

PANASONIC CARBON INDIA CO. LIMITED
TWENTY EIGHTH ANNUAL REPORT 2009-2010

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|-------------------------------------|---|
| BOARD OF DIRECTORS | P.OBUL REDDY Chairman |
| | R. SENTHIL KUMAR Managing Director |
| | K.K. JIWARAJKA HIROYUKI AOTA HIDEO NAKANO MIKIO MORIKAWA V.R.GUPTA A.RAGHAVENDRA RAO K.SUBRAMANIAN |
| SECRETARY | N. RAVI |
| AUDITORS | BRAHMAYYA & CO., Chartered Accountants 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai – 600 014 |
| BANKERS | CANARA BANK THE BANK OF TOKYO- MITSUBISHI UFJ, LTD., ICICI BANK LIMITED STATE BANK OF INDIA SYNDICATE BANK |
| REGISTERED OFFICE | POTTIPATI PLAZA Third Floor 77 Nungambakkam High Road Chennai – 600 034 |
| FACTORY | Tada Mandal Nellore District Andhra Pradesh 524 401 |
| REGISTRAR AND SHARE TRANSFER AGENTS | Cameo Corporate Services Limited, “Subramanian Building”, No.1, Club House Road, Chennai – 600 002. |

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Twenty Eighth Annual General Meeting

| | |
|-------|---|
| Venue | : Sri.P.Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T. Nagar, Chennai - 600 017 |
| Date | : 23 rd July, 2010 |
| Time | : 2.30 P.M. |

1. Kindly bring your copy of this Annual Report along with you for the Annual General Meeting.
2. Only members and, in their absence, duly appointed proxies will be allowed for the Meeting. Please avoid bringing non-members and/or children for the Meeting.
3. Members are requested to fill in the respective columns provided in the Attendance Slip/Proxy Form fully and legibly so as to facilitate smooth entry into the Meeting Hall.
4. Company is not arranging any compliments for distribution in the Meeting.

PANASONIC CARBON INDIA CO. LIMITED

Regd. Office: "Pottipati Plaza", Third Floor,
No.77, Nungambakkam High Road, Chennai - 600 034

Notice of the Twenty Eighth Annual General Meeting

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of Panasonic Carbon India Co. Limited will be held on Friday the 23rd July, 2010 at Sri. P. Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T. Nagar, Chennai - 600 017. at 2.30 P.M. to transact, with or without modifications, as may be permissible, the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the Twenty Eighth Annual Report of the Board of Directors and Audited Statements of Account for the Financial Year ended 31st March, 2010 together with the Auditors' Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr.V.R. Gupte who retires by rotation under Article 138(3) of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. K.K. Jiwrajka who was appointed as a Director by the Board under Section 262 of the Companies Act, 1956, and Article 124 of the Articles of Association of the Company to fill in the casual vacancy on the Board occasioned due to the resignation of Mr.S.R. Jiwrajka, who ceases to hold office under the provisions of the said Section and the Article, and is eligible for re-appointment and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".
6. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr.Hideo Nakano who was appointed as a Director by the Board under Section 262 of the Companies Act, 1956, and Article 124 of the Articles of Association of the Company to fill in the casual vacancy on the Board occasioned due to the resignation of Mr Hauro Uchida, who ceases to hold office under the provisions of the said Section and the Article, and is eligible for re-appointment and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".
7. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr.Mikio Morikawa who was appointed as a Director by the Board under Section 262 of the Companies Act, 1956, and Article 124 of the Articles of Association of the Company to fill in the casual vacancy on the Board occasioned due to the resignation of Mr S.K. Khurana, who ceases to hold office under the provisions of the said Section and the Article, and is eligible for re-appointment and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".

By Order of the Board of Directors
For Panasonic Carbon India Co. Limited
R. SENTHIL KUMAR
MANAGING DIRECTOR

Place : Chennai
Date : 22nd April, 2010

PANASONIC CARBON INDIA CO. LIMITED

Notes:

1. Explanatory statement as per the provisions of Section 173(2) of the Companies Act, 1956 in respect of the items of the Special Business as set out above is annexed.
2. **Every Member entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of himself/herself and such proxy need not be a Member of the Company.**
3. The Proxy in order to be valid must be deposited at the Registered Office of the Company at 3rd Floor, No.77, Nungambakkam High Road, Nungambakkam, Chennai-600 034 not less than 48 hours before the time for holding the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 19th July, 2010 to 23rd July, 2010 (both days inclusive).
5. The Dividend upon its declaration at the Meeting will be paid to those Members whose names stand in the Register of Members as on 23rd July, 2010. In respect of shares held in Electronic Form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. Members desiring to have any clarification on Accounts are requested to write to the Company at an early date so as to enable the Company keep the information ready.
7. As per provisions of Section 109A of the Companies Act, 1956 Member(s) who are holding Equity Shares in the Company may nominate a person on whom the Shares will vest in the event of death of the holder(s) in the prescribed manner. Member(s) desiring to make such a nomination are requested to send the prescribed Form-2B to the Registered Office of the Company at Chennai.
8. Members holding Shares in physical form are requested to notify / send the following information by quoting their Folio Number to the Company / Registrar and Share Transfer Agents to facilitate better servicing:-
 - i. Any change in their address/mandate/bank account details with Phone Nos., Fax Nos., and E-mail ID for speedy disposal of letters on various issues; and payment of Dividend.
 - ii. Share Certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such share holdings into one account.
9. Pursuant to Section 205A of the Companies Act, 1956 an amount of Rs.1,83,098/-remaining unclaimed out of the dividend for the Year ended 31st March, 2002 was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on 24th September, 2009.

The unclaimed dividend, if any, for the year ended 31st March, 2003 will become transferable to the "Investor Education and Protection Fund" on or before 18th July, 2010. Shareholders, are therefore, requested to send their claims, if any, for the relevant years from year ending 31st March, 2003 onwards before the respective amounts become due for transfer to the fund. No claims shall lie against the Fund or the Company thereafter in respect of amount transferred.

ANNEXURE TO THE NOTICE

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

Item No.5

At the Board Meeting held on 22nd October, 2009 Mr.K.K. Jiwrajka was appointed as a Director to fill in the casual vacancy caused by the resignation of Mr.S.R. Jiwrajka.

Under Article 124 of the Company's Articles of Association and pursuant to Section 262 of the Companies Act, 1956, Mr.K.K. Jiwrajka will hold office only up to the date of this Annual General Meeting and he offers himself for re-appointment. A notice in writing from a Member has been received under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- proposing his appointment as a Director liable to retire by rotation.

His qualification and experience are detailed under the heading "*Information about the Directors to be appointed / re-appointed*" which forms part of this Notice.

Mr. K.K. Jiwrajka represents the Indian Promoters on the Board. He shall not be paid any Sitting Fee for attending the Meetings of the Board or Committee thereof.

None of the Directors, except Mr.K.K. Jiwrajka, is interested in this resolution.

The Board of Directors commend passing of the Resolution set out at Item No.5 of the Notice convening the Meeting.

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Item No.6

At the Board Meeting held on 22nd April, 2010 Mr.K.K. Hideo Nakano was appointed as a Director to fill in the casual vacancy caused by the resignation of Mr.Haruo Uchida.

Under Article 124 of the Company's Articles of Association and pursuant to Section 262 of the Companies Act, 1956, Mr.Hideo Nakano will hold office only up to the date of this Annual General Meeting and he offers himself for re-appointment. A notice in writing from a Member has been received under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- proposing his appointment as a Director liable to retire by rotation.

His qualification and experience are detailed under the heading "*Information about the Directors to be appointed / re-appointed*" which forms part of this Notice.

Mr. Hideo Nakano represents the Foreign Collaborators on the Board. He shall not be paid any Sitting Fee for attending the Meetings of the Board or Committee thereof.

None of the Directors, except Mr.Hideo Nakano, is interested in this resolution.

The Board of Directors commend passing of the Resolution set out at Item No.6 of the Notice convening the Meeting.

Item No.7

At the Board Meeting held on 22nd April, 2010 Mr.Mikio Morikawa was appointed as a Director to fill in the casual vacancy caused by the resignation of Mr.S.K. Khurana.

Under Article 124 of the Company's Articles of Association and pursuant to Section 262 of the Companies Act, 1956, Mr.Mikio Morikawa will hold office only up to the date of this Annual General Meeting and he offers himself for re-appointment. A notice in writing from a Member has been received under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- proposing his appointment as a Director liable to retire by rotation.

His qualification and experience are detailed under the heading "*Information about the Directors to be appointed / re-appointed*" which forms part of this Notice.

Mr. Mikio Morikawa represents the Foreign Collaborators on the Board. He shall not be paid any Sitting Fee for attending the Meetings of the Board or Committee thereof.

None of the Directors, except Mr.Mikio Morikawa, is interested in this resolution.

The Board of Directors commend passing of the Resolution set out at Item No.7 of the Notice convening the Meeting.

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

MR. V.R. GUPTE

Mr. V.R. Gupte, after completing Masters in Law Degree and passing IAS and allied services examination of Union Public Service Commission, joined Indian Revenue Service in 1954 and held several positions in Income tax Department till 1964. In 1963 he obtained Masters Degree in Law from Harvard Law School, USA and was appointed as Deputy Secretary, Ministry of Finance, Government of India in 1965. From 1969 to 1974 he was deputed to Embassy of India, Washington as Financial Advisor. He was Joint Secretary, Ministry of Finance, Banking Division from 1977 to 1980. On voluntary retirement from Government Service in 1980 he worked as Finance Director, Spencer & Co, Chennai till 1983 and thereafter practised as an Advocate till October, 2006. Presently he is a Director on the Board of M/s. Nippo Batteries Co. Limited, Chennai.

He is a Chairman of Audit Committee and Shareholders /Investors Grievance Committee and a member of Remuneration Committee of Nippo Batteries Co. Ltd. He is a Chairman of Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of your Company.

MR. K.K. JIWARAJKA

Mr. K.K. Jiwrajka after completing his graduation from the Bombay University joined the business in trading of electronic components in 1969. He was involved in the business of marketing and distribution of consumer durables and household appliances. He had rich experience in business development and trading activities in the Electrical, Electronic and Household appliances.

He is not a member in any of the committees of the Board of your Company.

He is a director in Moza Hoisery India Ltd.

PANASONIC CARBON INDIA CO. LIMITED

MR. HIDEO NAKANO

Mr. Hideo Nakano is an Economics Graduate of Osaka University, Japan in March 1980. He joined M/s. Panasonic Corporation (Formerly Matsushita Electric Industrial Co. Ltd), Japan immediately after completion of his Graduation in April 1980. From April 1980 to April 2001 he worked in various Divisions of Panasonic Corporation and became the Chief Financial Officer of Panasonic Avionics Corporation, USA and was elevated as General Manager of Finance in AVC Company, Japan in January 2001. From August 2004 he was holding the position of Chief Financial Officer of Panasonic Corporation of North America, USA till May 2009 and was elevated in June 2009 as Finance Director, Accounting Center, Energy Company, Panasonic Corporation, Japan.

He is not a member in any of the committees of the Board of your Company.

He is a Director on the Boards of three Foreign Companies.

MR. MIKIO MORIKAWA

Mr. Mikio Morikawa graduated from Waseda University in March 1986, He joined with M/s. Panasonic Corporation, (formerly M/s. Matsushita Electric Industrial Co. Ltd.) Japan immediately after completion of his graduation. From April 1986 to June 2007, he worked in various Divisions of Panasonic Corporation and became General Manager in April 2007. He is currently working as General Manager, Global Business Planning Group, Energy Company, Panasonic Corporation, Japan.

He is not a member in any of the Committees of the Board of your Company.

He is a Director on the Board of Nippo Batteries Co. Ltd. and he is a Director on the Board of one Foreign Company.

Place : Chennai
Date : 22nd April, 2010

By Order of the Board of Directors
For Panasonic Carbon India Co. Limited
R. SENTHIL KUMAR
MANAGING DIRECTOR

PANASONIC CARBON INDIA CO. LIMITED

TWENTY EIGHTH ANNUAL REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting to you their Twenty Eighth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010 and the Auditors' Report thereon.

FINANCIAL RESULTS

The summarised working results for the year ended 31st March, 2010 as compared with the earlier year are as under:

| Particulars | Year ended 31.03.2010 (Rs in Lakhs) | Year ended 31.03.2009 (Rs in Lakhs) |
|--|--|--|
| Profit before depreciation | 1083.06 | 986.65 |
| Less: Depreciation | 67.47 | 84.23 |
| Balance Profit before taxation | 1015.59 | 902.42 |
| Less: Provision for Taxation after adjustment towards deferred tax & fringe benefit tax | 346.45 | 312.48 |
| Balance profit after Taxation | 669.14 | 589.94 |
| Add: Surplus brought forward from Previous year | 77.00 | 80.16 |
| Amount available for appropriation | 746.14 | 670.10 |
| Your Directors recommend the following Appropriations: | | |
| Proposed Dividend | 336.00 | 336.00 |
| Taxation on Dividend | 55.80 | 57.10 |
| Transfer to General Reserve | 267.36 | 200.00 |
| Transfer to Profit and Loss Account | 86.98 | 77.00 |
| Total | 746.14 | 670.10 |

DIVIDEND

Your Directors recommend a dividend of Rs.7/- per Share (i.e.) 70%, which as per the provisions of Income-tax Act presently in force, will not be taxed in the hands of the Shareholders. However, the Company will be paying the prescribed tax on the distributed dividend. This dividend if approved by you at the ensuing Twenty Eighth Annual General Meeting will be paid to the Shareholders whose names stand in the Register of Members as on the date of said Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND BUSINESS OVERVIEW AND OPERATIONAL AND FINANCIAL PERFORMANCE

Your Company sold 1414 Mln. Pcs. of Carbon Rods, as against 1520 Mln. Pcs., 93% of Sales of last year. The Domestic Sales Quantity and Value were 1271 Mln. Pcs. and Rs.25 Crores, which works out to 94% and 96% respectively of the Sales of the last year. The drop in quantity of Domestic Sales was mainly on account of import of certain variety of Carbon Rods by certain Customers of the Company.

The Export Sales of the Company was 143 Mln. Pcs. which works out to 83% of Export Sales of last year. The drop in Quantity of Export Sales was mainly due to closure of some of the Battery Factories in African Region.

Your Company had continued to implement cost saving and cost control methods. These factors had helped to improve the profitability of the Company.

OUTLOOK ON OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

The Company has higher production capacity to meet any increased demand of Carbon rods in the Domestic and International Markets in the years to come. Your Company's finished product (Carbon Rods) is being supplied as a critical component to the Indian Dry Battery Industry, which is projecting a growth of 2% to 3% in the current year in smaller size Batteries. Your Company has to make adjustments in its selling price to achieve growth in the coming year. In the Export Front, your

PANASONIC CARBON INDIA CO. LIMITED

Company expects only marginal improvement over the current year due to price and severe competition in the International Markets for Carbon Rods. Your Company anticipates reduction in profitability significantly for the coming year on account of adjustments of selling price of Carbon Rods. The Directors assure that all steps will be taken by the Company to improve the business in the coming years, in proportion to the growth of the Dry Battery Industry by taking into consideration the adverse conditions, if any, in the Dry Battery Industry.

There are no materially significant threats, risks or concerns to the Company.

SEGMENT-WISE PERFORMANCE

The Company operates in only one Segment (i.e.) Carbon Rods as a component of Dry Cell Batteries.

By value, while Domestic Sales was 86%; Exports Sales was 14%.

FINANCIAL ARRANGEMENTS

Your Company continues to be free from debts – both on Long Term and on Working Capital requirements. The surplus funds available with the Company are being invested with Banks in deposits at regular intervals, in line with the policy of the Company. This is reflected in increased deposits.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. A firm of experienced Chartered Accountants had carried Audit throughout the year. Whenever it is required, the systems and procedures are upgraded.

HUMAN RESOURCES

The relationship with Employees continues to be cordial. The Company always considers its human resources as its most valuable asset. Imparting adequate and specialised training to its employees is an on going exercise in the Company.

STATEMENT PURSUANT TO LISTING AGREEMENTS

The Company's Securities are listed with Madras and Mumbai Stock Exchanges and it has paid the respective Annual Listing Fees up-to-date and there are no arrears.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION, FOREIGN EXCHANGE ETC.,

Details regarding conservation of energy, foreign exchange and technology absorption including Research and Development efforts are given separately in Annexure 'A' to this Report.

CODE OF CORPORATE GOVERNANCE

A detailed report on Corporate Governance as updated with the particulars of this Financial Year, as per the directions from SEBI is annexed to this report (Annexure "B") together with Report of the Auditors on the compliance with the said Code.

PERSONNEL

Particulars of employment as required under Section 217(2A) of the Companies Act, 1956 are furnished in Annexure 'C' to this Report.

DIRECTORS

Mr.S.R.Jiwarajka had resigned from the Board of your Company effective 22nd October, 2009.

Mr. Haruo Uchida, Whole Time Director (Finance) had resigned from the Board of your Company effective 22nd April, 2010.

Mr.S.K. Khurana had resigned from the Board of your company effective 22nd April, 2010.

The Board of Directors places on record their appreciation for the valuable contribution made by Mr.S.R.Jiwarajka, Mr. Haruo Uchida and Mr. S.K. Khurana for the growth of the company during their service.

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Mr.K.K. Jiwrajka was appointed as a Director in the vacancy caused on the resignation of Mr. S.R. Jiwrajka at the Board Meeting held on 22nd October, 2009.

Mr. Hideo Nakano was appointed as a Director in the vacancy caused on the resignation of Mr. Haruo Uchida at the Board Meeting held on 22nd April, 2010.

Mr. Mikio Morikawa was appointed as a Director in the vacancy caused on the resignation of Mr. S.K. Khurana at the Board Meeting held on 22nd April, 2010.

In accordance with the Articles of Association of the Company Mr.V.R. Gupte retires by rotation at this Annual General Meeting. He, being eligible, offers himself for re-appointment.

Information about all the Directors proposed to be appointed/re-appointed is furnished in the Explanatory Statement under the heading "Information about the Directors proposed to be appointed/re-appointed" attached to the Notice of the ensuing Annual General Meeting for your consideration.

The Directors recommend that all the resolutions placed before the Members regarding the appointment of the Directors be approved.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your Directors confirm that they had:

1. followed in the preparation of annual accounts, the applicable Accounting Standards and given proper explanation relating to material departures, if any;
2. selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for that period;
3. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the Assets of the Company and to prevent and detect fraud and other irregularities; and
4. prepared the Accounts on a Going Concern basis.

AUDITORS

M/s.Brahmayya & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the conclusion of the ensuing Twenty Eighth Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors record their sincere appreciation to the support, co-operation and assistance provided by the Collaborators, M/s.Panasonic Corporation, Japan.

Your Directors thank the valued Customers for their patronage, the Suppliers for their timely and quality supply, the Shareholders for the confidence reposed and the Bankers, State and Central Governments for extending their invaluable support.

Your Directors place on record their appreciation of the dedicated services of the Employees of the Company at all levels for the growth of the Company.

Place : Chennai
Date : 22nd April, 2010

By Order of the Board of Directors
For Panasonic Carbon India Co. Limited
V.R. GUPTA **R. SENTHIL KUMAR**
DIRECTOR MANAGING DIRECTOR

PANASONIC CARBON INDIA CO. LIMITED

ANNEXURE 'A' TO THE TWENTY EIGHTH ANNUAL REPORT OF THE BOARD OF DIRECTORS

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, etc.

A. CONSERVATION OF ENERGY

During the year under review, there was steep increase in fuel cost by 62%, consumption of fuel has been reduced by further modifying Burners and using Electrical Heaters in place of Boilers and also by using Energy Efficient Blowers. There was a reduction of consumption of energy by 16% due to installation of Delstar for Kiln Exhaust Blower and Ball Mill. Further the Company continued to adopt energy saving methods and monitor energy consumption on daily basis and implement improvement activities in process operations.

Form-A specified in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is not applicable.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

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

- a) Reduction of power consumption by effectively operating the process.
- b) Reduction of fuel consumption in Baking process by modifying the temperature pattern.
- c) Improvement in productivity in CP Impregnation process by reducing the process time.
- d) Reduction of special carbon defects by modifying the machine alignment in extrusion process.
- e) Removal of Furnace Oil usage in crushing process for Coke Materials by increasing the process temperature in mixing process.
- f) Reduction of Tar consumption in UM3 grade by modifying the process standards.
- g) Reducing the recycle material generations in Extruding process by suitably modifying the machines.

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

- a) Development of Special size Carbon rods as per the customer requirements.
- b) Reduction of power consumption by 16%
- c) Reduction of fuel consumption in Baking process by 4%.
- d) Reduction of defects.
- e) Removal of Furnace Oil consumption in Crushing process by 100%
- f) Reduction of Tar consumption in UM-3 variety of carbon rods by 5%
- g) Reduction of Recycle Material generation in UM-3 variety of carbon rods around 6%

3. Future plan of action:

- a) Reduction of CO₂ emissions by implementing environmental sustainability management.
- b) Improving the Developmental activities by properly utilising Mercury Porosimeter and Thermal Analyser.
- c) Achieving optimum level of Production Cost through Energy saving methods and process time reductions.

4. Expenditure on R & D:

| | |
|---|----------------|
| Total Expenditure – Revenue | Rs.16.63 Lakhs |
| R & D Expenditure as a percentage to total turnover | 0.53% |

Technology absorption, adaptation and innovation:

1. Efforts taken to improve upon technology absorption, adaptation and Innovation

Effective use of MSP 1 screw press by modifying the screw and body for improving productivity, quality and reduction of recycles.

PANASONIC CARBON INDIA CO. LIMITED

Effective use of Electric Heaters in place of Boiler for Hydraulic Extruders for improving productivity, Quality of products, thereby achieving substantial reduction in recycles and defects.

2. Benefits derived as a result of the above

Reduction in Energy Cost, productivity improvement, quality improvement and improved environmental friendly operations.

3. Imported technology (imported during last five years)

Except for regular up-gradation of the know-how, no specific technology had been imported in the last five years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to Exports: Initiatives taken to maintain exports; development of new export markets to products and services and export plans.

Pressure for price reduction from Customers continues to be exerted on the Company and this is being met positively by selling price adjustments, wherever necessary. Simultaneously cost reduction activities are also being strengthened. The Collaborator's wide exposure in the International Market, is helping the Company to keep itself abreast of the latest developments in technology and this is exploited for possible market enlargement. The Company is also regularising its periodical market study activities.

2. Total Foreign Exchange used and earned:

Total foreign exchange used in the year ended 31st March, 2010 towards Import of Raw Materials, Consumables and Machinery Maintenance items and other remittances like Royalty, Dividend, Commission on Sales etc., was Rs.4.57 Crores. With regard to earning of Foreign Exchange, the direct inflow of Foreign Currency due to Exports worked out to Rs.4.15 Crores. Apart from this, the Company has stopped outgo of substantial amount of Foreign Exchange by indigenously producing Carbon Rods as an import substitute. This saving worked out approximately to Rs.25 Crores in the year under review.

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

V.R. GUPTA
DIRECTOR

R. SENTHIL KUMAR
MANAGING DIRECTOR

Place : Chennai

Date : 22nd April, 2010

ANNEXURE 'B' TO THE TWENTY EIGHTH ANNUAL REPORT OF THE BOARD OF DIRECTORS REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

Introduction

The Company is regular in complying with the mandatory requirements of the Code of Corporate Governance.

Company's Philosophy on Code of Corporate Governance

The Company, in line with its philosophy, follows good Corporate Governance practices with highest level of transparency, accountability, responsibility, integrity and ethics. This has resulted in provision of quality product and services to the Customers and consequent growth of healthy business, strengthening of Management and Decision making process, effective functioning of Board of Directors in a professionally sound and competent manner and enhancement of long term economic value of Shareholders.

Board of Directors

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

The Board comprises of two Executive Directors and seven Non-Executive Directors including three Independent Directors. The Chairman of the Board is a Non-Executive Director. Pursuant to the provisions of Clause 49(1)(A)(ii) of the Listing Agreement, one-half of the Board should comprise of Independent Directors in case the Chairman is a Promoter-Director. Alternatively if the Chairman is a Non Promoter Director, one-third of the Board should comprise of Independent Directors. Mr. V.R. Gupta. Independent Director was appointed as Chairman for the Board Meetings of the Company held on 22nd October 2009 and 29th January, 2010. The Company is taking necessary steps to fulfil the requirement as to compliance to the above said clause of the Listing Agreement.

PANASONIC CARBON INDIA CO. LIMITED

During the Financial Year ended 31st March, 2010, four Board Meetings were held on 28th April, 2009, 23rd July, 2009, 22nd October, 2009 and 29th January, 2010.

The last Annual General Meeting was held on 11th September, 2009.

The Composition of the Board, attendance of each Director at the Board Meetings held during the year under review as well as in the last Annual General Meeting and number of other Directorships/Committee Memberships held by them are as follows:

| Name of the Director | Designation and Category | No. of Board Meetings in the year | | Attendance last AGM | No. of outside Directorships (Excludes Private and Foreign Companies) | No. of outside Board Committee Memberships (Excludes Private and Foreign Companies) |
|----------------------------------|-----------------------------------|-----------------------------------|----------|---------------------|---|---|
| | | Held \$ | Attended | | | |
| Mr.P.Obul Reddy | Chairman; Promoter; Non-Executive | 4 | 2 | No | 2 | 1 |
| Mr.R.Senthil Kumar | Managing Director; Executive | 4 | 4 | Yes | Nil | Nil |
| Mr.S.R.Jiwarajka ¹ | Director; Promoter; Non-Executive | 3 | Nil | No | 2 | 1 |
| Mr. K.K. Jiwarajka ² | Director; Promoter; Non-Executive | 1 | 1 | NA | 1 | Nil |
| Mr.Haruo Uchida | Wholetime Director; Executive | 4 | 4 | Yes | Nil | Nil |
| Mr.V.R.Gupte | Director; Independent | 4 | 4 | Yes | 1 | 2 |
| Mr.A.Raghavendra Rao | Director; Independent | 4 | 4 | Yes | 1 | 1 |
| Mr.K.Subramanian | Director; Independent | 4 | 4 | Yes | 2 | 4 |
| Mr.S.K. Khurana | Director; Non-Executive | 4 | 3 | No | 1 | 1 |
| Mr.Mitsuru Kurokawa ³ | Director; Non-Executive | 1 | Nil | NA | Nil | Nil |
| Mr.Naoto Noguchi ⁴ | Director; Non-Executive | 1 | Nil | NA | Nil | Nil |
| Mr.Hiroyuki Aota ⁵ | Director; Non-Executive | 2 | Nil | No | 2 | Nil |

\$ Held since appointment or up to resignation.

¹ Mr.S.R. Jiwarajka resigned at the Board Meeting held on 22nd October, 2009.

² Mr.K.K. Jiwarajka was appointed as Director of the Company at the Board Meeting held on 22nd October, 2009. effective that date.

³ Mr.Mitsuru Kurokawa resigned at the Board Meeting held on 28th April, 2009.

⁴ Mr.Naoto Noguchi was appointed as a Director of the Company at the Board Meeting held on 28th April, 2009 and resigned at the Board Meeting held on 23rd July, 2009.

⁵ Mr.Hiroyuki Aota was appointed as Director of the Company at the Board Meeting held on 23rd July, 2009.

Mr.Naoto Noguchi and Mr.Hiroyuki Aota are nominated by our Collaborators and are employed in Japan.

Information about the Directors proposed to be appointed/re-appointed required to be furnished pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges is furnished under 'Notes' attached to the Notice of the Twenty Eighth Annual General Meeting to the Shareholders of the Company.

Committees of the Board

1. Audit Committee

Terms of reference

The Qualified and Independent Audit Committee of the Board of the Company monitors and provides effective supervision of the Management's financial reporting process with a view to ensure accurate and proper disclosure and transparency and quality of financial reporting. The Committee also reviews the financial and risk management policies and the adequacy of internal control systems and meet the Internal Auditors and Statutory Auditors periodically.

Composition and Attendance

The Company has an Audit Committee of the Board consisting of three Non Executive Independent Directors, the Managing Director and the Whole time Director (Finance). The Audit Committee met four times during the year (i.e) on 28th April, 2009, 22nd July, 2009, 22nd October, 2009 and 29th January, 2010. The details of attendance of Members are as follows:

PANASONIC CARBON INDIA CO. LIMITED

| Name of Director | Status | No. of Meetings held | No. of Meetings attended |
|---|----------|----------------------|--------------------------|
| Mr.V.R.Gupte | Chairman | 4 | 4 |
| Mr.A.Raghavendra Rao | Member | 4 | 4 |
| Mr.K.Subramanian | Member | 4 | 4 |
| Mr.R.Senthil Kumar | Member | 4 | 4 |
| Mr.Haruo Uchida (Resigned on 22nd April, 2010) | Member | 4 | 4 |

The Quorum shall be either two Members or one-third of the Members, whichever is higher and there shall be a minimum of two Independent Directors.

The Company Secretary, Mr.N. Ravi, is the Secretary of the Committee.

2. Shareholders/Investors Grievance Committee

Terms of Reference

The Committee oversees Share Transfers and monitor investors' grievances such as complaints on transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend etc. and redressal thereof, within the purview of the guidelines set out in the Listing Agreement.

Composition

The Shareholders/ Investors Grievance Committee constituted by the Board of Directors consist of the following three Directors as Members:

| Name of Director | Designation in the Company | Status in the Committee |
|----------------------|----------------------------|-------------------------|
| Mr.V.R.Gupte | Independent Director | Chairman |
| Mr.A.Raghavendra Rao | Independent Director | Member |
| Mr.K.Subramanian | Independent Director | Member |

The quorum for the Meeting shall be any two of the above three Members.

The Company Secretary, Mr.N. Ravi, is the Compliance Officer of the Committee.

The Company attends to the Shareholders / Investors grievances / correspondence expeditiously. No complaints of material nature were received during the year under review.

3. Share Transfer Committee

Terms of reference

This Committee attends to approval and registration of transfers, transmissions, transpositions, splits and consolidations of Shares and other matters connected therewith, within the purview of the guidelines set out in the Listing Agreement.

Role and Performance

The Board constituted this Committee delegating the powers of Share Transfer to expedite the process. The Members of the Committee are Mr.P.Obul Reddy, Chairman and Director, Mr.R.Senthil Kumar, Managing Director, Mr.S.R.Jiwarajka Director (upto 22nd October, 2009), and Mr.N. Ravi, Company Secretary of the Company. The quorum for the Meeting shall be any two of the above Members. The Committee holds its Meeting regularly to consider all matters concerning transfer, transmission, transposition, split, consolidation etc. of Shares. During the period 1st April, 2009 to 31st March, 2010, Eleven Meetings of the Committee were held. All share transfers, transmissions, transpositions, splits and consolidations received upto 31st March, 2010 have already been considered and there were no pending share transfers etc. as at the end of the year.

4. Remuneration Committee

The Committee is vested with necessary powers and authority to determine and recommend the remuneration payable to Executive Directors, within the purview of the Companies Act and Listing Agreement.

The Committee consists of the following Non-Executive Independent Directors.

PANASONIC CARBON INDIA CO. LIMITED

| Name of Director | Designation in the Company | Status in the Committee |
|----------------------|----------------------------|-------------------------|
| Mr.V.R.Gupte | Independent Director | Chairman |
| Mr.A.Raghavendra Rao | Independent Director | Member |
| Mr.K.Subramanian | Independent Director | Member |

The Committee met during the year on 28th April, 2009 to determine and recommend the revision in remuneration payable to the Managing Director and to the Whole-time Director (Finance).

The quorum for the Meeting shall be any two of the above three Members. The Company Secretary, Mr.N.Ravi is the Secretary of the Committee.

Remuneration of Directors

Executive Directors

The Company has one Managing Director and one Whole-time Director (Finance) as Executive Directors. Mr. R. Senthil Kumar is the Managing Director and his appointment and remuneration was approved by the shareholders at the Annual General Meeting held on 18th June, 2008 for a period of five years from 23rd April, 2008 to 22nd April, 2013. The revision in remuneration as approved by the Remuneration Committee and the Board was approved by the shareholders at the last Annual General Meeting held on 11th September, 2009. Mr.Haruo Uchida, a Japanese National is the Whole-time Director (Finance) and his appointment and remuneration was approved by the shareholders at the Annual General Meeting held on 11th September, 2009 and by the Central Government for a period of three years from 24th July, 2008 to 23rd July, 2011.

The details of remuneration paid to the Executive Directors during their period of employment with the Company in the year under review are as under:

| Name and Designation | Period | Salary Rs. | Perquisites Rs. | Total Rs. |
|--|-----------------------------|---------------|--------------------|--------------|
| Mr.R.Senthil Kumar Managing Director | 01-04-2009 to 31-03-2010 | 12,00,000 | 7,05,031 | 19,05,031 |
| Mr.Haruo Uchida Wholetime Director(Finance) | 01-04-2009 to 18-03-2010 | 23,16,129 | 5,66,996 | 28,83,125 |

The above Executive Directors are not paid any sitting fees for the Board Meetings or for any Committees of the Board attended by them.

The above Whole-time Directors have been nominated by the Collaborators, M/s.Panasonic Corporation, Japan.

Non-Executive Directors

The Board of Directors decide to pay the remuneration of Non-Executive Directors. Non-Executive Directors of the Company are remunerated by way of Sitting Fees for the Meetings of the Board / Committees of the Board attended by them and by way of Commission up to a total of one percent on the net profits of the Company in each Financial Year. None of the Non-Executive Directors of your Company have any pecuniary relationship or material transactions with the Company except for Sitting Fees paid to them for attending Board Meetings and Committee Meetings thereof and Commission on Net Profits.

The Company has not issued Stock Options to any of its Directors.

There is no differential Accounting treatment followed in the Company during the Financial Year 2009-2010.

The details of remuneration paid to the Non-Executive Directors are as under:

| Name of the Director | Commission Rs. | Board Meeting Rs. | Sitting Fees | |
|----------------------|-------------------|----------------------|-----------------------------------|--|
| | | | Audit Committee Meeting Rs. | Remuneration Committee Meeting Rs. |
| Mr.P.Obul Reddy | 2,15,360 | NIL | NIL | NIL |
| Mr.S.R.Jiwarajka | 1,07,680 | NIL | NIL | NIL |
| Mr.V.R.Gupte | 2,15,360 | 40,000 | 40,000 | 5,000 |
| Mr.A.Raghavendra Rao | 2,15,360 | 40,000 | 40,000 | 5,000 |
| Mr.K.Subramanian | 2,15,360 | 40,000 | 40,000 | 5,000 |
| Mr. S.K. Khurana | NIL | NIL | NIL | NIL |

PANASONIC CARBON INDIA CO. LIMITED

| | | | | |
|--|------------------|-----------------|-----------------|---------------|
| Mr.Mitsuru Kurokawa (upto 28 th April, 2009) | NIL | NIL | NIL | NIL |
| Mr.Naoto Noguchi (upto 23 rd July, 2009) | NIL | NIL | NIL | NIL |
| Mr. Hiroyuki Aota (from 23 rd July, 2009) | NIL | NIL | NIL | NIL |
| Mr.K.K.Jiwarajka (from 22 nd October, 2009) | 1,07,679 | NIL | NIL | NIL |
| Total | 10,76,799 | 1,20,000 | 1,20,000 | 15,000 |

No. of Shares held by Non-Executive Directors

| Name of the Director | No. of Shares held |
|--|--------------------|
| Mr.V.R. Gupte | NIL |
| Mr.A.Raghavendra Rao | NIL |
| Mr.K.Subramanian | NIL |
| Mr. Mitsuru Kurokawa (upto 28th April, 2009) | NIL |
| Mr.Naoto Noguchi (upto 23rd July, 2009) | NIL |
| Mr. Hiroyuki Aota (from 23rd July, 2009) | NIL |
| Mr.S.K. Khurana | 67 |

General Body Meetings

The last three Annual General Meetings were held as under:

| Accounting Year ended | Date | Day | Time | Venue |
|------------------------------|----------------------------------|-----------|-----------|---|
| 31 st March, 2009 | 11 th September, 2009 | Friday | 2.30 P.M. | Sri.P.Obul Reddy Hall, Vani Mahal, 103,G.N.Chetty Road, T.Nagar, Chennai 600 017 |
| 31 st March, 2008 | 18 th June, 2008 | Wednesday | 3.30 P.M. | Sri P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai 600 017. |
| 31 st March, 2007 | 14 th June, 2007 | Thursday | 3.30 P.M. | The Aruna Chennai, 144-145,Sterling Road, Chennai 600 034. |

One Special Resolution was passed in the last three Annual General Meetings as under:

| Subject | Annual General Meeting held on | For the Accounting year ended |
|--|--------------------------------|-------------------------------|
| Commission payable to Non Executive Directors | 14 th June, 2007 | 31 st March, 2007 |

No Special Resolution was put through Postal Ballot last year. Special Resolution(s) through Postal Ballot process shall be conducted as per the provisions of the Companies Act, 1956 as applicable at the relevant point of time.

Disclosures

(i) Related Party Transactions

The Company has not entered into any transactions of a material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

(ii) Compliances by the Company

(a) The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to Capital Markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities.

The Company complied with Mandatory requirements of Clause 49 of the Listing Agreement. The Company has not adopted the non-mandatory requirements of the above Clause.

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

(c) The Chief Executive Officer and the Chief Financial Officer have issued necessary Certificate to the Board of Directors in compliance with Clause 49 of the Listing Agreement.

PANASONIC CARBON INDIA CO. LIMITED

Means of Communication

The Board of Directors of the Company approve and take on record the Financial Results as per the proforma prescribed by the Stock Exchanges within the statutory period and announce forthwith the said results to all the Stock Exchanges, where the Shares of the Company are listed.

The Quarterly and Annual Financial Results are published in English language in Business Line and News Today and in Tamil language in Maalai Sudar. These results are promptly submitted to the Stock Exchanges to enable them display the same on their Websites.

The Financial Results are made available at the Website of the Company – www.panasoniccarbonindia.com

The Company is also filing the specified documents/statements/information through “Electronic Data Information Filing and Retrieval (EDIFAR)” Scheme as per SEBI directive within the stipulated time.

During the year ended 31st March, 2010 no presentation has been made to Analysts.

The Management Discussion and Analysis Report form part of the Directors’ Report.

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

| | |
|---------------------|---|
| Day and Date | Friday, the 23 rd July, 2010. |
| Time | 2.30 P.M. |
| Venue | Sri. P. Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T. Nagar, Chennai - 600 017 |

Financial Calendar

Adoption of Quarterly Results for the quarter ending

| | |
|----------------------------------|--|
| 30 th June, 2010 | 3 rd /4 th week of July, 2010 |
| 30 th September, 2010 | 3 rd /4 th week of October, 2010 |
| 31 st December, 2010 | 3 rd /4 th week of January, 2011 |
| 31 st March, 2011 | 3 rd /4 th week of April, 2011 |

Dates of Book Closure

From 19th July 2010 to 23rd July, 2010 (Both days inclusive)

Dividend Payment Date : 30th July, 2010.

Listing on Stock Exchanges

The Equity Shares of the Company are listed in the Madras and Bombay Stock Exchanges. The Company confirms that it has paid the Annual Listing Fees to the above Stock Exchanges for the year 2010-2011 and there are no arrears.

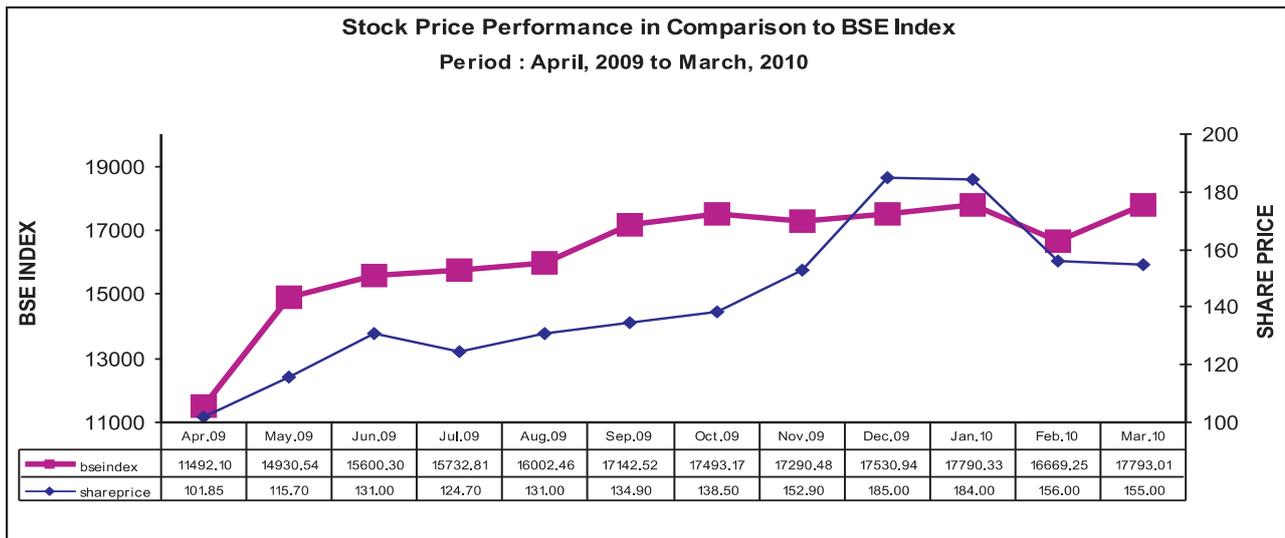
Stock Code

| | |
|-------------------------------|--------|
| Madras Stock Exchange Limited | IMT |
| Bombay Stock Exchange Limited | 508941 |

PANASONIC CARBON INDIA CO. LIMITED

Market Price data for the Financial Year ended 31st March, 2010

| Month | BSE | |
|----------------|---------------|--------------|
| | High Rs.P. | Low Rs.P. |
| April 2009 | 101.85 | 84.00 |
| May 2009 | 115.70 | 95.05 |
| June 2009 | 131.00 | 106.00 |
| July 2009 | 124.70 | 99.00 |
| August 2009 | 131.00 | 111.00 |
| September 2009 | 134.90 | 111.25 |
| October 2009 | 138.50 | 125.00 |
| November 2009 | 152.90 | 125.45 |
| December 2009 | 185.00 | 140.50 |
| January 2010 | 184.00 | 140.00 |
| February 2010 | 156.00 | 135.60 |
| March 2010 | 155.00 | 139.40 |



Registrars and Share Transfer Agents

M/s.Cameo Corporate Services Limited, are the Registrars and Share Transfer Agents for providing electronic connectivity for trading Company's scrips in dematerialised form through NSDL and CDSL and also for Shares held in Physical mode.

Address:

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

Name of Contact Person :

Mr.R.D.Ramasamy, Director
Phone.No: 0091-44-28460390 (6 Lines)
Fax No. : 0091-44-28460129
E-mail : cameo@cameoindia.com

Share Transfer System

The Shares received for Transfer in physical mode are considered expeditiously and, on its approval, the duly endorsed Share Certificates are returned to the Transferees immediately thereafter. In cases, where it is accompanied with Dematerialisation request form, the Transferred and endorsed Share Certificates are retained and further processing done. Confirmation in respect of the requests received for Dematerialisation is sent to the Depositories concerned through the Registrars.

The Share Transfer Committee constituted by the Board of Directors of the Company holds its meeting regularly to consider all matters concerning Transfers etc., as well as approval of all the above requests.

PANASONIC CARBON INDIA CO. LIMITED

Distribution of share holding as on 31st March, 2010

| No. of Shares | Number of Shareholders | | Number of Shares | |
|-----------------|------------------------|---------|------------------|---------|
| | Number | % Total | Number | % Total |
| Upto 500 | 5,403 | 93.70 | 4,56,384 | 9.51 |
| 501 - 1000 | 188 | 3.26 | 1,47,884 | 3.08 |
| 1001 - 2000 | 87 | 1.51 | 1,30,987 | 2.73 |
| 2001 - 3000 | 34 | 0.59 | 81,495 | 1.70 |
| 3001 - 4000 | 17 | 0.29 | 59,351 | 1.23 |
| 4001 - 5000 | 7 | 0.12 | 33,609 | 0.70 |
| 5001 - 10000 | 13 | 0.23 | 90,224 | 1.88 |
| 10001 and above | 17 | 0.30 | 38,00,066 | 79.17 |
| Total | 5,766 | 100.00 | 48,00,000 | 100.00 |

Categorywise Shareholding pattern as on 31st March, 2010

| Category | No. of Shares Held | % of Shareholding |
|----------------------------------|--------------------|-------------------|
| Promoters | | |
| Indian Promoters | 11,19,087 | 23.31 |
| Foreign Collaborators | 24,34,480 | 50.72 |
| Others | | |
| Corporate Bodies | 3,01,792 | 6.29 |
| Mutual Funds and UTI | 100 | 0.01 |
| Banks and Financial Institutions | 850 | 0.02 |
| Non-Resident Indians | 4,511 | 0.09 |
| Public | 9,39,180 | 19.56 |
| Total | 48,00,000 | 100.00 |

Dematerialisation of Shares and Liquidity

The Company's shares are available for trading in Dematerialised form. The International Securities Identification Number (ISIN) allotted is INE013E01017. As on 31st March 2010, 16,08,690 Equity Shares of the Company (33.51% of the paid-up share capital) are in Dematerialised form. The Collaborators continue to hold the shares in physical form and if this is excluded, the above percentage will amount to 68%.

The Equity Shares of the Company are traded in the "BSE - S" Group at Bombay Stock Exchange Limited, Mumbai.

Outstanding GDR/ADR/Warrants or any convertible instruments

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

Plant Location

Tada Mandal, Nellore District, Andhra Pradesh 524 401
Phone : 08623 - 249126 / 249697 Fax : 08623 - 249049

Address for correspondence

The Shareholders may address their correspondence to
The Company Secretary
Panasonic Carbon India Co.Limited
"Pottipati Plaza", III Floor
No.77 Nungambakkam High Road,
Chennai 600 034
Phone : 0091-044-28275216, 28275226, 28275015
Fax : 0091-044-28263010
E-mail : imcltd@eth.net

(and/or)
Mr.R.D.Ramasamy, Director
M/s.Cameo Corporate Services Ltd.
"Subramaniam Building"
No.1 Club House Road
Chennai 600 002
Phone : 0091-44-28460390 (6 Lines)
Fax No.: 0091-44-28460129
Email : cameo@cameoindia.com

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

Place : Chennai
Date : 22nd April, 2010

V.R. GUPTA
DIRECTOR

R. SENTHIL KUMAR
MANAGING DIRECTOR

DECLARATION

To The Members of the Panasonic Carbon India Co. Limited

This is to declare that the Code of Conduct envisaged by the Company for Members of the Board and Senior Management Personnel have been complied with, by all the Members of the Board, and the Senior Management Personnel of the Company respectively.

For PANASONIC CARBON INDIA CO. LIMITED

Place : Chennai

R. SENTHIL KUMAR

Date : 22nd April, 2010

MANAGING DIRECTOR AND C.E.O.

AUDITORS' REPORT ON CORPORATE GOVERNANCE

TO THE MEMBERS OF PANASONIC CARBON INDIA CO. LIMITED

We have examined the compliance of conditions of Corporate Governance by Panasonic Carbon India Co. Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except for Clause 49(I) (A) (ii) of the Listing Agreement dealing with Composition of Board of Directors.

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

FOR BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000511S
R. NAGENDRA PRASAD
Partner
Membership No:203377

Place: Chennai

Date : 22nd April, 2010

ANNEXURE "C" TO THE TWENTY EIGHTH ANNUAL REPORT OF THE BOARD OF DIRECTORS

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Financial Year ended 31st March, 2010

| Name | Age | Designation/ Nature of duties | Remuneration (Gross) Rs. | Qualification and experience | Date of commencement of employment | Last employment held before joining the Company |
|------------------------------|-----|-------------------------------------|--------------------------------|---|--|---|
| EMPLOYED FOR THE YEAR | | | | | | |
| HARUO UCHIDA | 60 | Whole time Director (Finance) | 28,83,125 | Graduate - 41 years experience in Accounts in Panasonic Corporation (Formerly Matsushita Electric Indl. Co. Ltd.,) and Dry Battery Business Unit of Panasonic Corporation, Japan. | Joined on 3 rd June, 2008 as Financial Advisor. Appointed as Wholtime Director (Finance) effective 24 th July, 2008. | Councillor, Primary Battery Co., Dry Battery Business Unit of Panasonic Corporation (Formerly Matsushita Electric Industrial Co. Ltd., MEI), Japan. |

- Note :
- 1 The above appointment is contractual.
 - 2 Gross remuneration includes Salary, Allowances and Perquisites evaluated as per Income-tax Rules, 1962.
 - 3 The above employee is not a relative of any Director of the Company.

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

Place : Chennai

V.R. GUPTA
DIRECTOR

R. SENTHIL KUMAR
MANAGING DIRECTOR

Date : 22nd April, 2010

PANASONIC CARBON INDIA CO. LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF PANASONIC CARBON INDIA CO. LIMITED

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

FOR BRAHMAYYA & CO.,
Chartered Accountants
Registration No. 000511S
R. NAGENDRA PRASAD
Partner
Membership No:203377

Place: Chennai

Date : 22nd April, 2010

Annexure referred to in Paragraph 3 of our report of even date

1. The provisions of Clauses of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 listed below are not applicable to the Company for the year.
 - a) Clause (vi) regarding acceptance of deposits;
 - b) Clause (viii) regarding maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956;
 - c) Clause (x) regarding accumulated losses;
 - d) Clause (xi) regarding defaults in repayment of dues to financial institutions, bank and debenture-holders;
 - e) Clause (xii) regarding loans granted against pledge of shares and securities etc.;

PANASONIC CARBON INDIA CO. LIMITED

- f) Clause (xiii) regarding special statutes applicable to Chit Funds and Nidhis/Mutual Benefit Fund and Societies;
 - g) Clause (xiv) regarding dealing or trading in shares, securities etc.;
 - h) Clause (xvi) regarding funds raised by term loans and their end use;
 - i) Clause (xviii) regarding preferential allotment of shares to specified parties;
 - j) Clause (xix) regarding creation of securities in respect of debentures; and
 - k) Clause (xx) regarding money raised by public issue and their end use.
2. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the Management during the year based on the programme of verifying all the assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification. During the year, there was no substantial disposal of fixed assets affecting the status of the Company as a going concern.
 3. Physical verification of inventory has been conducted by the Management at reasonable intervals. The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of its inventory and the discrepancies noticed on verification between the physical stocks and the book records were not material and have been adequately dealt with in the Books of Account.
 4. (a) In our opinion and according to the information and explanations given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(b) In our opinion and according to the information and explanations given to us, the company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
 6. Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under the said section.
 7. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Registers maintained under Section 301 and exceeding the value of Rs.5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices and commercial conditions at the relevant time.
 8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 9. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess. There are no undisputed amounts payable in respect of statutory dues, which are outstanding as on 31st March, 2010 for a period of more than six months from the date they become payable.
 10. Based on our audit procedures and on the information and explanations given by the Management, there are no dues outstanding in respect of sales tax, excise duty, customs duty, wealth-tax, service-tax and cess on account of any dispute. Income tax demands for the assessment years 1999-2000 to 2007-08 aggregating to Rs.1,87,46,659/- has not been deposited since the Company's appeals are pending disposal before the appellate authorities.
 11. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
 12. The Company has not raised any funds short term and long term.
 13. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR BRAHMAYYA & CO.,
Chartered Accountants
Registration No. 000511S
R. NAGENDRA PRASAD
Partner
Membership No:203377

Place: Chennai
Date : 22nd April, 2010

PANASONIC CARBON INDIA CO. LIMITED

Balance Sheet as at 31st March, 2010

| | Schedule No. | As at 31 st March, 2010 | | As at 31 st March, 2009 | |
|---|-----------------|------------------------------------|----------------------------|------------------------------------|----------------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| SOURCES OF FUNDS | | | | | |
| SHAREHOLDER'S FUNDS | | | | | |
| (a) Share Capital | 1 | 4,80,00,000 | | 4,80,00,000 | |
| (b) Reserves and Surplus | 2 | <u>50,67,01,422</u> | | <u>47,89,67,295</u> | |
| | | | 55,47,01,422 | | 52,69,67,295 |
| Total | | | <u>55,47,01,422</u> | | <u>52,69,67,295</u> |
| APPLICATION OF FUNDS | | | | | |
| (1) FIXED ASSETS | 3 | | | | |
| (a) Gross Block | | 36,92,13,605 | | 36,81,74,952 | |
| (b) Less: Depreciation | | 32,15,01,436 | | 31,50,37,287 | |
| (c) Less: Provision for Loss on Retired Assets | | <u>34,45,116</u> | | <u>-</u> | |
| (d) Net Block | | 4,42,67,053 | | 5,31,37,665 | |
| (e) Capital Work-in-progress | | - | | - | |
| | | | 4,42,67,053 | | 5,31,37,665 |
| (2) INVESTMENTS | 4 | | 15,900 | | 25,900 |
| (3) DEFERRED TAX ASSET (Refer Note No.4 of Schedule 17) | | | 38,11,255 | | 12,56,492 |
| (4) CURRENT ASSETS, LOANS AND ADVANCES | | | | | |
| (a) Inventories | 5 | 1,48,01,391 | | 1,88,66,886 | |
| (b) Sundry Debtors | 6 | 1,97,27,172 | | 2,33,43,075 | |
| (c) Cash and Bank Balances | 7 | 52,28,03,198 | | 46,45,88,874 | |
| (d) Other Current Assets | 8 | 1,26,44,822 | | 1,95,39,444 | |
| (e) Loans and Advances | 9 | <u>10,94,66,893</u> | | <u>9,99,21,819</u> | |
| | | 67,94,43,476 | | 62,62,60,098 | |
| Less : Current Liabilities and Provisions | 10 | | | | |
| (a) Current Liabilities | | 3,37,99,206 | | 3,22,78,181 | |
| (b) Provisions | | <u>13,90,37,056</u> | | <u>12,75,66,342</u> | |
| | | 17,28,36,262 | | 15,98,44,523 | |
| Net Current Assets | | | 50,66,07,214 | | 46,64,15,575 |
| (5) MISCELLANEOUS EXPENDITURE 11 | | | - | | 61,31,663 |
| (To the extent not written off or adjusted) | | | | | |
| Total | | | <u>55,47,01,422</u> | | <u>52,69,67,295</u> |
| Notes on Accounts | 17 | | | | |

Chennai
22nd April, 2010

V.R. Gupte
Director

R. Senthil Kumar
Managing Director

N.Ravi
Secretary

As per our Report attached
for BRAHMAYYA & CO
Chartered Accountants
R. Nagendra Prasad
Partner

Chennai
22nd April, 2010

PANASONIC CARBON INDIA CO. LIMITED

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

| | Schedule No. | 1 st April, 2009 to 31 st March, 2010 Rs. | 1 st April, 2008 to 31 st March, 2009 Rs. |
|---|-----------------|---|---|
| INCOME | | | |
| Gross Sales | | 31,12,43,094 | 33,79,02,254 |
| Less :Excise duty and Cess | | <u>2,08,58,789</u> | <u>3,39,62,799</u> |
| Net Sales | | 29,03,84,305 | 30,39,39,455 |
| Other Income | 12 | <u>4,44,77,793</u> | <u>4,43,08,376</u> |
| Total | | <u>33,48,62,098</u> | <u>34,82,47,831</u> |
| EXPENDITURE | | | |
| Materials Consumed | 13 | 8,85,80,027 | 10,79,10,120 |
| Manufacturing Expenses | 14 | 8,85,55,038 | 10,00,86,841 |
| Royalty | | 77,03,036 | 75,06,943 |
| Administration and other Expenses | 15 | 3,26,96,672 | 2,87,17,129 |
| Voluntary Separation Scheme Compensation Written Off | | 61,31,663 | 61,31,660 |
| Depreciation | | <u>67,46,571</u> | <u>84,22,859</u> |
| | | <u>23,04,13,007</u> | <u>25,87,75,552</u> |
| Less/(Add) :Adjustments relating to Stock of Finished Goods and Work-in-Process | 16 | <u>(28,89,187)</u> | <u>7,69,677</u> |
| Total | | <u>23,33,02,194</u> | <u>25,80,05,875</u> |
| Net Profit before taxation | | 10,15,59,904 | 9,02,41,956 |
| Less: Provision for Taxation | | | |
| Current Tax | | 3,72,00,000 | 3,32,00,000 |
| Deferred Tax | | (25,54,763) | (22,95,278) |
| Fringe Benefit Tax | | - | 3,42,786 |
| | | <u>3,46,45,237</u> | <u>3,12,47,508</u> |
| Net Profit after taxation | | 6,69,14,667 | 5,89,94,448 |
| Add : Surplus brought forward from previous year | | <u>76,99,619</u> | <u>80,15,491</u> |
| Amount available for appropriation | | 7,46,14,286 | 6,70,09,939 |
| Less : Appropriations | | | |
| (a) Proposed Dividend | | 3,36,00,000 | 3,36,00,000 |
| (b) Taxation on Dividend | | 55,80,540 | 57,10,320 |
| (c) General Reserve | | <u>2,67,35,574</u> | <u>2,00,00,000</u> |
| | | <u>6,59,16,114</u> | <u>5,93,10,320</u> |
| Surplus carried forward to next year | | <u>86,98,172</u> | <u>76,99,619</u> |
| Net profit after Taxation | | 6,69,14,667 | 5,89,94,448 |
| Number of Equity Shares | | 48,00,000 | 48,00,000 |
| Nominal Value of Equity Shares | | Rs.10.00 | Rs.10.00 |
| Basic and Diluted Earnings Per Share | | Rs.13.94 | Rs.12.29 |
| Notes on Accounts | 17 | | |

Chennai
22nd April, 2010

V.R. Gupte
Director

R. Senthil Kumar
Managing Director

N.Ravi
Secretary

As per our Report attached
for BRAHMAYYA & CO
Chartered Accountants

Chennai
22nd April, 2010

R. Nagendra Prasad
Partner

PANASONIC CARBON INDIA CO. LIMITED

Schedules Attached to and Forming Part of the Accounts for the year ended 31st March, 2010

| | As at 31 st March, 2010 | | As at 31 st March, 2009 | |
|---|------------------------------------|----------------------------|------------------------------------|---------------------|
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE NO.1 | | | | |
| SHARE CAPITAL | | | | |
| Authorised | | | | |
| 1,00,00,000 Equity Shares of Rs.10/- each | | <u>10,00,00,000</u> | | <u>10,00,00,000</u> |
| Issued, Subscribed and Paid up | | | | |
| 48,00,000 Equity Shares of Rs.10/- each of the above: | | 4,80,00,000 | | 4,80,00,000 |
| I. 5,00,000 Equity Shares of Rs.10/- each are allotted as fully paid up Bonus Shares by capitalisation of General Reserve | | | | |
| ii. 24,34,480 Equity Shares of Rs.10/- each (Previous Year 24,34,480 Equity Shares) held by the holding company M/s Panasonic Corporation, Japan. | | | | |
| Total | | <u>4,80,00,000</u> | | <u>4,80,00,000</u> |
| SCHEDULE NO.2 | | | | |
| RESERVES AND SURPLUS | | | | |
| Capital Reserve | | | | |
| As per last Balance Sheet | | | | |
| Central Investment Subsidy | 10,00,000 | | 10,00,000 | |
| Surplus on re-issue of Forfeited Shares | <u>3,250</u> | | <u>3,250</u> | |
| | | 10,03,250 | | 10,03,250 |
| Securities Premium Account | | 2,70,00,000 | | 2,70,00,000 |
| General Reserve | | | | |
| As per last Balance Sheet | 44,32,64,426 | | 42,32,64,426 | |
| Add : Transfer from Profit and Loss Account during the year | <u>2,67,35,574</u> | | <u>2,00,00,000</u> | |
| | | 47,00,00,000 | | 44,32,64,426 |
| Profit and Loss Account | | | | |
| Surplus carried forward | | <u>86,98,172</u> | | <u>76,99,619</u> |
| Total | | <u>50,67,01,422</u> | | <u>47,89,67,295</u> |

**SCHEDULE NO. 3
FIXED ASSETS**

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--|--------------------------------|--|--|--------------------------------|---------------------------|------------------------|--|---------------------------|---------------------------|---------------------------|
| | COST UPTO 31.03.2009 Rs. | ADDITIONS DURING THE YEAR Rs. | DELETIONS DURING THE YEAR Rs. | COST UPTO 31.03.2010 Rs. | UPTO 31.03.2009 Rs. | FOR THE YEAR Rs. | WITHDRAWN DURING THE YEAR Rs. | UPTO 31.03.2010 Rs. | ASAT 31.03.2010 Rs. | ASAT 31.03.2009 Rs. |
| LAND AND SITE DEVELOPMENT | 19,32,544 | - | - | 19,32,544 | - | - | - | - | 19,32,544 | 19,32,544 |
| BUILDINGS | 7,66,16,063 | - | - | 7,66,16,063 | 4,59,88,995 | 18,76,461 | - | 4,78,65,456 | 2,87,50,607 | 3,06,27,068 |
| PLANT AND MACHINERY* | 26,01,77,304 | 13,02,146 | - | 26,14,79,450 | 24,63,73,718 | 34,07,660 | - | 24,97,81,378 | 1,16,98,072 | 1,38,03,586 |
| FURNITURE, FIXTURES AND FITTINGS | 2,42,27,933 | 2,25,029 | 4,88,522 | 2,39,64,440 | 1,96,20,739 | 8,99,274 | 2,82,422 | 2,02,37,591 | 37,26,849 | 46,07,194 |
| VEHICLES | 52,21,108 | - | - | 52,21,108 | 30,53,835 | 5,63,176 | - | 36,17,011 | 16,04,097 | 21,67,273 |
| TOTAL | 36,81,74,952 | 15,27,175 | 4,88,522 | 36,92,13,605 | 31,50,37,287 | 67,46,571 | 2,82,422 | 32,15,01,436 | 4,77,12,169 | 5,31,37,665 |
| CAPITAL WORK-IN-PROGRESS : MACHINERIES UNDER ERECTION | | | | | | | | | | - |
| TOTAL | | | | | | | | | 4,77,12,169 | 5,31,37,665 |

* Includes Assets retired from active use and expected loss on retired assets amounting to Rs.34,45,116 has been provided for. The Original cost of retired assets is Rs.4,92,27,892 and carrying cost of retired assets net of provision is Rs. Nil

PANASONIC CARBON INDIA CO. LIMITED

| | As at 31 st March, 2010 | As at 31 st March, 2009 |
|---|------------------------------------|------------------------------------|
| | Rs. | Rs. |
| SCHEDULE NO.4 | | |
| INVESTMENTS (LONG-TERM) | | |
| NON-TRADE-AT COST | | |
| QUOTED | | |
| SHARES | | |
| (i) 100 Equity Shares of Rs.5/- each of Eveready Industries India Ltd., (EIL) ; | 5,450 | 5,450 |
| (ii) 100 Equity Shares Rs.5/- each of McLeod Russel India Ltd., (MRIL) | 5,450 | 5,450 |
| Market value of Shares Rs.33,035/- (Previous Year Rs.8,235/-) | | |
| UNQUOTED | | |
| GOVERNMENT SECURITIES | | |
| 6 years National Savings Certificate VIII issue Includes Rs.10,000/- (Previous Year Rs.10,000/-) Deposited with Commercial Tax Department. (Redeemed during the year Rs.10,000/-) | 5,000 | 15,000 |
| Total | <u>15,900</u> | <u>25,900</u> |
| SCHEDULE NO.5 | | |
| INVENTORIES | | |
| (As certified by the Management) | | |
| (For basis of valuation refer note 1(e) of Schedule 17) | | |
| Raw Materials | 67,50,487 | 80,30,741 |
| Work-in-Process | 30,49,460 | 49,78,828 |
| Finished Goods | 23,60,523 | 33,81,108 |
| Stores and Spares | 26,40,921 | 24,76,209 |
| Total | <u>1,48,01,391</u> | <u>1,88,66,886</u> |
| SCHEDULE NO.6 | | |
| SUNDRY DEBTORS | | |
| (Unsecured - Considered Good) | | |
| Debts outstanding for a period exceeding six months | - | - |
| Other Debts | 1,97,27,172 | 2,33,43,075 |
| Total | <u>1,97,27,172</u> | <u>2,33,43,075</u> |
| SCHEDULE NO.7 | | |
| CASH AND BANK BALANCES | | |
| Cash on Hand | 2,92,009 | 31,788 |
| Balances with Scheduled Banks | | |
| In Current Accounts | 1,75,11,189 | 1,43,57,086 |
| In Fixed Deposits | 50,50,00,000 | 45,02,00,000 |
| Total | <u>52,28,03,198</u> | <u>46,45,88,874</u> |

PANASONIC CARBON INDIA CO. LIMITED

| | As at 31 st March, 2010 | As at 31 st March, 2009 | |
|---|------------------------------------|------------------------------------|--------------|
| | Rs. | Rs. | Rs. |
| SCHEDULE NO.8 | | | |
| OTHER CURRENT ASSETS | | | |
| Interest Accrued on Deposits | 1,26,44,822 | | 1,95,39,444 |
| Total | 1,26,44,822 | | 1,95,39,444 |
| SCHEDULE NO.9 | | | |
| LOANS AND ADVANCES | | | |
| (Unsecured, Considered good) | | | |
| Advances recoverable in cash or in kind or for value to be received : | | | |
| Advances for Capital Works, Supplies and Services | | | |
| | 75,572 | | 1,71,653 |
| Advances to staff | 9,780 | | 6,175 |
| Balance with Excise | 1,568 | | 1,568 |
| Other Deposits | 39,76,146 | | 52,80,146 |
| Advance Income-tax | 7,70,26,247 | | 6,47,43,630 |
| Income-tax deducted at source | 2,65,84,706 | | 2,64,44,542 |
| Pre-paid expenses | 6,53,744 | | 5,43,825 |
| Other receivables | 11,39,130 | | 27,30,280 |
| Total | 10,94,66,893 | | 9,99,21,819 |
| SCHEDULE NO.10 | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| Current Liabilities | | | |
| Sundry Creditors | | | |
| - Due to Micro and Small Enterprises | - | | - |
| - Other than Micro and Small Enterprises | 2,79,97,481 | 2,67,78,085 | |
| Due to Directors | | | |
| - Commission to Non-Whole-time Directors | 10,76,799 | 9,49,461 | |
| Other Liabilities | 20,66,553 | 21,07,597 | |
| Advances received against Sales | 61,397 | 1,35,812 | |
| Investor Education and Protection Fund | | | |
| Unclaimed Dividends | 25,96,976 | 23,07,226 | |
| | 3,37,99,206 | | 3,22,78,181 |
| Provisions | | | |
| For Income-Tax | 9,98,56,516 | 8,82,56,022 | |
| For Proposed Dividend | 3,36,00,000 | 3,36,00,000 | |
| For Taxation on Dividend | 55,80,540 | 57,10,320 | |
| | 13,90,37,056 | | 12,75,66,342 |
| Total | 17,28,36,262 | | 15,98,44,523 |

PANASONIC CARBON INDIA CO. LIMITED

| | As at 31 st March, 2010 | | As at 31 st March, 2009 | |
|--|------------------------------------|--|------------------------------------|--|
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE NO.11 | | | | |
| MISCELLANEOUS EXPENDITURE | | | | |
| (To the extent not written-off or adjusted-Refer note No.5 of Schedule 17) | | | | |
| Voluntary Separation Scheme Compensation | | 61,31,663 | | 1,22,63,323 |
| Less: Written off during the year | | 61,31,663 | | 61,31,660 |
| Total | | <u>-</u> | | <u>61,31,663</u> |
| | | 1st April, 2009 to 31st March, 2010 | | 1st April, 2008 to 31st March, 2009 |
| | | Rs. | | Rs. |
| SCHEDULE NO.12 | | | | |
| OTHER INCOME | | | | |
| Sale of Scrap | | 3,20,867 | | 2,43,156 |
| Interest received on Deposits, Trading Debts etc. (Tax deducted at Source - Rs.73,57,490/-) (Previous year Rs.90,34,850/-) | | 4,41,56,726 | | 4,20,57,339 |
| Net income on Exchange Fluctuations | | - | | 18,73,781 |
| Dividend received | | 200 | | - |
| Profit on Sale of Asset (Net) | | - | | 1,34,100 |
| Total | | <u>4,44,77,793</u> | | <u>4,43,08,376</u> |
| SCHEDULE.NO.13 | | | | |
| MATERIALS CONSUMED | | | | |
| Raw Materials Consumed | | 6,85,08,583 | | 8,42,58,712 |
| Stores Consumed | | 1,15,73,541 | | 1,29,78,368 |
| Clearing, Forwarding, Storage and Transportation | | 84,97,903 | | 1,06,73,040 |
| Total | | <u>8,85,80,027</u> | | <u>10,79,10,120</u> |
| SCHEDULE NO.14 | | | | |
| MANUFACTURING EXPENSES | | | | |
| Personnel Expenses | | | | |
| Salaries, Wages and Bonus | 3,17,84,042 | | 3,22,34,438 | |
| Employees Provident Fund | 20,69,554 | | 22,07,616 | |
| Employees State Insurance | 7,36,431 | | 7,21,117 | |
| Gratuity | 14,22,286 | | 13,05,627 | |
| Superannuation | 3,25,054 | | 2,77,245 | |
| Welfare | 62,39,869 | | 60,49,845 | |
| | | <u>4,25,77,236</u> | | <u>4,27,95,888</u> |
| Power and Fuel | | 3,37,37,262 | | 4,66,23,576 |
| Machinery Maintenance | | 1,22,40,540 | | 1,06,67,377 |
| Total | | <u>8,85,55,038</u> | | <u>10,00,86,841</u> |

PANASONIC CARBON INDIA CO. LIMITED

| | 1 st April, 2009 to 31 st March, 2010 | 1 st April, 2008 to 31 st March, 2009 |
|--|--|--|
| | Rs. | Rs. |
| SCHEDULE NO.15 | | |
| ADMINISTRATION AND OTHER EXPENSES | | |
| Personnel Expenses | | |
| Salaries and Bonus | 79,48,206 | 70,70,486 |
| Employees Provident Fund | 3,81,650 | 3,37,757 |
| Employees State Insurance | 13,175 | 15,092 |
| Gratuity | 2,84,666 | 2,42,009 |
| Superannuation | 3,12,296 | 2,89,249 |
| | <u>89,39,993</u> | <u>79,54,593</u> |
| Commission to Non-Wholetime Directors | 10,76,799 | 9,49,461 |
| Electricity | 3,70,322 | 4,07,323 |
| Rent | 24,58,080 | 24,22,069 |
| Rates and Taxes | 8,52,502 | 8,90,760 |
| Postage and Telephones | 16,12,117 | 15,79,020 |
| Printing and Stationery | 3,81,975 | 5,59,410 |
| Insurance | 4,00,103 | 4,69,734 |
| Civil Maintenance | 13,75,717 | 31,70,836 |
| Maintenance of Other Assets | 46,75,385 | 43,12,971 |
| Director's Sitting Fees | 2,55,000 | 2,65,000 |
| Audit Fees | 3,80,000 | 3,77,400 |
| Bank Charges | 4,42,523 | 2,58,149 |
| Professional and Consultancy Charges | 3,36,265 | 1,21,382 |
| Miscellaneous Expenses | 11,75,964 | 3,38,037 |
| Net Loss on Exchange Fluctuations | 8,67,532 | - |
| Travelling | 18,04,103 | 16,56,791 |
| Freight Outwards | 14,59,523 | 20,48,285 |
| Commission on Sales | 2,20,276 | 1,94,032 |
| Loss on Sale of assets | 1,67,377 | - |
| Provision for Loss on Retired Assets | 34,45,116 | - |
| Assets Written-off | - | 7,41,876 |
| Total | <u>3,26,96,672</u> | <u>2,87,17,129</u> |
| SCHEDULE NO.16 | | |
| ADJUSTMENTS RELATING TO STOCK OF FINISHED GOODS AND WORK-IN-PROCESS | | |
| Opening Stock | | |
| Finished Goods | 33,81,108 | 37,81,467 |
| Work-in-Process | 49,78,828 | 40,43,534 |
| Total | <u>83,59,936</u> | <u>78,25,001</u> |
| Less: Adjustments relating to Excise | | |
| Duty on Stock of Finished Goods | 60,766 | 2,34,742 |
| Total | <u>82,99,170</u> | <u>75,90,259</u> |
| Closing Stock | | |
| Finished Goods | 23,60,523 | 33,81,108 |
| Work-in-Process | 30,49,460 | 49,78,828 |
| Total | <u>54,09,983</u> | <u>83,59,936</u> |
| Net Increase/(Decrease) in value of Stocks | <u>(28,89,187)</u> | <u>7,69,677</u> |

PANASONIC CARBON INDIA CO. LIMITED

SCHEDULE NO.17

NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE :

1. Statement of significant Accounting Policies

a. Basis of Accounting

The Financial Statements have been prepared under the historical cost convention on the basis of a going concern and comply with the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956.

b. Fixed Assets

Fixed Assets are stated at cost less depreciation except in the case of land which is stated at cost.

c. Depreciation

Depreciation is provided on the Fixed Assets except Land under the written down value method at rates specified in Schedule XIV to the Companies Act, 1956. Assets costing less than Rs.5,000/- individually are fully depreciated.

d. Impairment

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

e. Inventories

i. Raw Materials, Work-in-process and Finished Goods are valued at lower of cost and net realisable value. Stores and Spares are valued at cost.

ii. The cost of Raw Materials and Stores and Spares is arrived at on the basis of issues being charged out in the 'First-in-First-out' method.

iii. The cost of Work-in-process and Finished Goods is arrived at on the basis of materials consumed, production wages and salaries and production overheads.

f. Transactions in Foreign Currencies

Transactions in Foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the Profit and Loss Account.

Premium or Discount on Forward Contracts is amortised over the life of such contract and is recognised as income or expense in the Profit and Loss Account.

g. Employee benefits

Contribution to Provident Fund, Family Pension and Superannuation Funds which are in the nature of defined contributions schemes and the contributions made during the year are charged to Profit and Loss Account.

Gratuity which is in the nature of defined benefit scheme and provided in the Books of Account based on the actuarial valuations. Gratuity is covered by the Group Gratuity Scheme with Life Insurance Corporation of India

Leave encashment benefits payable to employees as per the rules of the Company has been provided in the Books of Account based on actuarial valuation. Leave Encashment is covered by the Group Leave Encashment Scheme with Life Insurance Corporation of India.

Termination benefits such as Voluntary Separation Scheme Compensation is amortised over the period the benefits are expected to accrue to the Company.

h. Investments

Investments are long term and carried at cost. Decline, other than temporary, will be recognised through Profit and Loss Account.

PANASONIC CARBON INDIA CO. LIMITED

i. Provision for Taxation

Provision for taxation is the aggregate of Income Tax liability on the profits for the year chargeable to Tax and Deferred Tax resulting from timing differences between Book and Tax Profits is provided in accordance with the Accounting Standard – 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India.

2. Contingent Liabilities

Income-tax demands in dispute is Rs.1,49,32,076/- (Previous Year Rs.78,43,168/-). The Company has preferred Appeals to higher Authorities and has been legally advised that demands are unsustainable.

3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs.Nil (Previous Year Rs.90,618/-).

4. Deferred Tax

Timing differences have resulted in net deferred tax credit amounting to Rs.25,54,763/- (Previous year Deferred Tax credit Rs.22,95,278/-), which is included with the provision for taxation for the year.

| Deferred Tax Asset / (Liability) | 1st April, 2009 to 31st March, 2010 Asset/(Liability) Rs. | 1 st April, 2008 to 31 st March, 2009 Asset/(Liability) Rs. |
|--|--|--|
| Timing difference on account of : | | |
| Royalty | 26,18,262 | 25,51,610 |
| Voluntary Separation Scheme Compensation | 24,96,882 | 16,63,221 |
| Others | <u> --</u> | <u>4,94,023</u> |
| | 51,15,144 | 47,08,854 |
| Less: Depreciation | 13,03,889 | 34,52,362 |
| Deferred Tax Asset / (Liability) | <u>38,11,255</u> | <u>12,56,492</u> |

5. The Company has implemented a "Voluntary Separation Scheme" in the year 2007–08 for its employees and intended to charge off the Compensation of Rs.1,83,94,985/- over the period of three years effective from 1st April, 2007 as per the Accounting Standard 15 (Revised) "Employee Benefits". Accordingly the remaining one third of the compensation paid amounting to Rs.61,31,663/- has been charged off during the year and the balance to be amortised is Rs.Nil..

6. Cost of Research and Development revenue expenditure aggregated to Rs.16.63 Lakhs (Previous Year Rs.16.27 Lakhs) which has been debited to various heads of account in the Profit and Loss Account. There was no Research and Development Capital expenditure during the year as well as in the previous year.

7. Managing Directors' Remuneration

A. Mr.R.Senthil Kumar–Managing Director

| Particulars | 1st April, 2009 to 31st March, 2010 Rs. | 23 rd April, 2008 to 31 st March, 2009 Rs. |
|---|--|--|
| Salary | 12,00,000 | 8,45,000 |
| Perquisites | 3,23,339 | 2,71,667 |
| Contribution to Provident Fund, Superannuation Fund and Gratuity. | 3,81,692 | 2,68,775 |
| Total | <u>19,05,031</u> | <u>13,85,442</u> |

PANASONIC CARBON INDIA CO. LIMITED

8. Whole-time Director's Remuneration:

Mr. Haruo Uchida – Whole-time Director (Finance)

| Particulars | 1 st April, 2009 to 18 th March, 2010 Rs. | 24 th July, 2008 to 31 st March, 2009 Rs. |
|-------------|---|---|
| Salary | 23,16,129 | 16,51,613 |
| Perquisites | 5,66,996 | 4,52,650 |
| Total | <u>28.83,125</u> | <u>21,04,263</u> |

9. Computation of Commission payable to Non-Whole-time Directors

| | Rs. | 1 st April, 2009 to 31 st March, 2010 Rs. | Rs. | 1 st April, 2008 to 31 st March, 2009 Rs. |
|---|------------------|---|-----------------|---|
| Profit before Tax as per Profit and Loss Account. | | 10,15,59,904 | | 9,02,41,956 |
| Add : Directors Sitting Fees | 2,55,000 | | 2,65,000 | |
| Remuneration to Whole-time Directors | 47,88,156 | | 34,89,705 | |
| Commission to Non- Whole-time Directors | <u>10,76,799</u> | 61,19,955 | <u>9,49,461</u> | 47,04,166 |
| Net Profit u/s.349 of the Companies Act, 1956 | | <u>10,76,79,859</u> | | <u>9,49,46,122</u> |
| 1% thereon as Commission to Non-Whole-time Directors | | <u>10,76,799</u> | | <u>9,49,461</u> |

Note: Amount of depreciation is same both for books and u/s.349/350 of the Companies Act, 1956.

10. Outstanding dues to Micro, Small and Medium Enterprises

There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than forty five days as at 31st March, 2010. The identification of Micro and Small Enterprises and the information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of Vendor information available with the Company.

| | Rs. | Rs. |
|--|-----|-----|
| The disclosure pursuant to the said Act is as under: | | |
| (i) Principal amount and the interest thereon | — | — |
| (ii) Interest paid (along with payment made to Suppliers) beyond the appointed day during the year. | — | — |
| (iii) Interest due and payable for delay in making the payment | — | — |
| (iv) Interest accrued and remaining unpaid at the end of the year. | — | — |
| (v) Further interest remaining due and payable in succeeding years. | — | — |

PANASONIC CARBON INDIA CO. LIMITED

11. Related Parties

| | |
|--|--|
| Holding Company | Panasonic Corporation (Formerly Matsushita Electric Industrial Company Ltd.,) Japan |
| Fellow Subsidiaries under Common Control | <ul style="list-style-type: none"> a) Panasonic Energy India Co. Ltd., Vadodara & Pithampur (Formerly Panasonic Battery India Co. Ltd.,) b) Panasonic Energy Tanzania Co. Ltd., Tanzania (Formerly Panasonic Battery Tanzania Co. Ltd.,) c) Panasonic Asia Pacific Pte. Limited, Singapore d) Panasonic Energy Taiwan Co. Ltd., Taiwan (Formerly Panasonic Battery Taiwan Co. Ltd.,) e) Panasonic Carbon Anyang Co Limited, China |
| Associates under Common Control | Nippo Batteries Co. Ltd., Chennai |
| Key Management Personnel | Mr. R. Senthil Kumar, Managing Director Mr. Haruo Uchida, Whole Time Director (Finance) |

Rs. In Lakhs

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Associates | Key Management Personnel | Total |
|---|-------------------------|---------------------------|-------------------------------|--------------------------|-------------------------------|
| Sale of Goods (Excluding Excise Duty and Sales Tax) | – | 930.15 (784.32) | 1,218.07 (1,171.60) | – | 2,148.22 (1,955.92) |
| Purchase of Goods | – | 20.20 (44.97) | – | – | 20.20 (44.97) |
| Royalty payable | 77.03 (75.07) | – | – | – | 77.03 (75.07) |
| Reimbursement of expenses | 9.38 (8.10) | – | – | – | 9.38 (8.60) |
| Remuneration | – | – | – | 47.88 (34.90) | 47.88 (34.90) |
| Due from as on 31 st March, 2010 | – | 23.59 (42.35) | 77.19 (94.32) | – | 100.78 (136.67) |
| Due to as on 31 st March, 2010 | 77.03 (75.07) | – | – | – | 77.03 (75.07) |

Note: The previous year's figures are shown in the brackets.

12. Payments to Auditors

| | 1 st April, 2009 to 31 st March, 2010 Rs. | 1 st April, 2008 to 31 st March, 2009 Rs. |
|--|---|---|
| For Audit | 1,75,000 | 1,75,000 |
| For Tax Audit | 50,000 | 50,000 |
| For Certification and Special Reports* | 1,55,000 | 1,52,400 |
| Total | <u>3,80,000</u> | <u>3,77,400</u> |

* Includes fee for Quarterly Limited Review and Corporate Governance Reports

PANASONIC CARBON INDIA CO. LIMITED

13. The Outstanding Derivative Instruments as on 31st March, 2010

- (i) Derivative instruments that are outstanding as on 31st March, 2010 is Rs.Nil (Previous year Rs.Nil).
- (ii) The Foreign Currency Exposures not hedged by a Derivative Instrument or otherwise as on 31st March, 2010 is Receivables of US\$ 52220.16 Rs.23,45,990/- (Previous Year US\$ 185471 Rs.94,04,747/-)

14. Particulars of Expenditure in Foreign Currency (on payment basis)

| | 1 st April, 2009 to 31 st March, 2010 Rs. | 1 st April, 2008 to 31 st March, 2009 Rs. |
|---|---|---|
| Royalty (Net of Tax) | 67,33,728 | 47,22,061 |
| Travelling and Training Fees | 5,22,309 | 3,67,318 |
| Training Materials Books etc. | 15,157 | 4,310 |
| Commission on Sales | 2,20,276 | 1,94,032 |
| Communication Expenses | 8,28,041 | 8,62,688 |
| 15. A. CIF Value of Imports (on payment basis) | | |
| Raw Materials (including in-transit) | 1,80,12,415 | 2,71,49,287 |
| Consumables and Machinery Maintenance Items | 23,30,399 | 18,72,024 |
| B. Earnings in Foreign Currency | | |
| FOB Value of Exports (Net of Ocean Freight) | 4,05,00,622 | 4,26,34,104 |
| 16. Remittance during the year in Foreign Currency on account of | | |
| Dividends | 1,70,41,360 | 1,70,41,360 |
| No. of Non-Resident Shareholders | One | One |
| No. of Shares held by them | 24,34,480 | 24,34,480 |
| Year to which dividend related | 01.04.2008 to 31.03.2009 | 01.04.2007 to 31.03.2008 |

17. The Company operates in only one Segment (i.e) Carbon Rods as a component of Dry Cell Batteries.

18. Details of Licensed, Installed Capacities, Production, Sales and Stock of Goods Manufactured

| | 1 st April, 2009 to 31 st March, 2010 | 1 st April, 2008 to 31 st March, 2009 |
|---|--|--|
| Class of Goods Manufactured | Midget Electrodes | Midget Electrodes |
| Licensed Capacity | Not Applicable | Not Applicable |
| Installed Capacity (In Mln Pcs) (As certified by the Managing Director and accepted by the Auditors being a technical matter) | 2600 | 2600 |
| Production (In Mln.Pcs.) | 1400.68 | 1506.69 |
| Sales (In Mln.Pcs.) | 1414.20 | 1519.71 |
| Value in Rs. | 29,03,84,305 | 30,39,39,455 |
| Opening Stock (In Mln.Pcs.) | 29.45 | 42.47 |
| Value in Rs. | 33,81,108 | 37,81,467 |
| Closing Stock (In Mln.Pcs.) | 15.93 | 29.45 |
| Value (Inclusive of Excise Duty) in Rs. | 23,60,523 | 33,81,108 |

PANASONIC CARBON INDIA CO. LIMITED

19. Details of Opening Stock, Purchases, Closing Stock and Consumption of Materials

| | 1 st April, 2009 to 31 st March, 2010 | 1 st April, 2008 to 31 st March, 2009 |
|----------------------|--|--|
| | Rs. | Rs. |
| Opening Stock | 80,30,741 | 96,68,614 |
| Add : Purchases | <u>6,72,28,329</u> | <u>8,26,20,839</u> |
| | 7,52,59,070 | 9,22,89,453 |
| Less : Closing Stock | <u>67,50,487</u> | <u>80,30,741</u> |
| Consumption | <u>6,85,08,583</u> | <u>8,42,58,712</u> |

20. Raw Material Consumption

| | Qty in M.T. | Value Rs. | Qty in M.T. | Value Rs. |
|---------------------------|----------------|--------------------|----------------|--------------------|
| Low Ash Content Coal Coke | 1099 | 52,74,583 | 1372 | 79,96,046 |
| Paraffin Wax | 239 | 1,39,83,084 | 229 | 1,46,85,964 |
| Coal Tar Pitch | 993 | 2,08,90,259 | 1208 | 2,78,91,480 |
| Amorphous Graphite | 512 | 72,14,953 | 602 | 78,06,979 |
| Others | - | 2,11,45,704 | - | 2,58,78,243 |
| Total | | <u>6,85,08,583</u> | | <u>8,42,58,712</u> |

21. Value of imported and indigenous Raw Materials and Spare Parts consumed and percentage of total Consumption

| | 1 st April, 2009 to 31 st March, 2010 | 1 st April, 2008 to 31 st March, 2009 |
|---------------|--|--|
| | Value Rs. | Value Rs. |
| Raw Materials | Percentage | Percentage |
| Imported | 2,03,73,448 | 3,12,54,676 |
| Indigenous | 4,81,35,135 | 5,30,04,036 |
| Total | <u>6,85,08,583</u> | <u>8,42,58,712</u> |
| | 29.74 | 37.09 |
| | 70.26 | 62.91 |
| | 100.00 | 100.00 |
| Spare Parts | | |
| Imported | 3,10,481 | 6,50,582 |
| Indigenous | 58,68,936 | 46,42,141 |
| Total | <u>61,79,417</u> | <u>52,92,723</u> |
| | 5.02 | 12.29 |
| | 94.98 | 87.71 |
| | 100.00 | 100.00 |

22. Defined Benefit Plan

Defined benefit plan as per actuarial valuation as on 31st March, 2010 and recognised in the financial statements in respect of Employee Benefit Scheme: Disclosure under AS 15 (Revised) Employee Benefit Schemes:

| | 1 st April, 2009 to 31 st March, 2010 | 1 st April, 2008 to 31 st March, 2009 |
|---|--|--|
| | Rs. | Rs. |
| (i) Component of Employee Cost | Gratuity (Funded) | Gratuity (Funded) |
| a) Interest Cost | 10,99,631 | 8,86,811 |
| b) Current Service Cost | 5,85,471 | 5,11,271 |
| c) Expected return on Plan Assets | (12,64,283) | (9,67,157) |
| d) Actuarial gain/loss on obligations | 11,70,827 | 13,57,470 |
| e) Excess of asset over obligation – opening adjusted | Nil | (2,87,098) |
| f) Expenses to be recognised in Profit and Loss Account | 15,91,646 | 15,01,297 |

PANASONIC CARBON INDIA CO. LIMITED

| | 1 st April, 2009 to 31 st March, 2010 Rs. | 1 st April, 2008 to 31 st March, 2009 Rs. |
|--|---|---|
| (ii) Net Asset(Liability) recognised in Balance Sheet as at 31st March, 2010 | | |
| a) Present value of Obligation | 1,61,34,854 | 1,37,45,388 |
| b) Present value of Plan – Assets | 1,60,83,862 | 1,36,78,529 |
| c) Asset/Liability recognised in the Balance Sheet | 50,992 | 66,859 |
| (iii) Changes in defined benefit obligation | | |
| a) Present value of the obligation | 1,37,45,388 | 1,12,74,388 |
| b) Interest Cost | 10,99,631 | 8,86,811 |
| c) Current service Cost | 5,85,471 | 5,11,271 |
| d) Benefits paid | (4,66,463) | (3,78,492) |
| e) Actuarial loss on obligation | 11,70,827 | 14,51,410 |
| f) Present value of obligation | 1,61,34,854 | 1,37,45,388 |
| (iv) Changes in fair value of Plan Assets | | |
| a) Present value of Fair Assets | 1,36,78,529 | 1,15,61,486 |
| b) Expected Actuarial Plan Assets | 12,64,283 | 9,67,157 |
| c) Contribution | 16,07,513 | 14,34,438 |
| d) Benefit paid | (4,66,463) | (3,78,492) |
| e) Actuarial gain | Nil | 93,940 |
| f) Fair value of Plan Assets | 1,60,83,862 | 1,38,78,529 |
| (v) Principle Actuarial Assumptions as on Balance Sheet date | | |
| a) Discount Rate (per annum) | 8% | 8% |
| b) Expected rate of Return on Assets | 8% | 8% |
| c) Salary Escalation Rate | 7.75% | 7% |
| d) Attrition Rate | 1-3% | 1-3% |

23. Figures of previous year have been re-grouped wherever necessary to conform to those of the current year

24. Figures have been rounded off to the nearest rupee

PANASONIC CARBON INDIA CO. LIMITED

**Statement Pursuant to Part IV to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile**

(1) Registration details

Regn.No.: L29142TN1982PLC009560 State Code: 18
Balance Sheet Date : 31st March, 2010

(2) Capital raised during the year (Amount in Rs.Thousands)

Public Issue Nil Rights Issue Nil
Bonus Issue Nil Private Placement Nil

(3) Position of mobilisation and deployment of funds

| | 01.04.2009 to 31.03.2010 | 01.04.2008 to 31.03.2009 |
|-----------------------------|-------------------------------------|-----------------------------|
| | (Amount in Rs.Thousands) | |
| Total Liabilities | <u>7,27,538</u> | <u>6,86,812</u> |
| Total Assets | <u>7,27,538</u> | <u>6,86,812</u> |
| Source of Funds | | |
| Paid-up Capital | 48,000 | 48,000 |
| Reserves and Surplus | <u>5,06,701</u> | <u>4,78,967</u> |
| Total | <u>5,54,701</u> | <u>5,26,967</u> |
| Application of Funds | | |
| Net Fixed Assets | 44,267 | 53,138 |
| Investments | 16 | 26 |
| Deferred Tax Asset | 3,811 | 1,256 |
| Net Current Assets | <u>5,06,607</u> | <u>4,66,415</u> |
| Miscellaneous Expenditure | - | 6,132 |
| Total | <u>5,54,701</u> | <u>5,26,967</u> |

(4) Performance of Company

| | (Amount in Rs.Thousands) | |
|---------------------------|--------------------------|----------|
| Gross Turnover | 3,11,243 | 3,37,902 |
| Net Turnover | 2,90,384 | 3,03,939 |
| Total Expenditure | 2,33,302 | 2,58,006 |
| Profit before tax | 1,01,560 | 90,242 |
| Profit after tax | 66,915 | 58,994 |
| Earnings per Share in Rs. | 13.94 | 12.29 |
| Dividend rate % | 70% | 70% |

(5) Generic Names of Principal Products/Services of the Company

Item Code (ITC Code) : 85451900
Product Description : Midget Electrodes (Carbon Rods)

Signatures to Schedules 1 to 17

Chennai
22nd April, 2010

V.R. Gupte
Director

R. Senthil Kumar
Managing Director

N.Ravi
Secretary

As per our Report attached
for BRAHMAYYA & CO
Chartered Accountants
R.Nagendra Prasad
Partner

Chennai
22nd April, 2010

PANASONIC CARBON INDIA CO. LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

| | Rs. | 1 st April, 2009 to 31 st March, 2010 Rs. | Rs. | 1 st April, 2008 to 31 st March, 2009 Rs. |
|---|---------------------|---|--------------|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before tax and extraordinary activities | | 10,15,59,904 | | 9,02,41,956 |
| Add : Depreciation and Assets written off | 1,01,91,687 | | 91,64,735 | |
| Provision for Leave Encashment | - | | 4,42,128 | |
| Adjustment for foreign currency fluctuations (Net) | 59,887 | | - | |
| Voluntary Separation Scheme Compensation written off | 61,31,663 | | 61,31,660 | |
| Loss on Sales of Fixed Assets | 1,67,377 | | - | |
| | | 1,65,50,614 | | 1,57,38,523 |
| | | 11,81,10,518 | | 10,59,80,479 |
| Less: Interest received | 4,41,56,726 | | 4,20,57,339 | |
| Profit on sale of fixed assets | - | | 1,34,100 | |
| | | 4,41,56,726 | | 4,21,91,439 |
| | | 7,39,53,792 | | 6,37,89,040 |
| Operating Profit before working capital changes | | | | |
| Adjustments for working capital changes | | | | |
| Add/Less: Decrease/ (Increase) in trade and other receivables | 64,33,723 | | 1,30,86,035 | |
| Decrease/(Increase) in inventories | 40,65,494 | | 35,99,624 | |
| | | 1,04,99,217 | | 1,66,85,659 |
| | | 8,44,53,009 | | 8,04,74,699 |
| Add/ Less:(Decrease)/Increase in trade payables | | 12,31,275 | | 35,59,591 |
| Cash generated from operations | | 8,56,84,284 | | 8,40,34,290 |
| Less : Taxes paid | | 3,80,22,287 | | 3,09,58,361 |
| Cash flow before extra-ordinary items | | 4,76,61,997 | | 5,30,75,929 |
| Net Cash generated from operating Activities - Total (A) | | 4,76,61,997 | | 5,30,75,929 |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES | | | | |
| Sale of Fixed Assets | 38,724 | | 1,60,000 | |
| Sale of Investments | 10,000 | | 1,000 | |
| Interest received | 5,10,51,348 | | 2,94,92,397 | |
| | | 5,11,00,072 | | 2,96,53,397 |
| Less: Purchase of fixed assets | | 15,27,175 | | 20,03,998 |
| Net Cash generated from Investment Activities - Total (B) | | 4,95,72,897 | | 2,76,49,399 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Dividend Paid | | 3,93,10,320 | | 3,93,10,320 |
| Net Cash used in financing activities - Total (C) | | 3,93,10,320 | | 3,93,10,320 |
| Net increase/ (Decrease) in cash and cash equivalents | | 5,79,24,574 | | 4,14,15,008 |
| Total (A+B-C) | | 5,79,24,574 | | 4,14,15,008 |
| Opening cash and cash equivalents | 46,22,81,648 | | 42,08,66,640 | |
| Closing cash and cash equivalents | 52,02,06,222 | | 46,22,81,648 | |
| Net increase in cash and cash equivalents | | 5,79,24,574 | | 4,14,15,008 |

Note : For the purpose of this statement, Bank balances of Rs.25,96,976/- (Previous year Rs.23,07,226/-) in unclaimed dividend account are not included in cash and cash equivalents as they are adjusted against unclaimed dividends payable since the obligations of the company are met from unclaimed dividends deposited into separate bank account in accordance with Section 205A of the Companies Act, 1956

Chennai
22nd April, 2010

V.R. Gupte
Director

R. Senthil Kumar
Managing Director

N.Ravi
Secretary

As per our Report attached
for BRAHMAYYA & CO
Chartered Accountants
R.Nagendra Prasad
Partner

Chennai
22nd April, 2010

PANASONIC CARBON INDIA CO. LIMITED

Registered Office: 'Pottipati Plaza', III Floor,
77, Nungambakkam High Road, Nungambakkam, Chennai - 600 034.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT
THE ENTRANCE OF THE MEETING HALL

Name in Full:

Folio No. :

If held in dematerialised form : D P ID No.

Client ID No.

I certify that I am a Shareholder of the Company and hold Shares.
I hereby record my presence at the Twenty Eighth Annual General Meeting of the Company held at
Sri. P. Obul Reddy Hall, Vani Mahal, No.103, G.N. Chetty Road, T. Nagar, Chennai-600 017, on Friday the
23rd July, 2010 at 2.30 P.M.

* Please Indicate whether Shareholder or Proxy

Signature of the Shareholders or Proxy*

PANASONIC CARBON INDIA CO. LIMITED

Registered Office: 'Pottipati Plaza', III Floor,
77, Nungambakkam High Road, Nungambakkam, Chennai - 600 034.

PROXY FORM

Folio No.:

No. of Shares:

If held in dematerialised form : D P ID No. Client ID No.

I/we of in the district of
..... being a Shareholder(s)
of the above named Company hereby appoint Mr./Ms. of
..... in the district of or
failing him Mr./Ms. in the
district of of my/our Proxy to attend and vote
for me/us on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held at
Sri. P. Obul Reddy Hall, Vani Mahal, No.103, G.N. Chetty Road, T. Nagar, Chennai-600 017, on Friday the
23rd July, 2010 at 2.30 P.M. and at every adjournment thereof.

Signed this day of 2010.

Affix
Rs. 1/-
Revenue
Stamp

Note : The proxy must be deposited at the Registered Office of the Company not less than 48 hours before
the time for holding the Meeting.