

PANASONIC CARBON INDIA CO. LIMITED
TWENTY NINETH ANNUAL REPORT 2010-2011

BOARD OF DIRECTORS	R. SENTHIL KUMAR Managing Director K.K. JIWARAJKA P. KARTHIK ANAND REDDY HIROYUKIAOTA HIDEO NAKANO KENICHI KUDARA 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 Ltd., “Subramanian Building” No.1, Club House Road, Chennai – 600 002.

CONTENTS	
	Page
Notice of Annual General Meeting	3-6
Report of Board of Directors with Annexures	7-18
Auditors' Report	19-21
Balance Sheet	22
Profit and Loss Account	23
Schedules to Accounts	24-37
Cash Flow Statement	38

Twenty Ninth Annual General Meeting

Venue	: Sri P. Obul Reddy Hall, Vani Mahal, 103 G.N. Chetty Road, T. Nagar, Chennai 600 017
Date	: 20 th July, 2011
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 Nineth Annual General Meeting

Notice is hereby given that the Twenty Nineth Annual General Meeting of the Members of Panasonic Carbon India Co. Limited will be held on Wednesday, the 20th day of July, 2011 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 Nineth Annual Report of the Board of Directors and Audited Statements of Account for the Financial Year ended 31st March, 2011 together with the Auditors' Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. A. Raghavendra Rao, 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 a Director in place of Mr. K. Subramanian, who retires by rotation under Article 138(3) of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
5. To appoint Statutory 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

6. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr.P. Karthik Anand Reddy 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 demise of Mr.P. Obul Reddy, 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.Kenichi Kudara 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 Mikio Morikawa, 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".
8. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT in partial modification of the resolutions passed by the Members of the Company at the Annual General Meeting held on 11th September, 2009 and pursuant to the provisions of Sections 198,269,309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the revised remuneration with effect from 1st April, 2010 to Mr. R. Senthil Kumar, Managing Director of the Company on the terms as set out hereunder, with further liberty to the Board of Directors to revise his remuneration from time to time as they deem fit within the limits of Schedule XIII of the Companies Act, 1956".
(A) Salary : Rs.1,35,000/- per month.
(B) Perquisites:
 - (i) House Rent Allowance : Rs.25,000/- per month.
 - (ii) Use of Company's Car and Telephone at residence.

PANASONIC CARBON INDIA CO. LIMITED

- (iii) Leave Travel Concession, Medical expenses for self and family including surgical and hospitalisation expenses, Furniture and Furnishings against actual bills not to exceed Rs.1,50,000/- per annum.
- (iv) Mr. R. Senthil Kumar shall also be eligible for the following perquisites which shall not be included in computation of the ceiling of perquisites specified hereinabove.
 - (a) Contribution to Provident Fund and Superannuation Fund to the extent that these either singly or put together are not taxable under the Income tax Act, 1961.
 - (b) Gratuity payable at a rate not exceeding half a month's Salary for each completed year of service.
 - (c) Leave: One month's leave on full pay and allowances for every eleven months of service. Encashment of leave as per the Rules of the Company.
 - (d) Reimbursement of entertainment, hotel and other expenses actually and properly incurred for the legitimate business of the Company.

The other terms and conditions, as to his appointment and remuneration as approved by the Shareholders at the Annual General Meeting held on 18th June, 2008 remain unaltered.

Explanation: "Family" means the spouse, dependent children and dependent parents of the managerial person.

"FURTHER RESOLVED THAT the above remuneration and perquisites be paid to Mr. R. Senthil Kumar, Managing Director as minimum remuneration, in case of absence or inadequacy of profits in any financial year of the Company during his term of office, subject however, that the said remuneration and perquisites shall be governed by and accordingly be within the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956".

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

Place : Chennai

Date : 29th April, 2011

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 16th July, 2011 to 20th July, 2011 (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 20th July, 2011. 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 shareholdings into one account.

PANASONIC CARBON INDIA CO. LIMITED

9. Pursuant to Section 205A of the Companies Act, 1956 an amount of Rs.2,28,420/- remaining unclaimed out of the dividend for the Year ended 31st March, 2003 was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on 11th August, 2010.

The unclaimed dividend, if any, for the year ended 31st March, 2004 will become transferable to the "Investor Education and Protection Fund" on or before 14th August, 2011. Shareholders, are therefore, requested to send their claims, if any, for the relevant years from year ending 31st March, 2004 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.

10. The Ministry of Corporate Affairs vide its Circular dated 21st April, 2011 allowed the Companies to send notices, annual reports and other documents by means of e-mail to the members. Hence members, who have not registered their e-mail addresses are requested to register their e-mail addresses to the Company/Registrar and Share Transfer Agents.

ANNEXURE TO THE NOTICE

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

Item No.6

At the Board Meeting held on 23rd July, 2010 Mr.P. Karthik Anand Reddy was appointed as a Director to fill in the casual vacancy caused by the demise of Mr. P. Obul Reddy under Article 124 of the Company's Articles of Association and pursuant to Section 262 of the Companies Act, 1956, Mr.P. Karthik Anand Reddy 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. P. Karthik Anand Reddy 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.P. Karthik Anand Reddy 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 12th October, 2010 Mr.Kenichi Kudara was appointed as a Director to fill in the casual vacancy caused by the resignation of Mr.Mikio Morikawa under Article 124 of the Company's Articles of Association and pursuant to Section 262 of the Companies Act, 1956, Mr.Kenichi Kudara 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. Kenichi Kudara 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.Kenichi Kudara, 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.

Item No.8

The Board of Directors at their meeting held on 23rd April, 2008 appointed Mr. R. Senthil Kumar as Managing Director and approved the remuneration for a period of five years from 23rd April, 2008 to 22nd April, 2013. The said appointment and remuneration had also been approved by the Shareholders at the Annual General Meeting held on 18th June, 2008. The Shareholders at the their Annual General Meeting held on 11th September, 2009 had approved the revision in remuneration to him with effect from 1st April, 2009.

PANASONIC CARBON INDIA CO. LIMITED

Considering his contribution and performance for the growth of the Company and based on the recommendation of the Remuneration Committee, the Board at their meeting held on 12th October, 2010 revised his remuneration with effect from 1st April, 2010, subject to your approval.

Mr. R. Senthil Kumar represents the Foreign Collaborator on the Board. He shall not be paid any sitting fee for attending the Meetings of the Board or Committee thereof.

Mr. R. Senthil Kumar may be treated as interested in the resolution.

The Board commends passing of the resolution set out at Item no.8 of the Notice convening the Meeting.

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

MR. A. RAGHAVENDRA RAO

Mr. A. Raghavendra Rao is a B.Com (Hons). L.L.B. Graduate and an Associate Member of the Institute of Cost and Works Accountants of India, Kolkata. He joined Indian Revenue Service in 1958 and was holding various positions, including Commissioner of Income-tax, Under Secretary in Department of Revenue, Ministry of Finance, Additional Secretary in the Department of Space and Member of Central Board of Direct Taxes till 1992. He worked as Member/Vice Chairman/Chairman of Settlement Commission between 1992 and 1997. He was also appointed by Company Law Board as Chairman and by Madras High Court as Administrator for several Non Banking Financial Companies.

Presently he is a Director on the Board of M/s. Panasonic Home Appliances India Co. Ltd., He is also a Member of the Audit Committee, Shareholders Grievance Committee and Remuneration Committee of your Company. He is also a Member of the Audit Committee and Remuneration Committee of M/s. Panasonic Home Appliances India Co. Ltd.

MR. K. SUBRAMANIAN

Mr. K. Subramanian is an M.A.B.L. He joined the banking service in 1964 and after holding various positions rose to the level of Chairman and Managing Director of Indian Overseas Bank in 1996 and was holding that position till 1999. During his banking career he was Chief Executive of Indian Bank, Singapore Operations and also headed the International Division of the Bank as General Manager. An ardent lover of Sports, especially Cricket, he was Vice President of the Tamil Nadu Cricket Association and Member of the Finance Committee of the Board of Control for Cricket in India.

Presently he is a Director on the Board of The Jeypore Sugar Company Ltd, M/s. Panasonic Home Appliances India Co. Ltd. and V. Ramakrishna Sugars Limited. He is also a Member of the Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of your Company. He is a Member of the Audit Committee and Share Transfer Committee of The Jeypore Sugar Company Ltd. and a Member of the Audit Committee, Remuneration Committee and Share Transfer and Investors Grievance Committee of M/s. Panasonic Home Appliances India Co. Ltd.

MR. P. KARTHIK ANAND REDDY

Mr. P. Karthik Anand Reddy is a post Graduate in M.Sc from Case Business School, City University, London. Presently he is a Director on the Board of Apollo Infrastructure Projects Finance Private Limited.

MR. KENICHI KUDARA

Mr. Kenichi Kudara graduated from Sophia University in March, 1991. He joined with Panasonic Corporation (formerly M/s. Matsushita Electric Industrial Co. Ltd) Japan immediately after completion of his graduation. From April, 1991 to September, 2010 he worked in various Divisions of Panasonic Corporation and became the Group Manager in October, 2008. He is currently working as General Manager, Global Business Planning Group, Dry Battery Business Unit, 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 Panasonic Carbon (Anyang) Co. Ltd, China.

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

Place : Chennai
Date : 29th April, 2011

PANASONIC CARBON INDIA CO. LIMITED

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

Your Directors have pleasure in presenting to you their Twenty Ninth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011 and the Auditors' Report thereon.

FINANCIAL RESULTS

The summarised working results for the year ended 31st March, 2011 as compared with the earlier year are as under:

Particulars	Year ended 31.03.2011 (Rs. in Lakhs)	Year ended 31.03.2010 (Rs. in Lakhs)
Profit before depreciation	757.33	1083.06
Less: Depreciation	51.12	67.47
Balance Profit before taxation	706.21	1015.59
Less: Provision for Taxation after adjustment towards deferred tax	236.44	346.45
Balance profit after Taxation	469.77	669.14
Add: Surplus brought forward from Previous year	86.98	77.00
Amount available for appropriation	556.75	746.14

Your Directors recommend the following Appropriations:

Proposed Dividend	336.00	336.00
Taxation on Dividend	54.51	55.80
Transfer to General Reserve	100.00	267.36
Transfer to Profit and Loss Account	66.24	86.98
Total	556.75	746.14

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 Ninth 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 1395 Mln. Pcs. of Carbon Rods, as against 1414 Mln. Pcs., 99% of Sales of last year. The Domestic Sales Quantity and Value were 1231 Mln. Pcs. and Rs.18 Crores, which work out to 97% and 73% 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. Your Company had decreased the prices of certain varieties of Carbon Rods to be competitive compared to the price of imported carbon rods.

The Export Sales Quantity of the Company was 164 Mln. Pcs. which works out to 15% more than the Export Sales Quantity of last year.

The increase in prices of some of the Raw Materials and fuel have resulted in increase in production cost considerably. Your Company had continued to implement cost saving, cost control and value engineering methods. The decrease in profitability for the current year is mainly due to decrease in selling price and increase in raw material and fuel costs.

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. Accordingly, your Company is also hopeful in achieving growth by maintaining the quality and timely supply. However, in the Export Front,

PANASONIC CARBON INDIA CO. LIMITED

your Company expects only marginal improvement over the current year due to price and severe competition in the International Markets for Carbon Rods. The Directors assure that all steps will be taken by the Company to increase the growth level 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 82%; Exports Sales was 18%.

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 Bombay 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 not furnished as none of the employees were in receipt of remuneration exceeding the limits prescribed under the Companies Act.

DIRECTORS

Mr.P. Obul Reddy passed away on 30th June, 2010. The Board of Directors places on record their appreciation for the valuable contribution made by Mr. P. Obul Reddy for the growth of the Company during his tenure of Directorship.

Mr. Mikio Morikawa had resigned from the Board of your Company effective 12th October, 2010. The Board of Directors places on record their appreciation for the valuable contribution made by Mr. Mikio Morikawa for the growth of the Company during his tenure of Directorship.

Mr. P. Karthik Anand Reddy was appointed as a Director in the vacancy caused on the demise of Mr. P. Obul Reddy at the Board Meeting held on 23rd July, 2010.

Mr. Kenichi Kudara was appointed as a Director in the vacancy caused on the resignation of Mr. Mikio Morikawa at the Board Meeting held on 12th October, 2010.

In accordance with the Articles of Association of the Company Mr.A. Raghavendra Rao and K. Subramanian retire by rotation at this Annual General Meeting. They, being eligible, offers themselves for re-appointment.

PANASONIC CARBON INDIA CO. LIMITED

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 Nineth 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.

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

Place : Chennai
Date : 29th April, 2011

V.R. GUPTA
DIRECTOR

R. SENTHIL KUMAR
MANAGING DIRECTOR

ANNEXURE 'A' TO THE TWENTY NINETH 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 , though there was steep increase in fuel costs by 18% there was a reduction in consumption of fuel (8%) due to periodical adjustment of combustion air flow based on Kiln load and Furnace Oil preheating temperature for increasing fuel efficiency . Energy consumption is reduced by 15% by installation of Energy efficient Binder Tanks, Jaw Crusher and Single Pitch Melting Tank instead of two, common blower utilisation for two individual processes like Sieving process and Recycle crushing.

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) Development of new sizes for Domestic requirements.
- b) Reduction of power consumption by implementing Energy efficient system.

PANASONIC CARBON INDIA CO. LIMITED

- c) Reduction of fuel consumption in Baking process by increasing furnace oil temperature.
- d) Improvement of productivity in Impregnation of 'Half inch' carbon rods by reducing the process time.
- e) Reduction of Tar consumption in UM-3 Grade by modifying the process temperatures.
- f) Reduction of recycle material generation in UM-3 grade of extruding process by suitably modifying the machine parts.
- g) Analysis of 'Volatile Organic Compounds, Heavy Metals and Pesticides' for ground water Quality.
- h) Implementation of 'New Ambient Air Quality' standards.

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

- a) Development of 5mm carbon rods as per the customer requirements.
- b) Reduction of power consumption by 15%.
- c) Reduction of fuel consumption in Baking process by 8%.
- d) Improving the productivity in Half inch carbon rod Impregnation process by 15%.
- e) Reduction of Tar consumption in UM-3 grade by 5%.
- f) Reduction of Recycle Material generation in UM-3 Grade by 33%..
- g) Ground water Quality maintained within the standards.
- h) Introduction of new equipment like PM 2.5 Fine particle sampler.

3. Future plan of action

- a) Development of Tar free mixing process..
- b) Reduction of Boiler operation by synchronising impregnation process at different grades of Carbon Rods.
- c) Development of a New Product as per customer needs.

4. Expenditure on R & D

Total Expenditure - Revenue	15.54 Lakhs
R&D Expenditure as a percentage to total turnover	0.64%

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, achieved reduction in recycles.
2. Benefits derived as a result of the above.
Reduction of 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, 2011 towards Import of Raw materials, Consumables and Machinery Maintenance items and other remittances like Royalty, Dividend, Commission on Sales etc. was Rs.4.27 Crores. With regard to earning of Foreign Exchange, the direct inflow of Foreign currency due to Exports worked out to Rs.4.08 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.18 Crores.

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

V.R. GUPTA
DIRECTOR

R. SENTHIL KUMAR
MANAGING DIRECTOR

Place : Chennai
Date : 29th April, 2011

PANASONIC CARBON INDIA CO. LIMITED

ANNEXURE 'B' TO THE TWENTY NINTH 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 one Executive Director and Eight Non-Executive Directors including three Independent Directors. The Chairman of the Board is a Non-Executive and Non-Promoer Director.

During the Financial Year ended 31st March, 2011, four Board Meetings were held on 22nd April, 2010, 23rd July, 2010, 12th October, 2010 and 19th January, 2011.

The last Annual General Meeting was held on 23rd July, 2010.

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 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 ⁵	Chairman; Promoter; Non-Executive	1	Nil	No	Nil	Nil
Mr.R.Senthil Kumar	Managing Director; Executive	4	4	Yes	Nil	Nil
Mr. K.K. Jiwrajka	Director; Promoter; Non-Executive	4	3	No	1	Nil
Mr.Haruo Uchida ¹	Wholetime Director; Executive	1	Nil	NA	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	3	4
Mr. P. Karthik Anand Reddy ⁶	Director, Promoter, Non-Executive	2	Nil	NA	Nil	Nil
Mr.S.K. Khurana ³	Director; Non-Executive	1	Nil	NA	Nil	Nil
Mr.Hideo Nakano ²	Director; Non-Executive	3	Nil	No	Nil	Nil
Mr.Hiroyuki Aota	Director; Non-Executive	4	1	No	2	Nil
Mr. Mikio Morikawa ⁴	Director, Non-Executive	3	3	Yes	Nil	Nil
Mr.Kenichi Kudara ⁷	Director; Non-Executive	1	Nil	NA	1	Nil

PANASONIC CARBON INDIA CO. LIMITED

⁵ Held since appointment or up to resignation.

¹ Mr.Haruo Uchida resigned at the Board Meeting held on 22nd April, 2010.

² Mr.Hideo Nakano was appointed as Director of the Company at the Board Meeting held on 22nd April, 2010 effective that date.

³ Mr.S.K. Khurana resigned at the Board Meeting held on 22nd April, 2010.

⁴ Mr.Mikio Morikawa was appointed as a Director of the Company at the Board Meeting held on 22nd April, 2010 and resigned at the Board Meeting held on 12th October, 2010.

⁵ Mr.P. Obul Reddy passed away on 30th June, 2010.

⁶ Mr.P. Karthik Anand Reddy was appointed as Director of the Company at the Board Meeting held on 23rd July, 2010 effective that date.

⁷ Mr.Kenichi Kudara was appointed as Director of the Company at the Board Meeting held on 12th October, 2010 effective that date.

Mr.Hiroyuki Aota, Mr. Hideo Nakano, Mr. Mikio Morikawa and Mr. Kenichi Kudara 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 Ninth 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 and the Managing Director. The Audit Committee met four times during the year (i.e) on 22nd April, 2010, 22nd July, 2010, 11th October, 2010 and 18th January, 2011. The details of attendance of Members are as follows:

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

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
MrV.R.Gupte	Independent Director	Chairman
Mr.A.Raghavendra Rao	Independent Director	Member
Mr.K.Subramanian	Independent Director	Member

PANASONIC CARBON INDIA CO. LIMITED

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.R.Senthil Kumar, Managing Director and Mr.N. Ravi, Secretary of the Company. The quorum for the Meeting shall be the above two Members. The Committee holds its Meeting regularly to consider all matters concerning transfer, transmission, transposition, split and consolidation etc. of Shares. During the period 1st April, 2010 to 31st March, 2011, Nineteen Meetings of the committee were held. All share transfers, transmissions, transpositions, splits and consolidations received upto 31st March, 2011 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 was constituted to determine and recommend payment of remuneration to Executive Directors. The Committee consists of the following Non-Executive Independent Directors.

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 23rd July, 2010 and recommended the revision in remuneration payable to the Managing Director.

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. 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 is being approved by the shareholders at the Annual General Meeting on 20th July, 2011. The details of remuneration paid to the Executive Director during their period of employment with the Company in the year under review are as under :

Rs. In lakhs

Name and Designation	Period	Salary Rs.	Perquisites Rs.	Total Rs.
Mr.R.Senthil Kumar Managing Director	01-04-2010 to 31-03-2011	16,20,000	8,16,130	24,36,130

The above Executive Director is not paid any sitting fees for the Board Meetings or for any Committees of the Board attended by him.

The above Whole-time Director had 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

PANASONIC CARBON INDIA CO. LIMITED

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 2010-11.

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

Name of the Director	Commission Rs.	Sitting Fees		
		Board Meeting Rs.	Audit Committee Meeting Rs.	Remuneration Committee Meeting Rs.
Mr.P. Obul Reddy (upto 30 th June, 2010)	NIL	NIL	NIL	NIL
Mr.V.R.Gupte	1,85,132	40,000	40,000	5,000
Mr.A.Raghavendra Rao	1,85,132	40,000	40,000	5,000
Mr.K.Subramanian	1,85,132	40,000	40,000	5,000
Mr.K.K. Jiwaraika	1,85,131	NIL	NIL	NIL
Mr.P. Karthik Anand Reddy (from 23 rd July, 2010)	NIL	NIL	NIL	NIL
Mr.Hiroyuki Aota	NIL	NIL	NIL	NIL
Mr. S.K. Khurana (upto 22 nd April, 2010)	NIL	NIL	NIL	NIL
Mr. Hideo Nakano (from 22 nd April, 2010)	NIL	NIL	NIL	NIL
Mr Mikio Morikawa (from 22 nd April, 2010 and upto 12 th October, 2010)	NIL	NIL	NIL	NIL
Mr. Kenichi Kudara (from 12 th October, 2010)	NIL	NIL	NIL	NIL
Total	7,40,527	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.P. Karthik Anand Reddy (from 23 rd July, 2010)	NIL
Mr. S.K. Khurana (upto 22 nd April, 2010)	67
Mr.Hiroyuki Aota	NIL
Mr.Hideo Nakano (from 22 nd April, 2010)	NIL
Mr.Mikio Morikawa (from 22 nd April, 2010 and upto 12 th October, 2010)	NIL
Mr. Kenichi Kudara (from 12 th October, 2010)	NIL

General Body Meetings

The last three Annual General Meetings were held as under:

Accounting Year ended	Date	Day	Time	Venue
31 st March, 2010	23 rd July, 2010	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, 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.

PANASONIC CARBON INDIA CO. LIMITED

No Special Resolution was passed in the last three Annual General Meetings.

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 and no penalties/strictures have been imposed on the Company in the last three years.

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.

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.panasoniccarbon.in.

The Company is also filing the specified documents/statements/information as per SEBI directive within the stipulated time.

During the year ended 31st March, 2011 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	Wednesday, 20 th July, 2011
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, 2011	3 rd /4 th week of July, 2011
30 th September, 2011	3 rd /4 th week of October, 2011
31 st December, 2011	3 rd /4 th week of January, 2012
31 st March, 2012	3 rd /4 th week of April, 2012

Dates of Book Closure

From 16th July, 2011 to 20th July, 2011(Both days inclusive).

Dividend Payment Date : 27th July, 2011

PANASONIC CARBON INDIA CO. LIMITED

Listing on Stock Exchanges

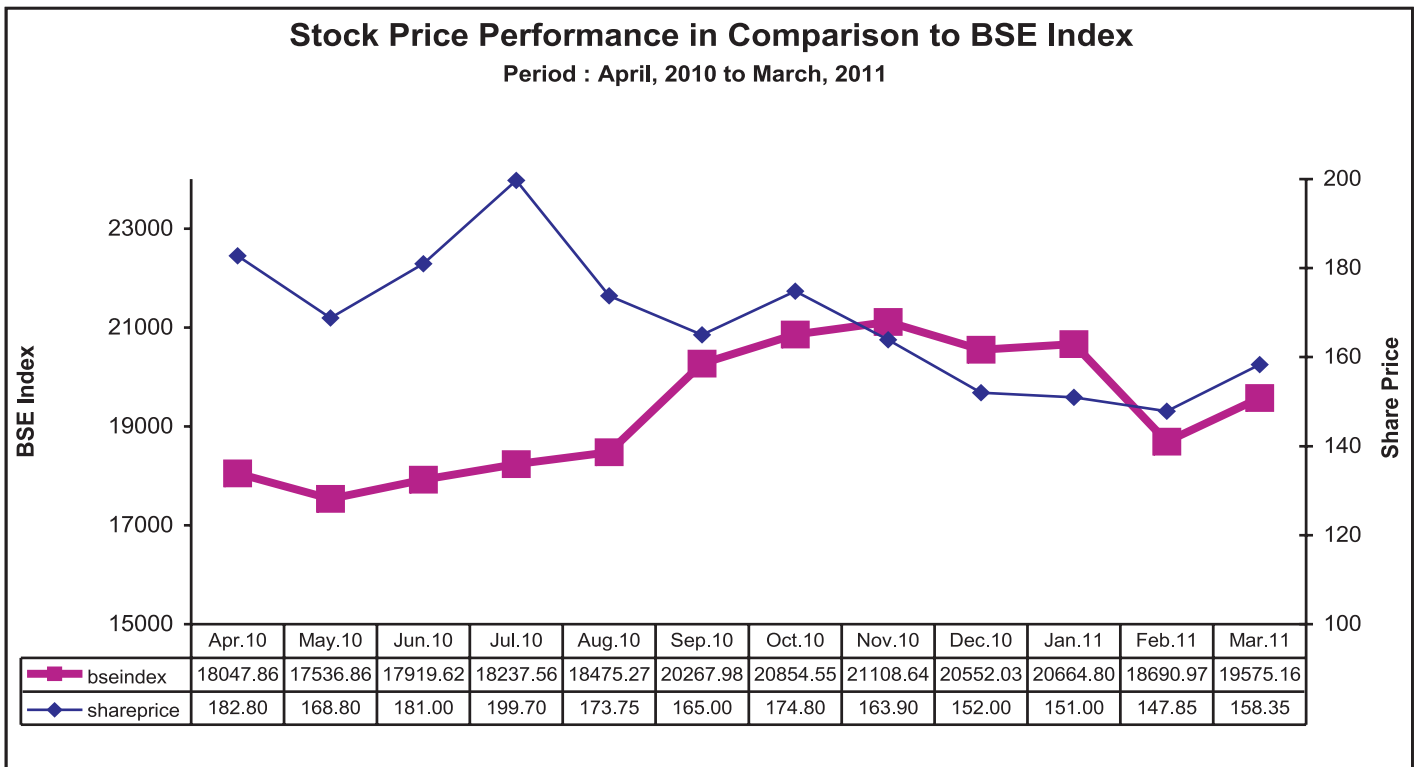
The Equity Shares of the Company are listed in the Madras and Bombay Stock Exchanges. The Company confirms that it has paid the Annual Listing Fees to the above Stock Exchanges for the year 2011-12 and there are no arrears.

Stock Code

Madras Stock Exchange Ltd.	IMT
The Stock Exchange, Mumbai	508941

Market Price data for the Financial Year ended 31st March, 2011

Month	BSE	
	High Rs.P.	Low Rs.P.
April 2010	182.80	145.60
May 2010	168.80	131.00
June 2010	181.00	147.00
July 2010	199.70	156.10
August 2010	173.75	150.00
September 2010	165.00	151.05
October 2010	174.80	141.30
November 2010	163.90	134.05
December 2010	152.00	136.25
January 2011	151.00	133.00
February 2011	147.85	123.85
March 2011	158.35	122.30



PANASONIC CARBON INDIA CO. LIMITED

Registrars and Share Transfer Agents

M/s.Cameo Corporate Services Ltd., 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	Name of Contact Person
M/s. Cameo Corporate Services Ltd. "Subramanian Building" No.1 Club House Road Chennai 600 002	Mr.R.D.Ramasamy, Director Phone.No: 0091-44-28460390 (5 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.

Distribution of shareholding as on 31st March, 2011

No. of Shares	Number of Shareholders		Number of Shares	
	Number	% Total	Number	% Total
Upto 500	5,528	94.09	4,69,074	9.77
501 - 1000	176	3.00	1,36,775	2.85
1001 - 2000	89	1.51	1,30,519	2.72
2001 - 3000	27	0.46	64,655	1.35
3001 - 4000	12	0.20	41,523	0.87
4001 - 5000	11	0.19	51,602	1.07
5001 - 10000	15	0.26	1,05,030	2.19
10001 and above	17	0.29	38,00,822	79.18
Total	5,875	100.00	48,00,000	100.00

Categorywise Shareholding pattern as on 31st March, 2011

Category	No. of Shares Held	% of Shareholding
Promoters		
Indian Promoters	11,09,087	23.10
Foreign Collaborators	24,34,480	50.72
Others		
Corporate Bodies	2,75,552	5.74
Mutual Funds and UTI	100	0.01
Banks and Financial Institutions	850	0.02
Non-Resident Indians	8,790	0.18
Public	9,71,141	20.23
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 2011, 16,00,020 Equity Shares of the Company (33.33% 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%.

PANASONIC CARBON INDIA CO. LIMITED

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, 28257466
Fax : 0091-044-28263010
E-mail : imccltd@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 (5 Lines)
Fax No.: 0091-44-28460129
Email : cameo@cameoindia.com

Place : Chennai
Date : 29th April, 2011

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

Place : Chennai
Date : 29th April, 2011

For Panasonic Caron India Co. Limited
R. SENTHIL KUMAR
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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

Place: Chennai
Date : 29th April, 2011

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

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 2011, 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011;
 - (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 : 29th April, 2011

PANASONIC CARBON INDIA CO. LIMITED

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.;
 - 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.

PANASONIC CARBON INDIA CO. LIMITED

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 and cess. There are no undisputed amounts payable in respect of statutory dues, which are outstanding as on 31st March, 2011 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.

Place: Chennai
Date : 29^h April, 2011

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

PANASONIC CARBON INDIA CO. LIMITED

Balance Sheet as at 31st March, 2011

	Schedule No.	As at 31 st March, 2011		As at 31 st March, 2010	
		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	51,46,27,459		50,67,01,422	
			56,26,27,459		55,47,01,422
Total			56,26,27,459		55,47,01,422
APPLICATION OF FUNDS					
(1) FIXED ASSETS	3				
(a) Gross Block		36,91,41,385		36,92,13,605	
(b) Less: Depreciation		32,62,84,643		32,15,01,436	
(c) Less: Provision for Loss on Retired Assets		34,45,116		34,45,116	
(d) Net Block		3,94,11,626		4,42,67,053	
(e) Capital Work-in-progress		-		-	
			3,94,11,626		4,42,67,053
(2) INVESTMENTS	4		13,900		15,900
(3) DEFERRED TAX ASSET (Refer Note No.4 of Schedule 17)			24,66,987		38,11,255
(4) CURRENT ASSETS, LOANS AND ADVANCES					
(a) Inventories	5	1,48,64,827		1,48,01,391	
(b) Sundry Debtors	6	1,53,78,613		1,97,27,172	
(c) Cash and Bank Balances	7	54,85,95,788		52,28,03,198	
(d) Other Current Assets	8	1,30,14,264		1,26,44,822	
(e) Loans and Advances	9	13,10,49,487		10,94,66,893	
		72,29,02,979		67,94,43,476	
Less : Current Liabilities and Provisions 10					
(a) Current Liabilities		4,09,60,757		3,37,99,206	
(b) Provisions		16,12,07,276		13,90,37,056	
		20,21,68,033		17,28,36,262	
Net Current Assets			52,07,34,946		50,66,07,214
(5) MISCELLANEOUS EXPENDITURE 11			-		-
(To the extent not writtenoff or adjusted)					
Total			56,26,27,459		55,47,01,422
Notes on Accounts	17				

Chennai
29th April, 2011

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 22

Chennai
29th April, 2011

PANASONIC CARBON INDIA CO. LIMITED

Profit and Loss Account for the year ended 31st March, 2011

	Schedule No.	1 st April, 2010 to 31 st March, 2011 Rs.	1 st April, 2009 to 31 st March, 2010 Rs.	Rs.
INCOME				
Gross Sales		24,23,14,615	31,12,43,094	
Less :Excise duty and Cess		1,88,17,441	2,08,58,789	29,03,84,305
Other Income	12	<u> </u>	<u> </u>	4,44,77,793
	Total	<u>25,94,83,295</u>		<u>33,48,62,098</u>
EXPENDITURE				
Materials Consumed	13	7,72,63,953		8,85,80,027
Manufacturing Expenses	14	8,12,51,405		8,85,55,038
Royalty		59,19,083		77,03,036
Administration and Other Expenses	15	2,35,62,181		3,26,96,672
Voluntary Seperation Scheme Compensation Written Off		—		61,31,663
Depreciation		51,12,093		67,46,571
		<u>19,31,08,715</u>		<u>23,04,13,007</u>
Less/(Add) : Adjustments relating to Stock of Finished Goods and Work-in-Process	16	42,46,485		(28,89,187)
	Total	<u>18,88,62,230</u>		<u>23,33,02,194</u>
Net Profit before taxation		7,06,21,065		10,15,59,904
Less:Provision for Taxation				
Current Tax		2,23,00,000	3,72,00,000	
Deferred Tax		13,44,268	(25,54,763)	
		<u>2,36,44,268</u>	<u> </u>	<u>3,46,45,237</u>
Net Profit after taxation		4,69,76,797		6,69,14,667
Add : Surplus brought forward from previous year		86,98,172		76,99,619
Amount available for appropriation		5,56,74,969		7,46,14,286
Less : Appropriations				
(a) Proposed Dividend		3,36,00,000	3,36,00,000	
(b) Taxation on Dividend		54,50,760	55,80,540	
(c) General Reserve		1,00,00,000	2,67,35,574	
		<u>4,90,50,760</u>	<u> </u>	<u>6,59,16,114</u>
Surplus carried forward to next year		<u>66,24,209</u>		<u>86,98,172</u>
Net Profit after Taxation		4,69,76,797		6,69,14,667
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.9.79		Rs.13.94
Notes on Accounts	17			

Chennai
29th April, 2011

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
29th April, 2011

PANASONIC CARBON INDIA CO. LIMITED

Schedules Attached to and Forming Part of the Accounts for the year ended 31st March, 2011

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE NO.1				
SHARE CAPITAL				
Authorised				
1,00,00,000 Equity Shares of Rs.10/- each		10,00,00,000		10,00,00,000
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		4,80,00,000		4,80,00,000
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	3,250		3,250	
		10,03,250		10,03,250
Securities Premium Account		2,70,00,000		2,70,00,000
General Reserve				
As per last Balance Sheet	47,00,00,000		44,32,64,426	
Add : Transfer from Profit and Loss Account during the year	1,00,00,000		2,67,35,574	
		48,00,00,000		47,00,00,000
Profit and Loss Account				
Surplus carried forward		66,24,209		86,98,172
Total		51,46,27,459		50,67,01,422

**SCHEDULE NO. 3
FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST UPTO 31.03.2010 Rs.	ADDITIONS DURING THE YEAR Rs.	DELETIONS DURING THE YEAR Rs.	COST UPTO 31.03.2011 Rs.	UPTO 31.03.2010 Rs.	FOR THE YEAR Rs.	WITHDRAWN DURING THE YEAR Rs.	UPTO 31.03.2011 Rs.	ASAT 31.03.2011 Rs.	ASAT 31.03.2010 Rs.
LAND AND SITE DEVELOPMENT	19,32,544	—	—	19,32,544	—	—	—	—	19,32,544	19,32,544
BUILDINGS	7,66,16,064	—	—	7,66,16,064	4,78,65,457	17,48,127	—	4,96,13,584	2,70,02,480	2,87,50,607
PLANT AND MACHINERY *	26,14,79,449	2,01,454	2,21,312	26,14,59,591	24,97,81,378	23,06,763	2,12,430	25,18,75,711	95,83,880	1,16,98,071
FURNITURE, FIXTURES & FITTINGS	2,39,64,440	1,18,360	1,70,722	2,39,12,078	2,02,37,591	6,40,454	1,16,456	2,07,61,589	31,50,489	37,26,849
VEHICLES	52,21,108	—	—	52,21,108	36,17,010	4,16,749	—	40,33,759	11,87,349	16,04,098
TOTAL	36,92,13,605	3,19,814	3,92,034	36,91,41,385	32,15,01,436	51,12,093	3,28,886	32,62,84,643	4,28,56,742	4,77,12,169
MACHINERIES UNDER ERECTION										—
TOTAL									4,28,56,742	4,77,12,169

* Includes Assets retired from active use and 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, 2011 Rs.	As at 31 st March, 2010 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 limited (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 30,195/- (Previous year Rs.33,035/-)		
UNQUOTED		
GOVERNMENT SECURITIES		
6 years National Savings Certificate VIII issue Redeemed during the year Rs.2,000/- (Previous year 10,000/-)	3,000	5,000
Total	<u>13,900</u>	<u>15,900</u>
SCHEDULE NO.5		
INVENTORIES		
(As certified by the Management)		
(For basis of valuation refer note 1(e) of Schedule 17)		
Raw Materials	37,36,285	67,50,487
Work-in-Process	74,42,968	30,49,460
Finished Goods	21,87,925	23,60,523
Stores and Spares	14,97,649	26,40,921
Total	<u>1,48,64,827</u>	<u>1,48,01,391</u>
SCHEDULE NO.6		
SUNDRY DEBTORS		
(Unsecured - Considered Good)		
Debts outstanding for a period exceeding six months	-	-
Other Debts	1,53,78,613	1,97,27,172
	<u>1,53,78,613</u>	<u>1,97,27,172</u>
SCHEDULE NO.7		
CASH AND BANK BALANCES		
Cash on Hand	1,45,413	2,92,009
Balances with Scheduled Banks		
In Current Accounts	1,84,50,375	1,75,11,189
In Fixed Deposits	53,00,00,000	50,50,00,000
Total	<u>54,85,95,788</u>	<u>52,28,03,198</u>

PANASONIC CARBON INDIA CO. LIMITED

	As at 31 st March, 2011	As at 31 st March, 2010	
	Rs.	Rs.	Rs.
SCHEDULE NO.8			
OTHER CURRENT ASSETS			
Interest Accrued on Deposits	<u>1,30,14,264</u>		<u>1,26,44,822</u>
Total	<u>1,30,14,264</u>		<u>1,26,44,822</u>
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	15,42,414		75,572
Advances to staff	19,375		9,780
Balance with Excise	1,568		1,568
Other Deposits	35,74,146		39,76,146
Advance Income-tax	9,51,18,371		7,70,26,247
Income-tax deducted at source	3,01,44,272		2,65,84,706
Pre-paid expenses	4,26,788		6,53,744
Other receivables	2,22,553		11,39,130
Total	<u>13,10,49,487</u>		<u>10,94,66,893</u>
SCHEDULE NO.10			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors for expenses and others			
- Due to Micro and Small enterprises	-		-
- Other than Micro and Small enterprises	2,99,36,874	2,79,97,481	
Due to Directors			
- Commission to Non-Wholetime Directors	7,40,527	10,76,799	
Other Liabilities	19,22,565	20,66,553	
Advances received against Sales	12,49,165	61,397	
Investor Education and Protection Fund			
Unclaimed Dividends	<u>71,11,626</u>	<u>25,96,976</u>	
	4,09,60,757		3,37,99,206
Provisions			
For Income-Tax	12,21,56,516	9,98,56,516	
For Proposed Dividend	3,36,00,000	3,36,00,000	
For Taxation on Dividend	<u>54,50,760</u>	<u>55,80,540</u>	
	<u>16,12,07,276</u>		<u>13,90,37,056</u>
Total	<u>20,21,68,033</u>		<u>17,28,36,262</u>

PANASONIC CARBON INDIA CO. LIMITED

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE NO.11				
MISCELLANEOUS EXPENDITURE				
(To the extent not written-off or adjusted)				
Voluntary Separation Scheme Compensation		-		61,31,663
Less: Written off during the year		-		61,31,663
Total		<u>-</u>		<u>-</u>
		<u>1st April, 2010 to 31st March, 2011</u>		<u>1st April, 2009 to 31st March, 2010</u>
SCHEDULE NO.12				
OTHER INCOME				
Sale of Scrap		3,32,434		3,20,867
Interest received on Deposits, Trading Debts etc. (Tax deducted at Source - Rs.35,59,566/-) (Previous year Rs.73,57,490/-)		3,53,63,859		4,41,56,726
Net income on Exchange Fluctuations		2,89,378		-
Profit on Sale of Asset (Net)		450		200
Total		<u>3,59,86,121</u>		<u>4,44,77,793</u>
SCHEDULE.NO.13				
MATERIALS CONSUMED				
Raw Materials Consumed		6,35,80,113		6,85,08,583
Stores Consumed		70,04,892		1,15,73,541
Clearing, Forwarding, Storage and Transporation		66,78,948		84,97,903
Total		<u>7,72,63,953</u>		<u>8,85,80,027</u>
SCHEDULE NO.14				
MANUFACTURING EXPENSES				
Personnel Expenses				
Salaries, Wages and Bonus	3,31,24,909		3,17,84,042	
Employees Provident Fund	18,94,761		20,69,554	
Employees State Insurance	7,32,899		7,36,431	
Gratuity	10,45,542		14,22,286	
Superannuation	3,18,558		3,25,054	
Welfare	55,94,226		62,39,869	
		<u>4,27,10,895</u>		<u>4,25,77,236</u>
Power and Fuel		3,45,95,191		3,37,37,262
Machinery Maintenance		39,45,319		1,22,40,540
Total		<u>8,12,51,405</u>		<u>8,85,55,038</u>

PANASONIC CARBON INDIA CO. LIMITED

	1 st April, 2010 to 31 st March, 2011		1 st April, 2009 to 31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE NO.15				
ADMINISTRATION AND OTHER EXPENSES				
Personnel Expenses				
Salaries and Bonus	52,28,581		79,48,206	
Employees Provident Fund	3,70,937		3,81,650	
Employees State Insurance	32,021		13,175	
Gratuity	87,608		2,84,666	
Superannuation	3,11,702		3,12,296	
		<u>60,30,849</u>		<u>89,39,993</u>
Commission to Non-Wholetime Directors		7,40,527		10,76,799
Electricity		4,25,412		3,70,322
Rent		20,67,265		24,58,080
Rates and Taxes		9,18,704		8,52,502
Postage and Telephones		17,45,339		16,12,117
Printing and Stationery		2,53,569		3,81,975
Insurance		3,67,029		4,00,103
Civil Maintenance		5,12,579		13,75,717
Maintenance of Other Assets		38,95,178		46,75,385
Director's Sitting fees		2,55,000		2,55,000
Audit Fees		3,82,500		3,80,000
Bank Charges		2,05,738		4,42,523
Professional and Consultancy Charges		15,23,231		3,36,265
Miscellaneous Expenses		13,16,741		11,75,964
Net Loss on Exchange Fluctuations		-		8,67,532
Travelling		7,75,334		18,04,103
Freight Outwards		18,53,738		14,59,523
Commission on Sales		2,64,700		2,20,276
Loss on Sale of Assets		28,748		1,67,377
Provision for Loss on Retired Assets		-		34,45,116
		<u>2,35,62,181</u>		<u>3,26,96,672</u>
Total				
SCHEDULE NO.16				
ADJUSTMENTS RELATING TO STOCK OF FINISHED GOODS AND WORK-IN-PROCESS				
Opening Stock				
Finished Goods		23,60,523		33,81,108
Work-in-process		30,49,460		49,78,828
		<u>54,09,983</u>		<u>83,59,936</u>
Total				
Less: Adjustments relating to Excise Duty on Stock of Finished Goods		25,575		60,766
		<u>53,84,408</u>		<u>82,99,170</u>
Total				
Closing Stock				
Finished Goods		21,87,925		23,60,523
Work-in-process		74,42,968		30,49,460
		<u>96,30,893</u>		<u>54,09,983</u>
Total				
Net Increase/(Decrease) in value of Stocks		<u>42,46,485</u>		<u>(28,89,187)</u>

PANASONIC CARBON INDIA CO. LIMITED

SCHEDULE NO.17

NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 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.

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.1,49,32,076/-). 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.Nil).

4. Deferred Tax

Timing differences have resulted in net deferred tax debit amounting to Rs.13,44,268/- (Previous year Deferred Tax credit Rs.25,54,763/-), which is included with the provision for taxation for the year.

Deferred Tax Asset / (Liability)	1st April, 2010 to 31st March, 2011 Asset/(Liability) Rs.	1st April, 2009 to 31st March, 2010 Asset/(Liability) Rs.
Timing difference on account of :		
Royalty	19,20,446	26,18,262
Voluntary Separation Scheme Compensation	11,89,737	24,96,882
Other Provisions	5,74,277	—
	<u>36,84,460</u>	<u>51,15,144</u>
Less: Depreciation	12,17,473	13,03,889
Deferred Tax Asset / (Liability)	<u>24,66,987</u>	<u>38,11,255</u>

5. Cost of Research and Development revenue expenditure aggregated to Rs.15.54 Lakhs (Previous Year Rs.16.63 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.

6. Managing Directors' Remuneration

Mr.R.Senthil Kumar–Managing Director

Particulars	1st April, 2010 to 31st March, 2011 Rs.	1st April, 2009 to 31st March, 2010 Rs.
Salary	16,20,000	12,00,000
Perquisites	3,78,730	3,23,339
Contribution to Provident Fund, Superannuation Fund and Gratuity.	4,37,400	3,81,692
Total	<u>24,36,130</u>	<u>19,05,031</u>

7. Whole-time Director's Remuneration:

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

Particulars	1st April, 2010 to 31st March, 2011 Rs.	1st April, 2009 to 18th March, 2010 Rs.
Salary	—	23,16,129
Perquisites	—	5,66,996
Total	<u>Nil</u>	<u>28,83,125</u>

PANASONIC CARBON INDIA CO. LIMITED

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

	1 st April, 2010 to 31 st March, 2011		1 st April, 2009 to 31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
Profit before Tax as per Profit and Loss Account		7,06,21,065		10,15,59,904
Add : Directors Sitting Fees	2,55,000		2,55,000	
Remuneration to Whole-time Directors	24,36,130		47,88,156	
Commission to Non-Whole-time Directors	<u>7,40,527</u>	<u>34,31,657</u>	<u>10,76,799</u>	<u>61,19,955</u>
Net Profit u/s.349 of the Companies Act, 1956		<u>7,40,52,722</u>		<u>10,76,79,859</u>
1% thereon as Commission to Non-Whole-time Directors		<u>7,40,527</u>		<u>10,76,799</u>

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

9. The Company has provided for a sum of Rs.20,15,936/- towards increments in salary and wages payable to employees effective from September, 2010 pending finalisation of wage agreement with the Union. In the opinion of Management, the amount provided for salary arrears is adequate.

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, 2011. 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.

The disclosure pursuant to the said Act is as under:

	As at 31 st March 2011	As at 31 st March 2010
	Rs.	Rs.
(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	—	—

11. Related Parties

Holding Company	Panasonic Corporation, Japan
Fellow Subsidiaries under Common Control	a) Panasonic Energy India Co. Ltd., Vadodara & Pithampur b) Panasonic Energy Tanzania Co. Ltd., Tanzania c) Panasonic Asia Pacific Pte. Limited, Singapore d) Panasonic Energy Taiwan Co. Ltd., Taiwan 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)

PANASONIC CARBON INDIA CO. LIMITED

Rs. In Lakhs

Nature of Transaction	Holding Company	Fellow Subsidiaries	Associates	Key Management Personnel	Total
Sale of Goods (Excluding Excise Duty and Sales Tax)	— —	907.75 (930.15)	1,064.13 (1,218.07)	— —	1,971.88 (2,148.22)
Purchase of Goods	— —	2.96 (20.20)	— —	— —	2.96 (20.20)
Royalty payable	59.19 (77.03)	— —	— —	— —	59.19 (77.03)
Reimbursement of expenses	9.60 (9.38)	— —	— —	— —	9.60 (9.38)
Remuneration	— —	— —	— —	24.36 (47.88)	24.36 (47.88)
Due from as on 31 st March, 2011	— —	56.22 (23.59)	67.26 (77.19)	— —	123.48 (100.78)
Due to as on 31 st March, 2011	61.67 (77.03)	— —	— —	— —	61.67 (77.03)

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

12. Payments to Auditors

	1st April, 2010 to 31st March, 2011 Rs.	1 st April, 2009 31 st March, 2010 Rs.
For Audit	1,75,000	1,75,000
For Tax Audit	50,000	50,000
For Certification and Special Reports*	1,57,500	1,55,000
Total	<u>3,82,500</u>	<u>3,80,000</u>

* Includes fee for Quarterly Limited Review and Corporate Governance Reports

13. The Outstanding Derivative Instruments as on 31st March, 2011

- (i) Derivative instruments that are outstanding as on 31st March, 2011 is Rs.Nil (Previous year Rs.Nil).
- (ii) The Foreign Currency Exposures not hedged by a Derivative Instrument or otherwise as on 31st March, 2011 is Receivables of US\$ 117350/- Rs.52,21,936/- (Previous Year US\$ 52220/- Rs.23,45,990/-)

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

	1st April, 2010 to 31st March, 2011 Rs.	1 st April, 2009 31 st March, 2010 Rs.
Royalty (Net of Tax)	69,09,623	67,33,728
Travelling and Training Fees	1,53,172	5,22,309
Training Materials Books etc.	Nil	15,157
Commission on Sales	1,30,467	2,20,276
Communication Expenses	7,11,838	8,28,041

PANASONIC CARBON INDIA CO. LIMITED

	1 st April, 2010 to 31 st March, 2011 Rs.	1 st April, 2009 31 st March, 2010 Rs.
15. A. CIF Value of Imports (on payment basis)		
Raw Materials (including in-transit)	1,74,43,313	1,80,12,415
Consumables and Machinery Maintenance Items	2,96,271	23,30,399
B. Earnings in Foreign Currency		
FOB Value of Exports	3,94,59,412	4,05,00,622
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	01.04.2009 to 31.03.2010	01.04.2008 to 31.03.2009
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		
	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.)	1395.47	1400.68
Sales (In Mln.Pcs.)	1394.97	1414.20
Value in Rs.	22,34,97,174	29,03,84,305
Opening Stock (In Mln.Pcs.)	15.93	29.45
Value in Rs.	23,60,523	33,81,108
Closing Stock (In Mln.Pcs.)	16.43	15.93
Value (Inclusive of Excise Duty) in Rs.	21,87,925	23,60,523
19. Details of Opening Stock, Purchases, Closing Stock and Consumption of Materials		
	Rs.	Rs.
Opening Stock	67,50,487	80,30,741
Add : Purchases	<u>6,05,65,911</u>	<u>6,72,28,329</u>
	6,73,16,398	7,52,59,070
Less : Closing Stock	<u>37,36,285</u>	<u>67,50,487</u>
Consumption	<u>6,35,80,113</u>	<u>6,85,08,583</u>

PANASONIC CARBON INDIA CO. LIMITED

20. Raw Material Consumption	Qty in M.T.	Value Rs.	Qty in M.T.	Value Rs.
Low Ash Content Coal Coke	895	52,84,843	1099	52,74,583
Paraffin Wax	209	1,31,60,336	239	1,39,83,084
Coal Tar Pitch	859	2,01,51,061	993	2,08,90,259
Amorphous Graphite	407	56,92,473	512	72,14,953
Others	—	1,92,91,400	—	2,11,45,704
Total		<u>6,35,80,113</u>		<u>6,85,08,583</u>

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

	1st April, 2010 to 31st March, 2011		1st April, 2009 to 31st March, 2010	
	Value Rs.	Percentage	Value Rs.	Percentage
Raw Materials				
Imported	1,94,61,346	30.61	2,03,73,448	29.74
Indigenous	4,41,18,767	69.39	4,81,35,135	70.26
Total	<u>6,35,80,113</u>	<u>100.00</u>	<u>6,85,08,583</u>	<u>100.00</u>
Spare Parts				
Imported	Nil	Nil	3,10,481	5.02
Indigenous	23,06,914	100.00	58,68,936	94.98
Total	<u>23,06,914</u>	<u>100.00</u>	<u>61,79,417</u>	<u>100.00</u>

22. Defined Benefit Plan

Defined benefit plan as per actuarial valuation as on 31st March, 2011 and recognised in the financial statements in respect of Employee Benefit Scheme: Disclosure under AS 15 (Revised) Employee Benefit Schemes:

(i) Component of Employee Cost	1st April, 2010 to 31st March, 2011 Rs. Gratuity (funded)	1st April, 2009 to 31st March, 2010 Rs. Gratuity (funded)
a) Interest Cost	12,90,788	10,99,631
b) Current Service Cost	5,82,126	5,85,471
c) Expected return on Plan Assets	(14,30,980)	(12,64,283)
d) Actuarial gain/loss on obligations	6,91,216	11,70,827
e) Excess of asset over obligation – opening adjusted	Nil	Nil
f) Expenses to be recognised in Profit and Loss Account.	11,33,150	15,91,646
(ii) Net Asset(liability) recognised in Balance Sheet as at 31st March, 2011		
a) Present value of Obligation	1,76,97,837	1,61,34,854
b) Present value of Plan – Assets	1,77,75,178	1,60,83,862
c) Asset/(Liability) recognised in the Balance Sheet	77,341	(50,992)

PANASONIC CARBON INDIA CO. LIMITED

	1st April, 2010 to 31st March, 2011 Rs.	1st April, 2009 to 31st March, 2010 Rs.
(iii) Changes in defined benefit obligation		
a) Present value of the obligation	1,61,34,854	1,37,45,388
b) Interest Cost	12,90,788	10,99,631
c) Current service Cost	5,82,126	5,85,471
d) Benefits paid	(10,01,147)	(4,66,463)
e) Actuarial loss on obligation	6,91,216	11,70,827
f) Present value of obligation	1,76,97,837	1,61,34,854
(iv) Changes in fair value of Plan Assets		
a) Present value of Fair Assets	1,60,83,862	1,36,78,529
b) Expected Actuarial Plan Assets	14,30,980	12,64,283
c) Contribution	12,61,483	16,07,513
d) Benefit paid	(10,01,147)	(4,66,463)
e) Actuarial gain	Nil	Nil
f) Fair value of Plan Assets	1,77,75,178	1,60,83,862
(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	7.50%	7.75%
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, 2011

(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

	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
	(Amount in Rs.Thousands)	
Total Liabilities	<u>7,64,795</u>	<u>7,27,538</u>
Total Assets	<u>7,64,795</u>	<u>7,27,538</u>
Source of Funds		
Paid-up Capital	48,000	48,000
Reserves and Surplus	<u>5,14,627</u>	<u>5,06,701</u>
Total	<u>5,62,627</u>	<u>5,54,701</u>
Application of Funds		
Net Fixed Assets	39,411	44,267
Investments	14	16
Deferred Tax Asset	2,467	3,811
Net Current Assets	<u>5,20,735</u>	<u>5,06,607</u>
Total	<u>5,26,967</u>	<u>5,54,701</u>

(4) Performance of Company

	(Amount in Rs.Thousands)	
Gross Turnover	2,42,315	3,11,243
Net Turnover	2,23,497	2,90,384
Total Expenditure	1,88,862	2,33,302
Profit before tax	70,621	1,01,560
Profit after tax	46,977	66,915
Earnings per Share in Rs.	9.79	13.94
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
29th April, 2011

V. R. Gupte
Director

R. Senthil Kumar
Managing Director

N.Ravi
Secretary

As per our Report attached
for BRAHMAYYA & CO
Chartered Accountants

Chennai
29th April, 2011

R. Nagendra Prasad
Partner

PANASONIC CARBON INDIA CO. LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	1 st April, 2010 to 31 st March, 2011	1 st April, 2009 to 31 st March, 2010
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary activities	7,06,21,065	10,15,59,904
Add : Depreciation and Assets written off	51,12,093	1,01,91,687
Adjustment for foreign currency fluctuations (Net)	-	59,887
Voluntary seperation scheme compensation written off	-	61,31,663
Loss on Sale of Fixed Assets	28,748	1,67,377
	<u>51,40,841</u>	<u>1,65,50,614</u>
	7,57,61,906	11,81,10,518
Less : Interest received	3,53,63,859	4,41,56,726
	<u>4,03,98,047</u>	<u>7,39,53,792</u>
Operating Profit before working capital changes		
Adjustments for working capital changes		
Add/Less : Decrease/(Increase) in trade and other receivables	44,17,655	64,33,723
(Decrease)/Increase in inventories	(63,436)	40,65,494
	<u>43,54,219</u>	<u>1,04,99,217</u>
	4,47,52,266	8,44,53,009
Add/Less : (Decrease)/ Increase in trade payables	26,46,901	12,31,275
Cash generated from operations	4,73,99,167	8,56,84,284
Less : Taxes paid	2,16,51,690	3,80,22,287
	<u>2,57,47,477</u>	<u>4,76,61,997</u>
Cash flow before extra-ordinary items	2,57,47,477	4,76,61,997
Less : Extraordinary items	-	-
Net Cash generated from operating Activities - Total (A)	<u>2,57,47,477</u>	<u>4,76,61,997</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale of fixed assets	34,400	38,724
Sale of Investments	2,000	10,000
Interest received	3,49,94,417	5,10,51,348
	<u>3,50,30,817</u>	<u>5,11,00,072</u>
Less: Purchase of fixed assets	3,19,814	15,27,175
Net Cash generated from Investment Activities - Total (B)	<u>3,47,11,003</u>	<u>4,95,72,897</u>
C. CASH FLOW FINANCING ACTIVITIES		
Dividends Paid	3,91,80,540	3,93,10,320
Net Cash used in financing activities - Total (C)	<u>3,91,80,540</u>	<u>3,93,10,320</u>
Net increase/ (Decrease) in cash and cash equivalents		
Total (A+B-C)	<u>2,12,77,940</u>	<u>5,79,24,574</u>
Opening cash and cash equivalents	52,02,06,222	46,22,81,648
Closing cash and cash equivalents	<u>54,14,84,162</u>	<u>52,02,06,222</u>
Net increase in cash and cash equivalents	<u>2,12,77,940</u>	<u>5,79,24,574</u>

Note : For the purpose of this statement, Bank balances of Rs.71,10,525 (Previous year Rs.25,96,976)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
29th April, 2011

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 38

Chennai
29th April, 2011

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 Ninth 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 Wednesday the
20th July, 2011 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 Ninth 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 Wednesday the
20th July, 2011 at 2.30 P.M. and at every adjournment thereof.

Signed this day of 2011.

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.