



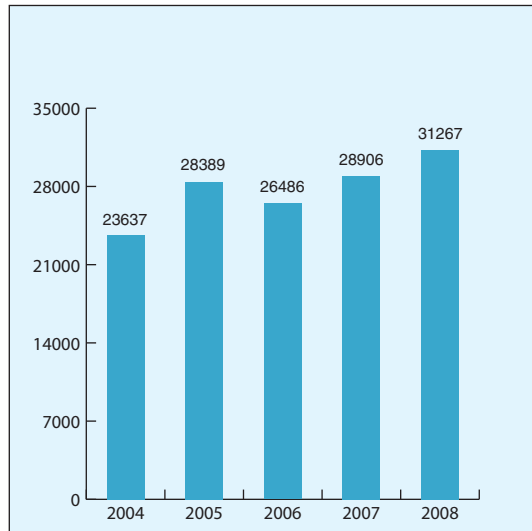
Because health and well-being  
matters to people

Annual report 2008

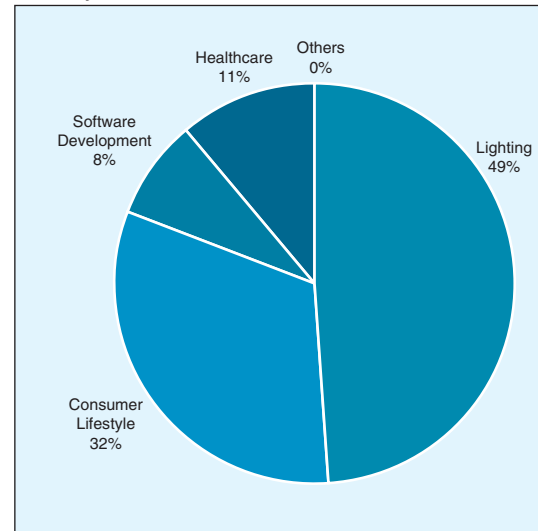
**PHILIPS**

# PHILIPS ELECTRONICS INDIA LIMITED

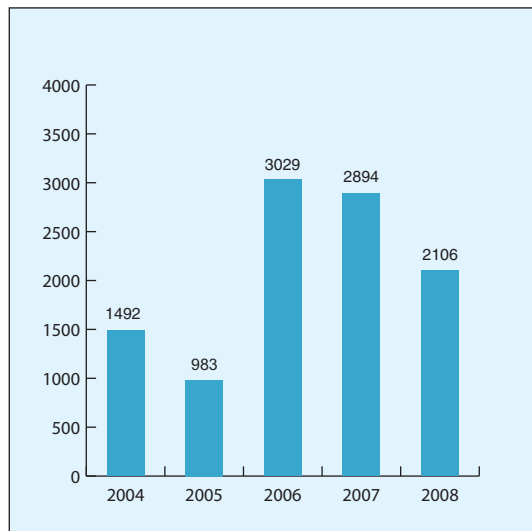
Sales Rs. in Mln



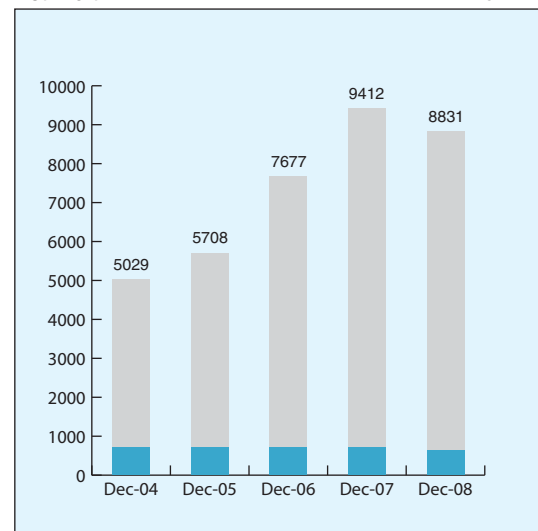
Sales by activities - 2008



Profit Before Tax Rs. in Mln

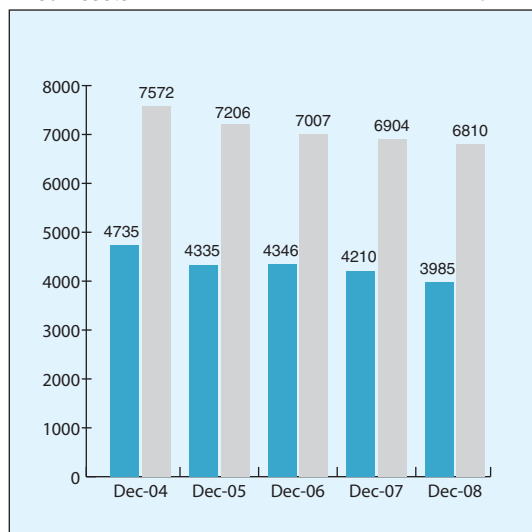


Net Worth Rs. in Min



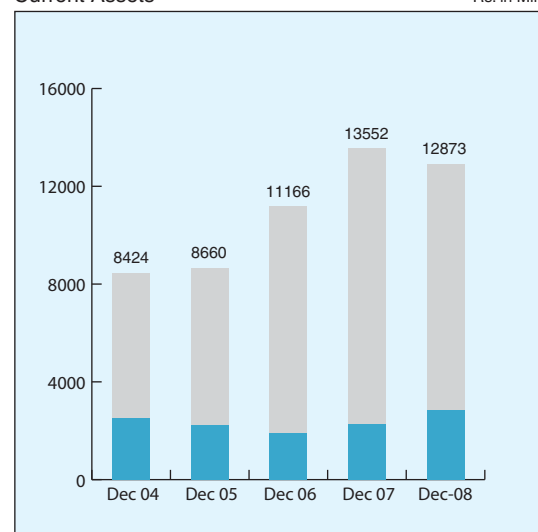
Share Capital Reserves

Fixed Assets Rs. in Mln



Depreciation Gross Fixed Assets

Current Assets Rs. in Min



Inventories Debtors, Cash & Bank, Loans & Advances

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Annual General Meeting on Friday, June 12, 2009 at 2.30 p.m.  
at Vidya Mandir, 1 Moira Street, Kolkata - 700 017.

You are requested to kindly carry your copy of the Annual Report to the Meeting.

Annual  
Report 2008

# PHILIPS ELECTRONICS INDIA LIMITED

## Board of Directors

### Chairman

S.M. Datta

### Vice-Chairman & Managing Director

Murali Sivaraman

### Executive Directors

Cornelis J. M. Reuvers

Alexius Collette

### Non Executive Director

S.Venkataramani

### Company Secretary

R.J.Wani

## Auditors

B S R & Co.

Chartered Accountants

## Bankers

Punjab National Bank

Corporation Bank

Citibank N.A.

ABN-AMRO Bank N.V.

Standard Chartered Bank

Bank of America N.A.

## Registered Office

7, Justice Chandra Madhab Road, Kolkata – 700 020

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventy Ninth Annual General Meeting of PHILIPS ELECTRONICS INDIA LIMITED will be held at Vidya Mandir, I Moira Street, Kolkata – 700 017, on Friday, June 12, 2009 at 2.30 pm to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at December 31, 2008, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the year ended December 31, 2008.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Statutory Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification, the following resolution as a **Ordinary Resolution**:

“RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Venkataramani, be and is hereby appointed as a Director of the Company liable to retire by rotation, under the provisions of Article 110 of the Articles of Association of the Company.”

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED that, pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, consent of the Company be and is hereby accorded to the re-appointment of and the remuneration and perquisites being paid or granted to Mr. Alexius Collette as a Whole time Director, of the Company for a period of three years with effect from February 17, 2009 or up to the date of his retirement as per the rules of the Company whichever is earlier, on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. Collette, a copy whereof initialed by the Secretary for the purpose of identification has been placed before this meeting, which Agreement is hereby specifically approved with the liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the power conferred by this Resolution) to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof as set out in the Agreement, at any time(s) and from time to time and in such manner as the Board may deem fit;

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Collette’s office as a Whole time Director, the remuneration and perquisites set out in the aforesaid Agreement be paid or granted to Mr. Collette as minimum remuneration, provided that the total remuneration by way of salary, perquisites and any other allowances shall not, unless approved by the Central Government, exceed the ceiling as provided in Section II of Part II of Schedule XIII to the said Act or any equivalent statutory re-enactment(s) thereof;

RESOLVED FURTHER that the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

7. To consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED that pursuant to the provisions of Article 12A of the Articles of Association of the Company and in accordance with the provisions of Section 77A and 77B and all other applicable provisions, if any of the Companies Act, 1956 (hereinafter referred to as “the Act”) and the provisions contained in the Private Limited

## PHILIPS ELECTRONICS INDIA LIMITED

Company and Unlisted Public Company (Buy-back of Securities) Rules, 1999 as amended upto date (hereinafter referred to as "the Buy-back Regulations") including any statutory modification(s) or re-enactment of the said Act or the Buy-back Regulations framed thereunder from time to time and subject to such approvals, permissions and sanctions as may be necessary and further subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include a Committee thereof) the consent of the Company be and is hereby accorded to the Board to purchase or Buy-back its fully paid-up equity shares of the face value of Rs. 10/- each up to a maximum of 6,023,070 equity shares and cash outflow not exceeding Rs. 1458/- million (Rupees one thousand four hundred fifty eight million only) at a price not exceeding Rs. 242/- (Rupees Two Hundred forty two only) per equity share (hereinafter referred to as "the Buy-back");

RESOLVED FURTHER that the Board be and is hereby authorized to implement the Buy-back within a period of twelve months from the date of passing of this Resolution (or such extended period as may be permitted under the Act or Buy-back Regulations or by the appropriate authorities) in one or more tranches from out of the company's Free Reserves and/or Securities Premium Account and or the proceeds of earlier issue of shares other than equity shares made specifically for Buy-back purposes, by adapting the methodology involving purchase of the Equity from the existing equity shareholders on a proportionate basis, in such manner as may be prescribed by the Act and/or the Buy-back Regulations and on such terms and conditions as the Board may from time to time in its absolute discretion deem fit;

RESOLVED FURTHER that within the limits of maximum 6,023,070 equity shares and cash outflow not exceeding Rs.1458/- million (Rupees one thousand four hundred fifty eight million only) at a price not exceeding Rs. 242/- (Rupees Two hundred forty two only) per equity share stipulated as aforesaid, the Board be and is hereby authorized to determine the aggregate amount to be utilized towards the Buy-back including the number of equity shares to be bought back, the specific price for individual transactions in the Buy-back and the time frame for the completion of the modalities for the closure of the Buy-back;

RESOLVED FURTHER that subject to applicable statutory regulations and within the overall limits of a maximum of 6,023,070 equity shares and cash outflow not exceeding Rs. 1458/- million (Rupees one thousand four hundred fifty eight million only) at a price not exceeding Rs. 242/- (Rupees Two hundred forty two only) per equity share, the Board be and is hereby authorized to implement Buy-back through one or more of the other permitted methodologies including tender route, within a period of twelve months (or such permitted extended period) from the date of passing of this resolution and the Board may decide to close the Buy-back through the methodology of purchase of the Equity Shares from the existing equity shareholders on a proportionate basis;

RESOLVED FURTHER that nothing contained hereinabove shall confer any right on the part of any shareholder to offer and/or any obligation on the part of the Company or the Board to Buy-back any shares, and/or impair any power of the Company or the Board to terminate any process in relation to such Buy-back, if so permissible by law;

RESOLVED FURTHER that the Buy-back of shares from non-resident shareholder; and/or shareholders of foreign nationality shall be subject to such other further approvals as may be required including approvals, if any, from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the Rules/Regulations framed thereunder;

RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of its powers to any Committee of Directors of the Company for giving effect to the aforesaid Resolutions."

By Order of the Board

R J Wani  
Company Secretary

Gurgaon, Haryana, March 13, 2009

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
2. The relevant Explanatory Statement pursuant in Section 173 of the Companies Act, 1956 in respect of the Special Business at item no 5 to 7 of the Notice, is annexed hereto.
3. The Share Transfer Books and the Register of Members of the Company will remain closed from June 1, 2009 to June 12, 2009 (both days inclusive).
4. The dividend, if approved, will be paid on or after June 22, 2009 to those members (or their mandatories) whose names appear in the Company's Register of Members on June 12, 2009. In respect of demat shares, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the Depositories for this purpose.
5. Members are requested to contact the Registrar and Share Transfer Agent for all matters connected with Company's shares at:

Sharepro Services	Sharepro Services
Samhita Complex	912, Raheja Centre, Free Press Journal Road
Plot No. 13AB, Off Andheri-Kurla Road	Nariman Point
Sakinaka, Mumbai – 400 072	Mumbai – 400 021
Tel: (022) 67720400 / 67720360	Tel: (022) 22825163 / 66134700
Fax: (022) 28508927	Fax: (022) 22825484
6. Members holding shares in physical form are requested to notify/send the following to the Company's registrar and share transfer agent to facilitate better service:
  - i) any change in their address/mandate/bank details
  - ii) share certificate(s) held in multiple account name or joint accounts in the same order of names for consolidation of such shareholdings into one account.

## EXPLANATORY STATEMENT

### Under Section 173 of the Companies Act, 1956

#### Item No.5

The Board of Directors of the Company ("the Board") appointed Mr.Venkataramani as an Additional Director of the Company with effect from March 13, 2009 at their meeting held on the same day. According to Section 260 of the Companies Act, 1956 ("the Act") read with Article 110 of the Articles of Association of the Company, Mr. Venkataramani holds office as an Additional Director up to the date of this Annual General Meeting. The Company has received due notice from a member under Section 257 of the Act, signifying his intention to propose the appointment of Mr. Venkataramani as a Director of the Company.

Mr. S Venkataramani holds a Degree of Bachelor of Engineering (Mechanical) from the Madras University. He joined the Company in 1971 and has since then held several responsible positions particularly in the Lighting Sector of the Company, before his retirement on December 31, 2008. Considering the contribution made by Mr. Venkataramani towards the growth and profitability of Lighting Sector and and further taking into account the Company's vision to build an energy efficient portfolio of Lighting solutions - in both the Professional and Consumer space, the Board of Directors decided to retain the services of Mr. Venkataramani after his retirement as a non-executive Director and recommend his appointment.

Save and except Mr. Venkataramani none of the Directors of the Company is in any way concerned or interested in the Resolution set out at item No. 5 of the Notice.

The Board recommends the Resolution set out at Item No. 5 of the Notice for your approval.

# PHILIPS ELECTRONICS INDIA LIMITED

## Item Nos. 6

Mr. Alexius Collette was appointed a Whole time Director of the Company with effect from February 17, 2006. His appointment and the remuneration payable to him were approved by the members at the Annual General Meeting held on June 23, 2006. Mr. Collette's initial term of office as a Whole time Director of the Company expires on February 16, 2009. The Board of Directors at its meeting held on November 27, 2008 has extended the tenure for the further period of three years on same terms and conditions.

The remuneration and perquisites of Mr. Collette are set out in the Draft Agreement referred to in the Resolution at Item No. 6 of the Notice and are subject to the approval of the Shareholders of the Company under Section 269 and 309 of the Companies Act, 1956 ("Act") read with Schedule XIII thereto.

The material terms of the said Agreement are as follows:

1. The Agreement is for a period of three years from February 17, 2009 or up to the date of Mr. Collette's retirement as per the rules of the Company, whichever is earlier.
2. Mr. Collette shall be entitled to the following remuneration and benefits/perquisites from the Company provided that the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the power conferred by this Resolution), is authorised to increase, reduce, alter, add to or vary the remuneration and/or perquisites as such time(s) and in such manner as the Board, may deem fit:
  - a. **Consolidated Salary:** Rs 9,41,300/- per month or such higher amount as may be approved by the Board of Directors or any Committee thereof.
  - b. **Variable Performance Linked Bonus:** Not exceeding one and half times the Annual Consolidated Salary, payable annually, as may be approved by the Board of Directors or any Committee thereof.
  - c. **Perquisites:**
    1. In addition to the aforesaid Consolidated Salary and Variable Performance Linked Bonus, Mr. Collette shall also be entitled to perquisites and allowances including but not restricted to accommodation (furnished or otherwise) or house rent allowance in lieu thereof; medical reimbursement and leave travel concession for self and family; club fees; medical insurance; personal accident insurance; stock options; and such other perquisites and allowances in accordance with the Rules of the Company as amended from time to time.
    2. The perquisites and allowances, as mentioned above, shall be valued as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be valued at cost.  
Provision for use of the Company's car for official duties and telephone with fax at residence shall not be included in the computation of perquisites.
    3. Company's contribution to Provident Fund and Pension/Superannuation Fund not exceeding 27% of the consolidated salary or such other percentage as may be permitted in law from time to time to the extent these either singly or together are not taxable under the Income Tax Act, 1961. Gratuity payable as per the Rules of the Company and encashment of leave as per the Rules of the Company at the end of the tenure shall not be included in the computation of perquisites  
PROVIDED, however, that the overall remuneration including perquisites payable to Mr. Collette together with the other whole-time Directors of the Company shall be within the limits specified under Sections 198, 269 and 309 of the Act including Schedule XIII to the Act, that is ten per cent of the net profits of the Company in any financial year.
  - d. **Minimum Remuneration:**  
Notwithstanding anything hereinabove, where in any financial year during the terms of office of Mr. Collette, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of Consolidated Salary, Variable Performance Linked Bonus, and Perquisites as Minimum Remuneration. This is subject to approval of the Central Government, if required.



**e. Other material terms:**

Each party has the right of terminating the Agreement by giving to the other three calendar months' notice in writing.

The Resolution set out at Item No. 6 of the accompanying Notice is necessary in view of the provisions of Sections 269, 309, and other applicable provisions of the Act including Schedule XIII thereof. Members are requested to approve the resolution.

None of the Directors of your Company, other than Mr. Alexius Collette is interested in the resolutions at items No. 6.

The Explanatory Statement together with the Notice should be treated as an abstract of the terms of the Draft Agreement and Memorandum of Concern or Interest under Section 302 of the Act.

The Draft Agreement referred to in the resolution at Item No. 6 of the accompanying Notice will be open for inspection by the members at the Registered Office of the Company between the hours of 10 a.m. and 12 noon on any working day except Saturday.

**Item No. 7**

As required under the provisions of Section 77A(3) of the Companies Act, 1956 ("the Act") and Regulation 4 of the Private Limited Company and Unlisted Public Company (Buy-back of Securities) Rules, 1999 as amended upto date read with Schedule I annexed thereto ("Buy-back Regulations"), the following Explanatory statement sets out the various details required to be disclosed.

1. The Board of Directors of the Company ("the Board") at its meeting held on March 13, 2009 considered and approved the proposal for Buy-back of fully paid up equity shares of the Company upto a maximum of 6,023,070 equity shares and cash outflow not exceeding Rs. 1458/- million (Rupees one thousand four hundred fifty eight million only) at a price not exceeding Rs 242/- (Rupees two hundred forty two only) per equity share (hereinafter referred to as "the Buy-back") in accordance with the provisions contained in Article 12A of the Company's Articles of Association and Section 77A and 77B and all other applicable provisions of the Act and the Buy-back Regulations.
2. The Buy-back proposal is being suggested having regard to the fact that the shares of the Company are delisted from the Stock Exchanges and, as a consequence thereof, the same cannot be traded on the floor of the Stock Exchanges. The Buy-back will provide an option to the shareholders to sell their shares at the value arrived by an independent valuer appointed by the Board.
3. The Buy-back is proposed to be implemented by the Company by adopting the methodology involving purchase of the Equity Shares from the existing shareholders on a proportionate basis in such manner as prescribed by the Act and under the Buy-back Regulations, and on such terms and conditions as may be determined by the Board at a later date. The Company shall not Buy-back its shares from any person through negotiated deal whether on or through spot transactions or through any private arrangements in the implementation of the Buy-back. As an enabling provision, approval of members is sought to empower the Board to resort to other permitted methodologies of implementing the Buy-back including tender route, subject to the Company fulfilling applicable Buy-back Regulations.
4. The equity shares of the Company are proposed to be bought back at a price not exceeding Rs. 242/- (Rupees two hundred forty two only) per equity share in terms of the above resolution. This price has been arrived at as per the valuation made by the reputed and independent valuer appointed by the Board for this purpose using accepted valuation methodologies as considered relevant and appropriate by them. The Buy-back price as proposed above, while providing an option to the shareholders to sell their shares at the value as derived above, will ensure that the growth of the Company is not impaired in any way.
5. The Buy-back size represents 17.2% of the aggregate of the Company's paid up equity capital and free reserves as on December 31, 2008. The maximum numbers of shares to be bought back i.e. 6,023,070 shares represent 9.5% of the outstanding fully paid shares of the Company as on January 1, 2009. The above resolution seeks the consent of the shareholders for the Board (including a Committee thereof) to determine the price and the

## PHILIPS ELECTRONICS INDIA LIMITED

number of equity shares to be bought back by the Company within the aforesaid limits. The funds required for the Buy-back will be met out of the free reserves of the Company. The debt equity ratio of the Company after the Buy-back will be well within the limit of 2:1 as prescribed under the Act.

6. (a) The aggregate shareholding of the Promoters Koninklijke Philips Electronics N.V. (hereinafter referred to as "the Promoters") as on the date of this notice is 61,094,012. equity shares constituting 96.36% of the issued share capital of the Company.  
(b) No shares were either purchased or sold by the Promoters Koninklijke Philips Electronics N.V. during the period of six months preceding March 13, 2009 i.e., the date of Board Meeting at which the Buy-back was approved and the date hereof.
7. The Promoters of the Company (Koninklijke Philips Electronics N.V) intend to participate in the Buy-back by tendering not more than 5,803,830 equity shares constituting not more than 9.2 % of the issued share capital of the Company at the price of Rs. 242/- (Rupees two hundred forty two only) per share.
8. As per the provisions of the Act, the special resolution passed by the shareholders approving the Buy-back shall be valid for a maximum period of 12 months from the date of passing of the said Resolution. The Board shall determine the time frame for completion of the Buy-back within this validity period.
9. In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled and will not be held for re-issue at a later date.
10. In terms of provisions of section 77A(8) of the Act, the Company will not be entitled to make a fresh issue of equity shares for a period of six months from the date of completion of the Buy-back envisaged under this Resolution except in cases/circumstances mentioned in the said section.
11. The Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
12. The Board confirms:
  - (i) that it has made the necessary and full enquiry into the affairs of the Company and has formed the opinion:
    - a. that immediately following the date on which the general meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts; and
    - b. as regards its prospects for the year immediately following the date of the general meeting, that having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in view of the Board be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the general meeting; and
  - (ii) in forming its opinion for the above purposes, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).
13. The text of the report dated March 13, 2009 received from Messrs. B S R & Co, Chartered Accountants, and the statutory auditors of the Company, addressed to the Board of Directors is reproduced below:

### TEXT OF AUDIT REPORT

Report under Schedule I of Clause (xiii) of the Private Limited Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999.

- I. In connection with the proposed Buy-back of Equity Shares approved by the Board of Directors of PHILIPS ELECTRONICS INDIA LIMITED ('PEIL' or 'the Company') at its meeting held on March 13, 2009, in pursuance of the provisions of Sections 77A, 77AA, 77B of the Companies Act, 1956 and the Private Limited Company

and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999 and based on the information and explanations given to us, we report that:

- a. we have enquired into the state of affairs of the Company in relation to its audited accounts for the year ended December 31, 2008, which were taken on record by the Board of Directors at their meeting held on March 13, 2009.
- b. the capital payment (including premium) of an amount not exceeding Rs. 1458/- million (Rupees one thousand four hundred fifty eight million only) towards the Buy-back of equity shares, as computed below has been properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956, based on the audited financial statement for the year ended December 31, 2008.

As on December 31, 2008	Amount in Rs. Mln
Share Capital	634
Free Reserves	
Securities Premium	679
General Reserve	4409
Balance in Profit & Loss Account	2762
Less: Miscellaneous Expenditure to the extent not written off or amortized	NIL
Total paid up capital and free reserves	8484
Maximum amount permissible for buy-back i.e. 25% of the Paid up capital and free reserves (Section 77A(2)(c))	2121
Restricted to	1458

- c. the Board of Directors in their meeting held on March 13, 2009 have formed their opinion as specified in the clause (xii) of Schedule I of the Private Limited Company and Unlisted Public Company (Buy-back of Securities) Rules, 1999 on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the Annual General Meeting of the members of the Company proposed to be held on June 12, 2009.
- d. Based on the representations made by the Company and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we are not aware of anything to indicate that the aforementioned opinion expressed by the Directors is unreasonable in the present circumstances.

This report has been issued solely in connection with the proposed Buy-back of shares of PEIL and may not be suitable for any other purpose.

By the Order of the Board

R J Wani  
Company Secretary

Gurgaon, Haryana, Date: March 13, 2009

# PHILIPS ELECTRONICS INDIA LIMITED

## DIRECTORS' REPORT

for the Financial Year Ended December 31, 2008.

Your Directors submit their report and audited accounts for the year ended December 31, 2008.

### 1. OUTLOOK

Two thousand and eight was a defining year for the Company with a number of important milestones achieved. In Lighting, we continued to invest and expand our capacities in the two factories – while channel expansion continued to drive the growth of energy efficient lamps. In Healthcare we concluded two important acquisitions in the Value space – Cardio vascular X-Ray and General X-ray. These two acquisitions – now provide a platform for Healthcare to establish a manufacturing footprint in India for both domestic and exports. In Consumer Lifestyle we combined our two earlier divisions – Consumer Electronics and Domestic Appliance into one sector – Consumer Lifestyle. This now allows us to deliver the synergies with respect to go-to-market sales organization and channels. A conscious choice by us to rationalize the portfolio in the LCD TV space – to deliver profitable growth – led to an overall flat growth in the Consumer Lifestyle sales. The global economic melt down did not spare India; and we started witnessing a slowdown in sales around the second half, largely led by Channel destocking. For the year, we delivered a sales growth of 8.2% led by an 18% growth in Lighting. Profitability was impacted by rising Raw Material prices and foreign exchange rates – all of which could not be made up through price increases and productivity improvements.

### 2. FINANCIAL PERFORMANCE

#### 2.1 RESULTS

	Rs. Mln.	
	2008	2007
Gross Income	31,877	29,363
Operating profit	1,900	2,456
Exceptional Items (net)	206	438
Profit before tax	2,106	2,894
Fringe benefit tax	(42)	(38)
Provision for current tax	(769)	(939)
Provision for deferred tax – Release/(Charge)	56	(14)
Profit after tax	1,351	1,903
Transfer to General Reserve	136	190

#### 2.2 SECTORWISE SALES

	Rs. Mln.	
	2008	2007
Lighting	14,954	12,626
Consumer Lifestyle	10,155	10,136
Healthcare	3,583	3,415
Innovation Campus	2,432	2,395
Others	143	334
Total	31,267	28,906

Exceptional items for the year include profits of Rs. 47 million from the sale of the Set Top Box business and profits of Rs. 142 million on the sale of residential property.

## 2.3. FINANCE & ACCOUNTS

Your Company delivered positive cash flow from operations. During the year, the Company spent Rs 1784 million for buying back 6,860,012 equity shares and Rs 218 million towards the first tranche payment for acquisition of Alpha X-Ray Technologies (India) Private Limited. Both these payments were from internal accruals. The Set Top Box business which was a small part of the Software business, was transferred to PACE Micro Technology (India) Private Ltd. on January 2, 2008 at a consideration of Rs. 56 mn. The balance cash surplus was invested in financial instruments in accordance with Company policy.

## 3. DIVIDEND

Your Directors recommend payment of Rs. 2.0 per share as dividend on the fully paid equity shares for the financial year ended December 31, 2008. This will absorb Rs. 127 million as dividend and Rs. 21 million as dividend tax.

## 4. BUSINESS PERFORMANCE

The Notes to the Profit and Loss Account for the year provide segment results. The required disclosure is made below for the Lighting, Consumer Lifestyle, Innovation Campus (Software), and Healthcare Sectors.

### LIGHTING

The Sector grew by 18%, the sixth consecutive year of double-digit growth. Growth was driven by our continued channel expansion in the Consumer segment and increased share acquisition in the professional segment. We also registered double digit growths in Automotive and Special Lighting.

New products in all categories were introduced. Investments made in the past in channels such as rural & replacements were further leveraged to improve reach and sales. In the professional segment, new stadia at Nagpur, Vishakapatnam Airport lighting and major infrastructure projects were executed. Inroads were also made into Retail and Solid State lighting. Manufacturing capacity in CFL was further enhanced to cater to the needs of the local market. We are realigning our industrial footprint to gain an edge in cost and to serve the market faster. The Global Development Centre for advanced electronic designs commenced its activity in the country.

In 2009, the sector will focus more on the B2B sector through segment-based marketing, which will be in line with the global strategy and will rely more on lighting solutions to increase its market presence. The division intends to reap the benefits of the intended focus on LEDs, energy savings products in lighting and the Commonwealth Games scheduled for 2010.

### CONSUMER LIFESTYLE

In 2008, the erstwhile Consumer Electronics (CE) and Domestic Appliances (DAP) businesses were integrated, resulting in the creation of a single Consumer Lifestyle Organisation.

The Consumer Lifestyle sector recorded a growth of 1% in 2008 on the back of a 9% growth in domestic appliances and a 6% growth in TV, which was set off by a 6% decline in the audio segment. Substantial progress was achieved in segments like peripherals & Accessories and Shaving & Beauty products. The sector was adversely affected by the economic downturn during the last quarter of year 2008, resulting in lower sales than anticipated.

The growth in the Domestic Appliances business was aided by strong performances in lead categories including mixer grinders, juicers & irons. The Intelligent Water Purifier won the "Water Digest Award" for the Best Domestic Water Purifier in the ultraviolet segment.

In the Entertainment Solution business, (Audio), your Company recorded significant growth in Home Theatres. The DVD segment recorded a drop in market share largely due to the widening price gap vis-à-vis competitors. In the Go-Gear (MP3) category, your Company lost volumes in the first half of the year due to a sharp price drop by the competitor. In television, in view of sharp market price erosions, your Company made a planned exit from the low-screen LCD television business. Going forward, Consumer Lifestyle will be reshaping its portfolio with focused growth plans in categories such as Kitchen Appliances, Garment Care, Water Purifiers,

## PHILIPS ELECTRONICS INDIA LIMITED

Hair Care and Grooming products, Cinematic experience through Home Theatres and high-end LCD TVs. In addition, we will launch Mother and Child care products and tap the huge growth potential in Peripherals and Accessories. At the same time, we will focus on improving our market shares in DVD, CRT TV and other audio products.

### HEALTH CARE

The Healthcare business operates in the Diagnostic Imaging segment, which includes CT, MRI, X-rays, Cardiovascular Systems, Nuclear Medicine, PET-CT and Ultrasound Imaging Systems. The business is also a significant player in patient monitoring/critical care. In 2008, the sector recorded growth in most business lines, winning major contracts across its entire product range, including those from major private hospital groups and government institutions. Strong account management backed by excellent customer support account for this success.

The Healthcare market enjoyed customer demand for innovative business models such as public private partnership, pay-per-use, long-term funding with support from export credit agencies and funding in foreign currencies. However most vendors restricted financing solutions due to the credit squeeze and market volatility.

On November 10, 2008, your Company acquired Alpha X-Ray Technologies (India) Private Limited (Alpha). Alpha is a leading manufacturer of Cardiovascular X-Ray systems targeting the economy segment of the Indian market. This acquisition will strengthen Philips' presence in the high growth economy segment for Cardiovascular X-Ray systems, underlining the Company's commitment to provide affordable healthcare solutions in emerging markets.

On March 12, 2009, your Company acquired Meditronics Healthcare Private Limited ('Meditronics'). Meditronics is a leading manufacturer of General X-Ray systems targeting the economy segment in India. Meditronics high-quality and clinically proven economy segment product portfolio complements Company's existing high-end General X-Ray range and further strengthens your Company's leading position in India's high-growth imaging and monitoring equipment market.

### INNOVATION CAMPUS (PIC)

The average employee strength of Philips Innovation Campus (PIC) remained around 965 Full Time Equivalent (FTE) during 2008, as compared to 951 FTE in 2007. During the year, resources dedicated to Healthcare and IT support was further strengthened and resources committed to Consumer Lifestyle were marginally scaled down. PIC's internal customers gave it a consistently high rating for performance at comparatively low cost.

Sales (total deliveries) amounted to Rs. 2432 million in 2008 as compared to Rs. 2395 million in 2007. The outlook for 2009 is good. We expect a modest growth in Healthcare and a steep growth in the IT Applications group. The retention rate decreased due to the economic situation in line with the IT industry average.

## 5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company remains committed to maintaining internal controls designed to safeguard the efficiency of operations and security of our assets. Accounting records are adequate for preparation of financial statements and other financial information. Through our internal audit processes at sectoral and corporate levels, both the adequacy and effectiveness of internal controls across the various businesses and compliance with laid-down systems and policies are regularly monitored. A trained internal audit team also periodically validates the major IT-enabled business applications for their integration, control and quality of functionality. The Audit Committee of the Board met periodically during the year to review internal control systems as well as financial disclosure.

## 6. CORPORATE SOCIAL RESPONSIBILITY

Your Company wishes to make a positive impact over the long term in the communities we live in, work and serve, through healthcare and education. Philips understands that sustainable development is one of the most challenging issues facing the developing world. The Company has been able to make significant contributions in economic, environmental and social areas. Project 'Arogya Kiran II' and 'Life Cycle Approach' focuses on providing primary healthcare to rural villages near Kolkata. With the help of "CINI ASHA" a voluntary organization based at Kolkata, your Company makes available elementary education for 25 urban disadvantaged children in the age group of 9-14 years.

Other units in Philips also initiated various sustainability programs during the year. The Company's Mohali Light Factory initiated various project with the help of non government organisations such as UTTAN (uplift of the needy) to support needy and underprivileged groups , and Bal Vikas (Development of the Child) to support education and social uplift of children in nearby villages. The Mohali Light Factory was awarded a Commendation Certificate by CII in 2008 for its strong commitment to excelling in the journey towards Sustainable Development

Philips Innovation Campus initiated various projects with the help of non-government organisations such as Akshaya Patra (mid-day meals for children in government schools) and Ashwini Charitable Trust, which engages children from slums in creative endeavors after school. Through the employee payroll, Philips employees make donations to Child Rights and You (CRY) initiatives.

## 7. BUY BACK OF EQUITY SHARES

Pursuant to the provision of Article 12A of the Articles of Association of the Company and in accordance with the provision of Section 77A and 77B and all other applicable provisions, if any, of the Companies Act 1956, and the provisions contained in the Private Limited Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999, consent of the Company is sought for the buy back of fully paid up equity shares of the face value of Rs. 10/- each up to a maximum of 6,023,070 equity shares and cash outflow not exceeding Rs. 1458 million. (Rs. One thousand four hundred fifty eight million only) at a price not exceeding Rs. 242/- (Rupees Two hundred forty two only) per equity share. The Buy-back will provide an option to the shareholders to sell their shares.

## 8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Employee relations were cordial during the year. The Company continues to invest in the development of its employees by way of various internal and external training programs.

As part of people development efforts, the learning & development needs of employees were identified and addressed on an ongoing basis. In addition to the ongoing leadership development programs, the focus was on development of Sales Competency Framework and Assessment Centres. These were supported by skills development programmes which included Direct dealer management, and Service Excellence and Managing for Results workshops

A unique integrated programme project "CARE", was launched. Project CARE aims to build the capabilities and engagement of frontline sales and service employees through Capability Building Recognition and Engagement. The programme will include specific Sales Capability Building projects, recognition by way of Awards and Communication programmes

Information under Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report

## 9. CONSERVATION OF ENERGY, FOREIGN EXCHANGE OUTGO AND TECHNOLOGY ABSORPTION

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, is provided in the Annexure to this report.

## 10. ENVIRONMENT, ENERGY, OCCUPATIONAL HEALTH & SAFETY

Your Company is committed to implementing the Philips Sustainability Policy and is striving to continuously improve its contribution to the environmental, economic and social aspects of sustainability. Both the manufacturing units of your Company are actively involved in implementing the Philips Eco-Vision III (2006-2009) programme. Both the manufacturing units have established and are maintaining ISO-14001 certified environmental management systems. During 2008 these units consumed 788410 GJ of energy and 201282 KL of water, generated 6,848 tonnes of waste and emitted 205 tonnes of various chemical substances. All generated waste was recycled.

Your Company has also initiated several programmes to improve the Health and Safety of employees working in the manufacturing units and offices. CII-ITC Center of Excellence for Sustainable Development has recognised our Mohali Light Factory unit for its excellent sustainability performance. The unit was awarded a Certificate of Commendation, which is given to companies making a significant commitment and progress towards embedding policy and processes in specific dimensions of sustainability (environment, social and economic).

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# PHILIPS ELECTRONICS INDIA LIMITED

## 11. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- i) in the preparation of the annual accounts, applicable accounting standards have been followed;
- ii) the Directors 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 as on December 31, 2008 and of the profit of the Company for the year ended December 31, 2008;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis.

The Company's Internal Auditors have conducted periodic audits to provide reasonable assurance that established policies and procedures were followed. The Audit Committee constituted by the Board meets regularly with internal and external auditors to review internal control and financial reporting.

## 12. DIRECTORS

Mr. S Venkataramani resigned from the Board with effect from December 31, 2008, following his retirement from the Company. The Board decided to invite Mr. Venkataramani to join the Board as a Non – Executive Director in view of his contribution to the Company and to get the benefit of his experience in the Company vision to build an efficient portfolio of lighting sector. Accordingly, Mr. Venkataramani was appointed as an additional director of the Company with effect from March 13, 2009. As per Article 110 of the Articles of Association of the Company, Mr. Venkataramani will hold office up to the date of the Annual General Meeting. Notice have been received from a member pursuant to Section 257 of the Companies Act, 1956, intimating his intention to move a resolution for the appointment of Mr. Venkataramani as a Non-Executive Director of the Company.

Mr. Vineet Kaul resigned from the Board with effect from November 10, 2008, after serving on the Board for over six years. The Board records its deep appreciation of Mr. Kaul's valuable contributions towards Human Resources Development and to the Board's deliberations. The Board extended the term of office of Mr. Alexis Collette as a whole-time Director of the Company, by a further period of three years from February 17, 2009 or till the age of retirement, whichever is earlier. A resolution seeking your approval of this extension and remuneration for Mr. Alexis Collette appears in the Notice convening the 79th Annual General Meeting of the Company. Mr. S M Datta retires by rotation at the ensuing Annual General Meeting. The Board recommends his re-appointment.

## 13. AUDITORS

Messrs. B S R & Co. retire as auditors of the Company and, being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment for the ensuing year.

## 14. COST AUDITORS

The Central Government has directed your Company to carry out an audit of the Company's cost accounts in respect of electric lamps and fluorescent tubes, pursuant to the provisions of Section 233B of the Companies Act, 1956. Accordingly, your Directors have approved the appointment of Messrs. M/s Nanabhoy & Company, a firm of cost accountants, to conduct the audit for the year ending December 31, 2009.

## 15. GENERAL

Your Directors acknowledge the close cooperation and support your Company has received during the year from the employees, members, its parent company Koninklijke Philips Electronics N.V., its bankers, and business partners including suppliers, co-makers and the trade.

On behalf of the Board

S. M. Datta  
Chairman

Gurgaon, Haryana  
March 13, 2009



## ANNEXURE TO DIRECTORS' REPORT

### INFORMATION REQUIRED UNDER SECTION 217 (1)(E) OF THE COMPANIES ACT, 1956.

#### Research & Development (R & D) : January - December 2008

- |  |   |            |   |              |    |          |    |   |      |
|--|---|------------|---|--------------|----|----------|----|---|------|
| 1. Specific areas in which R & D is carried out by the Company | <p>The Company's management believes that continuous effort to establish a strong performance in the fields of R &amp; D vis-a-vis product and process development and import substitution are of paramount importance to preserve and strengthen the competitive position the Company holds in various product segments. The Company's R &amp; D laboratories have been instrumental in providing the Company with a sustainable competitive advantage through application of Science and Technology.</p> <p>The specific areas in which R &amp; D is carried out include:</p> <ol style="list-style-type: none"><li>(1) Development of luminaires with solid state lighting, energy saving optics for industrial lighting / office lighting to make the products less and less material intensive and more energy efficient and environment friendly.</li><li>(2) Development of knowhow of luminaires driven by alternative source of energy i.e. solar.</li><li>(3) Development of optimal luminaires for TL5 / CFL lamps for home application.</li><li>(4) Electronic &amp; Electromagnetic blasts for Fluorescent Lamps &amp; High Intensity Discharge Lamps.</li><li>(5) Electronic Igniters for High Intensity Discharge Lamps.</li><li>(6) Electronic &amp; Electromagnetic Transformer for Dichoric Halogen Lamps</li></ol> |            |   |              |    |          |    |   |      |
| 2. Benefits derived as a result of R & D                       | <p>Development of 20 new products for consumer / Indoor and outdoor application involving high performance Electronic Ballasts and energy efficient lamps like PLL/TL5/CDMTT and development of 8 new electronic and 2 new electromagnetic ballasts.</p>  |            |   |              |    |          |    |   |      |
| 3. Future plan of action                                       | <p>Have a roadmap for 2009-10 with high emphasis on office lighting/shop and mall lighting/street &amp; flood lighting luminaires based on conventional and non conventional (solid state Lighting) lamp source. The R &amp; D team's capacity &amp; capability will be strengthened to provide more test facilities and training in order to execute global development projects.</p>  |            |   |              |    |          |    |   |      |
| 4. Expenditure on R & D  | <table border="0"><tr><td>a. Capital</td><td style="text-align: right;">4</td></tr><tr><td>b. Recurring</td><td style="text-align: right;">36</td></tr><tr><td>c. Total</td><td style="text-align: right;">40</td></tr><tr><td>d. Total R &amp; D expenditure as % of total turnover</td><td style="text-align: right;">0.13</td></tr></table>  | a. Capital | 4 | b. Recurring | 36 | c. Total | 40 | d. Total R & D expenditure as % of total turnover | 0.13 |
| a. Capital   | 4   |            |   |              |    |          |    |   |      |
| b. Recurring   | 36  |            |   |              |    |          |    |   |      |
| c. Total   | 40  |            |   |              |    |          |    |   |      |
| d. Total R & D expenditure as % of total turnover              | 0.13  |            |   |              |    |          |    |   |      |

# PHILIPS ELECTRONICS INDIA LIMITED

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- |  |  |                     |                                    |     |                |
|--|--|---------------------|------------------------------------|-----|----------------|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation  | As a result of our access to international technology from Koninklijke Philips Electronics NV in terms of products, production techniques and processes etc., our R & D Laboratories absorb & adapt these new concepts on a continuous basis to suit local conditions .These are achieved through continuous interaction with our foreign affiliate, other international bodies and manufacturers and through exchange of knowledge, information, visits and training etc. Our engineers are trained in Global Development Centre, Shanghai. New Optics from Europe / manufacturing technology of Formed Glass / Newcoating process/ SSL design technology from Europe and Selection of alternative materials for Luminaire construction.<br>The technology for using solar power as driver to CFL based luminaires from Europe. |                     |                                    |     |                |
| 2. Benefits derived as a result of above efforts, e.g. product improvement, cost reduction, product development, import substitution.                          | Continuous development of new products , concepts and processes resulting in increased efficiency, cost reduction and import substitution.<br><br>Attainment of higher customer satisfaction / better environmental scoring / growth in business.  |                     |                                    |     |                |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished. | <table border="0"> <tr> <td>Technology imported</td> <td>Year of commencement of production</td> </tr> <tr> <td>Nil</td> <td>Not applicable</td> </tr> </table>  | Technology imported | Year of commencement of production | Nil | Not applicable |
| Technology imported  | Year of commencement of production   |                     |                                    |     |                |
| Nil  | Not applicable   |                     |                                    |     |                |

## FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

	<u>Rs.MIn</u>
<b>Foreign exchange earned</b>	3,089
<b>Foreign exchange used:</b>	
i. Import of capital goods	342
ii. Import of raw materials, piece parts & spares	833
iii. Other expenditure	1,999
	<hr/>
	3,174

## ENERGY CONSERVATION MEASURES

The following energy conservation measures were implemented during January / December 2008.

1. VTL 2 Blowing air for sintering furnace system on PID.
2. Installation of On Line Energy Management system.
3. Auto switching of oxygen in GLS machine (15x7x305) .
4. Installation of additional 1mw Gas generator set.
5. Arresting of Heat Losses in furnace.
6. VTLI Pumping oven insulation .
7. Improvement in Gear Design in Batch House Miller Mixer.
8. Ribbon Plate cooling with water spray.
9. VFD on bulb cooling blower.
10. Elimination of cullet conveyor in FTL by direct feeding.

11. Rationalisation of conveyor system.
12. Efficient utilisation of cooling tower system in engine room.
13. Replacement of Leybold Pumps with 10 Foldpumps on CFL Pump machines.
14. Replacement of 55 KW Electric motor with 45 KW on Roots Blower No 3&4 in the engine room.
15. Installation / Commissioning of New A. C. Drive 160 KW on Air Compressor in the engine room.
16. Electrical consumption reduction by clubbing main & repair solder on VTL Lines.
17. Reduction of propane consumption on VTL-6 Sinteroven by switching off bottom zone after improvement of insulation.
18. Reduction of propane consumption by using less thickness MB tubing on CFL Lines.
19. Reduction of propane consumption by installing ceramic heaters for end heating of coated tubes at CFL Chains.

#### POWER & FUEL CONSUMPTION AT GLASS FACTORIES

Particulars	Unit	2008	2007
<b>Electricity</b>			
<b>a. Purchased</b>			
Unit	000 kwh	27,513.68	27,100.12
Rate	Rs/kwh	4.93	4.67
Total	Rs.000	135,580.42	126,576.46
<b>b. Own generation</b>			
Unit	000 kwh	5,263.98	3,328.17
Rate	Rs/kwh	4.12	4.16
Total	Rs.000	4,027.56	13,828.42
Total electricity	000 kwh	32,777.65	30,428.29
Cost	Rs.000	139,607.98	140,404.88
<b>LPG/Propane/Natural Gas</b>			
Unit	Tonnes	11,622.56	11,383.13
Rate	Rs./Tonne	45,234.83	32,360.81
Total	Rs.000	160,036.57	132,257.05
<b>Furnace oil</b>			
Unit	KL	2,297.73	2,147.00
Rate	Rs./KL	21,512.00	19,726.13
Total	Rs.000	62,254.49	42,352.00

#### Consumption per kg. of glass production

Product	Unit	2008	2007
		TL SHELLS / GLS	TL SHELLS / GLS
Electricity	KWH	0.03	0.14
Furnace oil	LTR	0.05	0.05
LPG	KG	0.00	0.02

# PHILIPS ELECTRONICS INDIA LIMITED

## STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

January - December 2008

Name	Qualification	Date of Joining	Designation	Previous Employer	Experience	Age	Remuneration Gross
A D A Ratnam	ACA, ACS, B.Com	01/11/2004	Senior Director - Lighting F&A	Baxter India P. Limited	20	42	6,697,697
A L Alagappan	BBM, MBA	01/12/2007	Director	Philips Electronics International BV, Netherlands	11	35	7,159,825
A P S Sandhu	B.Sc, MBA	01/11/1988	Director	Pushkar Electronics	20	43	3,702,134
Abhimanyu Kulkarni	M. Design	14/08/1989	Director	Bush Electronics	23	46	3,023,994
Adinapunya Bose	B.Com	31/03/1986	General Manager	Eureka Forbes Ltd	23	48	2,553,440
Ajay Maggo	B. Com, CA	16/07/2007	Director	General Cables	18	42	3,896,102
Ajay Mahajan	B.E	31/08/1998	Sr. Software Architect	Menon Information Technology	14	38	2,873,036
Ajit Ashok Shenoi	B.E	25/06/1999	Quality Manager	L&T Ltd	15	36	2,900,061
Akhilesh Kumar Goel	M.Sc(Egg), B.E, B.Sc	04/05/2006	Director - Mohali Light Factory	Areva T&D India Limited	17	43	3,610,609
Alexius Maria Josephus C	M.E	24/01/2006	CEO - Philips Innovation Campus	Royal Philips Electronics Nv., Netherlands	36	61	17,358,462
Amit Prataprai Mehta	B.Tech	15/12/2003	General Manager	GE Capital International Services	20	42	2,969,895
Anand Maithani	Masters in International Business	17/05/2005	General Manager	Pepsico India Holding Pvt Ltd	10	34	2,436,089
Anand S Iyer	MBA	31/08/2006	General Manager	Mire Electronics Ltd	11	34	2,427,691
Anil Kumar J L	B.E	17/06/2002	IP Analyst	Kirloskar Electronics, Mysore	31	54	2,612,809
Anil Naraindas Punjwani	B.E	27/03/2006	IT Head	AGM Infrastructurecaritor	17	41	2,854,475
Anjan Bose	B.E - Tech	11/06/2004	Sr. Director, Healthcare India	Datex Ohmeda	30	54	9,096,918
Arjun Shahani	B.E, MMM	08/12/2003	Senior Director - Lighting Commercial	LG Philips Displays India Pvt Ltd	25	46	5,882,242
Ashish Mendiratta	B.E, PGDIE	15/11/2008	Director	Ballapur Industries Limited	18	43	3,895,818
Bakthavathsalu Mannan	Ph.D	17/06/2002	Senior Manager- IP Analysis Group	GE India Tech Centre Pvt Ltd	26	54	3,351,061
Bakyalakshmi Ravindran	ME	13/12/2007	Program Manager	Hewlett Packard	26	51	2,953,755
Brajagopal Sarkar	C.A	10/07/2003	General Manager	D B Desai & Associates	14	41	2,916,529
Brijesh C V	MS	21/05/2001	System Architect	Savantech India Pvt. Ltd.	12	34	2,413,915
C J M Reuvers	MBA	08/08/2006	CFO	Royal Philips Electronics Nv, Netherlands	35	56	32,976,102
Chitra Sukumar	B.E	07/09/1998	Program Manager	LEC India Software	12	35	2,494,310
Chittaranjan Maitra	PGD St Qc	09/01/1980	General Manager	The Gramophone Co(I)Ltd	34	56	3,091,151
Debabrata Das	B.E	27/05/1991	General Manager	Genelec Limited	20	47	3,158,403
Debjyoti Dasgupta	B.Com, B.Sc, ACA	19/04/1993	Director	Price Water House Coopers	16	43	3,213,045
Debasis	B.E	16/10/2000	Sr. Project Manager	ABB Ltd	18	39	2,687,339
Devdatt K	B.E	27/01/1999	System Architect	D.E.Shaw India	15	38	3,019,419
Farokh	B.Com	01/01/2004	Sr. Manager - Legal	Blitz Publications Private Limited	23	44	2,633,538
G Kannan	MBA	27/10/2003	General Manager	Reliance Infocomm	21	45	2,780,096
Geetha Mahadevaiah	B.E	08/05/2000	General Manager	Subex Systems Ltd.	24	46	4,360,556
Gertjan Yntema	M.Sc	01/08/2007	Director - Apptech	Royal Philips Electronics Nv., Netherlands	13	36	6,842,104
Girish Chander Kalia	B.E	01/09/1998	Systems Architect	Indian Air Force	16	38	3,468,609
Guruprasad Krishnamurthy	B.E	20/09/1999	Group Project Manager	Larsen & Tubro Information Tec	14	37	3,164,793
Hemakumar K S	B.E	08/01/2001	Sr. Technology Specialist	Robert Bosch India Ltd.	21	45	3,600,134
Hemant Kumar Tak	B.Tech	17/04/2007	P-BAS India Team Lead Coe - FICO	Hewlett Packard Global E Biz	13	36	2,424,108
Jelle Rieske	M.Sc	01/08/2005	Sr. Director - PCL	Royal Philips Electronics Nv., Netherlands	31	51	10,419,225
Jitendra J Agrawal	B.E	18/10/1995	General Manager	-	13	36	2,889,261
Jitesh Mathur	B.E Electronics	06/01/1997	General Manager - Marketing	Hewlett Packard	16	39	3,145,060
Jyoti Prakash	B.Sc. Engg	07/09/1977	General Manager	-	31	54	2,429,510
K K Mishra	PGDM	13/01/1996	General Manager	Bhel Kothware	26	49	2,879,388
K Sairam Sekhar	B.A	07/06/1985	Director - Lighting Commercial	Eureka Forbes Ltd	23	46	3,660,351
Kailas Vishnu Patade	B.E	06/08/1990	General Manager	-	18	40	2,716,000
Kalavathi G V	B.E	05/02/2007	Director-Ct	-			
Kalpana Ravi	M.Tech	16/01/2001	Engineering Bangalore IP Analyst	Wipro GE Healthcare Pvt Ltd Electronics And Radar Development Establishment	16	40	4,868,113
Kedar Avinash Medhi	B.E	18/07/2000	Sr. Project Manager	-	14	35	2,605,128
Kishin Gandhi R M	B.E	16/08/2000	Sr. Project Manager	BPL Limited	21	42	2,481,398
Krishnamohan Y Rao	B.Com, MBA	01/12/2006	Sr. Director-HRM	St Microelectronics	22	44	4,850,492
Kunal Chaudhuri	B.E(Mech)	14/09/1984	Director	Machinery Manufacturers Corporation Limited	28	52	3,781,028
L Ramakrishnan	Ph.D, M.Sc, B.Sc, PUC	18/10/1982	General Manager	Bakelite Hylam Ltd.	30	58	3,502,810
Lalit Puri	MBA	15/10/1984	Director	-	24	47	3,214,594
Milind Pulse	MBA	03/08/2004	General Manager	Lk India Pvt Ltd	18	39	2,463,874
Mini T T	B.Tech	12/02/2001	Sr. Software Architect	Bharat Electronics Ltd	14	37	2,672,821
Mohana Krishnaiah	Ph.D	06/02/2003	IP Analyst	Espace Technologies	18	44	2,960,601
Mohandeeep Singh	MBA	13/07/2006	Director	Asian Paints India Ltd	14	39	4,187,060

**STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956**

January - December 2008

Name	Qualification	Date of Joining	Designation	Previous Employer	Experience	Age	Remuneration Gross
Mohanesh Malik	PGD Sales & Marketing	01/03/1989	General Manager	Balsara Hygiene Products	26	46	2,889,541
Moushumi Dutt	PGDCA	13/03/2007	Director	Intel India	17	39	3,225,897
Murali Sivaraman	ICWA, CA, PGDBM	02/07/2007	Vice Chairman & Managing Director	ICI, UK	22	48	26,847,113
N Mohan Nandeeta	B.E	07/04/2004	General Manager	Litotech Industries Dubai	23	47	2,701,984
Vengsarkar Wagh	MMS	22/08/2005	General Manager	-	16	37	2,686,113
Narayana Murthy K S R	M.Sc	06/10/2003	IP Analyst	Intel Technology India Pvt Ltd	12	44	2,500,976
Narayanan A K	B.E	27/01/1997	Sr. Software Architect	Excel Soft	14	36	2,795,300
Narendra N Pawar	B.E	01/09/2005	Senior Manager	Philips Electronics Singapore Pte. Ltd.	17	41	6,754,632
Nataraj Kumar S	B.E	12/07/2000	Program Manager - Test	BPL Limited	18	40	3,281,479
Naveen Kulkarni	B.Sc	26/11/2007	Director - Business Development	Sysarris Inc.	11	35	3,105,435
Neeraj Jain	B.E	20/01/2006	General Manager	Whirlpool India Ltd	18	40	2,534,825
Nevenka Dimitrova	MS	01/07/2006	Research Fellow	Royal Philips Electronics Nv., Netherlands	24	48	4,321,095
Nitin Agarwal	B.Tech	02/06/1997	General Manager	-	12	33	2,629,188
P Perianayagam	B.E Electronics & Communication	02/11/1987	General Manager - Customer Support	Electronics Corporation of India	23	45	3,073,455
PT Narayanacharlu	B.Sc	27/06/1976	General Manager	M/S Carter Wallace Ltd	37	56	3,141,785
Padma Lakshmi Anoop Kulka	B.E	03/08/1998	Sr. Software Architect	Tata Consultancy Services	15	37	2,773,629
Padmaja Korde	B.A, MMS	08/09/1996	General Manager - HR	Mafatal Industries Limited	18	42	4,309,041
Pallavi K	B.E	07/01/1999	Program Manager	Hewlett Packard	14	38	3,088,307
Parul Gossain	MBA	01/06/2001	General Manager	-	8	31	2,616,531
Pradyot Krishna Sinha	B.Com, MBA	08/03/2000	Director - Forwarding & Distribution	Cussons India Pvt Ltd	18	42	4,408,101
Pramod C	B.Tech, M.Tech	07/10/1996	System Architect	Wipro Ge Medical Sys Ltd	14	37	2,920,429
Pritam P Bhosale	B.E	14/05/2001	Simulator Program Manager	Technical Stacadence Design Systems (I) Pvt Ltd	14	37	2,975,861
Priya Ranjan Mishra	B.E	23/08/2004	IP Analyst	AERF	22	47	2,448,476
Puranjoy Bhattacharya	M.Tech	03/04/2007	Principal Scientist - A	Philips (Nxp) Semiconductors	10	41	2,665,642
R Nandakishore	B.E(Elects), MBA IIM	03/06/1985	Director - Lighting Commercial	-	27	54	4,723,340
R P Singh Gandhoke	MBA,MSWBA	15/09/1995	Director - HRM	M/S Bharat Electronics Ltd	31	56	4,195,354
R Sridharan	MS - Bio Med Engg	18/06/1986	General Manager - Marketing (Sbd / Kam)	ATL India Limited	22	48	3,365,849
Raghavendra R Patil	B.E	24/03/2000	Program Manager	Nelco/Gets, Erie, Pa, USA	25	49	4,060,375
Raghendra Deshpande	B.E	22/05/2000	General Manager - HR	IT Solutions	18	40	4,760,248
Rajesh Rajan	MS	12/11/2007	General Manager- Technology & Innovation Management	GE Healthcare	11	34	2,406,530
Rajiv J Wani	B.Com,C.S,LLB, PGD Tax	01/09/1986	Director	Precision Fasteners	28	50	3,436,801
Rajiv Sharma	C.A	02/05/2007	Director	Nortel Network India Pvt Ltd	19	45	2,848,233
Rakesh Sharma	B.Sc(Engg), MBA	18/08/1980	Senior Director	Dept Of B. Admn, Punjab University	30	54	7,179,007
Ramamoorthy A	PUC	03/11/2000	Sr. Software Architect	Bharat Heavy Electricals Limited	19	42	2,878,015
Ramanjit Singh	B.Sc, MBA	26/10/1985	Director	Gururanak Auto Enterprises	24	48	3,060,682
Rani M R	B.Sc, M.Sc	22/01/2003	Director - Beqm	Motorola India Electronics Ltd	21	44	4,560,239
Ravi B R	M.Tech	20/09/2004	Sr. Manager - Business Excellence	E5 Systems Pvt. Ltd	14	40	2,435,098
Ravi Kiran M T	B.E	18/07/2007	Senior Project Manager	Hewlett Packard	13	36	2,691,644
Ravi TV	Ph.D	17/06/2002	IP Counsel	Sap Labs India Pvt Ltd	14	43	2,657,800
Remy Mary Alexander	B.Tech	16/07/2007	Program Manager	Hewlett Packard	14	37	2,725,539
S Bhaskaran	B.Tech	06/07/1998	Sr. Director - Ph	Bharat Heavy Electricals Limited	25	49	6,961,307
S Nagarajan	PGDM (IIM)	23/01/2004	Vice President - HR	Joyco India Limited	23	47	7,830,514
S R Srinivasan	B.Com, M.Com	08/10/1984	General Manager	Spaco Carb Urettors (I) Limited	27	51	3,317,521
S Talwar	B.E Chemical - Engineering MBA	18/02/1986	Senior Director - Lighting Industrial	Punjab Alkalies & Chemicals Ltd	36	60	5,914,522
S Venkatramani	B.E (Mech)	17/11/1971	Executive Director & Vice President - Lighting	Standard Machine Tools	40	63	20,710,310
Safeer I	B.Tech	03/11/1999	Program Manager- Process Improvement	HCL Technologies India P Ltd.	18	42	3,090,133
Sameer Paranjape	B.E	10/10/1988	Director	-	20	42	3,637,890
Sanjay Bapna	B.E Electrical	13/01/1997	General Manager - Sales	Hewlett Packard	22	47	3,122,228
Sanjeev Kumar	B.Tech	02/06/2005	Director	Kinetic Group	23	46	3,011,454
Sanjeev Nimkar	B.E	23/01/2006	General Manager	ICI India Ltd	14	39	2,925,390
Santosh Kumar V	B.E	31/07/2000	Systems Architect	Robert Bosch India Ltd.	14	38	3,072,175
Sathyanarayanan B	B.Sc	21/08/2006	Director - P-IT App	Hewlett Packard	16	42	4,940,561
Serge Antony	M.Sc	02/01/2006	Project Manager	Royal	11	36	6,283,179
Martin Hermans				Philips Electronics NV., Netherlands			
Sharada Prasad	MBA	25/09/2006	General Manager	Times Internet Ltd Bcl Group	13	37	3,097,074

# PHILIPS ELECTRONICS INDIA LIMITED

## STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

January - December 2008

Name	Qualification	Date of Joining	Designation	Previous Employer	Experience	Age	Remuneration Gross
Shashi Bhushan Mehta	M.E	27/01/2003	IP Analyst	GE India Tech Centre Pvt Ltd	31	53	3,386,654
Shiva Kumar K R	B.E, M.E	03/11/1997	Sr. Principal Engineer	PCL Mindware	18	41	5,362,756
Shyam Vasudeva Rao	Ph.D	05/07/2004	Director -Technology	Tata Consultancy Services	23	49	5,066,745
Souri Rajan V	B.E	11/06/2001	System Architect	CISCO Systems	13	35	2,781,909
Sreenivasa Chary	B.E	24/12/1999	Sr. Software Architect	Defence Research & Development Organisation	18	40	2,735,759
Srihari Madhava Rao	B.E	13/03/2000	Director	Robert Bosch India Ltd.	15	37	3,170,037
Srinivas Gutta	B.E	15/11/2004	Sr. Director- Research	Datamat Systems Research	15	39	9,242,986
Srinivas Rao K	B.E	24/08/1999	Senior Scientist - C	Tata Elxsi Ltd.	14	37	2,769,760
Srinivas Y C	B.E	10/08/1998	Sr. Manager - Hardware	Philips Electronics Singapore Pte Ltd.	17	43	3,436,536
Srinivasan Balakrishnan	Ph.D	26/09/2005	Principal Scientist - A	Royal Philips Electronics Nv., Netherlands	12	43	3,843,884
Srividhya Easwaran	B.E	03/07/2002	IP Analyst	Tata Elxsi Ltd.	16	41	2,612,848
Subirkumar Mukhopadhyay	B.Sc	19/08/1991	General Manager	M/S Webel Video Devices	33	54	2,763,025
Sudeep R Prasad	B.E	19/03/2001	System Architect	Software Devspcni	13	35	2,773,907
Sudeshna Mukhopadhyay	BEE, MMS	25/06/1990	General Manager	-	19	44	2,986,298
Sukanta Kumar Bhatt	M.Sc	04/12/2000	Sr. Architect - Testing	Parametric Technology	18	47	2,482,701
Sundar Raman G	B.E	03/04/2001	Sr. Project Manager	Systems Aids	19	44	3,095,424
Sunder Rajan J	B.E - Electronics	19/01/2000	Director - Sales & Marketing	ATL India	31	53	5,655,889
Sunil Bakhshi	B.Com	10/01/1994	General Manager	Surya Roshni Ltd.	20	40	2,516,531
Sunil V Chandy	B.E	08/02/1993	General Manager	Zenith Computers Ltd	18	40	2,494,118
Surendra K Dhansoia	B.Sc, M.Sc	02/06/1997	Systems Architect	Lrde	16	40	3,551,152
Tridibkumar Das	CA, CWA, B.Com	03/06/1996	Director - Corporate Control & Treasury	Castrol India Ltd	25	51	4,894,153
Unmesh S Kulkarni	M. Design	18/09/2000	General Manager	Design Consultancy	19	42	2,453,258
V K Gupta	B.Tech(Mech), PGDBM	23/07/1971	Director - Lighting Electronics	-	38	58	5,323,594
V V Gosavi	B.E	01/02/1988	General Manager	-	21	43	2,559,064
Venkata Sheshan R	B.E	03/07/2006	Sr. Director - New Business Development	Cmac Centum Electronics Limited	25	47	2,772,465
Venkatesh H S	B.E	29/09/2000	Program Manager	ABB Ltd	20	44	3,901,110
Venkatesh S	B.E	24/08/1998	Sr. Software Architect	-	11	34	3,053,200
Vijayananda J	B.E	19/01/1998	System Architect	Siemens Communications Limited	13	35	3,448,519
Vikas Jain	B.Tech	02/11/1998	Sr. Software Architect	Network Programs	14	37	2,929,442
Viswanathan Seshan	B.Tech, Ph.D	06/10/2003	Country Manager - IP&S	John F.Welch Technology Cente	15	43	3,744,283
Y Ramananda Rao	M.Com	14/06/1982	Senior Manager	The Oriental Fire & General Insurance Company Limited	39	56	2,666,725
<b>For part of the year:</b>							
Alok Gupta	Masters In Business Economics	01/12/2006	Manager	LG Eletronics	8	31	435,283
Alok Jain	M.Tech	03/12/1998	General Manager	Ais Bawal	10	33	386,950
Anamika Chaudhari	CA, CS, CPA	01/09/2008	General Manager	Exl Service Inc	10	35	881,584
Anasuya Thammineni	B.Tech	23/03/2004	Program Manager	Motorola India Electronics Ltd	13	37	1,674,228
Anil V Vaidya	MBA	08/12/2000	Senior Director	Parke Davis India Ltd	33	56	4,447,961
Anshuman Neil Basu	B.A	17/11/2008	Senior Manager	Diesel	11	34	239,793
Anuj Kumar Garg	B.Tech - Chemical	21/05/2008	General Manager - Operations	Glaxo Smithkline	17	39	2,228,260
Ashim Chatterjee	M.Sc - Physics	16/08/2005	Sr. Manager - Logisitics	Wipro GE	34	58	837,478
Asish Dasgupta	B.Sc	01/11/1985	Assistant Manager	WB State Electricity Board	28	56	1,238,818
B Divakar	M.Sc	19/07/1993	Manager	Jenson & Nicholson (I) Ltd	21	43	358,914
Bindu H N	B.E	03/05/2000	Sr. Technical Leader	Sony India Ltd.	11	35	854,548
Choy Kam Weng	Honours Degree in Production Management	21/08/2008	General Manager	Philips Singapore	25	58	3,660,690
Dilip Kumar P	B.Tech	31/03/2000	Sr. Project Manager	Defence Research & Development Organisation	13	35	1,126,955
Dinesh Kumar BV	B.E	08/05/2000	General Manager	Motorola India Electronics Ltd	23	48	1,945,632
Divyahaas Bhatia	B.E	14/06/2004	Sr. Technical Leader	St Microelectronics	8	29	837,936
Ganapathy	B.E	10/07/2000	Software Architect	-	9	32	1,346,782
Subramanian N							
George C K	B.Tech	19/03/2001	Sr. Software Architect	Singular Technologies	13	35	918,057
Gurprit Singh Kalra	B.A	21/04/2008	General Manager	GMR Dial	32	53	2,331,218
Harish Kulkarni	B.E	15/03/1999	Sr. Technical Leader	Srujana Technology	12	35	805,438
Indranil Goswami	B.E	02/05/1995	General Manager	M.N.Dastur & Co. Ltd	14	38	2,590,267
Joseph Shields	Ph.D	03/10/2006	General Manager- New Business Development	Infosys Technologies Ltd	14	40	1,241,535
Kirubakaran S	M.Sc	02/01/2001	Sr. Technical Leader - Testing	Syscon Instruments Pvt Ltd	10	35	831,708
Kishore Reddy T N	B.Tech	10/03/1997	Director	Sage Design Sys	15	37	1,696,514
Kumar S L	B.E	11/06/1997	Sr. Software Architect	M/S Micron Inst	16	37	938,757
Madan Mohan Tewari	PGDM	22/06/1995	Senior Manager	Upron India Ltd	34	56	1,512,981

**STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956**

January - December 2008

Name	Qualification	Date of Joining	Designation	Previous Employer	Experience	Age	Remuneration Gross
Madhusudhan K T	M.E	02/01/1998	Sr. Project Manager	Polaroid	12	35	1,912,647
Mahesh Viswanathan	B.Com,ACA	01/01/2007	Sr.Director - Finance	Pennar Acominium Co Ltd	25	49	4,231,680
Manish R Bagul	B.E	10/03/1994	Manager	Bajaj Tempo	24	41	572,820
Manoj A K	B.Tech	19/07/1999	Sr. Software Architect	BPL Limited	14	37	1,367,416
Mathew Job	B.Tech	01/06/1994	Senior Director	Apollo Tyres Ltd.	15	39	5,654,614
Mehulkumar							
Devendrabhai Shah	MCA	07/05/2007	Sr. Project Manager	Reliance Communications Limited	11	34	716,343
N Shankar	B.Com	15/09/1982	General Manager	-	29	49	2,053,485
Nikhil V Madgavkar	B. Com, C.A., LLB	05/09/1988	Senior Director	-	20	45	217,126
P N K Srianganathan	C.A.	02/11/1982	Senior Manager	R.K.Swamy Advt Associates	35	59	1,069,956
P N Mathur	Masters in Statistics	01/11/1971	Senior Manager	Indian Statical Inst.	40	61	975,998
Pabla Maria Vanheck	LLM	01/06/2008	Senior Manager	Philips Electronics International B.V.Netherlands	5	29	4,765,660
Padmanabha Holla	B.E	16/03/2001	Sr. Software Project Manager	Satyam Computer Services Ltd	18	41	831,481
Partha Biswas	PGDB	21/10/2001	General Manager	Henkel Spic I Limited	16	38	1,406,601
Partha Sarathi Datta	B.E. Electrical	25/11/1975	Senior Manager	Alloy Steel Plant	39	59	886,490
Pushpkumar Maurya	PGDMM	15/03/2004	Senior Manager	E Serve International Ltd	15	37	1,077,256
R Ramesh	B.E – Electronics	16/08/1988	General Manager – Marketing	AFPL, Chennai	21	43	1,443,093
Raghav K Narayan	MS Maths	21/08/2006	Technical Expert	Philips Medical Systems Inc,Andover	23	47	7,022,238
Rajeev Chopra	B.Tech, MBA	14/04/2003	Vice President - Lighting	CISCO Systems	23	46	811,938
Rajeev Malani	B.E	19/03/2001	Software Architect	Bharat Electronics Ltd	18	41	811,299
Ram Hatangadi	M.Sc, Ph.D	09/05/2008	General Manager	GE Healthcare	25	46	2,333,872
Ramani MV	Ph.D	16/08/2004	IP Counsel	GE India Tech Centre Pvt Ltd	18	48	1,851,548
Ratul Ghosh	MBA	03/11/2008	Senior Manager	HCL Infosystems Ltd	6	30	665,380
Ravi Kiran M	C.S	01/09/2004	General Manager	Pepsi Food P Ltd	10	31	1,317,709
Richa Sethi	PGDM	01/06/2000	Senior Manager	-	9	32	657,792
S D Angal	MMS	12/06/1972	Manager	-	37	58	642,716
S H Denissen	M.Sc	15/05/2007	Senior Technical Specialist	Royal Philips Electronics NV., Netherlands	2	28	1,832,166
S J I Drost	Masters in International Business	03/11/2008	Director	Philips Electronics International B.V., Netherlands	10	34	2,383,416
SV Bhat	B.Com	01/07/1979	Manager	-	30	55	1,419,891
Sanjay Nagpal	B.Sc	18/07/2007	General Manager	Bharti Cellular Ltd.	11	40	751,704
Sathian T Nair	B.E	29/03/2004	Sr. Project Manager	Intel Technology India Pvt Ltd	15	37	1,511,363
Satish K	B.E	14/10/1999	Software Architect	Jvs Electronics Pvt. Ltd.	11	35	1,034,068
Sezhiyan Thiagarajan	B.Tech	01/12/2008	Technical Architect	Microsoft, India	10	33	263,034
Sharad V Sahasrabudhe	M.A.	14/12/1992	General Manager	-	29	54	2,935,228
Shibu P Pillai	B.Tech	04/08/2008	Systems Architect	Wipro GE Healthcare Pvt Ltd	18	40	1,203,619
Shreenivasan K	B.E	29/08/2005	Software Architect	Rayr Systems, Inc. USA	19	46	653,233
Krishnamoorthy							
Siddharth S Satpute	B.Com, C.A	28/04/1997	Director	-	10	34	470,804
Soumitra Shome	BSc, MBA	11/08/2008	General Manager	GE Healthcare	16	40	2,037,121
Sreenath Lt K	B.E, MBA	15/01/1998	Sr. Project Manager	Lec India Software	21	44	1,596,461
Srikanth V	B.E, MBA	28/06/1999	Sr. Project Manager	-	15	37	1,817,549
Srinath Ramamurthy	B.E	29/09/2000	General Manager	ABB Ltd	18	40	2,099,867
Siddal							
Sudipta Sengupta	C.A	01/07/1999	General Manager	Bakelite Hylam Ltd	23	46	885,243
Suresha K	B.E	23/08/1999	Sr. Project Manager	Robert Bosch India Ltd.	20	43	844,150
Sureshkumar K N	B.Tech	16/11/2000	Sr. Software Architect	Robert Bosch India Ltd.	17	39	433,952
Tabish Sayeed Siddique	B.E	14/07/1999	Sr. Technical Leader	-	10	32	2,109,729
Venkatakrishnan S	B.E	16/04/1997	Sr.Technology Specialist	Baehal Ltd	15	36	2,242,111
Venkatesh N	B.E	04/06/1998	Sr. Software Architect	-	11	33	1,608,501
Vidyashankar J	B.Sc	02/01/2007	General Manager - RAISE-PBAS	Lotus Development Corporation	17	38	520,352
Vidyut Kaul	PGDBM	21/01/2005	Senior Manager	Volta Ltd	7	27	777,692
Vijayshankar Rajendra A	B.E	11/05/2001	Software Architect	Group Ipex, San Jose	10	32	1,026,951
Vineet Kaul	B.A. (Hons), M.S.W	09/03/1995	Executive Director & Vice President - HR	Eicher Motors	33	53	15,456,775
Vinod C	B.E	01/07/2003	Sr. Project Manager	ABB Ltd	13	36	438,021
Vinod R S	B.E	08/07/1999	Sr. Software Architect	GPS Usha Pvt. Ltd.	13	37	1,355,994
Vitika Banerjee	PGDBM	03/06/2008	General Manager	Avon Beauty Products India Ltd	13	34	2,022,982
Vivek Sharma	B.Tech	17/03/2008	Senior Director	MIRC Electronics Ltd	16	44	5,688,666
Zsuzsanna Rozsahegyi	Degree In Information Systems Analysis	15/04/2008	Program Manager - Transition	Royal Philips Electronics Nv., Netherlands	18	39	5,875,831

Notes:

- All appointments are/were contractual and terminable by notice on either side.
- Remuneration includes salary, allowances, commission, stock option costs, taxable value of perquisites, company's contribution to the provident fund, pension fund and prior year adjustment wherever applicable. Remuneration excludes gratuity, leave encashment and payments made under voluntary retirement schemes.
- None of the above employees is related to any director of the company.

# PHILIPS ELECTRONICS INDIA LIMITED

## Auditors' Report to the Members of Philips Electronics India Limited

We have audited the attached Balance Sheet of Philips Electronics India Limited ('the Company') as at 31 December 2008, and also the Profit and Loss Account and the Cash flow statement 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.

We conducted our audit in accordance with the auditing standards generally accepted 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in the paragraph above, we report that:

- (a) 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;
- (b) 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;
- (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) 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;
- (e) on the basis of written representations received from the directors of the Company as at 31 December 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 December 2008 from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2008;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B S R & Co.  
Chartered Accountants

**Vijay Mathur**  
Partner

Membership No: 046476

Gurgaon, Haryana, March 13, 2009



## Annexure to the Auditors' Report

With reference to the Annexure referred to in the Auditors' Report to the members of Philips Electronics India Limited ('the Company') on the financial statements for the year ended 31 December 2008, we report the following:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) We are informed that the Company physically verifies its assets over a three year period, except for certain assets which are verified on the basis of third party confirmations. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, the Company has physically verified certain fixed assets during the year and we are informed that no material discrepancies were identified on such verification.  
  
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory, excluding materials in transit, has been physically verified by management during the current year. Material inventories with third parties have either been physically verified by management or confirmed based on certificates/statements of account received from such third parties. In our opinion, the frequency of such verification is reasonable.  
  
(b) The procedures for the physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) The Company is maintaining proper records of inventory. Discrepancies identified on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.  
  
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder/the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

# PHILIPS ELECTRONICS INDIA LIMITED

## Annexure to the Auditors' Report (Continued)

8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Electric Lamps and Fluorescent Tubes and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Wealth tax, Excise Duty, Service Tax, Customs Duty, Sales Tax, Income Tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. There were no dues on account of cess under Section 44IA of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Wealth tax, Excise Duty, Income Tax, Service Tax, Customs Duty, Sales tax and other material statutory dues were in arrears as at 31 December 2008 for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us, there are no dues of Wealth tax, Service tax and Customs duty which have not been deposited on account of any dispute. The dues of Income tax, Sales tax and Excise duty as disclosed in Appendix I have not been deposited by the Company on account of disputes.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loan taken by the Company has been applied for the purpose for which it was raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.

## Annexure to the Auditors' Report (Continued)

19. The Company did not have outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company, that causes a material misstatement to the financial statements, has been noticed or reported during the course of our audit.

For B S R & Co.  
Chartered Accountants

**Vijay Mathur**

Partner

Membership No: 046476

Gurgaon, Haryana, March 13, 2009

## Appendix I to Annexure to the Auditors' Report

(Rs in Mn)

Name of Statute/ Period to which the amount relates	Nature of dues	Forum where dispute is pending		
		Appellate authority upto Commissioner (Appeals)	Tribunal	High Court
Central Excise Act, 1944				
2007-08	Excise duty including interest and penalty where applicable	—	—	—
2006-07		—	7.7	—
3-7 years		33.0	72.4	2.6
Above 7 years		—	191.7	5.0
Central Sales Tax Act, 1956 and Individual State Sales Tax Act				
2007-08	Sales tax including interest and penalty where applicable	—	—	1.0
2006-07		—	—	1.2
3-7 years		120.6	42.3	41.8
Above 7 years		15.7	215.9	12.4
Income Tax Act, 1961				
2007-08	Income tax including interest and penalty where applicable	—	—	—
2006-07		—	—	—
3-7 years		498.0	—	—
Above 7 years		—	—	—

# PHILIPS ELECTRONICS INDIA LIMITED

## Profit and Loss Account for the year ended December 31, 2008

	Notes	Year ended December 31, 2008	Year ended December 31, 2007
<b>Amounts in Rs. Mln</b>			
<b>INCOME</b>			
Sales and income from operations (gross)	1	31,428	28,986
Less: Excise duty recovered		513	531
Sales and income from operations (net)		30,915	28,455
Other income	2	449	377
		<b>31,364</b>	28,832
<b>EXPENDITURE</b>			
Material cost	3	18,620	16,770
Expenses	4	10,223	9,017
Interest		56	51
Depreciation / Amortisation		565	538
		<b>29,464</b>	26,376
		<b>29,464</b>	26,376
<b>OPERATING PROFIT</b>			
		<b>1,900</b>	2,456
Employees' voluntary retirement scheme		-	(2)
Other exceptional items	12	206	440
<b>PROFIT BEFORE TAX</b>			
		<b>2,106</b>	2,894
Fringe benefit tax	17	(42)	(38)
Provision for current tax	17	(769)	(939)
Provision for deferred tax - Release / (Charge)	17	56	(14)
<b>PROFIT AFTER TAX</b>			
		<b>1,351</b>	1,903
Balance brought forward		1,695	150
Available for appropriation		<b>3,046</b>	2,053
Transfer to general reserve		136	190
Proposed equity dividend		127	140
Tax on proposed equity dividend		21	28
Balance carried forward		2,762	1,695
		<b>3,046</b>	2,053
Basic and diluted earnings per equity share of Rs.10 each (in Rs.)	15		
— Before exceptional items		17.55	21.65
— After exceptional items		19.71	27.08

The statement of accounting policies and notes 1-18 to the profit and loss account form an integral part of the accounts.

	In terms of our report of even date	For and on behalf of the Board
	For B S R & Co. Chartered Accountants	Chairman S.M.DATTA
		Managing Director MURALI SIVARAMAN
	VIJAY MATHUR Partner	Director C.J.M.REUVERS
Gurgaon, Haryana, March 13, 2009	Membership No. 046476	Secretary R.J.WANI

## Balance Sheet as at December 31, 2008

		Amounts in Rs. Mln	
	Notes	As at December 31, 2008	As at December 31, 2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	634	703
Reserves and surplus	2	<u>8,197</u>	<u>8,709</u>
		<b>8,831</b>	9,412
<b>Loan funds</b>			
Secured loans	3	114	103
Unsecured loans	4	<u>46</u>	<u>36</u>
		<u>160</u>	139
		<b>8,991</b>	<u>9,551</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	5	6,310	6,800
Less: Depreciation		<u>3,985</u>	<u>4,210</u>
Net block		2,325	2,590
Capital work-in-progress		<u>500</u>	<u>104</u>
		<b>2,825</b>	2,694
<b>Investments</b>	6	<b>442</b>	16
<b>Deferred tax assets - net</b>	7	<b>296</b>	240
<b>Current assets, loans and advances</b>			
Inventories	8	2,849	2,255
Sundry debtors	9	2,979	3,120
Cash and bank balances	10	5,060	6,747
Loans and advances	11	<u>1,985</u>	<u>1,430</u>
		<u>12,873</u>	<u>13,552</u>
<b>Less : Current liabilities and provisions</b>			
Liabilities	12	6,334	5,780
Provisions	13	<u>1,111</u>	<u>1,171</u>
		<u>7,445</u>	<u>6,951</u>
<b>Net current assets</b>		<b>5,428</b>	6,601
		<b>8,991</b>	<u>9,551</u>

The statement of accounting policies and notes 1-16 to the balance sheet form an integral part of the accounts.

	In terms of our report of even date	For and on behalf of the Board	
	For B S R & Co. Chartered Accountants	Chairman	S.M.DATTA
		Managing Director	MURALI SIVARAMAN
	VIJAY MATHUR Partner	Director	C.J.M.REUVERS
Gurgaon, Haryana, March 13, 2009	Membership No. 046476	Secretary	R.J.WANI

# PHILIPS ELECTRONICS INDIA LIMITED

## STATEMENT OF ACCOUNTING POLICIES

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared and presented under historical cost convention, with the exception of land and buildings, which have been revalued, on the accrual basis of accounting in accordance with the generally accepted accounting principles followed in India ('Indian GAAP') and the relevant provisions of the Companies Act, 1956 and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006, issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

### 2. REVENUE RECOGNITION

Sales are recorded net of trade discounts, rebates, sales tax but include excise duty.

Sales of goods / equipments are recognized on transfer of risks and rewards of ownership in the goods to the customers / completion of installation.

Income from annual maintenance service contracts is recognized on a straight-line basis over the period of contracts and income from other service contracts is recognized on completion of the service rendered.

Revenues from software development and accounting services are billed to clients on cost plus basis as per the terms of the specific contracts and are recognized based on software developed and accounting services rendered. Cost and earnings in excess of billings are classified as unbilled revenue.

Interest income is recorded on a time proportion basis taking into account the amounts invested and the rate of interest.

### 3. FIXED ASSETS AND DEPRECIATION

Fixed assets other than land, leaseholds and buildings, are valued at cost. Land, leaseholds and buildings were revalued in the year 1982 and 1985 by an approved valuer and now appear at carrying values based on such valuation.

Depreciation is provided on the original cost on a straight line method at the rates given in Schedule XIV of the Companies Act, 1956, (as amended vide notification GSR 756 [E] dated 16.12.1993) except in case of jigs and fixtures, CE-test and measuring instruments, CE-assembly equipment, machineries for certain electronic components, soda lime glass furnace, press tools and moulds, furniture and fittings, room air conditioners, office machinery, computers, cars and feeder line for which higher depreciation at the rates of 11.5%, 15%, 15%-20%, 7%-41.39%, 22.22%-24.0%, 20%-40%, 7%-30.8%, 7%-14%, 7%-34.7%, 20%-50%, 12%-45%, 20% respectively, is provided.

Life class of the assets acquired on amalgamation, are aligned to those followed by the company and accordingly rates are adjusted except for few assets acquired from erstwhile PSCL, which are charged over and above the rates followed by the Company; these are in respect of lease hold improvements 20%, plant and machinery, furniture & fixtures, vehicles & software 33.33%. Application software is charged to revenue and assets costing less than Rs.5000 are fully depreciated in the year of purchase. Assets given on hire by erstwhile PMSIL are depreciated over a period of three years, which is the useful life of the asset estimated by the management. Assets acquired under finance lease from April 1, 2001 are capitalised at the lower of their fair value and the present value of the minimum lease payments. Assets obtained on finance lease are depreciated over the lease period.

In respect of land, leaseholds and buildings, the difference between depreciation calculated on straight-line method on the revalued amount at the rates indicated by the valuer, and that calculated on the original cost as per Schedule XIV rates, is recouped from "Capital Reserve-Revaluation".

### 4. IMPAIRMENT OF ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net realizable value and value in use) of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

### 5. INVENTORIES

Inventories are valued at cost or net realisable value whichever is lower. In case of medical equipments / systems, cost is determined on the basis of "First In First Out" method due to nature of the business. For all other items cost, is determined on the basis of the weighted average method and includes all costs incurred in bringing the

inventories to their present location and condition. Finished goods and Work-in-Progress include appropriate proportion of costs of conversion. Obsolete, defective and unserviceable stocks are duly provided for.

## 6. INVESTMENTS

Long-term investments are stated at cost less any decline, other than temporary, in value, determined on an individual investment basis.

## 7. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in the books of the Company at standard exchange rates fixed every month on the basis of a review of the actual exchange rates. The difference between the actual rate of settlement and the standard rate is charged or credited to profit and loss account.

In respect of current assets and current / long-term liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of the balance sheet is charged to revenue.

The premium or discount arising at the inception of forward exchange contracts, which are not intended for trading or speculation purposes, are amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is recognised as income or as expense for the period.

Forward contracts which are not covered by Accounting Standard (AS) 11 are measured using "Mark to Market" principle with resulting losses thereon being recorded in the Profit and Loss account.

## 8. REPLACEMENT GUARANTEE

The Company periodically assesses and provides for the estimated liability on guarantees given on sale of its products based on past performance of such products.

## 9. RETIREMENT BENEFITS

Liability for defined benefit plan is provided on the basis of actuarial valuation carried out by an independent Actuary at year end using the projected unit credit method. Actuarial gains and losses are recognized immediately in the Profit and Loss Account. Company's contributions to defined contribution plans are charged to Profit and Loss account as incurred. Termination benefits are recognized as and when incurred.

## 10. PROVISIONS AND CONTINGENCIES

A provision is recognized when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## 11. TAXATION

Income-tax expense comprises current tax and deferred tax charge or release. Current tax is determined as the amount of tax payable in respect of taxable income for the period. The deferred tax charge or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed as at each Balance Sheet date to reassess realisation.

Gurgaon, Haryana, March 13, 2009

For and on behalf of the Board

Chairman S.M.DATTA

Managing Director MURALI SIVARAMAN

Director C.J.M.REUVERS

Secretary R.J.WANI

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# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Profit and Loss Account

		Amounts in Rs. Mln				
I. SALES AND INCOME FROM OPERATIONS		Year ended December 31, 2008		Year ended December 31, 2007		
Sales of goods / services (gross)		Unit	Quantity	Rs.	Quantity	Rs.
Lamps	pcs in '000		371,118	8,778	359,386	7,480
Television receivers	pcs in '000		438	3,311	406	3,071
Radio sets, tape recorders, compact / digital video disc players / systems / combination sets	pcs in '000		2,997	4,551	2,923	4,593
Software development services				2,432		2,395
Fittings	pcs in '000		7,259	4,123	5,997	3,411
Domestic appliances	pcs in '000		1,958	1,936	1,880	1,780
Services				948		995
Mobile image intensifiers	pcs		57	1,323	74	1,401
Accessories for fittings	pcs in '000		18,542	999	17,428	944
Accessories for radio sets and tape recorders	pcs in '000		463	190	604	274
Resuscitation and patient monitoring equipments	pcs		7,340	828	5,411	670
Ultra sound equipments	pcs		450	603	381	624
Glass shells	pcs in '000		95,408	108	158,317	191
Electronic HF ballasts	pcs in '000		3,002	686	1,690	421
Operation theatre lights	pcs		1,756	78	1,764	75
Others				373		581
				<u>31,267</u>		<u>28,906</u>
<b>Income from operations</b>						
Liabilities no longer required written back				12		18
Export incentives				6		6
Hire charges of tools				11		10
Surplus / (loss) on disposal of fixed assets - net				-		9
Insurance and other claims				21		6
Service tax credit availed for prior years				63		-
Others				48		31
				<u>161</u>		<u>80</u>
				<u>31,428</u>		<u>28,986</u>
2 OTHER INCOME						
Interest on advances, current accounts and deposits - gross						
[tax deducted thereon Rs.101 (2007 - Rs.85)]				448		376
Income from other investments				1		1
				<u>449</u>		<u>377</u>



## Notes to Profit and Loss Account

	Year ended December 31, 2008		Year ended December 31, 2007	
<b>Amounts in Rs. Mln</b>				
<b>3. MATERIAL COST</b>				
<b>Stocks as at beginning</b>				
Raw materials and piece parts - purchased	111		257	
Own manufactured components and piece parts			2	
Finished goods	1,581		1,328	
Excise duty on finished goods	30		28	
Work-in-progress	229	1,951	93	1,708
<b>Add : Purchases</b>				
Raw materials and piece parts	1,793		1,777	
Finished goods	17,431	19,224	15,236	17,013
		21,175		18,721
<b>Deduct : Stocks as at end</b>				
Raw materials and piece parts - purchased	137		111	
Own manufactured components and piece parts	-			
Finished goods	2,123		1,581	
Excise duty on finished goods	34		30	
Work-in-progress	261	2,555	229	1,951
		18,620		16,770

### Raw materials and piece parts consumed

	Unit	Quantity	Rs.	Quantity	Rs.
Ferrous metals	tonnes	1		58	1
Non-ferrous metals	tonnes	-	2	99	15
Plastics	tonnes	-	-	110	1
Transistors and valves	pcs in '000	1,230	15	19,560	69
Piece parts	pcs in '000	2,112,965	849	1,937,330	776
Chemicals, gases, paints			197		189
Packing materials			257		227
Others			441		466
			1,761		1,744

# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Profit and Loss Account

Amounts in Rs. Mln

Purchases	Unit	Year ended December 31, 2008		Year ended December 31, 2007	
		Quantity	Rs.	Quantity	Rs.
<b>Raw materials and piece parts</b>					
Ferrous metals	tonnes	-	-	20	
Non-ferrous metals	tonnes		3	20	17
Plastics	tonnes	-	-	45	
Transistors and valves	pcs in '000	501	14	7,698	38
Piece parts	pcs in '000	2,177,614	865	1,880,243	843
Chemicals, gases, paints			222		186
Packing materials			262		226
Others			427		467
			<u>1,793</u>		<u>1,777</u>
<b>Finished goods</b>					
<b>Class of goods</b>	<b>Unit</b>	<b>Quantity</b>	<b>Rs.</b>	<b>Quantity</b>	<b>Rs.</b>
Radio sets, tape recorders, compact / digital video disc players / systems / combination sets	pcs in '000	3,205	2,831	3,050	2,829
Accessories for radio sets and tape recorders	pcs in '000	543	224	632	304
Television receivers	pcs in '000	439	2,210	437	2,355
Domestic appliances	pcs in '000	1,914	1,943	2,022	1,257
Lamps	pcs in '000	61,369	3,048	53,351	2,337
Fittings	pcs in '000	7,079	2,661	6,156	2,244
Accessories for fittings	pcs in '000	18,230	1,053	17,465	736
Electronic HF ballasts	pcs in '000	3,138	329	1,726	228
Resuscitation and patient monitoring equipments	pcs	7,415	1,147	5,505	626
Mobile image intensifiers	pcs	57	988	74	978
Ultra sound equipments	pcs	477	441	386	487
Operation theatre lights	pcs	1,792	67	1,755	56
Installations			5		16
Service consumables			141		363
Others			343		420
			<u>17,431</u>		<u>15,236</u>

## Notes to Profit and Loss Account

		Amounts in Rs. Mln					
Stocks as at		Year ended December 31, 2008		Year ended December 31, 2007		Year ended December 31, 2006	
Raw materials and piece parts	Unit	Quantity	Rs.	Quantity	Rs.	Quantity	Rs.
Ferrous metals	tonnes	-	-	1	-	39	1
Non-ferrous metals	tonnes		1	-	-	82	8
Plastics	tonnes		-	2		66	1
Transistors and valves	pcs in '000	-	-	729	2	12,611	33
Piece parts	pcs in '000	143,650	38	78,900	22	155,231	123
Chemicals, gases, paints			55		30		32
Packing materials			10		5		7
Others			33		52		52
			<u>137</u>		<u>111</u>		<u>257</u>
Finished goods	Unit	Quantity	Rs.	Quantity	Rs.	Quantity	Rs.
Class of goods							
Radio sets, tape recorders, compact / digital video disc players / systems / combination sets	pcs in '000	301	328	281	216	206	194
Accessories for radio sets and tape recorders	pcs in '000	205	97	43	10	124	82
Television receivers	pcs in '000	42	479	47	283	28	182
Domestic appliances	pcs in '000	235	228	302	212	173	93
Lamps	pcs in '000	17,352	441	16,147	372	19,480	357
Fittings	pcs in '000	383	130	563	113	404	125
Accessories for fittings	pcs in '000	1,200	89	1,509	70	1,058	45
Electronic HF ballasts	pcs in '000	183	24	102	17	48	6
Resuscitation and patient monitoring equipments	pcs	473	97	398	53	304	30
Mobile image intensifiers	pcs	4	33	4	23	4	42
Ultra sound equipments	pcs	72	70	45	38	40	45
Operation theatre lights	pcs	145	5	109	6	118	5
Service consumables			115		140		84
Others			21		58		66
			<u>2,157</u>		<u>1,611</u>		<u>1,356</u>

# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Profit and Loss Account

	Amounts in Rs. Mln	
	Year ended December 31, 2008	Year ended December 31, 2007
Salaries, wages, bonus and commission	2,526	2,294
Contribution to pension and provident funds	147	137
Staff welfare	225	204
Rent	367	318
Rates and taxes	208	170
Excise duty	63	50
Power and fuel	509	441
Insurance	57	64
Repairs and maintenance of buildings	75	59
Repairs and maintenance of plant and machinery	131	105
Auditors' fees and expenses	16	11
Travelling and conveyance	667	630
Publicity	870	938
Packing, freight and transport	392	346
Postage, stationery and office expenses	498	460
Indirect / auxiliary materials	17	17
Provision for doubtful debts and advances	37	65
Selling expenses	187	238
Management support services	1,303	1,090
Research and development services	341	289
Miscellaneous	1,587	1,091
	<b>10,223</b>	<b>9,017</b>

- (a) Remuneration to managing director and other directors as fees, salaries, commission and other emoluments including **Rs.3.9** (2007 - Rs.2.1) contribution to pension fund and release of **Rs.3.5** (2007 - Rs.2.1) relating to prior year is **Rs. 114** (2007 - Rs.111) of which **Rs.Nil** (2007 - Rs.13) requires approval of shareholders. These figures exclude gratuity and leave encashment provisions which are actuarially determined on an overall basis.
- (b) Excise duty recovered through sales is disclosed as a reduction from sales and excise duty in opening and closing stock of finished goods is disclosed separately in Note 3 to Profit and Loss Account. The excise duty not recovered from sales is disclosed as "excise duty" expense above.
- (c) Rental expenses are net of recovery - **Rs.30** (2007 - Rs.15)
- (d) Repairs and maintenance of plant and machinery includes stores and spare parts consumed - **Rs.83** (2007 - Rs.63).
- (e) Audit fees and expenses include fees - **Rs.5.5** (2007 - Rs.5.5), tax audit fees - **Rs.2** (2007 - Rs.2), taxation matters - **Rs.7.2** (2007 - Rs.0.8), other matters - **Rs.0.8** (2007 - Rs.2.2) and expenses - **Rs.0.9** (2007 - Rs.0.7).
- (f) Miscellaneous include consultancy - **Rs.409** (2007 - Rs.281), replacement guarantee - **Rs.260** (2007 - Rs.290), software - **Rs.45** (2007 - Rs.15), cash discount on sales - **Rs.20** (2007 - Rs.55), sales tax surcharge - **Rs.8** (2007 - Rs.7), undepreciated value of fixed assets written off / provided for - **Rs.163** (2007 - Rs.24), exchange loss (net) - **Rs.195** (2007 - gain (net) Rs.30), lease rental towards non-cancellable operating lease for vehicles - **Rs.14** (2007 - Rs.23) and donation - **Rs.9** (2007 - Rs.8).
- (g) Pursuant to the agreement entered into by the Company with KPENV, the Company has incurred **Rs.1,303** (2007 - Rs.1,090) towards the support services provided by KPENV and **Rs.341** (2007 - Rs.289) for accessing the benefit resulting from common research and development programmes.
- (h) Maximum obligations on long-term non-cancellable operating lease for office premises and vehicles are - payable within 1 year - **Rs.250** (2007 - Rs.251) and payable between 1-5 years - **Rs.323** (2007 - Rs.406).
- 5 Revenue expenditure on research & development - **Rs.36** (2007 - Rs.39).

## Notes to Profit and Loss Account

Amounts in Rs. Mln

### 6 CAPACITY AND PRODUCTION

Class of goods	Unit	Year ended December 31, 2008			Year ended December 31, 2007		
		Licensed Capacity	Installed Capacity	Production	Licensed Capacity	Installed Capacity	Production
Lamps	pcs in '000	511,171	322,614	313,026	511,171	345,083	308,746
Glass shells	pcs in '000	146,230	471,960	419,756	146,230	550,847	656,029
Filaments	pcs in '000	750,000	450,000	480,557	750,000	450,000	472,320
Molybdenum wire	kgs	12,000	12,000	1,294	12,000	12,000	1,379

Licensed capacity excludes permissible increases as per various Government schemes. For delicensed industries, it includes registered capacities as per Industrial Entrepreneurs' Memoranda filed with Government where commercial production against the same has commenced. Installed capacity is on single shift basis except for some items of electronic components, lamps and lamp components and is as certified by management and has not been verified by the auditors, as it is a technical matter.

### 7 RELATED PARTY TRANSACTIONS

#### (a) Names of companies where control exists:

<b>Holding Company</b>	:	<b>Koninklijke Philips Electronics N.V</b>
<b>Subsidiary Company</b>	:	<b>Alpha X-Ray Technologies (India) Private Limited *</b>

\* Subsidiary company with effect from November 10, 2008.

#### (i) Fellow Subsidiary Companies

Overseas Fellow Subsidiary Companies:	Overseas Fellow Subsidiary Companies:
Feidong Lighting Company Limited	Philips Industries Hungary Electronical Mechanical Manufacturing and Trading Limited Liability Company
Feixin Lighting Co., Ltd.	Philips Innovative Applications
NARVA Speziallampen GmbH	Philips International B.V.
Philips & Yaming Lighting Co., Ltd.	Philips Lighting B.V.
Philips (China) Investment Company, Ltd.	Philips Lighting Bielsko Sp.z.o.o.
Philips Automotive Lighting Hubei Co., Ltd.	Philips Lighting Electronics (Shanghai) Co., Ltd.
Philips Consumer Lifestyle B.V.	Philips Lighting Electronics (Xiamen) Co. Ltd.
Philips Deutschland GmbH	Philips Lighting Luminaires (Shanghai) Co., Ltd.
Philips do Brasil Ltda.	Philips Lighting Malaysia Sdn. Bhd.
Philips Domestic Appliances and Personal Care B.V.	Philips Lighting Poland S.A.
Philips Domestic Appliances and Personal Care Company of Zhuhai SEZ, Ltd.	Philips Medical Systems (Cleveland), Inc.
Philips Electrical Industries of Pakistan Limited	Philips Medical Systems DMC GmbH
Philips Electronics (Thailand) Ltd.	Philips Medical Systems MR, Inc.
Philips Electronics and Lighting, Inc.	Philips Medical Systems Nederland B.V.
Philips Electronics Australia Limited	Philips Medical Systems Technologies Ltd.
Philips Electronics Hong Kong Limited	Philips Medical Systems UK Limited
Philips Electronics Japan, Ltd.	Philips Medizin Systeme Böblingen GmbH
Philips Electronics Korea Ltd.	Philips' Ontwikkelings-Maatschappij B.V.
Philips Electronics Nederland B.V.	Philips South Africa (Proprietary) Limited
Philips Electronics North America Corporation	Philips Taiwan Ltd.
Philips Electronics Singapore Pte Ltd	Philips Technologie GmbH
Philips Electronics UK Limited	Philips Ultrasound, Inc.
Philips Electronics Vietnam Limited	PT. Philips Indonesia
Philips Eletrônica da Amazônia Ltda.	Türk Philips Ticaret Anonim Sirketi
Philips Export B.V.	
Philips France	
Philips Holding USA Inc.	

#### (ii) Names of the Employee Trusts with whom transactions have taken place during the year:

Philips Electronics India Ltd Management Staff Provident Fund Trust
Philips India Ltd Superannuation Fund.

#### (b) Names of Directors with whom transactions have taken place during the year:

##### (1) Executive Directors:

- (i) Mr.Murali Sivaraman
  - (ii) Mr.V.Kaul \*
  - (iii) Mr.Cornelis J.M.Reuvers
  - (iv) Mr.S.Venkataramani \*\*
  - (v) Mr.Alexius Collette
- \* Ceased to be Executive Director w.e.f. November 10, 2008.  
\*\* Ceased to be Executive Director w.e.f. January 1, 2009.

##### (2) Non-Executive Director: Mr.S.M.Datta

# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Profit and Loss Account

(c) NATURE OF TRANSACTIONS	Year ended December 31, 2008					Year ended December 31, 2007				
	Holding Company	Subsidiary Company	Fellow	Key	Employee Trusts	Holding Company	Subsidiary Company	Fellow	Key	Employee Trusts
			Subsidiary Companies	Managerial Personnel				Subsidiary Companies	Managerial Personnel	
<b>PURCHASES</b>										
Goods	—	—	6,027	—	—	—	—	5,530	—	—
Fixed assets	—	—	165	—	—	—	—	22	—	—
Services	1,521	—	381	—	—	1,254	—	478	—	—
<b>SALES</b>										
Goods	—	—	49	—	—	—	—	62	—	—
Services	107	—	2,719	—	—	67	—	2,750	—	—
<b>DEPUTATION OF PERSONNEL</b>										
Charge	—	—	4	—	—	—	—	3	—	—
Recovery	—	—	29	—	—	—	—	30	—	—
<b>MANAGERIAL REMUNERATION</b>										
Mr.Murali Sivaraman	—	—	—	27	—	—	—	—	14	—
Mr.Cornelis J.M.Reuvers	—	—	—	33	—	—	—	—	29	—
Mr.S.Venkataramani	—	—	—	21	—	—	—	—	19	—
Mr.Vineet Kaul	—	—	—	16	—	—	—	—	10	—
Mr.Alexius Collette	—	—	—	17	—	—	—	—	19	—
Mr.KRamachandran	—	—	—	—	—	—	—	—	20	—
<b>FINANCE</b>										
Dividend paid	136	—	—	—	—	136	—	—	—	—
Interest paid	—	—	2	—	—	—	—	1	—	—
Equity buy back	1,737	—	—	—	—	—	—	—	—	—
Interest received	—	—	—	—	—	—	—	—	—	—
Inter corporate deposits	—	20	—	—	—	—	—	—	—	—
<b>Contributions to Employees' Benefit Plans</b>	—	—	—	—	193	—	—	—	—	102
<b>Advances given</b>	—	—	—	—	—	—	—	—	—	15
<b>OUTSTANDING</b>										
Payable	263	—	1,388	—	17	127	—	672	—	9
Receivable	20	20	625	—	—	6	—	324	—	45

## Notes to Profit and Loss Account

Relationship / Name of the related party	Description of the nature of transaction	Amounts in Rs. Mln	
		Value of the transactions	
		2008 *	2007*
<b>(i) Fellow subsidiary Companies:</b>			
Philips & Yaming Lighting Co., Ltd.	Purchase of goods	863	786
Philips Electronics Singapore Pte Ltd	Purchase of goods	1,160	1,318
Philips Electronics Hong Kong Limited	Purchase of goods	2,283	2,033
Philips Electronics (Thailand) Ltd	Purchase of fixed assets	—	4
Philips Electronics Singapore Pte Ltd	Purchase of fixed assets	—	3
Philips Lighting B.V	Purchase of fixed assets	148	14
Philips Holding USA Inc	Purchase of services	—	61
Philips International B.V	Purchase of services	226	299
Philips Electronics Nederland B.V.	Purchase of services	45	—
Philips Electronics Singapore Pte Ltd	Sale of goods	33	36
Philips Exports BV	Sale of goods	—	13
Philips International B.V	Sale of services	2,447	2,431
Philips Electronics Nederland B.V	Deputation charge	3	3
Philips Electronics Singapore Pte Ltd	Deputation charge	1	—
Philips Electronics Nederland B.V	Deputation recovery	—	3
Philips Electronics North America Corporation	Deputation recovery	6	10
Philips Electronics Singapore Pte Ltd	Deputation recovery	4	—
Philips International B.V	Deputation recovery	6	8
Philips Consumer Lifestyle B.V.	Deputation recovery	4	—
Philips Electronics Hong Kong Limited	Deputation recovery	3	—
Philips & Yaming Lighting Co Ltd	Payable	—	82
Philips Lighting B.V	Payable	—	107
Philips Electronics Hongkong Limited	Payable	390	261
Philips International B.V	Payable	—	105
Philips Electronics Singapore Pte Ltd	Payable	148	95
Philips Medical System Nederland B V	Payable	—	124
Philips Medical Systems Tech Ltd	Payable	—	93
Philips Ultrasound, Inc	Payable	179	—
Philips Holding USA Inc.	Payable	46	36
Philips Electronics Hongkong Limited	Receivable	71	56
Philips International B.V	Receivable	486	218
Philips Holding USA Inc.	Interest	2	1
<b>(ii) Names of the Employee Trusts:</b>			
Philips Electronics India Ltd Management Staff Provident Fund Trust	Contributions	164	59
Philips India Ltd Superannuation Fund.	Contributions	29	43
Philips Electronics India Ltd Management Staff Provident Fund Trust	Advances	—	15
Philips Electronics India Ltd Management Staff Provident Fund Trust	Receivable	—	45
Philips India Ltd Superannuation Fund.	Payable	2	2
Philips Electronics India Ltd Management Staff Provident Fund Trust	Payable	15	7

\* represents transactions with parties which comprise more than 10% of aggregate value of transactions.

# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Profit and Loss Account

Amounts in Rs. Mn

### 8 INFORMATION ABOUT BUSINESS SEGMENTS

Description	Year Ended Dec 31, 2008	Year Ended Dec 31, 2007	Description	Year Ended Dec 31, 2008	Year Ended Dec 31, 2007
<b>(A) PRIMARY SEGMENT INFORMATION:</b>			<b>OTHER INFORMATION</b>		
<b>(1) SEGMENT REVENUE</b>			<b>(11) SEGMENT ASSETS</b>		
a. Lighting	14,560	12,127	a. Lighting	5,165	4,408
b. Consumer Lifestyle	10,171	10,156	b. Consumer Lifestyle	2,865	2,817
c. Software development services	2,434	2,407	c. Software development services	641	860
d. Healthcare	3,596	3,430	d. Healthcare	1,531	1,825
e. Other segments	50	259	e. Other segments	21	20
<b>TOTAL</b>	<b>30,811</b>	<b>28,379</b>	f. Other unallocable	5,505	6,237
<b>(2) INTER SEGMENT REVENUE</b>			<b>TOTAL</b>	<b>15,728</b>	<b>16,167</b>
a. Lighting	—	—	<b>(12) SEGMENT LIABILITIES</b>		
b. Consumer Lifestyle	—	—	a. Lighting	2,888	2,525
c. Software development services	—	—	b. Consumer Lifestyle	1,155	1,897
d. Healthcare	—	—	c. Software development services	384	450
e. Other segments	—	—	d. Healthcare	1,911	1,127
<b>TOTAL</b>	<b>—</b>	<b>—</b>	e. Other segments	55	63
<b>(3) Other unallocable income</b>			f. Other unallocable	1,052	889
	104	76	<b>TOTAL</b>	<b>7,445</b>	<b>6,951</b>
<b>NET SALES AND INCOME FROM OPERATIONS (1+3)</b>			<b>(13) CAPITAL EXPENDITURE</b>		
	<b>30,915</b>	<b>28,455</b>	a. Lighting	299	306
<b>(4) SEGMENT RESULT</b>			b. Consumer Lifestyle	33	69
a. Lighting	1,741	1,698	c. Software development services	96	507
b. Consumer Lifestyle	526	649	d. Healthcare	16	18
c. Software development services	314	287	e. Other segments	—	18
d. Healthcare	(94)	259	f. Other unallocable	92	75
e. Other segments	7	(2)	<b>TOTAL</b>	<b>536</b>	<b>993</b>
<b>TOTAL</b>	<b>2,494</b>	<b>2,891</b>	<b>(14) DEPRECIATION</b>		
<b>(5) Interest</b>			a. Lighting	(242)	(238)
	(56)	(51)	b. Consumer Lifestyle	(33)	(27)
<b>(6) Other unallocable expenditure net of income</b>			c. Software development services	(80)	(178)
	(538)	(384)	d. Healthcare	(9)	(9)
<b>(7) OPERATING PROFIT (4+5+6)</b>			e. Other segments	(1)	(11)
	<b>1,900</b>	<b>2,456</b>	f. Other unallocable	(200)	(75)
<b>(8) Exceptional items</b>			<b>TOTAL</b>	<b>(565)</b>	<b>(538)</b>
a. Lighting	—	44	<b>(15) Non-cash expenses other than depreciation</b>		
b. Consumer Lifestyle	47	—	a. Lighting	(185)	(18)
c. Software development services	—	—	b. Consumer Lifestyle	(10)	(32)
d. Healthcare	—	—	c. Software development services	(28)	(20)
e. Other segments	—	—	d. Healthcare	(25)	(25)
f. Other unallocable	159	394	e. Other segments	—	(1)
<b>TOTAL</b>	<b>206</b>	<b>438</b>	f. Other unallocable	(3)	(2)
<b>(9) PROFIT BEFORE TAX</b>			<b>TOTAL</b>	<b>(251)</b>	<b>(98)</b>
	<b>2,106</b>	<b>2,894</b>	<b>Assets</b>		
(1) Fringe benefit tax	(42)	(38)	a. Within India	15,054	15,840
(2) Provision for tax	(769)	(939)	b. Outside India	674	327
(3) Provision for deferred tax - Release / (Charge)	56	(14)	<b>TOTAL</b>	<b>15,728</b>	<b>16,167</b>
<b>(10) PROFIT AFTER TAX</b>	<b>1,351</b>	<b>1,903</b>	<b>(B) SECONDARY SEGMENT INFORMATION:</b>		
<b>Revenue</b>			<b>Revenue</b>		
a. Within India	27,889	25,357	a. Within India	27,889	25,357
b. Outside India	3,026	3,098	b. Outside India	3,026	3,098
<b>TOTAL</b>	<b>30,915</b>	<b>28,455</b>	<b>TOTAL</b>	<b>30,915</b>	<b>28,455</b>
<b>Capital Expenditure</b>			<b>Capital Expenditure</b>		
a. Within India	536	993	a. Within India	536	993
b. Outside India	—	—	b. Outside India	—	—
<b>TOTAL</b>	<b>536</b>	<b>993</b>	<b>TOTAL</b>	<b>536</b>	<b>993</b>

Due to change in Company's business group structure in 2008, the name of erstwhile segment "Consumer Electronics" has been changed to "Consumer Lifestyle (CL)". CL includes business segment "Domestic Appliances" which was part of "Other Segments" till 2007. In line with this, prior year's figures have been regrouped. Similarly, the name of erstwhile business segment "Medical Systems" has been changed to "Healthcare".

The secondary segment revenue and assets in the geographical segments considered for disclosure are as follows:

- (1) Revenue and assets within India.
- (2) Revenue and assets outside India.



## Notes to Profit and Loss Account

Amounts in Rs. Mln

### (C) OTHER DISCLOSURES:

#### Inter segment revenue / result:

- Inter-segment revenue has been recognised at competitive prices.
- Allocation of corporate expenses to other segments is at cost.
- All profits / losses on inter segment transfers are eliminated at Company level.

#### Types of products and services in each business segment:

Business Segments	Type of products / services
a. Lighting	Lamps, Glass shells, Fittings, Accessories for fittings, Electronic HF Ballasts
b. Consumer Lifestyle	Radio sets, tape recorders, compact /digital video disc players/ systems and combination sets, Accessories for radio sets and tape recorders, Television receivers and Domestic Appliances.
c. Software development services	Development of embedded software.
d. Healthcare	Medical electronics equipment.
e. Other segments	Philips Design and Service Revenue etc

	Year ended December 31, 2008		Year ended December 31, 2007	
	% of total consumption	Rs.	% of total consumption	Rs.
<b>9. CONSUMPTION OF RAW MATERIALS, PIECE PARTS AND SPARES</b>				
Raw materials and piece parts :				
Imported	35.3	621	39.5	689
Indigenous	64.7	1,140	60.5	1,055
Spares :				
Imported	47.0	39	34.9	22
Indigenous	53.0	44	65.1	41
<b>10 IMPORTS AT C.I.F.</b>				
Raw materials and piece parts		804		880
Spares		29		21
Capital goods		342		177
<b>11 INCOME AND EXPENDITURE IN FOREIGN EXCHANGE</b>				
<b>Income</b>				
Exports at F.O.B. including <b>Rs.96</b> (2007 - Rs.93) through rupee trade arrangements		418		330
Service revenue etc.		2,671		2,813
<b>Expenditure :</b>				
Management support service fees		1,175		969
Research and development service fees		308		257
Consultation fees and professional charges etc		321		325
Others		195		208
<b>12 OTHER EXCEPTIONAL ITEMS INCLUDE:</b>				
(a) <b>Rs.47</b> - Net surplus on divestment of business relating to "Set Top Boxes" to PACE Micro Technology (India) Private Limited; - [(2007 - Rs.125) - Net surplus on divestment of business relating to "Financial Services" to PAN Financial Shared Services India Private Limited].				
(b) <b>Rs.17</b> (2007 - Rs.Nil) - Write back of provision created for divestment of business relating to "Financial Services" in 2007.				
(c) <b>Rs.142</b> (2007 - Rs.295) - Profit on sale of property.				
(d) <b>Rs.Nil</b> (2007 - Rs.20) - Being the amount received on final admission / quantification of claim by insurance company in connection with stocks and fixed assets destroyed during the year 2005 due to flood at the Company's plant at Vadodara.				

# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Profit and Loss Account

Amounts in Rs. Mln

13 The Company uses forward exchange contracts to hedge its exposure in foreign currency. The information on forward contract is as follows:

(a) Forward contracts outstanding as at 31 December 2008

Details	USD Currency				Euro Currency			
	As at Dec 31, 2008		As at Dec 31, 2007		As at Dec 31, 2008		As at Dec 31, 2007	
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	78.06	1,606.15	7.23	183.00	25.76	376.17	—	—
Payables	533.82	10,983.40	283.24	7,135.57	113.19	1,652.62	5.17	88.59

(b) Foreign exchange currency exposures not covered by Forward Contracts as at December 31, 2008.

Details	As at Dec 31, 2008		As at Dec 31, 2007		As at Dec 31, 2008		As at Dec 31, 2007	
	USD Exposure				Euro Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	78.06	1,606.15	175.71	4,457.78	25.76	376.17	128.97	2,220.96
Payables	301.60	7,593.00	450.05	11,466.54	71.45	1,043.19	183.17	3,154.68

Details	SGD Exposure				JPY Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	—	—	2.03	73.86	—	—	—	—
Payables	4.01	118.55	0.72	26.34	—	8.75	0.04	112.08

Details	AUD Exposure				GBP Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	—	—	0.14	4.04	—	—	—	—
Payables	1.21	36.00	0.09	2.57	0.61	8.69	0.91	11.47

Details	HKD Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	—	—	7.72	1,526.43
Payables	0.23	37.18	2.02	400.18

(c) Exchange loss in respect of forward exchange contracts to be recognised in subsequent accounting periods - **Rs.13** (2007 - gain - Rs.1).

## Notes to Profit and Loss Account

Amounts in Rs. Mln

### 14 EMPLOYEES' SHARE-BASED PAYMENTS:

Certain employees of the company are eligible for stock options granted by the Holding Company ("KPENV"). In conformity with the guidance note on "Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India in respect of the grants made on or after 01 April 2005, the following disclosures are made:

(a) Method adopted for valuation:

Stock compensation expenses under the "Fair Value Method" are determined based on the "Fair Value of the Options" and amortised over the vesting period. The "Fair Value of the Options" is determined using "Black-Scholes" option pricing model.

(b) Nature and extent of Employee Share-based Payment Plans:

As from 2003 onwards, the Holding Company (KPENV) issued restricted share rights that vest in equal annual installments over a three-year period. Restricted shares are KPENV's shares that the grantee will receive in three successive years, provided the grantee is still with the Company on the respective delivery dates. If the grantee still holds the shares after three years from the delivery date, Philips will grant 20% additional (premium) shares, provided the grantee is still with Philips.

As from 2002, the Holding Company granted fixed stock options that expire after 10 years. Generally, the options vest after 3 years; however, a limited number of options granted to certain employees of acquired businesses contain accelerated vesting. In prior years, fixed and variable (performance) options were issued with terms of ten years, vesting one to three years after grant.

(c) Number and exercise price of Stock Options (EUR)

Grant Date	Exercise Price (in Euros)	Outstanding as at 01.01.2008	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31.12.2008	Exercisable
February 17, 2000	42.03	10,500	—	—	—	—	10,500	10,500
April 19, 2000	45.90	11,900	—	(3,500)	—	—	8,400	11,900
October 17, 2000	42.90	27,128	—	(5,439)	(489)	—	21,200	21,200
February 8, 2001	37.60	30,188	—	(4,375)	—	—	25,813	25,813
April 17, 2001	29.14	25,647	—	(2,863)	(462)	—	22,322	22,322
October 16, 2001	24.35	5,250	—	—	—	—	5,250	5,250
February 7, 2002	30.17	35,040	—	(4,320)	—	—	30,720	30,720
April 16, 2002	34.78	31,644	—	(4,728)	(432)	—	26,484	26,484
April 15, 2003	16.77	18,801	—	(1,026)	—	—	17,775	17,775
April 13, 2004	24.13	23,301	—	(423)	450	(233)	23,095	23,095
April 18, 2005	19.41	28,800	—	(1,134)	576	—	28,242	28,242
October 17, 2005	21.64	1,197	—	—	—	—	1,197	1,197
April 18, 2006	26.28	34,002	—	(918)	—	—	33,084	3,294
April 16, 2007	30.96	33,588	—	(990)	1,035	—	33,633	—
January 21, 2008	24.18	—	23,800	—	—	—	23,800	—
April 14, 2008	23.11	—	40,248	—	—	—	40,248	—
		<b>316,986</b>	<b>64,048</b>	<b>(29,716)</b>	<b>678</b>	<b>(233)</b>	<b>351,763</b>	<b>227,792</b>
Prior Year		323,335	44,248	(42,633)	—	(7,964)	316,986	223,602

(d) Number and exercise price of Stock Options (USD)

Grant Date	Exercise Price (in USD)	Outstanding as at 01.01.2008	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31.12.2008	Exercisable
April 19, 2000	43.05	5,863	—	—	(1,750)	—	4,113	4,113
February 8, 2001	34.50	350	—	—	—	—	350	350
April 17, 2001	25.68	13,038	—	162	(2,787)	—	10,413	10,413
July 17, 2001	24.63	—	—	112	(112)	—	—	—
April 16, 2002	30.70	18,000	—	—	(2,880)	—	15,120	15,120
April 15, 2003	18.11	5,625	—	—	(1,323)	—	4,302	4,302
April 13, 2004	28.78	3,906	—	—	(1,206)	—	2,700	2,700
April 18, 2005	25.28	2,466	—	—	(963)	—	1,503	1,503
April 18, 2006	32.25	4,509	—	—	(1,503)	—	3,006	3,006
April 16, 2007	41.95	1,980	—	—	(1,980)	—	—	—
		<b>55,737</b>	<b>—</b>	<b>274</b>	<b>(14,504)</b>	<b>—</b>	<b>41,507</b>	<b>41,507</b>

# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Profit and Loss Account

Amounts in Rs. Mln

(e) Number and weighted average fair value of Restricted Shares:

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 01.01.2008	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31.12.2008
April 18, 2005	18.27	3,099	—	(42)	192	(3,249)	—
October 17, 2005	20.50	133	—	—	—	(133)	—
April 18, 2006	25.05	6,824	—	(104)	—	(3,410)	3,310
April 16, 2007	29.57	11,196	—	(220)	345	(3,847)	7,474
January 21, 2008	22.86	—	2,100	—	—	—	2,100
April 14, 2008	21.79	—	13,416	—	—	—	13,416
		<b>21,252</b>	<b>15,516</b>	<b>(366)</b>	<b>537</b>	<b>(10,639)</b>	<b>26,300</b>
Prior year		19,948	12,270	(1,845)	—	(9,121)	21,252

Restricted shares exclude 20% additional (premium) shares that may be received if shares awarded under the restricted share rights plan are not sold for a three-year period.

(f) Method and assumptions for arriving at the Fair Value of Restricted Shares:

The fair value of restricted shares is equal to the Fair Value of the stock at grant date net of the present value of dividends which will not be received up to the vesting date. The expected dividend used is the dividend of the preceding year.

(g) Details and Key Assumptions of Options Pricing Model used for Fair Valuation of Options granted during the year:

1. Exercise Price	The stock price of the share at the moment of grant
2. Average Life time	6 Years
3. Expected Volatility	26% (Determined on the basis of 5 year historical stock price)
4. Risk free interest rate	3.73%
5. Yield factor	0.024

(h) Expense recognised on account of "Employee Share-Based Payment" is **Rs.38** (2007 - Rs.31) and carrying liability as at **31.12.2008** is **Rs.80** (31.12.2007 - Rs.63).

### 15 Earnings per share

#### Calculation of earnings per share

	2008	2007
(a) Number of shares at the beginning of the year	70,260,733	70,260,733
(i) Total number of equity shares outstanding at the end of the year	63,400,721	70,260,733
(ii) Equity shares outstanding for three months	63,400,721	—
(iii) Equity shares outstanding for nine months	70,260,733	—
(iv) Weighted average number of equity shares outstanding during the year	68,545,730	70,260,733
Operating profit	1,900	2,456
Fringe benefit tax	(42)	(38)
Provision for tax on the above	(655)	(897)
(b) Profit after tax and before exceptional items	1,203	1,521
Exceptional items net of tax	148	382
(c) Profit after tax attributable to equity share holders	1,351	1,903
(d) Basic and diluted earnings per share before exceptional items (b/a (iv)) (in Rs.)	17.55	21.65
(e) Basic and diluted earnings per share after exceptional items (c/a (iv)) (in Rs.)	19.71	27.08

16 Dividend remitted for January - December 2007 - Rs.136 (January - December 2006 - Rs.136) on **67,774,840** equity shares to 2 non-resident shareholders.

17 Fiscal year for the Company being the year ending March 31, 2009, the ultimate tax liability will be determined on the basis of the results for the period April 1, 2008 to March 31, 2009.

18 Prior year's figures have been regrouped, recast and restated where necessary to conform to the current year's classification.

For and on behalf of the Board

Chairman S.M.DATTA

Managing Director MURALI SIVARAMAN

Director C.J.M.REUVERS

Secretary R.J.WANI

Gurgaon, Haryana, March 13, 2009

## Notes to Balance Sheet

	December 31, 2008	Amounts in Rs. Mln December 31, 2007
<b>I SHARE CAPITAL</b>		
<b>Authorised</b>		
92,000,000 equity shares of Rs.10 each	920	920
20,000,000 non convertible cumulative redeemable preference shares of Rs.10 each	200	200
	<u>1,120</u>	<u>1,120</u>
<b>Issued and subscribed</b>		
70,260,733 equity shares of Rs.10 each, fully paid up	703	703
Less: 6,860,012 (31.12.2007 - Nil) equity shares of Rs.10 each bought back and extinguished during the year in accordance with Sec 77A of the Companies Act, 1956 (Refer note 2 below)	69	—
Add: Forfeited shares (amount paid up)		
63,400,721 (31.12.2007 - 70,260,733) equity shares of Rs.10 each fully paid up	<u>634</u>	<u>703</u>
	<u>634</u>	<u>703</u>
(1) Of the above:		
(a) 61,094,012 (31.12.2007 - 67,774,780) equity shares are held by Koninklijke Philips Electronics N.V. ("KPENV"), the holding company.		
(b) 24,757,798 equity shares were allotted without payment being received in cash, comprising of 21,875 equity shares allotted pursuant to a contract and 24,735,923 equity shares allotted pursuant to the schemes of amalgamation in earlier years.		
(c) 16,366,000 bonus shares were issued as fully paid up by capitalisation of reserves.		
(2) Pursuant to Board of Directors' meeting held on March 11, 2008 and members' approval at the Company's Annual General Meeting held on June 13, 2008, the Company, during the year, bought back and extinguished 6,860,012 equity shares at a price of Rs.260/- per equity share.		

	December 31, 2008	Amounts in Rs. Mln December 31, 2007
<b>2 RESERVES AND SURPLUS</b>		
<b>Capital reserve - revaluation - as at beginning</b>	—	17
Less: Transfer to General Reserve on sale of property	—	17
	<u>—</u>	<u>—</u>
<b>Capital reserve - amalgamation</b>	168	168
	<u>168</u>	<u>168</u>
<b>Capital reserve - others - (refer note 1 below)</b>	1	1
	<u>1</u>	<u>1</u>
<b>Capital redemption reserve</b>	100	100
Add: Transfer from general reserve (Refer note 4 below)	69	—
	<u>169</u>	<u>100</u>
<b>Capital subsidy - (refer note 2 below)</b>	9	9
	<u>9</u>	<u>9</u>
<b>Securities premium</b>	679	679
	<u>679</u>	<u>679</u>
<b>General reserve - as at beginning</b>	6,057	5,850
Less: Utilised for buy back of equity shares in accordance with Sec 77 A of the Companies Act, 1956 on buy back of equity shares during the year (refer note 3 below)	1,715	—
Less: Transfer to capital redemption reserve in accordance with Sec 77AA of the Companies Act, 1956 on buy back of equity shares during the year (refer note 4 below)	69	—
Add: Transfer from capital reserve on sale of property	—	17
Add: Transfer from profit and loss Account	136	190
	<u>4,409</u>	<u>6,057</u>
<b>Profit and Loss Account</b>	2,762	1,695
	<u>8,197</u>	<u>8,709</u>
(1) Represents excess amounts received by the erstwhile PMSIL from Philips Medical Systems International BV, which have arisen on account of the change in method of foreign exchange conversion prescribed by the Reserve Bank of India. An application to the Reserve Bank of India had been filed by the erstwhile PMSIL for approval to retain these amounts. Such approval is awaited as at date.		
(2) Pertains to land subsidy - Rs.6 and investment incentive - Rs.3 received from Punjab State Government.		
(3) Pursuant to Board of Directors' meeting held on March 11, 2008 and members' approval at the Company's Annual General Meeting held on June 13, 2008, the Company, during the year, bought back and extinguished 6,860,012 equity shares at a price of Rs.260/- per equity share. The difference between the nominal value and the amount spent for buy back, amounting to Rs.1715 has been appropriated from General Reserve.		
(4) The Company has transferred Rs.69 representing the nominal value of shares bought back, from General Reserve to Capital Redemption Reserve in accordance with Section 77 AA of the Companies Act, 1956.		

# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Balance Sheet

		December 31, 2008	Amounts in Rs. Min December 31, 2007
<b>3</b>	<b>SECURED LOANS</b>		
	Finance lease	114	103
		<u>114</u>	<u>103</u>
	Finance lease is secured by underlying assets.		
	The total minimum lease liability for assets obtained on finance lease basis is <b>Rs.134</b> (31.12.2007 - Rs.122) which includes interest of <b>Rs.20</b> (31.12.2007 - Rs.19). The maturity profile of finance lease obligation is as follows:		
	<b>Minimum lease payments</b>		
	Payable within 1 year	56	41
	Payable between 1-5 years	78	81
	<b>Present value</b>		
	Payable within 1 year	46	32
	Payable between 1-5 years	68	71
<b>4</b>	<b>UNSECURED LOANS</b>		
	<b>Others:</b>		
	External Commercial Borrowings *	25	19
	Interest accrued and due	21	17
		<u>46</u>	<u>36</u>

\* Relates to foreign currency loan of USD 500,000 taken from ATL International Inc, USA towards funding working capital requirements. The said loan bears an interest at LIBOR plus 2% per annum. The Company intends to repay the said loan after necessary approval from Reserve Bank of India.

## 5 FIXED ASSETS

	Gross block at cost				Depreciation / amortisation			Net block		
	As at beginning	Additions	Disposals & adjustments	As at end	As at beginning	For the year	On disposals & adjustments	As at end	As at 31.12.2008	As at 31.12.2007
				(1+2-3)				(5+6-7)	(4-8)	(1-5)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Intangibles										
- Software	22	—	—	22	13	9	—	22	—	9
Land	27	—	—	27	—	—	—	—	27	27
Buildings	655	28	6	677	173	20	2	191	486	482
Leaseholds										
- Land	—	—	—	—	—	—	—	—	—	—
- Improvements	506	24	—	530	135	103	—	238	292	371
- Other assets	156	66	38	184	56	43	26	73	111	100
Machinery and equipment	5,094	390	946	4,538	3,683	321	745	3,259	1,279	1,411
Furniture and fittings	328	28	36	320	142	67	17	192	128	186
Vehicles	12	—	—	12	8	2	—	10	2	4
	6,800	536	1,026	6,310	4,210	565	790	3,985	2,325	2,590
Prior year	6,641	993	834	6,800	4,346	538	674	4,210	2,590	

- (a) Buildings at cost or valuation include (a) **Rs.0.001** (31.12.2007 - Rs.0.01) representing **15** (31.12.2007 - 120) shares at cost in various co-operative housing societies and (b) property held for sale at net book value - **Rs.5** (31.12.2007 - Rs.5).
- (b) Disposals and adjustments of gross block and depreciation include (i) **Rs.33** (31.12.2007 - Rs.87) and **Rs.28** (31.12.2007 - Rs.33) on account of divestment of business relating to "Set Top Boxes" for the current year and "Financial Services" for the prior year and (ii) write off of assets relating to "Glass Furnace Factory" at Mohali **Rs.498** (31.12.2007 - Rs.Nil) and **Rs.347** (31.12.2007 - Rs.Nil) respectively consequent to relocation of manufacturing activity.
- (c) Net block of other assets taken on lease relates to vehicles - **Rs.111** (31.12.2007 - Rs.100).
- (d) Commitments on capital account - **Rs.171** (31.12.2007 - Rs.48).

## Notes to Balance Sheet

	December 31, 2008	December 31, 2007
<b>Amounts in Rs. Mln</b>		
<b>6 INVESTMENTS</b>		
Long term investments at cost - Non-trade		
Shares and units		
Investment in wholly owned subsidiary company (unquoted)		
957,600 (31.12.2007 - Nil) equity shares of Rs.10 each fully paid up in Alpha X-Ray Technologies (India) Private Limited (Refer note appended to Note # 12 "Liabilities")	437	—
Unquoted		
Anyonya Sahayakari Mandali Co-operative Bank Ltd		
29,861 fully paid equity shares of Rs.10 each		
500 - 5.25% Rural Electrification Corporation Limited bonds of Rs.10,000/- each fully paid up	5	5
Quoted		
Nil (31.12.2007 - 112,658) - 6.75% UTI bonds of Rs.100 each fully paid up	—	15
<b>Gross</b>	<b>442</b>	<b>20</b>
Less: Provision for diminution	—	4
<b>Net</b>	<b>442</b>	<b>16</b>
Quoted - Cost	—	15
- Market value	—	11
Unquoted - Cost	442	5
<b>7 DEFERRED TAX ASSETS - NET</b>		
Deferred tax assets		
Voluntary retirement scheme	27	70
Retirement benefits	101	117
Receivables	87	105
Others	181	157
	<b>396</b>	<b>449</b>
Deferred tax liabilities		
Depreciation	100	209
	<b>296</b>	<b>240</b>
<b>8 INVENTORIES</b>		
Raw materials and piece parts - purchased	137	111
Own manufactured components and piece parts	—	
Finished goods	2,157	1,611
Work in progress	261	229
Goods in transit	250	258
Stores and spare parts	44	46
	<b>2,849</b>	<b>2,255</b>
<b>9 SUNDRY DEBTORS</b>		
Debts considered good :		
Debts over six months unsecured	112	363
Debts over six months secured by bank guarantees	—	—
Other debts unsecured	2,841	2,719
[Include Rs.625 (31.12.2007 - Rs.324) due from certain Overseas Companies as per list given in Note 7 (a) to Profit and Loss Account, - all companies under the same management.		
Other debts secured by bank guarantees	26	38
Debts considered doubtful :		
Debts over six months	142	199
	<b>3,121</b>	<b>3,319</b>
Less : Provision	142	199
	<b>2,979</b>	<b>3,120</b>

# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Balance Sheet

	December 31, 2008	Amounts in Rs. Min December 31, 2007
<b>10 CASH AND BANK BALANCES</b>		
Cash and cheques in hand	703	610
<b>With scheduled banks:</b>		
Current accounts *	369	701
Exchange Earners Foreign Currency account	—	422
Deposit accounts	3,988	5,014
	<u>5,060</u>	<u>6,747</u>
* Includes remittance in transit - <b>Rs.5</b> (31.12.2007 - Rs.422)		
<b>11 LOANS AND ADVANCES</b>		
<b>Unsecured considered good (unless otherwise stated):</b>		
Loans and advances recoverable in cash or in kind or for value to be received	1,434	1,261
Due from Subsidiary Company	20	—
Balances with customs, port trust, excise, etc.	119	74
Advance payment - Income tax less provision	412	95
Advances considered doubtful	114	109
	<u>2,099</u>	<u>1,539</u>
Less : Provision	114	109
	<u>1,985</u>	<u>1,430</u>
The Company settled its outstanding lease rental obligations under the existing sale and lease back arrangements with the respective lessors. However, the formal transfer of legal ownership rights in favour of the Company is under process. Pending the transfer of legal ownership, the lease margin accounts of concerned lessors amounting to <b>Rs.40</b> have been retained and are included in loans and advances recoverable in cash or in kind or for value to be received.		
<b>12 LIABILITIES</b>		
Acceptances	370	493
Creditors		
Micro and Small Enterprises	4	2
Other than Micro and Small Enterprises *	5,959	5,223
Unpaid / unclaimed dividends	1	6
Unpaid matured deposits	—	2
Book overdraft	—	54
* Includes <b>Rs.219</b> (31.12.2007 - Rs.Nil) payable, on acquisition, to erstwhile shareholders of Alpha X-Ray Technologies (India) Private Limited over a period of 3 years on equal installments.		
	<u>6,334</u>	<u>5,780</u>
<b>13 PROVISIONS</b>		
Proposed dividend	127	140
Tax on proposed dividend	21	24
Retirement benefits (Refer Note 13 a)	381	379
Others (Refer Note 13 b)	582	628
	<u>1,111</u>	<u>1,171</u>



Notes to Balance Sheet

Amounts in Rs. Mn

13 a Disclosure relating to Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuation as on December 31, 2008 and recognised in the financial statements in respect of Retirement Benefits:

Particulars	Gratuity				Leave Encashment		Provident Fund	
	2008		2007		2008	2007	2008	2007
	Funded	Unfunded	Funded	Unfunded				
<b>A. Present value of obligations as at beginning of the year</b>	<b>141</b>	<b>137</b>	112	226	<b>132</b>	175	<b>562</b>	690
(1) Current service cost	14	19	21	25	15	23	61	45
(2) Interest cost	10	9	9	18	10	14	51	48
(3) Benefits settled	-1	-22	-17	-22	-24	-31	-75	-134
(4) Amalgamations	—	—	—	1	—	—	—	—
(5) Curtailments	—	—	—	-11	—	-9	—	—
(6) Settlements	—	—	—	-6	—	—	-260	-170
(7) Actuarial (gain) / loss	-24	8	16	-94	10	-40	-5	—
(8) Interest guarantee	—	—	—	—	—	—	—	11
(9) Employees' contribution	—	—	—	—	—	—	86	65
(10) Transfer in	—	—	—	—	—	—	463	7
<b>Present value of obligations as at end of the year</b>	<b>140</b>	<b>151</b>	141	137	<b>143</b>	132	<b>883</b>	562
<b>B. Change in Plan Assets</b>								
<b>Plan assets as at beginning of the year</b>	<b>46</b>	—	37	—	—	—	<b>723</b>	735
(1) Expected return on plan assets	4	—	3	—	—	—	70	58
(2) Contributions	5	—	23	—	—	—	—	—
(3) Benefits settled	-1	—	-17	—	—	—	—	—
(4) Employer & Employee contribution	—	—	—	—	—	—	147	117
(5) Transfer in	—	—	—	—	—	—	276	—
(6) Benefit payments	—	—	—	—	—	—	-75	-134
(7) Asset gain / (loss)	—	—	—	—	—	—	38	117
(8) Settlements	—	—	—	—	—	—	-260	-170
<b>Plan assets as at end of the year</b>	<b>54</b>	—	46	—	—	—	<b>919</b>	723
<b>Surplus</b>	—	—	—	—	—	—	<b>36</b>	161
The above surplus of <b>Rs.36</b> (31.12.2007 - Rs.161) has not been recognised in the financial statements in accordance with Paragraph 59 of Accounting Standard (AS15), Employee Benefits, since the surplus is not available to the Company either in form of refunds or as reduction of future contributions.								
<b>C. Actual return on plan assets</b>	<b>4</b>	—	3	—	—	—	—	—

PHILIPS ELECTRONICS INDIA LIMITED

Notes to Balance Sheet

Amounts in Rs. Mln

Particulars	Gratuity				Leave Encashment		Provident Fund	
	2008		2007		2008	2007	2008	2007
	Funded	Unfunded	Funded	Unfunded				
<b>D. Reconciliation of present value of the obligation and the fair value of the plan assets:</b>								
(1) Present value of obligations at end of the year	-140	-151	-141	-137	-143	-132		
(2) Fair value of Plan assets	54	—	46	—	—	—		
<b>Prepaid / (Liability) recognised in Balance Sheet</b>	<b>-86</b>	<b>-151</b>	<b>-95</b>	<b>-137</b>	<b>-143</b>	<b>-132</b>		
<b>E. Components of Employer Expense:</b>								
(1) Current service cost	14	19	21	25	15	23		
(2) Interest cost	10	9	9	18	10	14		
(3) Expected return on plan assets (estimated)	-4	-	-3	—	—	—		
(4) Curtailments	—	—	—	-11	—	-9		
(5) Actuarial (gain) / loss	-24	8	16	-94	10	-40		
<b>Total expense recognised in the Statement of Profit and Loss Account</b>	<b>-4</b>	<b>36</b>	<b>43</b>	<b>-62</b>	<b>35</b>	<b>-12</b>		
The gratuity and leave encashment expenses have been recognised in "Salaries, wages, bonus and commission" under Note # 4 to the Profit and Loss Account								
<b>F. Assumptions</b>								
(1) Discount factor	6.0%	6.0%	7.5%	7.5%	6.0%	7.5%		
(2) Estimated rate of return on plan assets	8.5%		7.5%					
(3) Mortality	LIC (1994-96) Ultimate		LIC (1994-96) Ultimate					
(4) Disability	None		None					
(5) Salary Increase	1st year 8% & thereafter 9%		1st year 14% & thereafter 12%					
(6) Attrition rate	15% for Management, 1% for Others		23%					
(7) Retirement age	58 years		58 years that can be extended to 60 years.					

Notes:

- Plan assets comprise of contribution to Group Gratuity Schemes of Life Insurance Corporation of India in case of gratuity and leave encashment and investments under Philips Electronics India Limited Employees' Provident Fund Plan in case of Provident Fund.
- Actuarial (gain) / loss is due to change in actuarial assumptions relating to discount rates and increment rates in salary in current year as compared to prior year.
- The company provides retirement benefits in the form of Provident Fund, Gratuity, Leave Encashment, Superannuation and other benefits. Provident fund contributions made to "Government Administered Provident Fund" are treated as defined contribution plan since the Company has no further obligations beyond it's monthly contributions. Provident Fund contributions made to "Trust" administered by the Company are treated as Defined Benefit Plan. As per actuarial valuation, the trust has surplus fund to cover shortfall, if any, on account of guaranteed interest benefit obligation.
- The actuarial valuation in respect of gratuity and leave encashment has been done as at December 31, 2008. In case of Mohali Light factory, Healthcare and Software Centre the gratuity liabilities are provided as per the actuarial valuation and are funded through Group Gratuity Schemes of Life Insurance Corporation of India (LIC) to the extent requested by LIC.

## Notes to Balance Sheet

Amounts in Rs. Mln

## 13 b Disclosure relating to Provisions:

## (1) Movement in Provisions:

Particulars of disclosure	Class of provisions				Total
	Replacement guarantee	Legal and Regulatory	Personnel related	Other risks	
Opening balance	183	291	53	101	628
Accruals during the year	260	27	111	10	408
Utilisation	(252)	(11)	(82)	(27)	(372)
Write back	—	(47)	(26)	(9)	(82)
<b>Closing balance</b>	<b>191</b>	<b>260</b>	<b>56</b>	<b>75</b>	<b>582</b>

## (2) Nature of Provisions:

## (i) Provision for replacement guarantee

The Company provides for the estimated liability on guarantees given on sale of its products based on past performance of such products. The provision represents the expected cost of replacement and free of charge services and it is expected that the expenditure will be incurred over the contractual guarantee period which usually ranges from 6 months to 24 months.

## (ii) Legal and Regulatory

The Company has made provision for taxes and duties relating to cases that are pending assessments before Adjudicating Authorities where possible outflow of resources may arise in future which would depend on the ultimate outcome on conclusion of the cases.

## (iii) Personnel related

The Company has made provisions in respect of amounts payable to certain employees based on their retention and performance, which are payable over a three year and one year period respectively.

## (iv) Other risks

This represent provisions made on prudent basis towards possible outflow of resources in respect of claims other than those included in (i) and (ii) above against the Company and contractual obligations, which would depend on the ultimate outcome on conclusion of the respective events.

## 14 Contingent liabilities

- Claims not acknowledged as debts by the Company - **Rs.32** (31.12.2007 - Rs.32).
- In respect of disputed sales tax demands - **Rs. Nil** (31.12.2007- Rs.67), excise demands - **Rs.162** (31.12.2007 -Rs.180), income tax demands - **Rs.509** (31.12.2007 - Rs.31) and service tax demands **Rs.16** (31.12.2007 - Rs.Nil)
- In respect of suppliers' / customers' demands and certain tenancy / customs / sales tax disputes for which the liability is not ascertainable.

The Company does not expect any reimbursements in respect of the above contingent liabilities. It is not practicable to estimate the timing of cash outflows, if any, in respect of (a) and (b) above pending resolution of the legal proceedings.

- There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at December 31, 2008 and the information given in Schedule 12 "Liabilities" as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- Prior year's figures have been regrouped, recast and restated where necessary to conform to the current year's classification.

For and on behalf of the Board

Chairman

S.M.DATTA

Managing Director

MURALI SIVARAMAN

Director

C.J.M.REUVERS

Gurgaon, Haryana March 13, 2009.

Secretary

R.J.WANI

# PHILIPS ELECTRONICS INDIA LIMITED

## Notes to Balance Sheet

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**I. Registration Details**

Registration No.	21-06663		
Balance Sheet	31	12	2008
Date	Date	Month	Year

State Code 21

**II. Capital raised during the year (Amounts in Rs. '000)**

Public Issue	<span style="border: 1px solid black; padding: 2px;">Nil</span>	Rights Issue	<span style="border: 1px solid black; padding: 2px;">Nil</span>
Bonus Issue	<span style="border: 1px solid black; padding: 2px;">Nil</span>	Private Placement	<span style="border: 1px solid black; padding: 2px;">Nil</span>

**III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. '000)**

Total Liabilities	<span style="border: 1px solid black; padding: 2px;">16,435,947</span>	Total Assets	<span style="border: 1px solid black; padding: 2px;">16,435,947</span>
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**Sources of Funds**

Paid-up capital	<span style="border: 1px solid black; padding: 2px;">634,372</span>	Reserves & Surplus	<span style="border: 1px solid black; padding: 2px;">8,196,663</span>
Share capital suspense	<span style="border: 1px solid black; padding: 2px;">Nil</span>	Secured Loans	<span style="border: 1px solid black; padding: 2px;">114,185</span>
Unsecured Loans	<span style="border: 1px solid black; padding: 2px;">45,739</span>		

**Application of Funds**

Net Fixed Assets	<span style="border: 1px solid black; padding: 2px;">2,824,926</span>	Investments	<span style="border: 1px solid black; padding: 2px;">442,000</span>
Net current assets	<span style="border: 1px solid black; padding: 2px;">5,428,597</span>	Misc. expenditure	<span style="border: 1px solid black; padding: 2px;">Nil</span>
Accumulated losses	<span style="border: 1px solid black; padding: 2px;">Nil</span>	Deferred tax assets - net	<span style="border: 1px solid black; padding: 2px;">295,436</span>

**IV. Performance of Company (Amounts in Rs. '000)**

Total income	<span style="border: 1px solid black; padding: 2px;">31,365,002</span>	Total expenditure	<span style="border: 1px solid black; padding: 2px;">29,258,671</span>
Profit / Loss before tax		Profit / loss after tax	
<b>+</b> <span style="border: 1px solid black; padding: 2px;">2,106,331</span>		<b>+</b> <span style="border: 1px solid black; padding: 2px;">1,351,019</span>	

(Tick appropriate box + for Profit, - for Loss)  
Earning per share (before exceptional items) in Rs.

17.55

Earning per share (after exceptional items) in Rs.

19.71

Dividend rate %

20

**V. Generic Names of Three Principal Products / Services of Company**

Item Code No. (ITC Code)	<span style="border: 1px solid black; padding: 2px;">8539</span>	
Product description	Lamps	
Item Code No. (ITC Code)	<span style="border: 1px solid black; padding: 2px;">852731</span>	
Product description	Radio broadcast receivers / combination sets	
Item Code No. (ITC Code)	<span style="border: 1px solid black; padding: 2px;">HSN 94 05</span>	
Product description	Lamps Fittings	

For and on behalf of the Board

Chairman	S.M.DATTA
Managing Director	MURALI SIVARAMAN
Director	C.J.M.REUVERS
Secretary	R.J.WANI

Gurgaon, Haryana March 13, 2009

## Cash Flow Statement for the year ended December 31, 2008

	Year ended December 31,2008		Year ended December 31,2007	
			Amounts in Rs. Mln	
<b>A. Cash flow from operating activities</b>				
Net profit before tax and exceptional items		1,900		2,456
Adjusted for				
(Profit) / loss on sale of fixed assets		—		(9)
Write off / other adjustment of fixed assets		163		24
Depreciation (net)		565		538
Unrealised foreign exchange (gain) / loss (net)		56		(7)
Interest received		(449)		(377)
Interest charged		56		51
		391		220
<b>Operating profit before working capital changes</b>		2,291		2,676
Changes in:				
Trade and other receivables		(95)		(409)
Inventories		(594)		(353)
Trade payables / other liabilities		253		932
		(436)		170
<b>Cash generated from operations</b>		1,855		2,846
Net Income Tax paid		(1,122)		(1,292)
<b>Net cash flow before exceptional items</b>		733		1,554
Insurance claim received		—		32
Employees' voluntary retirement scheme		—		(8)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		733		1,578
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(919)		(695)
Proceeds from sale of fixed assets		215		354
Proceeds from sale of business (net)		50		219
Investment in long term investments		(218)		(5)
Redemption of equity share capital		(1,784)		—
Intercompany deposits given		(20)		—
Interest received		477		348
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>		(2,199)		221
<b>C. Cash flow from financing activities</b>				
Proceeds from borrowings		—		35
Repayment of borrowings		—		(35)
Interest paid		(52)		(65)
Dividend paid (including tax thereon)		(169)		(165)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		(221)		(230)
<b>INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		(1,687)		1,569
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE</b>				
Cash & Bank Balances (Refer to Note 10 of Balance Sheet)		6,747		5,178
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE</b>				
Cash & Bank Balances (Refer to Note 10 of Balance Sheet)		5,060		6,747
<b>TOTAL</b>		5,060		6,747

In terms of our report of even date

For B S R & Co.  
Chartered AccountantsVIJAY MATHUR  
Partner  
Membership No.046476

Gurgaon, Haryana March 13, 2009.

For and on behalf of the Board

Chairman S.M.DATTA

Managing Director MURALI SIVARAMAN

Director C.J.M. REUVERS

Secretary R.J.WANI

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## PHILIPS ELECTRONICS INDIA LIMITED

Statement regarding Subsidiary Companies pursuant to Section 212 (1) and (3) of the Companies Act, 1956

Amounts in Rs. Mln

Name of the Subsidiary	The net aggregate of profits / (losses) of the subsidiary Company for it's financial year		The net aggregate of profits / (losses) of the subsidiary Company for it's financial year	
	(a) Dealt within the books of Philips Electronics India Limited for the Year ended December 31, 2008	(b) Not Dealt within the books of Philips Electronics India Limited for the Year ended December 31, 2008	(a) Dealt within the books of Philips Electronics India Limited for the Year ended December 31, 2007	(b) Not Dealt within the books of Philips Electronics India Limited for the Year ended December 31, 2007
Alpha X-Ray Technologies (India) Private Limited [(957,600 (2007 - Nil) Equity Shares of Rs. 10 each fully paid-up i.e. 100% holding)]	NIL	(8)	Not applicable	Not applicable

For and on behalf of the Board

Chairman

S.M.DATTA

Managing Director

MURALI SIVARAMAN

Director

C.J.M.REUVERS

Gurgaon, Haryana March 13, 2009.

Secretary

R.J.WANI

Ten-Year Review

Amounts in Rs.Mln

PARTICULARS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Income and Dividends</b>										
Sales	17,289	14,931	15,256	16,019	16,367	23,637	28,389	26,486	28,906	31,267
Operating profit / (loss)	314	(39)	387	1,080	1,257	1,425	1,057	1,485	2,456	1,900
As percentage of sales	1.8	(0.3)	2.5	6.7	7.7	6.0	3.7	5.6	8.5	6.1
Profit / (Loss) before tax	312	(395)	(401)	1,227	1,050	1,492	983	3,029	2,894	2,106
As percentage of sales	1.8	(2.6)	(2.6)	7.7	6.4	6.3	3.5	11.4	10.0	6.7
Profit / (Loss) after tax	281	(342)	(211)	1,043	671	1,029	807	2,130	1,903	1,351
As percentage of sales	1.6	(2.3)	(1.4)	6.5	4.1	4.4	2.8	8.0	6.6	4.3
As percentage of net worth	13.9	(20.4)	(13.4)	32.9	18.5	20.5	14.1	27.7	20.2	15.3
Earnings per share (Rs.)	6.2	(7.5)	(4.7)	17.8	11.3	15.4	11.5	30.3	27.1	19.71
Dividend per equity share (Rs.)	2.5	—	—	1.5	1.5	1.5	1.5	2.0	2.0	2.0
<b>Assets and Liabilities</b>										
Net fixed assets	1,739	1,737	1,462	2,951	2,650	2,837	2,871	2,661	2,694	2,825
Investments	136	136	161	7	11	11	11	11	16	442
Deferred tax assets - net	—	—	313	159	117	189	268	254	240	296
Inventories	1,361	1,597	1,004	1,349	1,608	2,519	2,243	1,902	2,255	2,849
Debtors, loans & advances and cash & bank balances	3,635	2,571	2,261	2,988	3,442	5,905	6,417	9,264	11,297	10,024
Current liabilities & provisions	3,324	3,085	2,968	3,803	4,041	6,309	5,983	6,307	6,951	7,445
Net current assets	1,672	1,083	297	534	1,009	2,115	2,677	4,859	6,601	5,428
<b>Net Investment</b>	<b>3,546</b>	<b>2,956</b>	<b>2,233</b>	<b>3,651</b>	<b>3,787</b>	<b>5,152</b>	<b>5,827</b>	<b>7,785</b>	<b>9,551</b>	<b>8,991</b>
<b>Represented by</b>										
Equity share capital	455	455	455	455	582	582	703	703	703	634
Share capital suspense	—	—	—	226	—	121	—	—	—	—
Revaluation reserve	107	103	99	107	74	71	31	17	—	—
Other reserves	1,461	1,120	1,018	2,383	2,968	4,255	4,974	6,957	8,709	8,197
Shareholders' interest (net worth)	2,023	1,678	1,572	3,171	3,624	5,029	5,708	7,677	9,412	8,831
Debentures	500	538	—	83	—	—	—	—	—	—
Loans	1,023	740	661	397	163	123	119	108	139	160
<b>Total</b>	<b>3,546</b>	<b>2,956</b>	<b>2,233</b>	<b>3,651</b>	<b>3,787</b>	<b>5,152</b>	<b>5,827</b>	<b>7,785</b>	<b>9,551</b>	<b>8,991</b>
<b>General</b>										
Exports (F.O.B)	307	253	355	243	331	712	1,011	454	330	418
Salaries, bonus & staff welfare (excluding V.R.S)	1,110	1,038	1,036	1,085	1,170	2,176	3,016	3,268	2,635	2,898
Debt : Equity Ratio	43:57	43:57	30:70	13:87	4:96	2:98	2:98	1:99	1:99	2:98
Number of employees at year end	3,803	3,255	2,410	3,403	2,788	3,986	3,952	3,440	3,135	3,317

# ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

## Board of Directors

### Chairman & Managing Director

Michiel Verheijen

### Directors

Naresh Alreja

Saurabh Chaturvedi

## Auditors

Kadhi & Co.

Chartered Accountants

## Registered Office

24, Goodwill Premises

178, Swastik Estate, CST Road,

Kalina, Mumbai - 400 098



## DIRECTORS' REPORT

Your Directors submit their report and audited accounts for the Nine Months ended December 31, 2008.

### 1. RESULTS

	Rs. Mln.
	<b>2008</b>
Gross Income	75.21
Profit / (Loss) before Tax	(8.47)
Fringe Benefit Tax – (Charge)/Release	(0.20)
Provision for Current Tax	(0.01)
Provision for Deferred Tax – (Charge)/ Release	0.56
Profit after Tax	(8.12)

### 2. ACQUISITION BY PHILIPS

On November 10, 2008, the entire share capital of the Company was purchased by Philips Electronics India Limited ('Philips') through a contracted deal, and with effect from this date, the Company is a wholly owned subsidiary of Philips.

### 3. CHANGE OF ACCOUNTING YEAR

Pursuant to the acquisition by Philips, and in order to align the financial year with that of the holding company, your Company has changed its accounting year to the financial year ending on December 31, instead of March 31. Figures for the current period are for nine months i.e. from April 1, 2008 to December 31, 2008 and hence are not comparable with that of the previous year.

### 4. DIRECTORS

Mr. Saurabh Chaturvedi and Mr. Michiel Verheijen were appointed as Additional Directors of the company at the Board meeting held on November 10, 2008. As per Article 14(e) of the Articles of Association of the Company, Mr. Chaturvedi and Mr. Verheijen will hold office up to the date of the Annual General Meeting. Due notices have been received from members pursuant to Section 257 of the Companies Act, 1956, of their intention to move a resolution for the appointment of Mr. Chaturvedi and Mr. Verheijen as Directors of your Company.

Mr. Sunil Alreja, Mr. Vikram Mordani and Mr. P.V. Gopal Krishnan have resigned as Directors of the Company after the conclusion of the Board meeting held on November 10, 2008. Your Board wishes to place on record its sincere appreciation of the meritorious services provided by Mr. Alreja, Mr. Mordani and Mr. Gopalkrishnan.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- i) in the preparation of the annual accounts, applicable accounting standards have been followed;
- ii) the Directors 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 as on December 31, 2008 and of the loss of the Company for the year ended December 31, 2008;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis.

## ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

### 6. AUDITORS

The retiring auditors M/s Kadhi and Co., have expressed their inability to continue as statutory auditors of the Company. The Board proposes to appoint M/s B S R and Company as the auditors of the Company in place of the retiring auditors M/s Kadhi and Co. We would like to thank M/s Kadhi and Co., the outgoing auditors, for their co-operation, understanding and excellent services rendered to the Company during their association as statutory auditors. M/s B S R and Company have certified that if appointed, their appointment will be within the limit of Section 224(1B) of the Companies Act, 1956.

### 7. CONSERVATION OF ENERGY, FOREIGN EXCHANGE EARNING AND OUTGOING AND TECHNOLOGICAL ABSORPTION

The Disclosure of particulars with respect to conservation of energy pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, are not applicable to the Company. However, the Company makes its best efforts towards conservation of energy. The Company uses indigenous technology for its operations and accordingly reports that information related to technology absorption, adaptation and innovation is NIL. The Company has earned foreign exchange of Rs 4.37 million from exports. Foreign exchange used is Rs 1.15 million for foreign travel.

### 8. PERSONNEL

Your Directors acknowledge and thanks the employees for their support and co-operation in the operation of the Company. Town meetings and meetings with employee representatives were held for extensive employee communication.

The statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956 is annexed and forms an integral part of this report.

### 9. ACKNOWLEDGEMENT

Your Directors wish to place on record their deep appreciation of the co-operation and support extended by all customers, suppliers and various State and Central Government

By order of the Board  
Naresh Alreja  
Saurabh Chaturvedi  
Michiel Verheijen

Gurgaon, March 12, 2009

## Auditors' report to the members of M/S ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LTD

1. We have audited the attached balance sheet of M/s ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LTD as at 31 December 2008, and also the profit and loss account and the Cash flow statement 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 conducted our audit in accordance with the auditing standards generally accepted 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 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 and profit and loss account referred to in this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet and profit and loss account comply with the accounting standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
  - v. On the basis of written confirmations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2008 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 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 December 31, 2008; and
    - b. In the case of the Profit and Loss account, of the loss for the nine months ended on that date;
    - c. In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

**For Kadhi & Co.  
Chartered Accountants**

**Deepak Kadhi**  
M.No. 33992  
Proprietor

Place: Mumbai  
Date: March 12, 2009

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## ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

### Annexure to the auditor's report of ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LTD

Referred to in paragraph 3 of our report of even date

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) As informed and represented to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.  
c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of fixed assets during the year thereby affecting the going concern.
2. a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, they have substantially confirmed these. In our opinion, the frequency of verification is reasonable.  
b) In our opinion, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company during the year has taken Inter Corporate Deposits from its Holding Co, as per the information and explanations given the same is not prejudicial to the interest of the Company and the same has been recorded in register maintained under section 301 of the Companies Act, 1956. And the Company has not granted secured or unsecured to/from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. 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 purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
b) In our opinion and according to the information and explanations given to us, there are transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Act and exceeding the value of rupees Five Lakhs in respect of any party during the year. The terms and conditions are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under.
7. The Company does have an internal audit system which commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the activities of the Company.
9. a) The Company is generally regular in depositing with appropriate authorities applicable undisputed statutory dues including provident fund, income-tax, wealth-tax, custom duty, service tax and other material statutory dues applicable to it.  
b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth-tax, custom duty and service tax were outstanding, as at December 31, 2008 for the period of more than six months from the date they became payable.

### Annexure to the Auditors' Report (Continued)

- c) According to the records of the Company, there are no dues of income-tax, wealth-tax, customs duty and service tax which have not been deposited on account of any dispute.
10. The company has no accumulated losses as at December 31, 2008 and it has incurred cash loss of Rs.71,64,022/- in the financial year ended December 31, 2008, no losses were incurred in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not borrowed any funds from financial institutions or banks or debenture holders and accordingly Paragraph 4(xi) of the said Order relating to default to such parties is not applicable.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore Paragraph 4(xii) of the said Order relating to maintenance of documents and records is not applicable.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us, the Company has not raised any term loans and therefore Paragraph 4(xvi) of the said Order relating to application of term loan for the purpose for which it was obtained is not applicable.
17. According to the information and explanations given to us, the Company has not raised any funds, short-term or long-term, during the year and therefore Paragraph 4(xvii) of the said Order relating to usage of such funds is not applicable.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under section 301 of the Companies Act, 1956.
20. According to the information and explanations given to us, the Company has not made any public issue during the year and accordingly Paragraph 4(xx) of the said Order relating to end use of money raised is not applicable.
21. During the course of our examinations of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Kadhi & Co.**  
Chartered Accountants

**Deepak Kadhi**  
M.No. 33992  
Proprietor

Place: Mumbai  
Date : March 12, 2009

# ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

## Profit and Loss Account for the nine months ended December 31, 2008

	Notes	Nine months ended December 31, 2008		Amounts in Rs. Mln Year ended March 31, 2008	
<b>INCOME</b>					
Sales and income from operations (gross)	1	75.02		140.39	
Other income	2	0.19	75.21	0.30	140.69
<b>EXPENDITURE</b>					
Material cost	3	40.70		77.00	
Expenses	4	41.21		56.54	
Interest	5	0.37		0.36	
Loss on Sale of Assets		0.21		0.13	
Depreciation / Amortisation		1.19		0.88	
		<b>83.68</b>	<b>83.68</b>	<b>134.91</b>	<b>134.91</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>					
			<b>(8.47)</b>		<b>5.78</b>
Fringe benefit tax - (charge)/release			(0.20)		(0.50)
Provision for current tax - (charge)/release			(0.01)		(3.02)
Provision for deferred tax- (charge)/release			0.56		(0.25)
<b>PROFIT / (LOSS) AFTER TAX</b>					
			<b>(8.12)</b>		<b>2.01</b>
Balance brought forward			46.73		44.72
Available for appropriation			38.61		46.73
Transfer to general reserve			—		—
Proposed equity dividend			—		—
Tax on proposed equity dividend			—		—
Balance carried forward			38.61		46.73
Basic and diluted earnings per equity share of Rs.10 each (in Rs.)	9				
— Before exceptional items			(8.48)		2.10
— After exceptional items			(8.48)		2.10

The statement of accounting policies and notes 1-11 to the profit and loss account form an integral part of the accounts.

	In terms of our report of even date	For and on behalf of the Board
	For Kadhi & Co. Chartered Accountants	Director Naresh Alreja Director Saurabh Chaturvedi
Mumbai, March 12, 2009	Deepak Kadhi Proprietor Membership No. 033992	

## Balance Sheet as at December 31, 2008

	Notes	As at December 31, 2008	As at March 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Capital	1	9.57	9.57
Reserves and surplus	2	38.61	46.73
		<b>48.18</b>	56.30
<b>Loan funds</b>			
Secured loans	3	1.06	4.02
Unsecured loans	4	20.00	—
		<b>21.06</b>	4.02
		<b>69.24</b>	60.32
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	5	17.22	15.52
Less: Depreciation		9.17	7.98
Net block		8.05	7.54
Capital work-in-progress		—	7.54
		<b>4.60</b>	4.56
<b>Investments</b>	6	<b>4.60</b>	4.56
<b>Deferred tax assets/(liability) - net</b>	7	<b>0.34</b>	(0.23)
<b>Current assets, loans and advances</b>			
Inventories	8	32.65	22.49
Sundry debtors	9	34.69	64.25
Cash and bank balances	10	0.81	1.23
Loans and advances	11	6.11	11.18
		<b>74.26</b>	99.15
<b>Less : Current liabilities and provisions</b>			
Liabilities	12	16.09	49.89
Provisions	13	1.94	0.84
		<b>18.03</b>	50.73
<b>Net current assets</b>		<b>56.23</b>	48.42
Miscellaneous Assets	14	0.02	0.03
<b>(to the extent not written off)</b>		<b>69.24</b>	60.32

The statement of accounting policies and notes 1-16 to the balance sheet form an integral part of the accounts.

	In terms of our report of even date	For and on behalf of the Board
	For Kadhi & Co. Chartered Accountants	Director Naresh Alreja
	Deepak Kadhi Proprietor Membership No. 033992	Director Saurabh Chaturvedi
Mumbai, March 12, 2009		

# ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

## STATEMENT OF ACCOUNTING POLICIES

### 1. Basis of Preparation of Financial Statements

The financial statements are prepared and presented under historical cost convention, with the exception of land and buildings, which have been revalued, on the accrual basis of accounting in accordance with the generally accepted accounting principles followed in India ('Indian GAAP') and the relevant provisions of the Companies Act, 1956 and comply with the accounting standards prescribed in Companies (Accounting Standards) Rules, 2006, issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

### 2. Revenue recognition

Sales of goods / equipments are recognized on transfer of risks and rewards of ownership in the goods to the customers/completion of installation. Income from annual maintenance service contracts is recognized on a straight-line basis over the period of contracts and income from other service contracts is recognized on completion of the service rendered. As per company's new accounting policy, revenue recognition is made as and when installations take place, due to which sales are less recognized by Rs. 55,38,500/- and same has a impact on lower profitability which is less by Rs. 24,05,444/-

### 3. Fixed Assets & Depreciation

Fixed assets are stated at cost of whereas depreciation on assets has been provided as per the rates prescribed in the schedule XIV of the Companies Act 1956 on straight line method. Depreciation is provided on the original cost on a straight-line method at the rates given in Schedule XIV of the Companies Act, 1956, (as amended vide notification GSR 756[E] dated 16.12.1993)

### 4. Inventories

Inventories are valued at cost or net realizable value whichever is lower.

### 5. Investments

Investments are stated at cost less any permanent diminution in value.

### 6. Foreign Currency Transactions

Foreign Currency transactions are recorded in the books of the Company at the rates prevalent on the date of clearance of goods.

### 7. Research & Development

Revenue expenditure is charged to profit & loss account in the year in which it is incurred and expenditure of a capital nature is capitalized as fixed assets.

### 8. Retirement benefits

Gratuity and Leave encashment provision is valued on the basis of actuarial valuation.

### 9. Provisions & Contingencies

A provision is recognized when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- A reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 10. Taxation

Income-tax expense comprises current tax and deferred tax charge or release. The deferred tax charge or credit is recognized using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each balance sheet date to reassess realization.

Mumbai, March 12, 2009

For and on behalf of the Board

Director Naresh Alreja

Director Saurabh Chaturvedi



## Notes to Profit and Loss Account

	Amounts in Rs.Mln	
1. SALES AND INCOME FROM OPERATIONS	Nine months ended December 31, 2008	Year ended March 31, 2008
<b>Sales of goods / services (gross)</b>		
Sales - Medical Equipments	72.32	130.97
Services and Others	2.70	9.42
	75.02	140.39
 Notes: Number of Units Sold		
	Nine months ended December 31, 2008 UNITS	Year ended March 31, 2008 UNITS
Fusions	3	8
Corona	4	2
C-Arm	1	2
Flat Panel	—	1
II with Digimem	—	2
Impulse	4	6
Revela	—	3
	12	24

Note: As per company's new accounting policy, revenue recognition is made only when installations take place, due to which Sales are less recognized by Rs. 55,38,500/- and same has an impact on Net Profit which is less by Rs. 24,05,444/-

	Nine months ended December 31, 2008	Year ended March 31, 2008
<b>2. OTHER INCOME</b>		
Interest on advances, current accounts and deposits - gross (tax deducted thereon - NIL (Rs. 0.049))	0.19	0.30
	0.19	0.30
 <b>3. MATERIAL COST</b>		
	Nine months ended December 31, 2008	Year ended March 31, 2008
Stocks as at beginning	22.49	11.39
	22.49	11.39
Add : Purchases	50.86	88.10
	50.86	88.10
	73.35	99.49
Deduct : Stocks as at end	32.65	22.49
	40.70	77.00

# ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

Notes : Quantative Details of Consumption of Major Raw Materials

Description	Nine months ended December 31, 2008				Year ended March 31, 2008			
	Opening	Inward	Outward	Closing	Opening	Inward	Outward	Closing
X-Ray Tube TH 9438 QXH 666 VR13	31	18	24	25	21	74	64	31
Image Intensifier TH 59438Q666G032L65	1	6	5	2	0	9	8	1
Camera TH 8740-032	4	3	5	2	8	6	10	4
Power Supply TH 7193	17	-	1	16	10	9	2	17
Lens TH 8740-012-L45	1	-	-	1	4	0	3	1
RAD 99 / OR III Medical X-Ray Tube	-	5	2	3	1	5	6	0
G1092/B160H X-Ray Tube	-	10	9	1	0	2	2	0
Heat Exchanger	4	7	10	1	0	16	12	4
HV Cable 20 Meters (Federal to Alden)	6	14	10	10	6	22	22	6
Lens 3801-401-000-44 (Without Rotation)	2	4	5	1	1	8	7	2
Angiography Table Top N-11674	-	15	12	3	2	10	12	0
X-Ray Generator	3	14	15	2	3	22	22	3
Matrox CXP Board	3	5	2	6	6	0	3	3
Meteor 2-Dig /4L LVDS PCI								
Frame Grabber	5	8	12	1	2	23	20	5
DBHD100 To-Op. 100 Pin Camera								
Cable Assembly	6	8	13	1	2	24	20	6
Bit Flow Frame Grabber R-3 DIF	-	4	1	3	-	-	-	-
Interface Cable	-	4	1	3	-	-	-	-
Medrad Mark V Plus Pressure Injector	5	-	2	3	3	8	6	5
CASTORS. 00029674 KK 5940	126	8	56	78	232	0	106	126
Actuator 345200+103001AA	4	10	6	8	0	21	17	4
X-Ray Lead Glass Protect								
Type VI IEC 61331-2	-	2	1	1	-	-	-	-
X-Ray Protective Lead Acrylic Shield	-	5	-	5	-	-	-	-
Metals Parts for connection of lead shield	-	1	-	1	-	-	-	-
Sony 1/2" B/w CCD Camera XC-ES50CE	2	1	1	2	17	0	15	2
8.5mm Manual Iris Lens	18	1	1	18	18	15	15	18
12 Pin Female Connector	13	1	1	13	25	0	12	13
Plastic Tube 25mm Hose	386	200	59	527	315	200	129	386
50mm Hose pipe	200	-	-	200	0	200	0	200
X-Ray Gird 300 x 229mm 10.1"	7	14	15	6	2	22	17	7
Linear Actuator AL12	4	16	1	19	0	4	0	4
LCD Monitor 20.1"	5	-	-	5	10	12	17	5
<b>TOTAL</b>	<b>853</b>	<b>384</b>	<b>270</b>	<b>967</b>	<b>688</b>	<b>712</b>	<b>547</b>	<b>853</b>

## Purchases

	Nine months ended December 31, 2008	Year ended March 31, 2008
Purchases	47.29	82.34
Import Duties	2.57	5.03
Material Consumed (Direct Cost)	1.00	0.73
	<u>50.86</u>	<u>88.10</u>

## Notes to Profit and Loss Account

### 4. EXPENSES

	Nine months ended December 31, 2008	Amounts in Rs.Mln Year ended March 31, 2008
Salaries and Wages	17.90	17.05
Postage & Courier	0.14	0.12
Retirement Benefits and Leave Encashment	1.62	1.10
Rent	0.80	0.89
Freight , Octroi & Transport	1.89	4.01
Staff welfare	1.18	4.38
Travelling Expenses	4.98	3.59
Donation	—	0.10
Telephone & Internet Expenses	0.75	0.84
Labour & Service Charges	1.43	3.44
Insurance	0.05	0.20
Repairs, Maintenance & Office Expenses	0.93	0.51
Bank Charges & Interest	0.32	0.21
Commission Expenses	2.60	7.47
Legal expenses	0.04	0.37
Professional Charges	2.26	2.58
Contribution to Provident Fund	0.29	0.32
Discounts & Amounts written Off	1.49	4.69
Foreign exchange difference	1.02	0.61
Power and fuel	0.50	0.47
Water Charges	0.02	0.03
Local Travel & Conveyance	0.44	0.73
Printing and stationery	0.09	0.16
Training Cost	0.18	0.19
Miscellaneous Expenses	0.29	—
Research & Development Exp	—	2.48
<b>TOTAL</b>	<b>41.21</b>	<b>56.54</b>

#### Notes:

- Remuneration to Directors (included in Salary) for nine months ended 31st December 2008 is **Rs. 5.55** (2007/08 - Rs. 5.54) These figures exclude gratuity and leave encashment provisions which are actuarially determined as per actuarial valuation report.
- Audit fees (included in Professional Fees) of **Rs. 0.05** (2007/08 - Rs. 0.05) comprises of Statutory audit Rs. 0.036 and Tax Audit Rs. 0.014.

### 5. INTEREST EXPENDITURE

	Nine months ended December 31, 2008	Year ended March 31, 2008
Interest on Car Loan	0.16	0.36
Interest on Inter Corporate Deposits	0.21	—
	<b>0.37</b>	<b>0.36</b>

# ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

## Notes to Profit and Loss Account

Amounts in Rs.Mln

### 6. RELATED PARTY TRANSACTIONS

#### (a) Names of the companies with whom transactions have taken place during the year

Holding Company	:	Philips Electronics India Ltd.
Associate Company	:	Navigo Technologies Pvt. Ltd.
(Ceased to exist as a associate co. from October 15, 2008)		
Fellow Subsidiary Companies	:	
<b>Fellow Subsidiary Companies:</b>		<b>Overseas Fellow Subsidiary Companies:</b>
NIL		NIL

(b) NATURE OF TRANSACTIONS	Nine months ended December 31, 2008				Year ended March 31, 2008			
	Holding Company	Associate Company	Fellow Subsidiary Companies	Employee Trusts	Holding Company	Associate Company	Fellow Subsidiary Companies	Employee Trusts
<b>PURCHASES</b>								
Goods	—	—	—	—	—	—	—	—
Fixed assets	—	0.82	—	—	—	—	—	—
Services	—	—	—	—	—	—	—	—
<b>SALES</b>								
Goods	—	36.46	—	—	—	23.99	—	—
Services	—	0.10	—	—	—	—	—	—
<b>DEPUTATION OF PERSONNEL</b>								
Charge	—	—	—	—	—	—	—	—
Recovery	—	—	—	—	—	—	—	—
<b>FINANCE</b>								
Dividend paid	—	—	—	—	—	—	—	—
Interest paid	0.21	—	—	—	—	—	—	—
<b>Contributions to Employees' Benefit Plans</b>								
<b>Advances given</b>								
—	—	—	—	—	—	—	—	—
<b>OTHER RECEIPTS</b>								
Reimbursements	—	—	—	—	—	—	—	—
<b>OUTSTANDING</b>								
Payable	20.00	—	—	—	—	—	—	—
Receivable	—	—	—	—	—	—	—	—

#### (c) Names of the Directors of the Company with whom transactions have taken place during the year

Executive Directors			
1)	Naresh V. Alreja	Rent of Premises	Rs. 0.5625 (2007/08 — Rs. 0.75)
2)	Saurabh Chaturvedi *		NIL
3)	Vikram Mordani **		
4)	P.V. Gopalkrishnan **		

#### (1) Details of remuneration to directors are disclosed under note 4 (a) to Profit and Loss Account.

\* Appointed as an executive director w.e.f Nov 11, 2008

\*\* Ceased to be executive director w.e.f Nov 11, 2008

## Notes to Profit and Loss Account

	Nine months ended December 31, 2008		Amounts in Rs.Mln Year ended March 31, 2008	
	% of total consumption	Rs.	% of total consumption	Rs.
<b>7. Consumption of raw materials,</b>				
<u>Raw materials :</u>				
Local / Indigeneous	47.86	<b>23.94</b>	38.00	31.60
Imports at C.I.F.	52.14	<b>26.07</b>	62.00	50.73
<b>8. Income and expenditure in foreign exchange</b>				
<u>Income</u>				
Exports		<b>3.21</b>		2.93
Service Income (Commissions)		<b>1.16</b>		2.12
<u>Expenditure :</u>				
Payments (Travel)		<b>1.15</b>		2.94
<b>9. Earnings per share</b>				
<b>Calculation of earnings per share</b>				
(a) Number of shares at the beginning of the year		<b>957,600</b>		957,600
Total number of equity shares outstanding at the end of the year		<b>957,600</b>		957,600
Operating profit		<b>(8.47)</b>		5.78
Fringe benefit tax		<b>(0.20)</b>		(0.50)
Provision for tax on the above		<b>0.55</b>		(3.27)
(b) Profit / (loss) after tax and before exceptional items		<b>(8.12)</b>		2.01
Exceptional items net of tax		—		—
(c) Profit / (loss) after tax attributable to equity share holders		<b>(8.12)</b>		2.01
(d) Basic and diluted earnings per share before exceptional items (b/a) (in Rs.)		<b>(8.48)</b>		2.10
(e) Basic and diluted earnings per share after exceptional items (c/a) (in Rs.)		<b>(8.48)</b>		2.10
<b>10.</b> Fiscal year for the Company being the year ending March 31, 2009, the ultimate tax liability will be determined on the basis of the results for the period April 1, 2008 to March 31, 2009.				
<b>11.</b> Prior year's figures have been regrouped, recast and restated where necessary to conform to the current year's classification.				

For and on behalf of the Board

Director

Naresh Alreja

Mumbai, March 12, 2009

Director

Saurabh Chaturvedi

# ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

## Notes to Balance Sheet

	As at December 31, 2008	Amounts in Rs.Min As at March 31, 2008
<b>1. CAPITAL</b>		
<b>Authorised</b>		
10,00,000 no. of equity shares of Rs.10 each	10.00	10.00
	<u>10.00</u>	<u>10.00</u>
<b>Issued and subscribed</b>		
9,57,600 equity shares of Rs.10 each, fully paid up	9.57	9.57
	<u>9.57</u>	<u>9.57</u>
<b>Of the above:</b>		
<b>During the Year Philips Electronics India Limited has acquired 100% holding</b> in the Company. 600 shares are held by individuals as nominees, beneficiary being the Holding Company.		
<b>2. RESERVES AND SURPLUS</b>		
<b>Profit and Loss Account</b>	38.61	46.73
	<u>38.61</u>	<u>46.73</u>
<b>3. SECURED LOANS</b>		
<b>Finance lease</b>	1.06	1.02
The Above loans are for Financing Cars. The Respective Cars are Hypothecated		
<b>Bank Overdraft - Canara Bank</b>	—	3.00
(Hypothecated - Book Debts, Stock and Premises at Daman)		
	<u>1.06</u>	<u>4.02</u>
Note : The overdraft facility ceased to exist as on date of Balance Sheet and has been repaid in full.		
<b>4. UNSECURED LOANS</b>		
<b>Others:</b>		
<b>INTER CORPORATE DEPOSIT FROM HOLDING COMPANY</b>		
Philips Electronics India Ltd	20.00	—
	<u>20.00</u>	<u>—</u>

## 5. FIXED ASSETS

	Gross block at cost or valuation			Depreciation / amortisation			Net block			
	As at beginning	Additions	Disposals & adjustments	As at end	As at beginning	For the year	On disposals & adjustments	As at end	As at 31.12.2008	As at 31.03.2008
	01.04.2008			(1+2-3)	1.04.2008			(5+6-7)	(4-8)	(1-5)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Intangibles										
Goodwill	—	0.39	—	0.39	—	0.02	—	0.02	0.37	—
Factory Renovation	0.96	0.14	—	1.10	0.10	0.18	—	0.28	0.82	0.85
Industrial Units	1.15	—	—	1.15	0.19	0.03	—	0.22	0.93	0.96
Leaseholds	—	—	—	—	—	—	—	—	—	—
- Land	—	—	—	—	—	—	—	—	—	—
- Improvements	—	—	—	—	—	—	—	—	—	—
- Other assets	—	—	—	—	—	—	—	—	—	—
Machinery and equipment	6.78	0.60	—	7.38	5.01	0.55	—	5.56	1.82	1.77
Furniture and fittings	1.85	0.02	—	1.87	0.79	0.09	—	0.88	0.99	1.06
Vehicles	4.79	0.75	0.21	5.33	1.89	0.32	—	2.21	3.12	2.90
	15.53	1.90	0.21	17.22	7.98	1.19	—	9.17	8.05	7.54
Prior year	13.19	3.27	0.94	15.52	7.68	0.88	0.58	7.98	7.54	

## Notes to Balance Sheet

	As at December 31, 2008	Amounts in Rs.Mln As at March 31, 2008
<b>6 INVESTMENTS</b>		
Long term investments at cost - Non-trade Land (under litigation) with CIDCO Fixed Deposits (Against Bank Guarantees)	2.66 1.94	2.66 1.90
<b>Gross Investments</b>	<u>4.60</u>	<u>4.56</u>
Less: Provision for diminution	—	—
<b>Net Investments</b>	<u>4.60</u>	<u>4.56</u>
Quoted - Cost - Market value		
Unquoted - Cost	4.60	4.56
<b>7 DEFERRED TAX ASSETS/ (LIABILITY)</b>		
Assets : Retirement benefits	0.68	—
Liabilities : Depreciation	<u>(0.34)</u>	<u>(0.23)</u>
<b>Deferred Tax Asset / Liability - Net</b>	<u>0.34</u>	<u>(0.23)</u>
<b>8 INVENTORIES</b>		
Raw materials	32.65	22.49
	<u>32.65</u>	<u>22.49</u>
<b>9 SUNDRY DEBTORS</b>		
<b>Debts considered good :</b>		
Debts over six months unsecured	5.10	7.09
Other debts unsecured	29.59	57.16
<b>Debts considered doubtful :</b>		
Debts over six months	—	—
	<u>34.69</u>	<u>64.25</u>
Less : Provision	—	—
	<u>34.69</u>	<u>64.25</u>
<b>10 CASH AND BANK BALANCES</b>		
Cash and cheques in hand	0.10	0.39
<b>With scheduled banks:</b>		
Current accounts	0.70	0.86
Exchange Earners Foreign Currency account	0.01	(0.02)
	<u>0.81</u>	<u>1.23</u>
<b>11 LOANS AND ADVANCES</b>		
<b>Unsecured considered good (unless otherwise stated):</b>		
Loans and advances recoverable in cash or in kind for value to be received	3.30	9.05
Miscellaneous Balances	2.81	2.13
	<u>6.11</u>	<u>11.18</u>
<b>12 LIABILITIES</b>		
Sundry Creditors		
For expenses	3.17	7.70
For purchases	11.87	41.71
Other Taxes Payable	1.05	0.48
	<u>16.09</u>	<u>49.89</u>

# ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

## Notes to Balance Sheet

	As at December 31, 2008	Amounts in Rs.Min As at March 31, 2008
<b>13 PROVISIONS</b>		
Provisions for Retirement benefits	1.94	0.84
	<u>1.94</u>	<u>0.84</u>
<p>Note: The actuarial valuation in respect of gratuity and leave encashment has been done as at November 2008</p>		
<b>14 MISCELLANEOUS ASSETS</b>		
Preliminary expenses	0.03	0.04
Less: written Off	0.01	0.01
Balance at the end of the Year	<u>0.02</u>	<u>0.03</u>
<b>15. CONTINGENT LIABILITIES</b>		
<p>The Company has filed a civil suit pertaining to Allotment of Land by CIDCO and its subsequent cancellation. The Company is sure that it will receive compensation in lieu of payments made or alternate land.</p>		
<p>16. Prior year's figures have been regrouped, recast and restated where necessary to conform to the current year's classification.</p>		

Mumbai, March 12, 2009

For and on behalf of the Board  
 Director  
 Director

Naresh Alreja  
 Saurabh Chaturvedi



## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.	60344		
Balance Sheet	31	12	2008
Date	Date	Month	Year

State Code

### II. Capital raised during the year (Amounts in Rs. '000)

Public Issue	<input type="text" value="Nil"/>	Rights Issue	<input type="text" value="Nil"/>
Bonus Issue	<input type="text" value="Nil"/>	Private Placement	<input type="text" value="Nil"/>

### III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. '000)

Total Liabilities	<input type="text" value="69,240"/>	Total Assets	<input type="text" value="69,240"/>
<b>Sources of Funds</b>		Reserves & Surplus	<input type="text" value="38,610"/>
Paid-up capital	<input type="text" value="9,570"/>	Secured Loans	<input type="text" value="1,060"/>
Share capital suspense	<input type="text" value="Nil"/>		
Unsecured Loans	<input type="text" value="20,000"/>		
<b>Application of Funds</b>		Investments	<input type="text" value="4,600"/>
Net Fixed Assets	<input type="text" value="8,050"/>	Misc. expenditure	<input type="text" value="20"/>
Net current assets	<input type="text" value="56,240"/>	Deferred tax assets - net	<input type="text" value="340"/>
Accumulated losses	<input type="text" value="Nil"/>		

### IV. Performance of Company (Amounts in Rs. '000)

Total income	<input type="text" value="75,000"/>	Total expenditure	<input type="text" value="83,470"/>
Profit / Loss before tax	<input type="text" value="8,470"/>	Profit / loss after tax	<input type="text" value="8,120"/>
(Tick appropriate box + for Profit, - for Loss)		Dividend rate %	<input type="text" value="-"/>
Earning per share (before exceptional items) in Rs.	<input type="text" value="(8.48)"/>		
Earning per share (after exceptional items) in Rs.	<input type="text" value="(8.48)"/>		

### V. Generic Names of Three Principal Products / Services of Company

Item Code No. (ITC Code)	<input type="text" value="9022.14.10"/>
Product description	Medical equipments
Item Code No. (ITC Code)	<input type="text"/>
Product description	<input type="text"/>
Item Code No. (ITC Code)	<input type="text"/>
Product description	<input type="text"/>

Mumbai, March 12, 2009

For and on behalf of the Board

Director Naresh Alreja  
 Director Saurabh Chaturvedi

# ALPHA X-RAY TECHNOLOGIES (INDIA) PRIVATE LIMITED

## Cash Flow Statement for the Period ended December 31, 2008

	Nine months ended December 31, 2008		Amounts in Rs. Mln	
			Year ended March 31, 2008	
<b>A. Cash flow from operating activities</b>				
<u>Net Profit / (Loss) before tax and exceptional items</u>	(8.47)		5.78	
<b>Adjusted for</b>				
Loss on sale of fixed assets	0.21		0.13	
Depreciation (net)	1.19		0.88	
Interest received	(0.19)		(0.30)	
Preliminary expenses w/off	0.01		0.01	
Interest paid	0.37	1.59	0.36	1.08
<u>Operating Profit / (Loss) before working capital changes</u>		(6.88)		6.86
<b>Changes in:</b>				
Inventories	(10.16)		(11.11)	
Trade Receivables	29.56		2.63	
Other Receivables	4.96		—	
Liabilities Payable	(32.70)	(8.34)	(5.83)	(14.31)
<b>Cash generated from operations</b>		(15.22)		(7.45)
Net Income Tax paid		0.01		3.03
<b>Net cash flow before exceptional items</b>		(15.23)		(4.42)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		(15.23)		(4.42)
<b>B. Purchase of fixed assets</b>	(1.90)		(3.27)	
Proceeds from sale of fixed assets	—		0.23	
Proceeds from short term deposits	—		8.64	
Interest received	0.08	(1.82)	0.30	5.90
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>		(1.82)		5.90
<b>Cash flow from financing activities</b>				
Repayment of borrowings	(3.00)			
Loans taken	20.00			
Interest paid	(0.37)	16.63	(0.36)	(0.36)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>		16.63		(0.36)
<b>C. INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		(0.42)		1.12
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE</b>		1.23		0.11
Cash & Bank Balances (Refer to Note 9 of Balance Sheet)				
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE</b>		0.81		1.23
Cash & Bank Balances (Refer to Note 9 of Balance Sheet)				
<b>TOTAL</b>		0.81		1.23

	In terms of our report of even date	For and on behalf of the Board
	For Kadhi & Co. Chartered Accountants	Director Naresh Alreja
	Deepak Kadhi Proprietor	Director Saurabh Chaturvedi
Mumbai, March 12, 2009	Membership No. 033992	

**Registered Office**

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Tel. : 91-33-2475 3621, Fax : 91-33-2475 3839

**Corporate Office**

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Tel. : 91-124-4606000, Fax: 91-124-4606666

**Northern Region**

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**Eastern Region**

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**Western Region**

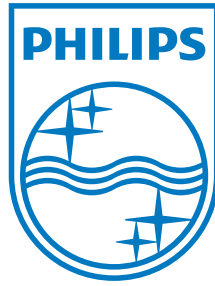
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