

Panasonic Appliances India Co. Limited

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

MEETING OF EQUITY SHAREHOLDERS

Date: 23rd September, 2013

Time: 3.30 P.M.

Venue: Sri. P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road,
T. Nagar, Chennai – 600 017

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

(Ordinary Original Civil Jurisdiction)

COMPANY APPLICATION NO.678 OF 2013

In the matter of the Companies Act, 1956 (1 of 1956)

AND

In the matter of Section 391 read with Sections 78, 100 to 104 of the Companies Act, 1956

AND

In the matter of Scheme of Arrangement between Panasonic Appliances India Co. Limited and its shareholders & creditors

Panasonic Appliances India Co. Limited
a Company incorporated under the
Companies Act, 1956 and having its
registered office at N.H. No.5, Sholavaram
Village, Ponneri Taluk, Chennai – 600 067
represented by Mr.Tom Antony,
Chief Financial Officer & Company Secretary

.....Applicant Company

NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS

To,
All Equity Shareholders,
Panasonic Appliances India Co. Limited

TAKE NOTICE that by an Order made on 19th day of July, 2013 the Hon'ble High Court of Judicature at Madras has directed that a meeting of Equity Shareholders of the Applicant Company be held on Monday, 23rd September, 2013, at 3.30 P.M at Sri. P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai – 600 017 for the purpose of considering, and if thought fit, approving, with or without modification, the arrangement embodied in the Scheme of Arrangement between Panasonic Appliances India Co. Limited and its shareholders & creditors.

TAKE FURTHER NOTICE that in pursuance of the said Order, a meeting of the Equity Shareholders of the Applicant Company will be held on Monday, 23rd September, 2013, at 3.30 P.M at Sri. P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai – 600 017 which you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Applicant Company at N.H. No. 5, Sholavaram Village, Ponneri Taluk, Chennai – 600 067 not later than 48 hours before the meeting.

The quorum for the meeting shall be 5 (Five) members present in person or by proxy.

The Hon'ble High Court has appointed Hon'ble Mr. Justice. K. Govindarajan, retired Judge of the Madras High Court, as the Chairman of the said meeting. A copy of the said Scheme of Arrangement, the statement under Section 393 of the Companies Act, 1956, and a form of proxy is enclosed.

Dated at Chennai this 06th day of August, 2013.

Sd/-
Justice K. Govindarajan (Retd.)
Chairman appointed for the meeting

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

IN THE HIGH COURT OF JUDICATURE AT MADRAS

(Ordinary Original Civil Jurisdiction)

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In the matter of the Companies Act, 1956 (1 of 1956)

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In the matter of Section 391 read with Sections 78, 100 to 104 of the Companies Act, 1956

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In the matter of Scheme of Arrangement between Panasonic Appliances India Co. Limited and its shareholders & creditors

Panasonic Appliances India Co. Limited
a Company incorporated under the
Companies Act, 1956 and having its
registered office at N.H. No.5, Sholavaram
Village, Ponneri Taluk, Chennai – 600 067
represented by Mr.Tom Antony,
Chief Financial Officer & Company Secretary

.....Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. By an order dated 19th July, 2013 the Hon'ble High Court of Judicature at Madras has directed that a meeting of Equity Shareholders of Panasonic Appliances India Co. Ltd ("**Applicant Company**" or "**Company**") be held on Monday, 23rd September, 2013, at 3.30 P.M at Sri. P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai – 600 017 for the purpose of considering, and if thought fit, approving with or without modification, the arrangement embodied in the Scheme of Arrangement between Panasonic Appliances India Co. Ltd and its shareholders & creditors ("**Scheme**" or "**Scheme of Arrangement**").
2. This statement explaining the terms of the Scheme is being furnished as required under section 393(1)(a) of the Companies Act, 1956 ("**Act**").
3. The Applicant Company, is a public limited listed company incorporated on 9th September, 1988 under the Companies Act, 1956 in the state of Tamil Nadu. The equity shares of the Applicant Company are listed on the Bombay Stock Exchange Limited ("**BSE**") and the Madras Stock Exchange Limited ("**MSE**").
4. The registered office of the Applicant Company is situated at N.H. No.5, Sholavaram Village, Ponneri Taluk, Chennai – 600 067.
5. The Capital Structure of the Applicant Company as on 31st December, 2012 is as follows:

Particulars	Amount (In Rs.)
Authorised Share Capital	
1,30,00,000 equity shares of Rs.10/- each	13,00,00,000
Issued, Subscribed and Paid-up Share Capital	
95,43,000 equity shares of Rs.10/- each	9,54,30,000
TOTAL	9,54,30,000

Subsequent to 31st December 2012, there has been no change in the authorized, issued, subscribed and paid up capital of the Company. As on 31st December, 2012, 53,43,000 (Fifty Three Lakhs Fourty Three Thousand Only) shares of Rs.10/- each issued, subscribed and paid-up equity share capital of the Company amounting to 55.99 %, is held by Panasonic Corporation, Japan (hereinafter referred to as the "**Holding Company**"). By virtue of such a shareholding pattern, the Applicant Company is a subsidiary of the Holding Company.

6. The Applicant Company commenced its business operations soon after incorporation and is presently engaged in the business of manufacturing electric rice cookers and mixer grinder (also referred to as the "**Manufacturing Business**"). The Applicant Company expanded its scope of business operations/ activities by introducing and importing various products comprising of kitchen appliances, beauty and health care products (also referred to as the "**Importing Business**").
7. The Applicant Company has obtained in-principle approvals from the BSE and MSE under clause 24(f) of the Listing Agreement. The Applicant Company, in compliance with the Securities and Exchange Board of India ("**SEBI**") circulars dated 04th February 2013 ("**Circular 1**") and 21st May 2013 ("**Circular 2**") has obtained the views of the SEBI wherein through the no-objection letter/observation letters received from the BSE and MSE, it has been directed to:
 - (a) Comply with all the requirements of the Circulars; and
 - (b) Display on their website, information with respect to the revised valuation report, fairness opinion of the Merchant Banker and the minutes of the meeting of the Audit Committee of the Applicant Company.

The Applicant Company has complied with all the directions issued by the SEBI.

8. The arrangement between the Applicant Company and its shareholders will be effected by a Scheme under Section 391 read with Sections 78,100 to 104 of the Act.
9. The Board of Directors of the Applicant Company have in their Board Meeting, held on 14th February 2013, approved and adopted the proposed Scheme, a copy whereof is sent herewith. The proposed Scheme under Section 391 read with Sections 78, 100 to 104 of the Companies Act, 1956 is deemed to form part of this statement.
10. The main features of the Scheme are as follows:

I – RATIONALE AND BENEFITS OF THE SCHEME

- a) The Company was engaged in the Manufacturing of electric rice cooker and mixer grinder which was first introduced in the Indian market under the name and style of “**National Nippo**” and “**National**” respectively. During the year 2001, the Company expanded its scope of business operations/activities by introducing and importing various products comprising of the Importing Business from the Holding Company and had been receiving sales promotion support from the Holding Company for undertaking such Importing Business. The Holding Company as part of its global strategy has the practice of unifying all sales and marketing operations (whether for Importing Business or Manufacturing Business) in one company. Therefore, in order to achieve a similar structure in India, the Holding Company envisaged and proposed the unification of all sales and marketing operations (whether for Importing Business or Manufacturing Business) through Panasonic India Private Limited (hereinafter referred to as “**PIPL**”), an Indian subsidiary.
- b) The Importing Business of the Applicant Company has been discontinued and subsequently been migrated to PIPL. The migration and discontinuance of the Imported Business from the beginning of the financial year 2011-2012 has resulted in underutilization of infrastructure and incurrence of continued fixed costs without full corresponding income being generated from such Importing Business to which such fixed costs and infrastructure were associated and related. The Company during the financial year 2011 - 2012 laid down certain goals and landmarks wherein a sales target of 1 million cookers was proposed with a view to retain and preserve the market share. Due to competition and pricing policies adopted by other competitors, the Company was forced to reduce the selling price substantially in alignment with the pricing mechanism adopted by other competitors. Due to the reduction in the pricing of the cookers (and the migration of the Importing Business), the financial position of the Company was severely affected, thus resulting in the Company recording heavy losses of Rs.12,76,97,826 (Twelve Crores Seventy Six Lakhs Ninety Seven Thousand Eight Hundred and Twenty Six Only) during the financial year 2011-2012 which has in turn impacted the net worth of the Company.
- c) The impact of such factors has continued even in the present financial year 2012-2013 wherein a loss of Rs.10,34,38,348 (Ten Crores Thirty Four Lakhs Thirty Eight Thousand Three Hundred and Forty Eight Only) has already been recorded for period ended 31st December, 2012. The total consolidated/accumulated loss as on 31st December, 2012 now stands at Rs.18,59,39,400 (Eighteen Crores Fifty Nine Lakhs Thirty Nine Thousand and Four Hundred Only) (“**Accumulated Losses**”).
- d) The Company with a view to mitigate the effect of the above on the financial position are implementing various business strategies to improve the profitability of the Company through several measures including introduction of new products, reduction of fixed costs, renewal of production line up, more indigenization of imported components to reduce production cost etc. The Holding Company has undertaken to support the various business strategies carried out by the Company to increase the sales and profitability. Keeping in mind the above strategies and to facilitate its implementation, the Board of Directors (“**BOD**”) of the Company believe that it is necessary to neutralize/set-off the losses incurred by the Company by way of undertaking this corporate restructuring exercise wherein the Securities Premium Account (also referred to as “**SPA**”) would be utilized/adjusted against the Profit & Loss account (also referred to as “**P&L Account**”) under Section 391 read with Sections 78, 100 to 104 of the Act.
- e) The Scheme would enable the Company in improving its financial position and “right sizing” the Balance sheet which would be for the benefit of all shareholders/stakeholders.
- f) The Scheme does not require any shareholders, bankers, creditors or any third party to make any compromise or sacrifice with respect to their claims against the Company and hence, does not impact their interests.

II – SALIENT FEATURES AND WORKING OF THE SCHEME

- a) The Appointed Date for the Scheme of Arrangement shall be the 01st day of January, 2013. The Effective Date of the Scheme shall mean the last of the dates on which the sanctions, approvals or orders specified in Clause 6 of this Scheme are obtained/ passed/ filed or completed.
- b) Upon the Scheme coming into effect, and with effect from the Appointed Date, the balances available in the Securities Premium Account shall be reduced, utilized and adjusted against an amount of Rs.13,50,00,000 (Thirteen Crores Fifty Lakhs Only) loss standing on the books of the Company as on 31st December 2012.
- c) Upon the Scheme coming into effect, out of the entire balance/amount of Rs. 17,37,21,600 (Seventeen Crores Thirty Seven Lakhs Twenty One Thousand and Six Hundred) available in the Securities Premium Account of the Company as on 31st December, 2012 an amount of Rs. 13,50,00,000 (Thirteen Crores Fifty Lakhs Only) shall be utilized and adjusted against the total loss amounting to Rs.18,59,39,400 (Eighteen Crores Fifty Nine Lakhs Thirty Nine Thousand and Four Hundred Only) standing in the profit & loss account of the Company.
- d) Upon the Scheme coming into effect and consequent to the reduction of the Securities Premium Account, there would be a balance of Rs.3,87,21,600 (Three Crores Eighty Seven Lakhs Twenty One Thousand Six Hundred Only) in the Securities Premium Account and the accumulated losses which shall stand in the books of the Company shall be an outstanding amount of Rs. 5,09,39,400/- (Five Crore Nine Lakhs Thirty Nine Thousand and Four Hundred Only).
- e) For the purposes of clarity, the mechanism of the Scheme is explained below:

Name of Account – Balances as on 31st December, 2012	Amount (In Rs.)
Accumulated Losses in the Profit & Loss Account	18,59,39,400
Amount available in the Securities Premium Account	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	3,87,21,600
Upon the scheme coming into effect, the outstanding loss in the books of the Company	5,09,39,400

- f) The adjustment/ reduction of the Securities Premium Account shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Sections 78 and 100 to 104 of the Act. The Scheme does not involve either the diminution of any liability in respect of the unpaid share capital or payment to any shareholder of any paid-up capital and the order of the Court sanctioning the Scheme shall be deemed to be an order under section 102 of the Act confirming the reduction. The reduction of the Securities Premium Account would not have any impact on the shareholding pattern and the capital structure of the Company. The Scheme does not involve any cash outflow and therefore would not affect the ability or liquidity of the Company to meet its obligations/commitments in the normal course of business.
 - g) Upon the scheme coming into effect, an amount of Rs.13,50,00,000 (Thirteen Crores Fifty Lakhs Only), from the amount appearing as Debit balance in the Profit and Loss Account as on 31st December, 2012 shall be adjusted and set off against Securities Premium Account as on 31st December, 2012. For the purpose of clarity, it is hereby stated that the amount of Rs.13,50,00,000, to be adjusted and set off as above, shall consist of Rs.9,50,00,000 (Nine Crore Fifty Lakhs Only) of unabsorbed losses and Rs.4,00,00,000 (Four Crores Only) of unabsorbed depreciation.
 - h) The order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction without imposing a condition on the Company to add to its name the words, "and reduced". The provisions of Section 101 of the Act shall not be applicable.
11. Under the Scheme of Arrangement, there is no change in the shareholding pattern of the Company and neither is there any allotment of consideration either by shares or cash.

12. The Scheme would not be prejudicial to the interests of the creditors (secured and unsecured) of the Applicant Company. The latest audited accounts for the period ended 31st December, 2012 of the company indicate that they are in a solvent position and would be able to meet liabilities as they arise in the course of business. Hence, the arrangement will not cast any additional burden nor affect the interest of the shareholders or creditors of the Applicant Company.
13. With respect to the voting mechanism, the process of voting through postal ballot and e-voting as stated under clause 5.16 (a) of Circular - 2 would not be applicable to the Company as the present scheme of arrangement does not qualify within the circumstances and illustrations as laid down under clause 5.16 (a). The Company, therefore in accordance with clause 5.16 (b), has provided an undertaking from its auditor in this regard, which is also approved by the BOD of the Company. Therefore the voting for the Scheme shall be undertaken only in accordance with Section 391 of the Companies Act 1956, wherein, the proposed Scheme will have to be approved by a majority in number representing three-fourths in value of the Equity Shareholders present and voting either in person or by proxy at the meeting.
14. A proxy form is also enclosed to this explanatory statement. It is hoped that in view of the importance of the business to be transacted, you will personally attend the meeting. The signing of the form or forms of proxy will, however, not prevent you from attending and voting in person, if you so desire.
15. The Resolution proposed to be considered in the above meeting, is given hereunder:
"RESOLVED that the Scheme of Arrangement between Panasonic Appliances India Co. Limited and its shareholders & creditors, placed before the meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved.
FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to make and / or consent to any modifications, alterations or amendments in the scheme, which may be deemed to be necessary by them or which are desired, directed or imposed by the Hon'ble High Court of Judicature at Madras or any other authority and to take all such steps as may be necessary and desirable to implement the Scheme and to give effect to this resolution."
16. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956, in respect of the Applicant Company.
17. The Scheme does not in any way violate or override or circumscribe the provisions of the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts and the provisions of the Listing Agreement or the requirements of the Stock Exchanges where the equity shares of the Applicant Company are listed. Though the present scheme is formulated under the provisions of section 391 read with section 78, 100 to 104 of the Companies Act, 1956, the disclosure normally made for a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956, as required by the Securities and Exchange Board of India is enclosed as an addendum to this statement and shall be deemed to form part of this explanatory statement.
18. The Directors of the Applicant Company have no interest in the Scheme except as shareholders in general, the extent of which will appear from the Register of Directors' Shareholding maintained by the Applicant Company which are as follows:

The Directors of the companies and their shareholding is provided below:

Name of Director	Shareholding in Applicant Company
Mr.Hidenori Aso	Nil
Mr.Justice S. Natarajan	500
Mr.A.Raghavedra Rao	Nil
Mr.K.Subramanian	Nil
Mr.Ajit G. Nambiar	Nil
Mr.Norifumi Matsui	Nil
Mr.Harshad Reddy	Nil

None of the Directors and Managers of the Company have any material interest in the Scheme, save and except to the extent of their shareholding in the applicant company. Their interest shall not in any way be treated differently than other share holders.

19. The following documents will be open for inspection at the Registered Office of the Applicant Company between 10.00 A.M. and 12 Noon on any working day of the Applicant Company except Saturday upto the date of the meeting:
1. The Memorandum and Articles of Association of Applicant Company.
 2. The Financial Statements containing the Balance Sheet and Profit and Loss Account of the Applicant Company as on 31st December, 2012.
 3. Copy of the Board resolution dated 14th February, 2013 passed by Applicant Company approving the Scheme of Arrangement.
 4. Observation letters issued by BSE and MSE.
 5. The Revised Valuation Report, Fairness Opinion Report and the Minutes of the Audit Committee Meeting of the Company as filed with the BSE, MSE and the High Court of Judicature at Madras.
 6. Proposed Scheme of Arrangement.
 7. Register of Directors' shareholdings of the Applicant Company.
 8. Certified copy of the Order dated 19th July, 2013 passed by the Hon'ble High Court of Judicature at Madras in Company Application No. 678 of 2013.

Dated at Chennai this 6th day of August , 2013.

Sd/-
Justice K. Govindarajan (Retd.)
Chairman appointed for the meeting

SCHEME OF ARRANGEMENT

(Under Section 391 read with Sections 78, 100 to 104 of the Companies Act, 1956)

BETWEEN

PANASONIC APPLIANCES INDIA CO. LIMITED

AND

THEIR SHAREHOLDERS & CREDITORS

PART I – PREAMBLE & RATIONALE

- 1.1 Panasonic Appliances India Co. Limited (hereinafter referred to as “**PAICL**” or “**Company**”), was incorporated under the Companies Act, 1956 (“**Act**”) on 09th September, 1988 as a public limited company in the State of Tamilnadu. The registered office of the Company is situated at N.H. No.5, Sholavaram Village, Ponneri Taluk, Chennai – 600 067. The Company is listed on the Bombay Stock Exchange Limited (“**BSE**”) and the Madras Stock Exchange Limited (“**MSE**”)
- 1.2 Upon incorporation, the Company was engaged in the business of manufacturing electric rice cookers and mixer grinder (also referred to as the “**Manufacturing Business**”) which was first introduced in the Indian market under the name and style of “**National Nippo**” and “**National**” respectively. During the year 2001, the Company expanded its scope of business operations/activities by introducing and importing various products comprising of kitchen appliances, beauty and health care products (also referred to as the “**Importing Business**”) from Panasonic Corporation, Japan (also referred to as “**Holding Company**”) and had been receiving sales promotion support from the Holding Company for undertaking such Importing Business. The Company has been generally profitable in its operations and had been paying consistent dividends to its shareholders since 2003-04 except in the previous financial year 2011-12.
- 1.3 In view of the Holding Company’s strategy of integration of brands and the development of the “**Panasonic**” brand name, the Company discontinued the usage of the brand name “**National**”. Pursuant to such strategies of marketing and branding, the Company now functions under the name and style of “**Panasonic Appliances India Co. Limited**”.
- 1.4 As part of its global strategy, the Holding Company has the practice of unifying all sales and marketing operations (whether for Importing Business or Manufacturing Business) in one company to ensure focused marketing efforts, increased market penetration and better customer reach. Therefore, in order to achieve a similar structure in India, the Holding Company envisaged and proposed the unification of all sales and marketing operations (whether for Importing Business or Manufacturing Business) through Panasonic India Private Limited (hereinafter referred to as “**PIPL**”), an Indian subsidiary of the Holding Company which was established on 14th July, 2006 with the objective of engaging itself in the business of import, sales, marketing of consumer electronic and electrical products under the brand name “**Panasonic**”.
- 1.5 While the aforesaid unification of sales and marketing operations still needs to be fully achieved, as a first step, since as at 01st April, 2011, the Importing Business of Company has been discontinued and subsequently been migrated to PIPL, with the overall objective of achieving the global strategy and leveraging on sales and marketing infrastructure of PIPL, its dealer and distribution network, larger advertising/ sales promotion etc.
- 1.6 The migration and discontinuance of the Imported Business from the beginning of the financial year 2011-2012 has resulted in underutilization of infrastructure and incurrence of continued fixed costs without full corresponding income being generated from such Importing Business to which such fixed costs and infrastructure were associated and related.

- 1.7 The Company during the financial year 2011 - 2012 laid down certain goals and landmarks wherein a sales target of 1 (One) million cookers (hereinafter referred to as "**Sales Target**") was proposed with a view to retain and preserve the market share. Due to competition and pricing policies adopted by other competitors, the Company was forced to reduce the selling price substantially in alignment with the pricing mechanism adopted by other competitors.
- 1.8 Due to the reduction in the pricing of the cookers (as explained and stated under clause 1.7) and the migration of the Importing Business (as explained and stated under clause 1.6) the financial position of the Company was severely affected, thus resulting in the Company recording heavy losses of Rs.12,76,97,826 (Twelve Crores Seventy Six Lakhs Ninety Seven Thousand Eight Hundred and Twenty Six Only) during the financial year 2011-2012 which has in turn impacted the net worth of the Company. The adverse financial position was further contributed due to the frequent strikes in the State of Andhra Pradesh (a major market for the Company) and the inability to effectively utilize the manufacturing capacities particularly expansions undertaken recently for the purposes of achieving the Sales Target.
- 1.9 The impact of such factors as illustrated in the above paragraphs has continued even in the present financial year 2012-2013 wherein a loss of Rs.10,34,38,348 (Ten Crores Thirty Four Lakhs Thirty Eight Thousand Three Hundred and Forty Eight Only) has already been recorded for period ended 31st December, 2012 . The total consolidated/accumulated loss as on 31st December, 2012 now stands at Rs.18,59,39,400 (Eighteen Crores Fifty Nine Lakhs Thirty Nine Thousand and Four Hundred Only) ("**Accumulated Losses**").
- 1.10 The Company is now with a view to mitigate the effect of the above on the financial position implementing various business strategies to improve the profitability of the Company through several measures including introduction of new products, reduction of fixed costs, renewal of production line up, more indigenization of imported components to reduce production cost etc. The Holding Company has undertaken to support the various business strategies carried out by the Company to increase the sales and profitability. The above such measures have been implemented by the Company with immediate effect and by way of this scheme of arrangement it further proposes to neutralize/reduce the losses.
- 1.11 The Board of Directors ("**BOD**") of the Company believe that it is necessary to neutralize/set-off the losses incurred by the Company by way of undertaking this corporate restructuring exercise wherein the Securities Premium Account (also referred to as "**SPA**") would be utilized/adjusted against the Profit & Loss account (also referred to as "**P&L Account**") under Section 391 read with Sections 78, 100 to 104 of the Act.
- 1.12 The Scheme of Arrangement does not require any shareholders, bankers, creditors or any third party to make any compromise or sacrifice with respect to their claims against the Company and hence, does not impact their interests.
- 1.13 With a view to provide greater level of transparency and openness and to secure full involvement of all the shareholders/ stakeholders, the Company has decided to present this proposal as a Scheme under Section 391 of the Companies Act, 1956.

PART II – DEFINITIONS AND SHARE CAPITAL

A. Definitions

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 2.1 "**Act**" means the Companies Act, 1956 or any statutory modification or re-enactment thereof.
- 2.2 "**Board**" means the Board of Directors of the Company and includes any Committee thereof constituted by the Board of Directors for the purpose of this Scheme.
- 2.3 "**Company**" or "**PAICL**" means "Panasonic Appliances India Co. Limited", a company incorporated under the Act and having its registered office at N.H. No.5, Sholavaram Village, Ponneri Taluk, Chennai – 600 067.

- 2.4 **"Appointed date"** means the date from which this Scheme shall become operative viz., 01st Day of January 2013 and/or any other date as modified by the High Court of Judicature at Madras, then the same shall be the Appointed Date.
- 2.5 **"Court"** means the Hon'ble High Court of Judicature at Madras or such other Court / Tribunal empowered to sanction the Scheme as per the provisions of the Act.
- 2.6 **"Effective Date"** means the last of the dates on which the sanctions, approvals or orders specified in Clause 6 of this Scheme are obtained/ passed/ filed or completed. References in the Scheme to "upon the Scheme coming into effect" shall mean the Effective Date.
- 2.7 **"Holding Company" or "Panasonic Corporation, Japan"** means Panasonic Corporation, a Company registered under the laws of Japan and having its principal office at 1006, Oaza Kadoma, Kadoma City, Osaka 571 8501, Japan.
- 2.8 **"PIPL" or "Panasonic India Private Limited"** means the 100% owned sales and marketing company for the Holding Company, registered under the Act on 14th July 2006 and having its registered office at 6th Floor, SPIC Building Annex, 88 Mount Road, Guindy, Chennai – 600 032.
- 2.9 **"Accumulated balance of Profit & Loss Account" or "P&L A/c"** means the total amount appearing on the debit side of Profit and Loss Account as on 31st December, 2012 as per the unaudited financial statements as on 31st December, 2012 .
- 2.10 **"Scheme of" or "Scheme" or "The Scheme" or "This Scheme"** means this Scheme of Arrangement in its present form or with any modification(s) approved, imposed, or directed by the Court.
- 2.11 **"Securities Premium Account" or "SPA"** means the balance of Rs.17,37,21,600 (Seventeen Crores Thirty Seven Lakhs Twenty One Thousand and Six Hundred) available in the books of the Company as on 31st December, 2012.
- 2.12 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

B. SHARE CAPITAL

- 2.13 The Capital Structure of the Company as on 31st December, 2012 is provided below:

Particulars	Amount (In Rs.)
Authorised Share Capital	
1,30,00,000 equity shares of Rs.10/- each	13,00,00,000
Issued, Subscribed and Paid-up Share Capital	
95,43,000 equity shares of Rs.10/- each	9,54,30,000
TOTAL	9,54,30,000

Subsequent to 31st December 2012, there has been no change in the authorized, issued, subscribed and paid up capital of the Company. As on 31st December, 2012, 53,43,000 (Fifty Three Lakhs Fourty Three Thousand Only) shares of Rs.10/- each issued, subscribed and paid-up equity share capital of the Company amounting to 55.99 %, is held by the Holding Company. By virtue of such a shareholding pattern, the Company is a subsidiary of the Holding Company.

PART III – THE SCHEME

- 3.1 With the Scheme coming into effect, and with effect from the Appointed Date, the balances available in the Securities Premium Account shall be reduced, utilized and adjusted against an amount of Rs.13,50,00,000 (Thirteen Crores Fifty Lakhs Only) loss standing on the books of the Company as on 31st December 2012.
- 3.2 Upon the Scheme coming into effect, out of the entire balance/amount of Rs. 17,37,21,600 (Seventeen Crores Thirty Seven Lakhs Twenty One Thousand and Six Hundred) available in the Securities Premium Account of the Company as on 31st December, 2012 an amount of Rs. 13,50,00,000 (Thirteen Crores Fifty Lakhs Only) shall be utilized and adjusted against the total loss amounting to Rs.18,59,39,400 (Eighteen Crores Fifty Nine Lakhs Thirty Nine Thousand and Four Hundred Only) standing in the profit & loss account of the Company.
- 3.3 Upon the Scheme coming into effect and consequent to the reduction of the Securities Premium Account, there would be a balance of Rs.3,87,21,600 (Three Crores Eighty Seven Lakhs Twenty One Thousand Six Hundred Only) in the Securities Premium Account and the accumulated losses which shall stand in the books of the Company shall be an outstanding amount of Rs. 5,09,39,400/- (Five Crore Nine Lakhs Thirty Nine Thousand and Four Hundred Only).
- 3.4 For the purposes of clarity, the mechanism of the Scheme is explained below:

Name of Account – Balances as on 31st December, 2012	Amount (In Rs.)
Accumulated Losses in the Profit & Loss Account	18,59,39,400
Amount available in the Securities Premium Account	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	3,87,21,600
Upon the scheme coming into effect, the outstanding loss in the books of the Company	5,09,39,400

- 3.5 The adjustment/ reduction of the Securities Premium Account shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Sections 78 and 100 to 104 of the Act. The Scheme does not involve either the diminution of any liability in respect of the unpaid share capital or payment to any shareholder of any paid-up capital and the order of the Court sanctioning the Scheme shall be deemed to be an order under section 102 of the Act confirming the reduction.
- 3.6 The reduction of the Securities Premium Account would not have any impact on the shareholding pattern, and the capital structure of the Company. The Scheme does not involve any cash outflow and therefore would not affect the ability or liquidity of the Company to meet its obligations/commitments in the normal course of business.
- 3.7 Upon the scheme coming into effect, an amount of Rs.13,50,00,000 (Thirteen Crores Fifty Lakhs Only), from the amount appearing as Debit balance in the Profit and Loss Account as on 31st December, 2012 shall be adjusted and set off against Securities Premium Account as on 31st December, 2012. For the purpose of clarity, it is hereby stated that the amount of Rs.13,50,00,000, to be adjusted and set off as above, shall consist of Rs.9,50,00,000 (Nine Crore Fifty Lakhs Only) of unabsorbed losses and Rs.4,00,00,000 (Four Crores Only) of unabsorbed depreciation.
- 3.8 The order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction without imposing a condition on the Company to add to its name the words, "and reduced". The provisions of Section 101 of the Act shall not be applicable.

- 3.9 This Scheme as presented by the Company would result in the Company improving its financial position and "right sizing" the Balance sheet which would be for the benefit of all shareholders/stakeholders. Under the Scheme there would not be no issuance of any shares or discharge of any consideration in cash or otherwise.
- 3.10 Nothing contained in the Scheme shall affect the conduct of business of Company and/or any deeds, bonds, contracts, agreements and any other instruments to which Company is a party and/or all legal or other proceedings by or against Company.
- 3.11 Further, nothing contained in the Scheme shall affect the existing rights of the workers and employees of the Company.

PART IV – GENERAL TERMS AND CONDITIONS

4. APPLICATION TO COURT

- 4.1 The Company shall, with reasonable despatch, apply to Court for necessary orders or directions for holding meetings of the members and/or creditors, if required, of the Company for approving this Scheme of Arrangement under Section 391(1) of the Act or for dispensing the holding of such meeting(s) and orders under Section 391(2) of the Act, for carrying this Scheme into effect.

5. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 5.1 The Company, through its directors or authorised persons, may in its full and absolute discretion, assent to any alteration or modification to which the Court and/or any other Authority may deem fit to approve or impose and may consider necessary to settle any question or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith.
- 5.2 The Company, through its directors or authorised persons, may also in its full and absolute discretion, withdraw or abandon this Scheme at any stage of the proceedings including after sanction of the Scheme by the Court. In such an event, no rights and liabilities shall accrue in terms of or as a consequence of the Scheme.
- 5.3 If any Part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Company that such Part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part shall cause this Scheme to become materially adverse to the Company, in which case the Company shall attempt to bring about a modification in the Scheme, as will best preserve the benefits and obligations of the Scheme, including but not limited to such Part.

6. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

This Scheme is conditional on and subject to –

- 6.1 The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned, being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required including the stock exchange approval under clause 24(f) of the listing agreement executed by the Company and the respective stock exchange.
- 6.2 The approval of and agreement to the Scheme by the requisite majority of such classes of members or secured creditors of the Company as may be directed by the Court on the applications made for directions under Section 391 of the Act for calling meetings or for dispensing with their holding.
- 6.3 The approval of and the agreement to the Scheme by the members shall also be done through a special resolution passed through postal ballot and e-voting as prescribed in the Securities & Exchange Board of India ("SEBI") circular¹ dated 04th February, 2013

¹ CIR/CFD/DIL/5/2013

- 6.4 The sanction by the Court under Section 391 read with Sections 78, 100 to 104 and other applicable provisions of the Act being obtained by the Company.
- 6.5 The filing by the Company with the Registrar of Companies of certified copies of the orders sanctioning the Scheme.
- 7. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**
- 7.1 In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue in terms of or as a consequence of the Scheme.
- 8. DATE OF TAKING EFFECT**
- 8.1 The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Court shall be effective from the Appointed Date but shall be operative from the Effective Date.
- 9. EXPENSES CONNECTED WITH THE SCHEME**
- 9.1 All costs, charges, levies, fees, duties and expenses incurred in relation to, or in connection with, the negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to, or in connection with, the Scheme shall be borne and paid by the Company.

Disclosures to the Shareholders through Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 as prescribed by Securities and Exchange Board of India.

Sl. No.	Details of the Company	Panasonic Appliances India Co. Limited												
1	Name and Registered Office of the Company	PANASONIC APPLIANCES INDIA COMPANY LIMITED N.H No.5, SHOLAVARAM VILLAGE,CHENNAI-600067, TIRUVALLUR DIST. TAMIL NADU												
2	Capital Structure of the Company as on 06.08.2013	Authorized Capital Rs. 13,00,00,000/- (Rupees Thirteen Crores only) divided into 1,30,00,000 (One Crore and Thirty Lakhs) equity shares of Rs. 10/- (Rupees Ten) each. Issued Capital Rs.9,54,30,000/- (Rupees Nine Crore Fifty Four Lakhs and Thirty Thousand rupees) divided into 95,43,000 (Ninety Five Lakhs) equity shares Rs. 10/- (Rupees Ten) each. Subscribed Capital Rs.9,54,30,000/- (Rupees Nine Crore Fifty Four Lakhs and Thirty Thousand rupees) divided into 95,43,000 (Ninety Five Lakhs) equity shares Rs. 10/- (Rupees Ten) each Paid-Up Capital Rs.9,54,30,000/- (Rupees Nine Crore Fifty Four Lakhs and Thirty Thousand rupees) divided into 95,43,000 (Ninety Five Lakhs) equity shares Rs. 10/- (Rupees Ten) each												
3	Shareholding pattern clearly indicating the shares held by the promoters and by persons other than promoters as on 06.08.2013	<table border="1"> <thead> <tr> <th>Class of Shareholder</th> <th>No .of Shares</th> <th>% of holding</th> </tr> </thead> <tbody> <tr> <td>Promoters</td> <td>70,08,106</td> <td>73.44</td> </tr> <tr> <td>Public</td> <td>25,34,894</td> <td>26.56</td> </tr> <tr> <td>TOTAL</td> <td>95,43,000</td> <td>100</td> </tr> </tbody> </table>	Class of Shareholder	No .of Shares	% of holding	Promoters	70,08,106	73.44	Public	25,34,894	26.56	TOTAL	95,43,000	100
Class of Shareholder	No .of Shares	% of holding												
Promoters	70,08,106	73.44												
Public	25,34,894	26.56												
TOTAL	95,43,000	100												
4	Line of Business	Manufacture and Sale of Electric Cooker and Mixer Grinder under 'Panasonic' brand.												
5	Dates of Agreement, if any, with the other companies, which are parties to the scheme of arrangement.	NIL												
6	Names and profile of the promoters and Directors viz., age, educational qualifications, experience, personal addresses etc. of the companies.	Attached as Annexure-I												
7	Names of Subsidiary/ Group Companies and Companies with which the promoters are associated	Panasonic India Private Limited Panasonic Consumer India Private Limited Panasonic Carbon India Company Limited Panasonic AVC Networks India Company Limited Panasonic Energy India Company Limited												
8	Indicate whether there would be a change in control in the company.	No												
9	Capital structure and shareholding pattern, after the proposed scheme of arrangement, and the management's views on the change in the public holding on how it would affect the shareholders at large.	There will not be any change in the capital structure and shareholding pattern after the proposed scheme of arrangement.												
10	Audited financial statement of the company for the Nine months period ended 31.12.2012 and for the financial year 2011-12 and 2010-11 as per the format given in clause 41 of Listing Agreement	Attached as Annexure-II												
11	Basis of valuation	N.A.												
12	Nature of Consideration if any, payable/ receivable under the scheme	N.A.												
13	Mode of payment /Receipt	N.A.												
14	Manner of surrender/receipt of shares or securities	N.A.												
15	The time schedule within which the shares / securities are to be surrendered / received and payments to be made / received.	N.A.												

Sl. No.	Details of the Company	Panasonic Appliances India Co. Limited
16	Tentative date by which the scheme would become effective under the provisions of the Companies Act etc.	December 2013
17	Details of approvals obtained/to be obtained/ sought from creditors, authorities like stock exchanges /authorities under the Companies Act, etc	<ul style="list-style-type: none"> ● No Objection Certificate dated 21.06.2013 from Bank of Tokyo-Mitsubishi UFJ Ltd as a secured creditor ● Observation Letter DCS/AMAL/RD/24(f)/083/2013-14 dated 11.06.2013 from Bombay Stock Exchange Ltd under Clause 24(f) of Listing Agreement. ● Observation Letter MSD/LD/PSK/738/082/13 dated 04.04.2013 from Madras Stock Exchange Ltd under Clause 24(f) of Listing Agreement.
18	Details of Board Meeting when the proposal was considered/ approved.	14 th February , 2013
19	Any other details which deemed necessary for information to shareholders enabling them to make an informed decision about the proposed Scheme, including those required under Section 393 of the Companies Act, 1956	N.A

ANNEXURE I- BRIEF PROFILE OF DIRECTORS OF PANASONIC APPLIANCES INDIA CO. LIMITED

1. MR.HIDENORI ASO

Mr. Hidenori Aso, 54 years, joined Matsushita Electrical Industrial Co. Ltd, Japan in April 1983. He is a graduate from Tokyo University of Foreign studies. He has wide experience of more than 23 years mainly in the area of Marketing and Exports.

Mr. Hidenori Aso serves as Managing Director in the Board of Directors of Panasonic Appliances India Company Limited since 02/07/2001.

Directorship in other companies	Position held	Committee / Membership
NIL	NA	NA

2. MR. JUSTICE S. NATARAJAN

Mr. Justice S. Natarajan, 89 years, B.A., B.L. is a retired Supreme Court Judge. He held several prestigious positions viz. President of Cosmopolitan Club, Indian Society of Criminology, Madras Race Club, etc. He was a Chairman of the Expert Committee for the formation of the East Coast Road, constituted by the Govt. of India. He travelled extensively and visited several countries viz. US, UK, Canada and several countries in Europe.

Mr. Justice S. Natarajan is the Non-Executive Chairman and a member of Audit Committee of Nippo Batteries Co. Ltd. Mr. Justice S. Natarajan was appointed in the Board of Directors of Panasonic Appliances India Company Limited on 23/01/1991 and serves as Director.

Directorship in other companies	Position held	Committee / Membership
Nippo Batteries Co. Ltd	Director	1.Audit Committee-Member 2.Share Transfer and Investor Grievances Committee-Member 3. Remuneration Committee-Chairman

3. MR. A.RAGHAVENDRA RAO

Mr. A. Raghavendra Rao, 78 years, B.COM. (HONS.), LL.B., A.I.C.W.A., 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.

Mr. A. Raghavendra Rao serves as Director in the Board of Directors of Panasonic Appliances India Company Limited since 28/03/2003.

Directorship in other companies	Position held	Committee / Membership
Panasonic Carbon India Co. Limited	Director	1.Audit Committee 2.Remuneration Committee 3.Shareholder/Investors Grievance Committee
SS Corporate Management Services Private Limited	Director	

4. MR.K. SUBRAMANIAN

Mr. K. Subramanian, 74 years, M.A., B.L., joined banking service in 1964 and rose to the level of Chairman and Managing Director of Indian Overseas Bank (IOB) in 1996 and was holding that position till 1999. He held the position of Chief Executive In-Charge Singapore Operations and also headed International and Credit division in Indian Bank. He held various prestigious positions viz., Director-United India Insurance Company Ltd., Member – Finance Committee – Board of Control for Cricket in India (BCCI), Vice-President and Chairman-Finance Committee – Tamil Nadu Cricket Association. He also published many articles relating to Banking and edited the book "Banking Reforms in India".

Mr. K. Subramanian serves as Director in the Board of Directors of Panasonic Appliances India Company Limited since 29/01/2007.

Directorship in other companies	Position held	Committee / Membership
Panasonic Carbon India Co. Limited	Director	1. Audit Committee 2. Shareholders/Investors Grievance Committee 3. Remuneration Committee
The Jeypore Sugar Company Limited	Director	1. Audit Committee 2. Share Transfer Committee
V Ramakrishna Sugars Limited	Director-	

5. MR.NORIFUMI MATSUI

Mr. Norifumi Matsui, 57 years, is an engineering graduate who joined Panasonic Corporation Japan during April 1979. He worked in various important positions at various locations and divisions of Panasonic Corporation viz., business promotion group manager, Director – IH Cooking Heater Business Unit Kobe Factory.

Mr. Norifumi Matsui serves as Director in the Board of Directors of Panasonic Appliances India Company Limited since 21/07/2009.

Directorship in other companies	Position held	Committee / Membership
NIL	NA	NA

6. MR. HARSHAD REDDY

Mr. Harshad Reddy, 27 years, 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.

Mr. Harshad Reddy serves as Promoter Director in the Board of Directors of Panasonic Appliances India Company Limited since 22/07/2010.

Directorship in other companies	Position held	Committee / Membership
Apollo Infrastructure Projects Finance Company Private Limited	Director	
Healthnet Global Limited	Director	
Alliance Dental Care Limited	Director	
PPN Power Generating Company Private Limited	Executive Director	NA
Unique Home Health Care Limited	Managing Director	
Apokos Rehab Private Limited	Director	
PPN Holdings Private Limited	Director	

7. MR. AJIT G NAMBIAR

Mr. Ajit G Nambiar, 50 years, has been Managing Director of BPL Ltd Since 1993. Mr Nambiar started his career in Electronic Research Private Limited (ERPL) in 1984 and was appointed as its Managing Director in 1986. Mr Nambiar is instrumental in setting up of the following Manufacturing Facility un Dobaspet, near Bangalore. He Has been Executive chairman of BPL Ltd Since April 1 2008 and served as an Executive Director of BPL Ltd. Nambiar He holds a degree in Electrical Engineering from Boston University, USA

Mr. Ajit G Nambiar was appointed as Director in the Board of Directors of Panasonic Appliances India Company Limited since 30/08/2012.

Directorship in other companies	Position held	Committee / Membership
Anan Properties And Finance Company Private Limited	Director	
Electro Investment Pvt Ltd	Director	
Nambiar International Investment Co Pvt Ltd	Director	
BPL Limited	Managing Director	
E R Computers Private Limited	Director	
Electronic Research Private Limited	Director	
PanIndia Telecommunications Network Private Limited	Director	
BPL Power Projects (AP) Private Limited	Director	NA
Phoenix Holdings Private Limited	Director	
Stallion Computers Private Limited	Director	
Ni Micro Technologies Private Limited	Director	
Dynamic Electronics Private Limited	Director	
BPL Telecom Private Limited	Managing Director	
Zyfax Systems (Bangalore) Private Limited	Director	
BPL-Fta Energies Private Limited	Director	
Bharat Energy Ventures Limited	Director	
Merino Finance Private Limited	Director	
BPL Techno Vision Private Limited	Director	
Asian Age (India) Private Limited	Director	

BRIEF PROFILE OF PROMOTERS OF PANASONIC APPLIANCES INDIA CO. LIMITED

S. NO	NAMES & ADDRESS OF PROMOTERS	BRIEF PROFILE
1.	Panasonic Corporation, Japan 1006, Oaza Kadoma, Kadoma City, Osaka 571 8501, Japan. (Foreign Promoter)	Panasonic Corporation, Japan represents the Foreign Promoter. Panasonic Corporation is a multinational company head quartered in Japan. Panasonic is a worldwide leader in the manufacture of electronic products for a wide range of consumer, business and industrial needs. Panasonic Corporation holds 5343000 shares of the Company.
2.	Late Mr.P.Obul Reddy No.5 Subbarao Avenue, Second Street, Chennai-600006	Late Mr.P.Obul Reddy was a leading Industrialist and the Indian Promoter of the Company. His shareholding in the company is 271910 shares.
3.	M/s. P.Obul Reddy Investments P Ltd. 2nd Floor, Pottipatti Plaza, 35, Nungambakkam High Road, Chennai-600034	M/s. P.Obul Reddy Investments P Ltd was promoted by late Mr.P.Obul Reddy and forms part of the Indian Promoter. It holds 271880 shares in the company.
4.	M/s. Preetha Investments P Ltd 2nd Floor, Pottipatti Plaza, 35, Nungambakkam High Road, Chennai-600034	M/s. Preetha Investments P Ltd was promoted by late Mr.P.Obul Reddy and forms part of the Indian Promoter. It holds 271890 shares in the company.
5.	M/s.PDR Investments P Ltd Pottipatti Plaza, 2nd Floor, No.77, Nungambakkam High Road, Chennai-600034	M/s.PDR Investments P Ltd was promoted by late Mr.P.Obul Reddy and forms part of the Indian Promoter. It holds 272390 shares in the company.
6.	Ms. Rohini Reddy Pottipatti Plaza, II Floor, No.77, Nungambakkam High Road, Chennai-600034	Ms. Rohini Reddy is the daughter of late Mr.P.Obul Reddy and represents Indian Promoter. She holds 288300 shares in the Company.
7.	Ms. E. Vijayalakshmi Pottipatti Plaza, II Floor, No.77,Nungambakkam High Road, Chennai-600034	Ms. E. Vijayalakshmi is the daughter of late Mr.P.Obul Reddy and represents Indian Promoter. She holds 274100 shares in the Company.
8.	Late Ms. P. Gnanamba 5 Subbarao Avenue, Second Street, Chennai-600006	Late Ms. P. Gnanamba is the wife of late Mr.P.Obul Reddy and represents Indian Promoter. She holds 10 shares in the company as subscriber to the Memorandum and Articles of Association.
9.	Mr. P. Vijayakumar Reddy 5 Subbarao Avenue, Second Street, Chennai-600006	Mr. P. Vijayakumar Reddy is the son of late Mr.P.Obul Reddy. He is a leading Industrialist and belongs to Indian Promoter. He holds 10 shares in the company as subscriber to the Memorandum and Articles of Association.
10	M/s.PPN Holdings (P) Ltd. Jhaver Plaza, 3rd Floor, 1/A Nungambakkam High Road, Chennai-600034	M/s.PPN Holdings (P) Ltd is promoted by Mr.P.Vijayakumar Reddy and forms part of the Indian Promoter. It holds 14606 shares in the company.
11	Mr.Dwaraknath Reddy 5 Subbarao Avenue, Second Street, Chennai-600006	Mr.Dwaraknath Reddy is the son of late Mr.P.Obul Reddy. He is a leading Industrialist and belongs to Indian Promoter. He holds 10 shares in the company as subscriber to the Memorandum and Articles of Association.

ANNEXURE II - AUDITED FINANCIAL STATEMENTS OF PANASONIC APPLIANCES INDIA CO. LIMITED
FOR THE PERIOD ENDED 31.12.2012, 31.03.2012 & 31.03.2011

Rs. In Lakhs

Sl.No.	Particulars	Nine months Ended	Year Ended	
		31-Dec-12	31-Mar-12	31-Mar-11
		Audited	Audited	Audited
1	Net Sales/Income from Operations	11,813.72	17,945.35	18,630.43
2	Other Operating Income	7.40	13.42	7.89
3	Total Income (1+2)	11,821.12	17,958.77	18,638.32
4	Expenditure			
	a. (Increase) / decrease in stock in trade and work in progress	42.30	316.04	(322.23)
	b. Consumption of raw materials	7,411.73	9,987.23	7,405.54
	c. Purchase of traded goods	192.14	1,270.61	3,938.63
	d. Employees cost	1,339.90	1,836.57	1,546.54
	e. Advertisement and sales promotion	1,382.36	2,433.52	2,967.78
	f. Depreciation	257.98	318.00	275.34
	g. Other expenditure	2,017.62	2,744.96	2,392.61
	h. Total	1,2644.03	18,906.93	18,204.21
	(Any item exceeding 10% of the total expenditure to be shown separately)			
5	Profit from operations before Other Income, Interest and Exceptional Items(3-4)	(822.91)	(948.16)	434.11
6	Other Income	50.04	42.46	49.43
7	Profit before Interest and Exceptional Items (5+6)	(772.87)	(905.70)	483.54
8	Interest	261.52	368.40	221.10
9	Profit after Interest but before Exceptional Items (7-8)	(1,034.39)	(1,274.10)	262.44
10	Exceptional items	-	-	-
11	Profit (+) / Loss (-) from Ordinary Activites before tax (9+10)	(1,034.39)	(1,274.10)	262.44
12	Tax expense	(1,034.39)	2.88	83.22
13	Net Profit (+)/ Loss(-) from Ordinary Activites after tax (11-12)	(1,034.39)	(1,276.98)	179.22
14	Extra ordinary Item (net of tax expense Rs. _____)	-	-	-
15	Net Profit (+)/ Loss(-) for the period (13-14)	(1,034.39)	(1276.98)	179.22
16	Paid-up equity share capital (Face Value of the Share Rs. 10/-)	954.30	857.00	857.00
17	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	(177.07)	1099.91
18	Earnings per Share (EPS)(*not annualised)			
	a) Basic EPS	(10.99)*	(14.90)	2.09
	b) Diluted EPS	(10.82)*	(14.90)	2.09

Observation Letters

DCS/AMAL/RD/24(f)/083/2013-14

June 11, 2013

The Company Secretary
Panasonic Appliances India Co. Ltd.
N H No 5 Sholavaram Village,
Ponneri Taluk,
Chennai,
Tamil Nadu 600067

Dear Sir

Sub: Observation letter regarding the Scheme of Arrangement of Panasonic Appliances India Co. Limited

We are in receipt of draft Scheme of Arrangement of Panasonic Appliances India Co. Limited to utilize/adjust Securities Premium Account to set-off accumulated losses of the company.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013 ;SEBI has vide its letter dated June 06, 2013 given the following comment(s) on the draft scheme of arrangement:

- A) The company shall duly comply with various provisions of the aforesaid SEBI circular.*
- B) The Company to display on their website the information submitted with respect to the revised Valuation Report, Fairness Opinion of the Merchant Banker and Minutes of the Audit Committee.*

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,



Jayesh Ashtekar
Manager



Bhuvana Sriram
Deputy Manager

MADRAS STOCK EXCHANGE LTD.

Phone : 25228951 / 52 / 53 / 57 / 4393
Fax : 044-25244897
E-mail Id : info@mseindia.in
www.mseindia.in



Exchange Building :
Post Box No. 183
New No. 30, Second Line Beach,
Chennai - 600 001.

MSE/LD/PSK/738/082/13
4th April 2013

The Company Secretary,
Panasonic Appliances India Co. Limited,
21-C, South Phase, 5th Cross Street,
Guindy Industrial Estate, Guindy,
CHENNAI-600 032

Dear Sir,

Sub: Scheme of Arrangement

We are in receipt of your letter dated 18th March 2013 along with the enclosures, seeking our approval under clause-24(f) of the Listing Agreement for the scheme of arrangement between the company and its shareholders and creditors under the provisions of Sections 391 read with Sections 78 and 100 to 104 of the Companies Act, 1956.

We have noted the confirmation given by the company that the scheme of arrangement does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 1956, the Depositories Act, 1996, the Rules, Regulations and Guidelines made under these Acts, and the provisions as explained in clause-24(f) of the Listing Agreement or the requirements of the stock exchange.

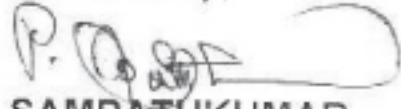
We have also noted that the scheme of arrangement does not involve any increase or decrease in the share capital of your company.

Accordingly, we hereby convey our 'no-objection' with limited reference to those matters having a bearing on listing/delisting/continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the Scheme with the Hon'ble High Court.

The Exchange reserves its right to withdraw its no-objection / approval at any later stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities, etc.

Thanking you,

Yours faithfully,


P. SAMPATHKUMAR
ASST. GENERAL MANAGER

Fairness Opinion Report

QUINTESSENCE ENTERPRISES PRIVATE LIMITED

Adm. Off.: 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills,
Hyderabad - 500 034. Tele/Fax: +91-40-65528262

31st May, 2013

FAIRNESS OPINION CERTIFICATE ON PANASONIC APPLIANCES INDIA CO. LIMITED

The Board of Directors,
Panasonic Appliances India Co. Limited,
Chennai.

Dear Sirs,

We, Quintessence Enterprises Pvt. Ltd., ('QEPL'), refer to our offer letter dated 23rd May, 2013 which has been duly accepted by you, whereby you have appointed us as an Independent Merchant Banker for furnishing a 'Fairness Opinion' on the valuation carried out by the Valuers, viz., (i) Brahmayya & Co., Chartered Accounts, vide report dated 30th May, 2013, pursuant to Clause 24 (f) of listing Agreement.

The methodology used and the valuation arrived at based on the Valuation Reports furnished by M/s. Brahmayya & Co., Chartered Accountants, 48, Masilmani Road, Balajinagar, Royapettah, Chennai-600014, India for the proposed scheme of corporate restructuring are fair.

Further, as per the Scheme proposed by the company, the accumulated losses in the Company's balance sheet before the restructuring is Rs. 18,59,39,400 and the Securities Premium is Rs. 17,37,21,600. After the completion of restructuring process the accumulated losses in the Profit & Loss Account will stand reduced to Rs. 5,09,39,400 and the Securities Premium will stand reduced to 3,87,21,600. This is also found to be fair, based on information, material and data made available to us.

We enclose herewith a Certificate of Networth by (i) M/s. Brahmayya & Co., Chartered Accountants.

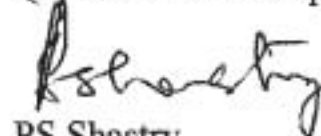
We hereby give our consent to present and disclose the Fairness Opinion in the general meeting of the shareholders of Panasonic Appliances India Co. Limited pursuant to Clause 24 (f) of Listing Agreement and to the Registrar of Companies, Tamilnadu, Bombay Stock Exchange limited ('BSE') and Madras Stock Exchange Limited and the Honorable High Court of Judicature of Madras and any other regulatory and competent authorities in connection with the proposed purpose outlined above.

We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Report on Fairness Opinion.

Thanking you,

Yours faithfully,

For and on behalf of
Quintessence Enterprises Private Limited



PS Shastry
Managing Director

NETWORTH CERTIFICATE

The Net worth of **Panasonic Appliances India Company Limited**, pre and post Scheme, is as under:

Rs in lacs

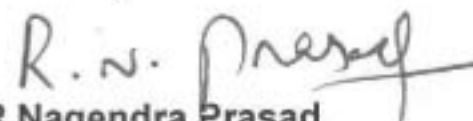
Particulars	Pre Scheme	Post Scheme
	As on December 31, 2012 *	
Share Capital	954.30	954.30
Capital Reserve	26.13	26.13
Securities Premium Account	1737.22	387.22
General Reserve	3.54	3.54
Surplus/ (Deficit) in the statement of profit & loss	(1859.39)	(509.39)
Net-worth	861.80	861.80

*As per Audited Financial Statements.

Note: This Certificate has been issued based on the audited financial statements for the nine months ended 31st December, 2012

Date: 30th May, 2013
Place: Chennai

For **BRHAMAYYA & CO.,**
Chartered Accountants
Firm Regn No: 000511S


R. Nagendra Prasad
Partner
Membership No 203377

QUINTESSENCE ENTERPRISES PRIVATE LIMITED

Adm. Off.: 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills,
Hyderabad - 500 034. Tele/Fax: +91-40-65528262

FAIRNESS OPINION ON THE PROPOSED SCHEME OF ARRANGEMENT PANASONIC APPLIANCES INDIA COMPANY LIMITED

1. Purpose:

Panasonic Appliances India Co. Ltd has proposed a Scheme of Arrangement by which the company proposes to go in for a corporate restructuring to write off its accumulated losses by setting it off against the share premium account to reflect the true value of the company .

The company has to submit this Fairness Opinion to the Bombay Stock Exchange Limited in accordance with clause 24 (f) of the listing agreement to obtain the no-objection certificate to go ahead with the scheme.

2. Merchant Banker – Quintessence Enterprises Private Ltd (QEPL)

QEPL formed in 1999, is a Category I, Merchant Banking company, based in Hyderabad, Andhra Pradesh, having its registered office at 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad – 500034, and Administrative office at 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500 034. It is SEBI registered with Registration Code INM000011997 valid till 31/07/2017, as Category I Merchant Banker.

3. Background

Panasonic Appliances India Co. Ltd was incorporated on 09.09.1988 as Indo Matsushita Appliances Co. Ltd in the state of Tamilnadu. Its holding company is Panasonic Corporation Japan.

It's name was changed to Panasonic Home Appliances India Co. Ltd., w.e.f. 20.09.2004. The name was again changed to Panasonic Appliances India Co. Ltd w.e.f. 29.06.2012.

It has its registered office at N. H. No. 5, Sholavaram village, Ponneri Taluq, Chennai – 600 067.



The company is in the business of manufacture and sale of electric Cooker and Mixer Grinder under the "Panasonic" Brand.

It is listed on the Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

The management of Panasonic Appliances India Co. Ltd has engaged us to give the fairness opinion on the proposed scheme of Arrangement for corporate restructuring.

4. SOURCES OF INFORMATION

- A copy of the Memorandum and Articles of Association of the company
- Audited financial statements for the last three years, 2010, 2011 & 2012.
- Shareholding pattern before and after the scheme
- A certified copy of the scheme
- A certified copy of the Board Resolution
- A note on the rational of the proposed scheme
- A note on the company
- A Networth or Valuation Certificate of the company pre & post the scheme by Brahmayya & Co, Chartered Accountants.

5. Business Valuation Methodology applied

We have received a certificate from M/s. Brahmayya & Co, Chartered Accountants, who have examined the proposed accounting treatment specified in the scheme of arrangement of Panasonic Appliances India Co. Ltd.

According to them the accounting treatment is to adjust accumulated losses of the company against the securities premium in terms of section 391 read with section 78, 100-104 of the Companies Act, 1956, on sanction of the proposed scheme by Honorable High Court of judicature ate Madras.

The reduction of securities premium account would not have any impact on the shareholding pattern and the capital structure of the company. The scheme does not involve any cash outflow and therefore would not affect the ability and liquidity of the company to meet its obligation/commitments in the normal course of business. Since the scheme does not affect any shareholder or creditor or the networth of the company the valuation of the company remains the same before and after the scheme.



Name of Account – Balances as on 31st December, 2012	Amount
Accumulated Losses in the Profit & Loss Account	Rs. 18,59,39,400
Amount available in the Securities Premium Account	Rs. 17,37,21,600
Amount of Accumulated Loss being adjusted against the Securities Premium Account	Rs. 13,50,00,000
Upon the scheme coming into effect, the balance in Securities Premium Account	Rs. 3,87,21,600
Upon the scheme coming into effect, the outstanding loss in the books of the company	Rs. 5,09,39,400

As per the Scheme proposed by the company, the accumulated losses in the Company's balance sheet before the restructuring is Rs. 18,59,39,400 and the Securities Premium is Rs. 17,37,21,600. After the completion of restructuring process the accumulated losses in the Profit & Loss Account will stand reduced to Rs. 5,09,39,400 and the Securities Premium will stand reduced to 3,87,21,600.

The pre and post Networth valuation of the company remains the same i.e. Rs. 861.80 lacs

6. Opinion on Valuation Report

Based on the information, material, data made available to us including valuation report and workings to the best of our knowledge and belief, the methodology applied and the valuation arrived at by M/s. Brahmayya & Co., Chartered Accountants, is fair.

As per the Scheme proposed by the company, the accumulated losses in the Company's balance sheet before the restructuring is Rs. 18,59,39,400 and the Securities Premium is Rs. 17,37,21,600. After the completion of restructuring process the accumulated losses in the Profit & Loss Account will stand reduced to Rs. 5,09,39,400 and the Securities Premium will stand reduced to 3,87,21,600. This is also found to be fair, based on information, material and data made available to us.

7. Limitations on the Valuation of Panasonic Appliances India company Limited:

The study did not include the following:

- An audit of the financial statements of the company
- Carrying out a market survey / financial feasibility for the Business



- Financial and Legal due diligence
- Our value analysis is based on the information made available to us by the management of Panasonic Appliances India Co. Limited. Any subsequent changes to the financial and other information provided to us, may affect the result of value analysis set out in this report.
- Our work includes review of audited financial statements of Panasonic Appliances India Co. Limited, based on the information as mentioned by us in part 4 of our report giving sources of information.
- We have reviewed the information made available to us for over all consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information.

This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any person other than those to whom it is addressed. The report must not be made available or copied in whole or in part to any other person without our express written permission.

It may further be noted that in no circumstances shall the liability of Quintessence Enterprises Private Limited (QEPL), its directors or employees related to the service provided in connection with this value analysis, exceed the amount paid to us as our fees for this opinion.

For Quintessence Enterprises Private Limited,



**PS Shastry
Managing Director**

31/05/2013
Hyderabad



PANASONIC APPLIANCES INDIA CO. LTD.,
(formerly Panasonic Home Appliances India Co. Ltd.)

Corporate Office : 21-C, South Phase, 5th Cross Street, Guindy Industrial Estate, Guindy, Chennai - 600 032.
Phone: +91-44-22258701 Fax: +91-44-22258730 E-mail: info@panasonicindia.in
Website: www.panasonicappliances.in, www.21timesbetter.com

Format for Complaints Report

Part A

Sr No	Particulars	Number
1	Number of complaints received directly	Nil
2	Number of complaints forwarded by Stock exchanges	Nil
3	Total Number of complaints/comments received (1+2)	Nil
4	Number of complaints resolved	N.A
5	Number of complaints pending	N.A

Part B

Sr No	Name of Complainant	Date of Complaint	Status (Resolved/ Pending)
1	N.A	N.A	N.A
2			
3			
4			
5			

For PANASONIC APPLIANCES INDIA Co. Ltd.

John Antony
Company Secretary 26/04/2013

Panasonic
ideas for life

Regd. Office & Factory : N.H. No. 5, Sholavaram Village, Ponneri Taluk, Chennai - 600 067.
Phone: 2633 0133, 2633 0397. Fax: 91-44-2633 0132.

IN THE HIGH COURT OF JUDICATURE AT MADRAS

(Ordinary Original Civil Jurisdiction)

COMPANY APPLICATION NO.678 OF 2013

In the matter of the Companies Act, 1956 (1 of 1956)

AND

In the matter of Section 391 read with Sections 78, 100 to 104 of the Companies Act, 1956

AND

In the matter of Scheme of Arrangement between Panasonic Appliances India Co. Limited and its shareholders & creditors

Panasonic Appliances India Co. Limited
a Company incorporated under the
Companies Act, 1956 and having its
registered office at N.H. No.5, Sholavaram
Village, Ponneri Taluk, Chennai – 600 067
represented by Mr.Tom Antony,
Chief Financial Officer & Company Secretary

.....Applicant Company

FORM OF PROXY

I/We, the undersigned Equity Shareholder(s) of Panasonic Appliances India Co. Limited hereby appoint _____ of _____ and failing him/her _____ of _____ as my/our proxy to act for me / us on my /our behalf at the Court Convened Meeting of the Equity Shareholders of Panasonic Appliances India Co. Limited to be held on Monday, 23rd September, 2013, at 3.30 P.M at Sri. P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai – 600 017 for the purpose of considering and if thought fit, approve with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Panasonic Appliances India Co. Limited and its shareholders & creditors at such meeting and at any adjournment or adjournments thereof to vote for me/us and in my/our name _____, (here, if 'for', insert 'for', if 'against' insert 'against', and in the latter case, strike out the words below after "Scheme of Arrangement") the said arrangement embodied in the Scheme of Arrangement and the resolution, either with or without modification, as my/our proxy may approve.

[Strike out what is not necessary]

Dated this _____ day of _____ 2013

Name: _____

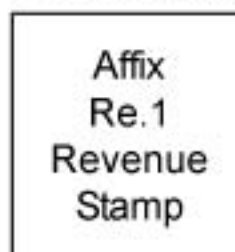
Address: _____

Folio No./Client Id _____

D.P. Id _____

No. of Shares _____

SIGNATURE



- Note:** 1. All alterations made in the Form of Proxy should be initialed.
2. Proxy, in order to be effective, to be deposited at the registered office of the Company at N.H. No. 5, Sholavaram Village, Ponneri Taluk, Chennai – 600 067, not later than 48 hours before the meeting.

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Panasonic Appliances India Co. Limited

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

ATTENDANCE SLIP

I/We hereby record my/our presence at the Court Convened Meeting of the Equity Shareholders of the Company held on Monday, 23rd September, 2013 at 3.30 P.M. at Sri. P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai – 600 017, Tamil Nadu.

NAME (S) OF THE SHAREHOLDERS (S) / PROXY (IN BLOCK LETTERS)	
FOLIO NO/ CLIENT ID No.	
DP ID No.	
NO. OF SHARES HELD	
SIGNATURE OF THE SHAREHOLDER(S) / PROXY	

Note: Shareholder/Proxy holder, as the case may be, is requested to sign and hand over this slip at the entrance of the meeting venue.

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