.1 <u>Auditors' Remuneration</u></b>		
Statutory Audit	325,000	325,000
Tax Audit	154,481	171,465
Certification, Special Reports and other matters	279,444	364,927
( Includes fee paid for compliance with clause 41 and 49 of the listing agreement )	758,925	861,392
<b>25.2</b> Advertisement and sales promotion expenses is net of amount reimbursed by collaborator/ associate companies amounting to ₹ 37,188,029 (₹ 42,877,675).		
<b>26 <u>Contingent Liabilities and Commitments</u></b>		
<b><u>(i) Contingent Liabilities</u></b>		
Service Tax liability	Nil	2,100,041
Income Tax demands		
Assessment Year 2004-05	Nil	296,348
Assessment Year 2003-04	Nil	3,946,091
Sales tax -West Bengal	220,582	220,582
Guarantees issued by the Banks	8,621,500	9,121,500
Claims against the company not acknowledged as debts	8,420,494	-
<b><u>(ii) Capital and Other Commitments</u></b>		
<b>(a) Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	13,954,780	16,448,818
<b>(b) Other commitments</b>	Nil	Nil
<b>27 <u>CIF Value of Imports-ERC</u></b>		
Raw materials	217,214,561	127,557,694
Components and Spare parts	40,015,871	90,099,490
Capital goods	16,458,081	43,389,192
<b><u>CIF Value of Imports-Mixie</u></b>		
Raw materials	-	-
Components and Spare parts	7,951,996	822,255
Capital goods	215,802	-
<b><u>CIF Value of Traded Goods</u></b>		
CIF Value (Including in-transit) spare parts	53,441,011	271,878,316
	574,556	2,963,250

*PANASONIC APPLIANCES INDIA Co. LTD.*

**Notes forming part of financial Statements**

	Year ended 31 <sup>st</sup> March, 2012 ₹	Year ended 31 <sup>st</sup> March, 2011 ₹
<b>28</b>	<b><u>Expenditure in foreign currency</u></b>	
Royalty	18,971,498	18,549,453
Brand Licence Fee	9,371,972	9,247,893
Travelling	1,277,406	2,393,171
Design and consultancy charges	8,885,462	10,373,247
Other Payments	1,460,862	391,979
<b>29.1</b>	<b><u>Raw Materials Consumed</u></b>	
Imported	291,046,052	233,419,493
Imported % to total	28%	31%
Indigenous	740,143,841	529,774,601
Indigenous % to total	72%	69%
Total	1,031,189,893	763,194,094
Total %	100%	100%
<b>29.2</b>	<b><u>Stores and Sprare Parts Consumed</u></b>	
Imported	-	-
Imported % to total	0%	0%
Indigenous	1,801,565	659,863
Indigenous % to total	100%	100%
Total	1,801,565	659,863
Total %	100%	100%
<b>30</b>	<b><u>Remittance during the year of Dividends in Foreign Currency</u></b>	
Number of Shareholders	1	1
Number of Shares held	437,000	437,000
Amount paid as Final Dividend	4,370,000	4,370,000
Year of declaration	2011-2012	2010-2011
<b>31</b>	<b><u>Earnings in Foreign Currency</u></b>	
I. Export of goods calculated on F.O.B. basis:	181,500,769	131,384,438

# PANASONIC APPLIANCES INDIA Co. LTD.

## Notes forming part of financial Statements

### 32 Details of finished goods and work-in-progress

	Closing inventory ₹	Opening inventory ₹
<b>(i) Details of Finished Goods</b>		
<b>Manufactured Goods</b>		
Electric Rice Cooker	<b>31,816,787</b> (27,823,052)	<b>27,823,052</b> (20,849,922)
Mixer Grinder	<b>7,421,847</b> (6,015,774)	<b>6,015,774</b> (8,902,166)

<b>Trading Goods</b>	2011-2012		2010-2011	
	closing	opening	closing	opening
<i>Microwave Oven</i>	<b>337,877</b>	<b>6,891,582</b>	6,891,582	3,960,629
Steam Iron	<b>616,608</b>	<b>6,414,353</b>	6,414,353	3,551,045
Electric Rice Cooker	<b>2,807,364</b>	<b>3,877,496</b>	3,877,496	1,838,759
Health Care / personal care products	<b>822,209</b>	<b>25,833,380</b>	25,833,380	11,344,517
Accessories - Idly stand	<b>1,350,733</b>	-	-	-
Other Domestic appliances	<b>13,900,217</b>	<b>16,113,989</b>	16,113,989	12,894,744
	<b>19,835,008</b>	<b>59,130,800</b>	59,130,800	33,589,694

<b>(ii) Details of Work-in-progress</b>		
Electric Rice Cooker	<b>18,959,157</b> (15,132,327)	<b>15,132,327</b> (12,403,050)
Mixer Grinder	<b>9,429,265</b> (8,340,624)	<b>8,340,624</b> (7,524,866)

### 33 Related Party Disclosures:

#### Related parties and their relationship

Holding Company	Panasonic Corporation – Japan
Fellow Subsidiaries	
Panasonic India Pvt Ltd	Panasonic Home Appliances Thailand Co.,Ltd
Panasonic Latin America	Panasonic Trading S Pte Ltd. Singapore
Panasonic Mktg-Middle East	Panasonic Electric Works (Asia Pacific) Pte.Ltd.,- Singapore
Panasonic Singapore (RSG)	Panasonic Logistics (Hong Kong) Company Ltd
Panasonic Gulf FZE (Dubai)	Panasonic (Export Division)- Singapore
Panasonic Peruana S.A – Peru	Panasonic Centroamericana –SA C-RICA
Panasonic Logistics Asia Pacific	Panasonic Asia Pacific PTE Ltd
Panasonic Corporation Appliances Company	Panasonic Manufacturing Malaysia Berhad
Panasonic Taiwan Co.Ltd.	Panasonic Trading Malaysia SDN BHD
Key Management personnel	Mr. H. Aso

## PANASONIC APPLIANCES INDIA CO. LTD.

Disclosure in respect of material transactions with associated parties for the period 01.04.2011 to 31.03.2012

Figures in ₹

S.No	Particulars	Holding Company	Fellow Subsidiary	Enterprise influenced by Key Management Personnel	Key Management Personnel	Relatives of Key Management Personnel
1	Remuneration paid				<b>3,097,961</b> (1,415,672)	
2	Royalty	<b>18,971,499</b> (18,549,453)				
3	Brand Licence Fee	<b>9,371,972</b> (9,247,893)				
4	Reimbursement of Expenses Recd	<b>38,493,120</b> (11,573,400)	<b>472,591</b> (33,253,117)			
5	Reimbursement of Expenses Paid (booked)	<b>8,268,658</b> (6,595,785)	<b>8,340,411</b> (9,092,927)			
6	Sales		<b>899,707,002</b> (1,614,974,608)			
7	Purchase of Material	<b>1,116,588</b> (155,954)	<b>33,753,565</b> (21,306,321)			
8	Purchase of Traded Goods	<b>52,272,601</b> (266,917,412)	<b>18,801,107</b> (13,255,435)			
9	Purchase of Assets	<b>215,802</b> (302,554)	<b>NIL</b> (4,098,307)			
10	Amount payable	<b>46,953,984</b> (31,818,881)	<b>16,720,172</b> (7,445,028)			
11	Amount receivable	<b>17,627,732</b> (11,573,400)	<b>2,394,461</b> (116,593,823)			

Figures in brackets relate to previous year.

### 34 Segment Reporting

The company is principally engaged in the business of Household Appliances. There are no separate reportable Segments as per Accounting Standard - 17 - "Segment Reporting".

35 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31<sup>st</sup> March 2012.

36 In the opinion of the Board, none of the assets have a value lower on realization in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

37 Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 are given as follows:

	31.03.2012	31.03.2011
	₹	₹
a) Principal amount due	<b>7,669,606</b>	2,551,015
Interest accrued and due to suppliers under MSME Act	<b>1,027,495</b>	215,425
b) Interest paid during the period beyond the appointed day	<b>NIL</b>	NIL
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	<b>67,813,027</b>	29,187,607
d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	<b>1,019,349</b>	215,425
e) Amount of interest accrued and remaining unpaid at the end of the period	<b>1,027,495</b>	215,425

## PANASONIC APPLIANCES INDIA Co. LTD.

- f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act. - -

The above information regarding micro enterprise and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

### 38 Derivative Instrument and Unhedged Foreign Currency Exposure

S.No	Purpose	Currency	31.03.2012	31.03.2011	31.03.2012	31.03.2011
			In Foreign currency	In ₹	In ₹	In ₹
1	Forward Currency Swap Outstanding		NIL	NIL	Nil	Nil
2	Unhedged Foreign Currency Exposure					
	(i) Outstanding Debtors	USD	214,671	187,671	10,933,186	8,389,714
		JPY	25,045,296	1,300,000	15,460,461	7,082,400
	(ii) Outstanding Creditors - Goods	USD	205,809	322,942	10,584,734	14,503,326
		JPY	3,296,094	1,271,000	2,075,221	692,441
	(iii) Outstanding Creditors - Expenses	USD	18,164	76,206	925,114	3,422,439
		JPY	3,345,291	2,623,035	2,095,278	1,429,030
		SGD	12,988	8,642	534,059	307,322

### 39 Employee Benefits

The disclosure as per Revised AS-15 produced below: - The following tables set out the details of amount recognised in the financial statements in respect of employee defined benefit scheme: Figures in ₹

	Particulars	Gratuity	
		31.03.2012	31.03.2011
A	Net Asset / (liability) recognised in the Balance Sheet as at March 31 2012		
	Present value of the Defined Benefit Obligation	17,376,401	13,562,977
	Fair Value of plan assets	13,701,618	10,179,272
	Net Liability recognised in the Balance Sheet	3,674,783	3,383,705
B	Expenses recognised in the statement of Profit and Loss Account for the year ended March 31, 2012		
	Current service cost	1,408,897	1,253,042
	Interest cost	1,085,038	901,653
	Expected return on plan assets	(1,128,242)	(961,978)
	Net actuarial (gain)/loss recognised during the year	2,309,090	2,190,988
	Adjustment for opening differences		(592)
	Expense / (Income) recognised in Profit and Loss Account	3,674,783	3,383,113
C	Change in Defined Benefit obligation during the year ended March 31, 2012		
	Present value of Defined Benefit obligation as at April 1, 2011	13,562,977	11,270,663
	Current service cost	1,408,897	1,253,042
	Interest cost	1,085,038	901,653
	Benefits paid	(989,601)	(2,053,369)
	Actuarial (gain) / loss on obligation	2,309,090	2,190,988
	Present value of obligation as at March 31, 2012	17,376,401	13,562,977
D	Changes in Fair value of Asset during the year ended March 31, 2012		
	Fair value of plan assets as at April 1, 2011	10,179,272	10,602,133
	Expected return on plan assets	1,128,242	961,978
	Contributions made	3,383,705	668,530
	Benefits paid	(989,601)	(2,053,369)
	Actuarial gain / (loss) on plan assets	-	-
	Fair value of plan assets as at March 31, 2012	13,701,618	10,179,272

**PANASONIC APPLIANCES INDIA CO. LTD.**

E	Actuarial Assumptions		
	Discount rate	<b>8%</b>	8%
	Expected rate of return on plan assets	<b>9.25%</b>	9.25%
	Rate of increase in compensation levels	<b>5%</b>	5%

The company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

40 Provision for Warranty Claims

The following is the Reconciliation of the changes in the warranty liability for the financial year 2011-2012 Figures in ₹

Particulars	2011-2012	2010-2011
Opening balance as on 1 <sup>st</sup> April, 2011	<b>4,208,647</b>	3,023,752
Add: Provision made during the year	<b>5,732,565</b>	6,085,000
	<b>9,941,212</b>	9,108,752
Less: Claims settled during the year	<b>4,329,738</b>	4,900,105
Closing balance as on 31 <sup>st</sup> March, 2012	<b>5,611,474</b>	4,208,647

41 The company's refund claim of Special Additional Duty amounting to ₹ 56,56,601 has been rejected by the Deputy Commissioner of Customs (Refund). The company is in process of preferring an appeal before the appellate authorities for the refund claim and has been advised by the legal counsel that there is fair chance of succeeding in the appeal. The company expects to recover the full value of refund receivable and no provision is considered necessary as on 31<sup>st</sup> March, 2012.

42 Consequent to the notification revising the Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31<sup>st</sup> March, 2012 are prepared as prescribed in Revised Schedule VI. Accordingly, the financial statements for the year ended 31<sup>st</sup> March, 2011, which are presented as per pre-revised schedule - VI, have also been reclassified to conform to this year's classification.

As per our report of even date

For and on behalf of the Board

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

**H.Aso**  
Managing Director

**Justice S.Natarajan**  
Director

**K.Subramanian**  
Director

**A.Raghavendra Rao**  
Director

**R.Nagendra Prasad**  
Partner  
Membership No: 203377  
Place : Chennai  
Date : June 06, 2012

**Harshad Reddy**  
Director

**Tom Antony**  
Company Secretary

**IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form may register their email Id by informing the same to the Company or its R&T Agent.

**PANASONIC APPLIANCES INDIA COMPANY LIMITED**

Regd. Office : N.H. 5, Sholavaram Village, Ponneri Taluk, Chennai – 600 067.

**ATTENDANCE SLIP**

Folio No./Depository A/c. No. ....

No. of Share held .....

I certify that I am a registered Shareholder/Proxy for the registered shareholder of the Company.

Name & Address of the Member

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company held on Friday September 28, 2012 at 10.15 a.m. at Sri P.Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai - 600 017.

.....  
(Name of Member/Proxy)

.....  
(Signature of Member/Proxy)

Note: Please sign this attendance slip and hand it over at the verification counter of the Meeting Hall.

----- Cut here -----

**PANASONIC APPLIANCES INDIA COMPANY LIMITED**

Regd. Office : N.H. 5, Sholavaram Village, Ponneri Taluk, Chennai – 600 067.

**PROXY FORM**

Folio No./Depository A/c. No. ....

No. of Share held .....

I /we .....of.....in the district of.....

..... being a member/members of Panasonic Appliances India Co. Ltd.

hereby appoint ..... of..... in the District of .....

or failing him / her .....of..... in the District of .....

as my/our proxy to vote for me/us on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be

held on Friday September 28, 2012 at 10.15 a.m. at Sri P.Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar,

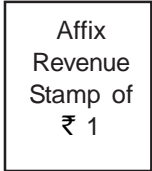
Chennai - 600 017 and at any adjournment thereof.

Signed this.....day of .....2012

Name : .....

Address : .....

.....



Signature of Member

Note:

- 1. The form should be signed across the Stamp as per specimen signature registered with the Company.
- 2. The proxy form should be deposited at the Registered / Corporate Office of the Company at least 48 hours before the time fixed for the meeting.
- 3. The proxy need not be a member of the Company.