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PHILIPS ELECTRONICS INDIA LIMITED

Annual General Meeting on Friday, September 20, 2013 at 11.00 a.m.
at Ghanshyam Das Birla Sabhagarh, 29 Ashutosh Choudhury Avenue, Kolkata 700 019
You are requested to kindly carry your copy of the Annual Report to the Meeting.

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PREETHI KITCHEN APPLIANCES PRIVATE LIMITED

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PHILIPS ELECTRONICS INDIA LIMITED

BOARD OF DIRECTORS

Chairman
S.M. Datta

Vice-Chairman & Managing Director
Rajeev Chopra

Executiv Director
Jan Hendrik Gerardus Louwman

Non-Executive Director
S. Venkantaramani

Company Secretary
Rajiv Mathur (w.e.f. 12th July 2013)

Auditors
B S R & Co.
Chartered Accountants

Bankers
Deutsche Bank AG
State Bank of India
Citibank N.A.
The Royal Bank of Scotland 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 Eighty-third Annual General Meeting of PHILIPS ELECTRONICS INDIA LIMITED will be held at Ghanshyam Das Birla Sabhagar, 29 Ashutosh Choudhury Avenue, Kolkata -700 019 on Friday, September 20, 2013 at 11.00 am to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss 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 March 31, 2013.

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 Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 21 and other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Registrar of Companies or any other authority as may be necessary, the name of the Company be and is hereby changed from its present name of "PHILIPS ELECTRONICS INDIA LIMITED" to "PHILIPS INDIA LIMITED" and that, after such approval is received by the Company, the Memorandum and Articles of Association of the Company be amended to give effect to the change of name;

   RESOLVED FURTHER that the Board of Directors or any Committee thereof be and are hereby authorized to make the necessary application to the Registrar of Companies for the necessary approvals and to take all such steps that may be required to give effect to this resolution."

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 Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the extension of a further period of five years, commencing from January 1, 2013, the payment of remuneration not exceeding one per cent per annum of the net profits of the Company, calculated in accordance with the provisions of Sections 198, 349 & 350 of the Companies Act, 1956 to the Directors of the Company or some or any of them (other than the Managing Director and Whole-time Director of the Company) in such amounts, subject to such ceiling(s) and to such manner and in all respects as may be decided and directed by the Board of Directors or any Committee thereof;

   RESOLVED FURTHER that the Board of Directors or any Committee thereof be and are hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution

By Order of the Board of Directors
Rajiv Mathur
Company Secretary

New Delhi,
July 12, 2013

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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 to Section 173 of the Companies Act, 1956 in respect of the Special Business at item no. 5 and 6 of the Notice, is annexed hereto.

3. The Share Transfer Books and the Register of Members of the Company will remain closed from September 10, 2013 to September 20, 2013 (both days inclusive).

4. The dividend, if approved, will be paid on or after September 30th, 2013 to those members (or their mandatories) whose names appear in the Company's Register of Members on September 20th, 2013. 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 (India) Private Limited
   Plot No 13AB, Samhita Warehousing
   Complex, 2nd floor, Near Sakinaka
   Telephone Exchange, Andheri (East)
   Mumbai-400 072
   Tel: (022) 67720400/67720360
   Fax: (022) 28508927

   Sharepro Services (India) Private Limited
   912,Raheja Centre,
   Free Press Journal Road,
   Nariman Point
   Mumbai- 400 021
   Tel: (022) 22825163/66134700
   Fax: (022) 22825484

6. Pursuant to Section 205A(5) of the Companies Act, 1956 the unpaid dividend that are due for transfer to the Investor Education and Protection Fund (IEPF) are as follows:

Dividend No.	Date of Declaration	For the year ended	Tentative date for transfer to IEPF
59	23.06.2006	31.12.2005	30.07.2013
60	19.04.2007	31.12.2006	26.05.2014
61	13.06.2008	31.12.2007	20.07.2015
62	12.06.2009	31.12.2008	19.07.2016
63	29.06.2010	31.12.2009	05.08.2017
64	10.06.2011	31.12.2010	17.07.2018
65	04.09.2012	31.03.2012	11.09.2019

   Members are requested to note that dividends not encashed / claimed within seven years from the date of declaration of dividend will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against the Company.

   Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach Company/Registrar and Share Transfer Agent, for obtaining payments thereof at least 30 days before they are due for transfer to the said fund.

7. 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:

   a. any change in their address/mandate/bank details

   b. 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.

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EXPLANATORY STATEMENT

Under Section 173 of the Companies Act, 1956

Item No. 5

The name of the Company was changed from "Peico Electronics & Electricals Limited" to "Philips India Limited" in December 1993. This was done in the context of increase in the equity shareholding of Koninklijke Philips N.V. ('KPNV') from 39.7% to 51% in the Company. The name of the Company was further changed from "Philips India Limited" to "Philips Electronics India Limited" effective August 08, 2005, to align the name of your Company with subsidiaries of KPNV in other countries and also to reflect the technology aspects of your Company's main product domains.

During the period from 2005 to 2012 as part of its business restructuring, Philips globally has divested various non-core and non-profit making business such as Semiconductor business, Television business and Lifestyle Entertainment business. Accordingly the Parent Company had also changed its name from Koninklijke Philips Electronics N.V. to Koninklijke Philips N.V. ('KPNV') with effect from May 15, 2013.

In line with global divestment the same businesses were also divested in India and in other countries. Currently in India, Philips operates in Lighting, Consumer Lifestyle and Healthcare domain. Since the current name "Philips Electronics India Limited" does not reflect the true nature of the current business operations, your Board of Directors' deem it important to change the name of the Company from 'PHILIPS ELECTRONICS INDIA LIMITED' to 'PHILIPS INDIA LIMITED' and recommend the relevant Special Resolution at item 5 for approval by the shareholders.

Under Section 21 of the Companies Act, 1956, the proposed change of name will also require approval of the Registrar of Companies. After the Special Resolution approving the proposed change of name is passed by the shareholders, an application to the Registrar of Companies under the said Section 21 will be made.

Consequent upon all approvals having been obtained, necessary amendments will be made in the Memorandum and Articles of Association of the Company to reflect the new name of the Company.

None of the Directors is interested or concerned in the resolution placed at Item no.5

Item no 6

The Shareholders in the General Meeting held on April 19, 2007 approved the payment of remuneration to the Non-Executive (Non Whole-time) Directors of the Company not exceeding one percent of the net profits of the Company. The said approval was for a period of five years effective January I, 2008. The Company has also received approval from Central Government for the said period.

The Board of Directors of the Company at its meeting held on July 12, 2013 approved the extension in the payment of remuneration not exceeding one per cent per annum of the net profits of the Company, calculated in accordance with the relevant provisions of the Companies Act, 1956, to the Directors of the Company or to some or any of them (other than the Managing Director and Whole-time Directors of the Company), for a further period of five years, subject to the approval of members, in such amount, subject to such ceiling(s) and in such manner and in all respects as may be decided and directed by the Board of Directors or any Committee thereof.

Mr. S. M. Datta and Mr. S. Venkataramani being Non Whole-time Directors of the Company may deemed to be concerned or interested in the resolution at Item No. 6 to the extent of the remuneration that may be received by them.

By Order of the Board of Directors
Rajiv Mathur
Company Secretary

New Delhi,
July 12, 2013

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DIRECTORS' REPORT

For the financial year ended March 31, 2013

To the Members,

Your Company's Directors are pleased to present the 83rd Annual Report of the Company, along with Audited Annual Accounts for the financial year ended March 31, 2013.

1. FINANCIAL PERFORMANCE

1.1 RESULTS

₹ million

	Apr'12-Mar'13 (12 months)	Jan'11-Mar'12 (15 months)
Gross income	54,122	56,340
Operating profit	1,752	1,813
Exceptional Items	106	41
Profit before tax and after exceptional items	1,858	1,854
Provision for current tax	(604)	(731)
Income tax receivable (net of tax provisions) related to prior years (written off)/written back	-	115
Provision for deferred tax – Release/(Charge)	(26)	100
Profit after tax	1,228	1,338
Transfer to General Reserve	123	134

1.2 SECTOR WISE SALES

₹ million

	Apr'12-Mar'13 (12 months)	Jan'11-Mar'12 (15 months)
Lighting	30,345	32,090
Consumer Lifestyle	8,210	8,689
Healthcare	10,625	10,249
Innovation Campus	4,338	4,563
Others	156	202
Total	53,674	55,793

All the three key sectors-Lighting, Consumer Lifestyle and Healthcare posted robust top line growth and increased their respective market share.

Key figures for 12 months period ended April – March

As indicated earlier, the previous year audited results for 15 month period ended March 31, 2012 are not comparable with those for year ended March 31, 2013. However on a memorandum basis, for comparative purposes, comparison with audited results for 12 months period ended March, 31, 2012 are given below:

- Gross Income at ₹ 54,122 million (2011–12: ₹ 47,277 million) grew by 14.5 %
- Profit from operations before interest and exceptional items at ₹ 1,558 million (2011–12: ₹ 1,016 million) grew by 53 %
- Profit before Tax at ₹ 1,858 million (2011–12: ₹ 1,175 million) grew by 58%
- Net profit at ₹ 1,228 million (2011–12: ₹ 910 million) grew by 35%

1.3 FINANCE & ACCOUNTS

Your Company has delivered positive net cash from operations through improved sales performance and working capital management. During the year, the Company has placed Inter Company Deposit (ICD) with Preethi Kitchen Appliances Private Limited ("Preethi") to the tune of ₹ 460 million taking the total ICDs placed in Preethi to ₹ 940 million. These ICDs were generated from internal accruals.

We continued facilitating Healthcare sales with innovative financial solutions to support customers and business in keeping up pace with the market growth to the tune of ₹ 2,351 million using internal accruals. During the year, the company has transferred unpaid dividend of ₹ 0.87 million to Investor Education and Protection Fund. Capital expenditure during the year was ₹ 1,155 million (vis – a – vis ₹ 1,471 million during the fifteen month period ended March 31, 2012) and were towards setting up of Healthcare Greenfield factory, Information Technology and other cost saving projects. The company has not made any major borrowings in this year and has managed working capital requirements from internal cash generation.

2. DIVIDEND

Your Directors recommend payment of Rs 2.00 per share as dividend on the fully paid equity shares for the financial year ended March 31, 2013. This will absorb ₹ 115 million as dividend and ₹ 20 million as dividend tax.

3. BUSINESS PERFORMANCE

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

LIGHTING

The Lighting Sector grew by 13.1% for the 12 month period ending on March 31, 2013, over the corresponding period of the previous year. The growth was driven by continued channel expansion and increased extraction from the existing channels in the Consumer segment, increased LED penetration and some big wins in the Professional segment. The year 2012-13 witnessed a strong performance in Conventional Lamps, Tube Light and Compact Fluorescent Lamps categories with an average annualised growth of 12.7%. The market is moving towards energy efficient lighting and Philips continues to be the leader across all segments. Driving efficiencies in distribution, increased reach in semi urban markets, planned channel expansion, and focussed marketing were the key contributors to growth in the Consumer segment. Development of locally relevant LED portfolio and enhancing the value proposition in both conventional & LED products led to an annualised growth of 9.3% in Light Electronics. The year witnessed robust growth in LED across segments in Professional Lighting, and growth in Main Stream Battens. Continued focus on expanding locally relevant LED portfolio resulted in the successful launch of 28 LED/Solar products during this period. Your Company's LED contribution in Professional Lighting Solutions business now stands at 24% for the current period with clear Leadership in LED.

Consumer Luminaires business continued the growth momentum during 2012-13 with 59% growth, driven by continuous expansion of locally relevant portfolio, the addition of 15 new brand retail stores across India and improving the efficiency of existing stores. Besides, focused marketing activities and continued investments in advertising and promotions to build category awareness and association have aided this growth. Our advertising campaigns during the year have helped us in improving our brand health.

Philips Lighting India reached yet another landmark in their journey with the revamping of Lighting of the Salt Lake Stadium in Kolkata. Automotive Lighting business in India received a Special Award from Honda Motor cycles and Scooters India (P) Ltd for the quality of services and support provided to them as one of their vendors.

In 2013-14, Lighting Sector will focus on LED transformation through locally relevant LED products with very strong value propositions, continue to drive energy efficient home lighting and grow in Consumer Luminaires.

CONSUMER LIFESTYLE

In 2012-13 the sector continued to focus on strengthening market share in key focus categories such as Kitchen Appliances, Garment Care and Hair Care & Grooming. These categories combined enjoyed a growth of 9% in the period ended March 31, 2013.

In Domestic Appliances, we strengthened our market share and insights in Kitchen Appliances by launching products relevant for local tastes and behavior patterns. As part of our drive towards Health & Wellbeing, we launched Airfryer in India (a Philips' patented Rapid Air Technology that uses fast-circulating hot air to create fried food containing up to 80 per cent less fat and is a healthy alternative to traditional frying). This revolutionary product hit the market in 2012-13 with great success. In Garment Care, we strengthened our leadership position by increasing our share by driving conversion of dry to steam irons and a strong marketing campaign which accelerated category growth. In 2012-13 we also launched high end coffee machines to the Indian public through our Philips Saeco brand with good success.

We continued to build the category of Personal Care in India through integrated media campaign for Hair Care and Grooming. Campaigns with celebrities like Kareena Kapoor and John Abraham have helped us not only with brand identity but also with our youth connect and recruitment strategy for business growth.

In Lifestyle Entertainment, we continued our leadership position in DVD and in 2012-13 we focused on categories like Docking Systems and Headphones which demonstrated an excellent growth. Philips was a key sponsor for Sunburn Festival in Goa in December 2012 which exposed the Indian Youth to an array of Philips audio video products and enabled us to have the youth connect for brand identity in that segment. Our DJ Party Machine launched at Sunburn 2012-13 has also become a hit.

Our goal remains to grow faster than the market and focus on relevant product categories that can transform Philips as a health and well-being Company that includes Personal Care, Health & Wellness, Domestic Appliances and Coffee.

Your Company remains committed to launch new and relevant products in the coming years which not only suits the local consumer tastes but also meets the fast changing lifestyle needs of the Indian consumers. Additionally, Consumer Lifestyle continues to focus on building talent, competencies and processes to drive sustainable profitable growth through relevant and profitable portfolio choices.

HEALTH CARE

The Healthcare business in India grew by 25% in the period ended March 31, 2013. This was primarily driven by a growth of 26% in Imaging Systems and 27% in Patient Monitoring. The Ultrasound business grew by 11% and Customer Service revenues registered a growth of 17% during the period.

Philips Healthcare India has increased its market share further during the period across all product categories. We advanced to becoming the No. 1 Healthcare Player across our total addressable market (source: COCIR). For the first time, we became No. 1 in Imaging Systems (source: COCIR). We continue to remain the market leaders in Patient Monitoring, Sleep therapeutic devices and Non-invasive ventilators for respiratory care and Cathlabs (source: COCIR). Our leadership in MR and CT was achieved through continued leadership in High end MR (3.0T and premium 1.5T) and CT (premium & performance) (source: COCIR). We gained share in the nursing home space and grew the business significantly. We also gained significant share in all of our strategic key accounts. We are focusing on bringing more integrated solutions to our customers to increase penetration. Solutions such as eICU, Healthcare informatics and Turnkey offerings continue to support share and profitable growth. Our world class Customer Care Service Centre has achieved 30% remote resolution of all customer calls within one year from launch and significantly enhanced customer satisfaction.

We launched several new products this year such as ClearVue 650, Ingenuity PET/MR, high end MX series of patient monitors, a new range of Anaesthesia machines, Allura Clarity (low dose cathlab platform) and Multiva (a new platform in MR). Our Pune factory successfully developed and launched its first set of products – Allura Centron (a cardiac interventional system) and Vectra (a surgical machine). The R&D team in Pune has several other new products in its development pipeline.

We scored as the No. 1 in Brand Equity across all Philips Healthcare markets assessed through the Interbrand report (Global Brand Equity Consulting Company). Healthcare in India also scored the highest in responsiveness to customers across all Philips Markets. Based on Heartbeat survey 2012-13, we remain co-leader in brand preference.

Frost and Sullivan again awarded Philips Healthcare as the Best Cardiology Treatment Company of the year 2012-13. We have now consistently won this award three years in a row. For the first time, we also received the Frost and Sullivan award for the Sleep Solutions Company of the year 2012-13.

PHILIPS INNOVATION CAMPUS (PIC)

Philips Innovation Campus (PIC) based at Bangalore initially started as a Software Center and has now developed into a Product Development Center with focus on delivering meaningful innovations for local and global markets. In Healthcare, for the local markets we have recently launched Clearvue- family of Ultrasound solutions, a suite of products in the Mother and Child Care space including Warmer, Incubator, and a Consultative Critical Care solution which will increase accessibility of Healthcare in India. PIC continues to contribute to global products. It has also expanded its innovation capabilities to cater to markets like Africa and Indonesia. In Lighting, we are working on street lighting solutions and supporting software based development for Hue- a wireless lighting solution. We are working on connected devices in Consumer Lifestyle.

Sales (Export in Foreign Currency) amounted to ₹ 4,338 million in 2012-13 [₹ 4,563 million in 2011-12 (for 15 months)]. PIC's average employee strength during 2012-13 was 1,577 Full Time Equivalents (1466 at March 2012). During the year, personnel in the Healthcare and Lighting increased.

In 2013, PIC will see a growth in activities with healthcare in the lead. 'In India for India' initiatives will be ramped up.

4. BUSINESS RESTRUCTURING

The Lifestyle Entertainment (LE) Business will be divested to WOOX Innovations India Private Limited incorporated in India under Companies Act, 1956 and which will be Wholly Owned Subsidiary of WOOX Innovations Limited incorporated in Hong Kong. The divestment was subject to shareholders' approval, taken at Extra Ordinary General Meeting held on May 31, 2013 at Kolkata. The LE business is expected to be transferred on or after September 30, 2013 at a total consideration of ₹ 299.6 million.

5. AUDIT COMMITTEE

The Audit Committee of the Board was constituted on October 30, 1999. The terms of reference of the Audit Committee among others are to review with the Management and/or Internal Audit Department and/or Statutory Auditors:

i. The statutory annual and quarterly financial reporting by the Company.
ii. Changes in the statutory accounting policies of the Company.
iii. The audit programs of the external auditors and any material issues arising from the audits.
iv. The adequacy and effectiveness of accounting and financial controls of the Company compliance with the Company's policies and applicable laws and regulations.
v. Recommend to the Board the appointment of external auditors and the remuneration payable to them.
vi. Changes, if any, in accounting policies and practices and reasons for the same.
vii. Disclosure of any related party transactions

The Audit Committee comprises of three Directors which are Mr. S.M. Datta, Mr. S. Venkataramani and Mr. Jan Hendrik Gerardus Louwman. Mr. S.M. Datta and Mr. S. Venkataramani are Independent Directors. Mr. S.M. Datta is the Chairman of the Committee.

The Committee met thrice during the financial year 2013 i.e., on May 16, 2012, July 14, 2012 and on November 30, 2012. The Chairman of Audit Committee attended the Annual General Meeting held on September 04, 2012 to answer the Shareholders queries.

6. 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 the sectorial and corporate levels, both the adequacy and effectiveness of internal controls across 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 disclosures.

7. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company firmly believes that it is important to engage with the society it operates in. The CSR program of the Company aims at bringing issues pertaining to Health & Hygiene, Learning, Social Awareness, Safety, Importance of Education and Community Celebration to fore in the underprivileged areas. In that direction the Company made significant contribution to bring in an improvement in the quality and level of education and in improving the social environment. The Company kept its focus on CSR and continued with several initiatives throughout the year. A series of events conducted by the Company were completely in line with the CSR objectives and rolled out events like Literacy day, Simply Healthy@School, Children's day, Teaching Children in Slums, Planting Saplings, Medical Check-up & Blood Donation Camps among others. The CSR team of the Company is committed to bring a change in people's lives.

An endeavour on a regular basis is made to make a significant contribution to environment as well. On the occasion of World Environment Day 2013, the Company sponsored a bio-gas plant to generate energy equivalent of 50 kgs of LPG/day for the cooking of mid-day meals at Akshaya Patra Foundation's Vasanthpura Kitchen, Bangalore and regular awareness sessions on energy savings are carried out in the nearby areas. The Company also continued with its various activities such as Tree plantation, spreading awareness on energy saving and celebration of World environment day, the team rolled out these events and did their bit to contribute towards better and healthy environment.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

In our constant endeavour to strengthen our people processes we focussed our initiatives broadly in four areas namely Talent Acquisition, Talent Development, Total Rewards and Industrial & Employee relations in the year 2012-13. In the Talent acquisition space we launched couple of initiatives such as Blueprint – A case study competition in Tier 1 B- schools, Foundation of Leadership for Youth, a first of its kind research program in Philips with the objectives of understanding the aspirations of today's youth who are the future workforce of corporate organizations and educating this youth about the corporate world and how they can excel early in their careers. We also revamped our summer internship program for Business school students in 2012-13. Thus our presence at the premier management campuses has been further strengthened.

As part of our people development efforts, the learning and development needs of employees were identified and addressed on an on-going basis. In addition to on-going development programmes, the focus was on identifying and developing talent through a structured talent development process, including development centres and leadership development programmes such as ALTIUS aimed at middle and top management employees, BBM aimed at middle management sales employees etc. Performance plus – a unique program that aims to build front line sales and service capabilities and engagement of employees, It was recognized as a 'Bright spot' in Philips globally. The programme includes specific sales Capability Building projects and recognition by way of Awards and Communication programmes.

Thanks to all the above efforts coupled with the strong people focus and commitment demonstrated by our Leadership at all levels , we are very pleased to share with you that your company is now recognized as a Great Place to Work. We are ranked 23rd on the coveted list of India's Best Companies To Work For in 2013, as part of the annual study conducted jointly by The Economic Times and The Great Place To Work Institute, USA

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Industrial Relations were cordial. We signed our long term settlement of 3.5 years with Employees Union at our Vadodara light factory in 2012-13. All Healthcare Industrial units were integrated and a Greenfield project named Development and Manufacturing centre was inaugurated at Chakan, Pune. However, we had a strike at Mohali Light Factory for 74 days from 28.03.2013 to 9.06.2013 called by the employees Union on their Charter of demands for Long Term Settlement. The strike was deemed to be illegal under provisions of Industrial Disputes Act 1947 as the matter was under conciliation with Asst. Labour Commissioner and the same was referred to Labour court by Labour Commissioner. Later the Govt. of Punjab prohibited the strike. The strike was called off by the Union unconditionally. We have now signed the Long Term Settlement for three years and Nine months on 6th July, 2013 amicably with the Union in presence of Asst. Labour Commissioner.

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 on conservation of energy, technology absorption, foreign exchange and outgo, is required to be given pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Director) Rules, 1988 is provided in the Annexure to this report.

10. ENVIRONMENT, ENERGY, OCCUPATIONAL HEALTH & SAFETY

The Company's Mohali Light Factory (MLF) is actively involved in implementing Eco Vision program V (2010-2015). 100% of waste generated was being recycled. Safety of employees is the foremost concern at MLF and working towards providing a safe and accident free working environment a culture here. Regular awareness sessions on Behaviour Based Safety (BBS) are carried out for our employees to achieve zero accident in the factory.

The Company's Vadodara Light Factory (VLF) with its focus on the environment and safety issues which has been very well appreciated during various audits done in the year. National Safety and World Environment day are celebrated every year in the plant to spread awareness and culture within the factory. VLF had switched over from liquid mercury to solid mercury in Fluorescent Lamps manufacturing which resulted in drastic reduction of mercury consumption and its emission. Regular training and seminars are conducted on Behaviour Based Safety and Machine safety to motivate and inculcate behaviour change amongst its employees in pursuit of our aim of zero accidents at the site. VLF is also actively involved in implementing the Philips Eco-Vision V (2010-2013) program. During 2012-13, VLF unit consumed 639070 GJ of energy and 192561 KL of water, generated 5501 tons of waste and emitted 46 tons of various chemical substances. 100per cent of the generated waste was recycled. E-waste also was disposed through Proper & authorised TSDF-Treatment, Storage and Disposal Facilities.

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 along with proper explanations relating to material departures;

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 March 31, 2013 and of the profit of the Company for the year ended March 31, 2013;

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

During the period under review there has been no change in the directorship of your Company. Mr. S. M. Datta retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. Your Directors recommend his re-appointment.

13. AUDITORS

Messrs. B S R & Co., the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible for re-appointment as Auditors of the Company offer themselves for re-appointment. Your Directors recommend their re-appointment for the ensuing financial year. The Auditors have forwarded their certificate stating that their re-appointment, if made will be within the limit specified in that behalf in Sub-section (1B) of Section 224 of the Companies Act, 1956.

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. Nanabhoy & Company, a firm of cost accountants, to conduct the Cost Audit for the financial year ending March 31, 2014.

15. GENERAL

Your Board places on record its heartfelt appreciation to the dedicated efforts put in by the employees at all levels for their hard work, dedication and commitment. Directors also like to acknowledge the excellent contribution by Koninklijke Philips N.V to your Company in providing management and technical support across all sectors. Your Board takes this opportunity to express sincere thanks to its valued customers for their continued patronage. The Board place on record their appreciation for the support and co-operation your Company has been receiving from its suppliers, redistribution stockists, retailers, business partners, and others associated with the Company as its trading partners. Directors also take this opportunity to thank all members/investors, clients, vendors, banks, regulatory and government authorities, for their support and look forward to their continued support in future.

On behalf of the Board of Directors
For Philips Electronics India Limited

S. M. Datta
Chairman

New Delhi
July 12, 2013

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ANNEXURE TO DIRECTORS' REPORT

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

A) ENERGY CONSERVATION MEASURES

a) **The following energy conservation measures were implemented during April 2012 - March 2013**

1. Elimination of usages of compressed air for blowing of broken shells.
2. Optimization of power consumption in engine room.
3. Optimization & utilization of oven energy consumption across all lines.
4. Efficiency improvement of 1MW generator (900KW) (quippo Vs Rastek)
5. Use of low pressure compressed air (0.8 bar) in place of high compressed air (3.4 bar) for auto-threading machine.
6. Use of 30KW blower instead of 45KW for plate cooling in ribbon / repairing of air leakges from duct.
7. Electricity purchase through open access power online trading.
8. Electricity purchase through wind mill power.
9. Maintaining Power Factor at 0.999 Level to get rebate from the electricity board .
10. Direct coupling of tank block blower (replacing the pulley as per almonard audit)
11. Installation of VFD on remaining 4 AHU fans so that it consume lower energy.
12. Installation of Automatic Cooling Tower Fan Controller.
13. Compressed air being used to align the mount in mount machine which is releasing in free air (10 lines)
14. Conversion of metal helide lumainaire to T8 in old VTL.
15. Stoppage of Danner 1& 2 chiller after connecting to VAHP machine.
16. Conversion of gas fired sintering to electrical heated at CFL lines-4,6,8,9,10 & 11.
17. Pump oven extension to glowing positions & switching off heaters of zone 1 at CFL lines-2,3,4,6,7,8,9 &10.
18. Reduction of Compressed air consumption in CFL manufacturing.
19. Synchronization of Small capacity(125 KVA) generators and the 1010 KVA Generator for better load sharing.
20. Energy audit of the premises and implementation of the after audit recommendations.
21. Using Motion/Occupancy sensors in the Meeting Rooms and Wash Rooms to curtail power consumption at no occupancy time.
22. Use of Power factor controlling capacitors at the motor load end.

b) POWER & FUEL CONSUMPTION AT GLASS FACTORIES

Particulars	Unit	2012-13	2011-12
Electricity			
a. **Purchased**			
Unit	000 kwh	3,769.21	5,542.91
Rate	₹/kwh	6.06	6.46
Total	₹ 000	22,853.25	35,807.21

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b. Own generation

Unit	000 kwh	1,041.99	902.33
Rate	₹/kwh	4.07	4.11
Total	₹ 000	4,590.90	3,708.58
Total electricity	000 kwh	4,811.20	6,445.24
Cost	₹ 000	27,444.15	39,515.79
LPG/Propane/Natural Gas			
Unit	Tonnes/M3	7,630,936.18	7,780,548.92
Rate	₹/Tonne/M3	12.05	11.71
Total	₹ 000	91,945.51	91,110.23
Furnace oil			
Unit	KL	-	4.50
Rate	₹/KL	-	41.50
Total	₹ 000	-	186.75

Consumption per kg. of glass production

Product	Unit	2012-13	2011-12
		TL SHELLS / GLS	TL SHELLS / GLS
Electricity	Kwh	0.15	0.18
Furnace oil	Ltr	-	
LPG/Propane/Natural Gas	Tonne/M3	0.24	0.22

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

RESEARCH & DEVELOPMENT (R & D) — April 2012 - March 2013

1. **Specific areas in which R & D is carried out by the company**

The Company's management believes that continuous effort to establish a strong performance in the fields of R & 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 & D laboratories have been instrumental in providing the Company with a sustainable competitive advantage through application of Science and Technology.

The specific areas in which R & D is carried out include:

(1) Energy efficient and enviromental friendly lighting solutions for Indian urban and rural market. This involves Luminaire system and solutions driven by conventional and non conventional energy sources. Product range also supports development in industry, office & infrastructure sector including road, port, area, sports, Industry, office & retail lighting etc

(2) Design, development and testing of medical imaging products such as Cardio Vascular Systems, Surgery C-Arms, Analog Radiography systems etc.

2. **Benefits derived as a result of R & D**

(1) Introduced 36 new products involving efficient LED, solar and conventional products in various application segment. Many of the LED products can give as high as 50% Energy saving with respect to the existing conventional solutions

(2) Two new multi year programs were initiated earlier ie For mid-range Cathlab and another mid-range C arm for Indian & International markets. The products have been developed & commercialized for deliveries.

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3. Future plan of action	(1)	Roadmap for 2013-2015 has high emphasis on affordable LED Lighting solutions for all applications. Controls and solutions will be embeded in luminaires for energy efficient and intelligent solutions for buildings and city.	
	(2)	Continue to engage in research & development of new generation Cathlabs, Surgery and Diagnostic X-Rays segment.	
			₹ (in mln)
4. Expenditure on R & D	a.	Capital	75
	b.	Recurring	386
	c.	Total	461
	d.	Total R & D expenditure as % of total turnover	0.86%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1.	Efforts,in brief, made towards technology absorption, adaptation and innovation	Efforts are put to have indepth technical knowledge for solar power, thermal management, Optics development etc. which is tried & proven out through experimentation & prototyping.	
2.	Benefits derived as a result of above efforts, e.g. product improvement, cost reduction, product development, import substitution.	Attainment of higher customer satisfaction / better enviromental scoring / growth and profitability in business.	
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following may be furnished.	Technology imported	Year of commencement of production
		Nil	Not Applicable

C) FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

Activities relating to exports	The company continues to strive to improve its export earnings. The Company exports it products to United States, Hong Kong, Malaysia, Singapore, Sri Lanka, Nepal and Bangladesh. In addition, the Company's Software Division (Philips Innovation Campus) exports embedded software to Philips Electronics Nederland B.V.

Total foreign exchange used and earned

			₹ (in mln)
Foreign exchange earned			6,907
Foreign exchange used:			
i.	Import of capital goods	227	
ii.	Import of raw materials & spares	1,469	
iii.	Other expenditure	4,149	5,845

Independent Auditors' Report

To the Members of **Philips Electronics India Limited**

Report on the financial statements

We have audited the accompanying financial statements of Philips Electronics India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and 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 31 March 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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

2. As required by section 227(3) of the Act, 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act; and

   (v) on the basis of written representations received from the directors as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **B S R & Co.**
Chartered Accountants
Firm Registration No.: 101248W

Vikram Advani
Partner
Membership No.: 091765

Place: New Delhi
Date: 12 July 2013

Annexure to the Auditors' report

(Referred to in our report of even date)

The annexure referred to in our report to the members of Philips Electronics India Limited ("the Company") for the year ended 31 March 2013. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of three year, 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. No material discrepancies were noticed on such verification.

(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.

(ii) (a) The inventory, excluding materials in transit, has been physically verified by the management during the year. Inventories with the third parties have either been physically verified by the management or confirmed based on certificates/statements of accounts received from such parties. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventories and those of obtaining confirmations followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained proper records of inventory. Discrepancies identified on physical verification of inventories as compared to book records were not material.

(iii) 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.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and similarly certain goods and services sold are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to 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.

(v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

(viii) 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.

(ix) (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, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Investor Education and Protection Fund, Excise duty and other material statutory dues have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Investor Education and Protection Fund, Excise duty and other material statutory dues were in arrears as at 31 March 2013 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 were no dues of Wealth tax and Customs duty which have not been deposited on account of any dispute. The dues of Income tax, Sales tax, Service tax and Excise duty as disclosed in Appendix 1 have not been deposited by the Company on account of disputes.

(x) 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 period.

(xi) 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 dues to debenture holders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) 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.

(xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.

(xvii) 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.

(xviii) 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.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues.

(xxi) 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 **B S R & Co.**
Chartered Accountants
Firm Registration No.: 101248W

Vikram Advani
Partner
Membership No.: 091765

Place: New Delhi
Date: 12 July 2013

Annexure to the Auditors' report (Contd.)

Appendix I to annexure to the audit report

₹ in Mln

Name of the Statute / period to which the amount relates	Nature of dues	Forum where dispute is pending				
		Appellate authority upto Commissioner (Appeals)	Tribunal	Honourable High Court	Amount paid under protest	Net total
Central Excise Act, 1944						
2012-13	Excise duty including interest and penalty where applicable	3.40	-	-	-	3.40
2011-12		-	-	-	-	-
3 - 7 years		425.57	89.40	-	(137.44)	377.53
Above 7 years		31.76	241.05	20.23	(58.48)	234.56
Service tax, Finance Act, 1994						
2012-13	Service tax including interest and penalty where applicable	-	-	-	-	-
2011-12		-	15.21	-	-	15.21
3 - 7 years		-	66.23	-	-	66.23
Above 7 years		-	80.04	-	-	80.04
Central Sales Tax Act, 1956 and Individual State Sales Tax Act						
2012-13	Sales tax including interest and penalty where applicable	-	-	-	-	-
2011-12		-	-		-	-
3 - 7 years		192.40	-	-	(32.60)	159.80
Above 7 years		120.80	212.50	52.15	(6.60)	378.85
Income Tax Act, 1961						
2012-13	Income tax including interest and penalty where applicable	-	-	-	-	-
2011-12		-	-	-	-	-
3 - 7 years		951.41	339.25	-	(170.49)	1,120.17
Above 7 years		393.23	185.13	104.80	(405.39)	277.77

Balance Sheet as at 31 March 2013

Amounts in ₹ Mln

	Note	As at 31 March 2013		As at 31 March 2012	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	2	575		575	
Reserves and surplus	3	10,495		9,402	
			11,070		9,977
Non-current liabilities					
Long-term borrowings	4	141		104	
Other long term liabilities	5	501		727	
Long-term provisions	6	654		367	
			1,296		1,198
Current liabilities					
Short-term borrowings	7	462		2,139	
Trade payables	8	8,478		7,376	
Other current liabilities	9	3,136		2,625	
Short-term provisions	6	2,054		1,550	
			14,130		13,690
			26,496		24,865
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	10	3,949		3,555	
Intangible assets	11	135		148	
Capital work-in-progress		120		127	
Intangible assets under development		76		142	
Non-current investments	12	1,000		1,000	
Deferred tax assets (net)	13	437		463	
Long-term loans and advances	14	2,517		2,399	
Other non-current assets	15	2,059		1,989	
			10,293		9,823
Current assets					
Inventories	16	5,637		5,362	
Trade receivables	17	6,946		4,960	
Cash and bank balances	18	1,221		1,390	
Short-term loans and advances	14	2,193		3,227	
Other current assets	19	206		103	
			16,203		15,042
			26,496		24,865
Significant accounting policies	1				

The notes referred to above 1-44 form an integral part of the Financial Statements

As per our report of even date attached
For B S R & Co.
Chartered Accountants
Registration No. 101248W

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 12 July 2013

For and on behalf of the Board

Chairman S.M.DATTA

Managing Director RAJEEV CHOPRA

Director JAN HENDRIK GERARDUS LOUWMAN

Company Secretary RAJIV MATHUR

New Delhi
Date: 12 July 2013

Statement of Profit and Loss for the year ended 31 March 2013

Amounts in ₹ Mln

	Note	Year ended 31 March 2013		15 months period ended 31 March 2012	
Income					
Revenue from operations (gross)	20	53,971		56,167	
Less: Excise duty recovered		805		722	
Revenue from operations (net)		53,166		55,445	
Other income	21	151		173	
Total revenue			53,317		55,618
Expenses					
Cost of raw materials consumed	22	3,774		5,156	
Purchases of stock-in-trade	23	27,451		27,337	
Changes in inventories of work-in-progress, finished goods and stock-in-trade	24	(466)		(910)	
Employee benefits expense	25	7,427		7,171	
Finance costs	26	100		96	
Depreciation and amortisation expense	27	783		979	
Other expenses	28	12,496		13,976	
Total expenses			51,565		53,805
Profit / (loss) before exceptional items and tax			1,752		1,813
Exceptional items	33		106		41
Profit / (loss) before tax			1,858		1,854
Profit / (loss) from continuing operations			1,940		1,542
Tax expense					
Current tax		(604)		(608)	
Deferred tax - release / (charge)		(26)		83	
Income tax receivables (net of tax provisions) related to prior years written back		-	(630)	115	(410)
Profit / (loss) after tax from continuing operations			1,310		1,132
Profit / (loss) from discontinuing operations	37	(82)		312	
Tax expense					
Current tax		-		(123)	
Deferred tax - release / (charge)		-		17	
Profit / (loss) after tax from discontinuing operations	37		(82)		206
Profit / (loss) for the year / period			1,228		1,338
Basic and diluted earnings per equity share of ₹ 10 each (in ₹)	40		21.35		23.26
Significant accounting policies	1				

The notes referred to above 1-44 form an integral part of the Financial Statements

As per our report of even date attached	For and on behalf of the Board	
For B S R & Co. Chartered Accountants Registration No. 101248W	Chairman	S.M.DATTA
	Managing Director	RAJEEV CHOPRA
VIKRAM ADVANI Partner Membership No.: 091765	Director	JAN HENDRIK GERARDUS LOUWMAN
	Company Secretary	RAJIV MATHUR
New Delhi Date: 12 July 2013	New Delhi Date: 12 July 2013	

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Cash Flow Statement for the year ended 31 March 2013

Amounts in ₹ Mln

	Year ended 31 March 2013		15 months period ended 31 March 2012	
A. Cash flow from operating activities				
Profit before tax		1,858		1,854
Exceptional items		(106)		(41)
Net profit before tax and exceptional items		1,752		1,813
Adjusted for				
(Profit) / loss on sale of fixed assets	-		(2)	
Write off and other adjustment of fixed assets	37		16	
Depreciation and amortisation	783		979	
Unrealised foreign exchange (gain) and loss (net)	27		14	
Provision for doubtful trade receivables and loans and advances	23		99	
Liabilities no longer required written back	(21)		(45)	
Interest received	(294)		(286)	
Finance costs	100	655	96	871
Operating profit before working capital changes		2,407		2,684
Changes in:				
Trade receivables and other loans & advances	(694)		(4,535)	
Inventories	(275)		(1,231)	
Trade payables and other liabilities	2,114	1,145	2,003	(3,763)
Cash generated / (used in) from operations		3,552		(1,079)
Income tax paid (net of refunds)		(756)		(853)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		2,796		(1,932)
B. Cash flow from investing activities				
Purchase of fixed assets*		(1,086)		(1,466)
Proceeds from sale of fixed assets		197		20
(includes security deposits ₹ **75** (Previous period - ₹ Nil)				
Proceeds from divestment of business (refer note 33)				
a. Total consideration received	-		37	
b. Capital gain tax	-	-	(6)	31
Investment in subsidiaries		-		(1,000)
Movement in other bank balances		34		-
Interest received		301		265
NET CASH USED IN INVESTING ACTIVITIES		(554)		(2,150)
C. Cash flow from financing activities				
Finance costs		(99)		(93)
Proceeds / (repayments) of short term borrowings		(1,677)		2,134
Dividend paid (including tax thereon)		(166)		(134)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		(1,942)		1,907
(DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		300		(2,175)
CASH AND CASH EQUIVALENTS - OPENING BALANCE				
Cash and cash equivalents (refer note 18)		1,362		4,018
Inter corporate deposits		481		-
TOTAL		1,843		4,018
CASH AND CASH EQUIVALENTS - CLOSING BALANCE				
Cash and cash equivalents (refer note 18)		1,203		1,362
Inter corporate deposits		940		481
TOTAL		2,143		1,843

* Repayment of finance lease obligations ₹ **84** (Previous period - ₹ 81)

As per our report of even date attached	For and on behalf of the Board	
For B S R & Co.	Chairman	S.M.DATTA
Chartered Accountants		
Registration No. 101248W	Managing Director	RAJEEV CHOPRA
VIKRAM ADVANI	Director	JAN HENDRIK GERARDUS LOUWMAN
Partner		
Membership No.: 091765	Company Secretary	RAJIV MATHUR
New Delhi	New Delhi	
Date: 12 July 2013	Date: 12 July 2013	

SIGNIFICANT ACCOUNTING POLICIES (NOTE 1)

1. Basis of Preparation of Financial Statements

The financial statements are prepared and presented under historical cost convention, 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.

All assets and liabilities have been classified as "current or non-current" as per Company's normal operating cycle and other criteria set out in "Revised Schedule VI to the Companies Act, 1956" based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

2. Revenue Recognition

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

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

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

Revenue from assets given on operating leases is recognised as per terms and conditions of the agreements.

Revenue from software development services is billed to clients on cost plus basis as per the terms of the specific contracts. 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. Intangible Assets

Intangible assets are being recognized if the future economic benefits attributable to the assets are expected to flow to the Company and cost of the same can be measured reliably. Intangible assets are amortised on the straight line basis based on the useful lives, which, in management's estimate represent the period during which economic benefit will be derived from their use. The period of amortisation for intangible assets is as (a) Goodwill – 60 months, (b) Software – 36 months, (c) Brands – 60 months, (d) Non-compete fees – 36 months and (e) Product development cost – 60 months

4. Fixed Assets and Depreciation

Fixed assets are valued at cost. 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 following class of assets for which higher depreciation, at the rates mentioned, is provided:

(a) test and measuring instruments 15%, (b) soda lime glass furnace 22.22%-24%, (c) press tools and moulds – 20%-40%, (d) furniture and fittings 7%-30.8%, (e) room air conditioners 7%-14%, (f) office machinery 7%-34.7%, (g) computers 20%-50%, (h) cars 12%-45% (i) feeder line 20% and (j) medical equipments given on operating lease are depreciated over their estimated useful life.

Assets costing less than ₹ 5000 are fully depreciated in the year of purchase.

5. Leases

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on straight line basis over the period of the lease.

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 at the inception of lease. Assets obtained on finance lease are depreciated over the lease period.

Assets given out on financial leases are recognised as receivable at an amount equal to the net investment in the lease. The rentals received on such leases are apportioned between the financial charge using the implicit rate of return, which is recognised as income over the period of lease and against principal outstanding, which is reduced from the amounts receivable.

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6. 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 Statement of Profit and Loss. 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.

7. 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 and inventories for ongoing projects are valued at specific identification of cost 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.

8. Investments

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

9. Research and Development

Revenue expenditure is charged to the Statement of Profit and Loss in the year in which it is incurred and expenditure of a capital nature is capitalized as fixed assets.

10. 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 the Statement of Profit and Loss.

In respect of monetary assets and monetary 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 recognized 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 net losses thereon being recorded in the Statement of Profit and Loss.

11. 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.

12. 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 recognised immediately in the Statement of Profit and Loss. Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as incurred. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Termination benefits are recognised as and when incurred.

The Company covers a part of the liability towards employees' gratuity by way of contributing to a registered trust. Liability with respect to the Gratuity plan, determined on basis of actuarial valuation as described above, and any differential between the fund amount as per the trust and the liabilities as per actuarial valuation is recognised as an asset or liability.

Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

13. Borrowing Cost

Borrowing costs that are directly attributable to acquisition or construction of qualifying assets are capitalized. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

14. Provisions and Contingencies

A provision is recognised 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.

15. 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 realization of such assets. Other deferred tax assets are recognised 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.

For and on behalf of the Board

Chairman	S.M.DATTA
Managing Director	RAJEEV CHOPRA
Director	JAN HENDRIK GERARDUS LOUWMAN
Company Secretary	RAJIV MATHUR

New Delhi
Date: 12 July 2013

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Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

2. **Share capital**	As at 31 March 2013		As at 31 March 2012	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 10 each	92,000,000	920	92,000,000	920
Non convertible cumulative redeemable preference shares of ₹ 10 each	20,000,000	200	20,000,000	200
		1,120		1,120
Issued, subscribed and paid-up				
Equity shares of ₹ 10 each, fully paid up	57,517,242	575	57,517,242	575
Add: Forfeited shares (amount paid up)		-		-
		575		575
2.1. Reconciliation of the number of equity shares outstanding				
At the beginning and at the end of the reporting period	57,517,242	575	57,517,242	575
2.2. Rights, preferences and restrictions attached to the equity shares				
The Company has one class of equity shares. Accordingly all the equity shares rank equally with regard to voting rights, dividends and shares in the company's residual assets.				
2.3. Details of equity shares held by the holding and the ultimate holding company				
Koninklijke Philips Electronics N.V (KPENV)	55,290,182	553	55,290,182	553
2.4. Details of shareholders holding more than 5% shares of the company		% holding		% holding
Koninklijke Philips Electronics N.V (KPENV)	55,290,182	96.13%	55,290,182	96.13%
2.5. Aggregate number of equity shares bought back during a period of five years immediately preceding the reporting date	12,743,491		12,743,491	

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

3. Reserves and surplus

	As at 31 March 2013		As at 31 March 2012	
Capital reserve				
At the beginning and at the end of the year (includes ₹ **168** (Previous period - ₹ 168) created on account of amalgamation in earlier years)		**169**		169
Capital redemption reserve				
At the beginning and at the end of the year		**228**		228
Securities premium account				
At the beginning and at the end of the year		**1,153**		1,153
General reserve				
At the beginning of the year	**2,456**		2,322	
Add:Transfer from Statement of Profit and Loss	**123**		134	
At the end of the year		**2,579**		2,456
Other reserves				
Capital subsidy *				
At the beginning and at the end of the year		**9**		9
Surplus in Statement of Profit and Loss				
At the beginning of the year	**5,387**		4,350	
Add: Profit for the year / period	**1,228**		1,338	
Less: Appropriations				
Proposed dividend [₹ **2** per share (Previous period - ₹ 2.5 per share)]	**115**		144	
Tax on proposed dividend	**20**		23	
Transfer to General Reserve	**123**		134	
At the end of the year		**6,357**		5,387
		10,495		9,402

* Pertains to land subsidy - ₹ **6** (Previous year - ₹ 6) and investment incentive - ₹ **3** (Previous year - ₹ 3) received from Punjab State Government in earlier years.

4. Long-term borrowings

	As at 31 March 2013	As at 31 March 2012
Long term maturities of finance lease obligations (secured)	**141**	104
	141	104

Additional disclosure relating to long-term borrowings

The finance lease obligations are secured by underlying assets (leased vehicles) [refer note 10]. The legal title of the vehicle vests with the lessors and the lease term varies between 3-5 years, the total minimum lease liability for assets obtained on finance lease is ₹ **274** (Previous year - ₹ 199) which includes interest of ₹ **47** (Previous year - ₹ 35). The maturity profile of finance lease obligations is as follows:

Minimum lease payments		
Payable within 1 year	**111**	79
Payable between 1-5 years	**163**	120
Present value		
Payable within 1 year	**86**	60
Payable between 1-5 years	**141**	104

5. Other long term liabilities

Trade payables	**-**	13
(For dues to micro and small enterprises, refer note 38)		
Others		
Income received in advance	**415**	671
Employee related payables	**69**	37
Advance received from customers	**10**	-
Security deposits	**7**	6
	501	727

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

6. Provisions

	Long-term		Short-term	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Provision for employee benefits				
Gratuity (refer note 36)	**363**	146	**27**	16
Compensated absences (refer note 36)	**253**	185	**27**	21
Post-employment medical benefits	**-**	2	**21**	15
Retention and performance pay (refer note 6.1)	**38**	34	**79**	91
Others				
Replacement guarantee (refer note 6.1)	**-**	-	**692**	229
Legal and regulatory (refer note 6.1)	**-**	-	**635**	636
Miscellaneous risks (refer note 6.1)	**-**	-	**79**	75
Provision for taxation (net of advances)	**-**	-	**359**	300
Proposed dividend	**-**	-	**115**	144
Tax on proposed dividend	**-**	-	**20**	23
	654	367	**2,054**	1,550

Additional disclosure relating to provisions:

6.1. Movement in provisions:

Particulars of disclosure	Class of provisions				
	Replacement guarantee	Legal and regulatory	Personnel related	Miscellaneous risks	Total
Opening balance	**229**	**636**	**125**	**75**	**1,065**
	(310)	(630)	(74)	(75)	(1,089)
Add: Accruals	**1,227**	**17**	**131**	**4**	**1,379**
	(401)	(56)	(132)	(13)	(602)
Less: Utilisation	**764**	**1**	**139**	**-**	**904**
	(482)	(10)	(71)	-	(563)
Less: Write back	**-**	**17**	**-**	**-**	**17**
	-	(40)	(10)	(13)	(63)
Closing balance	**692**	**635**	**117**	**79**	**1,523**
	(229)	(636)	(125)	(75)	(1,065)

Figures given in (brackets) relate to previous period

6.2. Class of provisions:

(a) 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 guarantee period which usually ranges from 6 months to 24 months.

During the year, the Company has accrued an additional cost ₹ **557** as it has re-estimated the provision towards defective lamps and the "Opening balance" ₹ **23** (Previous year - ₹ 118) and "utilisation" ₹ **19** (Previous year - ₹ 94) stands reclassified from "Miscellaneous risks" to "Replacement guarantee".

(b) 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.

(c) 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.

(d) Miscellaneous risks

The Company has created provisions following the accounting concept of conservatism towards possible outflow of resources in respect of other claims against the Company amounting to ₹ **79** (Previous year - ₹ 75)

7. Short-term borrowings

	As at 31 March 2013	As at 31 March 2012
Loans repayable on demand		
From banks		
Cash credit (secured) *	-	6
Bank overdraft (unsecured)	462	1,515
Buyers line of credit (unsecured)	-	528
Post shipment finance credit (unsecured)	-	90
	462	2,139

* The cash credit facility is secured by a first charge by way of hypothecation of the Company's entire goods, present and future including documents of title to the goods, book-debts outstanding moneys, receivables including outstanding by way of cash assistance and/or cash incentives under the Cash Incentive Scheme or any other Scheme, claims, including claims by way of refund of customs/excise duties under the Duty Drawback Credit Scheme or any other Scheme, bills, invoices, documents, contracts, insurance policies, guarantees, engagements, present and future of such form satisfactory to the bank.

8. Trade payables

Trade payables (for dues to micro and small enterprises, refer note 38)	8,478	7,376
	8,478	7,376

9. Other current liabilities

Current maturities of deferred payment liabilities	-	50
Current maturities of finance lease obligations (refer note 4)	86	60
Income received in advance	433	409
Unpaid dividend	9	8
Other payables:		
Payables for purchase of fixed assets (other than micro and small enterprises)	43	116
Advance received from customers	917	697
Employee related payables	870	680
Security deposits	77	4
Statutory dues	701	601
	3,136	2,625

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

10(a) Tangible fixed assets

	Gross block at cost				Accumulated depreciation				Net block
	As at 1 April 2012	Additions	Disposals and adjustments	As at 31 March 2013 (1+2+3)	As at 1 April 2012	Depreciation for the year	On disposals and adjustments	As at 31 March 2013 (5+6+7)	As at 31 March 2013 (4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Land									
Freehold	32	-		32	-		-	-	32
Leasehold	168	-	-	168	2	2	-	4	164
Buildings *	856	193	(29)	1,020	267	34	(12)	289	731
Plant and equipment									
Owned	5,612	499	(59)	6,052	3,515	467	(43)	3,939	2,113
Given on lease (refer note 38)	155	12	-	167	4	17	-	21	146
Furniture and fixtures	597	116	(51)	662	399	37	(49)	387	275
Vehicles									
Owned	10	5	(8)	7	8	2	(7)	3	4
Held under finance lease	264	147	(70)	341	110	83	(54)	139	202
Office equipment	411	100	(26)	485	300	34	(14)	320	165
Others									
Leasehold Improvements	609	90	(100)	599	554	28	(100)	482	117
Total	8,714	1,162	(343)	9,533	5,159	704	(279)	5,584	3,949

11(a) Intangible fixed assets

	Gross block at cost				Accumulated amortisation				Net block
	As at 1 April 2012	Additions	Disposals and adjustments	As at 31 March 2013 (1+2+3)	As at 1 April 2012	Amortisation for the year	On disposals and adjustments	As at 31 March 2013 (5+6+7)	As at 31 March 2013 (4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Goodwill	165	-	-	165	104	32	-	136	29
Brands	230	-	-	230	143	46	-	189	41
Software	22			22	22			22	-
Non-compete fees	150	-	-	150	150	-	-	150	-
Product development cost	-	66	-	66	-	1	-	1	65
Total	567	66	-	633	419	79	-	498	135

* Disposals and adjustments include net book value ₹ 11 reclassified as "assets held for sale" under "other current assets" (refer note # 19).

Based on expected future cash flows, no impairment provision has been made in the current year and previous period.

Amounts in ₹ Mln

10(b) Tangible fixed assets (Previous Year)

	Gross block at cost				Accumulated depreciation				Net block
	As at 1 Jan 2011	Additions	Disposals and adjustments	As at 31 March 2012 (1+2+3)	As at 1 Jan 2011	Depreciation for the period	On disposals and adjustments	As at 31 March 2012 (5+6+7)	As at 31 March 2012 (4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Land									
Freehold	32	-	-	32	-	-	-	-	32
Leasehold	93	75	-	168	-	2	-	2	166
Buildings	792	66	(2)	856	236	32	(1)	267	589
Plant and equipment									
Owned	5,460	895	(332)	6,023	3,592	534	(311)	3,815	2,208
Given on lease (refer note 38)	-	155	-	155	-	4	-	4	151
Furniture and fixtures	508	94	(5)	597	325	78	(4)	399	198
Vehicles									
Owned	10	2	(2)	10	9	-	(1)	8	2
Held under finance lease	199	151	(86)	264	103	73	(66)	110	154
Others									
Leasehold Improvements	603	6		609	455	99	-	554	55
Total	7,697	1,444	(427)	8,714	4,720	822	(383)	5,159	3,555

11(b) Intangible fixed assets (Previous year)

	Gross block at cost				Accumulated amortisation				Net block
	As at 1 Jan 2011	Additions	Disposals and adjustments	As at 31 March 2012 (1+2+3)	As at 1 Jan 2011	Amortisation for the period	On disposals and adjustments	As at 31 March 2012 (5+6+7)	As at 31 March 2012 (4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Goodwill	165	-	-	165	63	41	-	104	61
Brands	230	-	-	230	87	56	-	143	87
Software	22			22	22		-	22	
Non-compete fees	150	-	-	150	90	60	-	150	-
Total	567	-	-	567	262	157	-	419	148

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Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

12. Non-current investments	As at 31 March 2013	As at 31 March 2012
(Valued at cost, unless stated otherwise)		
Trade investments		
Investment in equity instruments - unquoted		
14,294,860 (Previous year - 14,294,860) equity shares of ₹ 10/- each fully paid up in Preethi Kitchen Appliances Private Limited - wholly owned subsidiary	1,000	1,000
	1,000	1,000

13. Deferred tax assets (net)	As at 31 March 2013	As at 31 March 2012
Deferred tax assets		
Voluntary retirement scheme		1
Provision for employee benefits	228	120
Doubtful trade receivables and loans and advances	125	131
Difference between book and tax depreciation	72	100
Other timing differences	319	379
	744	731
Deferred tax liabilities		
Assets given on finance lease	307	268
	307	268
	437	463

14. Loans and advances	Long-term		Short-term	
(Unsecured, unless otherwise stated)	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Capital advances (considered good)	14	92	-	-
	14	92	-	-
Security deposits				
Considered good	344	343	244	203
Considered doubtful	-	2	34	36
Less: Provision for doubtful deposits	-	(2)	(34)	(36)
	344	343	244	203
Loans and advances to related parties (considered good)				
Inter-corporate depostis to wholly owned subsidiary	-	-	940	481
Other advances to fellow subsidiaries	-	-	28	1,205
	-	-	968	1,686
Other loans and advances				
Considered good				
Advance to suppliers	2	2	173	219
CENVAT credit receivable	381	325	387	457
VAT credit receivable	89	77	9	11
Deposits against legal cases	173	147	4	1
Special additional duty receivables and drawback claims	56	163	169	175
Balances with customs and port trust	12	12	62	208
Prepaid expenses	3	6	136	135
Claims receivables	-	-	27	103
Advances to employees	-	-	14	29
Advance income tax (net of provision)	1,443	1,232	-	-
Considered doubtful				
Advance to suppliers	-	-	11	6
Deposits against legal cases	4	4	-	-
Claims receivables	54	55	-	-
Less: Provision for doubtful loans and advances				
Advance to suppliers	-	-	(11)	(6)
Deposits against legal cases	(4)	(4)	-	-
Claims receivables	(54)	(55)	-	-
	2,159	1,964	981	1,338
	2,517	2,399	2,193	3,227

Amounts in ₹ Mln

15. Other non-current assets

	As at 31 March 2013	As at 31 March 2012
Long term trade receivables		
Secured, considered good (refer note 17.1)	2,057	1,795
Unsecured, considered good	-	168
	2,057	1,963
Bank deposits (due to mature after 12 months from the reporting date)	2	26
	2	26
	2,059	1,989

16. Inventories

	As at 31 March 2013	As at 31 March 2012
(At lower of cost and net realisable value)		
Raw materials [including goods-in-transit - ₹ **154** (Previous year - ₹ 62)]	600	889
Work-in-progress	639	652
Finished goods [including goods-in-transit - ₹ **42** (Previous year - ₹ 55)]	551	391
Stock-in-trade (goods purchased for resale) [including goods-in-transit - ₹ **633** (Previous year - ₹ 545)]	3,758	3,364
Stores and spares	89	66
	5,637	5,362

17. Trade receivables

	As at 31 March 2013	As at 31 March 2012
Receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good (refer note 17.1)	13	2
Unsecured, considered good	574	462
Doubtful	264	301
	851	765
Less: Provision for doubtful receivables	(264)	(301)
	587	464
Other receivables		
Secured, considered good (refer note 17.1)	404	370
Unsecured, considered good	5,955	4,126
Doubtful	-	-
	6,359	4,496
Less: Provision for doubtful receivables	-	-
	6,359	4,496
	6,946	4,960

Additional disclosure relating to finance lease receivables:

17.1 Secured trade receivables includes finance lease receivables amounting to ₹ **852** (Previous year - ₹ 839) relating to medical equipments leased out on finance lease by the Healthcare division of the Company. The lease term varies between 5-7 years. The total minimum lease payments for assets given on finance lease is ₹ **1,156** (Previous year - ₹ 1,174) which includes unearned interest of ₹ **304** (Previous year - ₹ 335). The maturity profile of finance lease obligation is as follows:

	As at 31 March 2013	As at 31 March 2012
Minimum lease payments		
Receivable within 1 year	208	167
Receivable between 1-5 years	812	768
Receivable after 5 years	136	239
Total	1,156	1,174
Present value		
Receivable within 1 year	116	80
Receivable between 1-5 years	612	543
Receivable after 5 years	124	216
Total	852	839
Unearned interest	304	335

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

18. **Cash and bank balances**	As at 31 March 2013		As at 31 March 2012	
Cash and cash equivalents				
Cash on hand				
Cheques and drafts on hand	1,037		1,002	
Balances with banks				
On current accounts	166		360	
On deposit accounts (with original maturity of 3 months or less)	-		-	
		1,203		1,362
Other bank balances				
Bank deposits (due to mature within 12 months from the reporting date)	9		20	
Unpaid dividend accounts	9		8	
		18		28
		1,221		1,390

19. **Other current assets**	As at 31 March 2013	As at 31 March 2012
(Unsecured, considered good unless otherwise stated)		
Unbilled revenue	188	97
Interest accrued on Inter-corporate deposits	7	6
Assets held for sale [refer footnote to note #10 (a)]	11	-
	206	103

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Amounts in ₹ Mln

20. **Revenue from operations**	Year ended 31 March 2013	15 months period ended 31 March 2012
Sale of products (gross)	46,911	48,754
Sale of services	6,763	7,039
Other operating revenues	297	374
Revenue from operations (gross)	53,971	56,167
Breakup of revenue from sale of products		
Lamps	18,713	19,542
Fittings	8,497	8,780
Diagnostic imaging equipments	6,512	6,221
Domestic appliances	5,060	4,447
Portable systems	2,336	3,276
Accessories for fittings	1,089	2,023
Patient monitoring equipments	1,448	1,411
Electronic HF ballasts	1,696	1,396
Home cinema systems	514	619
Accessories for portable systems	199	225
Modular switches	133	168
Operation theatre lights	508	463
Television receivers	-	12
Filaments	184	130
Glass shells	22	41
	46,911	48,754
Breakup of revenue from services rendered		
Software development	4,338	4,563
Product maintenance	1,788	1,758
Others	637	718
	6,763	7,039
Breakup of other operating revenues		
Liabilities no longer required written back	21	45
Export incentives	3	7
Hire charges of tools	-	17
Service tax credit availed for prior years	7	13
Finance income - leases	168	156
Scrap sales	76	67
Miscellaneous	22	69
	297	374

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

21. Other income

	Year ended 31 March 2013	15 months period ended 31 March 2012
Interest income (other than on investments)	113	130
Interest on income-tax refund	13	7
Insurance and other claims	20	27
Other non-operating income	5	9
	151	173

22. Cost of raw materials consumed

Inventory of raw materials at the beginning of the year	827	513
Purchases	3,393	5,470
Inventory of raw materials at the end of the year	446	827
	3,774	5,156
Breakup of cost of raw materials consumed		
Circuits	230	714
Caps	524	616
Lamps consumables	2,418	3,194
Medical equipment components	602	632
	3,774	5,156
Breakup of inventory of raw materials at the end of the year		
Circuits	2	16
Caps	13	9
Lamps consumables	252	593
Medical equipment components	179	209
	446	827

23. Breakup of purchases of stock-in-trade (goods purchased for resale)

Lamps	8,244	7,005
Fittings	6,137	6,263
Diagnostic imaging equipments	2,225	3,744
Domestic appliances	3,211	2,517
Portable systems	1,866	2,373
Accessories for fittings	1,036	1,738
Patient monitoring equipments	1,270	876
Electronic HF ballasts	1,300	976
Service consumables	1,135	964
Home cinema systems	410	330
Accessories for portable systems	150	125
Modular switches	85	103
Operation theatre lights	382	311
Television receivers	-	12
	27,451	27,337

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

24. Changes in inventories of work-in-progress, finished goods and stock-in-trade:

	Year ended 31 March 2013			15 months period ended 31 March 2012		
	Opening inventory	Closing inventory	(Increase)/ decrease in inventory	Opening inventory	Closing inventory	(Increase)/ decrease in inventory
Finished goods						
Lamps	331	478	(147)	342	331	11
Diagnostic imaging equipments	5	31	(26)	52	5	47
	336	509	(173)	394	336	58
Stock-in-trade (goods purchased for resale)						
Lamps	632	660	(28)	446	632	(186)
Fittings	433	493	(60)	330	433	(103)
Diagnostic imaging equipments	332	169	163	99	332	(233)
Domestic appliances	212	327	(115)	353	212	141
Portable systems	367	330	37	182	367	(185)
Accessories for fittings	90	109	(19)	96	90	6
Patient monitoring equipments	84	70	14	26	84	(58)
Electronic HF ballasts	57	180	(123)	26	57	(31)
Service consumables	449	578	(129)	283	449	(166)
Home cinema systems	76	153	(77)	68	76	(8)
Accessories for portable systems	38	25	13	95	38	57
Modular switches	16	18	(2)	28	16	12
Operation theatre lights	24	13	11	4	24	(20)
Television receivers	9	-	9	3	9	(6)
	2,819	3,125	(306)	2,039	2,819	(780)
Work-in-progress						
Diagnostic imaging equipments	652	639	13	464	652	(188)
Total	3,807	4,273	(466)	2,897	3,807	(910)

25. Employee benefits expense

	Year ended 31 March 2013	15 months period ended 31 March 2012
Salaries, wages and bonus	6,604	6,255
Contribution to provident and other funds	286	274
Expense on Employee Stock Option Schemes	50	41
Staff welfare expenses	487	601
	7,427	7,171

26. Finance costs

Interest expense	82	83
Other borrowing costs	-	3
Applicable net loss on foreign currency transactions and translation	18	10
	100	96

27. Depreciation and amortisation expense

Depreciation of tangible fixed assets	704	822
Amortisation of intangible fixed assets	79	157
	783	979

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

28. Other expenses

	Year ended 31 March 2013	15 months period ended 31 March 2012
Consumption of stores and spare parts	**182**	245
Excise duty	**24**	46
Power and fuel	**663**	778
Packing, freight and transport	**703**	888
Rent	**647**	681
Repairs to buildings	**116**	181
Repairs to machinery	**57**	148
Insurance	**93**	89
Rates and taxes	**244**	237
Travelling and conveyance	**993**	1,144
Legal and professional	**309**	488
Publicity	**1,430**	1,624
IT and Communication	**343**	447
Provision for doubtful trade receivables and loans and advances	**23**	99
Replacement guarantee	**1,227**	401
Management support services	**3,352**	4,161
Research and development services	**672**	689
Provision for contingency	**-**	52
Net loss on foreign currency transaction and translation	**221**	470
Miscellaneous	**1,197**	1,108
	12,496	13,976

(a) Excise duty recovered through sales is disclosed as a reduction from sales and the excise duty not recovered from sales is disclosed as expense above.

(b) Rental expenses are net of recovery - ₹ **1** (Previous period - ₹ 18).

(c) Legal and professional includes payments to auditors as given below:
As Auditor - statutory audit fees ₹ **7** (Previous period - ₹ 7), tax audit fees ₹ **2** (Previous period - ₹ 2);
In other capacity - taxation matters ₹ **1** (Previous period - ₹ 4), management services ₹ **1** (Previous period - ₹ 4) and reimbursement of expenses ₹ **1** (Previous period - ₹ 3).

(d) Pursuant to the agreement entered into by the Company with Koninklijke Philips Electronics N.V.("KPENV"), the Company has incurred ₹ **3352** (Previous period - ₹ 4,161) towards the support services provided by KPENV and ₹ **672** (Previous period - ₹ 689) for accessing the benefit resulting from common research and development programmes.

(e) Miscellaneous include undepreciated value of fixed assets written off / provided for - ₹ **37** (Previous period - ₹ 16), handling charges - ₹ **142** (Previous period - ₹ 108), commission - ₹ **125** (Previous period - ₹ 131) and donation - ₹ **6** (Previous period - ₹ 10).

(f) Maximum obligations on long-term non-cancellable operating leases - payable within 1 year - ₹ **Nil** (Previous period - ₹ 421).

29. Related party transactions

(a) Names of companies where control exists:

Holding and ultimate holding company	:	Koninklijke Philips Electronics N.V (KPENV)
Subsidiary Company	:	Preethi Kitchen Appliances Private Limited

(b) Other related parties with whom transactions have taken place during the year:

(i) Fellow Subsidiary Companies : As per list given below

Overseas Fellow Subsidiary Companies:

Argus Imaging B.V.
Burton Medical Products Corporation
Chicago Magnet Wire Corp.
Children's Medical Ventures, LLC
Dameca A/S
Dynalite Intelligent Light Pty. Limited
Genlyte Thomas Group LLC
Ilti Luce S.r.l.
Philips & Yaming Lighting Co., Ltd.
Philips (China) Investment Company, Ltd.
Philips AG
Philips and Neusoft Medical Systems Co., Ltd.
Philips Argentina Sociedad Anónima
Philips Austria GmbH
Philips Automotive Lighting Hubei Co., Ltd.
Philips Belgium
Philips Chilena S.A.
Philips Colombiana S.A.S.
Philips Consumer Lifestyle B.V.
Philips Consumer Luminaires (Shenzhen) Co., Ltd.
Philips Digital Mammography Sweden AB
Philips do Brasil Ltda.
Philips Egypt (Limited Liability Company)
Philips Electronics (Thailand) Ltd.
Philips Electronics Australia Limited
Philips Electronics Bangladesh, Dhaka
Philips Electronics Hong Kong Limited
Philips Electronics Japan, Ltd.
Philips Electronics Korea Ltd.
Philips Electronics Ltd
Philips Electronics Nederland B.V.
Philips Electronics North America Corporation
Philips Electronics Singapore Pte Ltd
Philips Electronics Technology (Shanghai) Co., Ltd.
Philips Electronics UK Limited
Philips Electronics Vietnam Limited
Philips Electronique Maroc
Philips Eletrônica do Nordeste S.A.
Philips France

Overseas Fellow Subsidiary Companies:

Philips Healthcare (Suzhou) Co., Ltd.
PHILIPS INDUSTRIES Hungary Electronical Mechanical Manufacturing and Trading Limited Liability Company
Philips Innovative Applications
Philips International B.V.
Philips IPSC Tamasi Kft.
Philips Lighting B.V.
Philips Lighting Bielsko Sp.z.o.o.
Philips Lighting Central America, Sociedad Anónima de Capital Variable
Philips Lighting Industry (China) Co., Ltd.
Philips Lighting Luminaires (Shanghai) Co., Ltd.
Philips Lighting Maseru Pty. Ltd.
Philips Lighting Poland S.A.
Philips LumiLeds Lighting Company LLC
Philips Malaysia Sdn. Berhad
Philips Medical Systems - Best
Philips Medical Systems (Cleveland), Inc.
Philips Medical Systems DMC GmbH
Philips Medical Systems Nederland B.V.
Philips Medical Systems Nederland- Best
Philips Medical Systems Technologies Ltd.
Philips Medizin Systeme Böblingen GmbH
Philips Mexicana, S.A. de C.V.
Philips Nederland B.V.
Philips New Zealand Limited
Philips Oy
Philips Peruana S.A.
Philips Polska Sp.z.o.o.
Philips Solid-State Lighting Solutions, Inc.
Philips South Africa (Proprietary) Limited
Philips Taiwan Ltd.
Philips Technologie GmbH
Philips Ultrasound, Inc.
Philips Uruguay S.A.
Philips Warehouse & Services B.V.
PT. Philips Indonesia
Respironics, Inc.
Shenzhen Goldway Industrial Inc.
Teletrol Systems, Inc.
Witt Biomedical Corporation

(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.

(iii) Directors

(1) Executive Directors:
(i) Mr. Jan Hendrik Gerardus Louwman
(ii) Mr. Rajeev Chopra - Executive Director w.e.f. 1 January 2011.
(iii) Mr. Murali Sivaraman - Ceased to be Executive Director w.e.f. 23 February 2011.

(2) Non-Executive Directors:
(i) Mr. S.M.Datta
(ii) Mr. S.Venkataramani

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

(c) Nature of transactions

	Year ended 31 March 2013					15 months period ended 31 March 2012				
	Ultimate Holding Company	Subsidiary Company	Fellow Subsidiary Companies	Key Managerial Personnel	Employee Trusts	Ultimate Holding Company	Subsidiary Company	Fellow Subsidiary Companies	Key Managerial Personnel	Employee Trusts
Purchases										
Goods	-	377	9,337	-	-	-	87	10,399	-	-
Fixed assets	-	-	118	-	-	-	-	109	-	-
Services	3,604	-	107	-	-	4,537	-	150	-	-
Reimbursements	-	-	54	-	-	-	-	75	-	-
Others	50	-	-	-	-	41	-	-	-	-
Sales							-			
Goods	-	-	1,429	-	-	-	-	1,151	-	-
Fixed assets	-	-	-	-	-	-	-	18	-	-
Services	463	-	4,515	-	-	437	3	4,685	-	-
Reimbursements	-	-	413	-	-	7	-	587	-	-
Deputation of Personnel										
Charge	-	-	7	-	-	-	-	8	-	-
Recovery	-	-	39	-	-	-	-	40	-	-
Managerial Remuneration										
Mr. Murali Sivaraman	-	-	-	-	-	-	-	-	3	-
Mr. Jan Hendrik Gerardus Louwman	-	-	-	46	-	-	-	-	36	-
Mr. Rajeev Chopra	-	-	-	38	-	-	-	-	26	-
Mr. S.M.Datta	-	-	-	1	-	-	-	-	1	-
Mr. S.Venkataramani	-	-	-	1	-	-	-	-	1	-
Finance										
Dividend Paid	138	-	-	-	-	111	-	-	-	-
Interest income	-	64	-	-	-	-	51	-	-	-
Investments	-	-	-	-	-	-	1,000	-	-	-
Inter corporate deposits given	-	3,394	-	-	-	-	2,323	-	-	-
Inter corporate deposits repaid	-	2,935	-	-	-	-	1,842	-	-	-
Contributions to Employees' Benefit Plans	-	-	-	-	477	-	-	-	-	467
Outstandings										
Payable	266	77	2,930	-	45	370	61	2,134	-	34
Receivable	49	947	606	-	-	71	490	1,525	-	-

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

Relationship / Name of the related party		Description of the nature of transaction	Year ended 31 March 2013*	15 months period ended 31 March 2012*
(i)	Fellow Subsidiary Companies:			
	Philips Electronics Hong Kong Limited	Purchase of goods	**5,468**	5,187
	Philips Electronics Singapore Pte Ltd	Purchase of fixed assets	**29**	44
	Philips Innovative Applications	Purchase of fixed assets	**26**	22
	Philips Lighting Industry (China) Co., Ltd.	Purchase of fixed assets	**40**	-
	Philips Lighting B.V.	Purchase of fixed assets	**-**	25
	Philips Electronics Nederland B.V.	Purchase of services	**38**	90
	Philips Electronics Singapore Pte Ltd	Purchase of services	**35**	-
	Philips International B.V.	Purchase of services	**11**	48
	Philips Medical Systems Nederland B.V.	Purchase of services	**14**	-
	Philips Electronics Nederland B.V.	Reimbursements paid	**31**	-
	Philips Electronics North America Corporation	Reimbursements paid	**9**	-
	Shenzhen Goldway Industrial Inc.	Reimbursements paid	**10**	-
	Philips Colombiana S.A.S.	Sale of goods	**196**	-
	Philips Lighting Central America, Sociedad Anónima de Capital Variable	Sale of goods	**159**	163
	Philips Medical Systems Nederland B.V.	Sale of goods	**201**	-
	Philips Mexicana, S.A. de C.V.	Sale of goods	**334**	375
	Philips Electronics Nederland B.V.	Sale of fixed assets	**-**	6
	Philips Electronics Singapore Pte Ltd	Sale of fixed assets	**-**	12
	Philips Electronics Nederland B.V.	Sale of services	**4,338**	4,585
	Philips International B.V.	Reimbursements received	**94**	
	Philips Lighting B.V.	Reimbursements received	**42**	
	Philips Medical Systems Nederland B.V.	Reimbursements received	**48**	-
	Respironics, Inc.	Reimbursements received	**121**	-
	Philips Consumer Lifestyle B.V.	Deputation charge	**2**	-
	Philips Electronics North America Corporation	Deputation charge	**2**	-
	Philips Electronics Singapore Pte Ltd	Deputation charge	**2**	
	Philips Electronics Nederland B.V.	Deputation charge	**-**	8
	Philips Consumer Lifestyle B.V.	Deputation recovery	**15**	9
	Philips (China) Investment Company, Ltd.	Deputation recovery	**-**	15
	Philips International B.V.	Deputation recovery	**8**	
	Philips Electronics Singapore Pte Ltd	Deputation recovery	**8**	10
	Philips Electronics Hong Kong Limited	Payable	**946**	827
	Philips Electronics Singapore Pte Ltd	Payable	**-**	254
	Philips Medical Systems (Cleveland), Inc.	Receivable	**-**	172
	Philips Medical System Nederland B.V.	Receivable	**142**	426
	Philips Ultrasound, Inc.	Receivable	**-**	325
	Philips Mexicana, S.A. de C.V.	Receivable	**96**	-
(ii)	Names of the Employee Trusts:			
	Philips Electronics India Ltd Management Staff Provident Fund Trust	Contributions	**405**	388
	Philips India Ltd Superannuation Fund.	Contributions	**72**	79
	Philips Electronics India Ltd Management Staff Provident Fund Trust	Payable	**34**	29
	Philips India Ltd Superannuation Fund.	Payable	**11**	6

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

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

30. Information about Business Segments

		Description	Year ended 31 March 2013	15 months period ended 31 March 2012
(A)		Primary Segment Information:		
(1)		Segment Revenue		
	a.	Lighting	29,701	31,556
	b.	Consumer Lifestyle	8,211	8,687
	c.	Software development services	4,334	4,583
	d.	Healthcare	10,737	10,377
	e.	Other segments	19	23
		Total	53,002	55,226
(2)		Inter Segment Revenue		
	a.	Lighting	-	-
	b.	Consumer Lifestyle	-	-
	c.	Software development services	-	-
	d.	Healthcare	-	-
	e.	Other segments	-	-
		Total	-	-
(3)		Other Unallocable Income	164	219
		Revenue from Operations (Net) (1+3)	53,166	55,445
(4)		Segment Result		
	a.	Lighting	1,551	1,742
	b.	Consumer Lifestyle	(91)	88
	c.	Software development services	416	514
	d.	Healthcare	666	51
	e.	Other segments	(2)	3
		Total	2,540	2,398
(5)		Finance Cost	(100)	(96)
(6)		Other Unallocable Expenditure Net of Income	(688)	(489)
(7)		Profit before Exceptional Items and Tax (4+5+6)	1,752	1,813
(8)		Exceptional Items		
	a.	Lighting	-	-
	b.	Consumer Lifestyle	-	6
	c.	Software development services	-	32
	d.	Healthcare	-	-
	e.	Other segments	-	-
	f.	Other unallocable	106	3
		Total	106	41
(9)		Profit Before Tax	1,858	1,854
(10)		Tax Expense		
	a.	Current tax	(604)	(731)
	b.	Deferred tax - release / (charge)	(26)	100
	c.	Income tax receivables (net of tax provisions) related to prior years written back	-	115
		Total	(630)	(516)
(11)		Profit For The Year / Period	1,228	1,338
(B)		Secondary Segment Information:		
		Revenue		
	a.	Within India	46,259	48,475
	b.	Outside India	6,907	6,970
		Total	53,166	55,445
		Capital Expenditure		
	a.	Within India	1,155	1,471
	b.	Outside India	-	-
		Total	1,155	1,471

		Description	Year ended 31 March 2013	15 months period ended 31 March 2012
		Other Information		
(12)		Segment Assets		
	a.	Lighting	10,407	9,303
	b.	Consumer Lifestyle	2,234	2,201
	c.	Software development services	708	653
	d.	Healthcare	8,023	8,218
	e.	Other segments	-	1
	f.	Other unallocable	5,124	4,489
		Total	26,496	24,865
(13)		Segment Liabilities		
	a.	Lighting	6,389	5,042
	b.	Consumer Lifestyle	1,476	1,384
	c.	Software development services	963	835
	d.	Healthcare	4,610	4,091
	e.	Other segments	11	9
	f.	Other unallocable	1,977	3,527
		Total	15,426	14,888
(14)		Capital Expenditure		
	a.	Lighting	398	436
	b.	Consumer Lifestyle	31	82
	c.	Software development services	123	244
	d.	Healthcare	395	376
	e.	Other segments	-	-
	f.	Other unallocable	208	333
		Total	1,155	1,471
(15)		Depreciation And Amortisation Expense		
	a.	Lighting	(384)	(439)
	b.	Consumer Lifestyle	(31)	(35)
	c.	Software development services	(88)	(66)
	d.	Healthcare	(154)	(180)
	e.	Other segments	(1)	-
	f.	Other unallocable	(125)	(259)
		Total	(783)	(979)
(16)		Non-Cash Expenses Other Than Depreciation And Amortisation Expense		
	a.	Lighting	(42)	(94)
	b.	Consumer Lifestyle	(25)	30
	c.	Software development services	(1)	1
	d.	Healthcare	(17)	(60)
	e.	Other segments	(1)	-
	f.	Other unallocable	(2)	(6)
		Total	(88)	(129)
		Assets		
	a.	Within India	25,774	23,204
	b.	Outside India	722	1,661
		Total	26,496	24,865

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.

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Amounts in ₹ Mln

30. Information about Business Segments (Contd.)

(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, Glass tubings and Modular Switches
b. Consumer Lifestyle	Portable systems, Home cinema systems, Domestic Appliances and personal care products
c. Software development services	Development of embedded software
d. Healthcare	Medical electronics equipments
e. Other segments	Philips Design

31. Consumption of raw materials and spares

	Year ended 31 March 2013		15 months period ended 31 March 2012	
	% of total consumption	₹	% of total consumption	₹
Raw materials:				
Imported	49.3	1,860	35.1	1,808
Indigenous	50.7	1,914	64.9	3,348
Spares:				
Imported	17.0	31	14.7	36
Indigenous	83.0	151	85.3	209

32. Earnings, expenditure and dividend remittance in foreign currency

Earnings		
Exports on F.O.B. basis including ₹ 30 (Previous period - ₹ 17) through rupee trade arrangements	1,933	1,839
Service revenue	4,974	5,131
Expenditure		
Management support services	3,004	3,883
Research and development services	600	654
Consultation fees and professional charges	116	50
Employee related cost	54	41
Training	33	34
Travel	194	120
Others	148	160
Dividend remittance		
Number of equity shares held on which dividend was remitted	55,290,242	55,290,242
Period to which dividend relates to	January 2011-March 2012	January-December 2010
Number of non-resident shareholders	2	2
Amount remitted	138	111
Value of imports on C.I.F. basis		
Raw materials	1,406	1,890
Spares	63	33
Capital goods	227	240

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

33. Exceptional items include:

(a) **₹ 106** (Previous period - ₹ 3) - Profit on sale of property.

(b) Pursuant to restructuring of "Consumer Lifestyle" segment operations:

- **₹ Nil** (Previous Period - release ₹ 6) release of provision no longer required, created during the year 2009 for expenses in connection with restructuring.

(c) **₹ Nil** (Previous period - ₹ 32) - Net surplus on divestment of software development activities relating to "TV Business" to TP Vision India Private Limited.

34. The Company uses forward exchange contracts to hedge its exposure in foreign currency.

The information on forward contracts is as follows:

(a) Forward contracts outstanding

Details	USD Currency				Euro Currency			
	As at 31 March 2013		As at 31 March 2012		**As at 31 March 2013**		As at 31 March 2012	
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**12.80**	**184.22**	-	-
Payables	**352.85**	**6,499.93**	88.21	1,724.38	**-**	**-**	15.21	222.62

(b) Foreign exchange currency exposures not covered by Forward Contracts

Details	**As at 31 March 2013**		As at 31 March 2012		**As at 31 March 2013**		As at 31 March 2012	
	USD Currency				Euro Currency			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**444.04**	**8,182.85**	1,494.69	29,218.01	**351.01**	**5,053.36**	166.87	2,441.77
Payables	**1,885.10**	**34,726.04**	2,219.45	43,381.16	**983.10**	**14,146.31**	654.23	9,573.14

Details	SGD Exposure				CAD Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**-**	**-**	-	-
Payables	**0.01**	**0.34**	0.24	6.00	**3.94**	**73.73**	0.20	4.00

Details	AUD Exposure				GBP Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**0.73**	**8.89**	-	-
Payables	**8.66**	**152.96**	18.90	359.17	**-**	**-**	-	-

Details	HKD Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**0.17**	**24.28**	-	-
Payables	**-**	**-**	-	-

Amounts in ₹ Mln

35. **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 (ICAI) in respect of the grants made on or after 1 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 1 April 2012	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2013	Exercisable
April 16, 2002	34.78	8,592	-	-	(8,592)	-	-	-
April 15, 2003	16.77	468	-	-	-	-	468	468
April 13, 2004	24.13	3,231	-	-	-	-	3,231	3,231
April 18, 2005	19.41	6,660	-	-	-	-	6,660	6,660
October 17, 2005	21.64	1,197	-	-	-	(1,197)	-	-
April 18, 2006	26.28	14,148	-	-	(5,292)	-	8,856	3,564
April 16, 2007	30.96	13,212	-	-	-	-	13,212	13,212
April 14, 2008	23.11	8,433	-	-	-	-	8,433	8,433
July 14, 2008	20.67	1,800	-	-	-	-	1,800	1,800
April 14, 2009	12.63	10,950	-	-	-	-	10,950	10,950
April 19, 2010	24.90	10,296	-	-	-	-	10,296	
July 19, 2010	24.01	7,125	-	-	-	-	7,125	
October 18, 2010	22.88	2,850	-	-	-	-	2,850	
April 18, 2011	20.90	33,264	-	-	-	-	33,264	
July 18, 2011	17.20	5,100	-	-	-	-	5,100	
October 17, 2011	14.52	7,092	-	-	-	-	7,092	
January 30, 2012	15.24	35,000	-	-	-	-	35,000	
April 23, 2012	14.82	-	68,250	(600)			67,650	
		169,418	**68,250**	**(600)**	**(13,884)**	**(1,197)**	**221,987**	**48,318**
Previous period		216,729	82,406	(76,726)	(35,792)	(17,199)	169,418	49,149

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

Grant Date	Exercise Price (in USD)	Outstanding as at 1 April 2012	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2013	Exercisable
April 16, 2007	41.95	333	-	-	-	-	333	333
		333	**-**	**-**	**-**	**-**	333	333
Previous period		8,553	2,160	(8,512)	(1,868)	-	333	333

Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

35. Employees' Share-based Payments: (Contd.)

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

Grant Date	Weighted average grant-date fair value of the share (in Euros)	Outstanding as at 1 April 2012	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2013
April 14, 2009	10.93	982	-	-	-	(982)	**-**
April 19, 2010	23.52	1,718	-	-	-	(859)	**859**
July 19, 2010	22.63	1,582	-	-	-	(791)	**791**
October 18, 2010	21.50	634	-	-	-	(317)	**317**
April 18, 2011	19.45	8,907	-	-	-	(2,969)	**5,938**
July 18, 2011	15.74	1,554	-	-	-	(723)	**831**
October 17, 2011	13.04	2,169	-	-	-	(518)	**1,651**
January 30, 2012	13.75	35,000	-	-	-	-	**35,000**
April 23, 2012	14.07		18,240	(162)			**18,078**
		52,546	**18,240**	**(162)**	**-**	**(7,159)**	**63,465**
Previous period		14,884	48,152	(1,398)	(4,182)	(4,910)	52,546

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

(f) Number and weighted average fair value of Restricted Shares (USD)

Grant Date	Weighted average grant-date fair value of the share (in USD)	Outstanding as at 1 April 2012	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2013
April 13, 2004	-	-	-	-	-	-	**-**
April 18, 2006	-	-	-	-	-	-	**-**
April 14, 2008	-	-	-	-	-	-	**-**
April 14, 2009	-	-	-	-	-	-	**-**
April 19, 2010	-	-	-	-	-	-	**-**
		-	**-**	**-**	**-**	**-**	**-**
Previous period		-	-	(267)	855	(588)	-

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

(g) 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.

(h) 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	6.5 Years
3. Expected Volatility	32% (Previous period - 31%) (Determined on the basis of 5 year historical stock price)
4. Risk free interest rate	1.89% (Previous period - 2.22%)
5. Yield factor	0.047 (Previous period - 0.038)

(i) Expense recognised on account of "Employee Share-Based Payment" is ₹ **50** (Previous Period - ₹ 41) and carrying liability as at 31 March 2013 is ₹ **166** (Previous Period - ₹ 134)

36. **Disclosure relating to Defined Benefit Plans / Long Term Compensated Absences -** As per Actuarial Valuation as on 31 March 2013 and recognised in the financial statements in respect of retirement benefits:

Particulars		Gratuity				Compensated absences		Provident Fund	
		Year ended 31 March 2013		Period ended 31 March 2012		Year ended 31 March 2013	Period ended 31 March 2012	Year ended 31 March 2013	Period ended 31 March 2012
		Funded	Unfunded	Funded	Unfunded				
A.	Present value of obligations as at beginning of the year	165	169	180	150	206	165	1,650	1,302
	(1) Current service cost	27	23	28	22	59	55	172	162
	(2) Interest cost	15	16	19	15	22	19	148	140
	(3) Benefits settled	(34)	(17)	(14)	(25)	(43)	(43)	(142)	(181)
	(4) Past service cost	-	-	-	-	-	-	-	-
	(5) Amalgamations	-	-	-	-	-	-	-	-
	(6) Curtailments	-	-	-	-	-	-	-	-
	(7) Settlements	-	-	-	-	-	-	(132)	(40)
	(8) Actuarial (gain) / loss	156	73	(37)	8	36	13	-	-
	(9) Interest guarantee	-	-	-	-	-	-	-	-
	(10) Actuarial (gain) / loss due to Interest rate guarantee	-	-	-	-	-	-	43	(96)
	(11) Employees' contribution	-	-	-	-	-	-	228	217
	(12) Acquisition/Business Combination/Divestiture	-	-	(11)	(1)	-	(3)	-	-
	(13) Change in reserves	-	-	-	-	-	-	17	31
	(14) Transfer in	-	-	-	-	-	-	165	115
	Present value of obligations as at end of the year	329	264	165	169	280	206	2,149	1,650
B.	Change in Plan Assets								
	Plan assets as at beginning of the year	172	-	142	-	-	-	1,703	1,314
	(1) Expected return on plan assets	15	-	14	-	-	-	169	158
	(2) Contributions	38	-	36	-	-	-	-	-
	(3) Benefits settled	(34)	-	(14)	-	-	-	-	-
	(4) Employer and Employee contribution	-	-	-	-	-	-	400	379
	(5) Transfer in	-	-	-	-	-	-	165	115
	(6) Benefit payments	-	-	-	-	-	-	(142)	(181)
	(7) Asset gain / (loss)	12	-	5	-	-	-	13	(42)
	(8) Settlements	-	-	-	-	-	-	(132)	(40)
	(9) Acquisition/Business Combination/Divestiture	-	-	(11)	-	-	-	-	-
	Plan assets as at end of the year	203	-	172	-	-	-	2,176	1,703
	Surplus	-	-	-	-	-	-	27	53
The above surplus of ₹ **27** (Previous year - ₹ 53) 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.									
C.	Actual return on plan assets	28	-	19	-	-	-		

Notes to the Financials Statements for the year ended 31 March 2013

Particulars	Gratuity				Compensated absences	
	Year ended 31 March 2013		Period ended 31 March 2012		Year ended 31 March 2013	Period ended 31 March 2012
	Funded	Unfunded	Funded	Unfunded		
D. Reconciliation of present value of the obligation and the fair value of the plan assets:						
(1) Present value of obligations at end of the year	(329)	(264)	(165)	(169)	(280)	(206)
(2) Fair value of Plan assets	203	-	172	-	-	-
Liability recognised in Balance Sheet	(126)	(264)	7	(169)	(280)	(206)
E. Components of Employer Expense:						
(1) Current service cost	27	23	28	22	59	55
(2) Interest cost	15	16	19	15	22	19
(3) Expected return on plan assets(estimated)	(15)	-	(14)	-	-	-
(4) Curtailments	-	-	-	-	-	-
(5) Past service cost	-	-	-	-	-	-
(6) Actuarial (gain) / loss	144	73	(42)	8	36	13
Total expense recognised in Statement of Profit and Loss	171	112	(9)	45	117	87
The gratuity and compensated absences expenses have been recognised in "Employee benefits expenses" under note 25 to the Financial Statements.						
F. Assumptions						
(1) Discount factor	8.10%		8.70%	8.70%	8.10%	8.70%
(2) Estimated rate of return on plan assets	9.00%		9.00%			
(3) Mortality	LIC (1994-96) Ultimate		LIC (1994-96) Ultimate			
(4) Disability	None		None			
(5) Salary Increase	Management, PMS & PIC - First yr-13.5%,thereafter-11%,DMC Factory - First yr-11%,thereafter-12%,MLF Factory - 11%,VLF Factory - 11%		Management - 9% Non-management - 4%			
(6) Attrition rate	Management, PMS & PIC -First yr-6%, thereafter-10%,DMC Factory - 5%,MLF Factory - 4.5%,VLF Factory - 8%		For management grade employees, Upto age 30- 18% Age 31-40 - 14% Thereafter - 12%			
			For Non-management grade employees, Upto age 30- 8% Age 31-40 - 5% Thereafter - 3%			
(7) Retirement age	For Management 60, Others 58		58 years			

G. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 Mar 2013	Period ended 31 Mar 2012	Year ended 31 Dec 2010	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Defined Benefit Obligations	**329**	165	180	141	140
Plan Assets	**203**	172	142	78	54
Surplus/(Deficit)	**(126)**	7	(38)	(63)	(86)
Experience adjustments on Plan assets/liabilities (gain) / loss	**12**	14	5	(17)	(33)

Description	Gratuity (Unfunded)				
	Year ended 31 Mar 2013	Period ended 31 Mar 2012	Year ended 31 Dec 2010	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Defined Benefit Obligations	**264**	169	150	156	151
Plan Assets	**-**	-	-	-	-
Surplus/(Deficit)	**(264)**	(169)	(150)	(156)	(151)
Experience adjustments on Plan assets/liabilities (gain) / loss	**13**	17	8	(13)	(1)

Description	Provident Fund				
	Year ended 31 Mar 2013	Period ended 31 Mar 2012	Year ended 31 Dec 2010	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Defined Benefit Obligations	**2,149**	1,650	1,302	1,163	883
Plan Assets	**2,176**	1,703	1,314	1,163	919
Surplus/(Deficit)	**27**	53	12	-	36
Experience adjustments on Plan assets/liabilities (gain) / loss	**(13)**	42	4	(86)	(38)

Notes:

1. Plan assets comprise of contribution to Group Gratuity Schemes of Life Insurance Corporation of India in case of gratuity and investments under Philips Electronics India Limited Employees' Provident Fund Plan in case of Provident Fund.
2. Actuarial (gain) / loss is due to change in actuarial assumptions as stated in 36 F above.
3. The company provides retirement benefits in the form of Provident Fund, Gratuity, Compensated absences, 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.
4. The actuarial valuation in respect of gratuity and compensated absences has been done as at end 31 March 2013. 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.

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Notes to the Financials Statements for the year ended 31 March 2013

Amounts in ₹ Mln

37. Discontinuing Operations:

Pursuant to the global agreement dated 29 January 2013, between Koninklijke Philips Electronics N.V (KPENV) and Funai Electric Co. Limited for divestment of "Lifestyle Entertainment" business, the proposal for divestment of Lifestyle Entertainment was moved and has been subsequently approved by Board of directors on 24 April 2013 and by shareholders in the Extra Ordinary General Meeting held on 31 May 2013 in India. The discontinuance is expected to be completed by 30 September 2013.

Business segment "Consumer Lifestyle" as reported in note # 30 consists of Domestic Appliances, Lifestyle Entertainment (LE) and Personal Care business.

Lifestyle Entertainment (LE) business primarily involves local purchase, import and sales of the following PHILIPS brand products in India:

(i) Audio and Video Multimedia Systems - Home Audio, Video related products, Portable Audio, Portable Video and Home Media etc.

(ii) Accessories for Multimedia Systems - Headphones, Speakers etc. and

(iii) Imported Spares

Break-up of aggregate amounts in respect of revenue and expenses along with pre-tax profit or loss of Lifestyle Entertainment operations are as follows :	Discontinuing Operations	
Particulars	Year ended 31 March 2013	15 months period ended 31 March 2012
Revenue from operations (net)	**3,049**	4,115
Operating expenses	**(3,131)**	(3,803)
Profit / (loss) before tax	**(82)**	312
Income tax expense	**-**	(106)
Profit / (loss) after tax	**(82)**	206

The carrying amounts of the assets and liabilities of Lifestyle Entertainment division to be disposed off / settled are as follows:	As at March 31 2013	As at March 31 2012
Total assets	**1,059**	1,296
Total liabilities	**538**	439
Net assets	**521**	857

The net cash flows attributable to the Lifestyle Entertainment operations is as follows:	Year ended 31 March 2013	15 months period ended 31 March 2012
Net cash inflow / (outflow) from operating activities	**(320)**	369
Net cash inflow / (outflow) from investing activities	**(15)**	(25)
Net cash inflow / (outflow) from financing activities	**-**	-
Net cash inflow / (outflow)	**(335)**	344

Amounts in ₹ Mln

38. Additional disclosure as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The Company has identified enterprises which have provided goods and services and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006.

The details of overdue amount and interest payable are set out below.

		As at 31 March 2013	As at 31 March 2012
a)	Principal amount remaining unpaid to any supplier as at the end of the year	22	-
b)	Interest due on the above amount		
	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	-	
	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	-	
	Amount of interest accrued and remaining unpaid at the end of the year.	-	-
	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	

39. Disclosure relating to assets given on operating lease:

The company has entered into operating lease arrangements for medical equipments.

		As at 31 March 2013	As at 31 March 2012
a)	Total of future minimum lease payments receivable under non-cancellable operating lease	39	50
	Receivable within 1 year	7	11
	Receivable between 1-5 years	27	27
	Receivable after 5 years	5	12
b)	Total contingent rent recognised as income in the Statement of Profit and Loss for the year / period	9	1

40. Earnings per share

	Year ended 31 March 2013	15 months period ended 31 March 2012
Calculation of earnings per share		
Number of shares at the beginning of the year	57,517,242	57,517,242
Total number of equity shares outstanding at the end of the year	57,517,242	57,517,242
Weighted average number of equity shares outstanding during the year	57,517,242	57,517,242
Profit after tax attributable to equity share holders	1,228	1,338
Basic and diluted earnings per share (in ₹)	21.35	23.26

Notes to the Financials Statements for the year ended 31 March 2013

41. **Contingent liabilities and commitments (to the extent not provided for)**

(a) Contingent liabilities

(i) Claims not acknowledged as debts by the Company - ₹ **269** (Previous year - ₹ 253).

(ii) In respect of disputed excise demands - ₹ **267** (Previous year - ₹ 207), income tax demands - ₹ **1869** (Previous year - ₹ 946) and service tax demands - ₹ **82** (Previous year - ₹ 372)

(iii) In respect of suppliers' / customers' demands and certain tenancy / customs / sales tax / service 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 (i), (ii), and (iii) above pending resolution of the legal proceedings.

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ **151** (Previous year - ₹ 175)

42. All amounts are in ₹ Million, figures in this financial statements below ₹ 1 million are shown as blank.

43. The Revised Schedule VI is applicable to the financial statements prepared for the financial year commencing on or after 1st April 2011. This has significantly impacted the disclosure and presentation made in the financial statements. Previous period's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification / disclosure.

44. Current year's figures consist of 12 months and hence are not comparable with previous period's figures of 15 months.

As per our report of even date attached
For B S R & Co.
Chartered Accountants
Registration No. 101248W

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 12 July 2013

For and on behalf of the Board

Chairman	S.M.DATTA
Managing Director	RAJEEV CHOPRA
Director	JAN HENDRIK GERARDUS LOUWMAN
Company Secretary	RAJIV MATHUR

New Delhi
Date: 12 July 2013

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

Amounts in ₹ 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 the previous financial years since it became subsidiary	
	(a) Dealt within the books of Philips Electronics India Limited for the year ended March 31, 2013	(b) Not Dealt within the books of Philips Electronics India Limited for the year ended March 31, 2013	(a) Dealt within the books of Philips Electronics India Limited for the period ended March 31, 2012	(b) Not Dealt within the books of Philips Electronics India Limited for the period ended Match 31, 2012
Preethi Kitchen Appliances Private Limited [**14,294,860** (Previous year - 14,294,860) equity shares of ₹10 each fully paid up]	**NIL**	**(1,640)**	NIL	(789)

For and on behalf of the Board

	Chairman	S.M.DATTA
	Managing Director	RAJEEV CHOPRA
	Director	JAN HENDRIK GERARDUS LOUWMAN
New Delhi Date: 12 July 2013	Secretary	RAJIV MATHUR

TEN YEAR REVIEW

Amounts in ₹ Mln

PARTICULARS	2003	2004	2005	2006	2007	2008	2009	2010	2011-12 Jan'11-Mar'12	**2012-13 Apr'12-Mar'13**
Income and Dividends										
Sales	16,367	23,637	28,389	26,486	28,906	31,356	32,656	37,249	55,793	**53,674**
Operating profit	1,257	1,425	1,057	1,485	2,456	1,900	1,688	1,451	1,813	**1,752**
As percentage of sales	7.7	6.0	3.7	5.6	8.5	6.1	5.2	3.9	3.2	**3.3**
Profit before tax	1,050	1,492	983	3,029	2,894	2,106	1,850	1,433	1,854	**1,858**
As percentage of sales	6.4	6.3	3.5	11.4	10.0	6.7	5.7	3.8	3.3	**3.5**
Profit after tax	671	1,029	807	2,130	1,903	1,351	1,175	889	1,338	**1,228**
As percentage of sales	4.1	4.4	2.8	8.0	6.6	4.3	3.6	2.4	2.4	**2.3**
As percentage of net worth	18.5	20.5	14.1	27.7	20.2	15.3	14.6	10.1	13.4	**11.1**
Earnings per share (₹)	11.32	15.43	11.49	30.32	27.08	19.71	18.97	15.46	23.26	**21.35**
Dividend per equity share (₹)	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.5	**2.0**
Assets and Liabilities										
Net fixed assets	2,650	2,837	2,871	2,661	2,694	2,825	3,463	3,524	3,972	**4,280**
Investments	11	11	11	11	16	442	5	-	1,000	**1,000**
Deferred tax assets - net	117	189	268	254	240	296	352	363	462	**437**
Inventories	1,608	2,519	2,243	1,902	2,255	2,849	3,608	4,131	5,362	**5,637**
Debtors, loans & advances and cash & bank balances	3,442	5,905	6,417	9,264	11,297	10,072	10,258	11,580	14,069	**15,142**
Current liabilities & provisions	4,041	6,309	5,983	6,307	6,951	7,493	9,485	10,690	12,585	**14,737**
Net current assets	1,009	2,115	2,677	4,859	6,601	5,428	4,381	5,021	6,846	**6,042**
Net Investment	3,787	5,152	5,827	7,785	9,551	8,991	8,201	8,908	12,280	**11,759**
Represented by										
Equity share capital	582	582	703	703	703	634	575	575	575	**575**
Share capital suspense	-	121	-	-	-	-	-	-	-	**-**
Revaluation reserve	74	71	31	17	-	-	-	-	-	**-**
Other reserves	2,968	4,255	4,974	6,957	8,709	8,197	7,476	8,231	9,402	**10,495**
Shareholders' interest (net worth)	3,624	5,029	5,708	7,677	9,412	8,831	8,051	8,806	9,977	**11,070**
Debentures	-	-	-	-	-	-	-	-	-	**-**
Loans	163	123	119	108	139	160	150	102	2,303	**689**
Total	3,787	5,152	5,827	7,785	9,551	8,991	8,201	8,908	12,280	**11,759**
General										
Exports (F.O.B)	331	712	1,011	454	330	418	482	1,033	1,839	**1,933**
Salaries, bonus & staff welfare (excluding V.R.S)	1,170	2,176	3,016	3,268	2,635	3,019	3,311	4,075	7,171	**7,427**
Debt : Equity Ratio	4:96	2:98	2:98	1:99	1:99	2:98	2:98	1:99	19:81	**6:94**
Number of employees at year end	2,788	3,986	3,952	3,440	3,135	3,317	3,775	4,762	5,658	**5,617**

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PREETHI KITCHEN APPLIANCES PRIVATE LIMITED

BOARD OF DIRECTORS

Chairman
A. D. A. Ratnam

Managing Director
Nandakishore R

Non-Executive Director
Yashwant Mahadik

Auditors
B S R & Co.
Chartered Accountants

Registered Office
Technopolis Knowledge Park,
Mahakali Caves Road,
Chakala, Andheri (East),
Mumbai – 400 093

DIRECTORS' REPORT

For the Financial Year ended March 31, 2013

Your Company's Directors are pleased to submit their report and audited annual accounts for the Financial Year ended March 31, 2013.

1. FINANCIAL PERFORMANCE:

RESULTS

₹ Mln

	Apr' 12-Mar' 13 (12 Months)	Feb' 11- Mar' 12 (14 Months)
Gross income	**4,743**	4,381
Operating Loss	**(1,640)**	(789)
Profit / (Loss) before tax	**(1,640)**	(789)
Provision for Current Tax	**-**	-
Provision for Deferred tax (charge)/release	**-**	-
Profit / (Loss) after tax	**(1,640)**	(789)

For the 12 month period ended March 31, 2013, the Company registered an overall turnover growth of 8 %.

2. BUSINESS PERFORMANCE

The operations of the Company gained further momentum during the year 2012-13. The market environment continued to remain depressed due to external economic situation as well as lower power availability. The distribution of free Mixer Grinders and Wet grinders by the Tamil Nadu State government continued to impact the sale of these items in the state. The lower power availability in all the four southern states also impacted the sale of Induction Cook Tops.

The Company aims to regain its share in the mixer grinder market with planned introduction of new products to different segments of the market. We are also looking to further expand our product portfolio into other categories like Table Top Grinders, Blenders, Choppers, Food Processors, etc. Your Company also plans to increase its focus on Induction Cook Tops with the creation of local manufacturing facility.

The commitment to drive local innovation continues with the creation of a Global Innovation and Development centre at Chennai. This Global centre will enable bringing in latest technological inputs and integrate it with local consumer insights to develop locally relevant product innovations.

Your Company has also made rapid progress in servicing the requirements of Global Philips Organisations as well as Indian diaspora in different countries. Our exports now go to countries like Singapore, the Middle East, USA, various parts of Europe and Australia among other places.

The Industrial Organisation has been reorganised to provide greater efficiency and higher productivity. We have also set in motion, action to create sufficient capacity taking into consideration the manufacturing capabilities required by both Philips and Preethi brands in the future years.

Your company has continued to invest in building people capability. Re-organisation of pay and benefits and Humen Resources (HR) processes, has helped in better HR practices. We will continue to invest in developing people capabilities through continuous training inputs, introduction of international processes and capability building.

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3. DIRECTORS

Mr. Yashwant Mahadik was appointed as Additional Director of the Company on August 29, 2012 and Mr. Nandakishore R as Additional Director on December 10, 2012 and Managing Director on January 01, 2013.

Mr. Rajiv Wani resigned as a Director of the Company with effect from September 7, 2012. Mr. Vijay Srinivasan resigned from the Board as Managing Director with effect from December 31, 2012. Notices have been received from a member pursuant to Section 257 of the Companies Act, 1956 of their intention to move resolutions for the appointment of Mr. Nandakishore R as the Managing Director and Mr. Yashwant Mahadik as a Director of your Company.

4. 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 March 31, 2013 and of the loss of the Company for the year ended March 31, 2013;

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.

v. Proper Systems are in place to ensure compliance of all laws applicable to the Company.

5. AUDITORS

Messrs. BSR & Co., who were appointed as the first Statutory Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment as Auditors of the Company and offer themselves for re-appointment. Your Directors recommend their re-appointment for the ensuing Financial Year. The Auditors have forwarded their certificate stating that their re-appointment, if made will be within the limit specified in that behalf in Sub-section (1B) of Section 224 of the Companies Act, 1956.

6. COST AUDITORS

The Central Government has directed your Company to carry out an Audit of the Company's Cost Accounts in respect of Domestic Electric Appliances, pursuant to the provisions of Section 233B of the Companies Act, 1956. Accordingly, your Directors have approved the appointment of Messrs Nanabhoy & Company, a firm of Cost Accountants, as the Cost Auditor of your Company for the financial year ending March 31, 2014

7. CONSERVATION OF ENERGY, FOREIGN EXCHANGE OUTGO AND TECHNOLOGY 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. The Company has earned foreign exchange of ₹ 143 million from exports. Foreign exchange used for foreign travel is ₹ 1 million.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The continued transition of employees, post-acquisition of the Preethi Business has been peaceful and harmonious. Your Company ensures that a safe & healthy environment for the employees is maintained in all its Industrial units by conducting periodical safety audits.

Your Company has leveraged on Technical Training Centre (TTC), targeted at orienting new recruits for various Service Centres in the market and fresh operators in the Assembly lines, and to equip them with the necessary technical and soft skills to make them more efficient and productive. Your Company has launched various training programs like, 'MANAGERIAL SKILL PROGRAM', 'FINANCE FOR NON-FINANCE', 'GIVING FEEDBACK', 'PERSONALITY DEVELOPMENT' etc., focussed on building leaders across the Company. Our improved performance management system will be supporting the organisation in translating its key strategic objectives at individual level and also by managing the employee's aspirations & development. As a part of our focus on improving our employee benefits, we have covered more employees under our revised Medical, Accidental Insurances and introduced Term-life Insurance.

Information as required under the provisions of 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011, forms part of this report and have been set out as 'Annexure A' of this report.

9. CORPORATE SOCIAL RESPONSIBILITY

Your Company interacts with the local societies in and around its industrial units and supports wherever possible to the local community needs, as part of its Corporate Social Responsibility initiatives. Children in the labour dominated societies in and around Preethi industrial units receive special attention for improvement in quality of education. Your Company continues to institute measures such as free distribution of stationery and books for deserving students, improvement in school infrastructure and resource support for schools in the vicinity of the factories.

Your Company also organises periodical Blood Donation Camps amongst its employees in coordination with local NGOs.

10. GENERAL:

Your Directors acknowledge the close cooperation and support your Company has received during the year from employees, members, its Parent Company Philips Electronics India Limited, its Bankers and Business Partners including Suppliers, Co-Makers and Trade.

On behalf of the Board of Directors

A D A Ratnam
Chairman

Gurgaon, Haryana
July 09, 2013

ANNEXURE A

STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 Year Ended 31st March 2013

Name	Qualification	Date of Joining	Designation	Previous Employer	Experience (Years)	Age (years)	Remuneration (Gross) (Rs)
Part of the Year							
Vijay Srinivasan	MBA (Faculty of Management Studies, University of Delhi)	07th Apr 2011	Managing Director	MDMM Consultants P Ltd	17	41	12,267,161

1. All appointments are / were contractual and terminable by notice on either side
2. Remuneration includes salary, allowances, taxable value of perquisites, company's contribution to provident fund, pension fund and prior year adjustment wherever applicable. Remuneration excludes gratuity, leave encashment and payments made under voluntary retirement schemes.

INDEPENDENT AUDITOR'S REPORT

To the Members of Preethi Kitchen Appliances Private Limited

Report on the financial statements

We have audited the accompanying financial statements of Preethi Kitchen Appliances Private Limited ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013; and

(ii) in the case of the Statement of Profit and Loss, of the Loss 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, 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, Statement of Profit and Loss and cash flow statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 Act;

   e) On the basis of written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **B S R & Co.**
Chartered Accountants
Firm Registration No.: 101248W

Vikram Advani
Partner
Membership No.: 091765

Place: Gurgaon
Date: July 09, 2013

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ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

to the Members of Preethi Kitchen Appliances Private Limited

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company physically verifies its assets over a three year period so as to cover all 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. No material discrepancies were noticed on such verification.

(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.

(ii) (a) The inventory, excluding materials in transit, has been physically verified by the management during the current period. Inventories with the third parties have either been physically verified by the management or confirmed based on certificates/statements of accounts received from such 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 has maintained proper records of inventory. Discrepancies identified on physical verification of inventories as compared to book records were not material.

(iii) 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.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that certain services sold are for the specialized requirement of the buyer and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to 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 internal control system.

(v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) 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 for the products manufactured by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of records with a view to determine whether they are accurate or complete

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(ix) (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, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues have generally been regularly deposited with the appropriate authorities, ***except for certain delays in remittances of Provident fund and Employees' State Insurance ranging between 1 to 64 days. Few delays with respect to Income tax deducted at source, though the delays in deposit have not been serious.*** As explained to us, the Company did not have any dues on account of investor education and protection fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at March 31, 2013 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund during the year.

(b) According to the information and explanations given to us, there were no dues of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues which have not been deposited on account of any dispute.

The below disputed amounts have been deposited with the appropriate authorities.

Nature of the Statute	Nature of the dues	Forum where dispute is pending	Amount Rs.	Period to which the amount relates
Individual State Sales Tax Act	Sales tax including interest and penalty where applicable	Inspector, Intelligence, Squad II – Alappuzah	132,770	2011-12
Individual State Sales Tax Act	Sales tax including interest and penalty where applicable	Inspector, Intelligence, Squad II – Ernakulam	183,106	2012-13

(x) The Company has registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable to the Company.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its debenture holders or to any of its bankers. The Company did not have any outstanding dues to financial institutions during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) 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.

(xvi) The Company does not have any term loans outstanding during the year.

(xvii) 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 estimated at Rs.1,216,904,587 have been used for long term purposes.

(xviii) 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.

(xix) According to the information and explanations given to us, the Company has not created any security or charge in respect of debentures issued during the year.

(xx) The Company has not raised any money by public issues.

(xxi) 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 **B S R & Co.**
Chartered Accountants
Firm Registration No.: 101248W

Vikram Advani
Partner
Membership No.: 091765

Place: Gurgaon
Date: July 09, 2013

BALANCE SHEET AS AT 31 MARCH 2013

Amounts in ₹ Mln

	Note	As at 31 March 2013		As at 31 March 2012	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	3	143		143	
Reserves and surplus	4	(1,572)		68	
			(1,429)		211
Non-current liabilities					
Long-term borrowings	5	5,401		5,402	
Long-term provisions	6	33		10	
			5,434		5,412
Current liabilities					
Short-term borrowings	7	1,365		481	
Trade payables	8	627		504	
Other current liabilities	9	262		265	
Short-term provisions	6	28		30	
			2,282		1,280
TOTAL			6287		6,903
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	10	461		484	
Intangible assets	11	4,686		5,475	
Capital work-in-progress		1			
			5,148		5,959
Long-term loans and advances	12		74		73
Other non-current assets	13				1
Current assets					
Inventories	14	722		508	
Trade receivables	15	193		195	
Cash and cash equivalents	16	43		28	
Short-term loans and advances	17	107		139	
			1,065		870
TOTAL			6,287		6,903
Significant accounting policies	2				

The notes referred to above form an intergral part of the financial statements

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Registration No. 101248W

VIKRAM ADVANI
Partner
Membership No.: 091765

Place: Gurgaon
Date: July 09, 2013

For and on behalf of the Board of Directors

Managing Director	Nandakishore R
Director	A.D.A.Ratnam
Company Secretary	Achuthan R

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

Amounts in ₹ Mln

	Note	Year ended 31 March 2013		Period ended 31 March 2012 (14 Months)	
Revenue from operations	18				
Sales of products (gross)		4,743		4,380	
Less: Excise duty		383	4,360	335	4,045
Sale of service		34		-	
Other operating revenue		3	37	1	1
Other income	19		0		0
			4,397		4,046
Expenses					
Cost of materials consumed	20	3,110		3,121	
Changes in inventories of finished goods and stock-in-trade	21	(143)		(233)	
Employee benefits	22	332		315	
Finance costs	23	611		584	
Depreciation and amortisation	10, 11	839		331	
Other expenses	24	1,288		717	
			6,037		4,835
Loss before tax			(1,640)		(789)
Income tax expense					
Current tax					
Deferred tax					
Loss for the year			(1,640)		(789)
Basic and diluted earnings per equity share of ₹ 10 each (in ₹)			(114.73)		(64.25)
Significant accounting policies	2				

The notes referred to above form an intergral part of the financial statements

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Registration No. 101248W

VIKRAM ADVANI
Partner
Membership No.: 091765

Place: Gurgaon
Date: July 09, 2013

For and on behalf of the Board of Directors

Managing Director — Nandakishore R

Director — A.D.A.Ratnam

Company Secretary — Achuthan R

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

Amounts in ₹ Mln

		Year ended 31 March 2013		Period ended 31 March 2012	
A.	**Cash flow from operating activities**				
	Loss before taxation		(1,640)		(789)
	Adjustments				
	Loss on sale of fixed assets	2		1	
	Depreciation / Amortization (net)	839		331	
	Unrealised foreign exchange (gain) and loss (net)	13		-	
	Interest received	(0)		(0)	
	Finance costs	611	1,465	584	916
	Operating (loss)/profit before working capital changes		(175)		127
	Adjustments arising from working capital changes				
	Changes in				
	Trade receivables	2		(145)	
	Loans & advances	40		(130)	
	Inventories	(213)		181	
	Current liabilities & provisions	124	(47)	(1)	(95)
	Cash used from operations		(222)		32
	Less: Income tax paid (net of refunds)		-		-
	NET CASH FROM OPERATING ACTIVITIES (A)		(222)		32
B.	**Cash flow from investing activities**				
	Business acquisition (net of cash) (refer note 37 to the financial statements)				(6,367)
	Purchase of fixed assets during the year		(42)		(77)
	Proceeds from sale of fixed assets		3		1
	Interest received		0		0
	NET CASH USED IN INVESTING ACTIVITIES (B)		(39)		(6,443)
C.	**Cash flow from financing activities**				
	Finance costs paid		(604)		(443)
	Proceeds from long term borrowings				
	Compulsory convertible debenture		-		5,400
	Vehicle loan		1		2
	Proceeds from issue of shares		-		1,000
	Proceeds from short term borrowings		4,931		2,323
	Repayment of long term borrowings				
	Vehicle loan		(1)		(1)
	Repayment of short term borrowings		(4,051)		(1,842)
	NET CASH FROM FINANCING ACTIVITIES (C)		276		6,439
	INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		15		28
	Effect of exchange differences on cash and cash equivalents held in foreign currency		(0)		-
	CASH AND CASH EQUIVALENTS - OPENING BALANCE		28		-
	Cash and cash equivalents (refer to note 16)		43		28
	TOTAL		43		28

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Registration No. 101248W

VIKRAM ADVANI
Partner
Membership No.: 091765

Place: Gurgaon
Date: July 09, 2013

For and on behalf of the Board of Directors

Managing Director — Nandakishore R

Director — A.D.A.Ratnam

Company Secretary — Achuthan R

NOTES TO FINANCIAL STATEMENTS

1. Brief Background of the Company

Preethi Kitchen Appliances Private Limited ('Preethi' / 'the Company') was incorporated as on February 21, 2011. It is a wholly owned subsidiary of Philips Electronics India Limited. The Company sells mixies, table top grinders, coffee makers, induction cookers, electric rice cookers, electric kettle, electric iron, electric pressure cooker and vessels for induction cooker.

2. Significant accounting policies

a. Basis of preparation of financial statements

The financial statements are prepared and presented under historical cost convention, 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.

The Company was incorporated on February 21, 2011 accordingly prior period comparatives are for the period February 21, 2011 to March 31, 2012, Hence, the same are not comparable.

Though the Company has a negative net worth of ₹ 1,428,490,074 as at March 31, 2013, the board of directors consider that it is appropriate to prepare the financial statements on a going concern basis. This is in view of the continued financial support as evinced by the compulsorily convertible debentures amounting to ₹ 5,400,000,030 subscribed by the ultimate holding company and inters corporate deposits of INR 940,000,000 from the holding company to ensure the Company's continuous operation in the foreseeable future and payment of its obligations as they mature.

b. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods

c. Revenue recognition

Sales are recorded net of trade discounts, rebates, returns, sales tax and excise duty. Sales of goods / equipments are recognized on transfer of risks and rewards of ownership in the goods to the customers.

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

d. Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Fixed Assets acquired as part of the business acquisition is recognized at fair value determined on the date of acquisition. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation is provided on the original cost on a straight line method at the rates given in schedule XIV of Companies Act, 1956, except in case of jigs and dies, where a higher depreciation rate @ 33.33% on Straight Line Method is being used.

Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

e. Intangible assets

Intangible assets are being recognized if the Company is able to control the future economic benefits attributable to the assets which are expected to flow to the Company, can restrict the access to others and also the cost of the same can be measured reliably. Intangible assets are amortized on the straight line basis based on the useful lives, which, in management's estimate represent the period during which economic benefit will be derived from their use. Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

The period of amortization for Brands is 8 years which represents the economic useful life of Brands.

Goodwill that arises on the acquisition of a business is presented as an intangible asset. Goodwill arising on acquisition of a business is measured at cost less any accumulated amortisation and any accumulated impairment loss. Goodwill is amortised over a period of 8 years (refer note 38).

f. Research and development expenditure

Revenue expenditure is charged to the Statement of Profit and Loss in the year in which it is incurred and expenditure of a capital nature is capitalized as fixed assets.

g. Leases

Operating Lease payments are recognized as an expense in the Profit & Loss Account, on a Straight Line Method over the period of Lease.

Assets acquired under finance lease during the period, have been capitalized at the lower of their fair value and the present value of the minimum lease payments at the inception of lease. Assets obtained on finance lease are depreciated over the shorter of the lease term and their useful life (not being greater than the useful life envisaged to the schedule XIV to the Companies Act, 1956) unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Company are applied.

h. 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 Statement of profit and loss. 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.

i. Inventories

Inventories are valued at cost or net realizable value whichever is lower. For all items, cost is determined on the basis of the weighted average method. Finished goods and work-in-progress include appropriate proportion of costs of conversion. Obsolete, defective and unserviceable stocks, if any have been duly provided for during the period.

j. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the Statement of profit and loss of the year.

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 recognized in 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.

k. 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.

l. Retirement benefits

Liability of defined benefit plan is provided on the basis of actuarial valuation carried out by an independent actuary at period end using the Projected Unit Credit Method. Actuarial gains and losses are recognized immediately in the Statement of profit and loss. The Company's contributions to defined contribution plans are charged to Statement of profit and loss as incurred. The discount rate used for determining the present value of the obligation under defined

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benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis. Actuarial gains and losses are recognized immediately in the Statement of profit and loss. Gain or Losses on the curtailment or settlements of any defined benefit plan are recognized when curtailment or settlement occurs. Liability with respect to the Gratuity plan, determined on the basis of actuarial valuation as described above, and any difference between the fund amount and the liabilities as per actuarial valuation is recognized as an asset or liability. Termination benefits are recognized as and when incurred.

m. Borrowing cost

Borrowing Cost directly attributable to acquisition or construction of those Fixed Assets which necessarily take a substantial period of time to get ready for the intended use are capitalized.

Other borrowing costs are accounted as an expense.

n. Provisions and contingencies

A provision is recognized when:

a) The Company has a present obligation as a result of a past event;

b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation: and

c) 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.

o. Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares except where the results would be anti-dilutive. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential equity shares.

p. Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expense is recognized in profit or loss.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

Amounts in ₹ Mln

		31 March 2013	31 March 2012
3.	**Share capital**		
	Authorised		
	15,000,000 (Previous year 15,000,000) Equity shares of ₹10 each	150	150
		150	150
	Issued and subscribed		
	14,294,860 (Previous year - 14,294,860) Equity shares of ₹10 each, fully paid up	143	143
		143	143
(i)	Equity shares held by holding company:		
	Philips Electronics India Limited		
	Number of equity shares held	14	14
	Amount	143	143
(ii)	Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period		
	Outstanding as at beginning	14	0
	Shares issued		14
	Outstanding as at end	14	14
(iii)	Particulars of shareholders holding more than 5% of total shares		
	Philips Electronics India Limited		
	Number of equity shares held	14	14
	% of share holding	100	100

(iv) Terms and rights attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

		31 March 2013	31 March 2012
4.	**Reserves and surplus**		
	Securities premium account		
	At the beginning of the year	857	9
	Add: Premium received		848
	At the end of the year	857	857
	Deficit in Statement of Profit and Loss		
	At the beginning of the year	(789)	
	Add: Loss for the year	(1,640)	(789)
	At the end of the year	(2,429)	(789)
		(1,572)	68

Notes to the Financial Statements for the year ended 31 March 2013

Amounts in ₹ Mln

5. Long-term borrowings

	Non- current portion		Current portion	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
Secured				
From others - Finance Lease*	1	2	0	0
Unsecured				
Compulsorily convertible debentures**	**5,400**	5,400	-	-
	5,401	5,402	0	0

** 46,956,522 Compulsorily convertible debentures were allotted to Koninklijke Philips Electronics N.V, (the ultimate holding company), on April 7, 2011 carrying an interest rate of 10% per annum. The face value of these debentures was ₹115 aggregating to ₹5,400,000,030 The Compulsorily convertible debentures are convertible into equal number of equity shares at the end of 5 years from the date of issue with a face value of ₹10 and a premium of ₹105.

* Finance lease represents vehicles taken on lease. The finance lease obligations are secured by the underlying assets (leased vehicles). The legal title to these items vests with their lessors. The lease term for the vehicles ranges between 4-5 years with equated monthly payments commencing from the month subsequent to the commencement of the lease. The total future minimum lease payments at the balance sheet date, element of interest included in such payments, and present value of these minimum lease payments are as follows:

	Particulars	Non- current portion		Current portion	
		31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
a	Total future minimum lease payments	**1**	2	**0**	1
b	Future interest included above	**0**	1	**0**	0
c	Present value of future minimum lease paymnets{(a)-(b)}	**1**	2	**0**	0

The rate of interest implicit in the above is in the range of 15.02% to 15.09%

	Minimum lease payments		Present Value #	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
Payable within 1 year	**0**	1	**0**	0
Payable between 1-5 years	**1**	2	**1**	2

Amount disclosed in other current liabilities (refer note 9)

6. Provisions

	Long term		Short term	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
Provision for employee benefits				
Gratuity (refer note 25)	**21**	7	**-**	3
Compensated absences (refer note 25)	**12**	3	**1**	0
Others				
Replacement guarantee - provision	**-**	-	**27**	27
	33	10	**28**	30

Disclosure relating to provisions (Long term and short term):

(1) Movement in Replacement guarantee:

Particulars of disclosure	31 March 2013	31 March 2012
Opening balance	27	-
Accruals during the year	49	38
Utilisation	(49)	(11)
Write back	-	-
Closing balance	27	27

(2) Nature of provisions:

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 12 months.

Amounts in ₹ Mln

		31 March 2013	31 March 2012
7.	**Short-term borrowings**		
	Inter corporate deposits (Unsecured)	940	481
	Short term loan from Bank of America (Unsecured)	20	-
	Other facilities from Bank of america (Unsecured)	405	-
		1,365	481

The Company has taken intercorporate deposits from Philips Electronics India Limited carrying an average rate of 9.97% and are repayable over the period of next one year

The short term loan from Bank of America carries an average interest of 9.7% p.a and is due for settlement on April 2, 2013.

Other facilities from Bank of America, includes buyers credit, Packing credit in foreign currency and supplier financing. Buyers credit is repayable over a period of next one year and carries an average interest rate of LIBOR + 0.95 bps.Packing credit facility which matures within one year and carries an interest of LIBOR + 0.85 bps. Supplier financing is repayable over next next two months from the end of the financial year and no interest is charged for the facility from the Company.

		31 March 2013	31 March 2012
8.	**Trade payables**		
	Trade payables*	627	504
		627	504
	* For dues to Micro, small and medium enterprises - refer note 26	-	
		-	
9.	**Other current liabilities**	-	
	Current maturities of finance lease obligations (refer note 5)	0	0
	Other payables:	-	
	Interest accured but not due	129	122
	Forward contract payables	19	-
	Sales tax and entry tax payable	23	64
	Tax deducted/collected at source	20	19
	Provident fund & employee state insurance	2	2
	Employee related payable	38	29
	Advance received from customers	25	23
	Deposits received	5	4
	Payables for fixed assets	1	2
		262	265

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Notes to the Financial Statements for the year ended 31 March 2013

	Gross block at cost					Accumulated depreciation / amortisation				Net block	
	As at beginning	Additions as on the date of acquisition	Additions during the year	Disposals and adjustments	As at end	As at beginning	For the year	On disposals and adjustments	As at end	As at March 31, 2013	As at March 31, 2012
					(1+2+3-4)				(6+7-8)	(5-9)	(1-6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
10. Tangible fixed assets											
Freehold Land*	136	-	2	-	138	-	-	-	-	138	136
Buildings*	135	-	0	-	135	4	5	-	9	126	131
Plant and equipment	217	-	31	3	245	33	48	0	81	164	184
Computers	4	-	4	-	8	0	1	-	1	7	4
Vehicles		-	-	-	-	-	-	-	-	-	-
Owned	20	-	-	1	19	2	2	0	4	16	18
Under Finance Lease	3	-	1	2	2	0	0	0	0	1	3
Furniture and fixtures	9	-	2	-	11	0	2	-	2	9	8
Total	524	-	40	6	558	39	58	1	97	461	484
11. Intangible fixed assets											
Goodwill***	2,853	-	-	8	2,845	-	406	-	406	2,439	2,853
Brands**	2,913	-	-	-	2,913	291	375	-	666	2,247	2,622
Total	5,766	-	-	8	5,758	291	781	-	1,072	4,686	5,475
											-
Grand Total	6,290	-	40	14	6,316	331	839	1	1,169	5,147	5,959
			-								
Previous year	-	6,212	79	2	6,290	-	331	0	331	5,959	-

*As at March 31, 2012, the Company was in the process of completing the legal formalities of registering title deeds of the land and building in Himachal Pradesh to its name. The carrying value of such land and building as at March 31 2012 was ₹ 27 and ₹ 64 respectively. During the year the legal formalities have been completed and the title deeds of land and building have been transferred in the name of the company.

** The remaining amortisation period of Brands and goodwill is 6 years, refer to note 38 on changes in estimates

*** Refer to note 37 of adjustment to goodwill

Amounts in ₹ Mln

		31 March 2013	31 March 2012
12.	**Long-term loans and advances**		
	(a) **Unsecured, considered good**		
	Sales tax/VAT receivable	66	66
	Capital advances	8	7
	Tax deducted at source (Net of provision: NIL)	0	0
		74	73
13.	**Other non-current assets**		
	Bank deposits (due to mature after 12 months from the reporting date) (Refer Note 16)	0	1
		0	1
14.	**Inventories**		
	(Valued at lower of cost and net realisable value)		
	Raw materials	218	242
	Finished goods*	339	216
	Stores and spares	61	28
	Goods-in transit	104	22
		722	508
	*Finished goods value is net of provision made for inventory obsolscence to the extent of ₹ **0.8**		
15.	**Trade receivables**		
	Outstanding for a period exceeding six months from the due date for payment		
	Unsecured, considered good	2	3
	Less:		
	Provision for doubtful receivables		
		2	3
	Others		
	Unsecured, considered good	194	192
	Less:		
	Provision for doubtful receivables	3	-
		191	192
		193	195
16.	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	1	2
	Balance with banks		
	Current account	5	26
	Cheque in Hand	37	-
		43	28
	Details of Bank balances / Deposits		
	Bank deposits due to mature after 12 months of the reporting date included under Other non-current assets (Refer Note 13)	0	1
17.	**Short-term loans and advances**		
	(a) **Unsecured, considered good**		
	Security deposits	29	31
	Loans and advances to related parties	-	3
	Other loans and advances	-	-
	Advance to suppliers	31	32
	CENVAT/Service tax receivable	36	18
	Amount receivable for sale of land	-	33
	Balance with customs, port trust etc	7	14
	Prepaid expenses	2	3
	Advances to employees	2	5
		107	139

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Notes to the Financial Statements for the year ended 31 March 2013

Amounts in ₹ Mln

	Year ended 31 March 2013	Period ended March 31, 2012 (14 Months)
18. Revenue from operations		
(a) **Sale of products (gross)**		
Finished goods	4,743	4,380
Less: Excise duty	383	335
Sale of products (net)	4,360	4,045
(b) **Other operating revenues**		
Export incentives	3	1
	4,363	4,046
Break up revenue from sale of products		
Class of Goods		
Mixie	3,297	2,908
Induction cooker	968	982
Electric rice cooker	93	130
Wet grinder	119	106
Electric irons	28	27
Coffee makers	21	23
Electric kettle	8	19
Electric pressue cooker	3	7
Spares and accessories	206	178
	4,743	4,380
Export incentives	3	1
Revenue from operations (gross)	4,746	4,381
(c) **Sale of service**		
Revenue from service rendered	34	-
19. Other income		
Interest income on fixed deposits	0	0
Cash discount received on supplier financing	0	-
	0	0
20. Cost of materials consumed		
Inventory, stores & spares of materials at the beginning of the year	275	-
Add:		
Purchases	3,181	2,708
Raw materials acquired on business acquisition	-	460
Finished goods acquired on business acquisition	-	229
Less:		
Inventory of materials at the end of the year (including goods in transit of ₹ **67**) (Previous year : ₹ 6)	285	248
	3,171	3,149
Closing stock of stores & spares	61	28
	3,110	3,121
Break up of Cost of materials consumed		
Electric motor	329	281
Stainless steel jar	191	169
Sintered bush	92	82
Enamelled copper wire	83	83
Blade	62	58

Amounts in ₹ Mln

	Year ended 31 March 2013	Period ended March 31, 2012 (14 Months)
20. Cost of materials consumed (contd.)		
ABS	40	40
Stainsteel cookware	28	5
Casserole	10	11
Fry pan	7	7
Raw materials acquired on business acqusition	-	460
Finished goods acquired on business acquisition	-	229
Others	2,268	1,696
	3,110	3,121
Break of stocks as at end		
Induction cooker	99	25
Electric motor	39	42
Stainless steel jar	36	16
Body	8	6
Enamelled copper wire	7	4
Sintered bush	6	8
Blade	3	3
ABS	4	8
Plug & Chord	4	3
Fry pan	0	6
Casserole	0	9
Others	79	118
	285	248
None of the other items individually account for more than 10% of the total value.		
21. Changes in inventories of Finished Goods		
(a) Stocks as at beginning		
Mixie	108	-
Electric rice cooker	39	-
Induction cooker	36	-
Accessories	10	-
Kettle	8	-
Coffee maker	5	-
Electric pressure cooker	4	-
Wet grinder	1	
Iron box	0	-
Gas stove	0	-
Others	1	-
Vessel / Stainsteel cookware / Non stick cookware	21	-
	233	-
(b) Stocks as at end		
Manufactured goods & Traded goods		
Mixie	137	108
Electric rice cooker	19	39
Induction cooker	153	36
Accessories	5	10
Kettle	4	8
Coffee maker	0	5

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Notes to the Financial Statements for the year ended 31 March 2013

Amounts in ₹ Mln

	Year ended 31 March 2013	Period ended March 31, 2012 (14 Months)
21. Changes in inventories of Finished Goods (contd.)		
Electric pressure cooker	**6**	4
Wet grinder	**16**	1
Vessel / Stainsteel cookware / Non stick cookware	**18**	21
Iron box	**9**	0
Gas stove	**0**	0
Others	**9**	1
	376	233

Closing stock of finished goods at the year end includes goods in transit of ₹ **36** (Previous year ₹ 17)

	Year ended 31 March 2013	Period ended March 31, 2012 (14 Months)
(c) Changes in inventories of Finished Goods (a-b)		
Mixie	**(29)**	(108)
Electric rice cooker	**20**	(39)
Induction cooker	**(117)**	(36)
Accessories	**5**	(10)
Kettle	**4**	(8)
Coffee maker	**5**	(5)
Electric pressure cooker	**(2)**	(4)
Wet grinder	**(15)**	(1)
Vessel / Stainsteel cookware / Non stick cookware	**3**	(21)
Iron box	**(9)**	(0)
Gas stove	**0**	(0)
Others	**(8)**	(1)
	(143)	(233)

The value of finished goods includes exicse duty on finished goods amounting to ₹ **43** (Previous year ₹ 23)

None of the other items individually account for more than 10% of the total value.

	Year ended 31 March 2013	Period ended March 31, 2012 (14 Months)
22. Employee benefits expense		
Salaries and wages*	**263**	277
Contribution to provident and other funds	**36**	12
Staff welfare	**33**	26
	332	315

* Remuneration to managing director as salaries ₹ **10** includes Leave Travel Consession ₹ **0.4** and Annual Incentive ₹ **2**.

	Year ended 31 March 2013	Period ended March 31, 2012 (14 Months)
23. Finance costs		
Interest expense	**611**	584
	611	584

Amounts in ₹ Mln

	Year ended 31 March 2013	Period ended March 31, 2012 (14 Months)
24. Other expenses		
Discounts and incentives	135	150
Management support services***	414	-
Packing, freight and transport	182	157
Replacement guarantee	49	33
Travelling and conveyance	41	34
Rent	40	38
Research & Development services ***	28	-
Rates and taxes	23	1
Repairs to machinery	19	27
Repairs to buildings	18	3
Marketing & Selling expenses	208	194
Power and fuel	16	11
Testing & Product development	12	17
Legal and professional	37	11
Forex gain / loss	27	-
Security charges	9	9
Communication and IT costs	8	9
Insurance	5	5
Provision for bad and doubtful debts	3	-
Auditors' fees and reimbursement of expenses**	3	3
Business support charges	3	3
Printing & Stationery	2	3
Loss on sale of fixed assets	2	1
Excise duty*	0	0
Miscellaneous	4	8
	1,288	717

* 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 21 to Statement of profit and loss. The excise duty not recovered from sales is disclosed as "excise duty" expense above.

** Note: Payment to auditors

As auditor		
Statutory audit	2	2
Tax audit & Transfer pricing	1	0
Reimbursement of expenses	0	0
Total	3	2

*** Pursuant to the agreement entered into by the Company with Koninklijke Philips Electronics N.V.("KPENV"), the Company has incurred ₹ **414** (Previous year - ₹ Nil) towards the support services provided by KPENV and ₹ **28** (Previous year - Nil) for accessing the benefit resulting from common research and development programmes.

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Notes to the Financial Statements for the year ended 31 March 2013

Amounts in ₹ Mln

	31 March 2013	31 March 2012
25. Employee benefits		
Disclosure in respect of employee benefit pursuant to the Accounting Standard 15:		
Details of actuarial valuation of gratuity		
(a) Change in present value of benefit obligation during the year		
Projected benefit obligation, beginning of year	23	-
Current service cost	4	24
Interest cost	3	-
Actual plan participants contributions	-	-
Actuarial (gains)/losses	9	-
Benefits paid	(1)	(1)
Projected benefit obligation, end of year	38	23
(b) Change in plan assets	-	-
Fair value of planned assets at the beginning of the year	13	7
Expected return on planned assets	1	1
Employer contributions	4	5
Actuarial gains / (loss)	(0)	-
Benefits paid	(1)	(1)
Fair value of planned assets at the end of the year	17	12
(c) Amounts in Balance Sheet at year end	-	-
Projected benefit obligation (PBO) as at end of the year	39	23
Fair value of plan assets	17	13
(Asset)/liability recognized in the balance sheet	22	10
(d) Amounts recognized in statement of profit & loss at year end	-	-
Current service cost	4	24
Interest cost	3	-
Expected return on plan assets	(1)	-
Past service cost		
Net actuarial losses/(gains) recognized in the period	9	-
(Gain)/loss due to settlements/curtailments/terminations/divestitures	-	-
Total expense/(income) included in "Employee benefit expense"	15	24
(e) Actual return on plan assets:		
Expected return on plan assets	1	1
Actuarial gain/(loss) on plan assets	(0)	-
Actual returns on plan assets	1	1
(f) Reconciliation of present value of obligation and the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	39	23
Funded status of the plans	17	13
Funded status amount of liability / (asset) recognized in the balance sheet	22	10
(g) Classification into Current & Non- current		
Current	-	3
Non- current	21	7
Total	21	10
Details of actuarial valuation of compensated absences		
(a) Changes in present value of benefit obligation during the year		
Projected benefit obligation, beginning of year	4	-
Current service cost	1	4
Interest cost	0	-
Actuarial (gains)/losses	9	1
Benefits paid	(2)	(1)
Past service cost	-	-
Loss / (gains) on curtailments	-	-
Projected benefit obligation, end of year	12	4

Amounts in ₹ Mln

		31 March 2013	31 March 2012
(b)	**Amounts in balance sheet at year end**		
	Projected benefit obligation (PBO) as at end of the year	12	4
	Fair value of plan assets	-	-
	(Asset)/liability recognized in the balance sheet	12	4
(c)	**Amounts recognized in statement of profit & loss at year end**		
	Current service cost	1	4
	Interest cost	0	-
	Expected return on plan assets	-	-
	Past service cost	-	-
	Net actuarial losses/(gains) recognized in the period	9	-
	(Gain)/loss due to settlements/curtailments/terminations/divestitures	-	-
	Total expense/(income) included in "Employee benefit expense"	10	4
(d)	**Classification into current & Non- current**		
	Current	1	1
	Non- current	11	3
		12	4
	Total retirement benefits	34	14

Principal actuary assumptions for Gratutity and Leave encashment

	31 March 2013	31 March 2012
Discount rate	8.10%	8.60%
Expected return on planned assets	9.00%	9.00%
Future salary increases	Corporate Grade & Staff: Ist year -12.5%, thereafter -14%. Chennai Workers 15%, HP Workers: Ist year -25%, thereafter -20%	16.00%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Disability	None	None
Employee turnover *	Corporate Grade -10% Staff - 18% Workers -3%	18%
Normal retirement age	58 years	58 years

26. The Company has identified enterprises which have provided goods and services and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2013 has been made in Note 12 to the Financial Statements. The details of overdue amount and interest payable are set out below.

Description	31 March 2013	31 March 2012
(i) a) Principal amount remaining unpaid to any supplier as at the end of the year	175	177
b) Interest due on the above amount		
(ii) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	-	-
(iii) Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	-	-
(iv) Amount of interest accrued and remaining unpaid at the end of the year.	-	-
(v) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

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Notes to the Financial Statements for the year ended 31 March 2013

27. Related party transactions

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

Holding company	Philips Electronics India Limited
Ultimate Holding company	Koninklijke Philips Electronics N.V (KPENV)

(b) **Other related parties with whom transactions have taken place during the year:**

(i) **Overseas Fellow Subsidiary Companies**
Philips Electronics Singapore Pte Ltd
Philips Electronics Malaysia Pte Ltd
Philips Consumer Life Style , Korea
Philips Electronics Middle East & Africa BV
Philips Do Brasil Ltda, Brazil

(ii) **Individuals having significant influence**
Mr. T.T. Varadharajan - Chairman

(iii) **Relatives**
Mrs. Maya Varadarajan
Mrs. Deepa V

(iv) **Key Managerial Personnel**
Mr. Vijay Srinivasan - Managing Director (Upto December 31, 2012)
Mr. Nandakishore - Managing Director (With effect from January 1, 2013)

	Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions	
			31 March 2013	31 March 2012
(i)	**Holding Company:**			
	Philips Electronics India Ltd.	Sale of goods	**354**	87
		Purchase of fixed assets	**-**	0
		Purchase of goods	**-**	0
		Inter corporate deposit interest	**66**	51
		Receivable	**77**	61
		Payable	**-**	3
		Inter corporate deposit payable	**940**	481
		Inter corporate deposit interest payable	**7**	6
		Support services	**3**	3
		Investment in shares	**-**	1,000
		Inter corporate deposit received	**3,394**	2,323
		Inter corporate deposit repaid	**2,935**	1,842
(ii)	**Ultimate Holding Company**		**-**	-
	Koninklijke Philips Electronics N.V (KPENV)	Debenture interest	**540**	531
		Debentures issue	**5,400**	5,400
		Debentures interest payable	**135**	135
		General Service Agreement - Charges	**442**	-
		General Service Agreement - Counter Claim	**34**	-
		General Service Agreement - Payable	**104**	-
		General Service Agreement - Receivable	**24**	-
(iii)	**Overseas Fellow subsidiary Companies:**		**-**	-
	Philips Electronics Singapore Pte Ltd	Sale of goods	**11**	1
		Consultancy charges paid	**26**	-
	Philips Electronics Nederland B.V.	Consultancy charges paid	**0**	-
	Philips Electronics Malaysia Pte Ltd	Sale of goods	**1**	0
	Philips Consumer Life Style , Korea	Sale of goods	**-**	0
	Philips Electronics Middle East & Africa BV	Sale of goods	**129**	1
	Philips Do Brasil Ltda, Brazil	Sale of goods	**6**	1
	Philips Electronics Singapore Pte Ltd	Receivable	**4**	0
	Philips Electronics Malaysia Pte Ltd	Receivable	**-**	0
	Philips Consumer Life Style , Korea	Receivable	**-**	0
	Philips Electronics Middle East & Africa BV	Receivable	**6**	1
	Philips Do Brasil Ltda, Brazil	Receivable	**-**	-
(iv)	**Individuals having significant influence**		**-**	-
	Mr. T.T. Varadharajan - Chairman	Rent	**7**	7
		Rental deposits		
(v)	**Relatives**			
	Mrs. Maya Varadarajan	Rent	**0**	-
		Rental deposits	**11**	14
	Mrs. Deepa V	Rent		
		Rental deposits		
(vi)	**Key Managerial Personnel**			
	Mr. Vijay Srinivasan - Managing Director	Salary	**10**	13

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28. Segment information

(a) Business segments

The Company considers its business segment as its primary segment. It is engaged in the business of manufacturing and sale of domestic appliances. The manufacturing activities are not distinguishable on the basis of risk and return, the methods of distribution and regulatory environment, accordingly, the Company views the entire business as one segment.

Therefore the disclosure requirements of Accounting Standard 17, "Segment Reporting", prescribed by the Companies (Accounting Standard) Rules 2006 in relation to primary segment are not required to be given.

(b) Geographical segments

The secondary segment for the Company is geographic segments and is based on the location of its customers within India (domestic) and outside India (exports). Information on the geographic segment is as follows:

Particulars	India	Outside India	Unallocated	Total
Segment revenue				
Sale of Products	**4,217**	**143**	**-**	**4,360**
	(3,964)	(81)	-	(4,045)
Sale of service	**-**	**34**	**-**	**34**
Other operating income	**3**	**-**	**-**	**3**
	(1)	-	-	(1)
Segment assets	**6,155**	**89**	**43**	**6,287**
	(6,855)	(19)	(29)	(6,903)
Capital expenditure*	**40**	**-**	**-**	**40**
	(79)	-	-	(79)

*Excluding fixed assets acquired on business acquisition for the previous year

Amounts in bracket represents previous year figure

Segment accounting policies

The accounting principles consistently used in the preparation of the financial statements and consistently applied to record revenue and expenditure in individual segments are as set out in Note 2 to this schedule on significant accounting policies. The description of segment assets and the accounting policies in relation to segment accounting are as under:

(i) Segment assets

Segment assets include all operating assets used by a segment and consist primarily of fixed assets, current assets and loans and advances. Segment assets in the geographical segments considered for disclosure represent sundry debtor balances. Since all the business activities of the Company are conducted from locations within India, all the remaining assets are attributed to India operations.

Assets which are not related to any segment such as cash and bank balances have remained unallocated.

(ii) Segment revenue

Segment revenues are directly attributable to the segment and have been allocated to various segments on the basis of specific identification. However, segment revenues do not include interest and other income in respect of non segmental activities and have remained unallocated.

Revenue in the geographical segments considered for disclosures are as follows:

Revenue within India include sale of goods in India to customers located within India; and revenues outside India include sale of goods outside India to customers located outside India.

Notes to the Financial Statements for the year ended 31 March 2013

Amounts in ₹ Mln

	31 March 2013		31 March 2012	
29. Consumption of raw materials and spares	% of total consumption		% of total consumption	
Raw materials:				
Imported	4%	132	24%	699
Indigenous	96%	2,980	76%	2,222
Total		3,112		2,921
Spares:				
Imported				
Indigenous				

30. Income and expenditure in foreign exchange	31 March 2013	31 March 2012
Income		
Exports at F.O.B.	143	81
Expenditure		
Dealer meet expenses	4	2
Consultation fees and professional charges	1	2
Travel	1	1
Imports at C.I.F.		
Raw materials	61	898
Finished goods	77	5

31. Unhedged foreign currency exposure	Foreign Currency	March 31, 2013	Foreign Currency	March 31, 2012
Trade receivables				
USD	1	65	0	19
EUR	0	24	-	-
	2	89	0	19
Payables				
USD	0	1	1	27
EUR	2	104	0	0
	2	106	1	27

32. Derivative Instruments

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

	USD Currency			
Details	As at March 31, 2013		As at March 31, 2012	
	INR	Foreign currency	INR	Foreign currency
Payables	333	6	-	-

33. Deferred tax computation

Deferred tax assets		
Carry forward loss	**537**	553
Gratuity	**7**	3
Compensated absences	**4**	1
Bonus	**4**	3
Interest on compulsaily convertible debentures	**-**	42
Preliminary expenses	**0**	0
Provision for doubtful debts	**0**	-
	552	602
Deferred tax liabilities	**-**	-
Depreciation	**(449)**	(361)
	(449)	(361)
Deferred tax asset/ (liability) - Net	**-**	-

The Company has scaled down the deferred tax asset on account of current liabilities and provisions and unabsorbed depreciation under tax laws to the extent that the aggregate of the deferred tax asset matches with the aggregate of the deferred tax liability as at the period end.

34. Transfer Pricing

The Company has international transactions with related parties. For the financial year 2012 -13, management confirms that it maintains documents as prescribed by the Income-tax Act, 1961 to prove that these international transactions are at arm's length considering the economic scenario, prevailing market conditions etc and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

35. Earnings per share

	31 March 2013	31 March 2012
Calculation of earnings per share		
(a) Number of shares at the beginning of the year	**14**	-
(i) Total number of equity shares outstanding at the end of the year	**14**	14
(ii) Weighted average number of equity shares outstanding during the year	**14**	12
(b) Profit after tax attributable to equity share holders	**(1,640)**	(789)
(c) Basic and diluted earnings per share (in ₹)	**(114.73)**	(64.25)

36. Contingent liabilities

The Company has been served with Notice under Section 47 of the Kerala Value Added Tax Act, 2003. The goods under transport had been detained for transport based on improper documents. The goods had later been released on the payment of security deposit to cover the penalty leviable under Section 47 of the said act, to the extent of ₹ **0.3**. The Company has executed a bank guarantee amounting to ₹ **0.3** in favour of the Governor of Kerala. Also, the Company has been served with Notice under the provisons of Himchal Pradesh Passenger Goods Tax Act, for short payment of passenger tax amounting to ₹ **3**

Notes to the Financial Statements for the year ended 31 March 2013

37. Acquistion of assets and liabilities

During the previous year , the Company entered into a business purchase agreement dated April 7, 2011 with the following parties Maya Appliances Private Limited, Preethi Himachal & Co. Sigma Plastics, Deyem Industries,GKR Solutions, Rangmala Plastics,T.A Taylor & Co.to acquire the business of all such companies with effect from April 7, 2011. The results of such business operations have been recorded in the financial statements with effect from this date. The purchase price in respect of such acquisition amounts to ₹ **6,367**. In respect of the aggregate consideration discharged for acquiring the above said business, a purchase price allocation was carried out by independent competent valuers.

Particulars	Amount	Revised amount
Value of tangible fixed assets taken over (A)	446	418
Value of brand (B)	2,913	2,913
Net Current Assets taken over (C)	155	191
Total Assets taken over (D)	3,514	3,522
Purchase consideration paid (E)	6,367	6,367
Goodwill (E-D)	2,853	2,845

Under the terms of the Master framework Agreement dated January 23, 2011 entered into by Philips Electronics India Limited with the sellers for the acquisition of business, as at March 31, 2012 arbitration proceedings were in progress to finalise the amount that was payable / receivable to /from Maya Appliances Private Limited towards the shortfall / excess of working capital on the date of acquisition. During the current year the arbitration process has been completed and based on the conclusion of such process there was adjustment to net assets taken over, consequently goodwill has been adjusted to the extent of ₹ **8**.

38. The Company during the current year has revised the estimated useful life of brand from 10 years to 8 years. The impact of such change in estimate is an incremental amortisation charge of ₹ **83** in the current year and ₹ **499** as incremental amortisation charge over its remaining useful life of 6 years.

Till the financial year ended 31 March 2012, the Company had a policy of testing goodwill for impairment annually. In the current year, Company has revised the accounting policy prospectively whereby the goodwill will be amortised over its useful life and tested for impairment annually. The economic useful life of goodwill is estimated to be 8 years. Accordingly the unamortised value of Goodwill as at April 1, 2012 is being amortised over the remaining useful life of 7 years. Had the company continued to follow the earlier accounting policy, the loss for the year would have been lower and intangible fixed assets would have been higher by ₹ **406**.

39. The Company was incorporated on February 21, 2011 accordingly prior period comparatives are for the period February 21, 2011 to March 31, 2012. Hence, the same are not comparable.

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Registration No. 101248W

VIKRAM ADVANI
Partner
Membership No.: 091765

Place: Gurgaon
Date: July 09, 2013

For and on behalf of the Board of Directors

Managing Director	Nandakishore R
Director	A.D.A.Ratnam
Company Secretary	Achuthan R

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