

Panasonic

ideas for life



The Only Battery Company in India Manufacturing 100% Eco-friendly Batteries



Panasonic Energy India Co. Ltd.
The **Only** Panasonic Battery Company in India

Panasonic Energy India Co. Ltd.

BOARD OF DIRECTORS

Chairman

Mr. A. K. Lakhanpal

Managing Director

Mr. S. K. Khurana

Directors

Mr. E. B. Desai (deceased on 24-Dec-2010)

Mr. P. P. Shah

Mr. D. J. Thakkar

Mr. G. N. Punj

Mr. H. Sugimura

Mr. H. Aota

Mr. C. R. Amin (w.e.f. 25-Jan-2011)

Company Secretary

Ms. Nisha Hindocha

AUDITORS

M/s. K. C. Mehta & Co.

Chartered Accountants, Vadodara

SOLICITORS

Mulla & Mulla and Craigie Blunt & Caroe

BANKERS

State Bank of India

The Bank of Tokyo-Mitsubishi UFJ Ltd.

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.

B-102 & 103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta,
Akota, Vadodara - 390 020, Gujarat - INDIA.

REGISTERED OFFICE

GIDC, Makarpura,

Vadodara - 390 010, Gujarat - INDIA.

WORKS

1. GIDC, Makarpura,
Vadodara - 390 010, Gujarat - INDIA.

2. Plot No. 112, Sector III,
Pithampur Industrial Area,
Dist. Dhar, Madhya Pradesh - INDIA.



39th Annual General Meeting of the Company is scheduled to be held on **Monday, 25th July, 2011 at 10:00 a.m. at C. C. Mehta Auditorium, M. S. University, Sayajigunj, Vadodara 390 002.**

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

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The Only manufacturer of 100% eco-friendly batteries in India

Panasonic Energy India Co. Ltd.

NOTICE is hereby given that the **39TH ANNUAL GENERAL MEETING** of the members of Panasonic Energy India Co. Ltd. will be held at **C. C. Mehta Auditorium, M. S. University, Sayajigunj, Vadodara – 390 002** on **Monday, 25th July, 2011** at **10:00 a.m.** to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2011, and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To declare dividend on equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr. G. N. Punj who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. D. J. Thakkar, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**By Order of the Board
For Panasonic Energy India Co. Ltd.**

Mumbai, May 18, 2011

**Nisha Hindocha
Company Secretary & Manager (Legal)**

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The proxy in order to be effective should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the meeting.
2. The Register of members and share transfer books of the Company will remain closed from Saturday, 16th July, 2011 to Monday, 25th July, 2011 (both days inclusive) for the purpose of determining payment of dividend.
3. The Company has proposed the following resolutions by way of Postal Ballot in accordance with the provisions of section 192A of the Companies Act, 1956 ("the Act") read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001. Accordingly a postal ballot notice along with the Explanatory Statement, Postal Ballot form and postage pre-paid self addressed envelope in this regard will be dispatched to all members separately.
 - a) Special Resolution under section 17 and all other applicable provisions, if any, of the Companies Act, 1956 for alteration of the object Clause under Clause III(A) of the Memorandum of Association of the Company by insertion of new clause.
 - b) Special Resolution under section 31 and all other applicable provisions, if any, of the Companies Act, 1956 for alteration in Articles of Association of the Company.
 - c) Special Resolution pursuant to the relevant provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, for payment of remuneration to Mr. Ajai K. Lakhanpal, the Chairman and Whole-time Director of the Company under part B of paragraph I of section II of part II of schedule XIII of the Companies Act, 1956 w.e.f. 1st October, 2010 to the remaining period of his tenure of office expiring on 5th January, 2012 on the same terms and conditions as approved by the members at the 35th and 36th Annual General Meetings.
 - d) Special Resolution pursuant to the relevant provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, for payment of remuneration to Mr. S. K. Khurana, the Managing Director of the Company under part B of paragraph I of section II of part II of schedule XIII of the Companies Act, 1956 w.e.f. 1st October, 2010 to the remaining period of his tenure of office expiring on 30th September, 2011 on the same terms and conditions as approved by the members at 35th and 36th Annual General Meetings.

Members are requested to carefully read the instructions printed on the Postal Ballot and return the same duly completed in the postage pre-paid self addressed envelope so as to reach the scrutinizer on or before the close of the normal working hours on 18th July, 2011.

The Chairman of the Company or the Chairman for the meeting will announce the results of the Postal Ballot at the ensuing 39th Annual General Meeting to be held on 25th July, 2011. The results of the Postal Ballot will also be announced through a press release and it would also be posted on the Company's website www.panasonicenergy.in besides communicating it to the Bombay Stock Exchange Ltd. where the Company's shares are listed.

4. Dividend on equity shares as recommended by the Directors, if declared at this Annual General Meeting, will be paid on 8th August, 2011 to those members whose names appear on the Company's Register of Members at the close of business on 25th July, 2011.

Dividend payment

5.
 - a) Members holding shares in electronic mode may please note that the dividend payable to them would be paid through National Electronic Clearing Services (NECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their Depository Participants (DPs). In absence of availability of NECS facility, the dividend will be paid through warrants and the bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations.
 - b) In respect of shares held in physical form, members desirous of receiving dividends by way of direct credit to their bank accounts through NECS may authorize the Company with their NECS mandate. The shareholders desirous of obtaining the NECS mandate may download it from the website of the Company at www.panasonicenergy.in. or may write to the Company Secretary at the Registered Office of the Company.
6.
 - a) All unclaimed dividends upto the financial year ended on 31st March, 1995 (paid in the year 1995) have been deposited with the General Revenue Account of the Central Government and shareholders may claim the same from the Registrar of Companies, Gujarat.
 - b) Unclaimed dividends for the years 1995-96 to 2002-2003 have been transferred to the Investor Education and Protection Fund pursuant to Sections 205A and 205C of the Act. And that of 2003-2004 will be transferred in July, 2011.
 - c) Shareholders who have not en-cashed their dividend warrants for the year 2003-2004 are requested to claim the amount immediately from the Company before 8th July, 2011. And for the years from 2004-2005 to 2009-10, are requested to claim the same at the earliest.
7. Members holding shares in physical form and wishing to avail of the nomination facility, are requested to send the duly filled in nomination in the prescribed form (form 2B) to Link Intime India Pvt. Ltd., Vadodara (Company's Registrar & Share Transfer Agent) or to the Company Secretary at the Registered Office of the Company.
8. Members are requested to notify immediately:
 - (a) any change in their residential address.
 - (b) Income-Tax Permanent Account Number (PAN).
 - (c) Bank details – Name and address of the Bank; A/c No.; type of A/c
9. Members holding shares in more than one folio in the same order of name(s) are requested to send the details of their folios along with the share certificates so as to enable the Company to consolidate their holdings into one folio.
10. Members are requested to bring their copies of the Annual Reports along with duly filled attendance slip to the meeting.
11. Members seeking any information or clarification with regard to the accounts, are requested to write to the Company at least TEN DAYS in advance of the meeting so that the information required can be made readily available at the meeting.
12. As required by the Listing Agreement with the Stock Exchange, the relevant details in respect of the Directors proposed to be reappointed are set out in the Corporate Governance Report forming part of the Directors Report.

Panasonic Energy India Co. Ltd.

Dear Shareholders,

The Directors have pleasure in presenting their 39th Annual Report together with the Audited Annual Accounts of the Company for the year ended 31st March 2011.

1. FINANCIAL RESULTS

(Rs. In lacs)		
Particulars	As at 31-March-11	As at 31-March-10
Sales Turnover	19828	18645
Profit/(Loss) Before Tax	781	623
Less: Provision for taxation (Net of deferred tax)	223	(96)
Less: Provision for taxation of earlier years (Net of refund/demand)	8	(1)
Profit/(Loss) After Tax	550	720
Add: Profit brought forward from previous year	100	1
Net available surplus for appropriation	650	721
Appropriations		
Proposed dividend	150	150
Dividend distribution tax	24	25
General Reserve No.1 (Statutory)	42	54
General Reserve No. 2	284	392
Surplus carried to Balance Sheet	150	100
	650	721

2. OPERATIONAL REVIEW

The Profit Before Tax (PBT) of the Company increased by 25% and it stands at Rs. 781 lacs as compared to the previous year of Rs. 623 lacs. The Company's turnover for the year stood at Rs. 19828 lacs, which has increased by 6% as compared to the previous year. The sales quantity has increased by 9% as compared to previous year. The major factors that contributed to the profits of the Company are increased turnover, several cost reduction measures such as value engineering, etc.

During the year your Company has launched a new improvised product in the D & C size of batteries (R20 & R14). These are eco friendly product i.e. mercury free batteries. We take lot of pride in these improvised batteries as we are the only manufacturer in India with eco friendly products in this segment. These eco friendly products could not have seen the light of the day without the technological support and guidance from our foreign collaborators (Panasonic Corporation, Japan) for development and manufacturing of these batteries. With the launch of these new improvised R20 & R14 eco friendly batteries, now your Company's complete range of product is eco friendly. These new improvised eco friendly products were launched under the "Panasonic" brand and with this, now all the batteries manufactured by your Company are sold under one brand "Panasonic", which is a globally renowned brand. "Panasonic" brand is recognized by the customers across the globe as best quality products.

During the year, various marketing activities of the Company were focused towards brand unification. These activities mainly includes Display In Shop Activities (DISHA) & District Development Plan. Your Company also focused on high potential key urban markets under its Town Development Plan. Also various awareness programs were organized by the Company for its sales force in order to make them aware about the new improved eco friendly products of the Company, their importance in protecting our environment and in turn to the society as a whole. With the help of these activities, under a highly competitive market your Company has been able to marginally increase its market share as compared to last year.

It gives us immense pleasure in informing you that a new milestone was achieved by your Company. In the history of the Company for the first time, we reached mark of 500 million plus dry battery production and sales.

During the year, another milestone was also reached by your Company, we crossed 10 billion cumulative production of dry batteries.

3. DIVIDEND

In view of the improved operational profits of the Company, your Directors are happy to recommend dividend at Rs. 2.00 per equity share (previous year Rs. 2.00 per equity share) on 75,00,000 equity shares for the year ended 31st March, 2011. The dividend, when approved, will entail payment to shareholders of Rs.150 lacs. It will be tax free income in the hands of recipients and the Company will have to pay dividend distribution tax thereon to the sum of Rs. 24 lacs.

4. MANAGEMENT DISCUSSION AND ANALYSIS

A. Business Overview

Zinc carbon batteries

This year the dry cell industry showed a negligible increase of just around 1% as compared to the previous year. In order to sustain in stagnant and price sensitive market, your Company continued to focus on improved outlet penetration and brand building activities.

During the year, your Company has carried out various brand building activities like radio campaign, organized dealer meets, DISHA activity, dealer boards, wall paintings etc. to create its brand awareness in high potential area.

Your Company would continue its efforts towards improving its outlet coverage and it would be focusing its resources to reach to the desired levels of outlet coverage. The benefits of these efforts would accrue to the Company in the coming years.

Alkaline Batteries

During the year your Company had improved its presence in alkaline range of batteries. Your Company has also marginally improved its market share in this sector. Your Company intends to further improve its presence in this sector.

Flashlights

Keeping in view your Company's commitment towards the environment, during the year it has introduced new models of eco friendly torches. Your Company intends to focus in this area as it's a growing segment and has immense potential.

B. Industry Structure and Development

During the year, Industry was more or less stagnant. The growth rate was at a negligible rate of just around 1%.

R20 segment continued to de-grow due to change in consumer usage pattern. During the year the rate of de-growth had been around 18% as compared to previous year. R6 segment showed some positive trend and it registered a growth of around 7% as compared to previous year. R03 segment also showed some positive trend and it registered a growth of around 8% as compared to previous year. However the concern for R03 segment is that economy product market grew at a higher rate than the premium product market. The whole Indian dry battery market seems to be moving towards economy range of batteries.

C. Opportunities and Threats

Opportunities

The low per capita consumption of batteries in India indicates inherent potential of the battery market to grow. The changed usage pattern of the gadgets also provides potential for R6, R03 and Alkaline products.

Threats

There is import of huge quantity of low performance cheap Chinese AAA batteries which poses a big threat to the organized sector of the Industry. Presently anti dumping duty on R6 segment is valid only till March 2012 which is a matter of concern.

D. Risks & concerns

The possibility of increase in input costs is a matter of concern as this would directly impact the profit margins of your Company. In the coming years the usage pattern of appliances would be a determining factor for the growth of the dry battery industry. Changing consumer behavior towards dry battery operated appliances would also play a crucial role.

E. Outlook

Penetration of more battery operated appliances should improve the dry battery consumption. The concept of compactness with potable energy need, should help more battery appliances to emerge.

F. Internal Control System

Your Company maintains an adequate and effective internal control system commensurate with its size and complexity. We believe that these internal control systems provide, among other things a reasonable assurance that the transactions are executed with management authorizations and they are recorded in material respects to permit preparation of the financial statements in conformity with established accounting principles and that the assets of the Company are adequately safe-guarded against any significant misuse or loss. The Internal audit is done by an independent firm of Chartered Accountants. Internal audit and other controls are reviewed periodically by the Audit Committee and have been found to be adequate.

G. Developments in human resources and industrial relations

Directors wish to place on record their appreciation of all employees for their sustained efforts and valuable contribution. The total employee strength of the Company stood at 806 as on 31st March, 2011.

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None of the employees of the Company draw a remuneration of Rs.5 lacs or more (where appointed for a part of the year) or Rs. 60 lacs or more (where appointed for the whole year) and hence no information is provided pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

H. Research & Development

In line with the vision of our foreign collaborators to make our products eco friendly, during the year under review your Company after doing extensive research and development launched new improved eco friendly R20 & R14 dry batteries. You would appreciate the fact that yours is the only manufacturing Company with complete range of eco friendly batteries. Last year's experience of successfully manufacturing and selling of eco friendly batteries has given to your Company and it's staff members lot of satisfaction about its contribution to reduce adverse impact on environment. Over and above these activities, efforts have also been made to reduce hazardous elements from raw materials.

As a part of continual improvement of products and processes various activities were undertaken. These were done by using important and effective Q. C. techniques like small improvement in process through Q. C. Circle and Kaizen activities. These activities were implemented through the involvement of grass root level employees. This had resulted in increasing the confidence level of employees for quality improvement and reduction of rejection during manufacturing process.

During the year, the Company has focused its operations on making good quality eco friendly products and also implementing the concept of 3R's i.e. "Reduce, Reuse and Recycle". Various measures were taken on the production front to reduce Co₂ emission, optimum energy utilization, re-use of effluent water, plantation of trees, etc.

I. Exports

Continuous efforts are being made to boost exports, particularly in the areas of machinery spare parts and battery components. During the current financial year the Company has earned foreign exchange to the tune of Rs. 125 lacs (previous year Rs. 105 lacs). Pricing continues to be the key factor. The Company intends to further improve its exports.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state that:

- in the preparation of the annual accounts, all applicable accounting standards have been followed;
- accounting policies as listed out in schedule 19 to the financial statements have been selected and applied consistently and are reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2011 and of the profit of the Company for the year ended on that day;
- proper and sufficient care for maintenance of adequate accounting records has been taken 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;
- the annual accounts have been prepared on a going concern basis.

6. CORPORATE GOVERNANCE

Your Company recognizes the importance and need of good corporate governance as an important step in creating shareholders confidence and thereby enhancing the long term enterprise value.

Pursuant to clause 49 of the listing agreement with stock exchange the Corporate Governance Report along with Auditors certificate regarding compliance of the conditions of corporate governance are given as part of this Annual Report.

7. DEPOSITS

During the year under review the Company has not accepted/renewed deposits from public/shareholders. 1 (one) deposit amounting to Rs. 10,000/- matured but not claimed by the depositor and remained unclaimed over a period of seven years, has been transferred to Investor Education & Protection Fund (IEPF) of Central Government during the year. As on 31st March, 2011 there are no matured / unclaimed deposits with the Company.

8. STATEMENT PURSUANT TO LISTING AGREEMENT

Equity shares of the Company are listed at Bombay Stock Exchange Ltd. (BSE). The Company has already paid annual listing fee for the year 2011-12 to the stock exchange.

9. DIRECTORS

During the year under review, Mr. E. B. Desai, Director of the Company passed away on 24th December, 2010. Mr. Desai had been on the Board of your Company since 1973. The fact that his association with your Company had been for more than 3 decades endorses the fact that he played a significant role in contributing to the development and growth of the Company. He was an eminent lawyer with thorough knowledge and understanding of corporate

laws which was beyond compare. His death has caused a void that would be difficult to fill in. We on behalf of the entire Panasonic family place on record our heartfelt condolences to his family members and pray to the almighty to give them enough strength to withstand the pain and personal loss and may his soul rest in peace.

During the year, Mr. Chirayu Amin was appointed as Director w.e.f. 25th January, 2011 in order to fill in the casual vacancy caused due to Mr. Desai's death. Mr. Amin is a well known Industrialist. I, on behalf of the Board of Directors of the Company whole heartedly welcome him and we are sure that his association would be of immense benefit to your Company in the coming years.

Mr. D. J. Thakkar and Mr. G. N. Punj retire by rotation and, being eligible, offer themselves for reappointment. The Board recommends their reappointment.

10. AUDITORS

M/s. K. C. Mehta & Co., Chartered Accountants, Vadodara retire, and being eligible, offer themselves for reappointment.

11. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation to Panasonic Corporation, Japan for their valuable support and co-operation. We also wish to thank the State and Central Govt. authorities, suppliers and bankers for their continuous co-operation. We also value the support that we received from our stockiest, wholesale dealers, retailers and consumers.

The Directors also wish to place on record their sincere thanks to the Shareholders for the confidence reposed by them in the Company.

For and on behalf of the Board

Ajai K. Lakhanpal
Chairman

Mumbai, May 18, 2011

Annexure I to the Directors' Report

PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED ON 31ST MARCH, 2011.

FORM A

(A) CONSERVATION OF ENERGY

Not given as the Company is not covered under the list of specified industries. However, efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

FORM B

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

1 Specific areas in which R&D carried out by the Company	1. Developed Hg free paste type batteries (R20 & R14) 2. Introduction of new LED torch models. 3. Removal of hazardous content from the raw material and components used in dry battery.
2 Benefit derived as a result of above R&D	1. Environment friendly products. 2. Customer satisfaction. 3. Cost effective products.
3 Future plan of action	1. Introduce new LED torch/Lantern models. 2. Further improve customer satisfaction. 3. To reduce the effect of global warming by reducing CO ₂ emission.
4 Expenditure on R&D	(Rs. in lacs)
(i) Capital	—
(ii) Recurring	136
(iii) Total	136
(iv) Total R&D expenditure as a percentage of total turnover	0.01%

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(B) TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

1. Effort in brief made towards technology absorption, adaptation and innovation.	<ol style="list-style-type: none"> Developed Hg free paste type dry batteries (R20 & R14). Introduction of New LED torch. Efforts for energy conservation.
2. Benefit derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution, etc	<ol style="list-style-type: none"> Aligning towards global trend of introducing new environment friendly products in line with RoHS guidelines into the Indian market. New technology with emphasis on cost reduction by developing new range of products, packaging and spares part. Better cost effective dry battery.
3. Imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	<ol style="list-style-type: none"> Technology imported Technology for manufacturing mercury free paste type R20 & R14 batteries Year of import 2010 Has technology been fully absorbed? Continuing

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to export initiatives taken to increase exports; development of new export markets for products and services; and export plan	During the year company earned foreign exchange through export of machinery spare parts and components.
2. Total Foreign Exchange Used Earned	(Rs. in lacs) 3,125 127

For and on behalf of the Board

Ajai K. Lakhanpal
Chairman

Mumbai, May 18, 2011

CERTIFICATE

This is to certify that the Company has laid down the rules for code of conduct for the members of the Board and Senior Management, as per the revised clause 49 of the Listing Agreement.

I hereby further certify that the Company has obtained certificate for compliance of rules of code of conduct, from the board members and senior management personnel for the financial year ended on 31st March, 2011.

For Panasonic Energy India Co. Ltd.

Place: Vadodara
Date: 3rd May, 2011

S. K. Khurana
Managing Director