

Board of Directors	Mr. Hidenori Aso Managing Director Mr. Justice S. Natarajan Mr. A. Raghavendra Rao Mr. K. Subramanian Mr. Ajit Gopal Nambiar Mr. Harshad Reddy Mr. Shigeru Dono (Appointed w.e.f. 12 th Nov, 2013) Mr. Norifumi Matsui (Resigned w.e.f. 12 th Nov, 2013)
CFO & Company Secretary	Mr. Tom Antony
Auditors	M/s Brahmayya & Co., Chartered Accountants No. 48, Masilamani Road, Balaji Nagar, Royapettah Chennai - 600 014.
Registered Office and Factory	N.H. No.5, Sholavaram Village, Ponneri Taluk, Chennai - 600 067. Tamilnadu. Tel : +91 44 2633 0133 Fax : +91 44 2633 0132
Corporate Office	21-C, South Phase, 5 th Cross Street Guindy Industrial Estate, Guindy, Chennai - 600 032. Tel : +91 44 22258701-705 Fax : +91 44 22258730
Bankers	The Bank of Tokyo Mitsubishi UFJ Ltd., HDFC Bank Ltd.

TWENTY FIFTH ANNUAL REPORT	
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Twenty Fifth Annual General Meeting

Venue	: Rani Seethai Hall, No. 603, Anna Salai, Chennai – 600 006.
Date	: 31 st December 2013
Time	: 10.45 a.m.

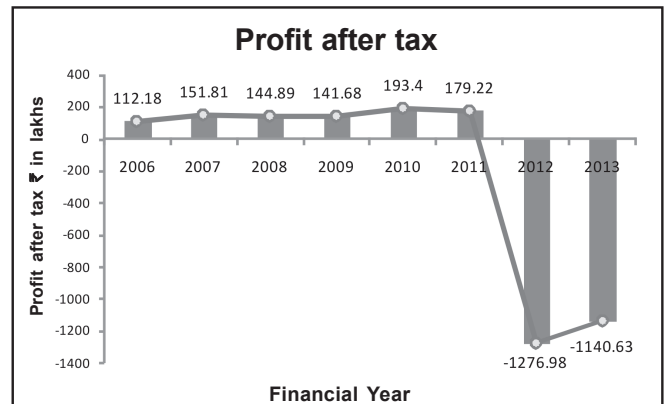
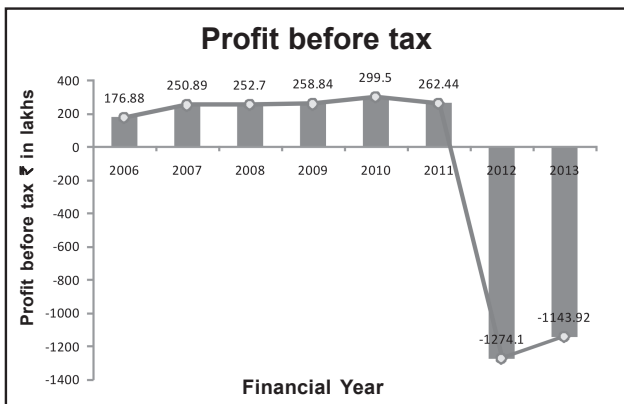
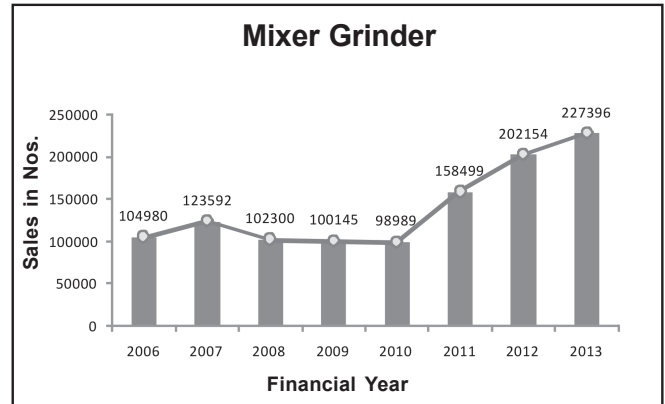
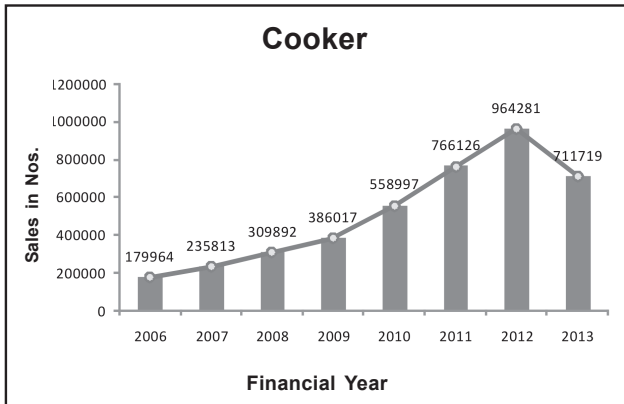
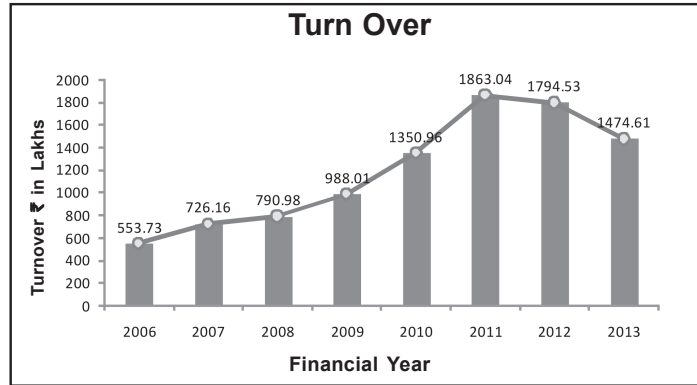
Registrar & Share Transfer Agents

M/s. Integrated Enterprises (India) Limited
"Kences Towers", 2nd Floor,
#1, Ramakrishna Street, North Usman Road, T.Nagar,
Chennai - 600 017 Email : srirams@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 along with this Annual Report.

HIGHLIGHTS 2006-2013



NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the **Twenty Fifth Annual General Meeting** of the Members of Panasonic Appliances India Co. Ltd will be held on Tuesday, 31st December 2013 at 10.45 a.m. at Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2013, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Harshad Reddy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A. Raghavendra Rao who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company and to fix their remuneration. The retiring Auditors, M/s. Brahmayya & Co., Chartered Accountants are eligible for re-appointment and have confirmed their willingness to accept the office, if re-appointed.

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

“RESOLVED THAT M/s. Brahmayya & Co., Chartered Accountants, Chennai be and is hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company”.

Special Business:

5. To appoint Mr. Shigeru Dono as a Director

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

“RESOLVED THAT Mr. Shigeru Dono be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

Place : Chennai
Date : 03rd December 2013

HIDENORI ASO
MANAGING DIRECTOR

NOTES

1. EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy should be received at the Registered Office of the Company at least 48 hours before the time fixed for the commencement of the Meeting.
3. All documents relevant to the business to be transacted at this meeting will be available for inspection at the Corporate Office of the Company on all working days during business hours.
4. The Register of Members and Share Transfer Books will remain closed from 21st December 2013 to 31st December 2013 (both days inclusive).
5. Shareholders seeking any information, with regard to accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.

PANASONIC APPLIANCES INDIA CO. LTD.

6. Members / Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
7. Corporate shareholders/ Trusts/ Societies are requested to send a duly certified copy of the Board/ Managing Committee Resolution authorizing their representative to attend and vote at the Meeting.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The Company transferred the unclaimed dividends pertaining to the financial year up to and including 2005-06 to the Investor Education and Protection Fund of the Central Government (IEPF), pursuant to Section 205C of the Companies Act, 1956. Those members who have so far not encashed their Dividend Warrants for the below mentioned financial years, may claim or approach the Company's Share Transfer Agents for the payment thereof as the same will be transferred to the IEPF pursuant to Section 205C of the Companies Act, 1956 on the respective due dates. Kindly note that after transfer to IEPF, the members will not be entitled to claim such dividend.

Financial Year	Rate of Dividend	Date of Declaration	Last date for claiming unpaid Dividend
2006 - 2007	10%	31.08.2007	30.09.2014
2007 - 2008	10%	24.09.2008	23.10.2015
2008 - 2009	12%	25.09.2009	24.10.2016
2009 - 2010	10%	24.09.2010	23.10.2017
2010 - 2011	10%	30.09.2011	29.10.2018

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

ANNEXURE TO THE NOTICE

Explanatory Statement

The following Explanatory Statement sets out material facts relating to the business under Item 5 of the accompanying Notice.

Item No. 5

The Board of Directors, had co-opted Mr. Shigeru Dono as an Additional Director at its meeting held on 12th November 2013. Pursuant to Section 161 of the Companies Act, 2013 (read with Section 260 and all other applicable provisions of Companies

Act, 1956) and Articles of Association of the Company, Mr. Shigeru Dono will hold office up to the date of the this Annual General Meeting. The Company has received a Notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Shigeru Dono for the office of a Director.

Memorandum of Interest

Except Mr. Shigeru Dono, no other Director of the company is deemed to be interested or concerned in this resolution.

The Board recommends this resolution for approval of the Members.

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

Mr. Harshad Reddy

Mr. Harshad Reddy is the grandson of late Mr. P. Obul Reddy, the founder and Chairman of the Company. He is an Engineer with specialization in Manufacturing Management from University of Warwick, U.K and completed M.Sc in Management from Cass Business School, London. Presently, he is working as an Executive Director in PPN Power Generating Company Private Limited and as Managing Director of Unique Home Health Care Limited.

Mr. Harshad Reddy does not hold any shares in the Company.

Mr. A. Raghavendra Rao

Mr. A. Raghavendra Rao is a Commerce and Law Graduate and also an associate of Institute of Cost and Work Accountants of India (ICWAI). He joined Indian Revenue Service in 1958 and held various important positions including Commissioner of Income Tax, Under Secretary in Department of Revenue, Ministry of Finance, Additional Secretary in the Department of Space and Member of Central Board of Direct Taxes (CBDT) till 1992. Between 1992 and 1997 he worked as Member, Vice-Chairman and Chairman of Income Tax Settlement Commission. He was also appointed by the Company Law Board (CLB) as Chairman and by Madras High Court as administrator for several NBFC's. He was the Chairman of the Expert Group on Nidhis constituted by the Central Government.

Presently he is a Director on the Board of Panasonic Carbon India Co. Ltd and S.S. Corporate Management Services P. Ltd. He is also a member of Audit Committee and Shareholder/Investor Grievance Committee in Panasonic Carbon India Co. Ltd.

Mr. A. Raghavendra Rao does not hold any shares in the Company.

Mr. Shigeru Dono

Mr. Shigeru Dono graduated from Kyoto University and joined Panasonic Electric Works Co., Ltd. (formerly Matsushita Electric Works, Ltd.) in April 1986. Subsequently he worked in various important positions at various locations viz., Institute of Industrial Science (MEW), Kurume Factory, Aquq Devices Division (MEW), and General Manager of Engineering Department at Panasonic Corporation Appliances Company. Presently, he is working as Director of Kitchen Appliances Business Division at Panasonic Corporation Appliances Company.

Mr. Shigeru Dono does not hold any shares in the Company.

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

Place : Chennai
Date : 03rd December 2013

HIDENORI ASO
MANAGING DIRECTOR

PANASONIC APPLIANCES INDIA CO. LTD.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Fifth Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2013.

FINANCIAL RESULTS

The financial performance of your Company for the financial year ended 31st March 2013 is summarized below:

(₹ in Crores)

Particulars	2012-13	2011-12
Revenue from Operations (including Excise Duty)	167.10	198.78
Other Income	0.65	0.42
Profit before depreciation and interest	(4.55)	(5.88)
Less: Interest	3.41	3.68
Depreciation	3.48	3.18
Profit / (Loss) before Tax	(11.44)	(12.74)
Less: Provision for taxation	0.03	0.03
Profit / (Loss) after Tax	(11.41)	(12.77)
Balance in Profit & Loss Account before Scheme of Arrangement	(8.25)	4.52
Less :Amount of Loss adjusted against securities premium account pursuant to Scheme of Arrangement (Refer Note 42)	13.50	-
Balance in Profit & Loss Account after adjustment pursuant to the Scheme of Arrangement	(6.16)	-

PERFORMANCE

In spite of the best efforts put by the Company, the performance during the year under review was not satisfactory owing to unfavorable economic conditions and adverse factors which prevailed in some of its key markets like Andhra Pradesh and Tamil Nadu. The macroeconomic environment continues to be under stress due to the negative sentiments prevailing in global economy coupled with a host of domestic factors.

During the year under review your Company incurred a loss of ₹11.41 Crores as against ₹12.77 Crores in the previous year. The gross sales of the Company stood at ₹167.10 Crores as against ₹198.78 Crores in the previous year. In spite of various cost reduction measures, the high amount of fixed cost continued to affect the profitability as the Company could not scale up its sales in line with the Business Plan target owing to adverse market conditions. The slowdown in the economic growth and the rising level of inflation affected consumer spending in the consumer durable sector. During the year, the Company initiated several measures like introduction of new models, reduction of fixed costs, production innovation activities, more indigenization of imported components to reduce production cost etc. with a view to improve the profitability of the Company. These measures are expected to yield results in future.

ISSUE OF ZERO COUPON COMPULSORILY CONVERTIBLE DEBENTURES (CCDs)

Pursuant to the approval of the Shareholders at the Annual General Meeting held on 28th September 2012, the Company has issued 2,89,000 CCDs of face value ₹125/- each to Panasonic Corporation where each CCD will be compulsorily convertible into an equity share of face value ₹10/- each of the Company at a premium of ₹115/- per equity share. The tenure of the CCD is eighteen months from the date of its allotment. The CCDs issued and allotted as above is yet to be converted into equity shares. The paid up equity share capital of the Company upon conversion of CCDs into equity shares will stand increased to ₹9,83,20,000/- comprising of 98,32,000 equity shares of ₹10/- each. Upon conversion of CCDs into shares, the shareholding of Panasonic Corporation will increase to 56,32,000 equity shares constituting 57.28% of the enlarged share capital.

CAPITAL RESTRUCTURING

The Company has given effect to a Scheme of Arrangement ("the Scheme") under Sections 391 read with Sections 78,100 to 104 of the Companies Act 1956 to set off a portion of accumulated losses against the Securities Premium Account with appointed date as 01st January 2013. The restructuring undertaken through the Scheme along with other measures as envisaged therein would enable the Company to right size its balance sheet and present a right picture of the financial position of the Company. Upon the Scheme coming into effect, an amount of ₹ 13,50,00,000/- (Rupees Thirteen Crores Fifty Lakhs Only), from the amount appearing as Debit balance in Profit and Loss Account as on 31st December 2012 would be adjusted and set off against Securities Premium Account as on 31st December 2012. The amount of ₹ 13,50,00,000/- adjusted and set off in the above manner consists of ₹ 9,50,00,000/- (Rupees Nine Crore Fifty Lakhs Only) of unabsorbed losses and ₹ 4,00,00,000/- (Rupees Four Crores Only) of unabsorbed depreciation. For the purpose of clarity, the mechanism of the Scheme is explained below:-

Particulars	Amount
Accumulated Losses in the Profit & Loss Account as on 31.12.2012	₹ 18,59,39,400
Balance in the Securities Premium Account as on 31.12.2012	₹ 17,37,21,600
Amount of Accumulated Loss being adjusted against the Securities Premium Account	₹ 13,50,00,000
Upon the Scheme coming into effect, the balance in Securities Premium Account as on 01.01.2013	₹ 3,87,21,600
Upon the Scheme coming into effect, the outstanding loss in the books as on 01.01.2013	₹ 5,09,39,400

The Scheme was approved by the Board at its meeting held on 14th February 2013 and members at the Court Convened Meeting held on 23rd September 2013. The Hon'ble High Court of Judicature at Madras sanctioned the Scheme vide its order dated 26th November 2013. The Order of the Hon'ble High Court sanctioning the Scheme had been filed with the Registrar of Companies, Chennai, Tamil Nadu on 30th November, 2013.

As a result of implementing the Scheme, the accumulated loss in the books of the Company as on 31st March 2013 would stand reduced to ₹ 6,15,65,043/- from its previous level of ₹ 19,65,65,043/-. Correspondingly the balance standing in the credit of Securities Premium account would stand reduced to ₹ 3,87,21,600/- from its previous level of ₹ 17,37,21,600/-.

EXTENSION OF TIME FOR CONDUCTING ANNUAL GENERAL MEETING

In view of and to give effect to the restructuring of capital undertaken by the Company by way of Scheme of Arrangement under Sections 391 read with Sections 78,100 to 104 of the Companies Act 1956 your Company sought and obtained extension of time for the purpose of holding AGM by three months till 31st December 2013. The Registrar of Companies, Chennai, Tamil Nadu accorded his approval vide order dated 14th August 2013.

OUTLOOK

The benefits of various cost reduction measures initiated by the Company will be reflected in the year/s ahead. However, business conditions would continue to be challenging and the business growth will depend on the recovery of the economy. The Company intends to focus on increasing sales and diversifying its product portfolio in the upcoming financial year.

DIVIDEND

In the absence of any distributable profit, the Board of Directors do not recommend any dividend for the financial year 2012-13.

DIRECTORS

Mr. Norifumi Matsui who was representing Panasonic Corporation resigned from the Directorship of the Company at its meeting held on 12th November 2013. The Board places on record their appreciation for the valuable contribution made by Mr. Norifumi Matsui during his tenure as Director on the Board of the Company.

The Board of Directors had co-opted Mr. Shigeru Dono as an additional Director at its meeting held on 12th November 2013. Pursuant to Section 161 of the Companies Act, 2013 (read with Section 260 and all other applicable provisions of Companies Act, 1956), and Articles of Association of the Company Mr. Shigeru Dono will hold office up to the date of this Annual General Meeting. His candidature has been proposed by a member pursuant to Section 257 of the Companies Act 1956. In accordance with the Articles of Association Mr. Harshad Reddy and Mr. Raghavendra Rao 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 retire at the ensuing Annual General Meeting and given their consent for reappointment. The Company has also received a confirmation from them that their

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appointment would be within the limits prescribed under proviso of Section 224(1B) of the Companies Act, 1956. Members are requested to consider their re-appointment on a remuneration to be decided by the Board or Committee thereof for the ensuing financial year i.e. 2013-2014.

COST AUDITORS

Pursuant to the Cost Audit Order dated 24th January 2012 issued by the Ministry of Corporate Affairs (MCA), the Board of Directors had appointed M/s.SJ Associates, Cost Accountants, to conduct cost audit for the financial year 2012-13. The due date for filing report of the Cost Auditor with the Central Government was 30th September 2013 and the same was filed by the Cost Auditor on 03rd December 2013.

Based on the Audit Committee recommendations, the Board of Directors at its meeting held on 22nd May 2013, has approved the appointment of M/s. Thanigamani & Associates, Cost Accountants as the Cost Auditors of the Company for the Financial Year 2013-14. The appointment has been approved by the 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 EARNINGS 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 profit of the Company for that period.
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and
- iv. Prepared the Annual Accounts on a going concern basis.

CORPORATE SOCIAL RESPONSIBILITY

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. The sound business practices adopted by the Company are in line with its value system. 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, strives for reduction of CO2 emissions and encourages the spread of environmental conservation activities. The manufacturing process and plant 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 continues to undertake various activities to spread environmental awareness among the citizens living in and around the location of its factory. 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"). The Company has through its "eco ideas" contributed to the prevention of global warming by implementing measures that help to reduce CO2 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 agreement with Stock Exchanges, your Company endeavors to follow the Corporate Governance voluntary Guidelines 2009 issued by Ministry of Corporate Affairs.

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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 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 ₹ 199,114/- being the unclaimed dividend pertaining to the financial year 2005-2006 was transferred to the Investor Education and Protection Fund.

INDUSTRIAL RELATIONS

The relations with the employees of the Company have continued to remain cordial.

ACKNOWLEDGEMENTS

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

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

Place : Chennai

Date : 03rd December 2013

HIDENORI ASO
Managing Director

JUSTICE S. NATARAJAN
Director

ANNEXURE 'A' to DIRECTORS' REPORT

Information as required under Section 217(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	a) <u>Productivity Improvement through Manufacturing Innovation resulted energy saving in the following</u> <ul style="list-style-type: none">- Auto Anodizing by increasing the Output- Combined all operations of using 5 drilling machines to 1 machine- Cooker Body & Pan parts output increased- Cooker Main Assembly Line -1 changed from Conveyor type to 2 small Cell Productions
b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.	b) Diesel Generator usage reduction resulting Diesel conservation during Peak Power Cut time (6 p.m. -10 p.m.) by using Private Electricity Power. c) Introduction of Centrifuge filter for elimination of diesel mixing with furnace oil for firing of Thermic Heater . <ul style="list-style-type: none">- Investment of Centrifuge filter for Thermic Heater

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<p>c) Impact of the measures of (a) and (b) for reduction of energy consumption and consumption impact on the cost of production of goods.</p>	<ul style="list-style-type: none"> - Productivity increased by Manufacturing Innovation resulted in the following - 11% productivity increase in the Auto Anodizing resulted in Energy saving of 0.08 unit/ product - Reduction in number of drilling machines from 5 to 1 resulted in a benefit of energy saving by 65 units/day - Improved Productivity of Cooker Body & Pan resulted in energy saving of 0.022 unit/product - Cooker Main Assembly line changed from Conveyor to Cell type which resulted in energy saving by 2613 unit/year - The resultant Differential Cost benefit of Rs 17,00,660/ year by using Private power during peak hours (6.00 p.m. to 10.00 p.m.), in place of Diesel Generator usage - By introduction of Centrifuge filter, cost is reduced by avoiding Diesel mixing with Furnace Oil
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B. TECHNOLOGY ABSORPTION

FORM B (See Rule 2)

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

<p>1. Specific areas in which R&D carried out</p>	<ul style="list-style-type: none"> - R&D activities were carried out in the area of development of additional models of the Existing Cooker and Mixer Grinder as per Global specifications for export market where product specifications vary from country to country to expand to new export markets
<p>2. Benefits derived as a result of the above R&D</p>	<ul style="list-style-type: none"> - Bigger cooker of 4.2 Lit capacity has been developed. The 4.2 L model has been completed for Domestic Models (Indian Market) & Mixie exported to Malaysia, Thailand, Indonesia.
<p>3. Future plan of action</p>	<ul style="list-style-type: none"> - Big cooker 4.2 L model for other destinations are planned and is in process for Hong Kong, Thailand, USA and Canada. - Development of big capacity electric cookers
<p>4. Expenditure on R&D</p>	<ul style="list-style-type: none"> - Expenses incurred ₹ 41,07,692/- for developing new changes in the existing models of Cookers to export markets like Latin America, South Africa and Mixie to Malaysia, Thailand, Indonesia and bigger Capacity Cooker 942 to domestic Market

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

<p>1. Efforts, in brief made towards absorption, adaptation and innovation</p>	<ul style="list-style-type: none"> - 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 - Manufacturing Innovation activities undertaken with support of Panasonic Corporation has resulted in improvement of productivity in all In house parts production and in the Main assembly
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2. Benefits derived as a result of the above efforts, example product improvement, cost reduction, product development, import substitution etc.	<ul style="list-style-type: none"> - Company was able to get technical inputs and suggestions towards cost reduction, productivity increase, product quality improvement etc. - Aggressive Material Cost Control & Value Engineering measures resulted in bringing down Material cost by ₹ 2,01,58,000/-
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C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products.	- The Company exported 79074 Nos. of Electric Rice Cookers and 69750 Nos. of Mixer Grinder during the financial year 2012-2013
b) Total foreign exchange used and earned	- Foreign Exchange earned during the financial year 2012-13 was ₹ 26.43 Crores and the outgo was ₹ 23.67 Crores.

ANNEXURE 'B' TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRIAL REVIEW

The world economy continues to be under pressure with a moderation in growth in China adding to the continuation of the crisis in the European Union and the United States. The economy seems fragile with resurgence of economic activity not yet apparent. The Indian economy grew at its slowest pace in a decade in 2012-13 due to a string of factors including high inflation, high interest rates, slowing global economy, delay in implementation of projects, policy logjam, slowing industrial growth and declining business sentiment. The economy slowed to a 10-year low of 5% compared to the 6.2% expansion in the previous year. Inflation, which remained high through most part of the year, eroded domestic consumer savings and reduced consumption reflecting in slowing market growth. To fight inflation, the RBI kept interest rates high. The result was reduced household spending. The effect of slowdown was felt more in discretionary spending as the consumers either decided not to spend or postpone spending on consumer durables. During the year, manufacturing was on the decline, corporate investments stagnant and exports sluggish.

BUSINESS REVIEW

The Company has entered into the Silver Jubilee year of its incorporation. The year under review continued to be a difficult period for the Company and the gross sales of your Company stood at ₹ 167.10 Crores as against ₹ 198.78 Crores in the previous year. The Company has incurred a loss of ₹ 11.4 Crores in 2012-13 as against the loss of ₹ 12.77 Crores in the previous year. Increased competition from imported Electric Cookers made in low-cost countries such as China coupled with the intense competition from local players still remained a challenge to the marketing of your Company's products viz Electric Cooker. In order to preserve its market share, the Company was forced to keep the selling price at a reduced level which affected its profit margins. The discontinuance of the Imported Business from the beginning of the financial year 2011-2012 resulted in underutilization of infrastructure and incurrence of continued fixed costs which could not be reduced except marginally.

The adverse economic conditions coupled with the intermittent disturbance in Andhra Pradesh, a major market for the Electric Cooker manufactured by the Company on account of demand for separate Telegana state, acute power crisis in Tamil Nadu, Welfare schemes of Tamil Nadu Government involving distribution of domestic appliances like Mixer Grinders free of cost also affected the sales of your Company. In addition to the above, stagnation in demand, an increase in input costs, adverse foreign exchange fluctuations and the rupee devaluation added to the pressure on cost and affected profitability.

OUTLOOK ON OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The growth in household consumption in the coming financial year is expected to improve, leading to an increase in demand for house hold appliances. An improvement in economic growth will augur well for the appliances industry. The current penetration in the appliances segment in the country is negligible and experts believe this will gradually grow. With increased urbanization and increase in disposable income, there is a vast opportunity for appliance manufacturers to tap the growing market. According to leading research analysts, the branded goods market in the kitchen appliances segment has expanded at a significant pace of over 20 per cent and is expected to retain the momentum. However, the entry of over a dozen new brands has further intensified the competition as players vie to grab a pie of the expanding market.

Your Company continued to be a major market player in the Electric Cooker segment and in the premium segment of Mixer Grinder. With a good brand name to bank upon, your Company is customizing existing products and developing new models with emphasis on technology, quality, innovation and value combined with better after-sales services to make its way into more Indian kitchens. In order to enlarge its product portfolio, your Company has decided to renew the product line-up by manufacturing as well as importing new products. Even though the Company is going through a difficult phase, it was able to expand its export market.

Quality of the product continues to be the strength of the Company and with the shift in consumer preferences from low quality to high quality branded products, your Company is expected to gain mileage over its competitors. The monetary policy of the RBI continues to focus on taming inflation which would dampen the prospect of rate-sensitive sectors such as consumer durables and housing.

The increasing trend in the cost of major raw materials, the effect of depreciation of rupee on the cost of imported raw materials, uncertainty in getting steady supply of electricity are some of the factors which have direct bearing on the cost of production and margin. Also there has been an entry of new players-foreign as well as regional in the kitchen appliances segment. This has forced companies to raise their advertising spend to maintain visibility of their products. Most category leaders have been struggling to maintain their market share. As a result, margins are likely to be impacted. The inflationary trend in India which is likely to have a negative effect on the disposable income of individuals may also have a bearing on the Company's margins/turnover.

RISK MANAGEMENT

Risk Management refers to a series of measures to recognize, confirm, evaluate and prioritize risks and 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 a properly defined framework. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's risk management policy is backed by strong internal control systems.

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 commensurate with the nature of business and the size and complexity of operations. The internal control systems are supplemented by internal audits by an external auditor and periodic reviews by management. The adequacy of the internal control systems are regularly tested by the Statutory as well as Internal Auditors. The systems and procedures are constantly upgraded to suit the requirements.

HUMAN RESOURCES

Human Resource Management, work place safety and employee welfare have always been given utmost importance in your Company. The Company will continue to strengthen employer-employee relationship by providing a conducive working environment and offering a competitive compensation package. The Company has 270 number employees as on 31st March 2013.

DISCLAIMER CLAUSE

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 or influence Company's operations include global and domestic supply, 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 governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society."

- Sir Adrian Cadbury

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 CORPORATE 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. Every action is governed by your company's values and principles, which are reinforced at all levels within the Company. Our Code of Business Principles is an extension of our values and reflects our continued commitment to regulatory compliances.

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

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges with regard to corporate governance.

2. BOARD OF DIRECTORS

The Board of Directors is committed to and is responsible for adhering to sound principles of Corporate Governance in the Company. The Board plays an important role in overseeing how the management serves the interests of shareholders and other stakeholders. This belief is reflected in our governance practices under which we strive to maintain an effective, informed and independent Board.

Composition, Board Procedure and Information supplied to the Board

The Board of Directors is entrusted with the responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties to carry out policy formulation, evaluation of performance and control function.

The Board comprises such number of Non-Executive, Executive and Independent Directors as required under the applicable legislation. As on 31st March 2013, the Board comprised 7 directors including one Executive Director and six Non-Executive Directors, four of whom are also Independent Directors.

The Composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business and is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchange. The Chairman position of the Board remains vacant since the demise of Mr.P.Obul Reddy. At every Meeting of the Board, one of the Directors present is elected to chair the meeting. All Non-Executive Directors are renowned professionals having diverse experience and expertise.

The Composition of the Board as on 31st March 2013 is given in Table I. None of the Directors is a member of more than 10 Board-level Committees of Indian Public Limited Companies; nor are they Chairman of more than five Committees in which they are members. Necessary disclosures regarding Committee positions in other public companies as on 31st March 2013 have been made by the Directors. Further, none of the Directors is related to the other, or to any other employee of the Company.

I. Composition of the Board for year ended 31st March 2013

Name of the Director	Designation & Category	No. of Directorships*	No. of Committees**		No. of Shares held
			Member	Chairperson	
Mr. Hidenori Aso	Managing Director; Executive; Promoter	Nil	Nil	Nil	Nil
Mr. Justice S Natarajan	Director; Non-Executive; Independent	1	2	Nil	500
Mr. A. Raghavendra Rao	Director; Non-Executive, Independent	2	2	Nil	Nil
Mr. K. Subramanian	Director; Non-Executive; Independent	3	4	Nil	Nil
Mr. Ajit Gopal Nambiar***	Director; Non-Executive; Independent	2	Nil	Nil	Nil
Mr. Harshad Reddy	Director; Non-Executive; Promoter	3	Nil	Nil	Nil
Mr. Norifumi Matsui	Director; Non-Executive; Promoter	Nil	Nil	Nil	Nil

* Directorships in committees of other public companies (excluding Panasonic Appliances India Co. Ltd). 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.

*** Appointed as Non-Executive Independent Director on 30th August, 2012

Board Meetings

The Board functions as a full Board and meets at regular intervals and decides on Company / business policy and strategy apart from other Board business. 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 is set by the Company Secretary in consultation with the Managing Director of the Company and circulated to the Directors well in advance. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. The Board has complete access to all the relevant information of the Company. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirement stipulated in Clause 49.

Fourteen Board Meetings were held during the financial year ended 31st March 2013 and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

2nd April 2012; 21st May 2012; 30th May 2012; 17th July 2012; 27th July 2012; 16th August 2012; 30th August 2012; 24th September 2012; 27th September 2012; 28th September 2012; 30th October 2012; 13th December 2012; 14th February 2013; 15th March 2013.

Table II gives the Directors' attendance at Board Meetings and the Annual General Meeting (AGM) during the year ended 31st March 2013.

II. Directors' Attendance Record for year ended 31st March 2013

Name of the Director	No. of Board Meetings in the year		Attendance at last A.G.M
	Held	Attended	
Mr. Hidenori Aso	14	14	Yes
Mr. Justice S Natarajan	14	12	Yes
Mr. A. Raghavendra Rao	14	14	No
Mr. K. Subramanian	14	14	Yes
Mr. Harshad Reddy	14	11	Yes
Mr. Norifumi Matsui	14	4	Yes
Mr. Ajit Gopal Nambiar*	14	2	No

*Appointed as Non-Executive Independent Director on 30th August, 2012

3. COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all Committees are placed before the Board for review. The Board has currently established the following statutory and non-statutory Committees.

(A) Audit Committee

The Board has constituted the 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.

Terms of reference

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 and is broadly as under

- 1) Overseeing the Company's financial reporting process and disclosure of its financial information.
- 2) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment of any other services.
- 3) Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 4) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same,
 - Major accounting entries involving estimates based on the exercise of judgment by management,
 - Significant adjustments made in the financial statements arising out of audit findings,
 - Compliance with listing and other legal requirements relating to financial statements,
 - Disclosure of any related party transactions,
 - Qualifications in the draft audit report
- 5) Reviewing, with the management, the quarterly and half-yearly financial statements before submission to the Board for approval.
- 6) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems.
- 7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- 8) Discussion with internal auditors of any significant findings and follow up there on.
- 9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

- 12) Reviewing the functioning of the whistle blower mechanism.
- 13) Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor.
- 14) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Members and Invites

All the members of the Audit Committee are financially literate with knowledge in accounts and having financial management expertise. The Audit Committee invites such number of the executives as it considers appropriate, particularly senior officers from the finance and accounts department, representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.

Attendance at previous Annual General Meeting

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 28th September 2012 to answer shareholder queries.

Meetings

During the year, Four Audit Committee Meetings were held on 30th May 2012; 26th July 2012; 29th October 2012 and 13th February 2013 and the gap between two meetings did not exceed four months. The necessary quorum was present for all the meetings.

Composition

The Audit Committee of the Company comprises solely of Independent Directors and is chaired by Mr. Justice S. Natarajan. The details of the composition of the Committee and attendance at its Meetings are set out in Table III :

III. Composition and Attendance Record of Audit Committee for year ended 31st March 2013

Sl. No	Name of the Member	Category	Number of Meetings	
			Held	Attended
1.	Mr. Justice S. Natarajan	Non-Executive; Independent	4	3
2.	Mr. A. Ragavendra Rao	Non-Executive; Independent	4	4
3.	Mr. K. Subramanian	Non-Executive; Independent	4	4

(B) Share Transfer and Investors' 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 Investors' Grievances Committee comprise Two Independent Directors and Managing Director. Mr. Justice S. Natarajan acts as Chairman of the Committee. During the year, Ten Share Transfer and Investors' Grievances Committee Meetings were held on 23rd April 2012; 21st May 2012; 6th July 2012; 13th August 2012; 24th September 2012; 30th October 2012; 15th November 2012; 13th December 2012; 31st January 2013 and 14th February 2013.

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The details of the Composition of the Committee and attendance at its Meetings are set out in Table IV

IV. Composition and Attendance Record of Share Transfer and Investors Grievance Committee for year ended 31st March 2013

Sl. No	Name of the Member	Category	Number of Meetings	
			Held	Attended
1.	Mr. Justice S. Natarajan	Non-Executive; Independent	10	10
2.	Mr. Hidenori Aso	Managing Director	10	10
3.	Mr. K. Subramanian	Non-Executive; Independent	10	10

The Company attends to the Shareholders correspondence and investor grievances expeditiously. During the year, the Company received 5 complaints and all the complaints have been redressed to the satisfaction of investors. There was no Shareholder/ Investor Complaints pending as on 31st March 2013.

(C) Remuneration Committee

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.

Terms of Reference

The broad terms of reference of the Remuneration Committee are as under

- To recommend appointments to the Board
- To evaluate the performance of the whole-time Directors on predetermined parameters and to recommend their remuneration
- To review the remuneration recommended to the senior management personnel
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such Committee

Attendance at previous Annual General Meeting

The Chairman of the Remuneration Committee was present at the last Annual General Meeting of the Company held on 28th September, 2012 to answer shareholder queries.

Meetings:

During the year, there were two meetings of the Remuneration Committee which was held on 26th July 2012 and 15th March 2013.

Composition

The Remuneration Committee comprises three Independent Directors and is chaired by Mr. Justice S. Natarajan.

The details of the Composition of the Committee and attendance at its Meetings are set out in Table V:

V. Composition and Attendance Record of Remuneration Committee for year ended 31st March 2013

Sl. No	Name of the Member	Category	Number of Meetings	
			Held	Attended
1.	Mr. Justice S. Natarajan	Non-Executive; Independent	2	2
2.	Mr. A. Raghavendra Rao	Non-Executive; Independent	2	2
3.	Mr. K. Subramanian	Non-Executive; Independent	2	2

Details of Remuneration

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.

During the year 2012-13, the Company paid sitting fees of ₹ 10,000/- and ₹ 8,000/- to the Non-Executive Directors other than Promoter Directors for attending meetings of the Board and meetings of the Audit Committee respectively. Non-Executive Directors are paid sitting fees 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 Table VI (a)

VI (a) Non-Executive Directors for year ended 31st March 2013

Sl. No	Name of Director	Sitting Fees (₹)
1.	Mr. Justice S Natarajan	1,69,000
2.	Mr. A. Raghavendra Rao	1,82,000
3.	Mr. K. Subramanian	1,97,000
4.	Mr. Ajit G Nambiar	20,000
5.	Mr. Harshad Reddy	Nil
6.	Mr. Norifumi Matsui	Nil
	TOTAL	5,68,000

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 set out in Table VI (b)

VI (b) Managing Director for year ended 31st March 2013

Sl. No	Name of the Director and Designation	Salary	Perquisites	Total
1	Mr. Hidenori Aso, Managing Director	₹ 24,40,000	₹ 1,86,141	₹ 26,26,141

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.

4. GENERAL BODY MEETINGS

a. Annual General Meetings:

The last three Annual General Meetings were held as under

Financial Year	Date	Time	Venue	Special Resolutions passed
2011-12	28 th September 2012	10.15 a.m.	Sri. P. Obul Reddy Hall, Vani Mahal, #103, G.N. Chetty Road, T.Nagar, Chennai – 600 017	1. Re-appointment of Mr. H. Aso as Managing Director of the Company for a period of 3 years with effect from 01 st August, 2012. 2. Preferential Issue of 2,89,000 Zero Coupon Compulsorily Convertible Debentures of face value ₹ 125/- to Panasonic Corporation

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2010-11	30 th September 2011	02.30 p.m.	Sri. P. Obul Reddy Hall, Vani Mahal, #103, G.N. Chetty Road, T. Nagar, Chennai – 600 017	Increase in the maximum limit of salary payable to Managing Director of the Company to ₹ 2.60 Lakhs per month with retrospective effect from 01.04.2011
2009-10	24 th September 2010	10.15 a.m.	Sri. P. Obul Reddy Hall, Vani Mahal, #103, G.N. Chetty Road, T. Nagar, Chennai – 600 017	No Special Resolution was passed at this meeting

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

5. DISCLOSURES

a. 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.

b. 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.

c. The details of compliance with Mandatory/Non Mandatory requirements

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement including Board Composition, Audit Committee, Share Holders Grievance Committee, disclosures to be made to the Board and Audit Committee including related party transactions, Accounting treatments, Risk Management etc.

With respect to Non-Mandatory requirements, the Company has a Remuneration Committee in place and has no qualification in the Auditors Report.

d. Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.

6. 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 31st March 2013. The Code of Conduct is available on the website of the Company.

7. CEO/CFO CERTIFICATION

The Managing Director and Chief Financial Officer have submitted the certificate to the Board of Directors as required under Clause 49 of the Listing Agreement for the year ended 31st March, 2013 and same was taken on record by the Board.

8. 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.

9. MEANS OF COMMUNICATION

(a) The quarterly, half yearly and annual results were published in "Business Standard", "Trinity Mirror" and the Tamil

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version of the same was published in "Makkal Kural". The periodic financial results, shareholding pattern and Annual Report are also displayed on the Stock Exchanges and also on the Company's website "www.panasonicappliances.in".

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

GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting

Date	31 st December 2013
Time	10.45 a.m
Venue	Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006

b. Tentative Financial Calendar for the year ending March, 2014

Adoption of Quarterly Results for the quarter ending

30 th June 2013	30 th July 2013
30 th September 2013	12 th November 2013
31 st December 2013	3 rd /4 th week January 2014
31 st March 2014	3 rd /4 th week of May 2014

c. **Date of Book Closure** : 21st December 2013 to 31st December 2013 (Both days inclusive)

d. 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 2012-2013 and 2013- 2014 and there is no fee outstanding in relation to any of the previous financial years.

e. Stock Code

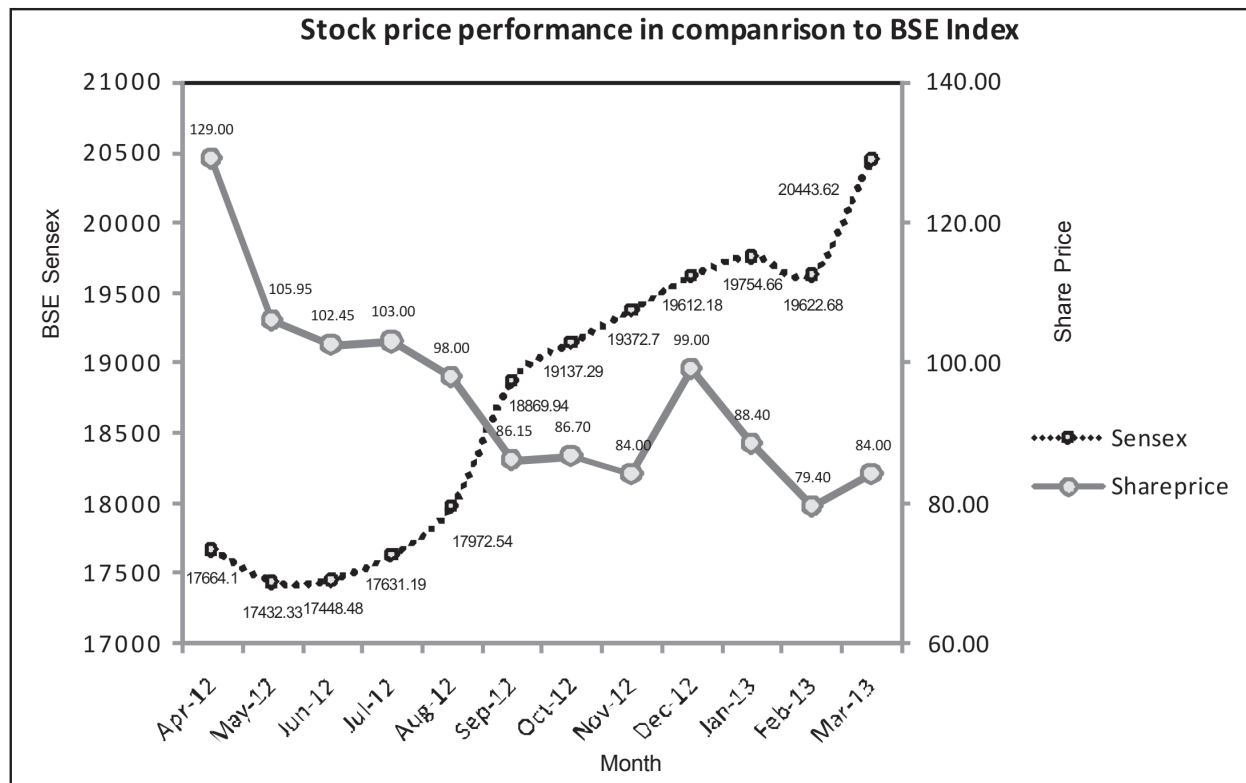
The Bombay Stock Exchange Ltd	:	523307
Madras Stock Exchange Ltd	:	INDOMATAPP
National Stock Exchange of India Ltd	:	PANASONIC
ISIN	:	INE841C01015

f. Market Price data for the Financial Year ended March 2013

The reported high and low prices based on the daily closing prices of the equity shares of the Company traded during the financial year 2012-13 on BSE and NSE are set out in the following table:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	129.00	94.25	134.40	95.00
May 2012	105.95	90.50	112.00	86.15
June 2012	102.45	84.00	103.00	84.50
July 2012	103.00	80.00	102.45	77.15
August 2012	98.00	79.00	90.95	78.60
September 2012	86.15	66.25	85.75	66.00
October 2012	86.70	75.70	90.00	75.00
November 2012	84.00	70.00	86.00	70.05
December 2012	99.00	74.25	89.70	73.00
January 2013	88.40	69.00	87.00	70.00
February 2013	79.40	63.00	80.00	62.30
March 2013	84.00	66.05	77.60	65.00

g. Performance in comparison to broad-based indices such as BSE Sensex



h. Registrar and Share Transfer Agents:

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 **n. Address for Correspondence**

i. 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 hold its meetings periodically 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 31st December 2002, reconciliation of share capital audit is conducted on a quarterly basis by a Practicing Company Secretary, for the purpose of, inter alia, and 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.

j. Distribution of shareholding as on 31st March 2013

No. of Shares	Number of Shareholders		Number of Shares	
	Number	%	Number	%
UPTO 500	6452	94.55	7,51,452	7.87
501-1000	202	2.96	1,63,290	1.71
1001-2000	81	1.19	1,17,236	1.23
2001-3000	29	0.42	73,107	0.77
3001-4000	13	0.19	45,459	0.48
4001-5000	15	0.22	71,669	0.75
5001-10000	11	0.16	77,654	0.81
10001 AND ABOVE	21	0.31	82,43,133	86.38
Total	6824	100.00	95,43,000	100.00

Shareholding Pattern as on 31st March 2013

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Indian Promoters	10	16,65,106	17.45
Foreign Promoters	1	53,43,000	55.99
Corporate Bodies	148	11,41,255	11.96
Mutual Funds & UTI	2	1,700	0.02
Banks & Financial Institutions	8	1,800	0.02
Indian Public	6,655	13,90,139	14.57
Total	6,824	95,43,000	100

k. Dematerialization 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 31st March 2013; 87,59,728 Equity Shares constituting 91.79% of the paid-up share capital of the Company have been dematerialized. The entire promoter shareholding in the company except those in the name of Late Mr. P. Obul Reddy and Late Ms. P. Gnanamba are held in dematerialised form in compliance with SEBI Circulars.

	No. of Shareholders	No. of Shares	% of Shares
No. of Shareholders in Physical Mode	3,307	7,83,272	8.21
No. of Shareholders in Electronic Mode	3,518	87,59,728	91.79
Total	6,825	95,43,000	100.00

l. Outstanding GDR / ADR / Warrants or any convertible instruments

The Company has not issued any GDR / ADR / Warrants or other convertible instruments except 2,89,000 Zero Coupon Compulsorily Convertible Debentures of face value ₹ 125/- to Panasonic Corporation on a preferential basis.

m. Plant Location

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

n. Address for Correspondence:

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

Compliance Officer

Tom Antony
Chief Financial Officer /Company Secretary
Panasonic Appliances India Co. Ltd
21-C, South Phase, 5th Cross Street,
Guindy Industrial Estate, Guindy,
Chennai – 600 032
Phone Nos.:044-2258701 – 05;
Fax No.: 044 – 22258730
Email: tom.antony@panasonicindia.in
Website: www.panasonicappliances.in ; www.21timesbetter.com

Registrars and Transfer Agents

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

(By Order of the Board of Directors)

For Panasonic Appliances India Co. Ltd

Place : Chennai

Date : 03rd December 2013

Hidenori Aso

Managing Director

Declaration in respect of Compliance with the Code Conduct

I, Hidenori Aso, Managing Director of the Company hereby declare and confirm that all Directors and Senior Officers have affirmed compliance with Code of Conduct of the Company for year ended 31st March 2013.

(By Order of the Board)

for Panasonic Appliances India Co. Ltd

Place : Chennai

Date : 03rd December 2013

HIDENORI ASO
Managing Director

JUSTICE S. NATARAJAN
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 Company Limited, (formerly Panasonic Home Appliances India Company Limited) for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information, and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing 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 (Reg.No.0005115)

Place : Chennai

Date : 03rd December 2013

(R.Nagendra Prasad), Partner
Membership No.203377

Independent Auditor's Report (Revised)

To

The Members of Panasonic Appliances India Company Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

5. We draw attention to Note No.42 of Notes to Financial Statements. The Management has revised the financial statements which were approved by the Board of Directors on 30th May 2013 to give effect to 'the Scheme of Arrangement' as sanctioned by the Hon'ble High Court of Madras. We have considered the revised Financial Statements after giving effect to adjustments as envisaged in 'the Scheme of Arrangement', and have issued this revised report dated 3rd December 2013 in supersession of our earlier report dated 30th May 2013. There are, however, no change in the report except for Para 12 of Annexure which requires us to report on whether accumulated losses are not less than 50% of networth. We have modified our revised report to state that the accumulated losses are less than 50% of the networth. We state that our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

7. As required by section 227(3) of the Act, we report that:
- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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;
 - the Balance Sheet, the Profit and Loss Statement and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - in our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act; and
 - on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Place : Chennai
Date : 03rd December 2013

ANNEXURE REFERRED TO IN PARAGRAPH 6 OF OUR REPORT OF EVEN DATE

- 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:
 - Clause (vi) regarding acceptance of deposits since no deposits accepted from public during the year;
 - Clause (xii) regarding loans granted against pledge of shares and securities etc., since no loans have been granted by the Company during the year;
 - Clause (xiii) regarding special statute applicable to Chit Funds and Nidhis/Mutual Benefit Fund and Societies since the Company has not carried on such business;
 - Clause (xiv) regarding dealing or trading in shares, securities etc. since the Company did not carry on such activities during the year;
 - Clause (xix) regarding creation of securities in respect of debentures since no debentures issued on which security required to be created during the year; and
 - Clause (xx) regarding money raised by public issue and its end use since no money was raised by public issue during the year
- 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.
- 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.
- 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 Act.
 - 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 Act.
- 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 Act 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 Act and exceeding the value of Rs.5,00,000/- in respect of any party during the year have been made at prices which are *prima facie* reasonable having regard to 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. We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records maintained by the Company.
10. According to the records of the Company, the Company 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, Excise 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 31st March 2013 for a period of more than six months from the date they become payable.
11. Based on our audit procedures and on the information and explanations given by the Management, there are no dues outstanding in respect of excise duty, income 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
Service tax demands	66,05,651	Commissioner of Central Excise (Appeals), Chennai
Customs duty demand	30,13,811	Commissioner of Customs (Appeals), Chennai

12. 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 31st March, 2013 and in the immediately preceding financial year.*
13. 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.
14. 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.
15. 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.
16. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis *prima facie*, have not been used during the year for long term investment.
17. According to the information and explanations given to us, the Company has made preferential allotment of shares / Compulsory Convertible Debentures to parties and companies covered in the register maintained under section 301 of the Act during the year. In our opinion, and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company.
18. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

R.Nagendra Prasad
Partner

Membership No.203377

Place : Chennai
Date : 03rd December 2013

PANASONIC APPLIANCES INDIA CO. LTD.

Balance Sheet as at 31st March 2013

Particulars	Note	Amount in ₹	
		As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
Share Capital	2	95,430,000	85,700,000
Reserves and Surplus	3	(19,875,749)	(17,706,758)
		<u>75,554,251</u>	<u>67,993,242</u>
(2) Non-Current Liabilities			
Long-term borrowings	4	54,041,670	108,458,345
Deferred tax liabilities (Net)	5	14,946,578	14,946,578
Long term provisions	6	9,021,221	6,849,221
		<u>78,009,469</u>	<u>130,254,144</u>
(3) Current Liabilities			
Short-term borrowings	7	225,000,000	213,775,000
Trade payables	8	242,416,947	302,225,494
Other current liabilities	9	94,628,660	134,636,679
Short-term provisions	10	3,316,386	6,935,603
		<u>565,361,993</u>	<u>657,572,776</u>
Total		<u>718,925,713</u>	<u>855,820,162</u>
II. Assets			
(1) Non-current assets			
<i>Fixed assets</i>			
i Tangible assets	11	315,943,491	325,444,342
ii Intangible assets		914,282	927,459
iii Capital work-in-progress		-	1,331,770
Long term loans and advances	12	17,101,137	19,688,870
Other non-current assets		-	-
		<u>333,958,910</u>	<u>347,392,441</u>
(2) Current assets			
Inventories	13	145,025,807	158,536,161
Trade receivables	14	216,016,263	296,549,875
Cash and Bank balances	15	2,191,434	1,711,104
Short-term loans and advances	16	13,264,234	25,512,841
Other current assets	17	8,469,065	26,117,740
		<u>384,966,803</u>	<u>508,427,721</u>
Total		<u>718,925,713</u>	<u>855,820,162</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 Registration No: 000511S

Hidenori Aso
Managing Director

Justice S.Natarajan
Director

R.Nagendra Prasad
Partner
Membership No: 203377
Place : Chennai
Date : 03rd December 2013

K.Subramanian
Director

A.Raghavendra Rao
Director

Harshad Reddy
Director

Tom Antony
CFO & Company Secretary

PANASONIC APPLIANCES INDIA CO. LTD.

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

Particulars	Note	Year ended 31st March, 2013	Amount in ₹ Year ended 31st March, 2012
Revenue from operations	18	1,670,991,337	1,987,809,902
Less: Excise Duty		<u>195,442,832</u>	<u>191,932,345</u>
		1,475,548,505	1,795,877,557
Other Income	19	<u>6,522,271</u>	<u>4,245,728</u>
Total Revenue		<u>1,482,070,776</u>	<u>1,800,123,285</u>
Expenses:-			
Cost of materials and components consumed	20	904,698,019	998,723,219
Purchase of Traded goods	21	31,775,853	127,060,434
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	13,807,517	31,603,771
Employee benefits expense	23	170,392,175	183,656,360
Financial costs	24	34,083,176	36,840,083
Depreciation and amortization		34,817,692	31,800,423
Other expenses	25	<u>406,888,760</u>	<u>517,848,804</u>
Total Expenses		<u>1,596,463,192</u>	<u>1,927,533,094</u>
(Loss) / Profit before tax		(114,392,416)	(127,409,809)
Tax expense:			
Current tax		-	-
Deferred tax (Refer Note 5.1)		-	-
Relating to earlier years		328,425	(288,017)
(Loss) / Profit after tax for the year		<u>(114,063,991)</u>	<u>(127,697,826)</u>
Earning per equity share: (Refer Note 40)			
Basic		(12.12)	(14.90)
Diluted		(11.93)	(14.90)

See accompanying notes forming part of the financial statements.

As per our report of even date

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

R.Nagendra Prasad
Partner
Membership No: 203377
Place : Chennai
Date : 03rd December 2013

For and on behalf of the Board

Hidenori Aso
Managing Director

K.Subramanian
Director

Harshad Reddy
Director

Justice S.Natarajan
Director

A.Raghavendra Rao
Director

Tom Antony
CFO & Company Secretary

PANASONIC APPLIANCES INDIA CO. LTD.

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	1 st April 2012 to 31 st March 2013		1 st April 2011 to 31 st March 2012	
	₹	₹	₹	₹
A. Cash Flows from Operating Activities				
Net Profit before tax		(114,392,416)		(127,409,809)
Add: Depreciation	34,817,692		31,800,423	
Interest	34,083,176		36,840,083	
Provision for warranty claims	2,322,572		1,402,827	
Provision for Gratuity and Leave encashment	(328,830)		83,333	
Unserviceable/Obsolete Stocks written off	2,645,430		1,788,270	
Provision for doubtful debts	3,130,592		-	
Gains on foreign currency fluctuations(Net)	-		(108,952)	
Loss on sale of fixed assets	2,562		-	
Fixed assets written off	38,770		-	
		<u>76,711,964</u>		<u>71,805,984</u>
		(37,680,452)		(55,603,825)
Less:				
Interest on deposits with banks	95,309		547,911	
Excess provisions/ credit balances written back	1,763,531		-	
Profit on sale of fixed assets	-		37,485	
		<u>1,858,840</u>		<u>585,396</u>
Operating Profit before working capital changes		(39,539,292)		(56,189,221)
Adjustments for:				
(Increase) in trade and other receivables	105,125,807		(93,841,178)	
(Increase) / Decrease in inventories	10,864,925		25,878,225	
Increase in trade payables	(79,572,077)		58,542,517	
		<u>36,418,655</u>	<u>58,542,517</u>	<u>(9,420,436)</u>
Cash generated from operations		(3,120,637)		(65,609,657)
Tax (paid) / Refund (Net)	727,438		1,834,174	
		<u>727,438</u>	<u>1,834,174</u>	<u>1,834,174</u>
Net Cash Generated from Operating Activities	Total A	(2,393,199)		(63,775,483)
B. Cash Flows from Investing Activities				
Payment for purchase of fixed assets	(4,797,103)		(97,338,611)	
		<u>(4,797,103)</u>		<u>(97,338,611)</u>
Less: Proceeds from sale of fixed assets	234,253		152,586	
Interest received	101,817		502,600	
		<u>336,070</u>	<u>502,600</u>	<u>655,186</u>
Net Cash Used in Investing Activities	Total B	(4,461,033)		(96,683,425)

C. Cash Flows from Financing Activities

Proceeds from Issue of Share Capital	121,625,000	
Proceeds from Issue of Compulsory Convertible debentures	36,125,000	
Proceeds /(Repayment) from Term Loans	(115,858,336)	200,441,670
Interest paid	(34,356,856)	(36,840,083)
Dividend paid	-	(8,570,000)
Tax paid on dividend	-	(1,390,268)
Net Cash from Financing Activities	Total C	153,641,319
Net Increase / (Decrease) in cash and cash equivalents	Total A+B+C	(6,817,589)
Opening cash and cash equivalents	568,379	7,385,968
Closing cash and cash equivalents	1,248,955	568,379
Net Increase /(Decrease) in cash and cash equivalents	680,576	(6,817,589)

'Note: For the purpose of this statement, Bank balances of ₹ 9,42,479 (previous year ₹ 11,42,725) 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 Registration No: 000511S

Hidenori Aso
Managing Director

Justice S.Natarajan
Director

K.Subramanian
Director

A.Raghavendra Rao
Director

R.Nagendra Prasad
Partner
Membership No: 203377
Place : Chennai
Date : 03rd December 2013

Harshad Reddy
Director

Tom Antony
CFO & Company Secretary

Notes forming part of Financial Statements for the year ended 31st March 2013

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

- 1.1 The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and comply with the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956.
- 1.2 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Estimates include allowance for uncollectible accounts receivables, 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, 2013

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

2 Share Capital Amount in ₹

Particulars	As at March 31, 2013	As at March 31, 2012
2.1 Equity Share Capital		
a Authorised Share Capital:		
1,30,00,000 Equity shares of ₹ 10 each	<u>130,000,000</u>	<u>130,000,000</u>
b Issued, Subscribed and Fully Paid Up:		
95,43,000 Equity shares of ₹ 10 each	<u>95,430,000</u>	<u>85,700,000</u>

2.2 Reconciliation of number of shares outstanding

Particulars	As at March 31, 2013	As at March 31, 2012
Number of equity shares outstanding at the beginning of the year	8,570,000	8,570,000
Add: Shares issued during the year	973,000	
Number of equity shares outstanding at the end of the year	<u>9,543,000</u>	<u>8,570,000</u>
Change in the number of Equity Shares Outstanding	<u>973,000</u>	<u>-</u>

2.3 Number of Shares held by Holding company

- Panasonic Corporation, Japan	<u>5,340,000</u>	<u>4,370,000</u>
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2.4 Number of shares held by each shareholder holding more than 5% shares

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	% of holding	Number of Shares	% of holding
Panasonic corporation, Japan	5,343,000	55.99%	4,370,000	50.99%
Mentor capital Limited	-	-	879,053	10.26%
J M Financial Services Pvt. Ltd	979,053	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.

2.6 During the year, the company has issued 9,73,000 Equity shares of ₹ 10/- each at a premium of ₹ 115/- per share to Panasonic Corporation, Japan on preferential basis.

2.7 During the year, the company has issued 2,89,000 Zero Coupon Compulsory Convertible Debentures (CCD's) of ₹ 125/- each to Panasonic Corporation, Japan on preferential basis. Each CCD is compulsorily convertible into one equity share of ₹ 10/- each at a premium of ₹ 115/- per share within a period of 18 months from the date of Allotment, i.e., 28th September, 2012.

Notes forming part of financial statements

3	Reserves and Surplus	Amount in ₹	
	Particulars	As at March 31, 2013	As at March 31, 2012
	Reserves		
	Capital Reserve		
	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	4,500	4,500
		2,613,500	2,613,500
	Security Premium Account		
	As per last Balance Sheet	61,826,600	61,826,600
	Add : Premium on shares issued during the year	111,895,000	-
		173,721,600	
	Less : Adjustment against debit balance in profit Loss Account as per Scheme of Arrangement (Refer note 42)	(135,000,000)	-
		38,721,600	
	General Reserve		
	As per last Balance Sheet	-	354,194
		354,194	354,194
	Surplus		
	As per last Balance Sheet	(82,501,052)	45,196,774
	Adjustment of Loss against securities premium account as per scheme of arrangement (Refer note 42)	135,000,000	-
	Add: Net (Loss) after tax for the year transferred from Profit and Loss Statement	(114,063,991)	(127,697,826)
		(61,565,043)	(82,501,052)
		(19,875,749)	(17,706,758)
	Non Current Liabilities		
	Particulars	As at March 31, 2013	As at March 31, 2012
4	Long Term Borrowings		
	Secured		
	Term Loans from a Bank	17,916,670	101,791,677
		17,916,670	101,791,677
	Unsecured		
	Term Loan from a Bank	-	6,666,668
	Compulsory Convertible Debentures (Note No. 4.4)	36,125,000	-
		36,125,000	6,666,668
		54,041,670	108,458,345

PANASONIC APPLIANCES INDIA CO. LTD.

Notes forming part of financial statements

4.1 Notes on Secured Long Term Borrowings

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.

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

Particulars	Repayment Start Date	Outstanding Amount as on 31.03.2013	Current Maturities	Instalment Amount	Interest Rate	Amount in ₹
						No. of Quarterly Instalments
4.2.1 Secured Rupee Term Loans						
Term Loan	Sep/2010	5,583,330	5,583,330	2,791,665	9.35%	12
Term Loan	Oct/2010	4,125,000	4,125,000	1,375,000	9.10%	12
Term Loan	Jul/2011	10,000,004	6,666,664	1,666,666	8.75%	12
Term Loan	Oct/2012	22,916,666	8,333,336	2,083,334	10.50%	12
		<u>42,625,000</u>	<u>24,708,330</u>			
Less: Current Maturities of borrowings reclassified		<u>24,708,330</u>				
		<u>17,916,670</u>				

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

4.4 During the year, the company has issued 2,89,000 Zero Coupon Compulsory Convertible Debentures (CCD's) of ₹ 125/- each to Panasonic Corporation, Japan on preferential basis. Each CCD is compulsorily convertible into one equity share of ₹ 10/-each at a premium of ₹ 115/- per share within a period of 18 months from the date of Allotment, i.e., 28th September 2012. As on 31st March 2013, entire amount has been utilised in accordance with the objects of the issue.

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

Non Current Liabilities

Particulars	Amount in ₹	
	As at 31 March, 2013	As at 31 March, 2012
5 Deferred Tax Liabilities (Net)		
Liability		
Related to Fixed Assets	<u>35,862,999</u>	<u>33,776,047</u>
	(A) <u>35,862,999</u>	<u>33,776,047</u>
Assets		
Timing difference on account of		
Royalty	9,196,039	9,196,039
Provision for retirement benefits	1,352,871	1,459,560
Provision for doubtful debts	-	-
Unabsorbed depreciation	9,636,277	7,387,104
Bonus, taxes and other expenses	731,234	786,766
	(B) <u>20,916,421</u>	<u>18,829,469</u>
	(A-B) <u>14,946,578</u>	<u>14,946,578</u>

5.1 Deferred Tax asset on carried forward business loss and business depreciation amounting to ₹ 7,81,49,509 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.

Notes forming part of financial statements

	Particulars	As at 31 March, 2013	Amount in ₹ As at 31 March, 2012
6	<u>Long Term Provisions</u>		
	Provision for employee benefits		
	Leave Encashment (Unfunded)	4,002,948	4,070,770
	Other provisions		
	Provision for Warranty	5,018,273	2,778,451
		9,021,221	6,849,221

Current Liabilities

	Particulars	As at 31 March, 2013	Amount in ₹ As at 31 March, 2012
7	<u>Short Term Borrowings</u>		
	<u>Secured</u>		
	Short Term Loan from a Bank	-	25,000,000
	Loans repayable on demand from a bank (Refer Note No. 7.1)	225,000,000	188,775,000
		225,000,000	213,775,000

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.

Current Liabilities

	Particulars	As at 31 March, 2013	Amount in ₹ As at 31 March, 2012
8	<u>Trade Payables</u>		
	Related Party	50,758,108	52,545,590
	Others	191,658,839	249,679,904
		242,416,947	302,225,494

	Particulars	As at 31 March, 2013	Amount in ₹ As at 31 March, 2012
9	<u>Other Current Liabilities</u>		
	Current Maturities of Long Term Borrowings	24,708,330	61,249,992
	Interest accrued but not due on borrowings	500,554	774,234
	Unclaimed Dividends (Refer Note No. 35)	942,479	1,142,725
	Other Payables		
	Trade Deposits	134,000	134,000
	Employee Related dues	1,940,393	2,565,193
	Payable on Purchase of Fixed Assets	16,370,637	1,276,966
	Contractual	19,584,262	28,240,131
	Statutory Dues	16,617,988	23,202,299
	Other Payables (Refer Note No. 9.1)	13,830,017	16,051,139
		94,628,660	134,636,679

9.1 Amount due to related parties - 6,371,454

11. FIXED ASSETS

Amount in ₹

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 1/04/2012	Additions during the year	Deletions during the year	Cost as on 31/03/2013	As on 01/04/2013	For the year	On Deletions	Upto 31/03/2013	As on 31/03/2013	As on 31/03/2012
Tangible Assets										
Land	2,116,840	-	-	2,116,840		-	-	-	2,116,840	2,116,840
Building	73,315,012	661,500	-	73,976,512	15,645,583	2,005,996	-	17,651,579	56,324,933	57,669,429
Plant & Machinery	447,592,036	21,043,585	-	468,635,621	197,896,604	28,618,822	-	226,515,426	242,120,195	249,695,432
Furniture, Fixtures & Fittings	17,011,983	1,823,633	-	18,835,616	9,884,613	1,365,665	1,307,555	9,942,723	8,892,893	7,127,370
Office Equipments (computers etc)	19,287,372	1,609,139	1,352,698	19,543,813	14,074,629	1,494,436	-	15,569,065	3,974,748	5,212,743
Vehicles	8,382,077	-	535,000	7,847,077	4,759,549	878,204	304,558	5,333,195	2,513,882	3,622,528
	567,705,320	25,137,857	1,887,698	590,955,479	242,260,978	34,363,123	1,612,113	275,011,988	315,943,491	325,444,342
Intangible Assets										
Software	6,739,681	441,392	-	7,181,073	5,848,185	454,569	-	6,302,754	878,319	891,496
Technical Knowhow	11,083,487	-	-	11,083,487	11,047,524	-	-	11,047,524	35,963	35,963
	17,823,168	441,392	-	18,264,560	16,895,709	454,569	-	17,350,278	914,282	927,459
Sub total	585,528,488	25,579,249	1,887,698	609,220,039	259,156,687	34,817,692	1,612,113	292,362,266	316,857,773	326,371,801
Capital Work in progress										1,331,770
Total	585,528,488	25,579,249	1,887,698	609,220,039	259,156,687	34,817,692	1,612,113	292,362,266	316,857,773	327,703,571
Previous Year	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

Notes forming part of financial Statements

	Particulars	As at 31 March, 2013	Amount in ₹ As at 31 March, 2012
10	<u>Short Term Provisions</u>		
	Provision for employee benefits		
	Gratuity (Funded)	233,824	3,674,783
	Leave Encashment (un funded)	166,789	427,797
	Other provisions		
	Provision for Warranties (Ref Note No. 10.1 & 41)	2,915,773	2,833,023
		3,316,386	6,935,603

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.

	Particulars	As at 31 March, 2013	Amount in ₹ As at 31 March, 2012
12	<u>Long Term Loans and Advances</u>		
	<u>Unsecured, considered good, unless otherwise stated</u>		
	Capital Advances	-	4,356,706
	Security Deposits	7,085,905	5,067,438
	Rent Deposits	3,554,384	3,404,865
	Other loans and advances		
	Advance Income Tax	22,563,449	36,793,012
	Less : Provision for Income Tax	(20,904,569)	(34,735,119)
		1,658,880	2,057,893
	MAT Credit entitlement	4,801,968	4,801,968
		17,101,137	19,688,870

	Particulars	As at 31 March, 2013	Amount in ₹ As at 31 March, 2012
13	<u>Inventories</u>		
	Valued at Lower of Cost or Realisable value		
	Raw Materials	47,093,159	55,362,109
	Raw Material-Goods in Transit	10,163,045	6,471,114
	Work in Progress	24,633,604	28,388,422
	Finished Goods	44,725,999	43,047,395
	Stock in Trade	9,452,978	19,835,008
	Stock in Trade -Goods in Transit	4,186,375	458,653
	Stores and Spares	4,770,647	4,973,460
		145,025,807	158,536,161

PANASONIC APPLIANCES INDIA CO. LTD.

Notes forming part of financial statements

Particulars	As at 31 March, 2013	Amount in ₹ As at 31 March, 2012
14 Trade Receivables		
<u>Unsecured</u>		
Over six months		
Considered good	4,406,417	-
Considered doubtful	3,130,592	-
Others		
Considered good (Refer Note No. 14.1)	211,609,846	296,549,875
Considered doubtful	-	-
	<u>219,146,855</u>	<u>296,549,875</u>
Less:- Provison for Doubtful receivables	3,130,592	-
	<u>216,016,263</u>	<u>296,549,875</u>
14.1 Amount due from related parties	29,755,180	8,765,915
		Amount in ₹
Particulars	As at 31 March, 2013	As at 31 March, 2012
15 Cash and Bank balances		
Cash and cash equivalents		
Cash on hand	42,794	40,170
Balance with banks		
In Current Accounts	1,206,161	528,209
Other bank balances		
Earmarked balances with banks		
Unpaid Dividend accounts	942,479	1,142,725
	<u>2,191,434</u>	<u>1,711,104</u>
		Amount in ₹
Particulars	As at 31 March, 2013	As at 31 March, 2012
16 Short Term Loans and Advances		
<u>Unsecured, considered good, unless otherwise stated</u>		
Loans and Advances to Employees	901,636	1,588,648
Prepaid expenses	2,919,884	2,248,671
Balance with government authorities		
Customs and Excise	6,530,753	10,430,696
Value added tax	1,690,405	2,216,162
Others	-	-
	<u>8,221,158</u>	<u>12,646,858</u>
Advance for supplies- Related parties	-	3,450,852
Advance for supplies and services	91,556	4,405,812
Other Advances	1,130,000	1,172,000
	<u>13,264,234</u>	<u>25,512,841</u>

Notes forming part of financial Statements

		Amount in ₹
Particulars	As at 31 March, 2013	As at 31 March, 2012
17	<u>Other Current Assets</u>	
	Interest accrued on Deposits	111,280
	Other Receivables - related parties	17,642,166
	Duty Refund Receivable	8,364,294
	8,364,293	8,364,294
	8,469,065	26,117,740
		Amount in ₹
	Particulars	Year ended
		Year ended
	31 March, 2013	31 March, 2012
18	<u>Revenue from Operations</u>	
	Sale of products (Refer Note No. 18.1 and 18.2)	1,986,467,318
	Less : Excise duty	191,932,345
	195,442,832	191,932,345
	1,474,612,532	1,794,534,973
	Other operating revenues	
	Sale of Scrap	1,342,584
	935,973	1,342,584
	1,475,548,505	1,795,877,557
18.1	<u>Manufactured Goods</u>	
	Electric Rice cookers	1,014,903,109
	Mixer-Grinder	490,410,815
	Service Parts & Accessories	95,500,727
	61,453,624	95,500,727
	1,427,974,019	1,600,814,651
18.2	<u>Traded Goods</u>	
	Microwave Oven	9,196,326
	Steam Iron	29,012,489
	Electric Rice Cooker	32,949,695
	Juicer Mixer Grinder	9,654,708
	Health Care / personal care products	29,106,493
	Accessories - Idly Stand	28,248,399
	Other Domestic Appliances and accessories	55,552,212
	7,859,263	28,248,399
	18,761,768	55,552,212
	46,638,513	193,720,322
	1,474,612,532	1,794,534,973
19	<u>Other Income</u>	
	Interest Income	547,911
	Insurance Claims received	343,972
	Gain on Foreign currency fluctuations	3,041,447
	Profit on Sale of Assets (Net)	37,485
	Provisions / Credit balances written back	274,913
	Miscellaneous Income	-
	680	-
	6,522,271	4,245,728

PANASONIC APPLIANCES INDIA CO. LTD.

Notes forming part of financial statements

Particulars	Year ended	Amount in ₹
	31 March, 2013	Year ended 31 March, 2012
20 Cost of Materials and Components Consumed		
(Refer Note.No.20.1 and 29.1)		
Opening Stock	55,362,109	43,502,990
Add : Purchases	853,560,097	984,819,260
Machining charges	72,697,834	67,783,275
VAT Credit	(17,709,242)	(19,971,411)
Freight Inward	10,395,598	10,417,888
Less : Closing Stock	(47,093,159)	(55,362,109)
	<u>927,213,237</u>	<u>1,031,189,893</u>
Less: Process Scrap	(22,515,218)	(32,466,674)
Cost of Materials Consumed	<u>904,698,019</u>	<u>998,723,219</u>
20.1 Materials consumed comprises:		
CRCA Steel	49,765,506	63,914,461
Aluminium Sheets	104,586,147	149,999,203
Aluminium Ingots	49,497,211	62,747,456
Stainless Steel for Cooker	19,683,324	27,893,737
ABS Materials	16,224,394	15,085,758
Stainless Steel for Mixer Grinder	36,286,283	36,506,185
Motors	119,460,588	102,633,820
Others (which do not individually contribute 10% of consumption)	531,709,784	572,409,273
Less: Process Scrap Sales	(22,515,218)	(32,466,674)
	<u>904,698,019</u>	<u>998,723,219</u>
21 Purchase of Traded goods		
Trading purchase	31,775,853	127,060,434
	<u>31,775,853</u>	<u>127,060,434</u>
21.1 Purchase of Traded Goods comprises:		
Steam Iron	-	17,350,558
Electric Rice Cooker	7,551,457	23,330,479
Hand Mixer	5,037,625	9,404,777
Juicer Mixer Grinder	5,504,627	8,186,883
Accessories - Idly Stand	6,621,042	30,365,131
Other domestic appliances and accessories	7,061,102	38,422,606
	<u>31,775,853</u>	<u>127,060,434</u>
22 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		
Inventories at the end of the year:		
Finished goods	44,725,999	43,047,395
Work-in-progress	24,633,604	28,388,422
Stock-in-Trade	9,452,977	19,835,008
	<u>78,812,580</u>	<u>91,270,825</u>
Add / (Less) : Adjustment for excise duty on finished goods	1,349,272	(347,690)
Inventories at the beginning of the year:		
Finished goods	43,047,395	39,600,154
Work-in-progress	28,388,422	24,491,332
Stock-in-Trade	19,835,008	59,130,800
	<u>91,270,825</u>	<u>123,222,286</u>
Changes in inventories	<u>13,807,517</u>	<u>31,603,771</u>

Notes forming part of financial Statements

	Particulars	Year ended 31 March, 2013	Amount in ₹ Year ended 31 March, 2012
23	<u>Employee Benefits Expense</u>		
	Salaries, Wages and Bonus	143,574,269	155,045,529
	Contributions to -		
	Provident and other Funds	8,400,777	7,917,958
	Gratuity fund	1,639,639	3,674,783
	Staff welfare expenses	16,777,490	17,018,090
		<u>170,392,175</u>	<u>183,656,360</u>
			Amount in ₹
	Particulars	Year ended 31 March, 2013	Year ended 31 March, 2012
24	<u>Finance Costs</u>		
	Interest expense	34,083,176	37,373,478
	Other borrowing costs	-	-
	Less: Interest Expense capitalised during the year	-	(533,395)
		<u>34,083,176</u>	<u>36,840,083</u>
25	<u>OTHER EXPENSES</u>		
	Stores and spares Consumed	27,454,902	30,430,664
	Power and Fuel	51,706,230	51,713,081
	Rent	8,948,261	11,975,306
	Royalty	14,948,390	18,971,499
	Brand Licence Fee	9,336,186	9,371,972
	Product Development Expenses	4,107,692	4,743,192
	Travelling and conveyance	27,361,084	33,744,721
	Insurance	3,620,661	5,111,763
	Communications	5,185,431	5,463,839
	Printing & Stationery	2,351,004	1,905,149
	Rates and taxes	2,020,700	2,217,760
	Repairs and Maintenance :		
	Machinery	1,866,737	5,824,422
	Buildings	1,643,948	1,813,196
	Vehicles	819,505	916,210
	Others	<u>5,448,245</u>	<u>6,099,331</u>
		9,778,435	14,653,159
	Directors' Sitting Fees	569,000	573,000
	Audit Fee (Refer Note 25.1)	965,045	758,925
	Professional Charges	4,420,502	2,516,673
	Bank charges & Guarantee Commission	1,931,828	1,632,756
	Advertisement and sales promotion (Refer Note 25.2)	155,779,485	243,352,349

PANASONIC APPLIANCES INDIA CO. LTD.

Notes forming part of financial statements

	Particulars	Year ended 31 March, 2013	Amount in ₹ Year ended 31 March, 2012
	Incentives on Sales	2,725,775	5,106,798
	Freight and Forwarding	49,147,762	53,526,780
	Turnover tax & Purchase Tax	-	231,790
	Warranty Claims	6,616,368	5,732,565
	Provision for Bad and Doubtful Debts	3,130,592	-
	Loss on sale of Fixed Assets (net)	2,562	-
	Fixed Assets written off	38,770	-
	Unserviceable/Obsolete Stocks written off	2,645,430	1,788,270
	Miscellaneous Expenses	12,096,665	12,326,793
	Total	406,888,760	517,848,804
25.1	<u>Auditors' Remuneration</u>		
	Statutory Audit	325,000	325,000
	Tax Audit	150,000	154,481
	Taxation Matters	100,000	-
	Certification, Special Reports and other matters	390,045	279,444
	(Includes fee paid for compliance with clause 41 and 49 of the listing agreement)	965,045	758,925
25.2	Advertisement and sales promotion expenses is net of amount reimbursed by collaborator/ associate companies amounting to ₹ 3,60,11,609 (₹ 3,71,88,029).		

	Particulars	Year ended 31 March, 2013	Amount in ₹ Year ended 31 March, 2012
26	<u>Contingent Liabilities and Commitments</u>		
	<u>(i) Contingent Liabilities</u>		
	Claims against the company not acknowledged as debt		
	Disputed Income Tax	-	-
	Sales tax -West Bengal	220,582	220,582
	Disputed Service Tax	7,605,651	-
	Disputed Customs Duty	3,013,811	-
	Guarantees issued by the Banks	8,621,500	8,621,500
	Claims against the company not acknowledged as debts	-	8,420,494
	<u>(ii) Capital and Other Commitments</u>		
	(a) Capital Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	2,554,502	13,954,780
	(b) Other commitments	Nil	Nil

Notes forming part of financial Statements

	Particulars	Year ended 31 March, 2013	Amount in ₹ Year ended 31 March, 2012
27	<u>CIF Value of Imports-Electric Cooker</u>		
	Raw materials	128,292,253	217,214,561
	Components and Spare parts	49,978,174	40,015,871
	Capital goods	55,793	16,458,081
	<u>CIF Value of Imports-Mixie</u>		
	Raw materials	-	-
	Components and Spare parts	13,319,121	7,951,996
	Capital goods	-	215,802
	<u>CIF Value of Traded Goods</u>		
	CIF Value (Including in-transit)	22,206,526	53,441,011
	Spare parts	332,320	574,556
28	<u>Expenditure in foreign currency</u>		
	Royalty	14,948,390	18,971,498
	Brand Licence Fee	9,336,186	9,371,972
	Travelling	901,444	1,277,406
	Design and consultancy charges	6,094,756	8,885,462
	Other Payments	1,020,709	1,460,862
29.1	<u>Raw Materials Consumed</u>		
	Imported	263,536,870	291,046,052
	Imported % to total	28%	28%
	Indigenous	663,676,367	740,143,841
	Indigenous % to total	72%	72%
	Total	927,213,237	1,031,189,893
	Total %	100%	100%
29.2	<u>Stores and Sprare Parts Consumed</u>		
	Imported	-	-
	Imported % to total	0%	0%
	Indigenous	2,277,514	1,801,565
	Indigenous % to total	100%	100%
	Total	2,277,514	1,801,565
	Total %	100%	100%
30	<u>Remittance during the year of Dividends in Foreign Currency</u>		
	Number of Shareholders	-	1
	Number of Shares held	-	4,370,000
	Amount paid as Final Dividend	-	4,370,000
	Year of declaration	-	2011-2012
31	<u>Earnings in Foreign Currency</u>		
	I. Export of goods calculated on F.O.B. basis;	228,245,544	181,500,769

PANASONIC APPLIANCES INDIA CO. LTD.

Notes forming part of financial statements

32	Details of finished goods and work-in-progress	Closing inventory	Opening inventory
(i) Details of Finished Goods			
Manufactured Goods			
	Electric Rice Cooker	31,864,717	31,816,787
		(31,816,787)	(27,823,052)
	Mixer Grinder	10,271,445	7,421,847
		(7,421,847)	(6,015,774)
Trading Goods		2012-2013	2011-2012
		closing	opening
	Microwave Oven	307,603	337,877
	Steam Iron	25,654	616,608
	Electric Rice Cooker	809,741	2,807,364
	Health Care / personal care products	634,332	822,209
	Accessories - Idly stand	32,404	1,350,733
	Other Domestic appliances	7,643,243	13,900,217
		9,452,977	19,835,008
		19,835,008	59,130,800
(ii) Details of Work-in-progress			
	Electric Rice Cooker	16,051,797	18,959,157
		(18,959,157)	(15,132,327)
	Mixer Grinder	8,581,807	9,429,265
		(9,429,265)	(8,340,624)

33 Related Party Disclosures:

Related parties and their relationship

Holding Company

Panasonic Corporation – Japan

Fellow Subsidiaries

Panasonic India Pvt Ltd	Panasonic Industrial Devices Automation Controls Sales Asia Pacific
Panasonic Latin America	(formely known as Panasonic Electric Works (Asia Pacific))
Panasonic Mktg-Middle East	Panasonic Gulf FZE (Dubai) Pte.Ltd., Singapore)
Panasonic Singapore (RSG)	Panasonic Procurement Asia Pacific
Panasonic Peruana S.A – Peru	Panasonic Vietnam Co., Ltd.
Panasonic Logistics Asia Pacific	Panasonic Trading Asia
Panasonic Corporation Appliances Company	Panasonic Logistics (Hong Kong) Company Ltd
Panasonic Taiwan Co.Ltd.	Panasonic Trading Malaysia SDN BHD
Panasonic Home Appliances Thailand Co.,Ltd	Panasonic (Export Division)- Singapore
Panasonic Trading S Pte Ltd. Singapore	Panasonic Centroamericana –SA C-RICA
Panasonic Manufacturing Malaysia Berhad	Panasonic Asia Pacific PTE Ltd

Key Management personnel

Mr. Hidenori Aso

Notes forming part of financial Statements

Disclosure in respect of material transactions with associated parties for the period 01.04.2012 to 31.03.2013

S.No	Particulars	Holding Company	Fellow Subsidiary	Enterprise influenced by Key Management Personnel	Key Management Personnel	Relatives of Key Management Personnel
1	Remuneration paid				2,626,141 (3,097,961)	
2	Royalty	14,948,390 (18,971,499)				
3	Brand Licence Fee	9,336,186 (9,371,972)				
4	Reimbursement of Expenses Received	36,011,609 (38,493,120)	NIL (472,591)			
5	Reimbursement of Expenses Paid	5,302,808 (8,268,658)	3,959,201 (8,340,411)			
6	Sales		277,149,560 (899,707,002)			
7	Purchase of Material	Nil (1,116,588)	23,753,542 (33,753,565)			
8	Purchase of Traded Goods	9,279,396 (52,272,601)	12,530,943 (18,801,107)			
9	Purchase of Assets	55,793 (215,802)	NIL NIL			
10	Amount payable	42,858,348 (46,953,984)	7,977,376 (16,720,172)			
11	Amount receivable	Nil (17,627,732)	29,755,180 (2,394,461)			

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 31st March 2013.

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:

	31.03.2013	31.03.2012
a) Principal amount due	7,424,169	7,669,606
Interest accrued and due to suppliers under MSME Act	911,581	1,027,495
b) Interest paid during the period beyond the appointed day	NIL	NIL
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	56,852,484	67,813,027
d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	883,707	1,019,349
e) Amount of interest accrued and remaining unpaid at the end of the period	911,581	1,027,495

Notes forming part of financial statements

- 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	31.03.2013	31.03.2012	31.03.2013	31.03.2012
			In Foreign currency		In ₹	In ₹
1	Forward Currency Swap Outstanding		NIL	NIL	Nil	Nil
2	Unhedged Foreign Currency Exposure					
	(i) Outstanding Debtors	USD	483,896	214,671	26,004,572	10,933,186
		JPY	Nil	25,045,296	Nil	15,460,461
	(ii) Outstanding Creditors - Goods	USD	202,346	205,809	11,084,535	10,584,734
		JPY	Nil	3,296,094	Nil	2,075,221
	(iii) Outstanding Creditors - Expenses	USD	13,958	18,164	764,645	925,114
		JPY	130,302	3,345,291	75,966	2,095,278
		SGD	Nil	12,988	Nil	534,059

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:

	Particulars	Amount in ₹	
		31.03.2013	31.03.2012
		Gratuity	
A	Net Asset / (liability) recognised in the Balance Sheet as at March 31 2013		
	Present value of the Defined Benefit Obligation	16,109,620	17,376,401
	Fair Value of plan assets	15,875,796	13,701,618
	Net Liability recognised in the Balance Sheet	233,824	3,674,783
B	Expenses recognised in the statement of Profit and Loss Account for the year ended March 31, 2013		
	Current service cost	1,682,282	1,408,89
	Interest cost	1,390,112	1,085,038
	Expected return on plan assets	(1,371,339)	(1,128,242)
	Net actuarial (gain)/loss recognised during the year	(61,416)	2,309,090
	Expense / (Income) recognised in Profit and Loss Account	1,639,639	3,674,783
C	Change in Defined Benefit obligation during the year ended March 31, 2013	-	
	Present value of Defined Benefit obligation as at April 1, 2012	17,376,401	13,562,977
	Current service cost	1,390,112	1,408,897
	Interest cost	1,682,282	1,085,038
	Benefits paid	(4,277,759)	(989,601)
	Actuarial (gain) / loss on obligation	(61,416)	2,309,090
	Present value of obligation as at March 31, 2013	16,109,620	17,376,401
D	Changes in Fair value of Asset during the year ended March 31, 2013		
	Fair value of plan assets as at April 1, 2012	13,701,618	10,179,272
	Expected return on plan assets	1,371,339	1,128,242
	Contributions made	5,080,598	3,383,705
	Benefits paid	(4,277,759)	(989,601)
	Actuarial gain / (loss) on plan assets		-
	Fair value of plan assets as at March 31, 2013	15,875,796	13,701,618

Notes forming part of financial Statements

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

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

40	Earning Per Share (EPS)	2012-2013	2011-2012
	Earning per share is computed based on the following :		
	Loss after Tax (in ₹)	(114,063,991)	(127,697,826)
	Nominal Value of share (₹)	10.00	10.00
	Weighted Average Number of Equity Shares used for Basic EPS	9,412,378	8,570,000
	Weighted Average Number of Equity Shares used for diluted EPS	9,559,649	8,570,000
	Earning Per Share ₹ (Basic)	(12.12)	(14.90)
	Earning Per Share ₹ (Diluted)	(11.93)	(14.90)

41	Provision for Warranty Claims	Amount in ₹	
The following is the Reconciliation of the changes in the warranty liability for the financial year 2012-2013		2012-2013	2011-2012
Particulars		2012-2013	2011-2012
	Opening balance as on 1 st April 2012	5,611,474	4,208,647
	Add: Provision made during the year	6,616,368	5,732,565
		12,227,842	9,941,212
	Less: Claims settled during the year	4,293,796	4,329,738
	Closing balance as on 31 st March 2013	7,934,046	5,611,474

42 The Company had undertaken a Scheme of Arrangement ("the Scheme") under Section 391 of the Companies Act, 1956 ("the Act") read with Sections 78, 100 to 104 of the Act. The Scheme was sanctioned by the Hon'ble High Court of Judicature at Madras ("the Court") vide its order dated 26th November 2013. The said Order of the Court had been filed with the Registrar of Companies on 30th November 2013. Pursuant to the Scheme, an amount of ₹ 13,50,00,000 (Rupees Thirteen Crores Fifty Lakhs) out of the Securities Premium is utilized and adjusted against the accumulated loss of ₹ 18,59,30,400/- (Rupees Eighteen Crores Fifty Nine Lakhs Thirty Thousand Four Hundred Only) in the Profit and Loss account of the Company as on 01st January 2013 leaving a balance of ₹ 3,87,21,600/- (Rupees Three Crores Eighty Seven Lakhs Twenty One Thousand Six Hundred Only) and ₹ 5,09,39,400/- (Rupees Five Crores Nine Lakhs Thirty Nine Thousand Four Hundred Only) in the Securities Premium Account and in the Profit and Loss account respectively as on 01st January 2013. The amount of ₹ 13,50,00,000 (Rupees Thirteen Crores Fifty Lakhs) of accumulated loss adjusted and set off as per the Scheme consist of ₹ 9,50,00,000 (Rupees Nine Crore Fifty Lakhs Only) of unabsorbed losses and ₹ 4,00,00,000 (Rupees Four Crores Only) of unabsorbed depreciation. The salient features of the Scheme are as follows:

- The Appointed date of the Scheme .i.e. the date from which the Scheme shall become operative is 01.01.2013.
- There is no change in the shareholding pattern of the Company and neither is there any allotment of consideration either by shares or cash.
- The Order of the Court confirms the reduction without imposing a condition on the Company to add to its name the words "and reduced".

The Company has presented the impact of the Scheme in the Note No. 3: 'Reserves and Surplus', since such presentation is relevant to the understanding of the effect of the Scheme on the financial position. However, this does not have any impact on the Net Reserves and Surplus position as on the date of adjustment on 01st January, 2013 and as on 31st March 2013.

43 The company's refund claim of Special Additional Duty amounting to ₹ 56,56,601 which was rejected earlier has been upheld by the appellate authorities and the same has been remanded back to the Assessing Officer for processing

the necessary refund. The company expects to recover the full value of refund claim and no provision is considered necessary as on 31st March 2013.

- 44 The disputed customs duty of ₹ 3,013,811 pertains to the concessional customs duty availed under EPCG scheme during the year 1995. The company has fulfilled export obligation and obtained export obligation discharge certificate (EODC) from Director General of Foreign Trade (DGFT). The claim has arisen due to delay in submission of EODC to Customs Department. The company has already submitted EODC to customs department and preferred an Appeal to set aside the duty demand.
- 45 The previous year's figures have been re-grouped, reclassified wherever necessary so as to make them comparable with the current year's figures.

As per our report of even date

For and on behalf of the Board

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

Hidenori Aso
Managing Director

Justice S.Natarajan
Director

K.Subramanian
Director

A.Raghavendra Rao
Director

R.Nagendra Prasad

Partner
Membership No: 203377
Place : Chennai
Date : 03rd December 2013

Harshad Reddy
Director

Tom Antony
CFO & Company Secretary