PHILIPS

Philips India Limited

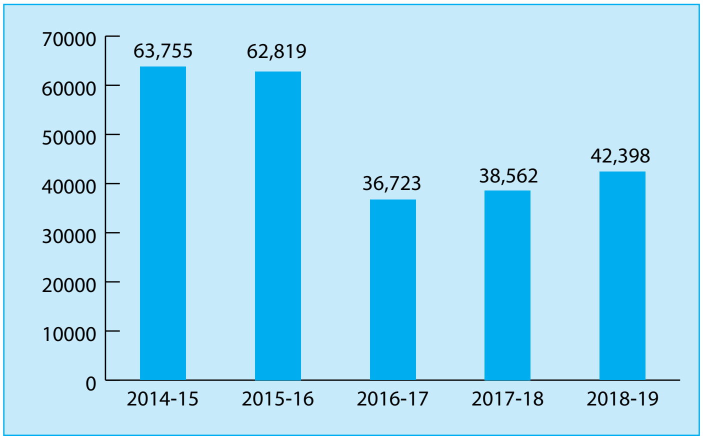
Annual Report

Making the world **Healthier** and more **Sustainable**

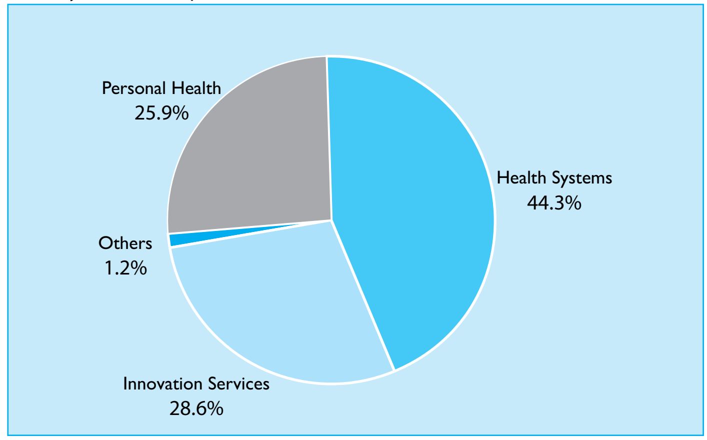
Annual report 2018-19

PHILIPS INDIA LIMITED

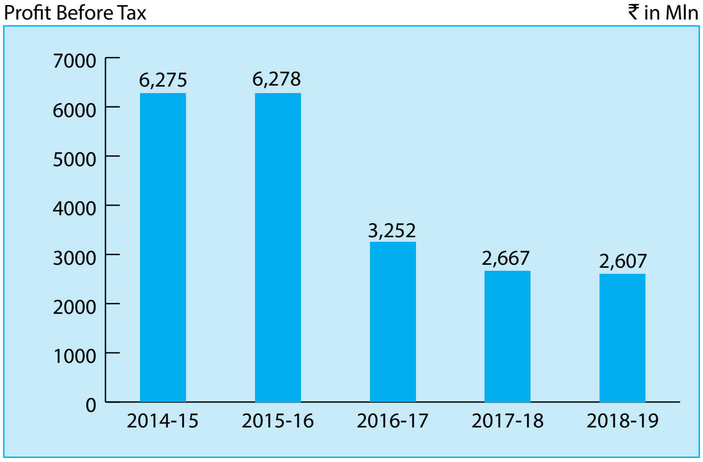
Sales ₹ in Mln



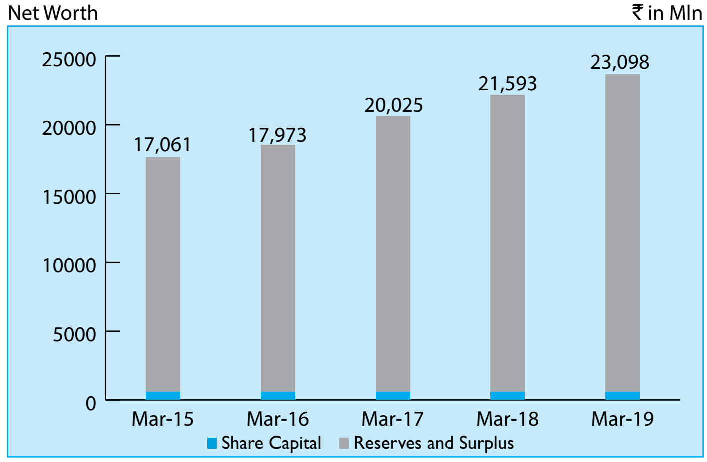
Sales by Activities- Apr 2018 - Mar 2019



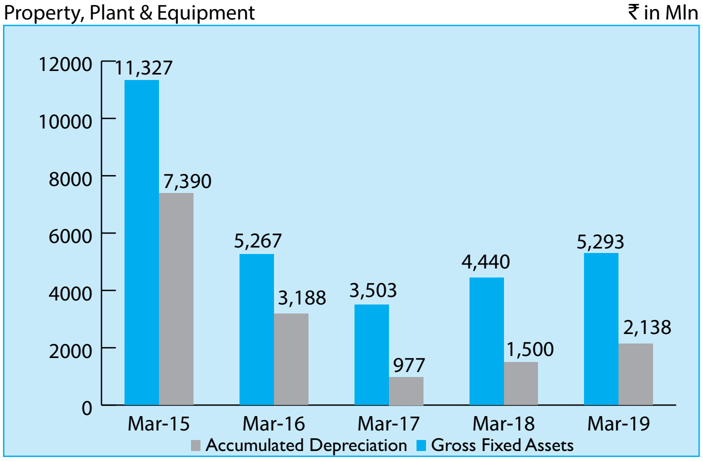
Profit Before Tax ₹ in Mln



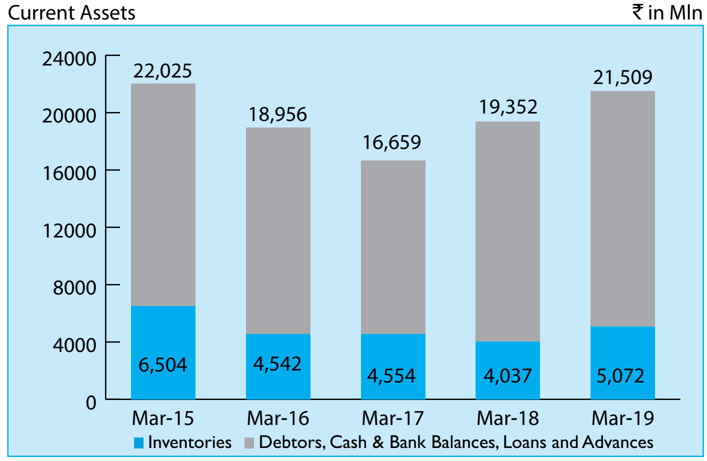
Net Worth ₹ in Mln



Property, Plant & Equipment ₹ in Mln



Current Assets ₹ in Mln



PHILIPS INDIA LIMITED

CONTENTS

Annual General Meeting on Friday, September 20, 2019 at 10.30 a.m.
At Kalamandir, 48, Shakespeare Sarani, Kolkata 700 017
For route map to the venue, please refer the AGM Notice that forms part of the Annual Report.
You are requested to kindly carry your copy of the Annual Report to the Meeting.

BOARD OF DIRECTORS

Chairman and Non-Executive Independent Director

S. M. Datta

Vice – Chairman and Managing Director

Daniel Mazon

Whole - Time Director and Company Secretary

Rajiv Mathur

Whole - Time Director and Chief Financial Officer

Sudeep Agrawal

Non-Executive Independent Director

Geetu Gidwani Verma

STATUTORY AUDITORS

S. R. Batliboi & Co. LLP

Chartered Accountants

BANKERS

Citibank N.A.

Bank of America N.A.

State Bank of India

HDFC Bank Limited

BNP Paribas

Rabo Bank

REGISTERED OFFICE

3rd Floor, Tower A, DLF IT Park, 08 Block AF, Major Arterial Road,

New Town (Rajarhat), Kolkata, West Bengal- 700156.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighty-Ninth Annual General Meeting of PHILIPS INDIA LIMITED will be held at Kalamandir, 48, Shakespeare Sarani, Kolkata – 700 017 on Friday, September 20, 2019 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the standalone and consolidated Financial Statements of the Company for the financial year ended March 31, 2019, including the audited Balance Sheet as at March 31, 2019, the Statement of Profit and Loss for the year ended on that date and the reports of the Auditors and Directors thereon.

2. To declare dividend for the financial year ended March 31, 2019.

3. To appoint a Director in place of Mr. Sudeep Agrawal (DIN 08056132), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. APPOINTMENT OF MR. SUSIM MUKUL DATTA AS NON-EXECUTIVE INDEPENDENT DIRECTOR

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT subject to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 read with Schedule IV of the said Act, Mr. Susim Mukul Datta, being eligible to be appointed as an Independent Director, be and is hereby appointed as a Non-Executive Independent Director on the Board of Directors of the Company, for a period of 5 (five) years, w.e.f. July 19, 2019.

   RESOLVED FURTHER THAT Mr. Susim Mukul Datta shall also serve as the Chairman of the Board.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

5. REVISION IN REMUNERATION OF MR. DANIEL MAZON (07954025)

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT in partial modification of the resolution passed earlier by the shareholders at the 88th Annual General Meeting of the Company held on September 28, 2018, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, subject to such consents, approvals or permissions as may be necessary, including an approval from the Central Government, if required, the approval of the Company be and is hereby accorded for the revision in remuneration payable to Mr. Daniel Mazon, having DIN No. 07954025, Whole-time Director, designated as Vice- Chairman and Managing Director, to take effect from April 1, 2019, on the terms and conditions as detailed in the Explanatory Statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Daniel Mazon.

   RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the Company in any financial year during the term of Mr. Daniel Mazon holding office as Whole-time Director, the remuneration and perquisites set out in the Explanatory Statement annexed hereto, be paid or granted to Mr. Daniel Mazon as minimum remuneration, provided that the total remuneration by way of salary, perquisites and any other allowances shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule V to the Companies Act, 2013 or any equivalent statutory re-enactment(s) thereof.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

6. REVISION IN REMUNERATION OF MR. RAJIV MATHUR (DIN 06931798)

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT in partial modification of the resolutions passed earlier by the shareholders at the 88th Annual General Meeting of the Company held on September 28, 2018, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, subject to such consents, approvals or permissions as may be necessary, including an approval from the Central Government, if required, the approval of the Company be and is hereby accorded for the revision in remuneration payable to Mr. Rajiv Mathur, having DIN No. 06931798, Whole-time Director, designated as Director and Company Secretary, to take effect from April 1, 2019, on the terms and conditions as detailed in the Explanatory Statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Rajiv Mathur.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the Company in any financial year during the term of Mr. Rajiv Mathur holding office as Whole-time Director, the remuneration and perquisites set out in the Explanatory Statement annexed hereto, be paid or granted to Mr. Rajiv Mathur as minimum remuneration, provided that the total remuneration by way of salary, perquisites and any other allowances shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule V to the Companies Act, 2013 or any equivalent statutory re-enactment(s) thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

7. REVISION IN REMUNERATION OF MR. SUDEEP AGRAWAL (DIN 08056132)

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in partial modification of the resolution passed earlier by the shareholders at the 88th Annual General Meeting of the Company held on September 28, 2018, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, subject to such consents, approvals or permissions as may be necessary, including an approval from the Central Government, if required, the approval of the Company be and is hereby accorded for the revision in remuneration payable to Mr. Sudeep Agrawal, having DIN No. 08056132, Whole-time Director, designated as Director and CFO, to take effect from April 1, 2019, on the terms and conditions as detailed in the Explanatory Statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Sudeep Agrawal.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the Company in any financial year during the term of Mr. Sudeep Agrawal holding office as Whole-time Director, the remuneration and perquisites set out in the Explanatory Statement annexed hereto, be paid or granted to Mr. Sudeep Agrawal as minimum remuneration, provided that the total remuneration by way of salary, perquisites and any other allowances shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule V to the Companies Act, 2013 or any equivalent statutory re-enactment(s) thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

8. APPROVAL OF REMUNERATION OF COST AUDITORS

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

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby approves the remuneration of ₹ 5,75,000 (Rupees Five Lacs seventy-five thousand) plus applicable taxes and out of pocket expenses payable to M/s. R. Nanabhoy & Company, Cost Accountants, having registration number 7464 who are appointed by the Board of Directors as Cost Auditors of the Company to conduct cost audit relating to cost records of the Company for the year ending March 31, 2020.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

By Order of the Board

Rajiv Mathur
Director and Company Secretary
DIN No. 06931798

Place : Mumbai
Date : August 7, 2019

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 / HERSELF 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. A person can act as a proxy on behalf of not exceeding 50 members and holding in aggregate not more than 10% of the total share capital of the Company.

3. Members / Proxies / authorised representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.

5. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at Item nos.4, 5, 6, 7 & 8 of the Notice, is annexed hereto.

6. The Statutory registers of the Company maintained as per the provisions of the Companies Act 2013, will be available for inspection by the members at the AGM.

7. The Share Transfer Books and the Register of Members of the Company will remain closed from September 14, 2019 to September 20, 2019 (both days inclusive).

8. Members whose shareholding is in electronic mode are requested to direct change of address notification and updates of saving bank account details to their respective Depository Participant(s). Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.

9. Subject to provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared, at the meeting, will be paid within 30 days from the date of declaration, to those members whose names appear on the Company's Register of Members as on September 20, 2019. 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.

10. Members may be aware that the Company has changed its Registrar and Share Transfer Agent ("RTA") and M/s Karvy Computershare Pvt. Ltd. has been appointed as RTA w.e.f. July 1, 2016. An intimation in this regard was sent individually to each member at their address available in the Company's records. Further, the name of Karvy Computershare Pvt. Ltd. has been changed to Karvy Fintech Private Limited. Members are requested to contact the Registrar and Share Transfer Agent, M/s Karvy Fintech Pvt. Ltd. for all matters connected with Company's shares at:

    Karvy Fintech Pvt. Ltd.,
    Karvy Selenium, Tower-B, Plot no.31-32, Gachibowli,
    Financial District, Nanakramguda, Hyderabad-500 032.
    Toll Free no. 18 00 3454 001, Tel. +91 040 67162222
    Fax no.+91 040 23001153
    Email id: einward.ris@karvy.com

    Karvy Fintech Private Limited
    49 Jatin Das Road, Ist Floor
    Kolkata 700 029, West Bengal,
    Tel. +91 033 6619 2844

11. Pursuant to Section 123, 124 and 125 of the Companies Act 2013 (previously 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
65	04.09.2012	31.03.2012	11.10.2019
66	20.09.2013	31.03.2013	27.10.2020
67	25.09.2014	31.03.2014	02.11.2021
68	28.09.2015	31.03.2015	05.11.2022
69	29.09.2016	31.03.2016	06.11.2023
70	15.09.2017	31.03.2017	22.10.2024
71	28.09.2018	31.03.2018	05.11.2025

Pursuant to the provisions of the Companies Act, 2013 and the rules notified thereunder, the Ministry of Corporate Affairs had notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which have not been encashed / claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules mandate the companies to transfer the shares of shareholders whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. The details of the unpaid / unclaimed amounts lying with the Company as on September 28, 2018 (date of last Annual General Meeting) are available on the website of the Company http://www.philips.co.in/a-w/about-philips/investor-relations.html.

Accordingly, the Company had transferred 25,113 shares from 683 shareholder folios, which attracted the aforesaid provisions, to the demat account of IEPF and intimation of the same was sent to MCA vide form IEPF-4.

In accordance with the aforesaid IEPF Rules, the Company had sent notice to all the shareholders whose shares are due to be transferred to the IEPF Authority and had also published newspaper advertisement in regard to the same.

Members are requested to contact Karvy Fintech Private Limited of the Company for encashing the unclaimed dividends standing to the credit of their account.

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

12. 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, along with documentary proof in support of the same;
    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.
13. The Members desirous of appointing their nominees for the shares held by them may apply in the Nomination Form (Form SH-13).
14. **Voting through electronic means**
    I. In compliance with provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration Amendment Rules, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 89th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Karvy Fintech Private Limited (Karvy).
    II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
    III. **The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.**
    IV. The remote e-voting period commences on 17-09-2019 (9:00 a.m.) and ends on 19-09-2019 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13-09-2019, may cast their vote by remote e-voting. The remote e-voting facility shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
    V. The process and manner for remote e-voting are as under:

(A) In case of Members receiving an e-mail from Karvy Fintech Private Limited:

(i) Launch an internet browser and open https://evoting.karvy.com/

(ii) Enter the login credentials i.e. User ID and password, provided in the e-mail received from Karvy Fintech Private Limited. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

(iii) After entering the above details, click on - 'Login'.

(iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.) The system will also prompt you to update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. After changing the password, you need to login again with the new credentials.

(v) On successful login, the system will prompt you to select the E-Voting Event.

(vi) Select 'EVENT' of Philips India Limited - AGM and click on - 'Submit'.

(vii) Now you are ready for e-voting as 'Ballot Form' page opens.

(viii) Cast your vote by selecting appropriate option and click on'Submit'. Click on 'OK' when prompted.

(ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.

(x) Once you have confirmed your vote on the resolution, you cannot modify your vote.

(xi) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

(xii) Members holding shares under multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.

(xiii) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

(xiv) You may then cast your vote by selecting an appropriate option and click on "Submit".

(xv) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).

(xvi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution / Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at asimsecy@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."

(B) In case of Members receiving physical copy of the Notice of AGM and Attendance Slip

(i) Initial Password is provided at the bottom of the Attendance Slip in the following format:

USER ID	PASSWORD
-	-

(ii) Please follow all steps from Sr. No. (A)(i) to Sr. No. (a)(xvi) mentioned above, to cast vote.

(iii) In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of the e-voting website of Karvy Fintech Private Limited https://evoting.karvy.com/.

(iv) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication.

(v) The voting rights shall be as per the number of equity shares held by the Member(s) as on Friday, September 13, 2019, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

(vi) Members who have acquired shares after August 16, 2019 i.e. the date considered for dispatch of the Annual Report and before the book closure may obtain the user ID and Password by sending a request at evoting@karvy.com. However, if you are already registered with Karvy Fintech Private Limited for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using 'Forgot Password' option available on https://evoting.karvy.com or contact Karvy Fintech Private Limited at toll free no. 1-800-3454-001 or e-mail at evoting@karvy.com In case of any other queries / grievances connected with voting by electronic means, you may also contact Mr. Anil Dalvi of Karvy Fintech Private Limited, at telephone no. 040-67161631.

15. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

16. Dr. Asim Kumar Chattopadhyay has been appointed as the Scrutinizer for providing facility to the Members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

17. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

18. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter sign the same and declare the result of the voting forthwith.

19. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company immediately after the declaration of result by the Chairman or a person authorized by him in writing.

EXPLANATORY STATEMENT

Under Section 102 of the Companies Act, 2013

ITEM NO. 4

The Board of Directors, at their meeting held on May 31, 2019, had approved, subject to the approval of the shareholders, the appointment of Mr. Susim Mukul Datta as Non- Executive Independent Director under Section 149, 152 of the Companies Act, 2013.

Mr. Susim Mukul Datta, Chairman of the Board, is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 1993. Mr. Datta was appointed as a Non-Executive Independent Director u/s 149, 152 of the Companies Act, 2013 and rules notified thereunder, for a period of 5 years with effect from July 19, 2014.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Susim Mukul Datta, being eligible, is proposed to be appointed as Non-Executive Independent Director for a further term of five years w.e.f. July 19, 2019. Mr. Datta shall also serve as the Chairman of the Board.

Mr. Datta has served on the Board of Directors of the Company for the last over 25 years and the Board of Directors of the Company consider that his continued association with the Company would be of immense benefit to the Company and it is desirable to continue to avail of the services of Mr. Datta as Non-Executive Independent Director.

In the opinion of the Board of Directors, Mr. Susim Mukul Datta, proposed to be appointed as Non-Executive Independent Director, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder.

Except Mr. Susim Mukul Datta, being the appointee, none of the Directors or Key Managerial Personnel of the Company and their relatives, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

The Board recommends the resolution set forth in Item no. 4 for the approval of the members.

ITEM NO. 5

The Board of Directors at their meeting held on September 14, 2017, pursuant to the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Daniel Mazon as a Whole-time Director of the Company, for a period of 5 years, with effect from October 1, 2017, which was approved by the shareholders of the Company at the Eighty – Eighth Annual General Meeting of the Company held on September 28, 2018.

In view of the annual performance review process followed by the Company, based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, accorded on August 7, 2019, revision in remuneration payable to Mr. Daniel Mazon is proposed with effect from April 1, 2019, for the approval of the members.

The details of the present remuneration paid to Mr. Daniel Mazon, along with the proposed remuneration are as below:

Particulars of Remuneration	Present Remuneration	Revised Remuneration w.e.f. April 1, 2019
Salary	An amount totaling ₹ 3,92,09,951/- per annum, as detailed below:	An amount totaling ₹ 4,19,22,327/- per annum, as detailed below:
Amount to be paid in India in Indian Rupees	₹ 7,47,044/- per month, aggregating to ₹ 89,64,528/- per year or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The aforesaid amount includes: Base Salary ₹ 3,03,158/- p.m. House Rent Allowance ₹ 4,00,000/- p.m. Home leave Budget ₹ 43,886/- p.m.	₹ 769,001/- per month, aggregating to ₹ 92,28,012/- per year or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The aforesaid amount includes: Basic Salary ₹ 3,18,644/- p.m. House Rent Allowance ₹ 3,75,000/- p.m. Home leave Budget ₹ 56,121/- p.m. Driver Salary ₹ 19,236/- p.m
Amount to be paid in home country in US:	US $ 23,427/- per month month, aggregating to US$ 2,81,124/- per year, equivalent to ₹ 1,82,87,116*/- (*1 US$ = ₹ 65.05)	US $ 22,637/- per month, aggregating to US$ 2,71,644/- per year, equivalent to ₹ 1,91,88,932/-* (* 1 US$ = ₹ 70.64)

Variable Performance Linked Bonus	On target Annual Variable Performance Linked Bonus of 55 % of base salary of US$ 3,34,241/-, amounting to US$ 1,83,832.55/-, payable in home country. The INR equivalent of the above amount is ₹1,19,58,307/-* The aforesaid amount has been calculated at on target performance and may be higher based on the performance of the Company.	On target Annual Variable Performance Linked Bonus of 55 % of base salary of US$ 3,47,611/- amounting to US$ 1,91,186.05, payable in home country. The INR equivalent of the above amount is ₹ 1,35,05,383/-* The aforesaid amount has been calculated at on target performance and may be higher based on the performance of the Company.
Perquisites	Subject to the limits contained in Schedule V of the Companies Act, 2013. Perquisites shall be payable as set out in Part A, as applicable. Mr. Daniel Mazon shall not be paid sitting fees for attending meetings of the Board or any Committee thereof of the Company.	Subject to the limits contained in Schedule V of the Companies Act, 2013. Perquisites shall be payable as set out in Part A, as applicable. Mr. Daniel Mazon shall not be paid sitting fees for attending meetings of the Board or any Committee thereof of the Company.

* The salary is gross up for all expatriate employees as per International mobility policy. The effective tax rate is 35.26% for the gross up calculations.

Part- A

a. Mr. Daniel Mazon has been granted LTI (Long Term Incentive) of an amount equivalent to Euro 4,00,000 (Euro 4,41,000 had been approved earlier by the shareholders). The grant and the vesting of the LTI shall be in accordance with the Company's global LTI plan.

b. Mr. Daniel Mazon shall also be entitled to perquisites and allowances including but not restricted to club fees, medical insurance, personal accident insurance, Company's car for official duties and such other perquisites and allowances in accordance with the Rules of the Company as amended from time to time.

c. The perquisites and allowances as mentioned above, shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision for use of the telephone at residence shall not be included in the computation of perquisites.

Part-B

i. Company's contribution towards Provident Fund and Pension Fund not exceeding 12% of the basic salary plus other allowances or such other percentage as may be permitted in law from time to time, to the extent these either singly or together are not taxable under the Income Tax Act, 1961.

ii. Gratuity and encashment of leave are payable as per the Rules of the Company at the end of the tenure and have been included in the remuneration amount mentioned above.

2. Minimum Remuneration: Notwithstanding anything hereinabove, where in any financial year during the term of office of Mr. Daniel Mazon, as the Vice-Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration as minimum remuneration by way of Salary, Variable Performance Linked Bonus and Perquisites. However, the total remuneration by way of salary, perquisites and any other allowance shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule V to the Companies Act, 2013 or any re-enactment thereof.

3. Exchange rate differences: The aforesaid remuneration, some part of which is payable in foreign currencies - US or Euro, as the case may be, has been converted into Indian Rupees for the purposes of Board and regulatory approvals on the present exchange rates, as mentioned. The amounts of remuneration may vary based on fluctuations of the exchange rate, only to the extent of such exchange rate fluctuations/ differences, as applicable from time to time.

4. All the above perquisites and benefits would be subject to the applicable Company policy.

The resolution for revision in remuneration of Mr. Daniel Mazon is appropriate and in the best interests of the Company.

Except Mr. Daniel Mazon, none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

In view of the applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution set out at item no. 5 of the accompanying Notice for the approval of the Members.

ITEM NO. 6

The Board of Directors at their meeting held on June 25, 2013, had taken note of appointment of Mr. Rajiv Mathur as Company Secretary of the Company. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at their meeting held on August 18, 2015, had appointed Mr. Rajiv Mathur as a Whole-time Director of the Company, with effect from August 18, 2015 till July 31, 2020, which was approved by the shareholders of the Company at the Eighty – Fifth Annual General Meeting of the Company held on September 28, 2015.

Further, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, at their meetings held on July 25, 2016, July 18, 2017 and May 29, 2018, the revision in remuneration of Mr. Rajiv Mathur was approved by the shareholders of the Company at the Eighty-Sixth, Eighty-Seventh and Eighty-Eighth Annual General Meetings of the Company held on September 29, 2016, September 15, 2017 and September 28, 2018, respectively.

Mr. Mathur has been responsible for enhancing the legal capabilities within the Company and other companies of the group in the Indian sub-continent, guiding overall group strategy, driving the implementation of various legal and compliance initiatives, impacting the business of the Company.

In view of the above and as per annual performance review process followed by the Company, based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, accorded on May 31, 2019, revision in remuneration payable to Mr. Rajiv Mathur is proposed with effect from April 1, 2019, for the approval of the members.

The details of the present remuneration paid to Mr. Rajiv Mathur, along with the proposed remuneration are as below:

Particulars of Remuneration	Present Remuneration	Revised Remuneration w.e.f. April 1, 2019
Salary	₹ 12,39,274/- per month, aggregating to ₹ 1,48,71,288/- per year or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The amount of ₹12,39,274 per month includes: Basic Salary: ₹ 4,64,728/- House Rent Allowance: ₹ 2,32,364/- Flexible Benefit Plan: ₹ 4,64,062/- Retrial Benefits: ₹ 78,120/- (as set out in Part B)	₹ 12,80,745/- per month, aggregating to ₹ 1,53,68,940/- per year or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The amount of ₹ 12,80,745/- per month includes: Basic Salary: ₹ 4,80,279/- House Rent Allowance: ₹ 2,40,139/- Flexible Benefit Plan: ₹ 4,79,591/- Retrial Benefits: ₹ 80,736/- (as set out in Part B)
Variable Performance Linked Bonus	Not exceeding one and half times the Salary, payable annually, as may be approved by the Board of Directors or any Committee thereof.	Not exceeding one and half times the Salary, payable annually, as may be approved by the Board of Directors or any Committee thereof.
Perquisites	Subject to the limits contained in Schedule V of the Companies Act, 2013. Perquisites shall be payable as set out in Part A, as applicable. Mr. Rajiv Mathur shall not be paid sitting fees for attending meetings of the Board or any Committee thereof of the Company.	Subject to the limits contained in Schedule V of the Companies Act, 2013. Perquisites shall be payable as set out in Part A, as applicable. Mr. Rajiv Mathur shall not be paid sitting fees for attending meetings of the Board or any Committee thereof of the Company.

Part- A

a. Mr. Rajiv Mathur shall also be entitled to perquisites and allowances including but not restricted to medical reimbursement for self and family, club fees, medical insurance, personal accident insurance, Company stock (as per the global LTI plan), Company's car for official duties and such other perquisites and allowances in accordance with the Rules of the Company as amended from time to time.

b. The perquisites and allowances as mentioned above, shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision for use of the telephone at residence shall not be included in the computation of perquisites.

Part-B

i. Company's contribution towards Provident Fund and Pension Fund not exceeding 12% of the Basic Salary or such other percentage as may be permitted in law from time to time, to the extent these either singly or together are not taxable under the Income Tax Act, 1961.

ii. Gratuity and encashment of leave are payable as per the Rules of the Company at the end of the tenure and have been included in the remuneration amount mentioned above.

2. Minimum Remuneration: Notwithstanding anything hereinabove, where in any financial year during the term of office of

Mr. Rajiv Mathur, as the Company Secretary and Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration as minimum remuneration by way of Salary, Variable Performance Linked Bonus and Perquisites. However, the total remuneration by way of salary, perquisites and any other allowance shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule V to the Companies Act, 2013 or any re-enactment thereof.

3. All the above perquisites and benefits would be subject to the applicable Company policy.

4. All other terms and conditions of Mr. Rajiv Mathur, as approved earlier by the Board and the shareholders, shall remain unchanged.

The resolution for revision in remuneration of Mr. Rajiv Mathur is appropriate and in the best interests of the Company.

Except Mr. Rajiv Mathur, none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

In view of the applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution set out at item no. 6 of the accompanying Notice for the approval of the Members.

ITEM NO. 7

The Board of Directors at their meeting held on February 19, 2018, pursuant to the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Sudeep Agrawal as a Whole-time Director of the Company, with effect from February 19, 2018, which was approved by the shareholders of the Company at the Eighty – Eighth Annual General Meeting of the Company held on September 28, 2018.

During his tenure with the Company, Mr. Agrawal has been responsible for focusing on areas like driving cost efficiencies, focusing on recovery of accounts receivables in timely manner and other operational matters. Mr. Agrawal has played an important role in the key strategic initiatives undertaken by the Company, in order to achieve the targeted growth in its business. In view of these contributions from Mr. Sudeep Agrawal, it is important that he continues to steer the finance function of the Company and continues to contribute to its growth.

In view of the above and as per annual performance review process followed by the Company, based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, accorded on May 31, 2019, revision in remuneration payable to Mr. Sudeep Agrawal is proposed with effect from April 1, 2019, for the approval of the members.

The details of the present remuneration paid to Mr. Sudeep Agrawal, along with the proposed remuneration are as below:

Particulars of Remuneration	Present Remuneration	Revised Remuneration w.e.f. April 1, 2019
Salary	₹ 9,08,333/- per month, aggregating to ₹ 1,09,00,000/- per year or such higher amount as may be approved by the Board of Directors or any Committee thereof, from time to time. The remuneration amount of ₹ 9,08,333/- per month includes: Basic Salary: ₹ 3,17,917/- House Rent Allowance: ₹ 1,58,958/- Flexible Benefit Plan: ₹ 3,78,016/- Retiral Benefits: ₹ 53,442/- (as set out in Part B)	₹10,44,034/- per month, aggregating to ₹ 1,25,28,408/- per annum or such higher amount as may be approved by the Board of Directors or any Committee thereof, from time to time. The remuneration amount of ₹ 10,44,034/- per month includes: Basic Salary: ₹ 3,65,412 /- House Rent Allowance: ₹ 1,82,706 /- Flexible Benefit Plan: ₹ 4,34,490 /- Retiral Benefits: ₹ 61,426/- (as set out in Part B)
Variable Performance Linked Bonus	Not exceeding one and half times the Salary, payable annually, as may be approved by the Board of Directors or any Committee thereof.	Not exceeding one and half times the Salary, payable annually, as may be approved by the Board of Directors or any Committee thereof.
Perquisites	Subject to the limits contained in Schedule V of the Companies Act, 2013. Perquisites shall be payable as set out in Part A, as applicable. Mr. Sudeep Agrawal shall not be paid sitting fee for attending meetings of the Board of Directors of the Company or any Committee thereof.	Subject to the limits contained in Schedule V of the Companies Act, 2013. Perquisites shall be payable as set out in Part A, as applicable. Mr. Sudeep Agrawal shall not be paid sitting fee for attending meetings of the Board of Directors of the Company or any Committee thereof.

Part- A

a. Mr. Sudeep Agrawal shall also be entitled to perquisites and allowances including but not restricted to medical reimbursement for self and family, club fees, medical insurance, personal accident insurance, Company stock (as per the global LTI plan), Company's car for official duties and such other perquisites and allowances in accordance with the Rules of the Company, as amended from time to time.

b. The perquisites and allowances as mentioned above, shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision for use of the telephone at residence shall not be included in the computation of perquisites.

Part-B

i. Company's contribution towards Provident Fund and Pension Fund not exceeding 12% of the Basic Salary or such other percentage as may be permitted in law from time to time, to the extent these either singly or together are not taxable under the Income Tax Act, 1961.

ii. Gratuity and encashment of leave are payable as per the Rules of the Company at the end of the tenure and have been included in the remuneration amount mentioned above.

2. Minimum Remuneration: Notwithstanding anything hereinabove, where in any financial year during the term of office of Mr. Sudeep Agrawal, as the Chief Financial Officer and Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration as minimum remuneration by way of Salary, Variable Performance Linked Bonus and Perquisites. However, the total remuneration by way of salary, perquisites and any other allowance shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule V to the Companies Act, 2013 or any re-enactment thereof.

3. All the above perquisites and benefits would be subject to the applicable Company policy.

4. All other terms and conditions of Mr. Sudeep Agrawal, as approved earlier by the Board and the shareholders, shall remain unchanged.

The resolution for revision in remuneration of Mr. Sudeep Agrawal is appropriate and in the best interests of the Company.

Except Mr. Sudeep Agrawal, none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

In view of the applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution set out at item no. 7 of the accompanying Notice for the approval of the Members.

ITEM NO. 8

The Company is required to have the audit of its cost records conducted by a cost accountant in practice under Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014 ("the Rules"). The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. R. Nanabhoy & Company, Cost Accountants, having registration number 7464, as the Cost Auditors, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be approved by the members of the Company.

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out at item no. 8 of the notice for approval of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2020.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution set out at item no. 8 of the accompanying notice.

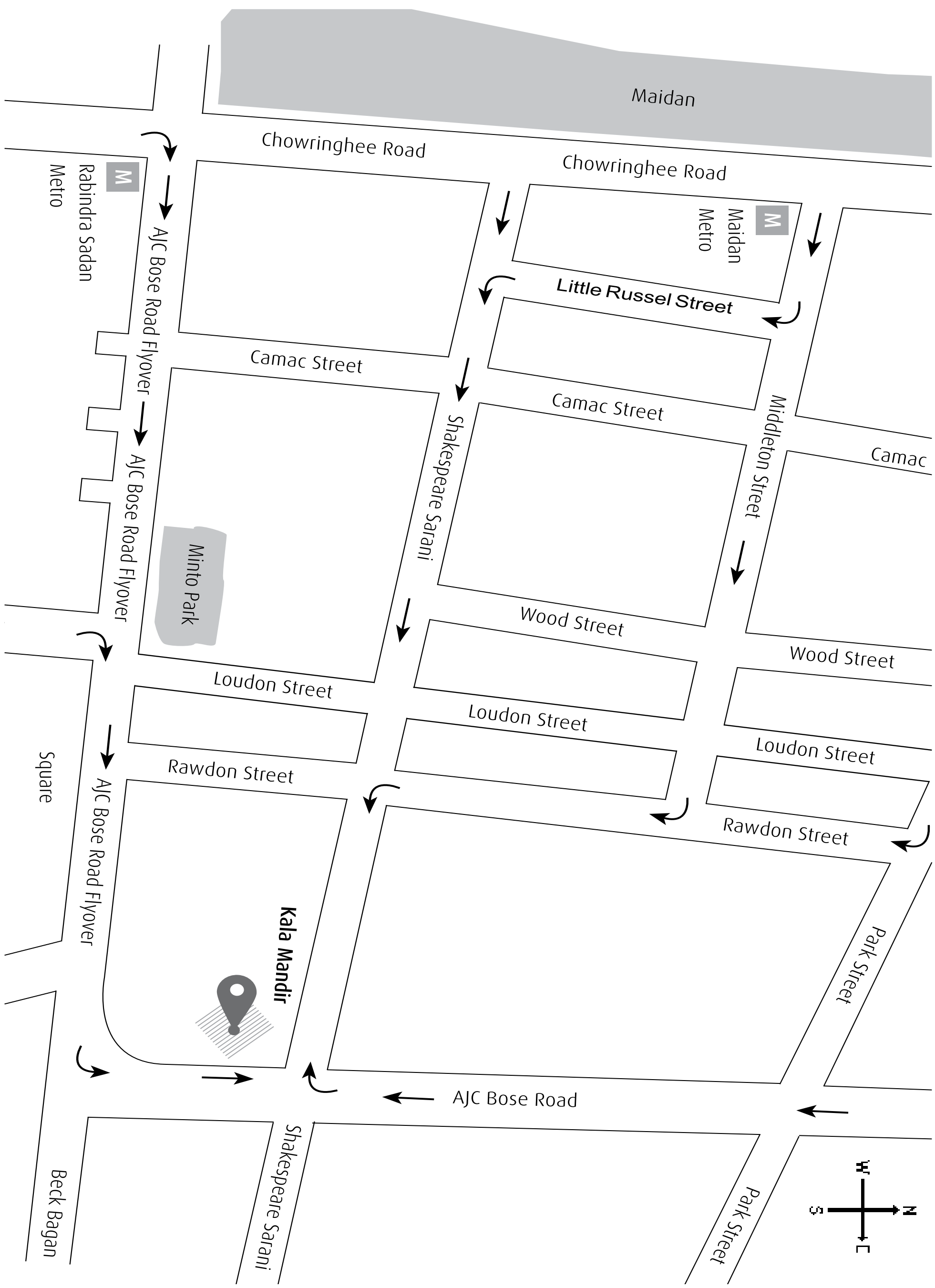
The Board recommends the Ordinary Resolution set out at item no. 8 of the notice for approval by the members.

By Order of the Board

Rajiv Mathur
Director and Company Secretary
DIN No. 06931798

Place : Mumbai
Date : August 7, 2019

ROUTE MAP TO THE VENUE OF THE 89TH ANNUAL GENERAL MEETING TO BE HELD ON SEPTEMBER 20, 2019 AT 10:30 A.M. AT KALAMANDIR, 48, SHAKESPEARE SARANI, KOLKATA-700017



DIRECTORS' REPORT

For the financial year ended March 31, 2019

To the Members,

Your Company's Directors are pleased to present the 89th Annual Report of the Company, along with the Audited Annual Accounts for the financial year ended March 31, 2019.

1. FINANCIAL PERFORMANCE

1.1 RESULTS

₹ Million

	2018-19	2017-18
Gross Income	43,386	39,170
Profit before exceptional items and tax	2,959	2,667
Exceptional items (net) Loss /(Profit)	352	-
Profit before tax	2,607	2,667
Provision for current tax	(1,094)	(1,210)
Income Tax provisions related to prior years written back	184	-
Deferred tax – Credit / (Charge)	63	224
Profit after tax	1,760	1,681

1.2 BUSINESSWISE SALES

	2018-19	2017-18
Personal Health	10,997	9,592
Health Systems	18,791	18,046
Innovation Services	12,124	10,482
Others	486	442
Total	42,398	38,562

In accordance with Section 134 (3) (a) of the Companies Act, 2013, an extract of the annual return in the prescribed format (MGT 9) is appended as Annexure I to the Board's Report.

1.3 FINANCE & ACCOUNTS

Your Company has delivered positive net cash from operations in the financial year 2018-19. The Company has not made any major borrowings in this year and has managed working capital requirements from internal cash generation.

During the year, Capital expenditure was ₹ 1,083 million (vis – a – vis ₹ 1,208 million during Apr '17 – Mar '18), which was made towards expansion of Philips Healthcare Innovation Campus (HIC), servers and other IT equipment, moulds etc.

Your Company continued to facilitate Healthcare sales with innovative financial solutions to support customers and business in keeping pace with the market growth to the tune of ₹ 1,098 million, using internal accruals.

During the year, your Company made further investments of ₹ 150 million in equity share capital of Philips Home Care Services India Pvt. Ltd. ("Philips Home Care"), a wholly owned subsidiary. In addition to the above, your Company has also placed Inter-Corporate Deposits ("ICDs") to the tune of ₹ 87 million in Philips Home Care, during the year. Your Company has invested its surplus funds in fixed deposits with banks and is earning interest on the same.

In November 2018, 33,937,106, 8% Compulsorily Convertible Preference Shares of Preethi Kitchen Appliances Pvt. Ltd. ("Preethi"), held by the Company, were converted into 33,937,106 equity shares of Preethi.

During the year, your Company transferred unclaimed dividend of ₹1.29 million to Investor Education and Protection Fund.

2. DIVIDEND

Your Directors recommend payment of ₹ 3/- per share as dividend on the fully paid equity shares, for the financial year ended March 31, 2019. This will absorb ₹172.60 million as dividend and ₹35.1million as dividend distribution tax.

3. TRANSFER TO RESERVES

In the Financial year 2018 -19, your Company does not propose any transfer to General Reserve.

4. DEPOSITS

Your Company has not accepted/renewed any deposits from the public during the year.

5. BUSINESS PERFORMANCE

The Notes to the Profit and Loss Account for the year provide segment results. The required disclosure is made below for the Health Systems, Personal Health and Innovation Services business of your Company.

5.1 HEALTH SYSTEMS

During the year 2018-19, Health Systems business of your Company suffered a revenue de-growth of 3.4% year-on-year, primarily due to the credit squeeze in the financial market attributable to crisis in the non-banking financial companies (NBFC) sector. The overall Health Systems market de-grew by 3.6% in the fourth quarter of 2018 Moving Annual Turnover (MAT) level, led by the de-growth in Precision diagnostics and Image Guided Therapy (IGT) equipment by 3.5% and 21.7%, respectively.

A lot of macro-economic developments were observed during the year 2018 -19, impacting the medical technology market of the country. NBFC crises towards the third quarter of 2018 further impacted the contribution of private business due to credit squeeze that in turn led to deferment of big-ticket purchases by private players. Ayushman Bharat, which was launched in August 2018, had a mixed response with no clarity on diagnostic costs, which facilitated the business in value/mid-premium segment, thereby impacting the contribution from the premium segment.

Your Company's key product segments saw a huge drift in market dynamics in Imaging Systems (IS) during the financial year 2018-19. Further, in Image Guided Therapy (IGT), your Company had suffered major losses in Q2-Q3 of 2018 in the HLL government tenders, which had impacted your Company`s market performance. Stent price capping, introduced in first Quarter of 2017, had a major impact on IXR-CV market-moving towards value segment and contributing to deferred purchases. In Magnetic Resonance (MR), the market share saw a growth of 3.3%, whereas Computed Tomography (CT) witnessed a dip of 2% in market share led by portfolio gap in sub 16 slice market. In MATC, your Company has grown its market share by 3.2%, led by strong Premium Patient monitoring business. At an overall level.

Your Company continues to do strong business with most of its strategic key accounts, focusing on multi-modality deals and the government tenders. There are multiple NPI launches from Value segment such as Cathlabs - Involution that would contribute to higher value segment, resulting in gain of share in de-growing market. Magnetic Resonance (MR) Ingenia and Elition are expected to further grow your Company's share in premium MR market whereas Incisive 128 slice CT is also expected to strengthen market share in 2019.

Your Company's global innovation strengths at Bangalore (PIC) along with global design and manufacturing center in Pune (HIC) are delivering world-class "Made in India" medical equipment. Your Company has implemented a strong strategy for regaining its market share in the next financial year, however, due to significant changes in the macro economic environment including NBFC crises in India, strong dollar and retaliatory tariffs imposed by trading countries, overall optimism remains subdued.

5.2 PERSONAL HEALTH

The Personal Health business of your Company registered sales growth of 14.6%, over the previous financial year. The growth was driven in all the categories especially with strong growth in Personal Care, Home Care, erstwhile Air and Floor Care and Beauty Products. Growth of Air Purifiers was driven by public awareness around air quality, especially in northern part of the country.

Domestic Appliances and Personal Care business grew in low double digit over previous financial year with focus on core category creation while the low cost players continued to be a challenge.

Your Company has plans to launch new products through innovations, to stay competitive among new entrants and low cost players in the market. Your Company will continue to invest in multi-channel activation and marketing campaigns across different categories of its products in FY 2019-20. Moreover, the Personal Health business of your Company will continue to focus on building talent, competencies and processes to drive sustainable profitable growth.

With the aim of improving brand preference, your Company has enhanced presence across various social media platforms to target youth of the Country. Further, your Company has also engaged famous cricketers, Mr. Virat Kohli and Mr. Rahul Dravid in order to attract the young consumers of the country.

There are increasing costs trends of commodities and adverse impacts of currency fluctuations due to global factors along with expected increase in cost of compliance due to frequent regulatory changes in the country. These factors are expected to affect our profitability in the medium term, going forward.

5.3 INNOVATION SERVICES

Philips Innovation Campus (PIC), based at Bangalore, initially started as a software centre in 1996, is now recognized as one of the key innovation hubs for Philips globally. The focus of the innovation hub is to help accelerate Philips leadership as a Health Technology company through meaningful innovations for local and for global markets. Enabled by highly qualified, passionate and motivated professionals over the last 23 years, this centre has evolved rapidly to become a strategic innovation hub for Philips.

PIC builds software products and solutions across the health continuum starting with healthy living, disease prevention to diagnosis, treatment and homebased care.

There are some broad areas of competence that have been built over the years at the Innovation Campus – Software development, Architecture and platforms & Innovation. The software and product innovations enable global advancements in common platforms for various imaging products like MRI, CT, Diagnostic X-Ray, and Ultrasound. PIC has extensive expertise in cutting-edge technologies such as AI, Cloud, Data Analytics, IOT etc. These technologies are leveraged to improve patient outcomes through care co-ordination and patient empowerment. PIC also engages with several markets to understand their challenges and provide clinically relevant solutions to make healthcare affordable and accessible in India and other growth geographies like Japan, Africa, Indonesia and Middle East.

Creating experience-centric products and service innovations, PIC has dedicated team focused on harmonizing software through a common platform approach. They help businesses design, build, and launch connected digital health solutions. Its expertise also includes developing solutions that provide connectivity to a range of home appliances from air purifiers to coffee makers, oral care for kids and adults, which make consumers' lives easier in today's busy world.

Some relevant innovations from PIC include:

Illumeo : Illumeo with adaptive intelligence support focus on value-based healthcare with intelligent tools that enhance your expertise and efficiency. Offered with IntelliSpace PACS, Illumeo assists the physician by presenting information in a clinically meaningful way and providing patient context and relevant past findings to support consistency in diagnosis and reporting.

Illumeo also augments the clinical experience of radiology, while producing results that support hospital's volume-to-value transformation. Its toolbox of innovations helps diagnostic confidence while also offering clinically relevant workflow enhancers that result in a more meaningful output. Illumeo leverages adaptive intelligence and analytics to anticipate what a radiologist needs to do next, allowing him/her to interact with imaging data in a much more intelligent way.

Illumeo received FDA 510K Approval in January, 2018 and was released to the market in March, 2018. It has been successfully deployed at University of Utah in NA & Northland District Health Board in New Zealand. Illumeo also underwent a successful evaluation at New York University Langone Medical Centre.

SmartPerfusion Medical Application: SmartPerfusion is interventional imaging medical application that provides analysis about tissue perfusion based on a Digital Subtraction Angiography (DSA). SmartPerfusion enables efficient workflow by allowing easy alignment of foot anatomy, pre- and post-procedure. SmartPerfusion application evaluates perfusion characteristics in multiple regions of interest on one single image. SmartPerfusion application Facilitates clinical interpretation of the image with dynamic filling.

A usability study showed that 93% of the users agree that this solution has all the functions and capabilities they expect it to have for the perfusion imaging. A Complete Medical product was designed & developed at PIC Bangalore with multiple cross-functional role. Clinical trials and 510 K registration were carried out from PIC. The SmartPerfusion application has been launched worldwide including USA.

During the year, Sales (Export in Foreign Currency) amounted to ₹12.1 billion (as compared to ₹10.5 billion in 2017-18).

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and as on the date of this report.

7. SIGNIFICANT AND MATERIAL ORDERS IMPACTING GOING CONCERN STATUS OF THE COMPANY

There are no significant and material orders passed by regulators, courts or tribunals impacting the going concern status of the Company and its operations in the future.

8. DETAILS OF SUBSIDIARY/ JOINT VENTURES/ ASSOCIATE COMPANIES

As of March 31, 2019, your Company had two wholly owned subsidiaries, Preethi Kitchen Appliances Private Limited ("Preethi") and Philips Home Care Services India Private Limited ("Philips Home Care") and a Joint Venture Company, Healthmap Diagnostics Private Limited ("Healthmap"), where the Company held 35% shareholding, within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

During the year, the Company made further investment of ₹150 Million in the equity share capital of Philips Home Care.

Further, in November, 2018, 33,937,106, 8% Compulsorily Convertible Preference Shares of Preethi held by your Company were converted into 33,937,106 equity shares of Preethi.

Additionally, in the meeting of the Board of Directors of your Company held on May 1, 2019, the approval was accorded to dispose of the shareholding of your Company in Healthmap, by way of sale to Manipal Health Enterprises Pvt. Ltd.(Manipal), at the present fair market value at that time i.e. ₹ 23.65 per share. Your Company held 1.48 Crore shares in Healthmap and based on the said price, the aggregate share sale consideration amounted to ₹ 35.00 Crores. Your Company had, consequent to the said approval of the Board, signed Share Purchase Agreement with Manipal on May 14, 2019 and concluded the transaction of sale of shares to Manipal, on May 15, 2019.

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries, Preethi and Philips Home Care along with Joint Venture Company Healthmap, in Form AOC-1, is attached to the financial statements of the Company.

Pursuant to the provisions of section 136 of the Act, the consolidated and standalone financial statements of the Company, along with relevant documents and separate audited accounts in respect of each subsidiary, are available on the website of the Company.

9. PERFORMANCE OF THE SUBSIDARY COMPANIES

PREETHI KITCHEN APPLIANCES PRIVATE LIMITED ("PREETHI")

As a brand deeply rooted in improving the lives of consumers, Preethi, inspired by its three pillars of growth – innovation, quality and service, has carefully converted internal competencies and emerging market opportunities into success drivers to become a strong kitchen appliances brand. In FY 2018-19, Preethi registered significant progress and delivered a 19.5% sales growth over last year with an improved profitability. During the year, the focus of the Preethi business was on the cooking appliances segment. Gas Stove category has achieved a sizable share in FY 2018-19 and contributed 13% of the revenue.

In FY 2018 – 19, Preethi was instrumental in establishing a Guinness World Record for the Tallest Tower of Cupcakes with a 41.8 ft. tower of 18,818 cupcakes prepared using a Preethi Zodiac Mixer-Grinder. Additionally, during the year, Preethi was awarded the annual CII Award for Customer Obsession, for two years in a row. Further, Preethi was also awarded the "Dream Company to Work For" status by ET Now and World HRD Congress. The awards and accolades are testimony to the Customer Centric approach of Preethi, with a strong focus on product, quality and people.

People are Preethi's biggest strength and the organization prides itself with the ability to attract and retain the best talent in the industry. Preethi continuously strives to promote its open culture of empowerment, collaboration and accessibility.

Consumers are continuously evolving with respect to their tastes, preferences and behaviors. The brand, therefore, relies on its ability to identify the consumer needs, innovate effectively and deploy these innovations in the market with speed, while thriving in the competitive landscape and mitigating the risks associated. Preethi may face the risk of stiff competition from established brands in the kitchen space and their expansion into Preethi's key markets. Preethi's raw material costs are dependent on commodity prices which are highly volatile to market trends. Preethi is closely monitoring these costs.

The growth strategy, therefore, takes into account the risk mitigation plans through adequate brand investments, building a strong portfolio of innovation across multiple core categories, ensuring a refreshing consumer experience across various touch points and strengthening the people capabilities and employer branding of Preethi.

PHILIPS HOME CARE SERVICES INDIA PRIVATE LIMITED ("PHILIPS HOME CARE")

Philips Home Care had launched its Critical care segment in 2017, wherein the step down version of an ICU is set up in the patient's home with 24x7 presence of a nurse, along with wide range of equipment and services, as required, like BIPAP, Multi para Monitor / pulse oxymeter, DVT pump, infusion pump, hospital bed, physiotherapist's visit and respiratory therapist's visit. During the year, Philips Home Care business segment didn't expand to the expected levels due to various challenges in the marketplace.

10. BUSINESS RESTRUCTURING

During the year, your Company did not undertake any business restructuring activity.

11. REDUCTION OF PAID UP EQUITY SHARE CAPITAL

The Board of Directors of your Company had approved, at their meeting held on February 5, 2018, the proposal for reduction of paid up equity share capital of the Company from 57,517,242 shares to 55,290,242 shares by reduction of the equity shares held by shareholders other than Koninklijke Philips N.V. ("KPNV") and Philips Radio B.V., i.e. 2,227,000 shares representing approx. 3.87% of the paid up equity share capital of the Company at a consideration of ₹560/- (Five Hundred and sixty only) per equity share, of ₹10/- each, so cancelled and extinguished.

An Extraordinary General Meeting of the shareholders of the Company was held on April 10, 2018, wherein the shareholders approved the proposal.

The Company filed the Petition for Capital reduction before the National Company Law Tribunal, Kolkata bench ("NCLT") on April 13, 2018. The Petition was taken up for hearing on July 12, 2018. The NCLT passed orders to issue notices to the creditors of the Company, statutory authorities like Regional Director, MCA, Registrar of Companies, Kolkata and SEBI; as well as to publish a notice in the newspaper confirming the dispatch of the notice to the creditors. The Company complied with the directions of the Court and the notices were dispatched to the regulators on July 25, 2018 and the newspaper notices published on July 26, 2018.

During the subsequent hearings in the matter, some of the objecting shareholders were allowed by NCLT to file their objections. The affidavits of objection from these shareholders were received by the Company and the responses to the same were filed within the time limit as prescribed by the NCLT. The matter is pending before NCLT for further process.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, on December 31, 2018, Mr. Vivek Gambhir, Non-Executive Independent Director, resigned from the Board of Directors of your Company. Your Directors wish to record their appreciation of the valuable contributions made by Mr. Vivek Gambhir to the Board's deliberations and proceedings during his term on the Board.

Except for the above, during the year, there was no change in the constitution of the Board of Directors of your Company.

13. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Meetings of the Board were held six times during the financial year, on April 9, 2018, May 29, 2018, August 7, 2018, September 27, 2018, December 19, 2018 and February 21, 2019, which were attended by all the Directors in person, except Mr. Vivek Gambhir who was allowed leave of absence for the meetings held on April 9, 2018 and August 7, 2018, Ms. Geetu Gidwani Verma who was allowed leave of absence for the meetings held on April 9, 2018 and May 29, 2018 and Mr. Daniel Mazon, who was allowed leave of absence for the meeting held on May 29, 2018, at their request.

14. BOARD EVALUATION

The Nomination and Remuneration Committee of the Company had earlier approved a Performance Evaluation Policy, which had been adopted by the Board of Directors. The key features of this Policy have been included in the report. The Policy provides for evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board and Independent Directors.

The Board has carried out an evaluation of its own performance, Board Committees and Individual Directors, on an annual basis, pursuant to the provisions of the Act. The performance of the Board was evaluated after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning for the Board and composition of committees, effectiveness of committee meetings, etc. for the Committees of the Board.

In a separate meeting of the Independent Directors held on August 7, 2019, performance of Non- Independent Directors, performance of the Board as a Whole and performance of the Chairman was evaluated, taking into account the views from Executive Directors. The discussion was also made on the Committees of the Board and Individual Directors of the Company.

The results of the evaluation were shared with the Board, Chairpersons of respective Committees and individual Directors and noted by them.

15. COMMITTEES OF THE BOARD

15.1 AUDIT COMMITTEE

Audit Committee of the Board is responsible for monitoring and providing an effective supervision of the management`s financial reporting, to ensure accurate and timely disclosures, with highest levels of transparency, recommending the appointment, re-appointment, remuneration and terms of appointment of auditors and approval of payment for any other services rendered by statutory auditors, reviewing the annual financial statements before submission to the Board for approval.

The powers of Audit Committee include investigating any activity within its terms of reference as specified by the Board and seeking information from any employee, obtain professional advice from external sources and have full access to information contained in the records of the Company, approval or any subsequent modification of any transactions of the Company with related parties, review and monitor the auditor's independence and performance and effectiveness of audit process, scrutiny of inter corporate loans and investments.

The committee also mandatorily reviews information such as internal audit reports related to internal control weakness and analysis of financial condition and results of operations.

The Audit Committee of the Board was re-constituted on February 21, 2019, in view of the resignation of Mr. Vivek Gambhir from the Board of the Company. The Audit Committee presently comprises of the following members:

•	Mr. S M Datta, Non-Executive Director	Chairman
•	Mr. Sudeep Agrawal, Director	Member
•	Ms. Geetu Gidwani Verma, Non- Executive Director	Member

Mr. Rajiv Mathur, Director and Company Secretary, serves as the Secretary to the Audit Committee.

During the year, the Committee met four times i.e. on May 29, 2018, August 7, 2018, December 19, 2018, and February 21, 2019 which was attended by all the Directors in person, except Ms. Geetu Gidwani Verma who was allowed leave of absence for the meeting of the Committee held on May 29, 2018 and Mr. Vivek Gambhir, who was allowed leave of absence for the meeting of the Committee held on August 7, 2018, at their request.

The Chairman of Audit Committee, Mr. S M Datta, attended the Annual General Meeting of the Company held on September 28, 2018 to Chair the Meeting and to respond to the shareholders' queries.

15.2 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Committee was set up to oversee the implementation of corporate social responsibility programs of the Company and other business related matters referred by the Board or the Chairman, as and when deemed necessary, for the consideration and recommendation of the Committee. The Committee adopted a Corporate Social Responsibility (CSR) policy to discharge the role of Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013 which includes formulating and recommending to the Board the activities to be undertaken by the Company as per Schedule VII to the Companies Act, 2013 and the amount of expenditure to be incurred on the same.

The Corporate Social Responsibility Committee was re-constituted on February 21, 2019, in view of the resignation of Mr. Vivek Gambhir from the Board of the Company. The Corporate Social Responsibility Committee presently comprises of the following members:

•	Ms. Geetu Gidwani Verma, Non-Executive Director	Chairperson
•	Mr. Daniel Mazon, Managing Director	Member
•	Mr. Sudeep Agrawal, Director	Member
•	Mr. Rajiv Mathur, Director	Member & Secretary

During the year, the meetings of the Committee were held four times i.e. on May 29, 2018, August 7, 2018, September 27, 2018 and February 21, 2019, which were attended by all the Directors in person except Mr. Daniel Mazon who was allowed leave of absence for the meeting of the Committee held on May 29, 2018 and Mr. Vivek Gambhir who was allowed leave of absence for the meeting of the Committee held on August 7, 2018, at their request.

Your Company was engaged in Corporate Social Responsibility (CSR) Projects, during the year 2018-19, the details of which are set out in Annual Corporate Social Responsibility report attached as Annexure II to the Board's report.

15.3 STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee was constituted by the Board of your Company as per the provisions of Section 178 of the Companies Act, 2013. The Stakeholders' Relationship Committee oversees, inter-alia, the redressal of shareholder and investor grievances, transfer/transmission of shares, issue of duplicate shares, exchange of share certificates, recording dematerialization/rematerialization of shares and related matters.

During the year there was no change in the constitution of the Stakeholders' Relationship Committee. The Stakeholders' Relationship Committee presently comprises of the following members: -

•	Mr. S M Datta, Non-Executive Director	Chairman
•	Mr. Daniel Mazon, Managing Director	Member
•	Mr. Sudeep Agrawal, Director	Member
•	Mr. Rajiv Mathur, Director	Member & Secretary

During the year, the meetings of the Committee were held twice i.e. on August 7, 2018 and September 27, 2018, which were attended by all the Directors, in person.

15.4 NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee covers the areas as contemplated under Section 178 of the Companies Act, 2013, besides other matters as referred by the Board of Directors.

The role includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board the remuneration for the directors, key managerial personnel and other employees, formulation of criteria for evaluation of Independent Directors, the Board and Committees of the Board, Developing on diversity of Board of Directors and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down.

The Committee was re-constituted on May 31, 2019, in view of the resignation of Mr. Vivek Gambhir from the Board of the Company. The Nomination and Remuneration Committee presently comprises of the following members:-

•	Mr. Daniel Mazon, Managing, Director	Chairman
•	Mr. S M Datta, Non-Executive Director	Member
•	Ms. Geetu Gidwani Verma, Non- Executive Director	Member
•	Mr. Rajiv Mathur, Director	Member & Secretaty

The broad terms of reference of the nomination and Remuneration Committee are as under:

- Recommend to the Board, the set up and composition of the Board and its committees, including the "formulation of the criteria for determining qualifications, positive attributes and independence of a director". The committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Recommend to the Board the appointment or reappointment of Directors.
- Recommend to the Board appointment of key managerial personnel ("KMP" as defined by the Act) and executive team members of the Company (as defined by this committee).
- Carry out evaluation of every Director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors. This shall include "formulation of criteria for evaluation of independent directors and the Board" as per Performance Evaluation Policy of the Company.
- Recommend to the Board the remuneration policy for directors, executive team or key managerial personnel as well as the rest of the employees.
- Recommend to the Board the remuneration payable to the Directors and oversee the remuneration to executive team or key managerial personnel of the Company.
- Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

During the year, the meetings of the Committee were held thrice i.e. on May 29, 2018, August 7, 2018 and December 19, 2018, which were attended by all the Directors in person except Ms. Geetu Gidwani Verma who was allowed leave of absence for the meetings of the Committee held on May 29, 2018 and August 7, 2018, Mr. Daniel Mazon who was allowed leave of absence for the meeting of the Committee held on May 29, 2018 and Vivek Gambhir who was allowed leave of absence for the meeting of the Committee held on August 7, 2018, at their request.

16. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received a declaration from each of the independent Directors under Section 149 (7) of the Companies Act, 2013, to the effect that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act 2013.

17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company remains committed to maintaining internal controls designed to safeguard the efficiency of operations and security of its assets. Accounting records maintained by your Company are adequate for preparation of financial statements and other financial information. Through its internal audit processes at the sectoral and corporate levels, both the adequacy and effectiveness of internal controls across your Company's 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 considered periodically during the year, the review of internal control systems as well as financial disclosures.

18. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in their design or operation were observed.

19. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company, focuses on the workplace for tomorrow that encourages innovation and promotes a collaborative organizational culture. The four core pillars of HR namely – Business Partnering, Talent Acquisition, Learning & Talent Development and Total Rewards have focused on offering innovative programs and solutions to employees in the year 2018-19. The focus of HR function at your Company is to ensure that it enables each and every employee and support in keeping its business at the forefront of successful and meaningful innovation.

The three key strategic pillars under your Company's people strategy are:

- Workforce of the future
- Inclusion & Diversity
- Culture of Performance

All the Company's core HR pillars, initiatives and ways of working are aligned to its three priorities.

In the Talent Acquisition space, your Company has created a diverse team with capabilities like Talent Intelligence, Talent Research and Recruitment Marketing which helps it to have a robust hiring and On-boarding process and ensure that it hires great talent who fit well in the organization. Your Company has launched many new initiatives to strengthen its Employer brand on campus and in the job market e.g. it launched a new, e-commerce style careers website with analytics data to track candidate engagement across their journey. There is a special focus on encouraging and developing internal talent to take on diverse and bigger roles. In order to achieve this, all job openings are shared through a mailer 'Internal Job postings' with internal employees first. The campus programs at Philips - BLP (Business Leadership Program), TLP (Technical Leadership Program) and Sales Trainee Internship are designed to aim at hiring high quality and diverse graduates from premiere B-Schools and technical institutions and build its workforce of the future by providing them with skills and critical experiences.

With a special focus towards Inclusion and Diversity, your Company has relaunched the "Back in the Game" (BIG) program – an opportunity to provide a second chance to women on sabbatical to come back to the mainstream work again. Your Company also partnered with JobsforHer to launch a campaign promoting its diversity initiatives through authored blogs, #SowtoReap Campaign on social media and Video promotions. Your Company has also set up a D&I council spearheaded by management team members and HR Business partners. Your Company launched various other initiatives like Unconscious Bias Workshops, mentorship program named Wo-mentoring, HeforShe Stories and Crucial Conversations workshops to drive the Inclusion & Diversity agenda.

To build its "Workforce of the Future", your Company has a continued focus on the people's development through a variety of experiences. Your Company has launched many new programs and revamped certain existing ones. To ensure a competitive workforce of the future and to enable high performance within the organization of sales and marketing teams, programs like Sales Excellence, Gurukool (clinical selling), Customer Focused Selling training sessions, Learning Fiesta were continued with better focus on overcoming challenges for enabling teams to be first and winning in the market. Your Company launched Accelerated Leadership Program for top talent to give them an opportunity and groom them to take up larger roles in future and partner in making our vision a reality. ALP integrates classroom sessions, coaching and action learning projects to provide an integrated learning journey around key skills including Strategic Thinking, Business & Strategy acumen, People Leadership, Storytelling and Influencing skills. Friday Features is another initiative where on Friday mini sessions are conducted on topics emerging from Individual Development Plans so that people can attend the session as per their need. This was done through a webcast and it was open for all employees. The "Catalyst" program for people managers with an objective of building capability amongst line managers to be talent developers and equipping them with tools and competencies to build high-performing and effective teams - was continued this year as well. In order to drive a culture of lean ways of working, whole organization has been trained on Lean Basics and most of the functions are using daily management boards which helps them to be more efficient and have a faster turnaround in day to day process and problem resolutions.

In the area of Rewards, your Company focused on reviewing existing benefits to align with talent market as well as legislation and drive health and well-being for employees; these included enhanced maternity and paternity leaves. Also, as part of its benefits strategy, your Company transitioned from a fixed one size fits all approach to a flexible approach which allows employees choice in designing their own benefits package. Under this, the Company revamped its insurance and non-insurance benefits and provided comprehensive benefits choices to meet the needs and lifestyles of its diverse, multigenerational workforce. As part of the new benefits structure, the Employee Assistance Program is also available to all employees at zero cost, 24X7. Employees can avail confidential counselling services through the EAP helpline nearest to their homes, for support on everyday challenges or serious problems like stress management, parenting and family issues.

In areas of recognition, following a priority of inclusion and diversity, a special thank you week was organized, where employees were encouraged to recognize and thank their peers, subordinates, superiors and support staff bringing inclusivity among workforce. Your Company also took the opportunity to reward and recognize its top talents across the business verticals at Pan-India level through CEO Awards.

In order to drive a culture of performance, performance based pay and increments were awarded ensuring higher pay for better performance. We also tracked the non-performance cases and ensured that they are either re-deployed or are put on performance improvement plans. We also conducted Talent Reviews to focus on top talent and ensure that we have healthy succession pipeline for critical roles. This encouraged managers to have more future focused and developmental conversations with the team members. The HR shared services function of your Company continues to focus on Operational excellence and consolidate its position as an efficient, scalable and high quality HR services provider for the India market.

Overall, all the HR initiatives are aligned with the three priorities which again are linked with business vision, mission and strategy and our focus is to create an inclusive, high performing and future ready organization.

Information under Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014, forms part of the Board's Report.

20. CONSERVATION OF ENERGY, FOREIGN EXCHANGE OUTGO AND TECHNOLOGY ABSORPTION

Information on Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo, required to be given pursuant to Section 134(3) (m) of the Companies Act, 2013 read with the Companies(Accounts) Rules, 2014, is provided in Annexure III to this Report.

21. ENVIRONMENT, ENERGY, OCCUPATIONAL HEALTH & SAFETY

The Company's Health Innovation Campus (HIC) has been actively involved in implementing Philips Eco Vision program. Safety of employees is the foremost concern at HIC and working towards providing a safe and accident free working environment is a culture here. Regular trainings and awareness sessions are carried out on Behaviour Based Safety (BBS), Machine Safety for the employees to achieve zero accidents in the factory. National Safety and World Environment day are celebrated every year in the plant to spread awareness.

22. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of Loans, Guarantees and Investments covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements, which form part of the Company's Annual Report.

23. RELATED PARTY TRANSCATIONS

Information on transactions with related parties pursuant to Section 134(3) (h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure IV in Form AOC-2 and the same forms part of this report.

24. STATEMENT OF RISK MANAGEMENT

Risk management forms an integral part of the business planning and review cycle followed by your Company. The Company's risk management initiatives are designed to overview the main risks known to your Company, which could hinder it in achieving its strategic and financial business objectives. The objectives are met by integrating management control into the daily operations, actively working and monitoring on risk mitigation initiatives identified by the business leadership for the risks emanating from the external business environment through a regular cadence, by ensuring compliance with legal requirements and by safeguarding the integrity of the company's financial reporting and its related disclosures like businesses, objectives, revenues, income, assets, liquidity or capital resources. Your Company's risk management approach is embedded in the areas of corporate governance, Philips Business Control Framework and Philips General Business Principles and Risk Management framework.

25. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (3) (c) of the Companies Act, 2013, your Directors, to the best of their knowledge 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, 2019 and of the profit of the Company for the year ended March 31, 2019;

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. They have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.

vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. AUDITORS

At the Annual General Meeting of the Company held on September 29, 2016, M/s S.R. Batliboi & Co. LLP, Chartered Accountants had been appointed as Statutory Auditors of the Company, for a period of 5 years, subject to ratification at each Annual General Meeting, by the members of the Company. At the Annual General Meeting of the Company held on September 15, 2017, the appointment of M/s S.R. Batliboi & Co. LLP, Chartered Accountants as Statutory Auditors of the Company was ratified for a further period of one year.

Vide notification dated May 7, 2018, issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each Annual General Meeting has been done away with. Accordingly, no such item has been considered in notice of the Eighty-Ninth Annual General Meeting of the Company.

27. COST AUDITORS

Your Company is required to carry out an audit of the Company's cost accounts in respect of healthcare equipment. Pursuant to the provisions of Section 148 of the Companies Act, 2013, your Directors have approved the appointment of M/s Nanabhoy & Company, a firm of cost accountants, to conduct the Cost Audit for the year ending March 31, 2020, at a remuneration of ₹ 5,75,000 (Rupees Five Lacs Seventy-Five thousand only) plus applicable taxes and out of pocket expenses, subject to the confirmation of such remuneration by the members of the Company at its Annual General Meeting.

28. COMPANY`S REPLY TO THE AUDITORS QUALIFICATION

The Statutory Audit of the company was carried out by S.R. Batliboi & Co. LLP, Chartered Accountants for financial year ended March 31, 2019. The Statutory Auditors in their report, have given a qualification with regard to the provision not created by the Company for possible shortfalls in the value of the assets of the Trust managing the Company's defined benefit plans.

The response of your Directors with respect to the same is provided in Note 43 to the Financial statements, forming part of this Annual Report.

29. SECRETARIAL AUDITORS' QUALIFICATION

The Secretarial Audit was carried out by Mr. Ashok Tyagi, Company Secretaries (PCS Registration No. 7322) for the financial year ended on March 31, 2019. The Report given by the Secretarial Auditors is annexed as Annexure V and forms integral part of this Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

30. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company adhered to the provisions of applicable Secretarial Standards 1 & 2 during the financial year 2018 - 19.

31. PREVENTION, PROHIBITION AND REDRESSAL AGAINST SEXUAL HARASSMENT OF WOMEN EMPLOYEES AT WORKPLACE POLICY

In compliance of the law laid down by Hon'ble Supreme Court of India in Vishakha v State of Rajasthan and in accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, ("Act"), Philips circulated a Prevention, Prohibition and Redressal against Sexual Harassment of Women Employees at Workplace Policy ("Policy"). The Company has, accordingly, established a Core Complaints Redressal Committee at the Corporate Office in Gurgaon and Site Complaint Redressal Committees in Pimpri, Chakan, Bangalore, Mumbai, Chennai and Kolkata.

During the year 2 complaints of sexual harassment were received, all of which were resolved. Appropriate action was taken against the employees, where the allegations made against them were found to be correct.

ACKNOWLEDGEMENT

The Directors thank the Customers, vendors, Investors and bankers for their continued support during this year. We appreciate the contribution made by our employees at all levels. The growth of the Company is made possible by their hard work, solidarity, co-operation and support.

The Directors also thank the government of various countries, government of India, the governments of various states in India and concerned government departments/ agencies for their co-operation.

The Directors appreciate and value the contributions made by every member of the Philips family.

On behalf of the Board of Directors
For Philips India Limited

S.M. Datta
(Chairman)
DIN: 00032812

Place : Mumbai
Date : August 7, 2019

Annexure - I

FORM MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019 [Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	U31902WB1930PLC006663
ii	Registration Date	31/01/1930
iii	Name of the Company	PHILIPS INDIA LIMITED
iv	Category/Sub-category of the Company	Public Company / Subsidiary of Foreign Company limited by shares
v	Address of the Registered office & contact details	3rd Floor, Tower A, DLF IT Park, 08 Block AF, Major Arterial Road, New Town (Rajarhat) Kolkata, West Bengal- 700156, India.
vi	Whether listed company	No
vii	Name ,Address & contact details of the Registrar & Transfer Agent, if any	Karvy Fintech Pvt. Ltd. Address: Karvy Selenium, Tower-B, Plot no.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032. Toll Free no. 18 00 3454 001, Tel. 040-67162222, Fax no. 040-23001153, Email id: einward.ris@karvy.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are stated as below:

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Diagnostic imaging equipments	2660	29
2	Software development	5820	29
3	Domestic appliances	2750	26

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Koninklijke Philips N.V (KPNV) HighTech Campus 5, 5656 AE Eindhoven, the Netherlands	N.A	Holding	96.13	2(46)
2	Preethi Kitchen Appliances Private Limited. Unit No. 506, 5th Floor, Boomerang Chandivali Farm Road, Powai, Mumbai,Maharashtra,400072	U36993MH2011PTC213827	Subsidiary	100	2(87)
3	Philips Home Care Services India Private Limited 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata West Bengal 700156	U74994WB2016PTC215908	Subsidiary	100	2(87)
4	Healthmap Diagnostics Private Limited The Annexe, # 98/2,Rustom Bagh, Hal Airport Road, Bangalore, Karnataka 560017, India	U85110KA2015PTC079665	Associate	35	2(6)

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the end of the year March 31, 2018				No. of Shares held at the end of the year March 31, 2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	55290242	55290242	96.13	-	55290242	55290242	96.13	0.00
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other…	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	**-**	**55290242**	**55290242**	**96.13**	**-**	**55290242**	**55290242**	**96.13**	**0.00**
"Total Shareholding of Promoter (A)= (A)(1)+(A)(2)"	**-**	**55290242**	**55290242**	**96.13**	**-**	**55290242**	**55290242**	**96.13**	**0.00**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	1249	1249	0.00	-	1249	1249	0.00	0.00
b) Banks/FI	2300	7417	9717	0.02	2430	6927	9357	0.02	0.00
C) Cenntral govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
"h) Foreign Venture Capital Funds"	-	-	-	-	-	-	-	-	-
i) Others (specify) NBFC	11	-	11	0.00	11	-	11	0.00	0.00
SUB TOTAL (B)(1):	**2311**	**8666**	**10977**	**0.02**	**2441**	**8176**	**10617**	**0.02**	**0.00**

Category of Shareholders	No. of Shares held at the end of the year March 31, 2018				No. of Shares held at the end of the year March 31, 2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates									
i) Indian	31458	6219	37677	0.07	37006	5442	42448	0.07	0.00
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	823460	856710	1680170	2.92	806961	800819	1607780	2.80	-0.13
ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs	82050	-	82050	0.14	123335	-	123335	0.21	0.07
c) Others (specify) - Trust	15849	-	15849	0.03	15704	-	15704	0.03	0.00
Foreign National	21	-	21	0.00	-	-	-	0.00	0.00
IEPF	360655	-	360655	0.63	385768	-	385768	0.67	0.04
NRI (REP)	7564	6809	14373	0.02	7614	5709	13323	0.02	0.00
NRI (NON-REP)	24676	552	25228	0.04	27473	552	20825	0.05	0.01
SUB TOTAL (B)(2):	**1345733**	**870290**	**2216023**	**3.85**	**1403861**	**812522**	**2261383**	**3.85**	**0.00**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**1348044**	**878956**	**2227000**	**3.87**	**1406302**	**820698**	**2227000**	**3.87**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1348044**	**56169198**	**57517242**	**100.00**	**1406302**	**56110940**	**57517242**	**100.00**	**0.00**

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year i.e. April 1, 2018			Shareholding at the end of the year i.e. March 31, 2019			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Koninklijke Philips N.V.	5,52,90,182	96.13	-	5,52,90,182	96.13	-	-
2	Philips Radio B.V.	60	0.00	-	60	0.00	-	-
	Total	**5,52,90,242**	**96.13**	**-**	**5,52,90,242**	**96.13**	**-**	**-**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	5,52,90,242	96.13		
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	There was no change in Promoters' Shareholding between 01.04.2018 to 31.03.2019			
	At the end of the year	5,52,90,242	96.13		

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)– as on 31st March 2019:

Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY				
At the beginning of the year	360655	0.63	360655	0.63
Bought during the year (Shares transferred)	25113	0.04	25113	0.04
Sold during the year	-	-	-	0.00
At the end of the year	385768	0.67	385768	0.67
PAYAL BHANSHALI				
At the beginning of the year	54,700	0.10	54,700	0.10
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	54,700	0.10	54,700	0.10
VALLABH ROOPCHAND BHANSHALI				
At the beginning of the year	27350	0.05	27350	0.05
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	27350	0.05	27350	0.05
AJAY KUMAR				
At the beginning of the year	17421	0.03	17421	0.03
Bought during the year	3625	0.01	3377	0.01
Sold during the year	-	-	-	-
At the end of the year	21211	0.04	21211	0.04
YOGESH RASIKLAL DOSHI				
At the beginning of the year	18677	0.03	18677	0.03
Bought during the year	2378	-	2378	-
Sold during the year	981	-	981	-
At the end of the year	20074	0.03	20074	0.03
PUNIT KUMAR				
At the beginning of the year	16603	0.03	16603	0.03
Bought during the year	197	-	197	-
Sold during the year	-	-	-	-
At the end of the year	16800	0.03	16800	0.03

Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
SURESH GUPTA				
At the beginning of the year	13600	0.02	13600	0.02
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	13600	0.02	13600	0.02
AMISH NARENDRA SHAH				
At the beginning of the year	10276	0.02	10276	0.02
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	10276	0.02	10276	0.02
HINA KIRTI DOSHI				
At the beginning of the year	10000	0.02	10000	0.02
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	10000	0.02	10000	0.02
HITESH SHANTILAL MEHTA				
At the beginning of the year	10000	0.02	10000	0.02
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	10000	0.02	10000	0.02

* The shares of the Company are traded on a frequent basis and hence the datewise increase / decrease in shareholding is not indicated.

Change in Top 10 Shareholders at the beginning of the year and at the end of the year is indicated in the table above.

iv) Shareholding Pattern of Directors and Key Managerial Personnel

Sr.No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For each of the Directors and KMP	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
1	At the beginning of the year				
	Rajiv Mathur	6	-	6	-
2	Date wise Increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment, transfer/ bonus/ sweat equity etc.)	There was no change in the Director shareholding between 01.04.2018 to 31.03.2019			
3	At the end of the year				
	Rajiv Mathur	6	-	6	-

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amounts in ₹ Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	683	-	-	683
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	685
Total (i+ii+iii)	**683**	**-**	**-**	**683**
Change in Indebtedness during the financial year				
Additions	269	-	-	269
Reduction	(276)	-	-	(276)
Net Change	(7)	-	-	(7)
Indebtedness at the end of the financial year				
i) Principal Amount	676	-	-	676
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**676**	**-**	**-**	**676**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Director (WTD) and/or Manager:

(Amounts in ₹ Million)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Rajiv Mathur Whole-time Director and Company Secretary	Daniel Mazon Vice - Chairman and Managing Director	Sudeep Agrawal Whole - time Director and Chief Financial Officer	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	19.76	38.29	14.01	72.06
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.14	4.59	0.65	5.38
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Rajiv Mathur Whole-time Director and Company Secretary	Daniel Mazon Vice - Chairman and Managing Director	Sudeep Agrawal Whole - time Director and Chief Financial Officer	
2	Stock option	12.99	5.02	5.99	24
3	Sweat Equity	-		-	-
4	Commission as % of profit	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**32.89**	**47.9**	**20.65**	**101.44**
	Ceiling as per the Act	306			

B. Remuneration to other Directors:

(Amounts in ₹ Million)

Sl. No	Particulars of Remuneration	Name of the Directors			Total Amount
		S. M Datta	**Vivek Gambhir** *(Ceased to be a Director w.e.f. December 31, 2018)*	**Geetu Gidwani Verma**	
1	**Independent Directors**				
	(a) Fee for attending Board, Committee meetings	0.30	0.18	0.20	0.68
	(b) Commission	1.00	0.80	0.80	2.60
	(c) Others, please specify	-	-	-	-
	Total (1)	**1.30**	**0.98**	**1.00**	**3.28**
2	**Other Non Executive Directors**	-	-	-	-
	(a) Fee for attending Board, Committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify.	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**1.30**	**0.98**	**1.00**	**3.28**
	Total Managerial Remuneration				**3.28**
	Overall Ceiling as per the Act	30.6			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Rajiv Mathur Whole-time Director and Company Secretary	Daniel Mazon Vice - Chairman and Managing Director	Sudeep Agrawal Whole - time Director and Chief Financial Officer	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	Information disclosed in point A above.			
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	as % of profit				
	others, specify				
5	Others, please specify				
	Total				

VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.

For and on behalf of the Board

S .M. DATTA
Chairman
(DIN: 00032812)

Place: Mumbai
Date: August 7, 2019

Annexure II

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

   The Board of Directors approved the CSR Policy of the Company, pursuant to the provisions of Section 135 of the Companies Act, 2013 and the rules notified thereunder.

   The CSR Policy of the Company is accessible on its website by following the link:

   http://www.philips.co.in/b-dam/corporate/about-philips-n/investor-relations/india/CSR_policy-signed.pdf

   Over the last five years, the CSR focus of the Company has been healthcare and related issues. The attention has been on creating awareness on healthy living, preventive healthcare especially of mother, child and providing access to quality healthcare facilities to the underprivileged, who do not have access to the same.

   Through the Philips CSR initiatives, the Company continues to pledge its support to the health and welfare of general population especially women and children across different locations in India

   During the reporting year, the focus of the Company's CSR programs has been on improving maternal and child health services, awareness related to mental health associated with mother and child health care, nutrition of sick newborns and providing preventive healthcare services to underprivileged communities across different states of the country through several CSR projects and volunteering initiatives.

   Through the community based health awareness initiatives, mobile medical vans and supporting disaster relief operations, the Company has worked towards providing better access to primary healthcare and focusing on improving reproductive, maternal, newborn, child and adolescent health. The Company is working closely with NGOs like Mamta, Smile Foundation, Charities Aid Foundation, Oxfam India, Centre for International Development Services, etc. and adopting a strategic and holistic approach to ensure positive outcomes for its social investment programs.

2. The Composition of the CSR Committee:

   The composition of the CSR Committee of the Board is as below:

1.	**Ms. Geetu Gidwani Verma, Non-Executive Director**	**Chairperson**
2.	**Mr. Daniel Mazon, Managing Director**	**Member**
3.	**Mr. Rajiv Mathur, Director**	**Member**
4.	**Mr. Sudeep Agrawal, Director**	**Member**

3. Average net profit of the Company for last three financial years: ₹ **4,168 Million**

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ **83.33 Million**

5. Details of CSR spent during the financial year:

   a. Total amount to be spent for the financial year: ₹ 83.33 Million

   b. Amount unspent, if any; ₹ **68.45 Million *(A provision of ₹ 27.06 Million was created in the books of accounts of the company, during the year, towards activities undertaken during the year as part of the CSR programs of the Company, the invoices for which were not raised by the NGO partners.)**

c. Manner in which the amount was spent during the financial year is detailed below:

S. No.	CSR project or activity identified Program	Sector in which the project is covered	Projects or Programme (I) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget project or programme wise) (INR/ Million)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads (INR / Million)	Cumulative expenditure up to the reporting period (INR / Million)	Amount spent: Direct or through implementing agency
1	Providing access to basic healthcare to community members across urban slums and rural locations through Mobile Medical Vans	Healthcare and medical facilities	1. Chennai (Tamil Nadu) 2. Bangalore (Karnataka) 3. Kolkata (West Bengal) 4. Pune (Maharashtra)	₹27.03	₹ 6.63 Million were spent directly on the project activities. In addition, an amount of ₹ 1.67 Million, associated with overheads were apportioned towards this project.	₹8.30	Implementing Agency – Smile Foundation V 11, Level 1 Green Park Extension New Delhi
2	Setting up and operating Healthcare Community Centres for pregnant & lactating women, young couples and adolescent boys and girls and promote healthcare seeking behaviour, and adopting a holistic approach to care through Reproductive, Maternal, Newborn, Child and Adolescent Health (RMNCHA) and also addressing associated mental health issues	Healthcare and medical facilities	1. Pune (Maharashtra) 2. Bangalore (Karnataka) 3. Sahibgunj (Jharkhand) 4. Khagaria (Bihar)	₹15.0	₹15 Million were spent directly on the project activities. In addition, an amount of ₹ 1.31 Million, associated with overheads & third party assessment were apportioned towards this project.	₹16.31	Implementing Agency – Mamta Health Institute for Mother & Child B-5 Greater Kailash Enclave. Part II New Delhi
3	Setting up Comprehensive Lactation Management Centres (CLMCs) across selected government hospitals in different locations to help reduce neonatal mortality and morbidity, through uptake of breastfeeding practice and promotion of Human Milk donation & banking in India	Healthcare and medical facilities	1. Mumbai (Maharashtra) 2. Lucknow (Uttar Pradesh) 3. Indore & Bhopal (Madhya Pradesh) 4. Delhi	₹16.67	₹16.64 Million was spent on the project activities and in addition, an amount of ₹1.03 Million, was apportioned towards the overheads.	₹17.67	Implementing Agency – Centre for International Development Services (CIDS) 8 - 4, Greater Kailash Enclave Part II New Delhi 110048
4	Behtar India - Program for Dengue irradiation	Healthcare and medical facilities	1. Gurgaon (Haryana) 2. Mumbai (Maharashtra) 3. Kolkata (West Bengal)	₹1.5	₹ 1.5 Million was spent on the project activities.	₹1.5	Implementing Agency – Charities Aid Foundation (CAF) Plot/Site No. 2 1st Floor Sector C, Nelson Mandela Marg Vasant Kunj, New Delhi - 110070

S. No.	CSR project or activity identified Program	Sector in which the project is covered	Projects or Programme (I) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget project or programme wise) (INR/ Million)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads (INR / Million)	Cumulative expenditure up to the reporting period (INR / Million)	Amount spent: Direct or through implementing agency
5	Kerala Flood Relief and Rehabilitation Support	Disaster Relief	6 Villages of Panamaram Gram Panchayat in the Panamaram Block of Wayanad 1. Kolathara 2. Pariyaram 3. Mathoth 4. Poyil 5. Neerattad 6. Veetikunu	₹2.0	₹ 2 Million were spent directly on the project activities. In addition, ₹ 0.12 Million, associated with overheads were apportioned towards this project.	₹2.12	Implementing Agency – Charities Aid Foundation (CAF) Plot/Site No. 2 1st Floor Sector C, Nelson Mandela Marg Vasant Kunj, New Delhi - 110070
6	Kerala Flood Relief and Rehabilitation Support	Disaster Relief	Two Blocks in district Wayanad 1. Sulthan Bathery 2. Mananthavady	₹2.0	₹ 2 Million were spent directly on the project activities. In addition, an amount of ₹ 0.12 Million, associated with overheads were apportioned towards this project.	₹2.12	Implementing Agency – Oxfam India 4th & 5th Floor, Shriram Bharatiya Kala Kendra, 1, Copernicus Marg, New Delhi - 110 001
7	Paatshala - Employee volunteering program	Education	Bangalore, Delhi, Pune	₹0.55	₹0.24 Million were spent directly on the project activities.	₹0.24	Implemented Directly by the Company

In addition to the expenses of ₹14.88 Million from the allocation of FY18-19, the provision of ₹33.38 Million from FY17-18 was also spent during the year.

* Give details of implementing agency: the details are listed above

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

   During the reporting year, the Company was required to spend an amount of ₹ 83.33 Million towards its CSR activities, as per the provisions of Section 135 of the Companies Act, 2013. Though the Company identified a number of partner organizations and conceptualized more long-term projects during the year, it did not disburse the amount as the disbursement was linked to on ground project milestone achievements. During the reporting year, a provision of ₹ 27.06 Million was also created in the books of accounts of the Company, to cover the activities that were carried out by Mamta and Smile Foundation, for which the invoices were yet to be raised by the NGO partners. The amount left unspent as mentioned in clause 5(b) above has been committed by the Company to be utilized in full in the FY19-20.

7. We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

Geetu Gidwani Verma
Non- Executive Director
Chairperson, CSR Committee
(DIN: 00696047)

Rajiv Mathur
Director and Company Secretary
Member, CSR Committee
(DIN: 06931798)

Date: August 7, 2019
Place: Mumbai

Annexure - III

Information in accordance with Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the year ended 31st March 2019

A. ENERGY CONSERVATION

The following measures were implemented during the Financial Year 2018-19:

1. Steps taken or impact on conservation of energy

    a) Replacement all metal halide lights in the shop floor with LED lights resulting in annual saving of 5% of total consumption.

    b) Establishment of an energy conservation CFT – ENCON – who meets regularly to identify avenues for energy conservation including bringing change in behavior of the employees.

    c) Optimization of HVAC operation resulting in annual saving of 10% of total consumption.

2. Steps taken by the Company for utilizing alternate sources of energy

    For the last few years, your Company, at its Healthcare Innovation Campus (HIC), Pune, has been using the solar powered lights to light up the streets. This has helped your Company to conserve resources and make its contribution to the environment. Further, your Company is in the process of evaluating the feasibility of installation of Solar Cells across the roof of manufacturing plant to harness solar energy.

    Your Company understands its responsibility towards the environment and takes steps to utilise alternate sources of energy from time to time.

3. The capital investment on energy conservation equipments

    Your company has spent around ₹ 1 million to install LED light fittings at its Healthcare Innovation Campus (HIC), Pune.

B. RESEARCH & DEVELOPMENT (R & D)

1. Your Company continues to derive the sustainable benefits from the strong foundation and long tradition of Research and development. During the year, your Company continued to focus on the development of its products to preserve and strengthen its competitive position in various product segments. Your Company's R & D laboratories have been instrumental in providing it with a sustainable competitive advantage through application of Science and Technology.

2. Benefits derived as a result of above efforts:

    Some of the products/ solutions developed by your Company, utilizing its R&D capabilities are as below:

    Illumeo : Illumeo with adaptive intelligence support focus on value-based healthcare with intelligent tools that enhance your expertise and efficiency. Offered with IntelliSpace PACS, Illumeo assists the physician by presenting information in a clinically meaningful way and providing patient context and relevant past findings to support consistency in diagnosis and reporting.

    SmartPerfusion Medical Application: SmartPerfusion is interventional imaging medical application that provides analysis about tissue perfusion based on a Digital Subtraction Angiography (DSA). SmartPerfusion enables efficient workflow by allowing easy alignment of foot anatomy, pre- and post-procedure. SmartPerfusion application evaluates perfusion characteristics in multiple regions of interest on one single image. SmartPerfusion application Facilitates clinical interpretation of the image with dynamic filling.

3. Future plan of action

    Continue to engage in design & development of new generation software for various imaging products like MRI, CT, Diagnostic X-Ray, Ultrasound.

4. Expenditure incurred on R&D

    During the year, your Company has incurred an expenditure of ₹ 14.5 Million on activities related to research and development.

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The details of some of the steps taken by your Company for absorption of technology, adapting to the same in its operations and the innovations made during the year, have been included in the R&D section above.

D. FOREIGN EXCHANGE EARNINGS & OUTGO (CASH BASIS)

During the year, total inflows (on cash basis) in foreign exchange was ₹ 19,336 Million and total outflows (on cash basis) in foreign exchange was ₹ 16,229 Million.

Annexure - IV

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or Transactions entered into during the year ended March 31, 2019, which were not on an arm`s length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis: #

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Value of Transactions during the year ended March 31, 2019 (₹ Millions)
Philips Consumer Lifestyle B.V. Fellow Subsidiary Company	Purchase of goods	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	3,595
Philips Electronics Nederland B.V. Fellow Subsidiary Company	Sale of services	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	3,388
Philips Medical Systems Nederland B.V. Fellow Subsidiary Company	Purchase of goods	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	3,310
Philips Medical Systems Nederland B.V. Fellow Subsidiary Company	Sale of goods	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	3,078

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Value of Transactions during the year ended March 31, 2019 (Rs. Millions)
Philips Medical Systems Nederland B.V. Fellow Subsidiary Company	Sale of services	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	2,501
Philips Electronics Singapore Pte Ltd. Fellow Subsidiary Company	Purchase of goods	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	2,214
Philips Healthcare Informatics, Inc. Fellow Subsidiary Company	Sale of services	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	2,199
Philips Ultrasound, Inc. Fellow Subsidiary Company	Purchase of goods	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	1,309

Please note that transactions with related parties of value ₹1000 Million or more have been taken into account while preparing this form. The complete list of related party transactions forms part of Notes to the financial statements, forming part of this Annual Report.

For and on behalf of the Board

S. M. Datta
Chairman
(DIN: 00032812)

Place : Mumbai
Date : August 7, 2019

Annexure - V

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel Rules), 2014]

To,
The Members,
Philips India Limited
{CIN: U31902WB1930PLC006663}
3rd Floor, Tower A, DLF IT Park,
08 Block AF Major Arterial Road,
Town (Rajarhat) Kolkata,
New West Bengal - 700156

SECRETARIAL AUDIT REPORT

I have conducted the Secretarial Audit of the compliances for the Financial Year ended March 31, 2019 of applicable statutory provisions and the adherence to good corporate practices by Philips India Limited (hereinafter called as 'the Company').Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the statutory compliances and expressing my opinion thereon.

Management's Responsibility for Secretarial Compliances

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of all applicable laws and regulations.

Auditor's Responsibility

My responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.

Opinion

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner, subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- The Companies Act, 2013 and Rules made there under read with notifications, exemptions and clarifications thereto;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - **Not applicable to the Company for the year under review;**
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder- **to the extent applicable;**
- The Foreign Exchange Management Act, 1999 (FEMA) and the Rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **to the extent applicable;**
- The Income Tax Act, 1961 and Rules made thereunder;
- The Central Goods and Service Act, 2017 and the Integrated Goods and Service Act, 2017 and Rules made thereunder- **(to the extent applicable);**

The following regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act'):

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time-**Not applicable to the Company being unlisted;**
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time **- Not applicable to the Company being unlisted;**
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable to the Company being unlisted;**
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time - **Not applicable to the Company being unlisted;**
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable to the Company being unlisted;**
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013 and dealing with client - **Not applicable to the Company being unlisted;**
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not applicable to the Company being unlisted;**
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable to the Company being unlisted;**
- The Secretarial Standards issued by the Institute of Company Secretaries of India;
- Other laws applicable to the Company during the year under review:

A. Labour Laws:

1) The Employees State Insurance Act, 1948;
2) The Employees Provident Fund and Misc. Provisions Act, 1952;
3) The Factories Act, 1948 and Rules made there under;
4) The Industrial Disputes Act, 1947;
5) The Minimum Wages Act, 1948 and Rules made there under;
6) The Contract Labour (Regulation & Abolition) Act, 1970 and Rules made there under;
7) The Industrial Employment (Standing Orders) Act, 1946 and Rules made there under;
8) The Payment of Wages Act, 1936 and Rules made thereunder;
9) The Payment of Bonus Act, 1965 and Rules made thereunder;
10) The Payment of Gratuity Act,1972 and Rules made there under;
11) The Equal Remuneration Act, 1976 and Rules made there under;
12) The Employees' Provident Fund & Miscellaneous Provisions Act,1952 and Rules made there under;
13) The Employees' State Insurance Act, 1948 and Rules made there under;
14) The Maternity Benefit Act, 1961 and Rules made there under;
15) The National & Festival Holidays Act and Rules made there under;
16) The Labour Welfare Fund Act and Rules made there under;

B. Sectoral Laws:

17) The Legal Metrology Act, 2009;

C. Commercial and other Laws:

18) The Water (Prevention and Control of Pollution) Act, 1974;
19) The Air (Prevention and Control of Pollution) Act, 1981;

20) The Environment (Protection) Act, 1986;

21) The Shops and Establishment Act, 1953;

22) The Indian Contract Act, 1872;

23) The Competition Act, 2002;

24) The Entry Tax Act;

25) The Professional Tax Act.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned herein above.

Based on my examination and verification of records produced to me and according to the information and explanations given to us by the Company, in my opinion, the Company has complied with the provisions of the Companies Act, 2013, wherever applicable (the Act) and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard to:

(a) Maintenance of statutory registers and documents and making necessary entries therein;

(b) Filing of the requisite forms and returns with the Registrar of Companies and Central Government within the time prescribed under the Act and rules made thereunder;

(c) Service of Documents by the Company on its Members, Auditors;

(d) Convening and holding of the meetings of Directors and Committees of the Directors;

(e) Convening and holding of the Eighty Eighth Annual General Meeting of the Company on September 28, 2018;

(f) Minutes of the proceedings of General Meeting, Board Meetings and Board Committees were properly recorded in loose leaf form, which are being bound in a book form at regular intervals;

(g) Disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interest in other entities by the Directors;

(h) Appointment, re-appointment and retirement of Directors including the Managing Director and Executive Directors and payment of remuneration to them was in compliance with the provisions of the Act;

(i) Appointment/Ratification and Payment of Remuneration of Statutory Auditors;

(j) Board's Report for the Financial Year ended March 31,2018;

(k) Reconstitution of the Statutory Committees, if required;

(l) Declaration and payment of dividend;

(m) There were no charges registered, modified and satisfied during the year under review;

(n) Form of Financial Statements and disclosures to be made therein was as per the Schedule III to the Act;

(o) Appointment of Internal Auditor as per the provisions of Section 138 of the Companies Act, 2013;

(p) Appointment of Cost Auditor as per the provisions of Section 148(3) of the Companies Act, 2013;

(q) Appointment of Secretarial Auditor as per the provisions of Section 203 of the Companies Act, 2013;

I further report that:

(1) The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non Executive Directors, Independent Director and Women Director in terms of the Act. Mr. Vivek Gambhir resigned as Director of the Company with effect from December 31, 2018. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(2) Adequate notice was given to all the Directors to schedule the Board/Committee Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(3) Majority decisions were carried as there was no dissent raised by any member of the Board. The Directors have disclosed their interest and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities as and when required and their disclosures have been noted and recorded by the Board.

(4) The Company was not required to take any approval from Regional Director, Registrar of Companies and Central Government except for the approval of the appointment of Mr. Daniel Mazon being a non-resident as Managing Director from the Central Government, which was received vide its letter No. SRN G71996342/2/2018-CL-VII dated December 03, 2018.

(5) Based on examination of the records and documents of the Company, we observed that the Company is focusing on recovery of the amount as reported during the Financial Year 2016-17. The matter is pending before the Sole Arbitrator appointed by the Company and the Civil Court at Gurgaon confirmed the appointment of the same Sole Arbitrator. The Order/Award of the Arbitrator is awaited in the above matter.

Further, a cheque bouncing case had also been filed in Delhi, against the Channel Partner, as 2 cheques issued by it to the Company had bounced, the matter is pending before the Court as on the date of this Report

(6) The Company has not paid any fines/penalties, under any applicable laws except in the cases as given below:

- As reported earlier, during FY 2017-2018 a provision was created in the books of accounts for ₹ 3.25 Crores and also the payment of the Penalty for ₹ 2.25 Crores was paid against the Order of the Tribunal. The appeal was filed by the Company before Hon'ble High Court, Mumbai against the Order of the Tribunal, which was admitted by the Court in December 2018, the matter is now pending for hearing as on the date of this Report;

I further report that there are adequate systems and processes in the Company, which are commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For the purpose of examining adequacy of compliances with other applicable laws including industry/sector specific laws, under both Central and State legislations, reliance has been placed on the Compliance Certificates issued by the Company Secretary of the Company to the Board from time to time. Based on the aforesaid internal Compliance Certificates, we are of the opinion that the Company has generally complied with the following:

I. Deposit of Provident Fund, Employee State Insurance and other employee related statutory dues.

II. Applicable stipulations pertaining to the Payment of Wages Act, Minimum Wages Act, Contract Labour (Regulation and Abolition) Act and other related legislations.

III. Deposit of taxes relating to Income Tax, CGST SGST & IGST, Excise Duty, Entry Tax, Professional Tax and other applicable taxes.

IV. Applicable state and central laws including those related to environment and applicable licenses and permits pertaining to the operations of the Company.

I further report during the Audit Period, the following events having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. The Company has made an additional investment by subscription in equity share of Phillips Home Care Services India Private Limited of ₹15 Crores.

2. The Board of Directors of the Company have approved the proposal of reduction of equity share capital held by non-promoter shareholders of the Company in order to provide them an opportunity to exit, subject to the approval of the Shareholders and confirmation by the Hon'ble National Company Law Tribunal ("NCLT"), Kolkata Bench. The Board of Directors of the Company have decided to reduce paid up equity share capital of the Company from 57,517,242 Equity Shares to 55,290,242 Equity Shares i.e 2,227,000 Equity Shares representing approx. 3.87% of paid up equity share capital of the Company for a consideration of ₹ 560/- per share of ₹ 10/- each, which shall stand cancelled and extinguished after such reduction.

   During the hearings on the matter, some of the objecting shareholders were allowed by NCLT to file their objections. The affidavits of objection from these shareholders were received by the Company and the response to the same was filed within the time limit as prescribed by the NCLT. The proceedings in the matter are pending before the NCLT, Kolkata Bench as on the date of this Report

CS Ashok Tyagi
Company Secretaries
FCS No: 2968
C P No: 7322

Place: New Delhi
Date: August 03, 2019

Note: This Report is to be read with our letter of even date which is annexed as Annexure - A and forms an integral part of this Report.

ANNEXURE - A

The Members,
Philips India Limited
{CIN: U31902WB1930PLC006663}
3rd Floor, Tower A, DLF IT Park,
08 Block AF Major Arterial Road,
New Town (Rajarhat) Kolkata,
West Bengal - 700156

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I have followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
5. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. My examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS Ashok Tyagi
Company Secretaries
FCS No: 2968
C P No: 7322

Place: New Delhi
Date: August 03, 2019

Independent Auditor's Report

To the Members of **Philips India Limited**

Report on the Audit of the Standalone Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying standalone Ind AS financial statements of Philips India Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention is invited to note 43 to the financial statements more fully explaining management's position in relation to non-provision for possible shortfall in the value of the assets of the Trust managing the Company's defined benefit plans. This Trust has secured investments amounting to INR 547.88 million and unsecured investments amounting to INR 60.83 million in bonds of companies of a non-banking financial company group and these entities have not been able to meet their repayment obligations to various parties. We are unable to comment on the appropriateness or otherwise on management's position regarding the non- provisioning of the possible shortfall in the value of the assets of the Trust and the consequential impact on the financial statements, if any.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

   (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (i) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

(j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 16 and 30 to the standalone Ind AS financial statements;

i. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E /E300005

per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 19083906AAAABB5482
Place of Signature: Mumbai
Date: August 7, 2019

Annexure 1 referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date

Re: Philips India Limited (The "Company")

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. No material discrepancies were noticed on such physical verification.

(iii) (a) The Company has granted loan to one company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(b) The Company has granted loans to a firm covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Healthcare Products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, good and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount of demand without netting of amount paid under protest (INR in million)	Amount paid under protest (INR in million)	Recourse*	Net Amount	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 and Individual State Sales Tax Act	Sales Tax including Interest and penalty	1,589.67	88.56	1,155.84	345.28	1987-88 to 2016-17	Appellate authority Upto Commissioner (Appeals)
		286.45	17.77	268.57	0.11	1986-87 to 2014-15	Tribunal
		44.45	10.83	19.02	14.60	1998-99 to 2006-07	High Court
Service tax, Finance Act, 1944	Service tax including interest and penalty where applicable	298.04	-	137.57	160.48	2005-06 to 2012-13	Appellate authority Upto Commissioner (Appeals)
		81.85	-	12.42	69.43	2004-05 to 2013-14	Tribunal
Central Excise Act, 1944	Excise duty including interest and penalty where applicable	11.00		-	11.00	Above 7 years	Appellate authority Upto Commissioner (Appeals)
		10.70	0.80	-	9.90	Sept'12 to Oct'13	Tribunal
		18.30	2.50	-	15.80	Above 7 years	Tribunal
Custom Act, 1962	Custom duty including interest and penalty where applicable	220.29	105.00		115.29	2012-13 and 2013-14	Appellate authority Upto Commissioner (Appeals)
Income Tax Act, 1961	Income Tax Disallowances and transfer Pricing additions including Interest and Penalty where applicable	2,484.49	298.54	358.56	1,827.39	A.Y.2002-03 to A.Y. 2014-15	Appellate authority Upto Commissioner (Appeals)
		453.10	241.11	47.51	164.48	A.Y. 2002-03 to 2009-10	Tribunal
		104.80	70.00	-	34.80	A.Y. 2003-04	High Court

*The Company demerged its Lighting business, approved by Hon'ble High Court of Calcutta vide order dated January 7, 2016. These amounts represent the contingent liability in respect of the Lighting business, which as per Memorandum of Undertaking (MOU) is recoverable from Philips Lighting India Limited (PLIL).

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company did not have any outstanding loans or borrowings towards the Government or debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instrument and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xi) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiii) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xiv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xv) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E /E300005

per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 19083906AAAABB5482
Place of Signature: Mumbai
Date: August 7, 2019

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PHILIPS INDIA LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Philips India Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls [based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E /E300005

per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 19083906AAAABB5482
Place of Signature: Mumbai
Date: August 7, 2019

Balance Sheet as at 31 March 2019

Amounts in ₹ Mln

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	2,851	2,929
Capital work-in-progress	2	304	11
Investment in subsidiaries and associates	3	7,579	7,725
Financial Assets			
a. Trade Receivables	5(a)	858	862
b. Other Financial Assets	5(b)	343	281
Deferred tax assets (net)	6	540	746
Advance income tax (net of provision)		2,987	2,287
Other non current assets	7	603	467
		16,065	15,308
Current assets			
Inventories	8	5,072	4,037
Contract Assets	4	257	212
Financial Assets			
a. Trade receivables	9(a)	7,868	7,280
b. Cash and cash equivalents	9(b)	5,213	5,316
c. Other Financial Assets	9(c)	328	502
Other current assets	10	2,745	1,972
		21,483	19,319
Assets classified as held for sale	11	26	33
TOTAL ASSETS		37,574	34,660
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	575	575
Other Equity	13	22,523	21,018
Equity attributable to equity shareholders		23,098	21,593
LIABILITIES			
Non-current liabilities			
Contract Liabilities	4	724	138
Financial Liabilities			
Borrowings	14	381	434
Other non-current liabilities	15	160	384
Provisions	16	675	529
		1,940	1,485
Current liabilities			
Contract Liabilities	4	2,203	2,610
Financial Liabilities			
a. Borrowings	17	295	248
b. Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	17	26	36
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17	7,062	5,785
c. Other financial liabilities	17	261	77
Other current liabilities	18	1,692	1,513
Provision for taxation (net of advances)		184	414
Provisions	16	813	899
		12,536	11,582
TOTAL EQUITY AND LIABILITIES		37,574	34,660
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming part of the Standalone Financial Statements

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Mumbai
Date: August 7, 2019

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)
Managing Director — DANIEL MAZON (DIN: 07954025)
Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)
Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

Statement of Profit and Loss for the year ended 31 March 2019

Amounts in ₹ Mln

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	19	42,788	38,849
Other income	20	598	321
Total Income		43,386	39,170
Expenses			
Cost of raw materials consumed	21	3,274	2,296
Purchases of stock-in-trade	22	16,194	14,472
Changes in inventories of work-in-progress, finished goods and stock-in-trade	23	(539)	412
Excise duty on sale of goods		-	42
Employee benefits expense	24	12,369	11,181
Finance costs	25	127	126
Depreciation and amortization expense	26	811	672
Other expenses	27	8,191	7,302
Total expenses		40,427	36,503
Profit before exceptional items and tax		2,959	2,667
Exceptional items (net) Loss / (Profit)	33	352	-
Profit before tax		2,607	2,667
Tax expense			
Current tax	6(a)	(1,094)	(1,210)
Income Tax provisions related to prior years written back	6(a)	184	-
Deferred tax expenses - credit / (charge)	6(a)	63	224
Profit for the year (A)		1,760	1,681
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or Loss			
Re-measurement gains / (losses) on defined benefit plans	28	(72)	145
Income tax effect on defined benefit plans	6(a)	25	(50)
Other Comprehensive Income for the year (B)		(47)	95
Total Comprehensive income for the year (A+B)		1,713	1,776
Earnings per equity share			
Basic and diluted earnings per equity share of ₹10 each (in ₹)	40	30.60	29.22
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming part of the Standalone Financial Statements

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Mumbai
Date: August 7, 2019

For and on behalf of the Board

Chairman S.M.DATTA (DIN: 00032812)

Managing Director DANIEL MAZON (DIN: 07954025)

Director & CFO SUDEEP AGRAWAL (DIN: 08056132)

Director & Company Secretary RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

Statement of Changes in Equity for the year ended 31 March 2019

Amounts in ₹ Mln

A. EQUITY SHARE CAPITAL

Equity shares of ₹10 each issued, subscribed and fully paid up	Number of shares	Amount
As at 1 April 2017	**57,517,242**	575
Changes in equity share capital during the year	-	-
As at 31 March 2018	**57,517,242**	575
Changes in equity share capital during the year	-	-
As at 31 March 2019	**57,517,242**	575

B. OTHER EQUITY

Particulars	Reserves and Surplus		Items of OCI	Total
	General reserve*	Retained earnings*	Remeasurement*	
(A) As at 1 April 2017	2,315	17,139	(4)	**19,450**
Profit for the year	-	1,681	-	**1,681**
Remeasurement benefit of defined benefit plans	-	-	95	**95**
(B) Total Comprehensive Income for the year	-	1,681	95	**1,776**
(C) Reductions during the year				
Dividend	-	(173)	-	**(173)**
Dividend distribution tax	-	(35)	-	**(35)**
Total	-	(208)	-	**(208)**
(D) As at 31 March 2018	2,315	18,612	91	**21,018**
Profit for the year	**-**	**1,760**	**-**	**1,760**
Remeasurement benefit of defined benefit plans	**-**	**-**	**(47)**	**(47)**
(E) Total Comprehensive Income for the year	**-**	**1,760**	**(47)**	**1,713**
(F) Reductions during the year				
Dividend	**-**	**(173)**	**-**	**(173)**
Dividend distribution tax	**-**	**(35)**	**-**	**(35)**
Total	**-**	**(208)**	**-**	**(208)**
As at 31 March 2019	**2,315**	**20,164**	**44**	**22,523**

* Refer note 13

Refer accompanying notes forming part of the Standalone Financial Statements

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Mumbai
Date: August 7, 2019

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)
Managing Director — DANIEL MAZON (DIN: 07954025)
Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)
Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

Cash Flow Statement for the year ended 31 March 2019

Amounts in ₹ Mln

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
A. Cash flow from operating activities				
Profit before tax		**2,607**		2,667
Exceptional items		**(352)**		-
Profit before tax and exceptional items		**2,959**		2,667
Adjusted for				
(Profit) / loss on disposal of Property, Plant & Equipment	**-**		0	
Write off and other adjustment of Property, Plant & Equipment	**24**		29	
Depreciation and amortization	**811**		672	
Unrealized foreign exchange (gain) and loss (net)	**1**		93	
Allowances for doubtful trade receivables and loans and advances	**127**		298	
Liabilities no longer required written back	**(80)**		(46)	
Interest on advances, current accounts and deposits	**(709)**		(469)	
Finance costs	127	301	126	703
Operating profit before working capital changes		**3,260**		3,370
Changes in:				
Trade receivables and other loans & advances	**(1,553)**		(2,304)	
Inventories	**(1,034)**		516	
Trade payables and other liabilities	**1,628**		1,096	
		(959)		(692)
Cash generated from operations		**2,301**		2,678
Income tax paid (net of refunds)		**(1,546)**		(1,383)
Net cash generated from operating activities		**755**		1,295
B. Cash flow from investing activities				
Purchase of Property, Plant and Equipment		**(1,030)**		(1,199)
Proceeds from sale of Property, Plant & Equipment		**42**		61
Investment in subsidiaries		**(150)**		(85)
Investment in associate		**-**		(35)
Intercorporate deposits given		**(197)**		-
Intercorporate deposits repaid		**110**		-
Advance received against sale of Property, Plant & Equipment		**4**		-
Interest received		**704**		459
Net cash used in investing activities		**(517)**		(799)
C. Cash flow from financing activities				
Finance costs		**(126)**		(132)
Finance lease obligations		**(7)**		(2)
Dividend paid (including tax thereon)		**(208)**		(207)
Net cash used in financing activities		**(341)**		(341)
Increase / (Decrease) in cash and cash equivalents (A+B+C)		**(103)**		155
D. Cash and cash equivalents - Opening Balance				
Cash and cash equivalents ((refer note 9 (b))		**1,450**		445
Unpaid dividend ((refer note 9 (b))		**13**		12
Deposits with Banks ((refer note 9 (b))		**3,853**		4,704
TOTAL		**5,316**		5,161

Cash Flow Statement for the year ended 31 March 2019 (Contd.)

Amounts in ₹ Mln

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
E. Cash and cash equivalents - Closing Balance		
Cash and cash equivalents ((refer note 9 (b))	**128**	1,450
Unpaid dividend ((refer note 9 (b))	**13**	13
Deposits with Banks ((refer note 9 (b))	**5,072**	3,853
TOTAL	**5,213**	5,316
Net increase/(decrease) in cash and cash equivalents (E-D)	**(103)**	155

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) - Statement of Cash Flow.

Refer accompanying notes forming part of the Standalone Financial Statements

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Mumbai
Date: August 7, 2019

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — DANIEL MAZON (DIN: 07954025)

Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)

Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

Notes to Standalone Financial Statements for the year ended March 31, 2019

CORPORATE INFORMATION:

Philips India Limited (the 'Company') is a public limited company domiciled in India with its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF, Major Arterial Road, New Town (Rajarhat) Kolkata - 700156, West Bengal, India. The Company's business segments comprise of (a) Personal Health, (b) Health Systems and (c) Innovation Services. The Company has manufacturing facilities in Pune, Maharashtra and Software Development center in Bangalore. The company sells its products primarily in India through independent distributors and modern trade. The Financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on August 7, 2019.

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1. (a) Basis of preparation of financial statements

These financial statements have been prepared in accordance with Indian Accounting Standards (referred to as Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), presentation requirement of Division II of schedule III to the Companies Act, 2013, (Ind. AS compliant schedule III) and other relevant provisions of the Act.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

Application of new and revised standards:

The Company has adopted with effect from April 1, 2018 the following new amendment and pronouncements:

Ind AS 115 – Revenue from contracts with customers: The core principle of the new standard is that entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customer.

The Company has adopted the Standard on April 1, 2018 by using the modified retrospective transition method and accordingly, comparatives for the year ending or ended March 31, 2018 are not retrospectively adjusted.

The accounting changes required by the Standard are not having material effect on the recognition or measurement of revenue and no transition adjustment is recognized in retained earnings as at April 1, 2018. Additional disclosure as required as per Ind AS 115 have been included in these financial statements.

Amendment to Ind AS 20, Government Grant related to non-monetary asset

The amendment clarifies that where the government grant related to asset, including non-monetary grant at fair value, shall be presented in balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Prior to the amendment, Ind AS 20 did not allow the option to present asset related grant by deducting the grant from the carrying amount of the asset. These amendments do not have any impact on the consolidated financial statements as the Company continues to present grant relating to asset by setting up the grant as deferred income.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Company's financial statements.

Amendment to Ind AS 38 Intangible asset acquired free of charge

The amendment clarifies that in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. The amendment also clarifies that revaluation model can be applied for asset which is received as government grant and measured at nominal value. These amendments do not have any impact on the Company's financial statements.

Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Company's financial statements.

Amendments to Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Company's financial statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments do not have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Disclosure of Interests in Other Entities: Amendment to Ind AS 112 - Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments do not have any impact on the Company's financial statements.

(b) Current / Non-Current classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

- the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- the asset/liability is held primarily for the purpose of trading;
- the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

1.2. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- Measurement of defined benefit obligations – Note 28
- Measurement and likelihood of occurrence of provisions and contingencies – Note 16
- Recognition of deferred tax assets – Note 6

1.3. Recent Accounting Developments:

Standards issued but not effective:

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Ind AS 116 Leases

Ind AS 116 Leases was notified by Ministry of Corporate Affairs on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards from 1 April 2019. Ind AS 116 also requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

Transition to Ind AS 116

The Company will adopt the standard as of April 1, 2019 and modified retrospective approach will be applied. The Company will elect to apply the standard to contracts that were previously identified as leases applying IND AS 17. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IND AS 17.

The Company elects to use the exemption proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. During financial year ending March 31, 2019, the Company has performed an initial assessment of IND AS 116. The effect of adoption as on transaction date would result in an increase in right of use asset approximately by INR 1363 million and an increase in lease liability approximately by INR 1363 million.

Uncertainty over Income Tax Treatment to Ind AS 12, Income Taxes:

The amendment clarifies how to apply the recognition and measurement principles while recognizing current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per the Appendix, the Company needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings. The Appendix will be applied retrospectively with the cumulative effect of its initial application on the opening balance sheet as on 1st April 2019.

The impact of the Appendix on the Financial Statements, as assessed by the Company, is expected to be not material.

Amendment to Ind AS 12, Income Taxes:

The amendment clarifies that an entity shall recognize income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The Company will apply these amendments for annual reporting periods beginning on or after 1st April 2019. The impact on the Financial Statements is being evaluated.

Other Amendments:

The MCA has notified below amendments which are effective 1st April 2019:

- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments in Associates and Joint Ventures

Based on Preliminary assessment, the Company does not expect these amendments to have any significant impact on its financial statements.

1.4. (a) Property, Plant and Equipment

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses consequent to transition to IND AS. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on the original cost on a straight line method as per the useful lives of the assets as estimated by the management which are equal to the useful lives prescribed under Schedule II of the Companies Act, 2013. Depreciation on medical equipment given on operating leases and leasehold improvements is provided on a straight-line basis over the period of the lease or on their estimated useful life, whichever is shorter.

(b) Investment Properties:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

(c) Capital work in progress and Capital Advances

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

1.5. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortized on a straight- line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

- Computer Software – 3 years
- Non-Compete fees – 3 years

The amortization period and the amortization method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

1.6. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES:

Investments in subsidiaries and associates are carried at cost as per Ind AS 27 and tested for impairment as per Ind AS 36. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

1.7. INVENTORIES:

Inventories are valued at cost or net realizable value whichever is lower. In case of medical equipment / 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.

1.8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Company classifies non-current assets as held sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any expected loss is recognized immediately in the statement of profit and loss.

The criteria for held for sale classification is regarded as met only when the sale is highly probable i.e. an active program to locate a buyer to complete the plan has been initiated and the asset is available for immediate sale in its present condition and the assets must have actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the sale should indicate that it is unlikely that significant changes to that plan to sale these assets will be made. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet and once classified as held-for-sale, Property, Plant and Equipment, Investment Property and Other Intangible Assets are no longer depreciated or amortized.

1.9. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

1.10. FINANCIAL INSTRUMENTS:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets:

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

Initial Recognition and Measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent Measurement:

For purposes of subsequent measurement financial assets are classified in following categories:

- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortized cost
- Equity instruments

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

Notes to Standalone Financial Statements for the year ended March 31, 2019

Debt instruments at amortized cost:

- A debt instrument is measured at amortized cost if both the following conditions are met:

Business Model Test: The objective is to hold the debt instrument to collect the contractual cash flows rather than to sell the instrument prior to its contractual maturity to realize its fair value changes.

- Cash flow characteristics test: The contractual terms of the debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in finance income in profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at amortized cost:

A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:

- Business Model Test: The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.
- Cash flow characteristics test: The contractual terms of the debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instruments at Fair Value through OCI:

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss. On de-recognition of asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit & loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL. A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Equity investments of other entities

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IND AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognized (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
- the Company has transferred the rights to receive cash flows from the financial assets or
- the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is de-recognized. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

The Company follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of IND AS 17

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. the Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

b) Financial Liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. the Company financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits, retention money, liabilities towards services, sales incentives and other payables.

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 120 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using EIR method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. the Company has not designated any financial liability as at fair value through profit and loss

Loans and borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or medication is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Offsetting of financial instruments:

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties.

A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

1.11. PROVISIONS & CONTINGENCIES:

Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognized because it cannot be measured reliably. the Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

1.12. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Amounts disclosed are inclusive of Excise Duty, and net of returns, trade discounts, rebates, value added taxes and amount collected on behalf of third parties.

- **Sale of goods**

  Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and is measured at fair value of consideration received/receivable, net of returns and allowances, discounts, volume rebates and cash discounts. Revenue is usually recognized when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

The consideration expected by the company may include fixed and/or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Transfer of control varies depending on the individual terms of the contract of sale.

- **Variable Consideration**

  A variable consideration is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Such assessment is performed on each reporting date to check whether it is constrained. For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available revenue recognition is postponed until the return period has lapsed. Return policies are typically based on customary return arrangements in local markets.

- **Significant financing component**

  Generally, the Company receives advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be as per terms of contract.

- **Warranty obligations**

  A provision is recognized for assurance-type product warranty at the time of revenue recognition and reflects the estimated costs of replacement and free-of-charge services that will be incurred by the company with respect to the products sold. For certain products, the customer has the option to purchase the warranty separately, which is considered a separate performance obligation on top of the assurance-type product warranty. For such warranties which provide distinct service, revenue recognition occurs on a straight-line basis over the extended warranty contract period. In the case of loss under a sales agreement, the loss is recognized immediately.

- **Contract Balances:**

  Contract assets:

  A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. A receivable represents the Company's right to an amount of consideration that is unconditional.

  Contract liabilities:

  A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

- **Assets and Liabilities arising from rights of return**

  Right of return assets:

  Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

  Refund Liabilities:

  A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

- **Rendering of Services**

  Revenue from service related activities is recognized as and when services are rendered and on the basis of contractual terms with the parties.

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

  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.

- **Export benefit**

  Income from export incentives such as duty drawback, merchandise export incentive scheme and service export incentive scheme are recognised in accordance with their respective underlying scheme at fair value of consideration received or receivable.

- **Interest Income**

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

1.13. EMPLOYEE BENEFITS:

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service up to the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. the liabilities are presented as current employee benefit obligations in the balance sheet.

Defined Contribution Plans

Contributions to defined contribution schemes such as employees' state insurance, labor welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined Benefit Plans

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. 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 recognized 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 recognized 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 recognize the obligation on net basis.

Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognized immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

Post-Retirement Medical benefit plan

The Company operates a defined post-retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

1.14. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognized in the Statement of Profit and Loss account.

1.15. INCOME TAXES

Income tax expense for the year comprises of current tax and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

Current Tax:

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

1.16. LEASES:

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognized to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognized as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

1.17. FOREIGN CURRENCIES:

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the balance sheet date:

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The estimated fair value amounts of forward exchange contracts as at March 31, 2019 have been measured as at that date. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

1.18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS:

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

The fair value of financial instruments has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

1.19. EXCEPTIONAL ITEMS:

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable understanding of the Company's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments in subsidiaries, associates and joint venture and impairment losses/ write down in value of investment in subsidiaries, associates and joint venture and significant disposal of fixed assets.

1.20. EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

1.21. GOVERNMENT GRANTS:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions for receiving such grant have been and will be fulfilled. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate

2 Property, Plant and Equipment

Amounts in ₹ Mln

Particulars	Leasehold Land	Buildings	Leasehold Improvements	Plant and Equipment (Owned)	Plant and Equipment (given on operating lease)	Office Equipment	Furniture	Vehicles (Owned)	Vehicles (taken on finance lease)	Plant and Machinery (taken on finance lease)	Total
Gross carrying value											
As at 1 April 2017	147	271	336	1,040	85	327	272	5	544	353	3,380
Additions	-	14	371	400		83	98	-	199	138	1,303
Disposals	-	-	(11)	(15)		(10)	(28)	-	(165)	-	(229)
Adjustments*	-	16		(27)		(2)	18	(5)	-	-	-
Reclassified to Assets classified as held for sale**	-	(25)	-	-	-	-	-	-	-	-	(25)
As at 31 March 2018	147	276	696	1,398	85	398	360	-	578	491	4,429
Additions	**-**	**-**	**33**	**426**	**38**	**14**	**9**	**-**	**124**	**146**	**790**
Disposals	**-**	**(6)**	**-**	**(68)**	**-**	**(18)**	**(21)**	**-**	**(117)**	**-**	**(230)**
As at 31 March 2019	**147**	**270**	**729**	**1,756**	**123**	**394**	**348**	**-**	**585**	**637**	**4,989**
Accumulated Depreciation											
As at 1 April 2017		14	93	415	31	86	69		231	38	977
Depreciation charge for the year	1	11	87	186	10	72	49		142	114	672
Disposals	-	-	(6)	(12)	-	(2)	(13)	-	(107)	-	(140)
Reclassified to Assets classified as held for sale**	-	(9)	-	-	-	-	-	-	-	-	(9)
As at 31 March 2018	1	16	174	589	41	156	105	-	266	152	1,500
Depreciation charge for the year	1	8	137	286	13	22	41	-	164	139	811
Disposals	-	(1)	-	(52)	-	(14)	(14)	-	(92)	-	(173)
As at 31 March 2019	**2**	**23**	**311**	**823**	**54**	**164**	**132**	**-**	**338**	**291**	**2,138**
Net book value											
As at 31 March 2018	146	260	522	809	44	242	255	-	312	339	2,929
As at 31 March 2019	**145**	**247**	**418**	**933**	**69**	**230**	**216**	**-**	**247**	**346**	**2,851**

* represents reclassifications.

** During the year 2017-18, the Company initiated identification and evaluation of potential buyers for the properties and anticipated completion of sale by March 2019 and accordingly the said properties were classified and presented under "Assets classified as held for sale". Refer note 11.

Capital Work in Progress	As at 31 March 2019	As at 31 March 2018
Book value	**304**	11

Capital Work in Progress as at 31 March 2019 includes assets under construction due to expansion work in Company's Plant at Pune.

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

3 Investment in subsidiaries and associates

Particulars	As at 31 March 2019	As at 31 March 2018
Unquoted Investments		
Investment in equity instruments		
95,187,940 (31 March 2018 - 61,250,834) equity shares of ₹10/- each fully paid up in Preethi Kitchen Appliances Private Limited - wholly owned subsidiary	**7,431**	4,733
29,550,000 (31 March 2018 - 14,550,000) equity shares of ₹10/- each fully paid up in Philips Home Care Services India Private Limited - wholly owned subsidiary *	**296**	146
14,800,000 (31 March 2018 - 14,800,000) equity shares of ₹ 10/- each fully paid up in Healthmap Diagnostics Private Limited - an associate ***	**148**	148
Investment in preference instruments		
Nil (Previous year - 33,937,106) 8% Compulsorily Convertible preference shares of ₹10/- each fully paid up in Preethi Kitchen Appliances Private Limited - wholly owned subsidiary**	**-**	2,698
	7,875	7,725
Less: Provision for impairment *	**(296)**	-
	7,579	7,725

* Refer note 33.

Pursuant to the resolution passed by the Board of Directors of Preethi Kitchen Appliances Private Limited, at their meeting held on 19th November, 2018, **33,937,106 8% Compulsorily Convertible Preference Shares held by the Company were converted into equity shares. Pursuant to the said conversion, **33,937,106** Equity shares of Preethi were allotted to the Company on November 19, 2018.

***Post Balance Sheet date, the Company had entered into a Share Purchase Agreement with Manipal Health Enterprises Limited ("Manipal"), on May 14, 2019 and agreed to sell its entire shareholding in HealthMap Diagnostics Private Limited (HDPL), comprising of 1,48,00,000 equity shares of face value ₹10 each, to Manipal for a consideration of ₹23.65 per share, aggregating to ₹350. The said transaction for sale of shares was concluded on May 15, 2019.

4 Contract balances

	As at 31 March 2019		As at 31 March 2018	
	Current	**Non-Current**	Current	Non-Current
Contract assets	**257**	**-**	212	-
Contract liabilities	**2,203**	**724**	2,610	138

"Contract assets" represent "Unbilled Revenue" for which revenue is earned but not billed to the customers due to different periodical billing cycles. Receipt of consideration is conditional to billing for maintenance contracts and on billing, the amounts recognised as contract assets are reclassified to "Trade Receivables". They are unsecured and are derived from revenue earned from customers.

"Contract liabilities" include (a) advances received from customers and (b) income received in advance.

Due to adoption of Ind AS 115 (Revenue from contracts with customers) effective April 1, 2018, the Company has reclassified ₹**212** from Unbilled Revenue (current) to Contract Assets (Current) and Income received in advance (non-current) ₹**138** to Contract liabilities (non-current) and ₹**1,348** from Income received in advance (current) to Contract Liabilities (current) and ₹**1,262** from Advances received from customers (current) to Contract Liabilities (current) as at 31 March 2018.

Amounts in ₹ Mln

5(a) Non-current Financial assets - Trade Receivables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	**858**	862
Total	**858**	862

Break up for security details

Trade receivables	As at 31 March 2019	As at 31 March 2018
Trade receivables - Secured, considered good {(refer note 9(a)}	**858**	539
Trade receivables - Unsecured, considered good	**-**	323
Trade Receivables which have significant increase in credit risk	**-**	-
Trade Receivables - credit impaired	**32**	18
	890	880
Less: Allowance for Trade Receivable - credit impaired	**(32)**	(18)
	858	862

5(b) Non-current financial assets - others

Loans (Unsecured considered good unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Security Deposits		
- Security Deposits Considered good	**342**	280
- Security Deposits Credit impaired	**-**	-
- Less: Allowances for Security Deposits - credit impaired	**-**	-
Bank Deposits (due to mature after 12 months from reporting date)	**1**	1
	343	281

6 Deferred Tax Assets (Net)

a. Components of Income Tax Expense

(i) Tax expense recognised in Statement of Profit and Loss	Year ended 31 March 2019	Year ended 31 March 2018
Current Tax	**(1,094)**	(1,210)
Income Tax provisions related to prior years written back	**184**	-
	(910)	(1,210)
Deferred tax expenses - credit / (charge)		
- Relating to origination and reversal of temporary differences	**63**	224
(ii) Tax on Other Comprehensive Income	**63**	224
Deferred tax		
- Gain / (Loss) on measurement of net defined benefit plans	**25**	(50)
Total	**25**	(50)

Notes to Standalone Financial Statements for the year ended March 31, 2019

6. Deferred Tax Assets (Net) (contd.)

Amounts in ₹ Mln

b. Reconciliation of Tax expense and the accounting profit for the year is as under:

Particulars	For year ended 31 Mar 2019	For year ended 31 Mar 2018
Profit before tax	**2,607**	2,667
Income tax calculated @	**34.944%**	34.608%
Computed tax expense	**911**	923
Differences due to:		
- Expenses not deductible for tax purposes	**111**	63
- Income Tax provisions related to prior years written back	**(184)**	
- Others	**9**	-
Income tax charged to Statement of Profit and Loss at effective tax rate of **32.47%** (Previous year - 36.97%)	**847**	986
Income tax expense reported in Statement of Profit and Loss	**847**	986

c. Components of Deferred Tax Assets (net) are as follows:

Particulars	Balance Sheet		Recognized in Statement of Profit and Loss	
	As at 31 March 2019	As at 31 March 2018	For year ended 31 Mar 2019	For year ended 31 Mar 2018
Net deferred tax assets/(liabilities)				
- Provision for employee benefits	**239**	246	**(7)**	9
- Doubtful trade receivables and advances	**216**	197	**19**	85
- Difference between book and tax depreciation	**398**	446	**(48)**	87
- Other timing differences	**351**	321	**30**	93
- Assets given on finance lease	**(645)**	(420)	**(225)**	(50)
Total (A)	**559**	790	**(231)**	224
Deferred tax relation to prior years reclassed to Advance tax (B)	**(294)**	-	**(294)**	-
Net impact to Statement of Profit and Loss relating to current year (C=A-B)	**853**	790	**63**	224
Re-measurement (gains) / losses on defined benefit plans (D)	**(19)**	(44)	**25**	(50)
Net deferred tax assets/(liabilities) (B+C+D)	**540**	746	**(206)**	174

d. Reconciliation Deferred Tax Assets / (Liabilities) - Net

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance as of 1 April	**746**	572
Tax income/(expense) during the period recognised in profit and loss	**63**	224
Tax income/(expense) during the period recognised in OCI	**25**	(50)
Deferred tax relating to prior years reclassed to Advance Tax	**(294)**	-
Closing balance as at 31 March	**540**	746

Amounts in ₹ Mln

7 Other non-current assets

(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance Rentals	**56**	44
Capital Advances	**2**	-
VAT credit receivable	**59**	59
Deposits against legal cases	**486**	364
Considered doubtful		
Deposits against legal cases	**20**	9
Special additional duty receivables and drawback claims	**56**	56
Claims receivables	**54**	54
Less: Allowances for doubtful other loans and advances		
Deposits against legal cases	**(20)**	(9)
Special additional duty receivables and drawback claims	**(56)**	(56)
Claims receivables	**(54)**	(54)
	603	467

8 Inventories (at lower of cost and net realisable value whichever is lower)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials (includes goods-in-transit ₹ **31** (31 March 2018 ₹ 45)	**779**	553
Work in Progress	**1,047**	659
Finished Goods	**51**	44
Stock-in-Trade (goods purchased for resale) (includes goods-in-transit ₹ **570** (31 March 2018 ₹ 300)	**3,186**	2,772
Stores and Spares	**9**	9
	5,072	4,037

9 (a) Current Financial assets - Trade Receivables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	**5,798**	5,199
Trade Receivables from an associate (Note 31)	**29**	12
Trade Receivables from other related parties (Note 31)	**2,041**	2,069
Total	**7,868**	7,280

Break up for security details

Trade receivables	As at 31 March 2019	As at 31 March 2018
Trade receivables -Secured, considered good **	**240**	608
Trade receivables - Unsecured, considered good	**7,628**	6,672
Trade Receivables which have significant increase in Credit Risk	**-**	-
Trade Receivables - credit impaired	**396**	345
	8,264	7,625
Allowances for Trade Receivables - credit impaired	**(396)**	(345)
	7,868	7,280

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables other than finance lease receivables are non-interest bearing.

**** Additional disclosure relating to finance lease receivables:**

Secured trade receivables includes finance lease receivables amounting to ₹ **548** (31 March 2018 - ₹ 695) relating to medical equipment leased out 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 ₹ **753** (31 March 2018 - ₹ 888) which includes unearned interest of ₹ **205** (31 March 2018 ₹ 193). The maturity profile of finance lease obligation is as follows:

Particulars	**As at 31 March 2019**	As at 31 March 2018
Minimum lease payments		
Receivable within 1 year	**219**	226
Receivable between 1-5 years	**404**	602
Receivable after 5 years	**130**	60
Total	**753**	888
Present value		
Receivable within 1 year	**154**	152
Receivable between 1-5 years	**280**	486
Receivable after 5 years	**114**	57
Total	**548**	695
Unearned interest	**205**	193

9 (b) Cash and cash equivalents

Particulars	**As at 31 March 2019**	As at 31 March 2018
Balances with banks:		
– On current accounts*	**76**	1,320
– Deposits with original maturity of less than three months**	**5,072**	3,853
Cheques/ drafts on hand	**52**	130
Cash on hand	**-**	-
	5,200	5,303
Other Bank Balances		
Unpaid dividend accounts	**13**	13
	5,213	5,316

* Includes Remittances-in-transit ₹ **NIL** (31 March 2018 - ₹860)
** Refer note 9 (c)

Changes in Liabilities arising from financing activities

Particulars	As at 1 April 2018	Cash Flows	**As at 31 March 2019**
Borrowings			
Finance lease obligations	683	**(7)**	676
Total liabilities from financing activities	683	**(7)**	676

	As at 1 April 2017	Cash Flows	As at 31 March 2018
Borrowings			
Finance lease obligations	685	**(2)**	683
Total liabilities from financing activities	685	**(2)**	683

Amounts in ₹ Mln

9 (c) Current Financial assets - Others

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Loans		
Receivables - considered good, Secured	-	-
Receivables - considered good, unsecured (Loans to Subsidiary)	24	-
Receivables which have significant increase in Credit Risk	-	-
Receivables - credit impaired (Loans to Subsidiary)	63	-
Allowances for Receivables - credit impaired	(63)	-
(ii) Interest accrued on Loans to Subsidiary	1	-
(iii) Interest accrued on deposits with banks	33	21
(iv) Government grants	158	141
(v) Security Deposits		
(Includes earnest money deposits with banks in the nature of fixed deposits)		
Security Deposits Considered good	112	340
Security Deposits Credit impaired	52	47
Allowances for Security Deposits - credit impaired	(52)	(47)
	328	502

10 Other current assets

(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance to suppliers (other than related party)	394	361
Advance to related party	68	73
CENVAT credit receivable	336	533
GST Input tax credit receivable	1,241	729
VAT credit receivable	5	15
Special additional duty receivables and drawback claims	118	39
Balances with customs and port trust	24	3
Prepaid expenses	160	140
Claims receivables	384	64
Advances to employees	15	15
Considered doubtful		
Advance to suppliers	28	17
Claims receivables	9	8
Allowances for doubtful other loans and advances		
Advance to suppliers	(28)	(17)
Claims receivables	(9)	(8)
	2,745	1,972

11 Assets Classified As Held For Sale

Particulars	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment		
Assets retired from active use (refer note below)	26	33
	26	33

During the year 2017-18, the Company initiated identification and evaluation of potential buyers for the properties located in the states of Maharashtra , Gujarat & Goa. Consequently, the Company has completed sale of the properties located in the states of Gujarat and Goa during the current year and anticipates completion of sale of properties in the state of Maharashtra by March 2020. These are recognized and measured in accordance with Ind-AS 105 "Non-Current Assets Held for Sale and Discontinued Operations" at lower of its carrying amount and fair value less cost to sell.

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

12 Equity Share Capital

	As at 31 March 2019		As at 31 March 2018	
Authorised	**No. of shares**	**Amount**	No. of shares	Amount
Equity shares of ₹ 10 each	**92,000,000**	**920**	92,000,000	920
Non-convertible cumulative preference shares of Rs.10 each	**20,000,000**	**200**	20,000,000	200
Total	**112,000,000**	**1,120**	112,000,000	1,120
Issued, subscribed and paid-up	**No. of shares**	**Amount**	No. of shares	Amount
Equity shares of ₹10 each	**57,517,242**	**575**	57,517,242	575
Total	**57,517,242**	**575**	57,517,242	575

(i) Reconciliation of the number of equity shares outstanding

	As at 31 March 2019		As at 31 March 2018	
At the beginning and at the end of the reporting period	**57,517,242**	**575**	57,517,242	575

(ii) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ **10**/- per share (31 March 2018 : ₹ 10/- per share). Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Shares held by holding and the ultimate holding company

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	**Amount**	No. of shares	Amount
Koninklijke Philips N.V (KPNV)	**55,290,182**	**553**	55,290,182	553

(iv) Details of shareholders holding more than 5% shares of the company

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	**% holding**	No. of shares	% holding
Koninklijke Philips N.V (KPNV)	**55,290,182**	**96.13**	55,290,182	96.13

13 Other Equity

	As at 31 March 2019		As at 31 March 2018	
General reserve				
As at the beginning of the year	**2,315**		2,315	
As at the end of the year		**2,315**		2,315
Retained Earnings				
As at the beginning of the year	**18,703**		17,135	
Add: Profit for the year	**1,760**		1,681	
Less: Reductions during the year				
Dividend	**(173)**		(173)	
Dividend distribution tax	**(35)**		(35)	
Items of Other Comprehensive Income (OCI) recognised directly in retained earnings				
Re-measurement gains/ (losses) on defined benefit plans (net of tax)	**(47)**		95	
		20,208		18,703
Total		**22,523**		21,018

Amounts in ₹ Mln

The disaggregation of changes in OCI by each type of reserves in equity is disclosed below:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Re-measurement gains / (losses) on defined benefit plans	**(72)**	145
Income Tax effect	**25**	(50)
	(47)	95

A. Summary of Other Equity

Particulars	As at 31 March 2019	As at 31 March 2018
General Reserve	**2,315**	2,315
Retained Earnings	**20,255**	18,608
Items of OCI	**(47)**	95
Total other Equity	**22,523**	21,018

B. Description of nature and purpose of each reserve

(1) General Reserve and Retained Earnings

These represent the accumulated profit the company has. These are free reserves for the company. The company can declare dividend or retain it for future use.

(2) Re-measurement of Net Defined Benefit Plans

This represents (a) differences between the interest income on plan assets and return actually achieved and (b) any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plan, recognized in Other Comprehensive Income (OCI) and subsequently not reclassified to the Statement of Profit and Loss.

14 Non-current financial liabilities - Borrowings

	As at 31 March 2019	As at 31 March 2018
Long Term maturities of finance lease obligations (secured)	**381**	434

The finance lease obligations are secured by underlying assets (Vehicles and IT devices) [refer note 2]. The legal title of the underlying assets 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 ₹ **772** (Previous Year-₹ 795) which includes interest of ₹ **96** (Previous Year- ₹ 112). The maturity profile of finance lease obligations is as follows:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Minimum Lease payments	Present value	Minimum Lease payments	Present value
Payable within 1 year	**350**	**295**	309	248
Payable between 1-5 years	**422**	**381**	486	434
Total minimum lease payments	**772**	**676**	795	682
Less: Interest	**96**	**-**	112	-
Present value of minimum lease payments	**676**	**676**	683	682

15 Other non-current liabilities

	As at 31 March 2019	As at 31 March 2018
Employee related payables	**143**	367
Security deposits	**17**	17
	160	384

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

16 Provisions

	Long-term		Short-term	
	As at 31 March 2019	As at 31 March 2018	**As at 31 March 2019**	As at 31 March 2018
Provision for employee benefits				
Gratuity (refer note 28)	**460**	339	**18**	23
Compensated absences	**215**	190	**28**	30
Post-employment medical benefits	**-**	-	**15**	18
Others				
Warranty (refer note 16.1)	**-**	-	**206**	212
Legal and regulatory (refer note 16.1)	**-**	-	**499**	577
Miscellaneous (refer note 16.1)	**-**	-	**47**	39
	675	529	**813**	899

Additional disclosure relating to provisions:

16.1. Movement in provisions:

	Class of provisions			
	Warranty	Legal and regulatory	*Miscellaneous	Total
Opening balance	**212**	**577**	**39**	828
	(242)	(390)	-	(632)
Add: Accruals / Internal transfers	**372**	**9**	**28**	**409**
	(329)	(187)	(39)	(555)
Less: Utilisation / Internal transfers	**378**	**17**	**10**	**405**
	(359)	-	-	(359)
Less: Write back	**-**	**70**	**10**	**80**
	-	-	-	-
Closing balance	**206**	**499**	**47**	**752**
	(212)	(577)	(39)	(828)

Figures given in brackets relate to previous year.
* Includes unwinding of discount and effect of change in discount rate.

16.2 Nature of provisions:

(a) Warranty

The Company provides for the estimated liability on warranty given on sale of its products based on past performance of such products. The provision represents the expected cost of warranty and free of charge services and it is expected that the expenditure will be incurred over the warranty period which usually ranges from 12 months to 24 months.

(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) Miscellaneous

The Company has created provisions following the accounting concept of conservatism towards possible outflow of resources in respect of other claims against the Company.

Amounts in ₹ Mln

17 Current Financial Liabilities

	As at 31 March 2019	As at 31 March 2018
(a) Borrowings		
Current maturities of finance lease obligations (refer note 14)	**295**	248
	295	248

(b) Trade Payables		
Dues to others	**4,505**	3,982
Dues to related parties	**2,557**	1,803
Dues to Micro, Small and Medium Enterprises		
a. Principal amount remaining unpaid to any supplier as at end of the year	**25**	35
b. Interest due on the above amount	**1**	1
c. 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	**-**	-
d. Amount of interest due and payable for the period of delay in making the payment but without adding the interest specified under this Act	**-**	-
e. Amount of interest accrued and remaining unpaid at the end of the year	**-**	-
f. 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	**-**	-
	7,088	5,821

Trade payables are non-interest bearing and are normally settled on sixty day terms.

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 above.

(c) Other financial liabilities

	As at 31 March 2019	As at 31 March 2018
Interest accrued but not paid	**-**	4
Unpaid dividend	**13**	13
Book overdraft	**135**	-
Other payables:		
Payables for purchase of fixed assets (other than micro and small enterprises)	**92**	41
Security deposits	**21**	19
	261	77

18 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Other payables:		
Employee related payables	**823**	1,000
Statutory dues	**869**	513
	1,692	1,513

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

19 Revenue from operations	Year ended 31 March 2019	Year ended 31 March 2018
Sale of goods *	**23,308**	21,854
Sale of services	**19,090**	16,708
Revenue from contracts with customers	**42,398**	38,562
Other operating revenues	**390**	287
Revenue from operations	42,788	38,849

* Revenue from sale of goods for current year includes excise duty ₹ **Nil** (Previous year ₹42) . From 1 July 2017 onwards, the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST).The Company collects GST on behalf of the Government. Hence, GST is not included in "Revenue from operations". In view of the aforesaid change in indirect taxes, revenue from operations for the current year is not comparable with the previous year.

19 (a) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended 31 March 2019				
Segments	**Personal Health**	**Innovation Services**	**Health Systems**	**Other Unallocable**	**Total**
Type of goods or service					
Sale of Goods	10,915	-	12,393	-	23,308
Sale of Services	82	12,124	6,398	486	19,090
Revenue from contracts with customers	**10,997**	**12,124**	**18,791**	**486**	**42,398**
Within India	10,895	15	13,165	19	24,094
Outside india	102	12,109	5,626	467	18,304
Revenue from contracts with customers	**10,997**	**12,124**	**18,791**	**486**	**42,398**
Timing of revenue recognition					
Goods transferred at a point in time	10,915	-	12,393	-	23,308
Services transferred over time	82	12,124	6,398	486	19,090
Revenue from contracts with customers	**10,997**	**12,124**	**18,791**	**486**	**42,398**

	For the year ended 31 March 2018				
Segments	Personal Health	Innovation Services	Health Systems	Other Unallocable	Total
Type of goods or service					
Sale of Goods	9,505	-	12,349	-	21,854
Sale of Services	87	10,482	5,697	442	16,708
Revenue from contracts with customers	9,592	10,482	18,046	442	38,562
Within India	9,505	-	13,483	107	23,095
Outside india	87	10,482	4,563	335	15,467
Revenue from contracts with customers	9,592	10,482	18,046	442	38,562
Timing of revenue recognition					
Goods transferred at a point in time	9,505	-	12,349	-	21,854
Services transferred over time	87	10,482	5,697	442	16,708
Revenue from contracts with customers	9,592	10,482	18,046	442	38,562

Amounts in ₹ Mln

19 (b) Reconciliation of the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue as per contracted price	**46,564**	42,218
Adjustments		
Extended warranties	**(2,389)**	(2,258)
Significant financing component	**(25)**	(10)
Sales returns	**(511)**	(384)
Rebates	**(1,241)**	(1,004)
Revenue from Contracts with customers	**42,398**	38,562

19 (c) Performance obligation:

Sale of products:

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods.

Sales of services:

The performance obligation in respect of installation services is satisfied upon completion of installation and acceptance of customer. In respect of maintenance services, performance obligation is satisfied over a period of time and acceptance of the customer.

The transaction price allocated to remaining performance obligation (unsatisfied performance obligation-gross) pertaining to sales of services as at March 31, 2019 is as follows:-

Particulars	Year ended 31 March 2019
Within one year	**3,766**
More than one year	**725**
	4,491

Note:The remaining performance obligation expected to be recognised in more than one year relates to extended warranty and maintenance charges received from customer that is to be satisfied over the period of one to twelve years. All other remaining performance obligation are expected to be recognised within one year.

Breakup of other operating revenues:	Year ended 31 March 2019	Year ended 31 March 2018
Liabilities no longer required written back	**80**	46
Finance income - leases	**123**	151
Duty drawback and export incentives	**146**	62
Miscellaneous	**41**	28
	390	287

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

20 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income (other than on investments)	**411**	276
Interest on income-tax refund	**122**	-
Interest income on defined benefit plan	**26**	21
Interest income on Security Deposits	**27**	21
Other non-operating income	**12**	3
	598	321

21 Cost of raw materials consumed

	Year ended 31 March 2019	Year ended 31 March 2018
Inventory of raw materials at the beginning of the year	**508**	506
Add: Purchases	**3,514**	2,298
Less: Inventory of raw materials at the end of the year	**748**	508
Cost of raw materials consumed	**3,274**	2,296

	Year ended 31 March 2019	Year ended 31 March 2018
22 Purchases of stock-in-trade (goods purchased for resale)	**16,194**	14,472

23 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended 31 March 2019	Year ended 31 March 2018
Stock at the beginning of the year		
Finished goods	**44**	7
Work-in-Progress	**659**	1,016
Stock-in-trade (goods purchased for resale)	**2,472**	2,564
Total	**3,175**	3,587
Stock at the end of the year		
Finished goods	**51**	44
Work-in-Progress	**1,047**	659
Stock-in-trade (goods purchased for resale)	**2,616**	2,472
	3,714	3,175
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**(539)**	412

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

		Year ended 31 March 2019	Year ended 31 March 2018
24	**Employee benefits expense**		
	Salaries, wages and bonus	**11,164**	10,001
	Contribution to provident and other funds	**464**	369
	Defined benefit plan expense	**126**	145
	Expense on Employee Stock Option Schemes	**145**	143
	Staff welfare expenses	**470**	523
		12,369	11,181

		Year ended 31 March 2019	Year ended 31 March 2018
25	**Finance costs**		
	Interest on Finance Lease	**72**	74
	Net interest on the net defined benefit liability	**51**	49
	Other interest expense	**3**	2
	Total interest expense	**126**	125
	Unwinding of discount and effect of changes in discount rate on provisions	**1**	1
	Total Finance costs	**127**	126

		Year ended 31 March 2019	Year ended 31 March 2018
26	**Depreciation and amortization expense**		
	Depreciation of tangible fixed assets (Refer note 2)	**811**	672
		811	672

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

	Year ended 31 March 2019	Year ended 31 March 2018
27 Other expenses		
Power and fuel	**184**	156
Packing, freight and transport	**781**	649
Rent	**791**	776
Repairs to buildings	**76**	86
Repairs to plant and machinery	**22**	10
Insurance	**87**	130
Rates and taxes	**1**	3
Travelling and conveyance	**905**	860
Legal and professional	**235**	335
Publicity	**1,561**	1,214
IT and Communication	**1,070**	854
Fees for services from a Fellow Subsidiary Company	**374**	-
Allowance for doubtful trade receivables and advances	**127**	298
Warranty	**372**	329
Net loss on foreign currency transaction and translation		96
Miscellaneous	**1,605**	1,506
	8,191	7,302

(a) Legal and professional includes payments to auditors as given below:
As Auditor - statutory audit fees ₹**4.4** (Previous year - ₹4.4), tax audit fees ₹**1.9** (Previous year - ₹1.5); Certification ₹**1.1** (Previous year - ₹1.7).

(b) Pursuant to the agreement entered into with Philips International B.V. (PI BV), the Company has incurred ₹**374** (Previous year - ₹NIL) towards services provided by PI BV.

(c) Miscellaneous include - (i) undepreciated value of fixed assets written off / provided for - ₹ **24** (Previous year - ₹ 29), (ii) handling charges - ₹**82** (Previous year - ₹41), (iii) royalty - ₹403 (Previous year - ₹**391**), (iv) commission - ₹**118** (Previous year - ₹ 132) and (v) Corporate Social Responsibility expenditure - ₹ **42** (Previous year - ₹100); amount spent towards various schemes as prescribed under Section 135 of the Companies Act, 2013 ₹ **15** (Previous year - ₹44).

Details of CSR Expenditure:	Year Ended 31st March 2019	Year Ended 31st March 2018
a) Gross amount required to be spent by the Company during the year	**83**	100
b) Amount spent during the year ending on 31st March, 2019:		
i) For Purposes mentioned below:		
- In Cash	**15**	44
- Yet to be paid in Cash	**27**	56
ii) On purposes other than (i) above		
- In Cash	**-**	-
- Yet to be paid in Cash	**-**	-

In terms of the provisions of Section 135 of the Companies Act, 2013, for the financial year 2018-19, the Company was required to spend an amount of ₹**83** (previous year ₹100) towards CSR activities and the company has spent ₹**15** (previous year ₹44) against the same. Remaining ₹**27** (previous year ₹56) is on account of CSR programs that are in progress for which invoices are yet to be received.

28 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits)

The Company has a defined gratuity benefit plan which is governed by Payment of Gratuity Act, 1972. Under the Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at the retirement age. The Company covers a part of the liability towards employees' gratuity by way of contributing to a registered trust. Plan assets comprise of contribution to Group Gratuity Scheme of Life Insurance Corporation of India in case of gratuity and investments under Philips India Limited Employees' Provident Fund Plan in case of Provident Fund. The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the amounts recognized in the balance sheet.

Amounts in ₹ Mln

28 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits) (contd.)

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity	
	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	**126**	145
Past service cost	**-**	-
Interest cost on benefit obligation	**51**	49
Expected return on plan assets	**(26)**	(21)
Curtailment Cost	**-**	-
Settlement cost	**-**	-
Net actuarial (gain)/ loss recognised in the year	**72**	(145)
Expenses recognized in the statement of profit & loss and Other Comprehensive Income	**223**	28

Changes in the present value of the defined benefit obligation are as follows:

Particulars	**Gratuity**				**Provident Fund**	
	Year ended 31 March 2019		Year ended 31 March 2018		**Year ended 31 March 2019**	Year ended 31 March 2018
	Funded	**Unfunded**	Funded	Unfunded		
A. Present value of obligations as at beginning of the year	**563**	**150**	565	153	**5,678**	5,145
(1) Current service cost	**100**	**26**	118	27	**369**	338
(2) Interest cost	**41**	**10**	39	10	**505**	383
(3) Benefits settled	**(54)**	**(21)**	(21)	(33)	**(595)**	(582)
(4) Settlements	**-**	**-**	-	-	**-**	-
(5) Actuarial (gain) / loss	**61**	**10**	(138)	(7)	**-**	-
(6) Actuarial (gain) / loss due to Interest rate guarantee	**-**	**-**	-	-	**542**	(380)
(7) Employees' contribution	**-**	**-**	-	-	**544**	488
(8) Acquisition/Business Combination/Divestiture	**-**	**1**	-	-	**-**	-
(9) Change in reserves	**-**	**-**	-	-	**-**	-
(10) Transfer in	**-**	**-**	-	-	**379**	286
(11) Past service cost	**-**	**-**	-	-	**-**	-
Present value of obligations as at end of the year	**711**	**176**	563	150	**7,422**	5,678

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

28 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits) (contd.)

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2019:

Change in the fair value of plan assets are as follows:

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2019		Year ended 31 March 2018		Year ended 31 March 2019	Year ended 31 March 2018
	Funded	Unfunded	Funded	Unfunded		
B. Change in Plan Assets						
Plan assets as at beginning of the year	**351**	**-**	281	-	**6,403**	5,338
(1) Expected return on plan assets	**26**	**-**	21	-	**519**	395
(2) Contributions	**86**	**22**	71	-	**-**	-
(3) Benefits settled	**(54)**	**(22)**	(22)	-	**-**	-
(4) Employer and Employee contribution	**-**	**-**	-	-	**913**	826
(5) Transfer in	**-**	**-**	-	-	**379**	286
(6) Benefit payments	**-**	**-**	-	-	**(595)**	(582)
(7) Asset gain / (loss)	**(1)**	**-**	-	-	**-**	140
(8) Settlements	**-**	**-**	-	-	**-**	-
(9) Acquisition/Business Combination/ Divestiture	**-**	**-**	-	-	**-**	-
Plan assets as at end of the year	**408**	**-**	351	-	**7,619**	6,403
Surplus					**197**	725
The above surplus of ₹**197** (Previous year - ₹725) has not been recognised in the financial statements in accordance with Ind AS 19 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	**20**	**-**	20	-	-	-
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	**(711)**	**(176)**	(563)	(150)	-	-
(2) Fair value of Plan assets	**408**	**-**	351	-	-	-
Liability recognised in Balance Sheet	**(303)**	**(176)**	(212)	(150)	-	-
E. Components of Employer Expense:						
(1) Current service cost	**100**	**26**	118	27	-	-
(2) Interest cost	**41**	**10**	39	10	-	-
(3) Expected return on plan assets(estimated)	**(26)**	**-**	(21)	-	-	-
(4) Curtailments	**-**	**-**	-	-	-	-
(5) Past service cost	**-**	**-**	-	-	-	-
(6) Actuarial (gain) / loss	**62**	**10**	(138)	(7)	-	-
Total expense recognised in Statement of Profit and Loss	**177**	**46**	(2)	30	-	-

The gratuity expense has been recognised in "Employee benefits expenses" under note 24 to the Financial Statements.

Amounts in ₹ Mln

28 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits) (contd.)

F. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Defined Benefit Obligations	**711**	563	566	495	504
Plan Assets	**408**	351	282	245	288
Surplus/(Deficit)	**(303)**	(212)	(284)	(250)	(216)
Experience adjustments on Plan assets/ liabilities (gain) / loss	**46**	46	(75)	(47)	306

Description	Gratuity (Unfunded)				
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Defined Benefit Obligations	**176**	150	154	111	311
Plan Assets	**-**	-	-	-	-
Surplus/(Deficit)	**(176)**	(150)	(154)	(111)	(311)
Experience adjustments on Plan assets/ liabilities (gain) / loss	**6**	6	54	148	(22)

Description	Provident Fund				
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Defined Benefit Obligations	**7,422**	5,678	5,145	3,397	3,473
Plan Assets	**7,619**	6,403	5,337	3,471	3,564
Surplus/(Deficit)	**197**	725	192	74	91
Experience adjustments on Plan assets/ liabilities (gain) / loss		(140)	(637)	(273)	(158)

G. Assumptions

Gratuity	Financial Assumptions			Demographic Assumptions		
	Discount factor	**Estimated rate of return on Plan Assets**	**Salary Increase**	**Mortality**	**Attrition rate**	**Retirement age**
Year ended 31 March 2019	**7.35%**	**7.35%**	**9.00%**	**IALM (2006-08)**	**Management, PMS - 12%, Innovation Services - 11% HIC - Nil**	**Management & Innovation Services - 60 years, Others - 58 years**
Year ended 31 March 2018	7.55%	7.55%	Management, PMS - 9%, PIC - 9% DMC factory - 12%,	IALM (2006-08)	Management -14%, PMS - 24%, PIC - 10.15% DMC Factory - 5%	Management, PMS and PIC - 60 years, Others - 58 years

Provident Fund	Financial Assumptions					Demographic Assumptions		
	Yield on Assets based on the Market Value	**Outstanding term of the liabilities**	**Govt of India - Bond Yield for the outstanding term of liabilities**	**Interest Rate Guarantee**	**Expected Return on the Exempt Fund as per GN 29 methodology**	**Mortality**	**Employee Turnover**	**Retirement age**
Year ended 31 March 2019	**8.17%**	**8.26 years**	**7.30%**	**8.65%**	**8.35%**	**IALM (2006-08)**	**Management -12%,Innovation Services - 11%HIC - Nil**	**Management - 60 years, Others - 58 years**
Year ended 31 March 2018	7.96%	7.48 years	7.69%	8.65%	8.25%	IALM (2006-08)	Management -14%,PMS - 24%,PIC - 10.15%DMC Factory - 5%	Management, PMS & PIC - 60 years, Others - 58 years

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

28 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits) (contd.)

H. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Defined benefit obligation	**As at 31 March 2019**	As at 31 March 2018
Discount rate		
a. Discount rate - 100 basis points	**955**	766
b. Discount rate + 100 basis points	**825**	667
Salary increase rate		
a. Rate - 100 basis points	**825**	668
b. Rate + 100 basis points	**953**	765

I. Maturity profile of defined benefit obligation

Particulars	**As at 31 March 2019**	As at 31 March 2018
Within the next 12 months (next annual reporting period)	**84**	84
Between 1 and 5 years	**357**	310
Between 5 and 10 years	**408**	306
Total expected payments	**849**	700

29 Employees' Share-based Payments:

Certain employees of the company are eligible for stock options granted by the Holding Company ("KPNV"). 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 (KPNV) issued restricted share rights that vest in equal annual instalments over a three-year period. Restricted shares are KPNV'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.

In 2013, a new Plan has been introduced which consists of performance shares only. The performance is measured over a three-year performance period. The performance shares vest three years after the grant date. The number of performance shares that will vest is dependent on achieving performance conditions, which are equally weighted, and provided that the grantee is still employed with the Company. Restricted shares exclude 20% additional (premium) shares that may be received if shares awarded under the restricted share rights plan are not sold for a three-year period.

Amounts in ₹ Mln

(c) Number and weighted average grant-date fair value of Stock Options (EUR)

Grant Date	Weighted average grant-date fair value of the share (in Euros)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Exercised	Outstanding as at 31 March 2019	Exercisable
April 14, 2008	23.11	1,143	-	(1,143)	-	-	**-**	**-**
April 14, 2009	12.63	1,200	-	-	-	(1,200)	**-**	**-**
April 19, 2010	24.90	4,112	-	-	-	-	**4,112**	**4,112**
April 18, 2011	20.90	6,300	-	-	-	-	**6,300**	**6,300**
July 18, 2011	17.20	1,500	-	-	-		**1,500**	**1,500**
January 30, 2012	15.24	10,000	-	-	-	(5,000)	**5,000**	**5,000**
April 23, 2012	14.82	21,398	-	-	-	(5,264)	**16,134**	**16,134**
		45,653	-	(1,143)	-	(11,464)	**33,046**	**33,046**
Previous Year		77,441	-	(44,389)	12,601	-	45,653	45,653

(d) Number and weighted average grant-date fair value of Stock Options (USD)

Grant Date	Weighted average grant-date fair value of the share (in USD)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Exercised	Outstanding as at 31 March 2019	Exercisable
April 14, 2008	36.63	756	-	(756)	-	-	**-**	**-**
April 14, 2009	33.51	480	-	-	-	-	**480**	**480**
		1,236	-	(756)	-	-	**480**	**480**
Previous Year		786	450	-	-	-	1,236	1,236

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

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2019
February 1, 2016	24.33	6,518	13,181	(19,699)	-	-	**-**
April 29, 2016	24.00	20,513	2,228	(2,576)	(872)	-	**19,293**
October 28, 2016	27.73	372	382	(754)	-	-	**-**
May 11, 2017	33.34	24,739	989	(2,126)	(864)	-	**22,738**
July 28, 2017	32.30	922	21	(471)	-	-	**472**
October 27, 2017	35.01	860	19	(440)	-	-	**439**
February 5, 2018	31.39	5,568	3,289	(4,432)	-	-	**4,425**
April 27, 2018	33.34		27,448	(1,849)	-	-	**25,599**
		59,492	47,557	(32,347)	(1,736)	-	**72,966**
Previous Year		35,948	34,141	(7,366)	(3,231)	-	59,492

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

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

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2019
May 11, 2017	36.30	-	-	-	159		**159**
April 27, 2018	36.30	-	-	-	4,524		**4,524**
		-	-	-	4,683	-	**4,683**
Previous Year		-	-	-	-	-	-

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

(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) Number and weighted average grant date fair value of Performance Shares (EUR)

Grant Date	Weighted average grant date fair value (in Euro)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2019
May 5, 2015	25.19	76,428	4	(76,432)	-	-	-
February 1, 2016	24.33	1,643	-	(1,643)	-	-	-
April 29, 2016	24.00	41,010	21,844	(7,301)	-	-	**55,553**
May 11, 2017	33.34	28,540	1,075	(2,679)	-	-	**26,936**
April 27, 2018	36.30	-	28,674	(158)	-	-	**28,516**
		147,621	51,597	(88,213)	-	-	**111,005**
Previous Year		130,257	31,963	(42,212)	27,613	-	147,621

(i) Number and weighted average grant date fair value of Performance Shares (USD)

Grant Date	Weighted average grant date fair value (in Euro)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2019
May 11, 2017	36.30				159		**159**
April 27, 2018	36.30	-			8,828		**8,828**
		-	-	-	8,987	-	**8,987**
Previous Year		-	-	-	-	-	-

Amounts in ₹ Mln

(j) Method and assumptions for arriving at the Fair Value of Performance Shares

The fair value of the performance shares is measured based on Monte-Carlo simulation and the following weighted average assumptions:

1. Risk free interest rate	-0.47%
2. Expected share price volatility	22%

(k) Employee Share Purchase Plan:

Under the terms of Employee Share Purchase Plan established by the Holding Company, substantially all employees are eligible to purchase a limited number of KPNV shares at discounted prices through payroll withholdings, of which the maximum range is 10% of total salary. Generally, the discount provided to the employees is in the range of 10% to 20%. A total of **18,447** (Previous year -16,672) shares were bought by employees during the year at an average price of EUR **35.26** (Previous year - EUR 33.91).

(l) Expense recognised on account of "Employee Share-Based Payment" is ₹ **145** (Previous year - ₹ 143) and carrying liability as at 31 March 2019 is ₹ **331** (Previous year - ₹ 424).

30 Commitments and contingencies

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹75 (Previous year - ₹258).

b. Contingent liabilities

(i) In respect of disputed excise demands - ₹ **17** (Previous year - ₹ 19), income tax demands - ₹ **3,042** (Previous year - ₹ 3,763), service tax demands - ₹ **380** (Previous year - ₹ 380), VAT - ₹ **1,921** (Previous year- ₹ 1,356) and Custom Duty - ₹ **62** (Previous Year- ₹ 62)

Of the above, the estimated contingent liability relating to erstwhile Lighting business are: (a) Income Tax demands ₹ **406** (Previous year - ₹ 1,027), (b) VAT ₹ **1,442** (Previous year - ₹ 901) and (c) service tax demands ₹ **150** (Previous year - ₹ 298).

As per the MOU (Memorandum of Understanding) dated 31 March 2016 signed between Philips India Limited and Philips Lighting India Limited at the time of demerger of lighting business, the tax cases up to the effective date of demerger shall be contested by Philips India Limited and the amount of liability, if any, upon conclusion of case relating to lighting business shall be payable by Philips Lighting India Limited to Philips India Limited on the basis of respective segment turnover (agreed as part of MOU) of relevant years.

(ii) In respect of suppliers' / customers' demands and certain tenancy / customs / sales tax / service tax disputes for which the liability is not ascertainable.

(iii) In the opinion of management, since there are various interpretations relating to the Supreme Court (SC) judgement dated February 28, 2019 on provident fund (PF) holding that contribution is payable on allowances that are fixed and uniformly applicable, on the inclusion of allowances for the purpose of PF contribution, its applicability of effective date etc. The Company is evaluating and seeking legal inputs regarding various interpretive issues and its impact.

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.

Notes to Standalone Financial Statements for the year ended March 31, 2019

31 Related party transactions (As per Ind AS 24 Related Party Disclosures)

(A) Enterprises exercising control:

Holding and ultimate holding company : Koninklijke Philips N.V (KPNV)

(B) Enterprises where control exists:

Subsidiary Companies : Preethi Kitchen Appliances Private Limited
Philips Home Care Services India Private Limited

Associate Company : HealthMap Diagnostics Private Limited

(C) Other Related Parties with whom transactions have taken place during the year:

(1) Fellow Subsidiary Companies (as per list given below)

ADAC Capital, LLC	Philips Electronics NA Corporation	Philips Medical Systems Technologies Ltd.
AP-CTR Corp.	Philips Electronics Nederland B.V.	Philips Medizin Systeme Böblingen GmbH
Argus Imaging B.V.	Philips Electronics North America Corporation	Philips Nederland B.V.
Invivo Corporation	Philips Electronics Singapore Pte Ltd	Philips Oral Healthcare, Inc.
Lifeline Systems Company	Philips Electronics UK Limited	Philips Oregon EGI
P.T. Philips Industries Batam	Philips France	Philips Oy
Philips (China) Investment Company, Ltd.	Philips Global Business Services LLP	Philips Peruana S.A.
Philips Africa (Pty) Ltd	Philips GmbH	Philips Philippines, Inc.
Philips Aktiebolag	Philips Healthcare (Suzhou) Co., Ltd.	Philips Polska Sp.z.o.o.
Philips Austria GmbH	Philips Healthcare Informatics, Inc.	Philips South Africa (Proprietary) Limited
Philips Consumer Lifestyle B.V.	Philips Ibérica, S.A.	Philips Technologie GmbH
Philips Danmark A/S	Philips Innovative Applications	Philips Ultrasound, Inc.
Philips Domestic Appliances and Personal Care Company of Zhuhai SEZ, Ltd.	Philips International B.V.	Philips VitalHealth Software India Pvt. Ltd
Philips Egypt (Limited Liability Company)	Philips Lanka Solutions (Private) Limited	PT. Philips Indonesia
Philips Electronics (Thailand) Ltd.	Philips Malaysia Sdn. Berhad	Respironics California, Inc.
Philips Electronics Australia Limited	Philips Medical Systems (Cleveland), Inc.	Respironics, Inc.
Philips Electronics Bangladesh Private Limited	Philips Medical Systems DMC GmbH	Saeco International Group S.p.A.
Philips Electronics Hong Kong Limited	Philips Medical Systems Indústria e Comércio Ltda.	Shenzhen Goldway Industrial Inc.
Philips Electronics Japan, Ltd.	Philips Medical Systems MR, Inc.	VISICU, Inc.
Philips Electronics Middle East & Africa B.V.	Philips Medical Systems Nederland B.V.	Volcano Corporation
		Volcano Europe, B.V.B.A.

(2) Employee Trusts
Philips India Ltd Management Staff Provident Fund Trust
Philips Employees Group Gratuity Scheme

(3) Key Managerial Personnel

Executive Directors:	**Non-Executive Directors:**	**Company Secretary:**
Mr.Daniel Mazon	Mr.S.M.Datta	Mr. Rajiv Mathur
Mr.Rajiv Mathur	Mr.Vivek Gambhir*	
Mr.Sudeep Agrawal	Ms.Geetu Gidwani Verma	

* ceased to be a Non- Executive Independent Director w.e.f. December 31, 2018

31 Related party transactions (As per Ind AS 24 Related Party Disclosures) (Contd.)

(c) Nature of transactions

Amounts in ₹ Mln

Particulars	Year ended 31 March 2019						Year ended 31 March 2018					
	Ultimate Holding Company	**Subsidiary Companies @**	**Fellow Subsidiary Companies**	**Associate Company**	**Key Managerial Personnel**	**Employee Trusts**	Ultimate Holding Company	Subsidiary Companies	Fellow Subsidiary Companies	Associate Company	Key Managerial Personnel	Employee Trusts
PURCHASES												
Goods	-	529	12,601	-	-	-	-	489	9,953	-	-	-
Property, Plant and Equipment	-	-	16	-	-	-	-	-	43	-	-	-
Services	145	20	1,405	-	-	-	143	7	1,012	-	-	-
Reimbursements	-	7	47	-	-	-	-	8	102	-	-	-
Others	26	-	-	-	-	-	74	-	-	-	-	-
SALES												
Goods		0	3,386	81	-	-	-	4	2,487	65	-	-
Property, Plant and Equipment			-		-	-	-	-	-	-	-	-
Services	1,941	85	12,843	38	-	-	1,750	60	11,224	26	-	-
Reimbursements			4	-	-	-	-	-	29	-	-	-
DEPUTATION OF PERSONNEL												
Charge	-	-	-	-	-	-	-	-	-	-	-	-
Recovery	-	0	16	-	-	-	-	-	13	-	-	-
MANAGERIAL REMUNERATION	-	-	-	-	-	-						
Mr.Daniel Mazon	-	-	-	-	48	-	-	-	-	-	44	-
Mr.Rajiv Mathur	-	-	-	-	33	-	-	-	-	-	26	-
Mr.Sudeep Agrawal	-	-	-	-	21	-	-	-	-	-	4	-
Mr.Hariharan Madhavan*	-	-	-	-	-	-	-	-	-	-	33	-
Mr.V. Raja**	-	-	-	-	-	-	-	-	-	-	79	-
Mr.S.M.Datta	-	-	-	-	1	-	-	-	-	-	1	-
Mr.Vivek Gambir***	-	-	-	-	1	-	-	-	-	-	1	-
Mrs.Geetu Gidwani Verma	-	-	-	-	1	-	-	-	-	-	1	-
FINANCE												
Dividend Paid	166	-	-	-	-	-	166	-	-	-	-	-
Interest income	-	5	-	-	-	-	-	-	2	-	-	-
Inter corporate deposits given	-	197	-	-	-	-						
Inter corporate deposits repaid	-	110	-	-	-	-						
Others - Purchase of Investments	-	150	-	-	-	-	-	85	-	35	-	-
Contributions to Employees' Benefit Plans	-	-	-	-	-	841	-	-	-	-	-	741
OUTSTANDINGS												
Payable	1	41	2,465	2	-	48	7	42	1,697	-	-	57
Receivable	74	118	2,005	29	-	-	115	47	1,980	12	-	-

*Ceased to be an Executive Director w.e.f. December 21, 2017

**Ceased to be an Executive Director w.e.f. September 30, 2017.

*** Ceased to be a Non- Executive Independent Director w.e.f. December 31, 2018

@ Refer Note 3 - Compulsorily Convertible Preference Shares converted into Equity Shares (Preethi Kitchen Appliances Private Limited)

Note: Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and will be settled in cash.

Compensation of key managerial personnel of the company

Details	**Year ended 31 March 2019**	Year ended 31 March 2018
Short-term employee benefits	**103**	181
Post-employment benefits*	**2**	9
Total compensation paid to key managerial personnel	**105**	190

* Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - "Employee Benefits" in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Amounts in ₹ Mln

32 Significant accounting judgments, estimates and assumptions

The preparation of the company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

(i) Judgments

In the process of applying the company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the standalone financial statements:

(a) Operating lease commitments — Company as lessee

The Company has taken various commercial properties on leases. the Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property,and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(b) Revenue from contract with customers

The Company applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations in a bundled sales transactions, wherein, the Company sell goods and maintenance/ warranty services separately or bundled together with sales of goods. In certain non-standard contracts, where the Company provides extended warranties in respect of sale of consumer durable goods, the Company allocated the apportion of the transaction price to goods bases on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In estimating the variable consideration the Company has used a combination of most likely amount method and expected value method. Further, in respect of long term contracts, the Company has used the incremental borrowing rate to the discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Company and its customer.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

(b) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 28.

(c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 34 and 35 for further disclosures.

(d) Warranty

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

(e) Provision for decommissioning

As part of the identification and measurement of assets and liabilities, the Company recognises provision for decommissioning obligations associated with Leasehold Improvements. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and the expected timing of those costs. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of the provision as at 31 March 2019 was ₹**16** (31 March 2018 ₹15). The Company estimates that the costs would be realised upon the expiration of the lease period.

Notes to Standalone Financial Statements for the year ended March 31, 2019

33 Exceptional items include:

Amounts in ₹ Mln

(a) Profit on sale of property - ₹**7** (Previous year - ₹NIL).

(b) Provision for impairment of investment in subsidiary Philips Homecare Services India Private Limited (PHSIPL) ₹**296** (Previous Year ₹ NIL) and allowances for inter corporate deposits given to Philips Homecare Services India Private Limited (PHSIPL) ₹**63** (Previous Year ₹ NIL).

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 2019		As at 31 March 2018		As at 31 March 2019		As at 31 March 2018	
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	1,896.23	27,420.00	3,055.76	46,885.48	-	-	-	-
Payables	2,489.58	36,000.00	2,574.41	39,500.00	-	-	-	-

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

Details	USD Exposure				Euro Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	131.91	1,907.52	-	-	146.01	1,879.76	154.52	1,912.17
Payables	419.59	6,067.40	-	-	57.98	746.46	312.78	3,870.69

Details	SGD Exposure				GBP Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	-	-	0.75	15.11	3.71	41.02	-	-

Details	AUD Exposure				MYR Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	-	-	0.60	12.08	0.36	21.06	-	-

Details	CNY Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-
Payables	0.23	22.60	1.07	103.04

35 Financial Instruments -Financial assets and financial liabilities

Amounts in ₹ Mln

The accounting classification of each category of financial instrument their carrying amounts and their fair value amounts are set out below:-

As at 31 March 2019

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	858	858	858
Other Financial Assets (Non-Current)	-	343	343	343
Trade receivables (Current)	-	7,868	7,868	7,868
Cash and cash equivalents	-	5,213	5,213	5,213
Other Financial Assets (Current)	-	328	328	328
Total	-	14,610	14,610	14,610

As at 31 March 2018

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	862	862	862
Other Financial Assets (Non-Current)	-	281	281	281
Trade receivables (Current)	-	7,280	7,280	7,280
Cash and cash equivalents	-	5,316	5,316	5,316
Other Financial Assets (Current)	-	502	502	502
Total	-	14,241	14,241	14,241

As at 31 March 2019

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Borrowings(Non-Current)	-	381	381	381
Borrowings(Current)	-	295	295	295
Trade Payables(Current)	-	7,088	7,088	7,088
Other Financial Liabilities(Current)	-	261	261	261
Total	-	8,025	8,025	8,025

As at 31 March 2018

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Borrowings(Non-Current)	-	434	434	434
Borrowings(Current)	-	248	248	248
Trade Payables(Current)	-	5,821	5,821	5,821
Other Financial Liabilities(Current)	-	77	77	77
Total	-	6,580	6,580	6,580

Notes to Standalone Financial Statements for the year ended March 31, 2019

36 Fair value hierarchy

Amounts in ₹ Mln

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table provides the fair value measurement hierarchy of the company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Total	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Investment property	-	-	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:

	Total	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Investment property	-	-	-	-

37 Dividend Paid And Proposed

	For the year ended 31 March 2019	For the year ended 31 March 2018
Dividend declared and paid during the year		
Dividend paid for the year ended March 31, 2018 ₹3/- per share (March 31, 2017 : ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**35**	35
	208	208
Proposed Dividend on equity shares:		
Dividend for the year ended March 31, 2019 ₹**3**/- per share (March 31, 2018: ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**35**	35
	208	208

38 Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. As at 31st March, 2019, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans

	For the year ended 31 March 2019	For the year ended 31 March 2018
Earnings Before Interest And Tax	**2,026**	2,324
Capital Employed	**23,774**	22,276
Return on Capital Employed (ROCE)	**9%**	10%

39 Financial risk management objectives and policies

Amounts in ₹ Mln

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that are derived directly from its operations. The Company's financial risk management is an integral part of how to plan and execute its business strategies.The Company is exposed to market risk, credit risk and liquidity risk.The Company's senior management oversees the management of these risks.The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee.This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2019. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2019.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales and purchases.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

Change in US$ rate	Effect on profit before tax		Effect on total equity	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
+ 5%	**(44.05)**	1.94	**(44.05)**	1.94
-5%	**44.05**	(1.94)	**44.05**	(1.94)
Change in Euro rate	**Effect on profit before tax**		**Effect on total equity**	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
+ 5%	**4.40**	(0.64)	**4.40**	(0.64)
-5%	**(4.40)**	0.64	**(4.40)**	0.64

(b) Credit risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Amounts in ₹ Mln

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance as at Mar 31, 2019. Our historical experience of collecting receivables is that credit risk is low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Hence, trade receivables are considered to be a single class of financial assets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made in bank deposits. The limits are set to minimise the consultation of risk and therefore mitigate financial loss through counterparty potential failure to make payments. The Company maintains exposure in cash and cash equivalents and term deposits with banks, The Company has set counter-party's limits based on multiple factors including financial position, credit rating etc. The Company's maximum exposure to credit risk as at 31st March, 2019 and 2018 is the carrying value of each class of financial assets as illustrated in note 5 & 9.

(c) Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

PARTICULARS	Undiscounted Amount			
	Carrying Amount	Payable within 1 year	More than 1 years	Total
As at 31 March 2019				
Borrowings(Non-Current)	**381**	**-**	**381**	**381**
Borrowings(Current)	**295**	**295**	**-**	**295**
Trade Payables(Current)	**7,088**	**7,088**	**-**	**7,088**
Other Financial Liabilities(Current)	**261**	**261**	**-**	**261**
As at 31 March 2018				
Borrowings(Non-Current)	434	-	434	434
Borrowings(Current)	248	248	-	248
Trade Payables(Current)	5,821	5,821	-	5,821
Other Financial Liabilities(Current)	77	77	-	77

Amounts in ₹ Mln

40 Earnings per share (EPS)

Calculation of earnings per share	**Year ended 31 March 2019**	Year ended 31 March 2018
Weighted average number of equity shares outstanding during the year *	**57,517,242**	57,517,242
Profit after tax attributable to equity share holders	**1,760**	1,681
Basic and diluted earnings per equity share (in ₹)	**30.60**	29.22

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

41 Disclosure relating to assets given on operating lease: The company has entered into operating lease arrangements for medical equipments.

	As at 31 March 2019	As at 31 March 2018
a) Total of future minimum lease payments receivable under non-cancellable operating lease	**-**	3
Receivable within 1 year	**-**	3
Receivable between 1-5 years	**-**	-
Receivable after 5 years	**-**	-
b) Total contingent rent recognised as income in the Statement of Profit and Loss for the year	**-**	-

42 The Company is in the process of reducing its existing paid up equity share capital from 57,517,242 shares to 55,290,242 shares (i.e. 2,227,000 shares), by reduction of the equity shares held by shareholders other than Koninklijke Philips N.V. ("KPNV") (Formerly Known as Koninklijke Philips Electronics N.V.) and Philips Radio B.V., (representing approx. 3.87% of the paid up equity share capital of the Company) at a consideration of ₹ 560 per equity share, of ₹10/- each. Pursuant to the Board approval at their meeting held on February 5, 2018 and shareholder's approval by way of special resolution at Extraordinary General Meeting held on April 10, 2018, a scheme for reduction of capital was filed with National Company Law Tribunal ("NCLT"), Kolkata. Currently, the matter is pending before the NCLT.

Notes to Standalone Financial Statements for the year ended March 31, 2019

Amounts in ₹ Mln

43 The Company has an in house Trust i.e."Philips India Ltd Management Staff Provident Fund Trust" through which it manages its provident fund liability for part of its employees. Accordingly the provident fund liability is considered as a defined benefit plan. The Trust has done investments amounting to ₹ 609 in bonds of "Red" marked IL&FS Group Companies during the period June '13 to July '18 of which investments amounting to ₹ 548 MLN are secured and senior investments and the remaining amount of ₹ 61 are unsecured. Both secured and unsecured investments are maturing between Dec '21 and May '28.

In regards to the secured investments, the Company has obtained a legal opinion on the above matter. As informed by the experts, the NCLAT have ordered ILFS to submit an affidavit wherein the ILFS and Union of India will specifically state as to what steps they will take to release the amount payable towards 'Pension Fund'; 'Provident Fund'; 'Army Group Insurance Fund; 'Gratuity Fund'; 'Superannuation Fund'; 'Postal Life Insurance Fund'; etc., if invested in one or other 'Red Entity'. The order issued by NCLAT has made it clear that if any fund is generated, this Appellate Tribunal may direct ILFS and Union of India to release the amount to the aforesaid Fund, even of the Red Entities. The PF investment, which is to get precedence in repayment as signaled by NCLAT order, is significantly lower in value as against the total assets of IL&FS group. Hence, recovery of PF investment may happen, as it appears that the final resolution of IL&FS and its group entities will be undertaken keeping in mind the interests of provident fund trusts (and the employees who are members of such trusts). In a more recent development, the Trust has submitted its claim in end May '19 to the Debenture Trustee. While arriving at the value of claim, the face value of investments was added in full (and without any haircut) plus the interest due till 15th Oct'18.

Given all of the above, it is premature to assess whether a provision, if any, is required for the face value of investments in IL&FS group companies held by the Trust and in turn, in Philips India. Accordingly, the Company has not made any provision for the diminution in the value of investment made by the Company's PF trust in ILFS group.

44 The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 3 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.

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

46 Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification / disclosure.

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Mumbai
Date: August 7, 2019

For and on behalf of the Board

Chairman	S.M.DATTA (DIN: 00032812)
Managing Director	DANIEL MAZON (DIN: 07954025)
Director & CFO	SUDEEP AGRAWAL (DIN: 08056132)
Director & Company Secretary	RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

TEN YEAR REVIEW

Amounts in ₹ Mln

PARTICULARS	2009	2010	2011-12 (15 M)	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Income and Dividends										
Sales	32,656	37,249	55,793	53,674	58,387	63,755	62,819	36,723	38,562	**42,398**
Operating profit	1,688	1,451	1,813	1,752	3,096	5,600	6,503	3,252	2,667	**2,959**
As percentage of sales	5.2	3.9	3.2	3.3	5.3	8.8	10.4	8.9	6.9	**7.0**
Profit before tax	1,850	1,433	1,854	1,858	3,170	6,275	6,278	3,252	2,667	**2,607**
As percentage of sales	5.7	3.8	3.3	3.5	5.4	9.8	10.0	8.9	6.9	**6.1**
Profit after tax	1,175	889	1,338	1,228	2,099	4,235	3,975	2,064	1,681	**1,760**
As percentage of sales	3.6	2.4	2.4	2.3	3.6	6.6	6.3	5.6	4.4	**4.2**
As percentage of net worth	14.6	10.1	13.4	11.1	16.1	24.8	22.1	10.3	7.8	**7.6**
Earnings per equity share (₹)	18.97	15.46	23.26	21.35	36.49	73.63	69.11	35.88	29.22	**30.60**
Dividend per equity share (₹)	2.0	2.0	2.5	2.0	2.0	3.0	3.0	3.0	3.0	**3.0**
Assets and Liabilities										
Property, Plant & Equipments	3,463	3,524	3,972	4,280	4,295	3937	2079	2,526	2,940	**3,155**
Investments	5	-	1,000	1,000	1,000	1,000	4,797	7,605	7,725	**7,579**
Deferred tax assets - net	352	363	462	437	496	809	510	572	746	**540**
Inventories	3,608	4,131	5,362	5,637	6,293	6,504	4,542	4,554	4,037	**5,072**
Debtors, loans & advances and cash & bank balances	10,258	11,580	14,069	15,142	17,725	22,025	18,837	16,702	19,212	**21,228**
Current liabilities & provisions	9,485	10,690	12,585	14,737	15,277	16,578	12,531	11,249	12,385	**13,800**
Net current assets	4,381	5,021	6,846	6,042	8,741	11,951	10,848	10,007	10,864	**12,500**
Net Investment	8,201	8,908	12,280	11,759	14,532	17,697	18,234	20,710	22,275	**23,774**
Represented by										
Equity share capital	575	575	575	575	575	575	575	575	575	**575**
Other reserves	7,476	8,231	9,402	10,495	12,459	16,486	17,398	19,450	21,018	**22,523**
Shareholders' interest (net worth)	8,051	8,806	9,977	11,070	13,034	17,061	17,973	20,025	21,593	**23,098**
Borrowings	150	102	2,303	689	1,498	636	261	685	682	**676**
Total	8,201	8,908	12,280	11,759	14,532	17,697	18,234	20,710	22,275	**23,774**
General										
Exports (F.O.B)	482	1,033	1,839	1,933	2,541	3,068	3,002	2,467	2,556	**3,884**
Salaries, bonus & staff welfare (excluding V.R.S)	3,311	4,075	7,174	7,427	8,314	10,169	11,214	9,989	11,181	**12,369**
Debt : Equity Ratio	2:98	1:99	19:81	6:94	10:90	4:96	1:99	3:97	3:97	**3:97**
Number of employees at year end	3,775	4,762	5,658	5,617	5,830	5,507	3,283	3,727	4,167	**4,569**

INDEPENDENT AUDITOR'S REPORT

To the Members of Philips India Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of Philips India Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention is invited to note 48 to the financial statements more fully explaining management's position in relation to non-provision for possible shortfall in the value of the assets of the Trust managing the Holding Company's defined benefit plans. This Trust has secured investments amounting to INR 547.88 million and unsecured investments amounting to INR 60.83 million in bonds of companies of a non-banking financial company group and these entities have not been able to meet their repayment obligations to various parties. We are unable to comment on the appropriateness or otherwise on management's position regarding the non- provisioning of the possible shortfall in the value of the assets of the Trust and the consequential impact on the financial statements, if any

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The consolidated Ind AS financial statements include the Group's share of net loss of Rs 19 Million for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of Healthmap Diagnostic Private Limited (associate), whose financial statements, other financial information have been audited by other auditor and whose report have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of other auditor.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures/joint operations, none of the directors of the Group's companies and its associate is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies and associate company refer to our separate Report in **"Annexure 2"** to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the associate company, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company, its subsidiaries and associate company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate company as noted in the 'Other matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated Ind AS financial statements – Refer Note 32 to the consolidated Ind AS financial statements;

   ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 18 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and its associate and (b) the Group's share of net profit/loss in respect of its associates;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associate company during the year ended March 31, 2019.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 19083906AAAABC8163
Place of Signature: Mumbai
Date: August 7, 2019

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PHILIPS INDIA LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Philips India Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Philips India Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies, its associate company which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31,2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to one associate company which is incorporated in India, is based on the corresponding report of the auditor of associate incorporated in India.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 19083906AAAABC8163
Place of Signature: Mumbai
Date: August 7, 2019

Consolidated Balance Sheet as at 31 March 2019

Amounts in ₹ Mln

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	3,197	3,568
Capital work-in-progress	2	304	18
Investment Property	3	59	59
Goodwill	4	1,191	1,191
Other Intangible assets	4	-	610
Investment in associates	5	-	19
Financial Assets			
a. Trade Receivables	7(a)	858	862
b. Other Financial Assets	7(b)	373	311
Deferred tax assets (net)	8	2,394	2,677
Advance income tax (net of provision)		3,008	2,300
Other non current assets	9	643	507
		12,027	12,122
Current assets			
Inventories	10	5,623	4,566
Contract Assets	6	257	212
Financial Assets			
a. Trade receivables	11(a)	8,048	7,396
b. Cash and cash equivalents	11(b)	7,537	6,729
c. Other Financial Assets	11(c)	347	527
Other current assets	12	2,833	2,044
		24,645	21,474
Assets classified as held for sale	13	26	33
TOTAL ASSETS		36,698	33,629
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14	575	575
Other Equity	15	20,390	18,730
Equity attributable to equity shareholders		20,965	19,305
LIABILITIES			
Non-current liabilities			
Contract Liabilities	6	724	138
Financial Liabilities			
Borrowings	16	385	441
Other non-current liabilities	17	159	384
Provisions	18	800	654
		2,068	1,617
Current liabilities			
Contract Liabilities	6	2,220	2,633
Financial Liabilities			
a. Borrowings	19	298	399
b. Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	19	156	36
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	19	7,814	6,491
c. Other financial liabilities	19	281	132
Other current liabilities	20	1,883	1,693
Provision for taxation (net of advances)		184	414
Provisions	18	829	909
		13,665	12,707
TOTAL EQUITY AND LIABILITIES		36,698	33,629
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming part of the Consolidated Financial Statements

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Mumbai
Date: August 7, 2019

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — DANIEL MAZON (DIN: 07954025)

Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)

Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

Amounts in ₹ Mln

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	21	49,121	44,109
Other income	22	775	510
Total Income		49,896	44,619
Expenses			
Cost of raw materials consumed	23	5,857	5,049
Purchases of stock-in-trade	24	17,539	14,732
Changes in inventories of work-in-progress, finished goods and stock-in-trade	25	(625)	456
Excise duty on sale of goods		-	191
Employee benefits expense	26	13,142	11,904
Finance costs	27	137	134
Depreciation and amortization expense	28	1,533	1,373
Impairment of Non-current Asset	2	49	-
Other expenses	29	9,189	8,066
Total expenses		46,821	41,905
Profit before exceptional items and tax		3,075	2,714
Exceptional items (net) Loss / (Profit)	36	229	-
Profit before share in Loss of Associate and tax		2,846	2,714
Less : Share in Loss of Associate		(19)	(47)
Profit before tax		2,827	2,667
Tax expense			
Current tax	8(a)	(1,094)	(1,210)
Income Tax provisions related to prior years written back	8(a)	184	-
Deferred tax expenses - credit / (charge)	8(a)	(10)	2,155
Profit after tax for the year (A)		1,907	3,612
Attributable to:			
Equity holders of the parent		1,907	3,612
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or Loss			
Re-measurement gains / (losses) on defined benefit plans	30	(61)	144
Income tax effect on defined benefit plans	8(a)	22	(50)
Other Comprehensive Income for the year (B)		(39)	94
Total Comprehensive income for the year (A+B)		1,868	3,706
Attributable to:			
Equity holders of the parent		1,868	3,706
Earnings per equity share			
Basic and diluted earnings per equity share of ₹10 each (in ₹)	43	33.15	62.81
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming part of the Consolidated Financial Statements

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Mumbai
Date: August 7, 2019

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — DANIEL MAZON (DIN: 07954025)

Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)

Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

Consolidated Statement of Changes in Equity for the year ended 31 March 2019

Amounts in ₹ Mln

A. EQUITY SHARE CAPITAL

Equity shares of ₹10 each issued, subscribed and fully paid up	Number of shares	Amount
As at 1 April 2017	57,517,242	575
Changes in equity share capital during the year	-	-
As at 31 March 2018	57,517,242	575
Changes in equity share capital during the year	-	-
As at 31 March 2019	**57,517,242**	**575**

B. OTHER EQUITY

For the year ended 31 March 2019

Particulars	Equity attributable to equity holders of the parent				
	Reserves and Surplus		Items of OCI	Total	Total Equity
	General reserve*	Retained earnings*	Remeasurement*		
(A) As at 1 April 2017	2,315	12,912	5	15,232	**15,232**
Profit for the year	-	3,659	-	3,659	**3,659**
Non- controlling interest's share in loss of 2017-18	-	-	-	-	**-**
Share in Profit/(Loss) of Associate	-	(47)		(47)	**(47)**
Remeasurement benefit of defined benefit plans	-	-	94	94	**94**
(B) Total Comprehensive Income for the year	-	3,612	94	3,706	**3,706**
Dividend (Note 40)	-	(173)	-	(173)	**(173)**
Dividend distribution tax (Note 40)	-	(35)	-	(35)	**(35)**
(C) Total	-	(208)	-	(208)	**(208)**
(D) As at 31 March 2018 (A+B+C)	2,315	16,316	99	18,730	**18,730**
Profit for the year	**-**	**1,926**	**-**	**1,926**	**1,926**
Share in (Loss) of Associate	**-**	**(19)**		**(19)**	**(19)**
Remeasurement benefit of defined benefit plans	**-**		**(39)**	**(39)**	**(39)**
(E) Total Comprehensive Income for the year	**-**	**1,907**	**(39)**	**1,868**	**1,868**
Dividend (Note 40)	**-**	**(173)**		**(173)**	**(173)**
Dividend distribution tax (Note 40)	**-**	**(35)**		**(35)**	**(35)**
(F) Total	**-**	**(208)**		**(208)**	**(208)**
As at 31 March 2019 (D+E+F)	**2,315**	**18,015**	**60**	**20,390**	**20,390**

*** Refer note 15**

Refer accompanying notes forming part of the Consolidated Financial Statements

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Mumbai
Date: August 7, 2019

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — DANIEL MAZON (DIN: 07954025)

Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)

Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

Consolidated Cash Flow Statement for the year ended 31 March 2019

Amounts in ₹ Mln

	Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
A.	**Cash flow from operating activities**				
	Profit before tax		**2,846**		2,714
	Exceptional items		**(229)**		-
	Profit before tax and exceptional items		**3,075**		2,714
	Adjusted for				
	(Profit) / loss on disposal of Property, Plant & Equipment	**4**		2	
	Write off and other adjustment of Property, Plant & Equipment	**40**		29	
	Depreciation and amortization	**1,533**		1,373	
	Unrealized foreign exchange (gain) and loss (net)	**1**		93	
	Provision for doubtful trade receivables and loans and advances	**127**		298	
	Liabilities no longer required written back	**(80)**		(46)	
	Interest on advances, current accounts and deposits	**(817)**		(538)	
	Impairment of Fixed Assets	**49**		-	
	Finance costs	**127**	**984**	131	1,342
	Operating profit before working capital changes		**4,059**		4,056
	Changes in:				
	Trade receivables and other loans & advances	**(1,565)**		(2,342)	
	Inventories	**(1,101)**		587	
	Trade payables and other liabilities	**1,706**		1,294	
			(960)		(461)
	Cash generated from operations		**3,099**		3,595
	Income tax paid (net of refunds)		**(1,553)**		(1,392)
	Net cash generated from operating activities		**1,546**		2,203
B.	**Cash flow from investing activities**				
	Purchase of Property, Plant and Equipment		**(1,225)**		(1,364)
	Proceeds from sale of Property, Plant & Equipment		**89**		63
	Investment in associate		**-**		(35)
	Advance received against sale of Property, Plant & Equipment		**4**		-
	Proceeds from slump sale		**80**		-
	Interest received		**825**		522
	Net cash used in investing activities		**(227)**		(814)
C.	**Cash flow from financing activities**				
	Finance costs		**(145)**		(139)
	Finance lease obligations		**(12)**		(5)
	Proceeds / (repayments) of short term borrowings		**(146)**		(46)
	Dividend paid (including tax thereon)		**(208)**		(207)
	Net cash used in financing activities		**(511)**		(397)
	Increase / (Decrease) in cash and cash equivalents (A+B+C)		**808**		992
D.	**Cash and cash equivalents - Opening Balance**				
	Cash and cash equivalents ((refer note 11 (b))		**1,596**		512
	Unpaid dividend ((refer note 11 (b))		**13**		12
	Deposits with Banks ((refer note 11 (b))		**5,120**		5,213
	TOTAL		**6,729**		5,737

Consolidated Cash Flow Statement for the year ended 31 March 2019 (contd.)

Amounts in ₹ Mln

	Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
E.	**Cash and cash equivalents - Closing Balance**		
	Cash and cash equivalents ((refer note 11 (b))	**175**	1,596
	Unpaid dividend ((refer note 11 (b))	**13**	13
	Deposits with Banks ((refer note 11 (b))	**7,349**	5,120
	TOTAL	**7,537**	6,729
	Net increase/(decrease) in cash and cash equivalents (E-D)	**808**	992

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) - Statement of Cash Flow.

Refer accompanying notes forming part of the Consolidated Financial Statements

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Mumbai
Date: August 7, 2019

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — DANIEL MAZON (DIN: 07954025)

Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)

Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

CORPORATE INFORMATION:

Philips India Limited (the 'Group') is a public limited Company domiciled in India with its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF, Major Arterial Road, New Town (Rajarhat) Kolkata - 700156, West Bengal, India. The Company along with its subsidiaries and its associate has been collectively hereinafter referred to as "the Group". The Group's business segments comprise of (a) Personal Health, (b) Health Systems and (c) Innovation Services. The Group has manufacturing facilities in Pune, Maharashtra and Software Development centre in Bangalore. The Group sells its products primarily in India through independent distributors and modern trade. The Financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on August 7 2019.

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1. (A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are the consolidated financial statements of the Group prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), presentation requirement of Division II of schedule III to the Companies Act, 2013, (Ind. AS compliant schedule III) and other relevant provisions of the Act.

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of the Group and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra Group balances and intra Group transactions and resulting unrealized profits are eliminated in full. Unrealized profits or losses resulting from intra Group transactions are also eliminated unless cost cannot be recovered.

Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and equity of the Group's shareholders. Minority interest in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and

(b) The minority share of movements in equity since the date parent subsidiary relationship came into existence.

Minority interest's share of Net Profit / (Loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the Group.

Investment in an entity in which the Group has significant influence but not a controlling interest, is reported according to the equity method i.e. the investment is initially recorded at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate.

Application of new and revised standards:

The Group has adopted with effect from April 1, 2018 the following new amendment and pronouncements:

Ind AS 115 – Revenue from contracts with customers: The core principle of the new standard is that entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customer.

The Group has adopted the Standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 are not retrospectively adjusted.

The accounting changes required by the Standard are not having material effect on the recognition or measurement of revenue and no transition adjustment is recognized in retained earnings as at April 1, 2018. Additional disclosure as required as per Ind AS 115 have been included in these financial statements.

Amendment to Ind AS 20, Government Grant related to non-monetary asset

The amendment clarifies that where the government grant related to asset, including non-monetary grant at fair value, shall be presented in balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Prior to the amendment, Ind AS 20 did not allow the option to present asset related grant by deducting the grant from the carrying amount of the asset. These amendments do not have any impact on the consolidated financial statements as the Group continues to present grant relating to asset by setting up the grant as deferred income.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's financial statements.

Amendment to Ind AS 38 Intangible asset acquired free of charge

The amendment clarifies that in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. The amendment also clarifies that revaluation model can be applied for asset which is received as government grant and measured at nominal value. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's financial statements.

Amendments to Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's financial statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments do not have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Disclosure of Interests in Other Entities: Amendment to Ind AS 112 - Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments do not have any impact on the Group's financial statements.

(B) CURRENT / NON-CURRENT CLASSIFICATION

Any asset or liability is classified as current if it satisfies any of the following conditions:

- the asset/liability is expected to be realized/settled in the Group's normal operating cycle;
- the asset is intended for sale or consumption;

- the asset/liability is held primarily for the purpose of trading;
- the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- in the case of a liability, the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities

For the purpose of current/non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

1.2. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- Measurement of defined benefit obligations – Note 30
- Measurement and likelihood of occurrence of provisions and contingencies – Note 18
- Recognition of deferred tax assets – Note 8

1.3. RECENT ACCOUNTING DEVELOPMENTS:

Standards issued but not effective:

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Ind AS 116 Leases

Ind AS 116 Leases was notified by Ministry of Corporate Affairs on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group intends to adopt these standards from 1 April 2019. Ind AS 116 also requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

Transition to Ind AS 116

The Group will adopt the standard as of April 1, 2019 and modified retrospective approach will be applied. The Group will elect to apply the standard to contracts that were previously identified as leases applying IND AS 17. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IND AS 17.

The Group elects to use the exemption proposed by the standard on lease contracts for which the lease term ends within

12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. During financial year ending March 31, 2019, the Group has performed an initial assessment of IND AS 116. The effect of adoption as on transaction date would result in an increase in right of use asset approximately by INR 1561 MLN and an increase in lease liability approximately by INR 1561 MLN.

Uncertainty over Income Tax Treatment to Ind AS 12, Income Taxes:

The amendment clarifies how to apply the recognition and measurement principles while recognizing current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per the Appendix, the Group needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings. The Appendix will be applied retrospectively with the cumulative effect of its initial application on the opening balance sheet as on 1st April 2019.

The impact of the Appendix on the Financial Statements, as assessed by the Group, is expected to be not material.

Amendment to Ind AS 12, Income Taxes:

The amendment clarifies that an entity shall recognize income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

The Group will apply these amendments for annual reporting periods beginning on or after 1st April 2019. The impact on the Financial Statements is being evaluated.

Other Amendments:

The MCA has notified below amendments which are effective 1st April 2019:

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Based on Preliminary assessment, the Group does not expect these amendments to have any significant impact on its financial statements.

1.4. (A) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses consequent to transition to IND AS. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on the original cost on a straight line method as per the useful lives of the assets as estimated by the management which are equal to the useful lives prescribed under Schedule II of the Companies Act, 2013. Depreciation on medical equipments given on operating leases and leasehold improvements is provided on a straight-line basis over the period of the lease or their estimated useful life, whichever is shorter.

(B) INVESTMENT PROPERTIES:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

(C) CAPITAL WORK IN PROGRESS AND CAPITAL ADVANCES

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

1.5 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight- line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

- Computer Software – 3 years
- Non-Compete fees – 3 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

For PKAPL, the period of amortization for Brands and Distribution Network is 8 years which represents the economic useful life of Brands and distribution network. 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.

1.6 INVESTMENTS IN ASSOCIATES:

Investments in associate are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in associates, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

1.7 INVENTORIES:

Inventories are valued at cost or net realizable value whichever is lower. In case of medical equipment's / 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.

1.8 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Group classifies non-current assets as held sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any expected loss is recognized immediately in the statement of profit and loss.

The criteria for held for sale classification is regarded as met only when the sale is highly probable i.e. an active program to locate a buyer to complete the plan has been initiated and the asset is available for immediate sale in its present condition and the assets must have actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the sale should indicate that it is unlikely that significant changes to that plan to sale these assets will be made. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet and once classified as held-for-sale, Property, Plant and Equipment, Investment Property and Other Intangible Assets are no longer depreciated or amortized.

1.9 CASH AND CASH EQUIVALENTS:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

1.10 FINANCIAL INSTRUMENTS:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) FINANCIAL ASSETS:

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortised cost

Initial Recognition and Measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent Measurement:

For purposes of subsequent measurement financial assets are classified in following categories:

- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortized cost
- Equity instruments

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

Debt instruments at amortized cost:

- A debt instrument is measured at amortized cost if both the following conditions are met:

  Business Model Test: The objective is to hold the debt instrument to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- Cash flow characteristics test: The contractual terms of the debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in income in profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at fair value through OCI:

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognised in statement of profit and loss. On de-recognition of asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit & loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortised cost or FVTOCI, is classified as at FVTPL. A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognised in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Equity investments of other entities

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Profit and loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognized (i.e., removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
- the Group has transferred the rights to receive cash flows from the financial assets or
- the Group has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not de-recognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with IND AS 109, the Group applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

The Group follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of IND AS 17

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12- months ECL.

B) FINANCIAL LIABILITIES:

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Group financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits, retention money, liabilities towards services, sales incentives and other payables.

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 120 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using EIR method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or medication is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments:

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reclassification of financial assets:

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties.

A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

1.11 PROVISIONS & CONTINGENCIES:

Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

1.12 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Amounts disclosed are inclusive of Excise Duty, and net of returns, trade discounts, rebates, value added taxes and amount collected on behalf of third parties.

- **Sale of goods**

  Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and is measured at fair value of consideration received/receivable, net of returns and allowances, discounts, volume rebates and cash discounts. Revenue is usually recognised when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

  The consideration expected by the Group may include fixed and/or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Transfer of control varies depending on the individual terms of the contract of sale.

- **Variable Consideration**

  A variable consideration is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Such assessment is performed on each reporting date to check whether it is constrained. For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available revenue recognition is postponed until the return period has lapsed. Return policies are typically based on customary return arrangements in local markets.

- **Significant financing component**

  Generally, the Group receives advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be as per terms of contract.

- **Warranty obligations**

  A provision is recognized for assurance-type product warranty at the time of revenue recognition and reflects the estimated costs of replacement and free-of-charge services that will be incurred by the Group with respect to the products sold. For certain products, the customer has the option to purchase the warranty separately, which is considered a separate performance obligation on top of the assurance-type product warranty. For such warranties which provide distinct service, revenue recognition occurs on a straight-line basis over the extended warranty contract period. In the case of loss under a sales agreement, the loss is recognized immediately.

- **Contract Balances:**

  Contract assets:

  A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. A receivable represents the Group's right to an amount of consideration that is unconditional.

  Contract liabilities:

  A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

- **Assets and Liabilities arising from rights of return**

Right of return assets:

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund Liabilities:

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

- **Rendering of Services**

  Revenue from service related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

  Revenue from the sale of goods/ equipment's is recognized when the significant risks and rewards of ownership of the goods have passed 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.

- **Export benefit**

  Income from export incentives such as duty drawback, merchandise export incentive scheme and service export incentive scheme are recognised in accordance with their respective underlying scheme at fair value of consideration received or receivable.

- **Interest Income**

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

1.13 EMPLOYEE BENEFITS:

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee service up to the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Defined Contribution Plans

Contributions to defined contribution schemes such as employees' state insurance, labor welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Group's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Group has no further defined obligations beyond the monthly contributions.

Defined Benefit Plans

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. 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 recognized as and when incurred.

The Group 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.

Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

Post-Retirement Medical benefit plan

The Group operates a defined post-retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

1.14 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the Statement of Profit and Loss account.

1.15 INCOME TAXES

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current Tax:

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

1.16 LEASES:

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

1.17 FOREIGN CURRENCIES:

The financial statements are presented in INR, the functional currency of the Group. Items included in the financial statements of the Group are recorded using the currency of the primary economic environment in which the Group operates (the 'functional currency').

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the balance sheet date

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The estimated fair value amounts of forward exchange contracts as at March 31, 2019 have been measured as at that date. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

1.18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS:

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

The fair value of financial instruments has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

1.19 OPERATING SEGMENTS:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group.

1.20. EXCEPTIONAL ITEMS:

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable understanding of the Group's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments in subsidiaries, associates and joint venture and impairment losses/ write down in value of investment in subsidiaries, associates and joint venture and significant disposal of fixed assets.

1.21 EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

1.22 GOVERNMENT GRANTS:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions for receiving such grant have been and will be fulfilled. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Notes to Consolidated Financial Statements for the year ended 31 March 2019

2 **Property, Plant and Equipment**

Amounts in ₹ Mln

Particulars	Leasehold Land	Buildings	Freehold Land	Leasehold Improvements	Plant and Equipment (Owned)	Plant and Equipment (given on operating lease)	Office Equipment	Furniture	Vehicles (Owned)	Vehicles (taken on finance lease)	Plant and Machinery (taken on finance lease)	Total
Gross carrying value												
As at 1 April 2017	147	530	79	337	1,343	85	325	279	13	564	353	4,055
Additions	-	14	-	371	600		81	99	-	203	138	1,506
Disposals	-	-	-	(11)	(38)		(10)	(28)	-	(167)	-	(254)
Adjustments*	-	16	-	-	(27)		(2)	18	(5)	-	-	-
Reclassified to Assets classified as held for sale**	-	(25)	-	-	-	-	-	-	-	-	-	(25)
As at 31 March 2018	147	535	79	697	1,878	85	394	368	8	600	491	5,282
Additions				**75**	**537**	**38**	**19**	**10**	**6**	**126**	**146**	**957**
Disposals		**(215)**	**(29)**	**-**	**(257)**		**(22)**	**(29)**	**(4)**	**(124)**		**(680)**
As at 31 March 2019	**147**	**320**	**50**	**772**	**2,158**	**123**	**391**	**349**	**10**	**602**	**637**	**5,559**
Depreciation and impairment												
As at 1 April 2017	**-**	**33**	**-**	**93**	**519**	**31**	**91**	**71**	**6**	**234**	**38**	**1,115**
Depreciation charge for the year	1	21	-	87	262	10	72	50	2	144	114	763
Disposals	-	-	-	(6)	(26)	-	(2)	(13)	-	(109)	-	(156)
Reclassified to Assets classified as held for sale**	-	(9)	-	-	-	-	-	-	-	-	-	(9)
As at 31 March 2018	1	45	-	174	755	41	161	108	8	269	152	1,714
Depreciation charge for the year	**1**	**17**		**139**	**375**	**13**	**30**	**41**	**1**	**167**	**139**	**923**
Impairment	**-**	**49**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**49**
Disposals	**-**	**(39)**	**-**	**-**	**(147)**	**-**	**(17)**	**(22)**	**(4)**	**(95)**		**(324)**
As at 31 March 2019	**2**	**72**	**-**	**313**	**983**	**54**	**174**	**127**	**5**	**341**	**291**	**2,362**
Net book value												
As at 31 March 2018	146	490	79	523	1,123	44	233	260	-	331	339	3,568
As at 31 March 2019	**145**	**248**	**50**	**459**	**1,175**	**69**	**217**	**222**	**5**	**261**	**346**	**3,197**

* represents reclassification.

** During the year 2017-18, the Group initiated identification and evaluation of potential buyers for the properties and anticipated completion of sale by March 2019 and accordingly the said properties were classified and presented under "Assets classified as held for sale". Refer note 13.

Capital Work in Progress	As at 31 March 2019	As at 31 March 2018
Book value	304	18

Capital Work in Progress as at 31 March 2019 includes assets under contruction due to expansion work in Group's Plant at Pune.

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

3 Investment Property

Particulars	As at 31 March 2019	As at 31 March 2018
At the beginning of the year	**59**	**76**
Additions	-	-
Disposals	-	-
Reclassified to Assets classified as held for sale	-	(17)
End of the year	59	59
Depreciation		
At the beginning of the year	-	-
Additions	-	-
Disposals	-	-
Reclassified to Assets classified as held for sale	-	
End of the year	-	-
Net Block	**59**	**59**

1. The investment property consists of freehold land held by the Group which was fair valued at the acquisition date.
2. Investment property comprises of land parcel owned by the Group. The fair value of the property as at March 31, 2019 was ₹**141** (March 31, 2018 - ₹137). The fair values are based on valuations performed by a qualified independent valuer.
3. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
4. Fair value hierarchy disclosures for investment properties have been provided in Note 39.

4 Intangible assets

Particulars	Goodwill	Brands	Distribution Network	Total
Cost				
As at 1 April 2017	1,191	1,498	945	3,634
As at 31 March 2018	1,191	1,498	945	3,634
As at 31 March 2019	**1,191**	**1,498**	**945**	**3,634**
Amortization and impairment				
As at 1 April 2017	**-**	**750**	**472**	**1,222**
Amortization for the year	-	375	236	**611**
Disposals and adjustments	-	-	-	**-**
As at 31 March 2018	-	1,125	708	1,833
Amortization for the year		**373**	**237**	**610**
As at 31 March 2019	**-**	**1,498**	**945**	**2,443**
Net book value				
As at 31 March 2018	1,191	373	237	**1,801**
As at 31 March 2019	**1,191**	**-**	**-**	**1,191**

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

5 Investment in associate

Particulars	As at 31 March 2019	As at 31 March 2018
Unquoted Investments		
14,800,000 (31 March 2018 - 14,800,000) equity shares of ₹ 10/- each fully paid up in Healthmap Diagnostics Private Limited - an associate * ^includes share of post-investment loss of ₹**19** (Previous year ₹47)	**-^**	19^
	-^	19^

* Post Balance Sheet date, the Group had entered into a Share Purchase Agreement with Manipal Health Enterprises Limited ("Manipal"), on May 14, 2019 and agreed to sell its entire shareholding in HealthMap Diagnostics Private Limited (HDPL), comprising of 1,48,00,000 equity shares of face value ₹10/- each, to Manipal for a consideration of ₹23.65 per share, aggregating to ₹350. The said transaction for sale of shares was concluded on May 15, 2019.

6 Contract balances

	As at 31 March 2019		As at 31 March 2018	
	Current	**Non-Current**	Current	Non-Current
Contract assets	**257**	**-**	212	-
Contract liabilities	**2,220**	**724**	2,633	138

"Contract assets" represent "Unbilled Revenue" for which revenue is earned but not billed to the customers due to different periodical billing cycles. Receipt of consideration is conditional to billing for maintenance contracts and on billing, the amounts recognised as contract assets are reclassified to "Trade Receivables". They are unsecured and are derived from revenue earned from customer.

"Contract liabilities" include (a) advances received from customers and (b) income received in advance.

Due to adoption of Ind AS 115 (Revenue from contracts with customers) effective April 1, 2018, the group has reclassified ₹ **212** from Unbilled Revenue (current) to Contract Assets (Current) and Income received in advance (non-current) ₹**138** to Contract liabilities (non-current) and ₹**1,359** from Income received in advance (current) to Contract Liabilities (current) and ₹**1,274** from Advances received from customers (current) to Contract Liabilities (current) as at 31 March 2018.

7 (a) Non-current Financial assets - Trade Receivables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	**858**	862
Total	**858**	862

Break up for security details

Trade receivables	As at 31 March 2019	As at 31 March 2018
Trade receivables - Secured, considered good {(refer note 11(a)}	**858**	539
Trade receivables - Unsecured, considered good	**-**	323
Trade Receivables which have significant increase in credit risk	**-**	-
Trade Receivables - credit impaired	**32**	18
	890	880
Less: Allowance for Trade Receivable - credit impaired	**(32)**	(18)
	858	862

7 (b). Non-current financial assets - others

Loans (Unsecured considered good unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Security Deposits		
- Security Deposits Considered good	**372**	310
- Security Deposits Credit impaired	**-**	-
- Less: Allowances for Security Deposits - credit impaired	**-**	-
Bank Deposits (due to mature after 12 months from reporting date)	**1**	1
	373	311

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

8 Deferred Tax Assets (Net)

a. Components of Income Tax Expense

(i) Tax expense recognised in Statement of Profit and Loss	Year ended 31 March 2019	Year ended 31 March 2018
Current Tax	(1,094)	(1,210)
Income Tax provisions related to prior years written back	184	-
	(910)	(1,210)
Deferred tax expenses (charge) / credit		
- Relating to origination and reversal of temporary differences	(10)	2,155
	(10)	2,155
(ii) Tax on Other Comprehensive Income		
Deferred tax		
- Gain / (Loss) on measurement of net defined benefit plans	22	(50)
Total	22	(50)

b. Reconciliation of Tax expense and the accounting profit for the year is as under:

Particulars	For year ended 31 Mar 2019	For year ended 31 Mar 2018
Profit before tax	2,827	2,667
Income tax calculated @	34.944%	34.608%
Computed tax expense	988	923
Differences due to:		
- Expenses not deductible for tax purposes	111	63
- Income Tax provisions related to prior years written back	(184)	-
- Others	(68)	-
- Utilization of carry forward losses	73	(1,931)
Income tax charged to Statement of Profit and Loss at effective tax rate of **32.54%** (Previous year - 35.43%)	920	(945)
Income tax expense reported in Statement of Profit and Loss	920	(945)

c. Components of Deferred Tax Assets (net) are as follows:

Particulars	Balance Sheet		Recognized in Statement of profit and loss	
	As at 31 March 2019	As at 31 March 2018	For year ended 31 Mar 2019	For year ended 31 Mar 2018
Net deferred tax assets/(liabilities)				
- Losses available for offsetting against future taxable income	1,858	1,931	(73)	1,931
- Provision for employee benefits	239	246	(7)	9
- Doubtful trade receivables and advances	216	197	19	85
- Difference between book and tax depreciation	398	446	(48)	87
- Other timing differences	351	321	30	93
- Assets given on finance lease	(646)	(420)	(226)	(50)
Total (A)	2,416	2,721	(305)	2,155
Deferred tax relation to prior years reclassed to Advance tax (B)	(294)	-	(294)	-
Net impact to Statement of Profit and Loss relating to current year (C=A-B)	2,710	2,721	(11)	2,155
Re-measurement (gains) / losses on defined benefit plans (D)	(22)	(44)	22	(50)
Net deferred tax assets/(liabilities) (B+C+D)	2,394	2,677	(283)	2,105

Amounts in ₹ Mln

d. Reconciliation Deferred Tax Assets / (Liabilities) - Net

Particulars	**As at 31 March 2019**	As at 31 March 2018
Opening balance as of 1 April	**2,677**	572
Tax income/(expense) during the period recognised in profit and loss	**(11)**	2,155
Tax income/(expense) during the period recognised in OCI	**22**	(50)
Deferred tax relating to Prior years reclassed to Advance Tax	**(294)**	-
Closing balance as at 31 March	**2,394**	2,677

9 Other non-current assets

(Unsecured, considered good unless otherwise stated)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Advance Rentals	**66**	46
Capital Advances	**29**	6
VAT credit receivable	**62**	89
Deposits against legal cases	**486**	365
Advances to employees	**-**	1
Considered doubtful		
VAT credit receivable	**25**	16
Deposits against legal cases	**20**	9
Special additional duty receivables and drawback claims	**56**	56
Claims receivables	**54**	54
Less: Allowances for doubtful other loans and advances		
VAT credit receivable	**(25)**	(16)
Deposits against legal cases	**(20)**	(9)
Special additional duty receivables and drawback claims	**(56)**	(56)
Claims receivables	**(54)**	(54)
	643	507

10 Inventories (at lower of cost and net realisable value whichever is lower)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Raw materials (includes goods-in-transit ₹ **35** (31 March 2018 ₹ 52)	**916**	745
Work in Progress	**1,047**	659
Finished Goods (includes goods-in-transit ₹ **21** (31 March 2018 ₹39)	**299**	301
Stock-in-Trade (goods purchased for resale) (includes goods-in-transit ₹ **591** (31 March 2018 ₹ 321)	**3,352**	2,852
Stores and Spares	**9**	9
	5,623	4,566

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

11(a) Current Financial assets - Trade Receivables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	**5,993**	5,361
Trade Receivables from an associate (Note 33)	**29**	12
Trade Receivables from other related parties (Note 33)	**2,026**	2,023
Total	**8,048**	7,396

Break up for security details

Trade receivables	As at 31 March 2019	As at 31 March 2018
Trade receivables -Secured, considered good **	**240**	608
Trade receivables - Unsecured, considered good	**7,808**	6,788
Trade Receivables which have significant increase in Credit Risk	**-**	-
Trade Receivables - credit impaired	**396**	345
	8,444	7,741
Allowances for Trade Receivables - credit impaired	**(396)**	(345)
	8,048	7,396

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables other than finance lease receivables are non-interest bearing.

**** Additional disclosure relating to finance lease receivables:**

Secured trade receivables includes finance lease receivables amounting to ₹ **548** (31 March 2018 - ₹ 695) relating to medical equipment leased out by the Healthcare division of the Group. The lease term varies between 5-7 years. The total minimum lease payments for assets given on finance lease is ₹ **753** (31 March 2018 - ₹ 888) which includes unearned interest of ₹ **205** (31 March 2018 ₹ 193). The maturity profile of finance lease obligation is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Minimum lease payments		
Receivable within 1 year	**219**	226
Receivable between 1-5 years	**404**	602
Receivable after 5 years	**130**	60
Total	**753**	888
Present value		
Receivable within 1 year	**154**	152
Receivable between 1-5 years	**280**	486
Receivable after 5 years	**114**	57
Total	**548**	695
Unearned interest	**205**	193

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

11(b) Cash and cash equivalents

Particulars	**As at 31 March 2019**	As at 31 March 2018
Balances with banks:		
– On current accounts*	**122**	1,466
– Deposits with original maturity of less than three months**	**7,349**	5,120
Cheques/ drafts on hand	**52**	130
Cash on hand	**1**	-
	7,524	6,716
Other Bank Balances		
Unpaid dividend accounts	**13**	13
	7,537	6,729

* Includes Remittances-in-transit ₹ **NIL** (31 March 2018 - ₹860)
** Refer note 9 (c)

Changes in Liabilities arising from financing activities

Particulars	As at 1 April 2018	Cash Flows	**As at 31 March 2019**
Borrowings	145	(145)	**-**
Finance lease obligations	694	(11)	**683**
Total liabilities from financing activities	839	(156)	**683**

Particulars	As at 1 April 2017	Cash Flows	As at 31 March 2018
Borrowings	191	(46)	145
Finance lease obligations	699	(5)	694
Total liabilities from financing activities	890	(51)	839

11(c) Current Financial assets - Others

Particulars	**As at 31 March 2019**	As at 31 March 2018
(i) Interest accrued on deposits with banks	**47**	30
(ii) Government grant receivables	**188**	158
(iii) Security Deposits		
(Includes earnest money deposits with banks in the nature of fixed deposits)		
Security Deposits Considered good	**112**	339
Security Deposits Credit impaired	**52**	47
Allowances for Security Deposits - credit impaired	**(52)**	(47)
	347	527

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

12 Other current assets

(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance Rentals	-	1
Advance to suppliers (other than related party)	441	376
Advance to related party	68	73
CENVAT credit receivable	336	533
GST Input tax credit receivable	1,275	776
VAT credit receivable	5	15
Special additional duty receivables and drawback claims	118	39
Balances with customs and port trust	24	3
Prepaid expenses	162	143
Claims receivables	384	65
Advances to employees	20	20
Considered doubtful		
Advance to suppliers	28	17
Claims receivables	9	8
GST Receivable	17	-
Allowances for doubtful other loans and advances		
Advance to suppliers	(28)	(17)
Claims receivables	(9)	(8)
GST Receivable	(17)	-
	2,833	2,044

13 Assets Classified As Held For Sale

Particulars	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment		
Assets retired from active use (refer note below)	26	33
	26	33

During the year 2017-18, the Group initiated identification and evaluation of potential buyers for the properties located in the states of Maharashtra, Gujarat & Goa. Consequently, the Group has completed sale of the properties located in the states of Gujarat and Goa during the current year and anticipates completion of sale of properties in the state of Maharashtra by March 2020. These are recognized and measured in accordance with Ind-AS 105 "Non-Current Assets Held for Sale and Discontinued Operations" at lower of its carrying amount and fair value less cost to sell.

Amounts in ₹ Mln

14 Equity Share Capital

	As at 31 March 2019		As at 31 March 2018	
Authorised	**No. of shares**	**Amount**	No. of shares	Amount
Equity shares of ₹ 10 each	**92,000,000**	**920**	92,000,000	920
Non-convertible cumulative preference shares of Rs.10 each	**20,000,000**	**200**	20,000,000	200
Total	**112,000,000**	**1,120**	112,000,000	1,120

Issued, subscribed and paid-up	**No. of shares**	**Amount**	No. of shares	Amount
Equity shares of ₹10 each	**57,517,242**	**575**	57,517,242	575
Total	**57,517,242**	**575**	57,517,242	575

(i) Reconciliation of the number of equity shares outstanding

	As at 31 March 2019		As at 31 March 2018	
At the beginning and at the end of the reporting period	**57,517,242**	**575**	57,517,242	575

(ii) Rights, preferences and restrictions attached to the equity shares

The Group has only one class of equity shares having a par value of ₹ 10/- per share (31 March 2018 : ₹ 10/- per share). Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Shares held by holding and the ultimate holding company

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	**Amount**	No. of shares	Amount
Koninklijke Philips N.V (KPNV)	**55,290,182**	**553**	55,290,182	553

(iv) Details of shareholders holding more than 5% shares of the company

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	**% holding**	No. of shares	% holding
Koninklijke Philips N.V (KPNV)	**55,290,182**	**96.13**	55,290,182	96.13

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

15 Other Equity

	As at 31 March 2019		As at 31 March 2018	
General reserve				
As at the beginning of the year	**2,315**		2,315	
As at the end of the year		**2,315**		2,315
Retained Earnings				
As at the beginning of the year	**16,415**		12,917	
Add: Profit for the year	**1,907**		3,612	
Less: Reductions during the year				
Dividend	**(173)**		(173)	
Dividend distribution tax	**(35)**		(35)	
Items of Other Comprehensive Income (OCI) recognised directly in retained earnings				
Re-measurement gains/ (losses) on defined benefit plans (net of tax)	**(39)**		94	
		18,075		16,415
Total		**20,390**		18,730

The disaggregation of changes in OCI by each type of reserves in equity is disclosed below:

Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
Re-measurement gains / (losses) on defined benefit plans	**(61)**	144
Income Tax effect	**22**	(50)
	(39)	94

A. Summary of Other Equity

Particulars	**As at 31 March 2019**	As at 31 March 2018
General Reserve	**2,315**	2,315
Retained Earnings	**18,114**	16,321
Items of OCI	**(39)**	94
Total other Equity	**20,390**	18,730

B. Description of nature and purpose of each reserve

(1) General Reserve and Retained Earnings

These represent the accumulated profit the Group has. These are free reserves for the Group. The Group can declare dividend or retain it for future use.

(2) Re-measurement of Net Defined Benefit Plans

This represents (a) differences between the interest income on plan assets and return actually achieved and (b) any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plan, recognized in Other Comprehensive Income (OCI) and subsequently not reclassified to the Statement of Profit and Loss.

Amounts in ₹ Mln

16 Non-current financial liabilities - Borrowings

	As at 31 March 2019	As at 31 March 2018
Long Term maturities of finance lease obligations (secured)	**385**	441

The finance lease obligations are secured by underlying assets (Vehicles and IT devices) [refer note 2]. The legal title of the underlying assets 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 ₹ **780** (Previous Year-₹ 808) which includes interest of ₹ **97** (Previous Year- ₹ 114).

The maturity profile of finance lease obligations is as follows:

Particulars	**As at 31 March 2019**		As at 31 March 2018	
	Minimum Lease payments	**Present value**	Minimum Lease payments	Present value
Payable within 1 year	**354**	**298**	315	253
Payable between 1-5 years	**426**	**385**	493	441
Total minimum lease payments	**780**	**683**	808	694
Less: Interest	**97**	**-**	114	-
Present value of minimum lease payments	**683**	**683**	694	694

17 Other non-current liabilities

	As at 31 March 2019	As at 31 March 2018
Employee related payables	**142**	367
Security deposits	**17**	17
	159	384

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

18 Provisions

	Long-term		Short-term	
	As at 31 March 2019	As at 31 March 2018	**As at 31 March 2019**	As at 31 March 2018
Provision for employee benefits				
Gratuity (refer note 30)	**480**	375	**18**	24
Compensated absences	**233**	211	**31**	34
Post-employment medical benefits	**-**	-	**15**	18
Others				
Warranty (refer note 18.1)	**87**	68	**210**	217
Legal and regulatory (refer note 18.1)	**-**	0	**502**	577
Miscellaneous (refer note 18.1)	**-**	-	**53**	39
	800	654	**829**	909

Additional disclosure relating to provisions:

18.1 Movement in provisions:

	Class of provisions			
	Warranty	**Legal and regulatory**	***Miscellaneous**	**Total**
Opening balance	**285**	**577**	**39**	**901**
	(307)	**(390)**	**-**	**(697)**
Add: Accruals / Internal transfers	**426**	**12**	**34**	**472**
	(377)	(187)	(39)	(603)
Less: Utilisation / Internal transfers	**414**	**18**	**10**	**442**
	(399)	-	-	(399)
Less: Write back	**-**	**69**	**10**	**79**
	-	-	-	-
Closing balance	**297**	**502**	**53**	**852**
	(285)	(577)	(39)	(901)

Figures given in brackets relate to previous year.

* Includes unwinding of discount and effect of change in discount rate.

18.2 Nature of provisions:

(a) Warranty

The Group provides for the estimated liability on warranty given on sale of its products based on past performance of such products. The provision represents the expected cost of warranty and free of charge services and it is expected that the expenditure will be incurred over the warranty period which usually ranges from 12 months to 24 months.

(b) Legal and regulatory

The Group 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) Miscellaneous

The Group has created provisions following the accounting concept of conservatism towards possible outflow of resources in respect of other claims against the Group.

Amounts in ₹ Mln

19 Current Financial Liabilities

	As at 31 March 2019	As at 31 March 2018
(a) Borrowings		
Current maturities of finance lease obligations (refer note 16)	**298**	253
From banks		
Bank overdraft (unsecured)	**-**	77
Other facilities from Bank of America (Unsecured)	**-**	69
	298	**399**

Other facilities from Bank of America represents supplier financing. Supplier financing is repayable over next two months from the end of the financial year and No interest is charged for the facility from the Company.

	As at 31 March 2019	As at 31 March 2018
(b) Trade Payables		
Dues to others	**5,284**	4,729
Dues to related parties	**2,530**	1,762
Dues to Micro, Small and Medium Enterprises		
a. Principal amount remaining unpaid to any supplier as at end of the year	**155**	35
b. Interest due on the above amount	**1**	1
c. 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	**-**	-
d. Amount of interest due and payable for the period of delay in making the payment but without adding the inteest specified under this Act	**-**	-
e. Amount of interest accrued and remaining unpaid at the end of the year	**-**	-
f. 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	**-**	-
	7,970	6,527

Trade payables are non-interest bearing and are normally settled on sixty day terms.

The Group 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 above.

	As at 31 March 2019	As at 31 March 2018
(c) Other financial liabilities		
Interest accrued but not paid	**-**	4
Unpaid dividend	**13**	13
Book overdraft	**111**	-
Other payables:		
Payables for purchase of fixed assets (other than micro and small enterprises)	**134**	94
Interest accrued but not due	**1**	
Security deposits	**22**	21
	281	132

20 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Other payables:		
Employee related payables	**897**	1,066
Statutory dues	**986**	627
	1,883	1,693

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

21 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of goods *	**29,679**	27,115
Sale of services	**19,051**	16,704
Revenue from contracts with customers	**48,730**	43,819
Other operating revenues	**391**	290
Revenue from operations	**49,121**	44,109

* Revenue from sale of goods for current year includes excise duty ₹ **Nil** (Previous year ₹ 88). From 1 July 2017 onwards, the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The Group collects GST on behalf of the Government. Hence, GST is not included in "Revenue from operations". In view of the aforesaid change in indirect taxes, revenue from operations for the current year is not comparable with the previous year.

21(a) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended 31 March 2019				
Segments	**Personal Health**	**Innovation Services**	**Health Systems**	**Other Unallocable**	**Total**
Type of goods or service					
Sale of Goods	17,273	-	12,406	-	29,679
Sale of Services	15	12,109	6,441	486	19,051
Revenue from contracts with customers	**17,288**	**12,109**	**18,847**	**486**	**48,730**
Within India	16,930	-	13,222	20	30,172
Outside india	358	12,109	5,625	466	18,558
Revenue from contracts with customers	**17,288**	**12,109**	**18,847**	**486**	**48,730**
Timing of revenue recognition					
Goods transferred at a point in time	17,273	-	12,406	-	29,679
Services transferred over time	15	12,109	6,441	486	19,051
Revenue from contracts with customers	**17,288**	**12,109**	**18,847**	**486**	**48,730**

	For the year ended 31 March 2018				
Segments	Personal Health	Innovation Services	Health Systems	Other Unallocable	Total
Type of goods or service					
Sale of Goods	14,758	-	12,357	-	27,115
Sale of Services	28	10,482	5,752	442	16,704
Revenue from contracts with customers	14,786	10,482	18,109	442	43,819
Within India	14,509	-	13,547	107	28,163
Outside india	277	10,482	4,562	335	15,656
Revenue from contracts with customers	14,786	10,482	18,109	442	43,819
Timing of revenue recognition					
Goods transferred at a point in time	14,758	-	12,357	-	27,115
Services transferred over time	28	10,482	5,752	442	16,704
Revenue from contracts with customers	14,786	10,482	18,109	442	43,819

21(b) Reconciliation of the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue as per contracted price	**53,750**	48,168
Adjustments		
Extended warranties	**(2,389)**	(2,258)
Significant financing component	**(25)**	(10)
Sales returns	**(537)**	(406)
Rebates	**(2,069)**	(1,675)
Revenue from contracts with customers	**48,730**	43,819

21(c) Performance obligation:

Sale of products:

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods.

Sales of services:

The performance obligation in respect of installation services is satisfied upon completion of installation and acceptance of customer. In respect of maintenance services, performance obligation is satisfied over a period of time and acceptance of the customer.

The transaction price allocated to remaining performance obligation (unsatisfied performance obligation-gross) pertaining to sales of services as at March 31, 2019 is as follows:-

Particulars	Year ended 31 March 2019
Within one year	**3,766**
More than one year	**725**
	4,491

Note: The remaining performance obligation expected to be recognised in more than one year relates to extended warranty and maintenance charges received from customer that is to be satisfied over the period of one to twelve years. All other remaining performance obligation are expected to be recognised within one year.

Breakup of other operating revenues:

	Year ended 31 March 2019	Year ended 31 March 2018
Liabilities no longer required written back	**80**	32
Finance income - leases	**123**	151
Duty drawback and export incentives	**146**	62
Miscellaneous	**42**	45
	391	290

22 Other income

Interest income (other than on investments)	**528**	340
Interest on income-tax refund	**123**	-
Surplus on disposal of fixed assets	**3**	1
Interest income on defined benefit plan	**26**	23
Interest income on Security Deposits	**29**	22
Other non-operating income	**17**	10
Government grants	**49**	114
	775	510

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

23 Cost of raw materials consumed

	Year ended 31 March 2019	Year ended 31 March 2018
Inventory of raw materials at the beginning of the year	**701**	728
Add: Purchases	**6,042**	5,022
Less: Inventory of raw materials at the end of the year	**886**	701
Cost of raw materials consumed	**5,857**	5,049

24 Purchases of stock-in-trade (goods purchased for resale)	**17,539**	14,732

25 Changes in inventories of finished goods, stock-in-trade and work-in-progress

Stock at the beginning of the year		
Finished goods	**380**	288
Work-in-Progress	**659**	1,016
Stock-in-trade (goods purchased for resale)	**2,472**	2,663
Total	**3,511**	3,967
Stock at the end of the year		
Finished goods	**299**	380
Work-in-Progress	**1,046**	659
Stock-in-trade (goods purchased for resale)	**2,791**	2,472
	4,136	3,511
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**(625)**	456

26 Employee benefits expense

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	**11,816**	10,616
Contribution to provident and other funds(Refer note 26(a))	**500**	407
Defined benefit plan expense	**140**	157
Expense on Employee Stock Option Schemes	**145**	143
Staff welfare expenses	**541**	581
	13,142	11,904

The Group has availed Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) scheme during the year and the above amount includes ₹ 1 (March 31, 2018 NIL) government grant benefited and same has been reduced from contribution to provident fund.

27 Finance costs

Interest on Finance Lease	**76**	75
Interest cost on borrowings	**4**	-
Net interest on the net defined benefit liability	**51**	53
Other interest expense	**5**	5
Total interest expense	**136**	133
Unwinding of discount and effect of changes in discount rate on provisions	**1**	1
Total Finance costs	**137**	134

28 Depreciation and amortization expense

Depreciation of tangible fixed assets (Refer note 2)	**923**	762
Amortization of intangible fixed assets	**610**	611
	1,533	1,373

Amounts in ₹ Mln

29 Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Power and fuel	**205**	177
Packing, freight and transport	**979**	832
Rent	**857**	829
Repairs to buildings	**104**	104
Repairs to plant and machinery	**40**	20
Insurance	**97**	142
Rates and taxes	**8**	6
Travelling and conveyance	**965**	915
Legal and professional	**265**	281
Publicity	**1,917**	1,459
IT and Communication	**1,109**	882
Fees for services from a Fellow Subsidiary Company	**374**	-
Allowance for doubtful trade receivables and advances	**143**	299
Warranty	**426**	375
Net loss on foreign currency transaction and translation	**4**	96
Miscellaneous	**1,696**	1,649
	9,189	8,066

(a) Legal and professional includes payments to auditors as given below:

As Auditor - statutory audit fees ₹**7.2** (Previous year - ₹7.2), tax audit fees ₹**2.2** (Previous year - ₹1.7); certification ₹**1.2** (Previous year - ₹1.7) and reimbursement of expenses ₹ **Nil** (Previous year - ₹NIL).

(b) Pursuant to the agreement entered into with Philips International B.V. (PI BV), the Group has incurred ₹**374** (Previous year - ₹NIL) towards services provided by PI BV.

(c) Miscellaneous include - (i) undepreciated value of fixed assets written off / provided for - ₹ **40** (Previous year - ₹ 29), (ii) handling charges - ₹ **82** (Previous year - ₹ 41), (iii) royalty - ₹ **403** (Previous year - ₹ 391), (iv) commission - ₹ **118** (Previous year - ₹ 132) and (v) Corporate Social Responsibility expenditure - ₹ **42** (Previous year - ₹ 100); amount spent towards various schemes as prescribed under Section 135 of the Companies Act, 2013 - ₹ **15** (Previous year - ₹ 44).

Details of CSR Expenditure:	**Year ended 31 March 2019**	Year ended 31 March 2018
a) Gross amount required to be spent by the Company during the year	**83**	100
b) Amount spent during the year ending on 31st March, 2019:		
i) For Purposes mentioned below:		
- In Cash	**15**	44
- Yet to be paid in Cash	**27**	56
ii) On purposes other than (i) above		
- In Cash	**-**	-
- Yet to be paid in Cash	**-**	-

In terms of the provisions of Section 135 of the Companies Act, 2013, for the financial year 2018-19, the Group was required to spend an amount of ₹ **83** (previous year ₹ 100) towards CSR activities and the Group has spent ₹ **15** (previous year ₹ 44) against the same. Remaining ₹ **27** (previous year ₹ 56) is on account of CSR programs that are in progress for which invoices are yet to be received.

30 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits)

The Group has a defined gratuity benefit plan which is governed by Payment of Gratuity Act, 1972. Under the Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at the retirement age. The Group covers a part of the liability towards employees' gratuity by way of contributing to a registered trust. Plan assets comprise of contribution to Group Gratuity Scheme of Life Insurance Corporation of India in case of gratuity and investments under Philips India Limited Employees' Provident Fund Plan in case of Provident Fund. The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the amounts recognized in the balance sheet.

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

30 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits) (contd.)

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	**Gratuity**	
	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	**140**	157
Past service cost	**-**	-
Interest cost on benefit obligation	**56**	53
Expected return on plan assets	**(29)**	(23)
Curtailment Cost	**-**	-
Settlement cost	**-**	-
Net actuarial (gain)/ loss recognised in the year	**61**	(144)
Expenses recognized in the Statement of Profit & Loss and Other Comprehensive Income	**228**	43

Changes in the present value of the defined benefit obligation are as follows:

Particulars	**Gratuity**				**Provident Fund**	
	Year ended 31 March 2019		Year ended 31 March 2018		**Year ended 31 March 2019**	Year ended 31 March 2018
	Funded	**Unfunded**	Funded	Unfunded		
A. Present value of obligations as at beginning of the year	**638**	**150**	627	153	**5,678**	5,145
(1) Current service cost	**114**	**26**	129	28	**369**	338
(2) Interest cost	**45**	**11**	43	10	**505**	383
(3) Benefits settled	**(77)**	**(22)**	(24)	(34)	**(595)**	(582)
(4) Settlements	**-**	**-**	-	-	**-**	-
(5) Actuarial (gain) / loss	**51**	**8**	(137)	(7)	**-**	-
(6) Actuarial (gain) / loss due to Interest rate guarantee	**-**	**-**	-	-	**542**	(380)
(7) Employees' contribution	**-**	**-**	-	-	**544**	488
(8) Acquisition/Business Combination/ Divestiture	**-**	**1**	-	-	**-**	-
(9) Change in reserves	**-**	**-**	-	-	**-**	-
(10) Transfer in	**-**	**-**	-	-	**379**	286
(11) Past service cost	**-**	**-**	-	-	**-**	-
Present value of obligations as at end of the year	**771**	**174**	638	150	**7,422**	5,678

Amounts in ₹ Mln

30 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits) (contd.)

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2019:

Change in the fair value of plan assets are as follows:

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2019		Year ended 31 March 2018		**Year ended 31 March 2019**	Year ended 31 March 2018
	Funded	**Unfunded**	Funded	Unfunded		
B. Change in Plan Assets						
Plan assets as at beginning of the year	**389**	**-**	313	-	**6,403**	5,338
(1) Expected return on plan assets	**29**	**-**	23	-	**519**	395
(2) Contributions	**104**	**22**	77	-	**-**	-
(3) Benefits settled	**(73)**	**(22)**	(24)	-	**-**	-
(4) Employer and Employee contribution	**-**	**-**	-	-	**913**	826
(5) Transfer in	**-**	**-**	-	-	**379**	286
(6) Benefit payments	**-**	**-**	-	-	**(595)**	(582)
(7) Asset gain / (loss)	**(2)**	**-**	-	-	**-**	140
(8) Settlements	**-**	**-**	-	-	**-**	-
(9) Acquisition/Business Combination/ Divestiture	**-**	**-**	-	-	**-**	-
Plan assets as at end of the year	**447**	**-**	389	-	**7,619**	6,403
Surplus			-		**197**	725
The above surplus of ₹**197** (Previous year - ₹725) has not been recognised in the financial statements in accordance with Ind AS 19 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	**22**	**-**	23	-	-	-
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	**(771)**	**(174)**	(638)	(150)	-	-
(2) Fair value of Plan assets	**447**	**-**	389	-	-	-
Liability recognised in Balance Sheet	**(324)**	**(174)**	(249)	(150)	-	-
E. Components of Employer Expense:						
(1) Current service cost	**114**	**26**	129	28	-	-
(2) Interest cost	**45**	**11**	43	10	-	-
(3) Expected return on plan assets (estimated)	**(29)**	**-**	(23)	-	-	-
(4) Curtailments	**-**	**-**	-	-	-	-
(5) Past service cost	**-**	**-**	-	-	-	-
(6) Actuarial (gain) / loss	**53**	**8**	(137)	(7)	-	-
Total expense recognised in Statement of Profit and Loss	**183**	**45**	12	31	-	-

The gratuity expense has been recognised in "Employee benefits expenses" under note 26 to the Financial Statements.

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

30 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits) (contd.)

F. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Defined Benefit Obligations	**771**	638	682	541	550
Plan Assets	**447**	389	345	273	312
Surplus/(Deficit)	**(324)**	(249)	(337)	(268)	(238)
Experience adjustments on Plan assets/liabilities (gain) / loss	**45**	46	(75)	(59)	316
Description	**Gratuity (Unfunded)**				
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Defined Benefit Obligations	**174**	150	154	111	311
Plan Assets	**-**	-	-	-	-
Surplus/(Deficit)	**(174)**	(150)	(154)	(111)	(311)
Experience adjustments on Plan assets/liabilities (gain) / loss	**4**	6	54	148	(22)
Description	**Provident Fund**				
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Defined Benefit Obligations	**7,422**	5,678	5,145	3,413	3,489
Plan Assets	**7,619**	6,403	5,337	3,471	3,564
Surplus/(Deficit)	**197**	725	192	58	75
Experience adjustments on Plan assets/liabilities (gain) / loss		(140)	(637)	(273)	(158)

G. Assumptions

Gratuity	Financial Assumptions			Demographic Assumptions		
	Discount factor	**Estimated rate of return on Plan Assets**	**Salary Increase**	**Mortality**	**Attrition rate**	**Retirement age**
Year ended 31 March 2019	**PIL 7.35%, PKAPL 7.35% and Home Care 6.40%**	**PIL 7.35% and PKAPL 9%**	**Management, PMS -9%, PIC - 9% DMC factory - 12%, PKAPL- 12% Home Care -9%**	**IALM (2006-08)**	**Management, PMS - 12%, Innovation Services - 11% HIC - Nil,PKAPL CG- 12% PKAP Corporate group- 12% , PKAPL Staff-20% PKAPL Workers-8% Home Care - 100%**	**Management & Innovation Services - 60 years, Others - 58 years PKAPL- 58 years Home Care- 60 years**
Year ended 31 March 2018	PIL 7.55% , PKAPL 7.6% and Home Care 7.55%	PIL 7.55% and PKAPL 9%	Management, PMS - 9%, PIC - 9% DMC factory - 12%, PKAPL- 12% Home Care -9%	IALM (2006-08)	Management -14%, PMS - 24%, PIC -10.15% DMC Factory - 5% PKAPL CG- 12% PKAPL Staff-20% PKAPL Workers-8% Home Care - 14%	Management, PMS and PIC - 60 years, Others - 58 years PKAPL- 58 years Home Care- 60 years

Amounts in ₹ Mln

30 Gratuity and other post-employment benefit plans (As per Ind AS 19 Employee Benefits) (contd.)

Provident Fund	Financial Assumptions					Demographic Assumptions		
	Yield on Assets based on the Market Value	Outstanding term of the liabilities	Govt of India - Bond Yield for the outstanding term of liabilitites	Interest Rate Guarantee	Expected Return on the Exempt Fund as per GN 29 methodology	Mortality	Employee Turnover	Retirement age
Year ended 31 March 2019	**8.17%**	**8.26 years**	**7.30%**	**8.65%**	**8.35%**	**IALM (2006-08)**	**Management -12%,Innovation Services - 11%HIC - Nil**	**Management - 60 years, Others - 58 years**
Year ended 31 March 2018	7.96%	7.48 years	7.69%	8.65%	8.25%	IALM (2006-08)	Management -14%,PMS - 24%,PIC - 10.15%DMC Factory - 5%	Management, PMS & PIC - 60 years, Others - 58 years

G. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Defined benefit obligation	**As at 31 March 2019**	As at 31 March 2018
Discount rate		
a. Discount rate - 100 basis points	**1,020**	848
b. Discount rate + 100 basis points	**881**	736
Salary increase rate		
a. Rate - 100 basis points	**881**	737
b. Rate + 100 basis points	**1,017**	846

H. Maturity profile of defined benefit obligation

Particulars	**As at 31 March 2019**	As at 31 March 2018
Within the next 12 months (next annual reporting period)	**90**	91
Between 1 and 5 years	**382**	332
Between 5 and 10 years	**435**	339
Total expected payments	**907**	760

31 Employees' Share-based Payments:

Certain employees of the group are eligible for stock options granted by the Holding Company ("KPNV"). 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 (KPNV) issued restricted share rights that vest in equal annual installments over a three-year period. Restricted shares are KPNV's shares that the grantee will receive in three successive years, provided the grantee is still with the Group 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. In 2013, a new Plan has been introduced which consists of performance shares only. The performance is measured over a three-year performance period. The performance shares vest three years after the grant date. The number of performance shares that will vest is dependent on achieving performance conditions, which are equally weighted, and provided that the grantee is still employed with the Group.

Notes to Consolidated Financial Statements for the year ended 31 March 2019

31 Employees' Share-based Payments: (contd.)

(c) Number and weighted average grant-date fair value of Stock Options (EUR)

Grant Date	Weighted average grant-date fair value of the share (in Euros)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2019	Exercisable
April 14, 2008	23.11	1,143	-	(1,143)	-	-	**-**	**-**
April 14, 2009	12.63	1,200	-	-	-	(1,200)	**-**	**-**
April 19, 2010	24.90	4,112	-	-	-	-	**4,112**	**4,112**
April 18, 2011	20.90	6,300	-	-	-	-	**6,300**	**6,300**
July 18, 2011	17.20	1,500	-	-	-	-	**1,500**	**1,500**
January 30, 2012	15.24	10,000	-	-	-	(5,000)	**5,000**	**5,000**
April 23, 2012	14.82	21,398	-	-	-	(5,264)	**16,134**	**16,134**
		45,653	**-**	**(1,143)**	**-**	**(11,464)**	**33,046**	**33,046**
Previous Year		77,441	-	(44,389)	12,601	-	45,653	45,653

(d) Number and weighted average grant-date fair value of Stock Options (USD)

Grant Date	Weighted average grant-date fair value of the share (in USD)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2019	Exercisable
April 14, 2008	36.63	756	-	(756)	-	-	**-**	**-**
April 14, 2009	33.51	480	-		-	-	**480**	**480**
		1,236	**-**	**(756)**	**-**	**-**	**480**	**480**
Previous Year		786	450	-			1,236	1,236

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

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2019
February 1, 2016	24.33	6,518	13,181	(19,699)	-	-	**-**
April 29, 2016	24.00	20,513	2,228	(2,576)	(872)	-	**19,293**
October 28, 2016	27.73	372	382	(754)	-	-	**-**
May 11, 2017	33.34	24,739	989	(2,126)	(864)	-	**22,738**
July 28, 2017	32.30	922	21	(471)	-	-	**472**
October 27, 2017	35.01	860	19	(440)	-	-	**439**
February 5, 2018	31.39	5,568	3,289	(4,432)	-	-	**4,425**
April 27, 2018	33.34		27,448	(1,849)	-	-	**25,599**
		59,492	**47,557**	**(32,347)**	**(1,736)**	**-**	**72,966**
Previous Year		35,948	34,141	(7,366)	(3,231)	-	59,492

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

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2019
May 11, 2017	36.30	-	-	-	159	-	**159**
April 27, 2018	36.30	-	-	-	4,524	-	**4,524**
		-	**-**	**-**	**4,683**	**-**	**4,683**
Previous Year		-	-	-	-	-	-
Restricted shares exclude 20% additional (premium) shares that may be received if shares awarded under the restricted share rights plan are not sold for a three-year period.							

31 Employees' Share-based Payments: (contd.)

(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) Number and weighted average grant date fair value of Performance Shares (EUR)

Grant Date	Weighted average grant date fair value (in Euro)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2019
May 5, 2015	25.19	76,428	4	(76,432)	-	-	**-**
February 1, 2016	24.33	1,643	-	(1,643)	-	-	**-**
April 29, 2016	24.00	41,010	21,844	(7,301)	-	-	**55,553**
May 11, 2017	33.34	28,540	1,075	(2,679)	-	-	**26,936**
April 27, 2018	36.30	-	28,674	(158)	-	-	**28,516**
		147,621	**51,597**	**(88,213)**	**-**	**-**	**111,005**
Previous Year		130,257	31,963	(42,212)	27,613	-	147,621

(i) Number and weighted average grant date fair value of Performance Shares (USD)

Grant Date	Weighted average grant date fair value (in Euro)	Outstanding as at 1 April 2018	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2019
May 11, 2017	36.30	-	-	-	159	-	**159**
April 27, 2018	36.30	-	-	-	8,828	-	**8,828**
		-	**-**	**-**	**8,987**	**-**	**8,987**
Previous Year		-	-	-	-	-	-

(j) Method and assumptions for arriving at the Fair Value of Performance Shares

The fair value of the performance shares is measured based on Monte-Carlo simulation and the following weighted average assumptions:

1. Risk free interest rate	-0.47%
2. Expected share price volatility	22%

(k) Employee Share Purchase Plan:

Under the terms of Employee Share Purchase Plan established by the Holding Company, substantially all employees are eligible to purchase a limited number of KPNV shares at discounted prices through payroll withholdings, of which the maximum range is 10% of total salary. Generally, the discount provided to the employees is in the range of 10% to 20%. A total of **18,447** (Previous year -16,672) shares were bought by employees during the year at an average price of EUR **35.26** (Previous year - EUR 33.91).

(l) Expense recognised on account of "Employee Share-Based Payment" is ₹ **145** (Previous year - ₹ 143) and carrying liability as at 31 March 2019 is ₹ **331** (Previous year - ₹424).

Notes to Consolidated Financial Statements for the year ended 31 March 2019

32 Commitments and contingencies

Amounts in ₹ Mln

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ **97** (Previous year - ₹ 271).

b. Contingent liabilities

(i) In respect of disputed excise demands - ₹ **17** (Previous year - ₹19), income tax demands - ₹ **3,042** (Previous year - ₹3,763), service tax demands - ₹ **380** (Previous year - ₹380), VAT - ₹ **1,921** (Previous year- ₹ 1,356) and Custom Duty - ₹ **62** (Previous Year- ₹ 62)

Of the above, the estimated contingent liability relating to erstwhile Lighting business are: (a) Income Tax demands ₹ **406** (Previous year - ₹ 1,027), (b) VAT ₹ **1,442** (Previous year - ₹ 901) and (c) service tax demands ₹ **150** (Previous year -₹ 298).

As per the MOU (Memorandum of Understanding) dated 31 March 2016 signed between Philips India Limited and Philips Lighting India Limited at the time of demerger of lighting business, the tax cases up to the effective date of demerger shall be contested by Philips India Limited and the amount of liability, if any, upon conclusion of case relating to lighting business shall be payable by Philips Lighting India Limited to Philips India Limited on the basis of respective segment turnover (agreed as part of MOU) of relevant years.

(ii). In respect of suppliers' / customers' demands and certain tenancy / customs / sales tax / service tax disputes for which the liability is not ascertainable.

(iii) In the opinion of management, since there are various interpretations relating to the Supreme Court (SC) judgement dated February 28, 2019 on provident fund (PF) holding that contribution is payable on allowances that are fixed and uniformly applicable, on the inclusion of allowances for the purpose of PF contribution, its applicability of effective date etc. The Group is evaluating and seeking legal inputs regarding various interpretive issues and its impact.

The Group 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.

33 Related party transactions (As per Ind AS 24 Related Party Disclosures)

(A) Enterprises exercising control:

Holding and ultimate holding company : Koninklijke Philips N.V (KPNV)

(B) Enterprises where control exists:

Associate Company : HealthMap Diagnostics Private Limited

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

(1) Fellow Subsidiary Companies (as per list given below)

ADAC Capital, LLC	Philips Electronics NA Corporation	Philips Medical Systems Technologies Ltd.
AP-CTR Corp.	Philips Electronics Nederland B.V.	Philips Medizin Systeme Böblingen GmbH
Argus Imaging B.V.	Philips Electronics North America Corporation	Philips Nederland B.V.
Invivo Corporation	Philips Electronics Singapore Pte Ltd	Philips Oral Healthcare, Inc.
Lifeline Systems Company	Philips Electronics UK Limited	Philips Oregon EGI
P.T. Philips Industries Batam	Philips France	Philips Oy
Philips (China) Investment Company, Ltd.	Philips Global Business Services LLP	Philips Peruana S.A.
Philips Africa (Pty) Ltd	Philips GmbH	Philips Philippines, Inc.
Philips Aktiebolag	Philips Healthcare (Suzhou) Co., Ltd.	Philips Polska Sp.z.o.o.
Philips Austria GmbH	Philips Healthcare Informatics, Inc.	Philips South Africa (Proprietary) Limited
Philips Consumer Lifestyle B.V.	Philips Ibérica, S.A.	Philips Technologie GmbH
Philips Danmark A/S	Philips Innovative Applications	Philips Ultrasound, Inc.
Philips Domestic Appliances and Personal Care Company of Zhuhai SEZ, Ltd.	Philips International B.V.	Philips VitalHealth Software India Pvt. Ltd
Philips Egypt (Limited Liability Company)	Philips Lanka Solutions (Private) Limited	PT. Philips Indonesia
Philips Electronics (Thailand) Ltd.	Philips Malaysia Sdn. Berhad	Respironics California, Inc.
Philips Electronics Australia Limited	Philips Medical Systems (Cleveland), Inc.	Respironics, Inc.
Philips Electronics Bangladesh Private Limited	Philips Medical Systems DMC GmbH	Saeco International Group S.p.A.
Philips Electronics Hong Kong Limited	Philips Medical Systems Indústria e Comércio Ltda.	Shenzhen Goldway Industrial Inc.
Philips Electronics Japan, Ltd.	Philips Medical Systems MR, Inc.	VISICU, Inc.
Philips Electronics Middle East & Africa B.V.	Philips Medical Systems Nederland B.V.	Volcano Corporation
		Volcano Europe, B.V.B.A.

(2) Employee Trusts

Philips India Ltd Management Staff Provident Fund Trust

Philips Employees Group Gratuity Scheme

(3) Key Managerial Personnel

Executive Directors:	**Non-Executive Directors:**	**Company Secretary:**
Mr.Daniel Mazon	Mr.S.M.Datta	Mr. Rajiv Mathur
Mr.Rajiv Mathur	Mr.Vivek Gambhir*	
Mr.Sudeep Agrawal	Mrs. Geetu Gidwani Verma	

* ceased to be a Non- Executive Independent Director w.e.f. December 31, 2018

Notes to Consolidated Financial Statements for the year ended 31 March 2019

33. Related party transactions (As per Ind AS 24 Related Party Disclosures) (Contd.)

(c) Nature of transactions

Amounts in ₹ Mln

	Year ended 31 March 2019					Year ended 31 March 2018				
	Ultimate Holding Company	**Fellow Subsidiary Companies**	**Associate Company**	**Key Managerial Personnel**	**Employee Trusts**	Ultimate Holding Company	Fellow Subsidiary Companies	Associate Company	Key Managerial Personnel	Employee Trusts
PURCHASES										
Goods	-	12,603	-	-	-	-	9,953	-	-	-
Property, Plant and Equipment	-	93	-	-	-	-	94	-	-	-
Services	145	1,420	-	-	-	143	1,017	-	-	-
Reimbursements	-	47	-	-	-	-	102	-	-	-
Others	26	-	-	-	-	74	-	-	-	-
SALES										
Goods		3,494	81	-	-	-	2,594	65	-	-
Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-
Services	1,941	12,843	38	-	-	1,750	11,224	26	-	-
Reimbursements	-	4	-	-	-	-	29	-	-	-
DEPUTATION OF PERSONNEL										
Charge	-	-	-	-	-	-	-	-	-	-
Recovery	-	16	-	-	-	-	13	-	-	-
MANAGERIAL REMUNERATION	-	-	-	-	-					
Mr.Daniel Mazon	-	-	-	48	-	-	-	-	44	-
Mr.Rajiv Mathur	-	-	-	33	-	-	-	-	26	-
Mr.Sudeep Agrawal	-	-	-	21	-	-	-	-	4	-
Mr.Hariharan Madhavan*	-	-	-	-	-	-	-	-	33	-
Mr.V. Raja**	-	-	-	-	-	-	-	-	79	-
Mr.S.M.Datta	-	-	-	1	-	-	-	-	1	-
Mr.Vivek Gambir***	-	-	-	1	-	-	-	-	1	-
Mrs. Geetu Gidwani Verma	-	-	-	1	-	-	-	-	1	-
FINANCE										
Dividend Paid	166	-	-	-	-	166	-	-	-	-
Interest income	-	-	-	-	-	-	2	-	-	-
Others - Purchase of Investments	-	-	-	-	-	-	-	35	-	-
Contributions to Employees' Benefit Plans	-	-	-	-	841	-	-	-	-	741
OUTSTANDINGS										
Payable	1	2,518	2	-	48	7	1,698	-	-	57
Receivable	74	2,020	29	-	-	115	1,981	12	-	-

*Ceased to be an Executive Director w.e.f. December 21, 2017

**Ceased to be an Executive Director w.e.f. September 30, 2017.

*** Ceased to be a Non- Executive Independent Director w.e.f. December 31, 2018

Compensation of key managerial personnel of the company

Details	**Year ended 31 March 2019**	Year ended 31 March 2018
Short-term employee benefits	103	181
Post-employment benefits*	2	9
Total compensation paid to key managerial personnel	105	190

* Key Managerial Personnel who are under the employment of the Group are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - "Employee Benefits" in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Amounts in ₹ Mln

34 Significant accounting judgments, estimates and assumptions

The preparation of the group's Consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

(i) Judgments

In the process of applying the group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the Consolidated financial statements:

(a) Operating lease commitments — Group as lessee

The Group has taken various commercial properties on leases. the Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property,and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(b) Revenue from contract with customers

The Group applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations in a bundled sales transactions, wherein, the Group sell goods and maintenance/ warranty services separately or bundled together with sales of goods. In certain non-standard contracts, where the Group provides extended warranties in respect of sale of consumer durable goods, the Group allocated the apportion of the transaction price to goods bases on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In estimating the variable consideration the Group has used a combination of most likely amount method and expected value method. Further, in respect of long term contracts, the Group has used the incremental borrowing rate to the discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Group and its customer.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

(b) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 30.

Notes to Consolidated Financial Statements for the year ended 31 March 2019

(c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 38 and 39 for further disclosures.

(d) Warranty

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

(e) Provision for decommissioning

As part of the identification and measurement of assets and liabilities, the Group recognises provision for decommissioning obligations associated with Leasehold Improvements. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and the expected timing of those costs. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of the provision as at 31 March 2019 was ₹ **16** (31 March 2018: ₹15). The Group estimates that the costs would be realised upon the expiration of the lease period.

Amounts in ₹ Mln

35 Segment Information (As per Ind AS 108 Operating Segments)

Description	Year ended 31 March 2019	Year ended 31 March 2018
(A) Primary Segment Information:		
(1) Segment Revenue		
a. Personal Health	**17,293**	14,791
b. Innovation services	**12,155**	10,518
c. Health Systems	**19,183**	18,363
Total	**48,631**	**43,672**
(2) Inter Segment Revenue		
a. Personal Health	**-**	-
b. Innovation services	**-**	-
c. Health Systems	**-**	-
Total	**-**	**-**
(3) Other Unallocable Income	**490**	437
Revenue From Operations (1+3)	**49,121**	44,109
(4) Segment Result		
a. Personal Health	**867**	413
b. Innovation services	**1,170**	1,055
c. Health Systems	**682**	1,225
Total	**2,719**	2,693
(5) Finance cost	**(137)**	(134)
(6) Other unallocable expenditure net of income	**493**	155
(7) Profit before exceptional items and tax (4+5+6)	**3,075**	2,714
(8) Exceptional items (net) Loss / (Profit)		
a. Personal Health	**236**	-
b. Innovation services	**-**	-
c. Health Systems	**-**	-
d. Other unallocable	**(7)**	-
Total	**229**	-
(9) Profit before tax	**2,846**	2,714
(10) Tax expense		
a. Current tax	**(1,094)**	(1,210)
b. Income Tax provisions related to prior years written back	**184**	-
c. Deferred tax - credit / (charge)	**(10)**	2,155
Total	**(920)**	945
Less : Share in Loss of Associate	**(19)**	(47)
(11) Profit for the year	**1,907**	3,612

Other Information

(12) Segment Assets	**As at 31 March 2019**	As at 31 March 2018
a. Personal Health	**9,909**	9,229
b. Innovation services	**4,302**	4,313
c. Health Systems	**12,129**	10,193
d. Other unallocable	**10,358**	9,894
Total	**36,698**	33,629
(13) Segment Liabilities		
a. Personal Health	**3,389**	2,258
b. Innovation services	**2,782**	2,574
c. Health Systems	**6,746**	7,069
d. Other unallocable	**2,816**	2,421
Total	**15,733**	14,323

Description	Year ended 31 March 2019	Year ended 31 March 2018
(14) Capital Expenditure		
a. Personal Health	**180**	77
b. Innovation services	**575**	916
c. Health Systems	**441**	107
d. Other unallocable	**54**	108
Total	**1,250**	1,209
(15) Depreciation and amortisation expense		
a. Personal Health	**795**	757
b. Innovation services	**477**	395
c. Health Systems	**192**	139
d. Other unallocable	**118**	82
Total	**1,582**	1,373
(16) Non-cash expenses other than depreciation & amortisation expense		
a. Personal Health	**60**	122
b. Innovation services	**10**	18
c. Health Systems	**82**	98
d. Other unallocable	**-**	-
Total	**152**	238

(B) Secondary Segment Information:

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.

Revenue		
a. Within India	**30,562**	27,405
b. Outside India	**18,559**	16,704
Total	**49,121**	44,109
Assets		
a. Within India	**34,564**	31,446
b. Outside India	**2,134**	2,183
Total	**36,698**	33,629
Capital Expenditure		
a. Within India	**1,250**	1,209
b. Outside India	**-**	-
Total	**1,250**	1,209

(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 Group level.

Types of products and services in each business segment:

Business Segments	Type of products / services
a. Personal Health	Domestic Appliances, Health and Wellness products and Personal care products
b. Innovation services	Development of embedded software, Philips Design
c. Health Systems	Medical electronics equipments and home healthcare services

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

35 Segment Information (As per Ind AS 108 Operating Segments) (contd.)

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	Year ended 31 March 2019	Year ended 31 March 2018
Segment profit	**2,719**	2,693
Finance cost	**(137)**	(134)
Other unallocable expenditure net of unallocable income	**493**	155
Exceptional items (net) Loss / (Profit)	**229**	-
Tax expense	**(920)**	945
Less: Share in Loss of Associate	**(19)**	(47)
Profit for the year	**1,907**	3,612

Reconciliation of assets

Particulars	As at 31 March 2019	As at 31 March 2018
Segment operating assets	**36,698**	33,629
Total Assets	**36,698**	33,629

Reconciliation of liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Segment operating liabilities	**15,733**	14,323
Total liabilities	**15,733**	14,323

36 Exceptional items include:

(a) Profit on sale of property - ₹**7** (Previous year - ₹NIL).

(b) Loss incurred on transfer of business assets ₹**172** (Previous year - ₹NIL) and retrenchment compensation paid to employees ₹**64** (Previous year - ₹NIL)

Amounts in ₹ Mln

37 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 2019		As at 31 March 2018		**As at 31 March 2019**		As at 31 March 2018	
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**1,896.23**	**27,420.00**	3,055.76	46,885.48	**-**	**-**	-	-
Payables	**2,489.58**	**36,000.00**	2,574.41	39,500.00	**-**	**-**	-	-

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

Details	**USD Exposure**				**Euro Exposure**			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**131.91**	**1,907.52**	-	-	**146.01**	**1,879.76**	154.52	1,912.17
Payables	**419.59**	**6,067.40**	-	-	**57.98**	**746.46**	312.78	3,870.69

Details	**SGD Exposure**				**GBP Exposure**			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	-	-	-	-	**-**	**-**	-	-
Payables	-	-	0.75	15.11	**3.71**	**41.02**	-	-

Details	**AUD Exposure**				**MYR Exposure**			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	-	-	0.60	12.08	**0.36**	**21.06**	-	-

Details	**CNY Exposure**			
	INR	**FC (in 000s)**	INR	FC (in 000s)
Receivables	-	-	-	-
Payables	**0.23**	**22.60**	1.07	103.04

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

38 Financial Instruments -Financial assets and financial liabilities

The accounting classification of each category of financial instrument their carrying amounts and their fair value amounts are set out below:-

As at 31 March 2019

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	**858**	**858**	**858**
Other Financial Assets (Non-Current)	-	**373**	**373**	**373**
Trade receivables (Current)	-	**8,048**	**8,048**	**8,048**
Cash and cash equivalents	-	**7,537**	**7,537**	**7,537**
Other Financial Assets (Current)	-	**347**	**347**	**347**
Total	-	**17,163**	**17,163**	**17,163**

As at 31 March 2018

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	862	862	862
Other Financial Assets (Non-Current)	-	311	311	311
Trade receivables (Current)	-	7,396	7,396	7,396
Cash and cash equivalents	-	6,729	6,729	6,729
Other Financial Assets (Current)	-	527	527	527
Total	-	15,825	15,825	15,825

As at 31 March 2019

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Borrowings(Non-Current)	-	**385**	**385**	**385**
Borrowings(Current)	-	**298**	**298**	**298**
Trade Payables(Current)	-	**7,970**	**7,970**	**7,970**
Other Financial Liabilities(Current)	-	**281**	**281**	**281**
Total	-	**8,934**	**8,934**	**8,934**

As at 31 March 2018

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Borrowings(Non-Current)	-	441	441	441
Borrowings(Current)	-	399	399	399
Trade Payables(Current)	-	6,527	6,527	6,527
Other Financial Liabilities(Current)	-	132	132	132
Total	-	7,499	7,499	7,499

Amounts in ₹ Mln

39 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table provides the fair value measurement hierarchy of the company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Total	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Security Deposits	**21**	**-**	**21**	**-**
Investment property	**141**	**-**	**141**	**-**

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:

	Total	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Security Deposits	**20**	**-**	**20**	**-**
Investment property	**137**	**-**	**137**	**-**

40 Dividend Paid And Proposed

	For the year ended 31 March 2019	For the year ended 31 March 2018
Dividend declared and paid during the year		
Dividend paid for the year ended March 31, 2018 ₹**3**/- per share (March 31, 2017 : ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**35**	35
	208	208
Proposed Dividend on equity shares:		
Dividend for the year ended March 31, 2019 ₹**3**/ - per share (March 31, 2018: ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**35**	35
	208	208

41 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. As at 31st March, 2019, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans

	For the year ended 31 March 2019	For the year ended 31 March 2018
Earnings Before Interest And Tax	**2,153**	2,266
Capital Employed	**21,648**	20,145
Return on Capital Employed (ROCE)	**10%**	11%

Notes to Consolidated Financial Statements for the year ended 31 March 2019

42 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash and cash equivalents that are derived directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors and Audit Committee. This process provides assurance to Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2019. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2019.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales and purchases.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

Change in US$ rate	Effect on profit before tax		Effect on total equity	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
+ 5%	**(44.05)**	1.94	(44.05)	1.94
-5%	**44.05**	(1.94)	44.05	(1.94)

Change in Euro rate	Effect on profit before tax		Effect on total equity	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
+ 5%	**4.40**	(0.64)	**4.40**	(0.64)
-5%	**(4.40)**	0.64	**(4.40)**	0.64

(b) Credit risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance as at Mar 31,2019. Our historical experience of collecting receivables is that credit risk is low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Hence, trade receivables are considered to be a single class of financial assets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investment of surplus funds are made in bank deposits. The limits are set to minimise the consultation of risk and therefore mitigate financial loss through counterparty potential failure to make payments.

The Group maintains exposure in cash and cash equivalents and term deposits with banks, The Group has set counter-party's limits based on multiple factors including financial position, credit rating etc. The Group's maximum exposure to credit risk as at 31st March, 2019 and 2018 is the carrying value of each class of financial assets as illustrated in note 5 & 9.

(c) Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

	Undiscounted Amount			
	Carrying Amount	**Payable within 1 year**	**More than 1 years**	**Total**
As at 31 March 2019				
Borrowings(Non-Current)	**385**	**-**	**385**	**385**
Borrowings(Current)	**298**	**298**	**-**	**298**
Trade Payables(Current)	**7,970**	**7,970**	**-**	**7,970**
Other Financial Liabilities(Current)	**281**	**281**	**-**	**281**
As at 31 March 2018				
Borrowings(Non-Current)	441	-	441	441
Borrowings(Current)	399	399	-	399
Trade Payables(Current)	6,527	6,527	-	6,527
Other Financial Liabilities(Current)	132	132	-	132

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

43 Earnings per share (EPS)

Calculation of earnings per share	**Year ended 31 March 2019**	Year ended 31 March 2018
Weighted average number of equity shares outstanding during the year *	**57,517,242**	57,517,242
Profit after tax attributable to equity share holders	**1,907**	3,612
Basic and diluted earnings per equity share (in ₹)	**33.15**	62.81

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

44 Investment in an Associate

The Group has 35% interest in Healthmap Diagnostics Private Limited which is engaged in the business of providing diagnostic, clinical and healthcare services which includes operating and managing in house healthcare facilities such as diagnostic, radiology and imaging centers. The Company is formed persuant to Shareholder's agreement dated April 06, 2015 between Manipal Health Enterprises Private Limited and Philips India Limited for development, operation and maintainance of radiology imaging diagnostic centers in selected medical college/ district hospitals under Public Private Partnership (PPP) basis.

The Group's interest in Healthmap Diagnostics Private Limited is accounted for by using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Healthmap Diagnostics Private Limited:

Particulars	**As at 31 March 2019**	As at 31 March 2018
Current assets	**141**	127
Non-current assets	**585**	574
Current liabilities	**(207)**	(155)
Non-current liabilities	**(490)**	(492)
Equity	**30**	54
Proportion of the Group's ownership	**35%**	35%
Carrying amount of the investment	**-**	19

Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
Revenue	**443**	294
Cost of raw material and components consumed	**(56)**	(42)
Depreciation & amortization	**(117)**	(107)
Finance cost	**(67)**	(62)
Employee benefit	**(65)**	(52)
Other expense	**(223)**	(162)
Loss before tax	**(85)**	(131)
Exceptional item	**-**	(4)
Income tax expense		-
Loss for the year	**(85)**	(135)
Total comprehensive income for the year	**(85)**	(135)
Group's share of Loss for the year	**(19)**	(47)

45 Disclosure relating to assets given on operating lease: The Group has entered into operating lease arrangements for medical equipments.

	As at 31 March 2019	As at 31 March 2018
a) Total of future minimum lease payments receivable under non-cancellable operating lease	**-**	3
Receivable within 1 year	**-**	3
Receivable between 1-5 years	**-**	-
Receivable after 5 years	**-**	-
b) Total contingent rent recognised as income in the Statement of Profit and Loss for the year	**-**	-

Amounts in ₹ Mln

46 STATUTORY GROUP INFORMATION

I) For March 31, 2019

A) The Company, its subsidiary (jointly referred to as the 'Group' herein under) and its associate considered in these consolidated financial statements are:

a) Subsidiaries

Name of the Companies	Country of Incorporation	% voting power held as at 31st March, 2019
a. Preethi Kitchen Appliances Private Limited	India	100
b. Philips Homecare Services India Private Limited	India	100

b) Associate

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2019
Healthmap Diagnostics Private Limited	India	35

B) Share of the parent company and subsidiary in Net Assets and Share in Profit or Loss, Share in other Comprehensive Income is as follows:

	Net Assets (Total Assets - Total Liabilities)	
	As % of consolidated net assets	Amount
Parent Company		
Philips India Limited	110%	23,098
Subsidiary		
Preethi Kitchen Appliances Private Limited	27%	5,468
Philips Homecare Services India Private Limited	-0%	(65)
Total eliminations	-36%	(7,536)
Total	100%	20,965

	Share in Profit or Loss	
	As % of consolidated net assets	Amount
Parent Company		
Philips India Limited	92%	1,760
Subsidiary		
Preethi Kitchen Appliances Private Limited	1%	11
Philips Homecare Services India Private Limited	-10%	(197)
Total eliminations	17%	333
Total	100%	1,907

	Share in other Comprehensive income	
	As % of consolidated net assets	Amount
Parent Company		
Philips India Limited	121%	(47)
Subsidiary		
Preethi Kitchen Appliances Private Limited	-15%	6
Philips Homecare Services India Private Limited	-5%	2
Total eliminations	0%	-
Total	100%	(39)

Notes to Consolidated Financial Statements for the year ended 31 March 2019

Amounts in ₹ Mln

46 STATUTORY GROUP INFORMATION (Contd.)

	Share in total Comprehensive income	
	As % of consolidated net assets	**Amount**
Parent Company		
Philips India Limited	**92%**	**1,713**
Subsidiary		
Preethi Kitchen Appliances Private Limited	**1%**	**17**
Philips Homecare Services India Private Limited	**-10%**	**(195)**
Total eliminations	**18%**	**333**
Total	**100%**	**1,868**

II) For March 31, 2018

A) The Company, its subsidiary (jointly referred to as the 'Group' herein under) and its associate considered in these consolidated financial statements are:

a) Subsidiaries

Name of the Companies	Country of Incorporation	% voting power held as at 31st March, 2018
a. Preethi Kitchen Appliances Private Limited	India	100
b. Philips Homecare Services India Private Limited	India	100

b) Associate

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2018
Healthmap Diagnostics Private Limited	India	35

B) Share of the parent company and subsidiary in Net Assets and Share in Profit or Loss, Share in other Comprehensive Income is as follows:

	Net Assets (Total Assets - Total Liabilities)	
	As % of consolidated net assets	Amount
Parent Company		
Philips India Limited	112%	21,593
Subsidiary		
Preethi Kitchen Appliances Private Limited	28%	5,452
Philips Homecare Services India Private Limited	0%	(20)
Total eliminations	-40%	(7,720)
Total	100%	19,305

	Share in Profit or Loss	
	As % of consolidated net assets	Amount
Parent Company		
Philips India Limited	47%	1,681
Subsidiary		
Preethi Kitchen Appliances Private Limited	58%	2,096
Philips Homecare Services India Private Limited	-3%	(114)
Total eliminations	-1%	(51)
Total	100%	3,612

Amounts in ₹ Mln

46 STATUTORY GROUP INFORMATION (Contd.)

	Share in other Comprehensive income	
	As % of consolidated net assets	Amount
Parent Company		
Philips India Limited	101%	95
Subsidiary		
Preethi Kitchen Appliances Private Limited	-1%	(1)
Philips Homecare Services India Private Limited	0%	(0)
Total eliminations	0%	(0)
Total	100%	94

	Share in total Comprehensive income	
	As % of consolidated net assets	Amount
Parent Company		
Philips India Limited	48%	1,776
Subsidiary		
Preethi Kitchen Appliances Private Limited	57%	2,095
Philips Homecare Services India Private Limited	-3%	(114)
Total eliminations	-1%	(51)
Total	100%	3,706

47 The Parent Company is in the process of reducing its existing paid up equity share capital from 57,517,242 shares to 55,290,242 shares (i.e. 2,227,000 shares), by reduction of the equity shares held by shareholders other than Koninklijke Philips N.V. ("KPNV") (Formerly Known as Koninklijke Philips Electronics N.V.) and Philips Radio B.V., (representing approx. 3.87% of the paid up equity share capital of the Company) at a consideration of ₹560 per equity share, of ₹10/- each. Pursuant to the Board approval at their meeting held on February 5, 2018 and shareholder's approval by way of special resolution at Extraordinary General Meeting held on April 10, 2018, a scheme for reduction of capital was filed with National Company Law Tribunal ("NCLT"), Kolkata. Currently, the matter is pending before the NCLT.

48 The Parent Company has an in house Trust i.e. "Philips India Ltd Management Staff Provident Fund Trust" through which it manages its provident fund liability for part of its employees. Accordingly the provident fund liability is considered as a defined benefit plan. The Trust has done investments amounting to ₹ 609 in bonds of "Red" marked IL&FS Group Companies during the period June '13 to July '18 of which investments amounting to ₹ 548 MLN are secured and senior investments and the remaining amount of ₹ 61 are unsecured. Both secured and unsecured investments are maturing between Dec '21 and May '28.

In regards to the secured investments, the Parent Company has obtained a legal opinion on the above matter. As informed by the experts, the NCLAT have ordered ILFS to submit an affidavit wherein the ILFS and Union of India will specifically state as to what steps they will take to release the amount payable towards 'Pension Fund';' Provident Fund';'Army Group Insurance Fund;'Gratuity Fund';'Superannuation Fund';'Postal Life Insurance Fund'; etc., if invested in one or other 'Red Entity'. The order issued by NCLAT has made it clear that if any fund is generated, this Appellate Tribunal may direct ILFS and Union of India to release the amount to the aforesaid Fund, even of the Red Entities. The PF investment, which is to get precedence in repayment as signaled by NCLAT order, is significantly lower in value as against the total assets of IL&FS group. Hence, recovery of PF investment may happen, as it appears that the final resolution of IL&FS and its group entities will be undertaken keeping in mind the interests of provident fund trusts (and the employees who are members of such trusts). In a more recent development, the Trust has submitted its claim in end May '19 to the Debenture Trustee. While arriving at the value of claim, the face value of investments was added in full (and without any haircut) plus the interest due till 15th Oct '18.

Given all of the above, it is premature to assess whether a provision, if any, is required for the face value of investments in IL&FS group companies held by the Trust and in turn, in Philips India. Accordingly, the Parent Company has not made any provision for the diminution in the value of investment made by the Company's PF trust in ILFS group.

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

50 Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification / disclosure.

As per our report of even date attached
For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No.: 83906

Date: August 7, 2019

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — DANIEL MAZON (DIN: 07954025)

Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)

Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Date: August 7, 2019

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures
Part "A": Subsidiaries
(Information in respect of each subsidiary to be presented)

1. Sl. No. : 1
2. Name of the subsidiary: **Preethi Kitchen Appliances Private Limited**
3. The date since when subsidiary was acquired: **April 7, 2011**
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **Same as Holding Company**
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. **NA**
6. Share capital: ₹ **952 Million**
7. Reserves & surplus: ₹ **4,517 Million**
8. Total assets: ₹ **6,733 Million**
9. Total Liabilities: ₹ **6,733 Million**
10. Investments: **NIL**
11. Turnover: ₹ **6,873 Million**
12. Profit/(Loss) before taxation: ₹ **84 Million**
13. Provision for taxation: ₹ **(73) Million**
14. Profit/(Loss) after taxation: ₹ **11 Million**
15. Proposed Dividend: **NIL**
16. % of shareholding: **100%**

1. Sl. No. : **2**
2. Name of the subsidiary: **Philips Home Care Services India Private Limited**
3. The date since when subsidiary was acquired: **May 25, 2016**
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: Same as Holding Company
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. NA
6. Share capital: ₹ **295.5 Million**
7. Reserves & surplus: ₹ **(359.06) Million**
8. Total assets: ₹ **109.21 Million**
9. Total Liabilities: ₹ **109.21 Million**
10. Investments: **NIL**
11. Turnover: ₹ **93.62 Million**
12. Profit/(Loss) before taxation: ₹ **(196.51) Million**
13. Provision for taxation: **NIL**
14. Profit/(Loss) after taxation: ₹ **(196.51) Million**
15. Proposed Dividend: **NIL**
16. % of shareholding: **100%**

Names of subsidiaries which are yet to commence operations: **NA**
Names of subsidiaries which have been liquidated or sold during the year: **During the year your Company did not liquidate or sell any of its subsidiary Companies**
Part "B": **Associates and Joint Ventures**
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1. Sl. No. : **1**
2. Name of associates/Joint Ventures: **HealthMap Diagnostics Private Limited**

I. Latest audited Balance Sheet Date: **March 31, 2019**
  - II. Date on which the Associate or Joint Venture was associated or acquired: **April 6, 2015**
  - II. Shares of Associate / Joint Ventures held by the company on the year end
    - a) Number of shares: **14,800,000**
    - b) Amount of Investment in Associates/Joint Venture: ₹ **148 Million**
    - c) Extend of Holding %: **35%**

3. Description of how there is significant influence: **HealthMap Diagnostics Private Limited ("HealthMap") is an Associate company of Philips India Limited. HealthMap has three directors on the Board out of which two Directors are representatives of Manipal Health Enterprises Private Limited and one Director is a representative of Philips India Limited, who is also an employee of the Company and any resolution in the Board of HealthMap can be passed by simple majority,**

   Philips India Limited does not participate in the day to day operations of HealthMap.

   Hence, it can be concluded that the Company has a significant influence over HealthMap but has no control over the same. Acordingly, HealthMap has been considered as an Associate company of Philips India Limited, for the purposes of Consolidated Financial Statements.
4. Reason why the associate/joint venture is not consolidated: **As detailed in point 3 above, Philips India Limited has significant influence over HealthMap but has no control over the same, HealthMap is considered as its Associate Company. Accordingly, the financial statements of HealthMap, being an Associate of Philips India Limited are not proportionally consolidated in the Consolidated Financial Statements of the Company.**

   Further, the results of HealthMap for the financial Year 2018-19 have been incorporated in line with Indian Accounting Standard (Ind AS) 28 - Investments in Associates and Joint Ventures, issued by the Ministry of Corporate Affairs (MCA).
5. Net worth attributable to shareholding as per latest audited Balance Sheet: ₹ **29.60 Million**
6. Profit/(Loss) for the year: ₹ (84.50) Million
   - I. Considered in Consolidation: ☑
   - II. Not Considered in Consolidation

Names of associates or joint ventures which are yet to commence operations: **NA**
Names of associates or joint ventures which have been liquidated or sold during the year: **During the year your Company did not liquidate or sell any of its Joint Venture Company. However, on May 15, 2019, your Company disposed of its shareholding held in HealthMap, by way of sale to Manipal Health Enterprises Private Limited for a Consideration of ₹ 35 Crores.**

For and on behalf of the Board

Chairman	S. M. Datta (DIN: 0032812)
Managing Director	Daniel Mazon (DIN: 07954025)
Director and CFO	Sudeep Agrawal (DIN:08056132)
Director and Company Secretary	Rajiv Mathur (DIN: 06931798)

Place: Mumbai
Date: August 7, 2019

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