

Panasonic

Batteries and Torches

Energizing your Appliances



41st

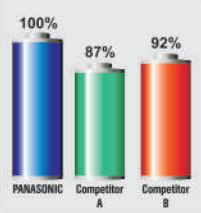
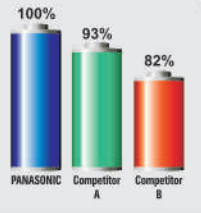
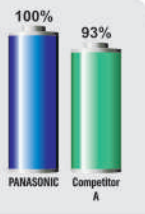
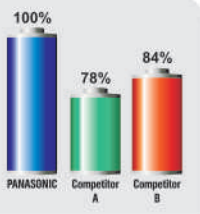
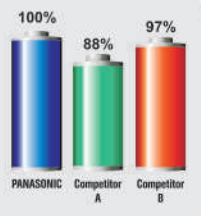
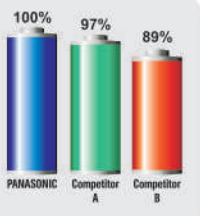
ANNUAL REPORT
2012 - 2013

Panasonic Energy India Co. Ltd.

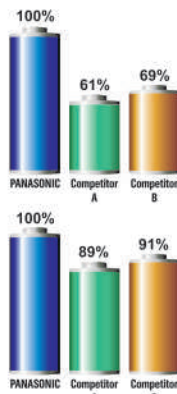
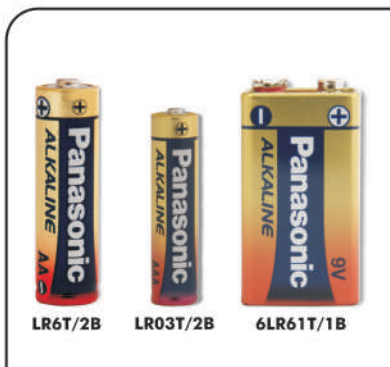
The **Only** Panasonic Battery Company in India



ZINC CARBON BATTERIES



ALKALINE RANGE



- Exceptional performance in low, mid and high drain products
- Panasonic outperforms high premium competitors in commonly accepted industry performance tests
- Developed to meet the power needs of today's electronic appliances



Panasonic Energy India Co. Ltd.

Corporate Information

BOARD OF DIRECTORS

Chairman & Managing Director

Mr. S.K. Khurana

Directors

Mr. P.P. Shah

Mr. D.J. Thakkar

Mr. G.N. Punj

Mr. C.R. Amin

Mr. H. Aota

Mr. T. Nonaka (Director from 25.07.12)

Mr. A. K. Lakhanpal (Chairman upto 30.06.12)

Mr. H. Sugimura (Director upto 25.07.12)

COMPANY SECRETARY

Ms. Susheela Maheshwari

AUDITORS

M/s K. C. Mehta & Co.

Chartered Accountants, Vadodara

BANKERS

State Bank of India

The Bank of Tokyo-Mitshubishi 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-454774, Madhya Pradesh- India

41st Annual General Meeting of the Company is scheduled to be held on **Tuesday, July 23, 2013 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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NOTICE is hereby given that the **41st 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 Tuesday, July 23, 2013, at 10:00 a.m. to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS

1. To consider, approve and adopt the Balance Sheet as on March 31, 2013 and the Profit & Loss Account for the year ended on that date together with the Directors' and Auditor's Report thereon.
2. To declare dividend on equity Shares for the year ended March 31, 2013.
3. To appoint a director in place of Mr. D. J. Thakkar who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself, for re-appointment.
4. To appoint a director in place of Mr. G N Punj who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself, for re-appointment.
5. To appoint M/s K. C. Mehta & Co., Chartered Accountants, as Statutory Auditors of the Company and hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT Mr. T. Nonaka who was appointed as an additional director of the Company pursuant to section 260 of the Companies Act, 1956 and Article 134 of the Articles of Association of the Company who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice under section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for office of director, 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, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT in partial modification of the Resolution passed by the members at their 40th Annual General Meeting held on July 25, 2012 and pursuant to the provisions of Section 198, 269, 309, 310, and that of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, upon recommendation by the Remuneration Committee, and as approved by the Board of Directors at its meeting held on October 27, 2012, consent of the Company be and is hereby given to increase the remuneration of Mr. S. K. Khurana, Chairman & Managing Director of the Company with effect from October 01, 2012 upto his present tenure i.e. upto September 30, 2013 on the terms as to revised remuneration as set out in the addendum to the agreement made between the Company on the one part and Mr. S. K. Khurana on the other part and broad details of which are given in the Explanatory Statement in respect of this item of the Notice.”

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

Susheela Maheshwari
Company Secretary & Manager (Legal)

Mumbai, May 17, 2013

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 atleast 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, July 09, 2013 to Tuesday, July 23, 2013 (both days inclusive) for the purpose of determining payment of dividend.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 6 and 7 of the accompanying Notice is annexed hereto.
4. Dividend on Equity Shares as recommended by the Directors, if declared at this Annual General Meeting, will be paid on Friday, August 16, 2013 to those members whose names appear on the Company's Register of Members at the close of business on Tuesday, July 23, 2013.
5. Dividend payment
 - 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 dividend 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 March 31, 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 1995-1996 to 2004-2005 have been transferred to the Investor Education and Protection Fund pursuant to Sections 205A and 205C of the Act and that of 2005-2006 will be transferred in July, 2013.
 - c) Shareholders who have not en-cashed their dividend warrants for the year 2005-2006 are requested to claim the amount immediately from the Company before July, 2013 and for the years from 2006-2007 to 2011-2012, 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 alongwith 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.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

In terms of the Collaboration Agreement with Panasonic Corporation, Japan, Mr. T. Nonaka had been appointed as an additional director of the Company with effect from July 25, 2012 pursuant to section 260 of the Companies Act, 1956 and Article 134 of the Articles of Association of the Company. Mr. T. Nonaka holds office upto the date of this Annual General Meeting.

The Company has received notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Mr. T. Nonaka for the office of director pursuant to section 257 of the Act.

Mr. T. Nonaka is having vast experience in planning, environment and management of overseas Companies. He is also associated with various overseas Companies of our foreign collaborator. Presently he is working as Director (Planning Group, Environment & External Affairs Group) of Panasonic Asia Pacific, Singapore.

The Board of Directors accordingly recommends the passing of the resolution at item No. 6 of the accompanying notice.

Pursuant to the requirements of the Listing Agreement on appointment of Director, a statement containing briefly the details of Mr. T. Nonaka is given in Report on Corporate Governance.

None of the Directors except Mr. T. Nonaka, are in any way, concerned or interested in the said resolution.

ITEM NO. 7

The members at their 40th Annual General Meeting held on July 25, 2012 had approved the appointment of Mr. S. K. Khurana as the Managing Director of the Company for a further period of two years with effect from October 01, 2011 and also re-designated him as Chairman & Managing Director from July 01, 2012 to remaining terms of his present appointment i.e. upto September 30, 2013.

Mr. S. K. Khurana is a B.E. (Mechanical), F.I.E., Chartered Engineer and has been working with your Company since December 01, 1972 in different capacities. He was appointed as Managing Director of the Company w.e.f. October 01, 2006. Looking to his vast experience, and in particular, contribution in implementing policies in manufacturing, sales & marketing and administration etc. and upon resignation of Mr. Lakanpal as Chairman of the Company, Mr. S. K. Khurana was re-designated as Chairman & Managing Director of the Company w.e.f. July 01, 2012 to his present term of appointment i.e. upto September 30, 2013.

Considering Mr. S. K. Khurana's current contribution to the Company and future challenges, Panasonic Corporation, Japan has proposed to increase his remuneration w.e.f. October 01, 2012. Upon recommendations made by the Remuneration Committee, the Board of Directors at their meeting held on October 27, 2012 had approved the increase in remuneration and accordingly his basic monthly salary be revised from Rs. 1,41,500 to Rs. 1,62,000 and Special Allowance from Rs. 48,300 to Rs. 53,000 and that the perquisites shall be restricted to maximum amount of annual salary.

With the revision of the aforesaid component of the remuneration, the respective amount of contribution to the provident fund and superannuation fund would also increase proportionately. Rest all the terms of his appointment remains the same.

Specific approval of the members is now sought to the above revision in the remuneration of Mr. S. K. Khurana. The Board accordingly recommend the passing of the Resolution at Item No. 7 of the accompanied notice.

Any member desirous of having inspection of the addendum to the agreement referred to in the resolution may do so on any working day during office hours upto the date of the ensuing Annual General Meeting of the Company.

None of the Directors except Mr. S. K. Khurana, are in any way, concerned or interested in the said resolution.

The aforesaid Explanatory Statement setting out the terms of revision of remuneration of Mr. S. K. Khurana may be treated as an abstract circulated to the members under Section 302 of the Companies Act, 1956.

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

**Susheela Maheshwari
Company Secretary & Manager (Legal)**

Mumbai, May 17, 2013

Dear Members,

Your directors have pleasure in presenting the 41st Annual Report together with the Audited Financial Statement along with the Report of the Auditors for the financial year ended on March 31, 2013.

1. FINANCIAL PERFORMANCE

(₹ In lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Sales Turnover	23822	21058
Profit/(Loss) before Tax	373	406
Less: Provision for Taxation (Net of Deferred Tax)	97	125
Less: Provision for taxation of earlier years (Net of refund/demand)	30	100
Profit/(Loss) after Tax	246	181
Add: Profit brought forward from previous year	143	150
Net available surplus for appropriation	389	331
APPROPRIATIONS		
Proposed Dividend	150	150
Dividend Distribution Tax	25	24
General Reserve No.1 (Statutory)	19	14
General Reserve No. 2	-	-
Surplus carried to Balance Sheet	195	143
	389	331

2. OPERATIONAL REVIEW

The Company's turnover for the year stood at Rs. 23,822 lacs which have increased by 13% as compared to the previous year. The sales quantity has increased by 5% as compared to previous year resulting into increase in the market share. However, the Profit before Tax (PBT) of the Company decreased by 8% and it stood at Rs. 373 lacs as compared to the previous year of Rs. 406 lacs. The major factors that contributed to the reduction of profits of the Company were unprecedented increase of cost of material resulting due to rupee devaluation.

Your Company is committed to manufacture and sell best quality of eco friendly batteries which guarantees "Better Value for Money" to its customers. In order to do so effectively Company focused its attention in educating sales team, channel partners and end users by creating awareness and improving the visibility of product through its proven Display In-Shop activity (DISHA). During the current year sales team continued emphasis on maintenance of product displays and in the process also improved shop coverage.

During the year under review, your Company has achieved for the first time in its history mark of 578 Million pieces of production and over 568 Million pieces of sale and thereby achieved highest production, sales and turnover in its history. We are immensely pleased to inform you about the new milestones your company has achieved during the year i.e. highest monthly production of 58.4 Million and sales of 62.4 Million pieces.

Your Company aims to further improve its market share through productive and innovative ideas and methods of manufacture & sales.

Company's management direction shall be to utilize collective wisdom with team spirit, enhanced reach through strong marketing and sales activities, maintain superiority with regards to quality and religiously follow up of "Customer First" approach.

3. DIVIDEND

Your Directors feel pleasure in recommending dividend at Rs. 2/- per equity share (previous year Rs. 2/- per equity share) on 75,00,000 Equity Shares for the year ended March 31, 2013. 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 in the sum of Rs. 25 lacs.

4. MANAGEMENT DISCUSSION AND ANALYSIS

A. Business Overview

Zinc carbon batteries

During the year under review, battery industry continued to be stagnant. Battery demand remained unchanged. However, sticking to “Customer First” approach and providing “Value for Money” products and services, your Company could increase its market share during the year.

Your Company has challenging plans for improving sales and turnover for the year 2013-14.

Your Company plans to continue strengthening its reach in rural as well as urban markets and shall focus on improving the shop share of Panasonic batteries. For this, Company will implement “One Management” concept which aims at productivity improvement through education, data management and by providing sales tools to the sales team members. Emphasis on visibility improvement through In-Shop Display “DISHA” activity will continue and your Company shall continue to target better maintenance of Disha shops.

Alkaline Batteries

During the year under review, your Company has maintained its presence in alkaline range of batteries. Though alkaline segment at present contributes low to the total battery Industry, it has a strong future. Realizing this, your Company has framed substantially high business plan for the year and to achieve the same, aggressive marketing and sales activities will be implemented.

Flashlights

Flashlight sales contribute immensely to the overall battery business in India. Your Company during the year not only achieved the business plan but also increased sales volume substantially. This has been achieved by introducing several new models during the year.

Flashlight segment has huge potential and offers high growth opportunity. Your Company shall continue to focus on expanding its share substantially and to do so shall continue to add many more eco friendly models during the year.

Rechargeable Batteries

During the year under review, your Company has also started trading of Rechargeable batteries and chargers of “Eneloop” brand being manufactured by Sanyo, a group Company of Panasonic Corporation. The introductory response is quite encouraging and will be supportive in overall business growth of your Company.

B. Industry Structure and Development

As mentioned earlier, during the year Battery Industry growth has been flat.

R20 segment continued to de-grow due to change in consumer usage pattern. During the year the rate of de-growth had been around 13% as compared to previous year.

R6 segment showed some positive trend and it registered a growth at around 2% as compared to previous year.

R03 segment showed noticeable positive trend and it registered a growth at around 6% as compared to previous year. However, the concern for R03 segment is that economy product market grew at a higher rate (109%) than the premium product market (103%).

The whole Indian dry battery market seems to be moving towards economy range of batteries in AA and AAA category and we shall continue to keep monitoring the trend and be responsive to VOC.

C. Opportunities and Threats

Opportunities

Present low per capita consumption of batteries in India evidently indicates scope of high growth which can get activated with changed usage patterns of gadgets and arrival of new appliances.

The changed usage pattern of the gadgets and the current trend towards miniaturization of appliances shall provide growth prospects in all categories of batteries mainly in AA and AAA size.

Threats

Import of huge quantity of low performance cheap chinese batteries poses a big threat to the organized sector of the Industry as it not only puts more pressure on the pricing of economic range of batteries but also activates price competition.

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. The devaluation of rupee is also a matter of major concern for your Company. In the coming years availability of new appliances and their usage 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

Availability of new appliances and improved usage pattern in near future should result into growth in dry battery consumption. It will also require strengthening of product designing, packaging activities along with strong cross functional marketing, sales and manufacturing activities.

F. Internal Control System

The Company has an adequate system of internal control to ensure compliance with policies and procedures. The Internal audit is done by an independent firm of Chartered Accountants. Internal audits are regularly carried out to review the internal control systems. The internal audit reports along with recommendations contained therein are reviewed by the Audit Committee of the Board.

G. Developments in Human Resources and Industrial Relations

Directors wish to place on record their appreciation to all its employees for their sustained efforts and valuable contribution. The total employee strength of the Company as on March 31, 2013 stood at 807.

None of the employees of the Company drew a remuneration of Rs. 5 lacs per month 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 collaborator all our dry batteries are eco friendly. During the current year, your Company carried out various research and development activities to eliminate various hazardous contents which are very negligible in quantity from dry batteries and related material used in it, in line with RoHS guidelines. You would appreciate the fact that yours is the only manufacturing Company with complete range of eco friendly products. Over and above these activities were extended to our key suppliers who supply the raw materials for making dry batteries.

During the year under review, the raw material prices have gone abnormally high. To counter the cost up, various cost reduction activities were carried out without affecting quality of products which had contributed to great extent. Additionally as a part of continual improvement of our products and processes several activities were undertaken. These were done by using basic 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 solving problems arisen during manufacturing process which had also helped in improvement of the confidence level of employees for quality improvement and reduction of rejection during manufacturing process.

During the year under review, your Company has introduced new models of half watt LED torches with high quality which are eco friendly too. Your Company is always making efforts in ensuring optimal energy utilization and thereby reducing Co₂ emission. During the current year, your company improved the recycle rate as per the guidelines of its collaborator for the waste generated.

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. 104 lacs (previous year Rs. 161 lacs). The Company intends to further improve its exports.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in preparation of the annual accounts for the financial year ended on March 31, 2013 the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) they have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the accounts for the financial year ended on March 31, 2013 on a going concern basis.

6. CORPORATE GOVERNANCE

A separate report on Corporate Governance is annexed hereto as a part of this report. A certificate from the Company Secretary in Practice regarding compliance of conditions of Corporate Governance as prescribed under clause 49 of the Listing Agreement is attached to this Report.

7. STATEMENT PURSUANT TO LISTING AGREEMENT

The Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE). Annual listing fee for the year 2013-14 has already been paid to BSE.

8. DIRECTORS

Consequent to termination of Joint Venture Agreement with Panasonic Corporation, Mr. A. K. Lakhanpal has tendered his resignation from the office of director w.e.f. June 30, 2012.

After resignation of Mr. A. K. Lakhanpal, Mr. S. K. Khurana has been re-designated as Chairman & Managing Director of the Company w.e.f. July 01, 2012.

During the year under review, Mr. H. Sugimura has resigned from the directorship of the Company w.e.f. July 25, 2012. Mr. T. Nonaka has been appointed as additional director w.e.f. July 25, 2012.

Your directors appreciate the retiring directors for the services rendered during the tenure of their directorship in the Company.

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

As required by the Listing Agreement with the Stock Exchange, the relevant details in respect of the Directors proposed to be appointed / re-appointed are set out in the Corporate Governance Report forming part of the Directors Report.

The Directors recommend all the resolutions placed before the members relating to Directors for their approval.

9. AUDITORS

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

10. ACKNOWLEDGEMENT

Your directors express deep sense of appreciation to Panasonic Corporation, Japan for their valuable support and co-operation provided in day to day affairs. The directors would like to take the opportunity to acknowledge the kind support extended by Govt. authorities, suppliers and banks, trade partners i.e. stockists, 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

S. K. Khurana
Chairman & Managing Director

Mumbai, May 17, 2013