PHILIPS

Philips India Limited

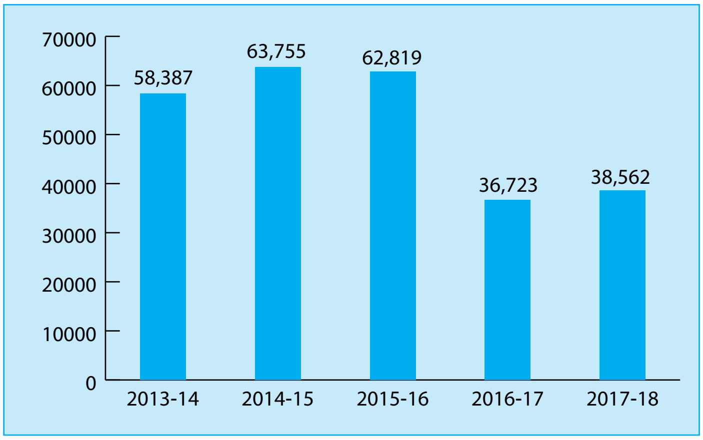
Annual Report

Innovating to solve healthcare challenges

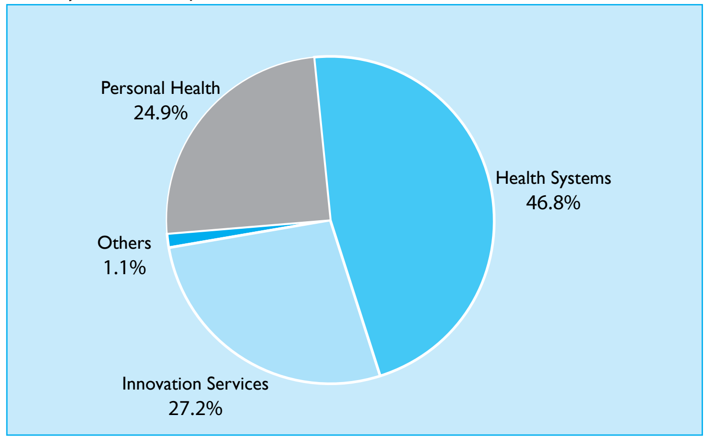
Annual report 2017-18

PHILIPS INDIA LIMITED

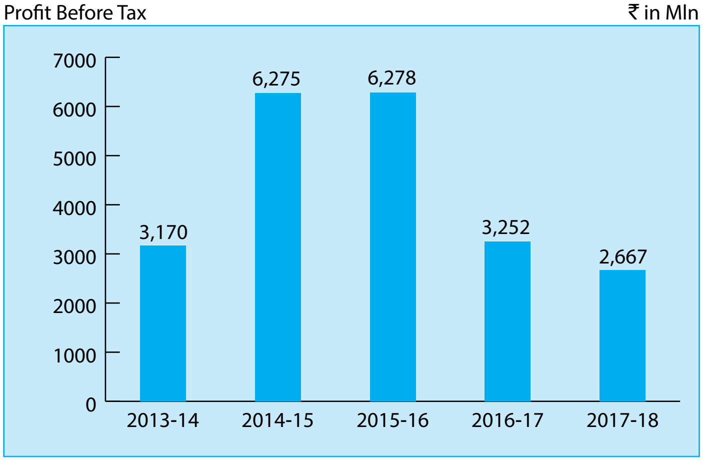
Sales ₹ in Mln



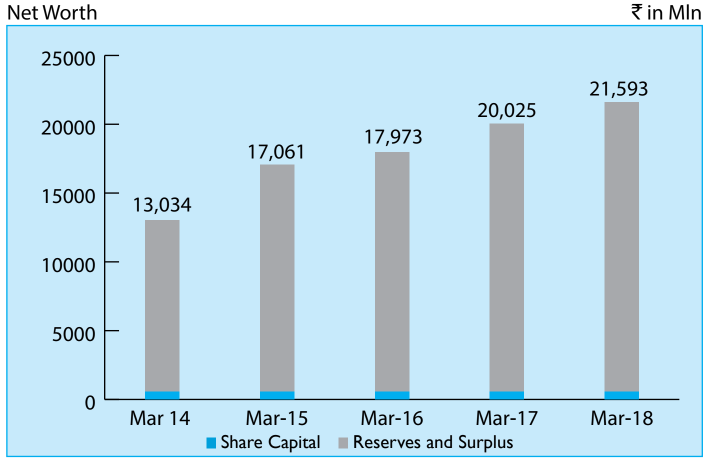
Sales by Activities- Apr 2017 - Mar 2018



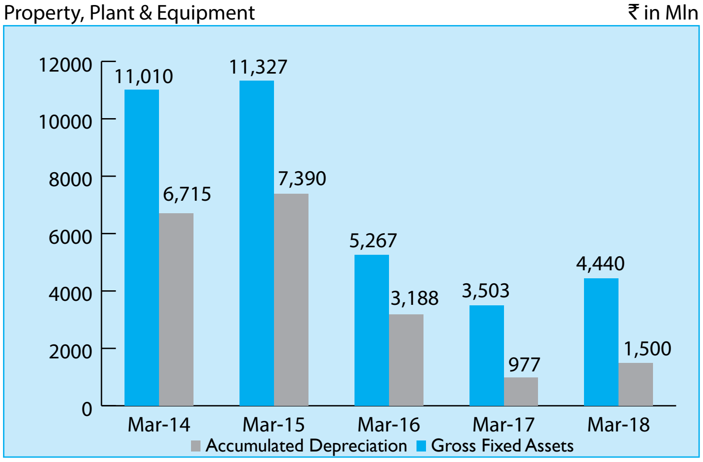
Profit Before Tax ₹ in Mln



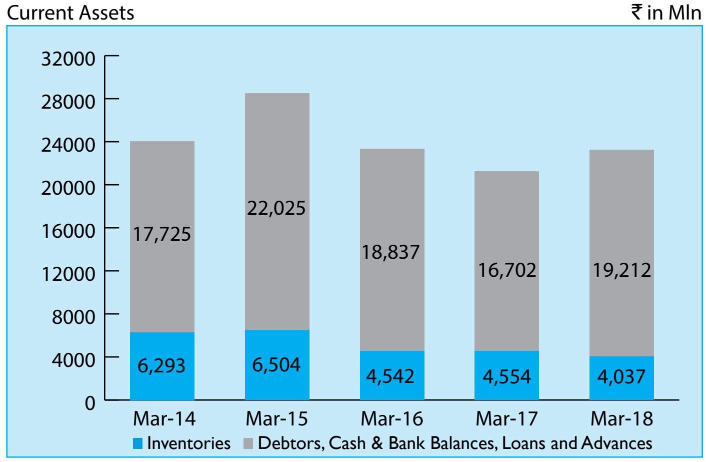
Net Worth ₹ in Mln



Property, Plant & Equipment ₹ in Mln



Current Assets ₹ in Mln



PHILIPS INDIA LIMITED

CONTENTS

Annual General Meeting on Friday, September 28, 2018 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 CFO

Sudeep Agrawal

Non-Executive Independent Directors

Vivek Gambhir

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-Eighth Annual General Meeting of PHILIPS INDIA LIMITED will be held at Kalamandir, 48, Shakespeare Sarani, Kolkata – 700 017 on Friday, September 28, 2018 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, 2018, including the audited Balance Sheet as at March 31, 2018, 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, 2018.
3. To appoint a Director in place Mr. Rajiv Mathur (DIN 06931798), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. APPOINTMENT OF MR. DANIEL MAZON (DIN 07954025) AS A DIRECTOR

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

   "RESOLVED THAT Mr. Daniel Mazon (DIN 07954025), who was appointed as an Additional Director of the Company under section 161(1) of the Companies Act 2013 (the "Act") with effect from October 1, 2017 by the Board of Directors and holds office upto the date of this Annual General meeting of the Company, be and is hereby appointed as a Director of the Company.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such 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. APPOINTMENT OF MR. DANIEL MAZON (DIN 07954025) AS VICE-CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY

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

   "RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Personnel) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, read with Schedule V to the Companies Act, 2013 and subject to the requisite approval of the Central Government, if required, the approval of the Company be and is hereby accorded to appoint Mr. Daniel Mazon, having DIN 07954025, as Managing Director of the Company with effect from October 1, 2017, for a period of 5 years, as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions, subject to applicable approvals, 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 Mr. Daniel Mazon shall also serve as the Vice-Chairman of the Board.

   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 Vice-Chairman and Managing Director, the remuneration and perquisites as set out in the Explanatory Statement annexed to this notice, be paid or granted to Mr. Daniel Mazon as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule V of 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 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. APPOINTMENT OF MR. SUDEEP AGRAWAL (DIN 08056132) AS A DIRECTOR

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

   "RESOLVED THAT Mr. Sudeep Agrawal (DIN 08056132), who was appointed as an Additional Director of the Company under Section 161(1) of the Companies Act, 2013, with effect from February 19, 2018 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT Mr. Sudeep Agrawal shall be a Director whose office shall be liable to determination by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such 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. APPOINTMENT OF MR. SUDEEP AGRAWAL (DIN 08056132) AS A WHOLE-TIME DIRECTOR

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

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration committee and approval of the Board and subject to the provisions of Sections 196, 197, 203 and other provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Personnel) Rules, 2014 (including any statutory modification(s) or re- enactment thereof for the time being in force), read with schedule V to the Companies Act, 2013 and subject to the requisite approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the appointment of Mr. Sudeep Agrawal, holding DIN 08056132, as a Whole-time Director of the Company with effect from February 19, 2018, for a period of 5 years, as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon 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 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 during his tenure Mr. Sudeep Agrawal shall also act as Key Managerial Person of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such 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. 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 resolution passed earlier by the shareholders at the Annual General Meeting of the Company held on September 15, 2017, 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 1st April, 2018, 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 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."

9. APPROVAL FOR THE REMUNERATION TO BE PAID TO THE NON – EXECUTIVE DIRECTORS

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

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013, the approval of the Company be and is hereby accorded to the extension, for a further period of five years, commencing from January 1, 2018, of approval for the payment of remuneration not exceeding one per cent per annum of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, to the Non-Executive Directors of the Company or some or any of them (other than the Managing Director and Whole-time Directors of the Company) in such amounts, subject to such ceiling(s) and to such manner and in all respects as may be decided and directed by the Board of Directors of the Company or any Committee thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such 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."

10. 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 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 financial year ending 31st March, 2019.

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, 2018

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 in Section 102 of the Companies Act, 2013 in respect of the Special Business at Item nos. 4, 5, 6, 7, 8, 9 & 10 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 22, 2018 to September 28, 2018 (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 28, 2018. 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 M/s Karvy Computershare Pvt. Ltd. serves as the Company's Registrar and Share Transfer Agent ("RTA"). Members are requested to contact the Registrar and Share Transfer Agent, M/s Karvy Computershare Pvt. Ltd. for all matters connected with Company's shares at:

    Karvy Computershare 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 04023001153
    Email id: einward.ris@karvy.com

    Karvy Computershare 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

During the year, 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). The new IEPF Rules also mandate the companies to transfer the shares of shareholders whose dividends have remained 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 15, 2017 (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, pursuant to the approval from Stakeholders' Relationship Committee, accorded at its meeting held on November 27, 2017, the Company had transferred 360,655 shares from 10,143 shareholder folios, which attracted the aforesaid provisions, to the demat account of IEPF.

Members are requested to contact Karvy Computershare Private Limited 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 88th 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 Computershare 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 shall commence on 25-09-2018 (9:00 a.m.) and end on 27-09-2018 (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 21-09-2018, 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 Computershare 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 Computershare 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 Computershare 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 21, 2018, 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 24th August, 2018 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 Computershare 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 Computershare 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, Karvy Computershare 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 September 14, 2017, had appointed Mr. Daniel Mazon as an Additional Director with effect from October 1, 2017, under Section 161(1) of the Companies Act, 2013 read with Article 109 of the Articles of Association of the Company. Mr. Daniel Mazon holds office only up to the date of this Annual General Meeting of the Company.

Mr. Daniel Mazon had joined Philips Latin America in 2011 as Leader for Digitial Imaging, Image Guided Therapy and Ultrasound businesses. In 2014, he was promoted as Market Leader, Health Systems. He was instrumental in the turnaround of the Philips business in Latin America, especially Health Systems, with strong focus on customers and operations through the implementation of Lean principles. This experience of Mr. Daniel Mazon in Healthcare business in growth markets and his in-depth knowledge of Philips systems and processes has helped the Company leverage the strong foundation that has been laid over the last few years, to pursue its objective of profitable growth.

Mr. Daniel Mazon has a Master's degree in Business Administration from University of Miami and attended General Management Program from Harvard University. Before joining Philips, Mr. Daniel Mazon has worked with General Electric Healthcare and Toshiba Medical Systems. The appointment of Mr. Daniel Mazon is appropriate and in the best interests of the Company.

The resolution seeks the approval of members for the appointment of Mr. Daniel Mazon as a Director (not liable to determination by retirement of directors by rotation) of the Company, with effect from October 1, 2017 pursuant to Section 161 of the Companies Act, 2013 read with Article 109 of the Articles of Association of the Company and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

Except Mr. Daniel Mazon, 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 resolutions 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, had appointed Mr. Daniel Mazon as a non-retiring Director of the Company and subject to necessary approvals, as the Vice-Chairman and Managing Director of the Company, for a period of five years, with effect from October 1, 2017 and approved the terms and conditions of his appointment including remuneration. He was also appointed as a member of the Banking and Other Operations Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and the Corporate Social Responsibility Committee of the Board of the Company.

Brief details about Mr. Daniel Mazon's educational qualifications and work experience have been included in Explanatory statement related to Item No. 4, as above.

Further, as per annual performance review process followed by the Company, the Board of Directors, at their meeting held on August 7, 2018, subject to the approval of the shareholders of the Company and the Central Government, if required and such other approvals as may be applicable, approved the revision in the remuneration of Mr. Daniel Mazon, with effect from April 1, 2018.

An abstract of the terms & conditions of appointment of Mr. Daniel Mazon, Vice-Chairman & Managing Director, as presently applicable, is given hereunder:

Salary	An amount totaling ₹ 3,92,09,951/- 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.
Amount to be paid in home country in US$:	US $ 23,427/- per month, aggregating to US$ 2,81,124/- per year, equivalent to ₹ 18,287,116/- * (* 1 US$ = ₹ 65.05)
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.
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 of Directors of the Company or any Committee thereof.

Part- A

a. Mr. Daniel Mazon has been granted LTI (Long Term Incentive) of an amount equivalent to Euro 4,41,000. 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 medical reimbursement for self and family, 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 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 herein above, 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 currency(ies), 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.

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

The appointment of Mr. Daniel Mazon as Vice-Chairman & Managing Director is appropriate and in the best interests of the Company.

The approval of the members is being sought with respect to the terms and conditions for the appointment of Mr. Daniel Mazon as the Vice-Chairman and Managing Director and the remuneration payable to him. The terms and conditions proposed for the appointment of Mr. Daniel Mazon, as fixed by the Board of Directors at their meeting held on September 14, 2017 and subsequently revised at their meeting held on August 7, 2018, as detailed above, are keeping in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to assume important positions in the Company, as that of the Managing Director.

Except Mr. Daniel Mazon, being the appointee, none of the Directors and 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 provisions of Sections 196, 197, 203 and any other 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 February 19, 2018, had appointed Mr. Sudeep Agrawal as an Additional Director under Section 161(1) of the Companies Act, 2013. Mr. Sudeep Agrawal holds office only up to the date of this Annual General Meeting of the Company.

Mr. Sudeep Agrawal has been with Philips since 1998 and had been serving as the Head of Internal Audit, before taking over as Head of Finance for the Company with effect from January 15, 2018.

During his term with Philips, Mr. Sudeep Agrawal had served in various positions across Middle East, Africa and Amsterdam before returning to Philips India in 2013 as Head of internal audit for Personal Health business. As a financial operations leader, Mr. Agrawal had successfully formulated assessment profile for the Personal Health business in close co-ordination with stakeholders across domains. During his tenure as Director Finance for Personal Health, Middle East, he established shared business services and helped in strengthening the compliance culture in the organization. Mr. Agrawal is an MBA from the Australian University of Wollongong (U.A.E). The appointment of Mr. Sudeep Agrawal is appropriate and in the best interests of the Company.

The resolution seeks the approval of members for the appointment of Mr. Sudeep Agrawal as a Director of the Company, with effect from February 19, 2018 pursuant to Section 161 of the Companies Act, 2013 and other applicable provisions and the Rules made thereunder.

Except Mr. Sudeep Agrawal, 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. 6.

The Board recommends the resolution set forth in Item No. 6 for the approval of the members.

ITEM NO. 7

The Board of Directors, at their meeting held on February 19, 2018, had appointed Mr. Sudeep Agrawal as Chief Financial Officer and Whole-time Director of the Company, for a period of five years with effect from February 19, 2018, subject to necessary approvals. He was also appointed as a member of the Banking and Other Operations Committee, Stakeholders' Relationship Committee, Audit Committee and the Corporate Social Responsibility Committee of the Board of Directors the Company.

Brief details about Mr. Sudeep Agrawal`s educational qualifications and work experience have been included in Explanatory statement related to Item No. 6, as above.

The appointment of Mr. Sudeep Agrawal as Chief Financial Officer and Whole-time Director is appropriate and in the best interests of the Company.

The approval of the members is being sought with respect to the terms and conditions for the appointment of Mr. Sudeep Agrawal as Chief Financial Officer and Whole-time Director and the remuneration payable to him. The terms and conditions proposed for the appointment of Mr. Sudeep Agrawal, as fixed by the Board of Directors at their meeting held on February 19, 2018, are keeping in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to assume important positions in the Company, as that of the Chief Financial Officer and Whole-time director.

An abstract of the terms & conditions of appointment of Mr. Sudeep Agrawal, Chief Financial Officer and Whole-time Director, is given hereunder:

Salary	₹ 9,08,333/- per month, amounting 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: 1. Basic Salary : ₹ 3,17,917/- 2. House Rent Allowance : ₹ 158,958/- 3. Flexible Benefit Plan : ₹ 3,78,016/- 4. Retrial Benefit : ₹ 53,442/- (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.
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.

Part- A

i. 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.

ii. 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 shall not be included in the computation of perquisites.

2. Minimum Remuneration: Notwithstanding anything stated hereinabove, where in any financial year during the term of office of Mr. Sudeep Agrawal, as the CFO 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.

Except Mr. Sudeep Agrawal, being the appointee, none of the Directors and 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 provisions of Sections 196, 197, 203 and any other 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 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 and July 18, 2017, the revision in remuneration of Mr. Rajiv Mathur was approved by the shareholders of the Company at the Eighty-Sixth and Eight – Seventh Annual General Meeting of the Company held on September 29, 2016 and September 15, 2017, 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 29, 2018, revision in remuneration payable to Mr. Rajiv Mathur is proposed with effect from April 1, 2018, 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	**Present Remuneration (prior to the proposed revision)**	**Revised Remuneration (as proposed)**
Salary	₹ 12,03,180/- per month, amounting to ₹ 1,44,38,160/- 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 includes: 1. Basic Salary: ₹ 4,51,192/- p.m. 2. House Rent Allowance: ₹ 2,25,596/- p.m. 3. Flexible Benefit Plan: ₹ 4,50,546/- p.m. 4. Retrial Benefits: ₹ 75,846/- p.m. (as set out in Part B)	₹ 12,39,274 /- per month, amounting 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 includes: 1. Basic Salary: ₹ 4,64,728/- p.m. 2. House Rent Allowance: ₹ 2,32,364/- p.m. 3. Flexible Benefit Plan: ₹ 4,64,062/- p.m. 4. Retrial Benefits: ₹ 78,120/- p.m. (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 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. 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 appointment 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. 8.

In view of the applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution set out at item no. 8 of the accompanying Notice for the approval of the Members.

ITEM NO. 9

The shareholders of the Company, in its Annual General Meeting held on September 20, 2013, had approved the payment of remuneration to the Non-Executive (Non Whole-time) Directors of the Company, not exceeding one percent of the net profits of the Company. The said approval was for a period of five years, effective January I, 2013. As per the requirements applicable at that time, the Company had also received approval from Central Government, for the said period.

The Board of Directors of the Company, at its meeting held on August 7, 2018, approved the extension of the aforesaid approval for the payment of remuneration not exceeding one per cent per annum of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, to the Non-Executive Directors of the Company or to some or any of them (other than the Managing Director and Whole-time Directors of the Company), for a further period of five years, commencing from January 1, 2018, subject to the approval of members, in such amount, subject to such ceiling(s) and in such manner and in all respects, as may be decided and directed by the Board of Directors or any Committee thereof.

Mr. S. M. Datta, Mr. Vivek Gambhir and Ms. Geetu Gidwani Verma, being Non Whole-time Directors of the Company, may be deemed to be concerned or interested in the Special resolution set out at Item No. 9 to the extent of the remuneration that may be received by them.

The Board recommends the resolutions set forth in item No. 9 for approval of the members.

ITEM NO. 10

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 Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment 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 31st March, 2019 and the remuneration payable to them.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be approved by the members of the Company.

Accordingly, the consent of the members is requested for passing the Ordinary Resolution as set out at item no. 10 of the accompanying Notice, for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

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. 10 of the accompanying Notice.

The Board recommends the resolutions set forth in item no. 10 for approval of the members.

By Order of the Board

Rajiv Mathur
Director and Company Secretary
DIN No. 06931798

Place : Mumbai
Date : August 7, 2018

ROUTE MAP TO THE VENUE OF THE 88TH ANNUALGENERALMEETING TO BE HELD ON SEPTEMBER 28, 2018 AT 10:30 A.M. AT KALAMANDIR, 48, SHAKESPEARE SARANI, KOLKATA-700017

DIRECTORS' REPORT

For the financial year ended March 31, 2018

To the Members,

Your Company's Directors are pleased to present the 88th Annual Report of the Company, along with the Audited Annual Accounts for the financial year ended March 31, 2018.

1. FINANCIAL PERFORMANCE

1.1 RESULTS

₹ Million

	2017-18	2016-17
Gross Income	39,170	37,477
Profit before tax	2,667	3,252
Provision for current tax	(1,210)	(1,244)
Deferred tax – Release / (Charge)	224	56
Profit after tax	1,681	2,064

1.2 SECTORWISE SALES

	2017-18	2016-17
Personal Health	9,592	8,728
Health Systems	18,046	17,936
Innovation Services	10,482	9,133
Others	442	926
Total	38,562	36,723

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 through improved sales performance. 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 ₹ 1,208 million (vis-à-vis ₹ 1,223 million during Apr '16 – Mar '17), which was made towards expansion of Philips Innovation Campus, Gurgaon office set up, 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 ₹ 1,147 million, using internal accruals.

During the year, your Company made further investments of ₹ 85 million in equity share capital of Philips Home Care Services India Pvt. Ltd., a wholly owned subsidiary and ₹ 35 million in equity share capital of HealthMap Diagnostics Private Limited, a joint venture of your Company with Manipal group. Your Company has invested the surplus cash in fixed deposits with banks and is earning interest on the same.

In March, 2018, 11,987,421, 8% Compulsorily Convertible Preference Shares of Preethi Kitchen Appliances Pvt. Ltd., held by your Company, were converted into 11,987,421 equity shares of Preethi Kitchen Appliances Pvt. Ltd.

During the year, your Company has transferred unpaid dividend of ₹1.26 million to Investor Education and Protection Fund (IEPF).

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, 2018. This will absorb ₹ 172.60 million as dividend and ₹ 35.1million as dividend distribution tax.

3. TRANSFER TO RESERVES

In the Financial year 2017 -18, 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 2017-18, Health Systems business of your Company delivered strong performance with overall revenue growth despite fiscal changes including GST rollout and significant factors like cardiac stent price cap by National Pharmaceutical Pricing Authority (NPAA). During the year, the overall Health Systems market growth was 4.8%, led by growth in Diagnostic Imaging market from Euro 573 to 607 Million.

Until the third quarter of the year, there were a lot of macroeconomic developments impacting the medical technology market. GST rollout affected market size in the first three quarters of the year, specifically premium segment market in large and mid-tier hospitals. Stent pricing cap introduced by NPAA in February 2017 impacted a number of Cath lab procedures, whereas De-monetization impact continued through the first quarter of FY 2017-18. In many instances, diagnostic centre purchases were deferred due to demonetization and there was high price elasticity across segments. Many premium customers tended to value segment for their new additions/replacements, to achieve faster break even. In the second and third quarters of the year, government tenders got deferred and were finalized in the last quarter of the year. The competitive and regulatory scenario also saw some significant developments that included pricing edge to manufacturers who have manufacturing facilities in India for CT, C-arms and X-Rays and certain local players enhancing their market with a full range of products. There is a huge focus on supply time and total cost of ownership for the equipment lifecycle. The restrictions imposed by Ministry of Environment and Forests (MoEF) on imports of refurbished radiation equipment have led to re-focus of the industry on products manufactured in India.

Health Systems did substantial business in Computed Tomography (CT) and Intervention Guided Therapy (IGT) whereas Magnetic Resonance Imaging (MRI), Ultrasound and Patient Monitoring (PM) businesses saw a marginal decline during the year. At the annual level, CT and IGT businesses reported market share growth, while MR and PM businesses saw a dip in market share. Ultrasound business also had a marginal de-growth in market share. The fourth quarter of the year was quite decisive, where some mega tenders, pending from the previous two quarters concluded, leading to major shifts in market leadership across segments. Some of the major beneficiaries of this tender were MR, CT and Digital X-Ray businesses. IXR-CV (Cathlab) businesses saw some major losses to competition both in the monoplane and biplane businesses leading to an early double-digit de-growth in market share. While there were major losses in IXR-CV (Cathlab) in the government segment, the share in the private segment was strong. The new Cathlab platform, Azurion performed well during the year. In CT, during the quarter 4 of the year, your Company's market share de-grew by mid-single-digit despite the win in some of the large tenders referred to above. The 16 slice market is growing fast and the Access CT has performed well in this segment. In Digital X-Ray business, in quarter 4 of the year, the Company's market share grew by mid-single digit, led by the win in some of the large tenders. During the year, the Ultrasound business had a flat market share growth despite a strong contribution by Affiniti 70 and 50 followed by CV series. In view of the low visibility and reach in the market and considering the focus on OB GYN segment in Ultrasound, your Company is investing in additional resources to enhance reach, improve visibility and to tap opportunities in Value / Mid end segment in Tier 1, 2 and 3 segments in Ultrasound.

Your Company continues to do strong business with most of its strategic key accounts focusing on multi-modality deals and in the government tenders. Your Company's global innovation strengths at Bangalore (PIC) along with global design and manufacturing centre 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 global environment including strong dollar and rising crude prices, overall optimism remains subdued.

5.2 PERSONAL HEALTH

The Personal Health business of your Company registered a comparative sales growth (CSG) of 9%, over the previous financial year (CSG of 20.3% adjusting GST impact). The growth was driven in all the categories especially with strong growth in Personal Care and Health & Wellness. Adoption of Commercial Policy to drive price harmonization across various channels and customer categories was key factor in resolving issues of pricing conflict in online and offline channels.

In the Domestic Appliances (DA) business, Air Purifiers and Garment Care contributed to significant sales growth with Irons, Induction Cookers and Filters driving additional source of revenue. Growth of Air Purifiers was led by strong public awareness around air quality, especially in northern part of the country. Overall, DA business group grew by 10.1% over previous financial year. Personal Care business grew by 32.1% over previous financial year with focus on core category creation and new offering to drive competitive advantage over low cost players.

Your Company has plans around strong product pipelines and innovations to stay competitive with sustainable growth in upcoming years. There is a robust plan in place to inject strong enablers backed by multi-channel activation and marketing campaigns across all the categories.

Your Company remains committed to launch relevant products in the coming years which not only suit the local consumer tastes but also meet the fast changing needs of the Indian consumers. Moreover, the Personal Health business of your Company continues to focus on building talent, competencies and processes to drive sustainable profitable growth.

Your Company is a highly compliant organization and follows all ongoing Fiscal and Regulatory changes, e.g. GST rollout. The tax regime change has affected the input cost that your Company used to avail in various locations under Government schemes. 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. These factors are expected to impact our profitability in the medium term, going forward.

5.3 INNOVATION SERVICES

Philips Innovation Campus (PIC), based at Bangalore, initially started as a software center 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 22 years, this center 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, 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, 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 include 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:

Philips Healthcare@home: This is a home health solution for India & provides a wide range of healthcare services at patient's home. The software, designed at Philips Innovation Campus, helps the clinical team in patient care co-ordination and patient engagement. The solution provides an efficient interaction between mobile care providers and patients. It also enables an end to end integration to manage patient leads, sales productivity, order processing, field force visit management and customer feedback management to ensure faster turnaround to service patients with higher efficiency.

HealthSuite Insights: AI-based solutions have great potential to improve patient outcomes and care efficiency. However, developing and deploying AI solutions for healthcare use cases can be time consuming, resource intensive and expensive. HealthSuite Insights eases the logistical challenges of deploying AI solutions in research and clinical environments. The HealthSuite Insights platform is a set of tools and technologies to address the advancing adoption of analytics and artificial intelligence in healthcare. The platform addresses the complete 'end to end' process of analytics and AI asset creation, deployment, and support. It accelerates the development of analytics solutions, and reduces development and total cost of AI solutions.

During the year, Sales (Export in Foreign Currency) amounted to ₹ 10.5 billion (as compared to ₹ 9.1 billion in 2016-17). PIC's average employee strength during 2017-18 was 3,384 Full Time Equivalents (FTEs) (as compared to 3141 FTEs in 2016-17).

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, 2018, 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 holds 35% shareholding, within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

During the year, the Company further invested ₹ 85 Million in the equity share capital of Philips Home Care.

Further, in March, 2018, 11,987,421, 8% Compulsorily Convertible Preference Shares of Preethi Kitchen Appliances Pvt. Ltd. held by your Company were converted into 11,987,421 equity shares of Preethi Kitchen Appliances Pvt. Ltd. The Company also made further investment of an amount of ₹ 35 million in equity share capital of Healthmap during the year.

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")

Preethi business is celebrating 40th year of its operations and it has been successful in helping its customers run their kitchens smoothly, with products that service its customers and their families for generations, its trusted quality and undisputed service.

The growth in revenue of Preethi during the year is contributed by strong enablers as below.

Preethi has launched a new model in Table Top Grinder Category during the year (Preethi Iconic range), along with launch of new designer models in Glass Top Stoves (GTS).

During the year, Preethi has extended the coverage of 5 years warranty to all the 750 W motors. Preethi has made exclusive Mixer Grinder series for online category to cater to the needs of the online customers and continues to build the relationship with the Trade Partners by holding Dealers Meets across markets. The responses received from both the Trade as well as from the Customers are encouraging. Continuous challenges from competition on lowering entry point is a concern for Preethi. Preethi has been managing the same successfully till date with continuous cost drives, however, this may impose pressure on its margins or market share in the medium term.

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, the Critical care segment expanded its operations to 5 Metro cities i.e. Delhi, Mumbai, Bangalore, Hyderabad and Chennai.

The respiratory care business of Philips Home Care has also grown during the year, with its operations having expanded to the 6 metro cities i.e. Delhi, Mumbai, Bangalore, Hyderabad, Chennai and Pune.

During the year, Philips Home Care also launched services in new care areas like Palliative and end of life care, and several other special procedures requiring medical care at home. During the year, Philips Home Care served more than 2,500 patients.

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 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 convened 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 on July 25, 2018 and the newspaper notices published on July 26, 2018. The matter is pending before NCLT for further process.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, on June 11, 2017, Mr. Vikram Mukund Limaye, Non-Executive Independent Director, resigned from the Board of Directors of your Company. Further, Mr. V. Raja, stepped down from the Board of Directors of the Company and consequently resigned from his position as the Vice – Chairman and Managing Director of the Company with effect from September 30, 2017.

The Board of Directors, in their meeting held on September 14, 2017, appointed Mr. Daniel Mazon as Vice- Chairman and Managing Director of the Company for a period of 5 years, with effect from October 1, 2017.

Further, Mr. Hariharan Madhavan resigned as a Director of the Company with effect from December 21, 2017 and also stepped down as Chief Financial Officer of the Company with effect from January 14, 2018, for availing further growth opportunities outside Philips.

The Board of Directors, in their meeting held on February 19, 2018, appointed Mr. Sudeep Agrawal as a Whole-time Director and Chief Financial Officer of the Company for a period of 5 years, with effect from February 19, 2018.

Your Directors wish to record their appreciation of the valuable contributions made by Mr. Vikram Mukund Limaye, Mr. V. Raja and Mr. Hariharan Madhavan to the Board's deliberations and proceedings during their respective terms on the Board.

The appointment of Mr. Daniel Mazon and Mr. Sudeep Agrawal as the Directors of the Company is required to be regularized and your Directors recommend their appointment for your approval.

13. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Meetings of the Board were held six times during the financial year, on May 25, 2017, July 18, 2017, September 14, 2017, December 20, 2017, February 5, 2018 and February 19, 2018, which were attended by all the Directors in person, except Mr. Vivek Gambhir who was allowed leave of absence for the meeting held on July 18, 2017 and Mr. Daniel Mazon, who was allowed leave of absence for the meeting held on February 5, 2018, at their request.

14. BOARD EVALUATION

The Nomination and Remuneration Committee of the Company approved a Performance Evaluation Policy, which was adopted by the Board of Directors. The key features of this Policy have also 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 annual evaluation of its own performance, Board Committees and Individual Directors 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, 2018, 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 19, 2018, after appointment of Mr. Sudeep Agrawal, as a Whole-time Director and Chief Financial Officer of the Company. The Audit Committee presently comprises of the following members:

- Mr. S M Datta, Non-Executive Director — Chairman
- Mr. Vivek Gambhir, Non-Executive Director — Member
- Mr. Rajiv Mathur, Director — Member & Secretary
- Mr. Sudeep Agrawal, Director — Member
- Ms. Geetu Gidwani Verma, Non- Executive Director ` — Member

During the year, the Committee met five times i.e. on May 25, 2017, July 18, 2017, September 14, 2017, December 20, 2017, and February 19, 2018 which were attended all the Directors in person except Mr. Vivek Gambhir, who was allowed leave of absence for the meeting held on July 18, 2017, at his request.

The Chairman of Audit Committee, Mr. S M Datta, attended the Annual General Meeting of the Company held on September 15, 2017 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 corporate social responsibility 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 discharges 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 reconstituted twice during the year 2017-18 i.e. on September 14, 2017 and February 19, 2018, consequent to cessation of Mr. V. Raja and Mr. Hariharan Madhavan, respectively, as Directors of the Company and appointment of Mr. Daniel Mazon and Mr. Sudeep Agrawal on the Board of Directors of the Company. The Corporate Social Responsibility Committee presently comprises of the following members:

- Mr. Vivek Gambhir, Non-Executive Director — Chairman
- Mr. Daniel Mazon, Managing Director — Member
- Mr. Rajiv Mathur, Director — Member & Secretary
- Mr. Sudeep Agrawal, Director — Member

During the year, the meetings of the Committee were held twice i.e. on July 18, 2017 and October 6, 2017, which were attended by all the Directors in person except Mr. Vivek Gambhir who was allowed leave of absence for the meeting held on July 18, 2017 and Mr. Daniel Mazon and Mr. Hariharan Madhavan who were allowed leave of absence for the meeting held on October 6, 2017, at their request.

Your Company was engaged in Corporate Social Responsibility (CSR) Projects, during the year 2017-18, 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.

The Stakeholders' Relationship Committee was re-constituted twice during the year 2017-18 i.e. on September 14, 2017 and February 19, 2018, consequent to cessation of Mr. V Raja and Mr. Hariharan Madhavan, respectively, as Directors of the Company and appointment of Mr. Daniel Mazon and Mr. Sudeep Agrawal on the Board of the Company. 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. Rajiv Mathur, Director — Member & Secretary
- Mr. Sudeep Agrawal, Director — Member

During the year, the meetings of the Committee were held four times i.e. on May 25, 2017, November 27, 2017, February 5, 2018 and February 19, 2018, which were attended by all the Directors, in person, except Mr. S M Datta, who was allowed leave of absence for the meeting held November 27, 2017 and Mr. Daniel Mazon, who was allowed leave of absence for the meeting held on February 5, 2018, at their request.

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 terms 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 reconstituted during the year 2017-18, on September 14, 2017, consequent to resignation of Mr. V Raja and appointment of Mr. Daniel Mazon on the Board of the Company and presently consists of the following members: -

- Mr. Vivek Gambhir, Non-Executive Director — Chairman
- Mr. S M Datta, Non-Executive Director — Member
- Ms. Geetu Gidwani Verma, Non- Executive Director — Member
- Mr. Daniel Mazon, Managing, Director — Member
- Mr. Rajiv Mathur, Director — Member & Secretary

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 five times i.e. on May 25, 2017, July 18, 2017, September 14, 2017, December 20, 2017 and February 19, 2018, which were attended by all the Directors in person except Mr. Vivek Gambhir who was allowed leave of absence for the meeting of the Committee held on July 18, 2017, at his 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 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

At Philips, its approach to personalized innovation is reflected in its ways of doing business and the way it runs its workplace. The four core pillars of HR namely – Business Partnering, Talent Acquisition, Learning and Talent Development and Total Rewards have focused on offering innovative programs and solutions to employees in the year 2017-18. The HR function of your Company has played a vital role in keeping its business at the forefront of successful and meaningful innovation.

This year the Company has clearly demarcated its people strategy to be more focused on three priorities, namely "Workforce of the future", "Inclusion & Diversity" and lastly "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 rolled out new initiatives to strengthen its Employer brand on campus and in the job market. 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 'Opportunity Knocks' with internal employees first. The Leadership Programs for new hires – BLP (Business Leadership Program), TLP (Technical Leadership Program) and Sales Trainee Internship offer job opportunities to select talent from Premiere B-Schools and Technical institutions. Through this the Company focuses on developing its workforce for the future with a special focus towards converting opportunities of bringing gender diversity into the organization. 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 focusing on the Company's priority of inclusion and diversity.

There is a continued focus on the learning and 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 LEAD India program towards building business and functional leaders for leadership roles in future. LEAD India integrates classroom sessions and experiences to provide an integrated learning journey around key skills including strategic thinking, business and commercial acumen, storytelling and influencing skills. 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 with vigor. In order to drive a culture of lean ways of working, whole organization is planned to be trained on lean basics rigorously and daily management boards are installed across functions enabling more efficient and 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 child adoption benefits, review of leave accumulation and encashment to encourage employees to utilize their leaves and create work-life balance, enhanced scope of gym reimbursement, entitlement to other fitness related activities for promoting health and well-being. Such benefits were revamped and designed specifically to align the benefits to employee well-being.

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. The HR shared services function of your Company continues to consolidate its position as an efficient, scalable and high quality HR services provider for the India market.

In general, an overall story determines how HR initiatives are aligned with three priorities which again tie back with business vision, mission and strategy and enables its execution in a successful and sustainable way.

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, 2018 and of the profit of the Company for the year ended March 31, 2018;

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-Eighth 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, 2019, 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. 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, 2018. 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.

29. 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, no sexual harassment complaints were received by the Committee.

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, 2018

Annexure - I

FORM MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018 [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 Computershare 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	32
2	Software development	5820	27
3	Domestic appliances	2750	25

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, 2017				No. of Shares held at the end of the year March 31, 2018				% 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	-	3058	3058	0.01	-	1249	1249	0.00	0.00
b) Banks/FI	2346	8623	10969	0.02	2300	7417	9717	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):	**2357**	**11681**	**14038**	**0.02**	**2311**	**8666**	**10977**	**0.02**	**-0.01**

Category of Shareholders	No. of Shares held at the end of the year March 31, 2017				No. of Shares held at the end of the year March 31, 2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates									
i) Indian	30798	11831	42629	0.07	31458	6219	37677	0.07	-0.01
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	809223	1217682	2026905	3.52	823460	856710	1680170	2.92	-0.60
ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs	82050	-	82050	0.14	82050	-	82050	0.14	0.00
c) Others (specify) - Trust	17797	-	17797	0.03	15849	-	15849	0.03	0.00
Foreign National	21	-	21	0.00	21	-	21	0.00	0.00
IEPF	0	-	0	0.00	360655	-	360655	0.63	
NRI (REP)	14166	11884	26050	0.05	7564	6809	14373	0.02	-0.02
NRI (NON-REP)	16913	597	17510	0.03	24676	552	25228	0.04	0.01
SUB TOTAL (B)(2):	**970968**	**1241994**	**2212962**	**3.85**	**1345733**	**870290**	**2216023**	**3.85**	**0.01**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**973325**	**1253675**	**2227000**	**3.87**	**1348044**	**878956**	**2227000**	**3.87**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**973325**	**56543917**	**57517242**	**100.00**	**1348044**	**56169198**	**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, 2017			Shareholding at the end of the year i.e. March 31, 2018			% 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 01.04.2017 to 31.03.2018			
	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 2018 :

Name of Shareholers	Shareholding		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
PAYAL BHANSHALI				
At the beginning of the year	54,700	0.10	54,700	0.10
Bought during the year	-	-	54,700	0.10
Sold during the year	-	-	54,700	0.10
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	0	-	0	0.00
Sold during the year	0	-	0	0.00
At the end of the year	27350	0.05	27350	0.05
PUNIT KUMAR				
At the beginning of the year	16000	0.03	16000	0.03
Bought during the year	603	0.00	603	0.00
Sold during the year	0	-	0	0.00
At the end of the year	16603	0.03	16603	0.03
AJAY KUMAR				
At the beginning of the year	14044	0.02	14044	0.02
Bought during the year	3377	0.01	3377	0.01
Sold during the year	0	-	0	0.00
At the end of the year	17421	0.03	17421	0.03
SURESH GUPTA				
At the beginning of the year	13600	0.02	13600	0.02
Bought during the year	0	0.00	0	0.00
Sold during the year	0	-	0	0.00
At the end of the year	13600	0.02	13600	0.02
YOGESH RASIKLAL DOSHI				
At the beginning of the year	10786	0.02	10786	0.02
Bought during the year	8776	-	8776	0.02
Sold during the year	-885	-	-885	0.00
At the end of the year	18677	0.03	18677	0.03

Name of Shareholers	Shareholding		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
AMISH NARENDRA SHAH				
At the beginning of the year	10276	0.02	10276	0.02
Bought during the year	-	-	0	0.00
Sold during the year	-	-	0	0.00
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	-	-	0	0.00
Sold during the year	-	-	0	0.00
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	0	0.00	0	0.00
Sold during the year	0	-	0	0.00
At the end of the year	10000	0.02	10000	0.02
SUSHILA NAYYAR				
At the beginning of the year	9300	0.02	9300	0.02
Bought during the year	0	-	0	0.00
Sold during the year	0	-	0	0.00
At the end of the year	9300	0.02	9300	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				
	V. Raja	6	-	6	-
	Rajiv Mathur	-	-	-	-
2	Date wise Increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment, transfer/ bonus/ sweat equity etc.)	During the year, 6 shares held by Mr. V. Raja were transferred to Mr. Rajiv Mathur on September 29, 2017			
3	At the end of the year				
	V. Raja	-	-	-	-
	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	685	-	-	685
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	685
Total (i+ii+iii)	685	-	-	685
Change in Indebtedness during the financial year				
Additions	330	-	-	330
Reduction	(332)	-	-	(332)
Net Change	(2)	-	-	(2)
Indebtedness at the end of the financial year				
i) Principal Amount	683	-	-	683
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**683**	**-**	**-**	**683**

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
		V. Raja *(ceased to be Vice - Chairman and Managing Director w.e.f. September 30, 2017)*	**Rajiv Mathur - Whole - time Director and Company Secretary**	**Hariharan Madhavan** *(ceased to be Whole - time Director and CFO w.e.f. December 21, 2017 & January 14, 2018, respectively)*	**Daniel Mazon** *(appointed as Vice - Chairman and Managing Director w.e.f. October 1, 2017)*	**Sudeep Agrawal** *(appointed as Whole - time Director and CFO w.e.f. February 19, 2018)*	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	61.11	19.07	24.81	26.49	3.56	135.04
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.39	0.12	0.71	17.99	0.40	19.61

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager					Total Amount
		V. Raja *(ceased to be Vice - Chairman and Managing Director w.e.f. September 30, 2017)*	**Rajiv Mathur - Whole - time Director and Company Secretary**	**Hariharan Madhavan** *(ceased to be Whole - time Director and CFO w.e.f. December 21, 2017 & January 14, 2018, respectively)*	**Daniel Mazon** *(appointed as Vice - Chairman and Managing Director w.e.f. October 1, 2017)*	**Sudeep Agrawal** *(appointed as Whole - time Director and CFO w.e.f. February 19, 2018)*	
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock option	17.14	7.20	7.45	-		31.78
3	Sweat Equity	-	-	-		-	-
4	Commission as % of profit	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	Total (A)	78.63	26.38	32.97	44.48	3.95	186.42
	Ceiling as per the Act	293.9					

B. Remuneration to other Directors:

(Amounts in ₹ Million)

Sl. No	Particulars of Remuneration	Name of the Directors				Total Amount
1	**Independent Directors**	**S. M Datta**	**Vivek Gambhir**	**Geetu Gidwani Verma**	**Vikram Mukund Limaye** *(Ceased to be a Director w.e.f. June 11, 2017)*	
	(a) Fee for attending Board, Committee meetings	0.40	0.26	0.32	0.04	1.02
	(b) Commission	1.00	0.80	0.80	-	2.60
	(c) Others, please specify	-	-	-	-	-
	Total (1)	**1.40**	**1.06**	**1.12**	**0.04**	**3.62**
2	Other Non Executive Directors	-	-	-	-	-
	(a) Fee for attending Board, Committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	**1.40**	**1.06**	**1.12**	**0.04**	**3.62**
	Total Managerial Remuneration					**3.62**
	Overall Ceiling as per the Act	29.39				

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

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager					Total Amount
		V. Raja *(ceased to be Vice - Chairman and Managing Director w.e.f. September 30, 2017)*	**Rajiv Mathur - Whole - time Director and Company Secretary**	**Hariharan Madhavan** *(ceased to be Whole - time Director and CFO w.e.f. December 21, 2017 & January 14, 2018, respectively)*	**Daniel Mazon** *(appointed as Vice - Chairman and Managing Director w.e.f. October 1, 2017)*	**Sudeep Agrawal** *(appointed as Whole - time Director and CFO w.e.f. February 19, 2018)*	
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, 2018.

For and on behalf of the Board

S .M. DATTA
Chairman
(DIN: 00032812)

Place: Mumbai
Date: August 7, 2018

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 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

   In terms of the mandate of the CSR Committee and being a Healthcare Company, the focus of CSR program of the Company, in the last few years, has been on healthy living and providing access to quality healthcare facilities to the underprivileged, who do not have access to the same. The state of health of women and children in India is dismal, especially in urban slums and rural areas. Through the Philips CSR initiatives, the Company continues to pledge its support to the health and welfare of women and children in India.

   During the last few years, the focus of the Company's CSR programs has been on improving maternal and child health services across different states of the country through 5 running CSR projects and other CSR activities, the details of which are mentioned in the report.

   Through its community centers and mobile vans the Company has worked towards better reproductive, maternal, newborn, child and adolescent health. The Company is now working closely with NGOs like Mamta and Smile Foundation and adopting a strategic and holistic approach to ensure positive outcomes for its social investment programs.

   In line with the Company's commitment towards breastfeeding in India with the aim of improving neonatal outcomes, it has partnered with Centre for International Development Services (CIDS) and PATH for setting up Comprehensive Lactation Management Centres (CLMCs) across India to reduce neonatal mortality and morbidity, through uptake of breast feeding in India. The mission of a CLMC is to promote good breastfeeding practices and support breastfeeding by providing safe, high quality donor milk to fill the gap for those who need mother's milk but cannot receive it.

2. The Composition of the CSR Committee:

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

1.	**Mr. Vivek Gambhir, Non-Executive Director**	**Chairman**
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: ₹ **5,004 Million**

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ **100.18 Million**

5. Details of CSR spent during the financial year:

   (a) Total amount to be spent for the financial year: ₹ **100.18 Million**

   (b) Amount unspent, if any; **N.A. * (A provision of ₹ 56.42 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 or the invoices that were raised and the payment for which was not released during the year. The provision amount has been utilized, subsequent to the close of the financial year, to the extent of ₹ 4.5 Million, to make payments for the activities carried out during the financial year.)**

(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 (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Program for accessible healthcare with Smile Foundation through Mobile vans operated at Chennai, Bangalore, Kolkata and Pune.	Healthcare and Medical facilities	The project is running at Chennai (Tamil Nadu), Bangalore (Karnataka), Kolkata (West Bengal) and Pune (Maharashtra).	₹ 18.82 Million	An amount of ₹ 17.53 Million was spent directly on the activities forming part of the Project. In addition, an amount of ₹ 1.29 Million, being part of the overheads incurred on the CSR Projects of your Company, has been apportioned towards this project.	₹ 18.82 Million	The amount has been spent in partnership with Smile Foundation.
2	Program with Mamta - Community centres for Women to promote health seeking behaviour, adopting a holistic approach to care through Reproductive, Maternal, Newborn, Child and Adolescent Health (RMNCHA) cycle with a mental health component. Centres at Pune (Maharashtra), Bangalore (Karnataka), Sahibgunj (Jharkhand) and Khagaria (Bihar)	Healthcare and Medical facilities	The Project was operational in the following locations: Pune, Bangalore, Sahibgunj (Jharkhand) and Khagaria (Bihar).	₹ 24.65 Million	An amount of ₹ 6.99 Million was spent directly on the activities forming part of the Project. In addition, an amount of ₹ 0.51 Million, being part of the overheads incurred on the CSR Projects of your Company, has been apportioned towards this project.	₹ 7.50 Million	The expenses on the project have been spent by the Company in partnership with Mamta.
3	Campaign for raising awareness with respect to Chronic Obstructive Pulmonary Disease (COPD)	Healthcare and medical facilities	This campaign, part of overall CSR programme of the Company has carried out an awareness campaign through print and digital media and held on-ground events at Bangalore (Karnataka), Gurgaon (Haryana) and Kolkata (West Bengal).	₹ 16.00 Million	An amount of ₹ 14.63 Million was spent directly on the activities forming part of the project. In addition, an amount of ₹ 1.08 Million, being part of the overheads incurred on the CSR Projects of your Company, has been apportioned towards this project.	₹ 15.71 Million	The expenses on this campaign have been spent directly by the Company.

S. No.	CSR project or activity identified Program	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
4	Program for Dengue eradication in partnership with Charities Aid Foundation (CAF), wherein the NGO has tied up with schools on behalf of the Company and coverage of insurance amount has been extended to all the covered students in the school, for a period of 1 year, for any medical and other expenses required for treatment of dengue. About 3,000 students are proposed to be covered under the campaign.	Healthcare and medical facilities	The Project was operational in Thane and Nasik Districts in Maharashtra.	₹ 3 Million	An amount of ₹ 1.5 Million was spent directly on the activities forming part of the project. In addition, an amount of ₹ 0.11 Million, being part of the overheads incurred on the CSR Projects of your Company, has been apportioned towards this project.	₹ 1.61 Million	The expenses on the project have been spent by the Company in partnership with Charities Aid Foundation.
5	Program for setting up Comprehensive Lactation Management Centres across India to reduce neonatal mortality and morbidity, through uptake of breast feeding in India, in partnership with Centre for International Development Services (CIDS).	Healthcare and medical facilities	Under the Project, Comprehensive Lactation Management Centres are to be set up at the following locations: Maharashtra (Mumbai), Uttar Pradesh (Lucknow), Odisha (Cuttack,) Madhya Pradesh (Indore) and Haryana (Rohtak), with the first CLMC expected to be operational at Mumbai.	₹ 16.67 Million	An amount of ₹ 4.5 Million # was spent on the activities forming part of the project.	₹ 4.5 Million #	The expenses on the project have been spent by the Company in partnership with CIDS.

S. No.	CSR project or activity identified Program	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
6	The Company also operated a Pathshala programme, under which the Company made contributions of educational aids, stationery and other such items to schools and institutions; and made contributions to assist the children awarded with National bravery awards on the Republic Day, for their educational purposes. The employees of the Company also participated in the aforesaid activities.	Promotion of Education	These were activities were carried out at Bangalore (Karnataka), New Delhi, Pune (Maharashtra) and Gurgaon (Haryana).	₹ 0.2 Million	An amount of ₹ 0.11 Million was spent in this regard by the Company, on the stated activities. In addition, an amount of ₹ 0.01 Million, being part of the overheads incurred on the CSR Projects of your Company, has been apportioned towards this project.	₹ 0.12 Million	The expenses on these activities have been incurred by the Company directly.
In addition to the expenses of ₹ 43.76 Million, as above, a provision of ₹ 56.42 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 or the invoices that were raised and the payment for which was not released during the year. The provision amount has been utilized, subsequent to the close of the financial year, to the extent of ₹ 4.5 Million, to make payments for the activities carried out during the financial year. # These payments have been made out of the amount for which the provision was created in the books of accounts.							

* 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.

   The Company was required to spend an amount of ₹ 100.18 Million towards CSR activities, in terms of the provisions of Section 135 of the Companies Act, 2013. During the year, the Company spent an amount of ₹ 43.76 Million on the CSR Projects and related activities, as detailed above. A provision was created in the books of accounts of the Company, for the balance amount of ₹ 56.42 Million, to cover the activities that were carried out by Mamta, Smile Foundation and other NGOs during the year, for which the invoices were not raised by the NGO partners or for which the invoices were raised, but the payments for which were not processed during the year. Therefore, no amount remained unspent during the year.

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

Mr. Vivek Gambhir
Non- Executive Director
Chairman, CSR Committee
(DIN: 06527810)

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

Date: August 7, 2018
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 2018

A. ENERGY CONSERVATION

The following measures were implemented during the Financial Year 2017-18:

1. Steps taken or impact on conservation of energy

   a) Replacement of conventional lights in peripheral buildings with LED lamps.

   b) Enhancing the efficiency of the Variable Refrigerant Volume (VRV) system installed for shop floor air conditioning by appropriately insulating the roof and claddings sheets

   c) Unity power factor maintained on an ongoing basis throughout the year

   d) Energy management system installed to get deeper insights into the consumption pattern and work on opportunities to conserve energy.

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, the 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.

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:

   I. Philips Healthcare@home is a home health solution for India & provides a wide range of healthcare services at patient's home. It helps the clinical team in patient care co-ordination and patient engagement. The solution provides an efficient interaction between mobile care providers and patients.

   II. HealthSuite Insights is a set of tools and technologies to address the advancing adoption of analytics and artificial intelligence in healthcare. The platform addresses the complete 'end to end' process of analytics and AI asset creation, deployment and support. It accelerates the development of analytics solutions and reduces development and total cost of AI solutions.

3. Future plan of action

   i) 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 ₹ 14.7 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 ₹ 15391 Million and total outflows (on cash basis) in foreign exchange was ₹ 11963 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:

The Audit Committee, during the course of its meetings, regularly reviews and approves transactions entered into by the Company with related parties. There were no contracts or arrangements or Transactions entered into during the year ended March 31, 2018, 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, 2018 (₹ Millions)
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	2,827
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	2,491
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	2,332
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	2,258

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, 2018 (₹ Millions)**
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	2,077
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	1,993
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	1,889

#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, 2018

Annexure - V

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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, 2018 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, 2018, 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, 2018 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 there under - **Not applicable to the Company for the year under review;**
- The Depositories Act, 1996 and the Regulations and Bye-laws framed there under - **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 Sales Tax Act, 1956 and Local Sales Tax Act - **(to the extent applicable);**
- The Central Goods and Service Act, 2017 and the Integrated Goods and Service Act, 2017 and Rules made there under - **(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;**
- 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;**
- 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;**
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 -**Not applicable to the Company;**
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable to the Company;**
- 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 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) Contracts, Registered Office and publication of the Name of the Company;

(c) 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;

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

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

(f) Convening and holding of the Eighty Seventh Annual General Meeting of the Company on September 15, 2017;

(g) 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;

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

(i) 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. Mr. Vikram Mukund Limaye resigned as Director w.e.f June 11, 2017, Mr. V. Raja resigned as Managing Director w.e.f September 30, 2017 and Mr. Daniel Mazon was appointed as Additional Director and Managing Director w.e.f October 01, 2017 for which Form MR-2 has been filed for Central Government approval, as Mr. Daniel Mazon was a Non Resident at the time of his appointment as Managing Director, however Central Government approval is awaited pending Shareholders approval for his appointment. Further Mr. Hariharan Madhavan resigned as Director w.e.f. December 21, 2017 and as Chief Financial Officer w.e.f. January 14, 2018 and Mr. Sudeep Agrawal was appointed as CFO and Whole Time Director w.e.f February 19, 2018 during the year.

(j) Mr. Daniel Mazon and Mr. Sudeep Agrawal were appointed as the Additional Director(s) by the Board who shall hold office up to the date of the next Annual General Meeting. .

(k) Appointment/Ratification and Payment of Remuneration of Auditors;

(l) Board's Report for the financial year under review;

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

(n) Declaration and Payment of Dividend;

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

(p) Form of Balance Sheet, Statement of Profit and Loss and disclosures to be made therein was as per the Schedule III to the Act. ;

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

I further report that:

(1) 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 earlier. The Company has initiated civil recovery proceedings in Gurgaon Courts against the Channel Partner and the ex-employee.

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.

(2) The Board of Directors of the Company was duly constituted. 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.

(3) 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.

(4) 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.

(5) 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 is awaited, as of 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:

During the year, provision was made in the books of accounts for ₹ 3.25 Cr and also the payment of the Penalty ₹ 2.25 Cr against the order of the Tribunal. The Company has filed an appeal before Hon'ble High Court, Mumbai against the Order of the Tribunal which is pending for necessary order 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, Central Sales Tax, Local Sales Tax, CGST SGST & IGST, Excise Duty, Entry Tax, Professional Tax, Entertainment 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 of equity share of Healthmap Diagnostics Private Limited, an amount of ₹ 3.5 crores and ₹ 8.5 crores in Philips Home Care Services India Pvt. Ltd.

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 shares to 55,290,242 shares i.e 2,227,000 shares representing approx. 3.87% of paid up equity share capital of the Company at the consideration of ₹ 560/- per share of ₹ 10/- each, which shall stand cancelled and extinguished after such reduction. 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 2, 2018

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 2, 2018

Independent Auditor's Report

To the Members of **Philips India Limited**

Report on the Standalone Ind AS Financial Statements

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, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Companies Act, 2013 ("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 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 control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books 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, 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) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

   (f) 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;

   (g) 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;

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

      iii. 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
Place of Signature: Gurugram
Date: August 7, 2018

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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(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, goods 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	1,040.50	96.16	629.20	315.14	1987-88 to 2015-16	Appellate authority Upto Commissioner (Appeals)
		270.63	17.92	252.71	-	1986-87 to 1999-00	Tribunal
		44.87	10.83	19.02	15.02	1998-99 to 2006-07	High Court
Service tax, Finance Act, 1944	Service tax including interest and penalty where applicable	298.05	-	298.05	-	2005-06 to 2012-13	Appellate authority Upto Commissioner (Appeals)
		81.85	-	-	81.85	2004-05 to 2013-14	Tribunal
Central Excise Act, 1944	Excise duty including interest and penalty where applicable	13.20	-	-	13.20	Above 7 years	Appellate authority Upto Commissioner (Appeals)
		10.70	0.80	-	9.90	Sept'12 to Oct'13	Tribunal
		18.50	2.50	-	16.00	Above 7 years	Tribunal
Custom Act, 1962	Custom duty including interest and penalty where applicable	220.29	105.49	-	114.80	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	3,272.18	298.54	1,026.72	1,946.92	A.Y.2002-03 to A.Y. 2014-15	Appellate authority Upto Commissioner (Appeals)
		385.89	240.37	-	145.52	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 Understanding (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 fraud by the company or no fraud / 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.

(xii) 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.

(xiii) 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.

(xiv) 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.

(xv) 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.

(xvi) 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
Place of Signature: Gurugram
Date: August 7, 2018

ANNEXURE 2 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, 2018 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, 2018, 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
Place of Signature: Gurugram
Date: August 7, 2018

Balance Sheet as at 31 March 2018

Amounts in ₹ Mln

Particulars	NOTES	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	2,929	2,403
Capital work-in-progress	2	11	106
Investment Property	3	-	17
Investment in subsidiaries and associates	4	7,725	7,605
Financial Assets	5		
a. Trade Receivables		862	1,389
b. Other Financial Assets		281	206
Deferred tax assets (net)	6	746	572
Advance Income tax (net of provision)		2,287	2,142
Other non current assets	7	467	893
		15,308	15,333
Current assets			
Inventories	8	4,037	4,554
Financial Assets	9		
a. Trade receivables		7,280	4,682
b. Cash and cash equivalents		5,316	5,161
c. Other Financial Assets		361	914
Other current assets	10	2,325	1,348
Assets classified as held for sale	11	33	-
		19,352	16,659
TOTAL ASSETS		34,660	31,992
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	575	575
Other Equity	13	21,018	19,450
Equity attributable to equity shareholders		21,593	20,025
LIABILITIES			
Non-current liabilities			
Financial Liabilities	14		
Borrowings		434	405
Other non-current liabilities	15	522	752
Provisions	16	529	651
		1,485	1,808
Current liabilities			
Financial Liabilities	17		
a. Borrowings		248	280
b. Trade Payables		5,821	5,034
c. Other financial liabilities		77	77
Other current liabilities	18	4,123	3,624
Provision for taxation (Net of Advances)		414	442
Provisions	16	899	702
		11,582	10,159
TOTAL EQUITY AND LIABILITIES		34,660	31,992
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, 2018

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)
Non-Executive Director — GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

Statement of Profit and Loss for the year ended 31 March 2018

Amounts in ₹ Mln

Particulars	NOTES	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	19	38,849	37,058
Other income	20	321	419
Total Income		39,170	37,477
Expenses			
Cost of raw materials consumed	21	2,296	2,244
Purchases of stock-in-trade	22	14,472	13,969
Changes in inventories of work-in-progress, finished goods and stock-in-trade	23	412	(18)
Excise duty on sale of goods		42	86
Employee benefits expense	24	11,181	9,989
Finance costs	25	126	113
Depreciation and amortization expense	26	672	507
Other expenses	27	7,302	7,335
Total expenses		36,503	34,225
Profit before tax		2,667	3,252
Tax expense			
Current tax	6	(1,210)	(1,244)
Deferred tax - release / (charge)	6	224	56
Profit for the year (A)		1,681	2,064
Other comprehensive income			
Items that will not be reclassified subsequently to Profit or Loss			
Re-measurement gains / (losses) on defined benefit plans		145	(18)
Income tax effect on defined benefit plans		(50)	6
Other comprehensive income for the year (B)		95	(12)
Total comprehensive income for the year (A+B)		1,776	2,052
Earnings per equity share	39		
Basic and diluted earnings per equity share of ₹ 10 each (in ₹)		29.22	35.88
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, 2018

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)
Non-Executive Director	GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

Statement of Changes in Equity for the year ended 31 March 2018

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 2016	57,517,242	575
Changes in equity share capital during the year	-	-
As at 31 March 2017	57,517,242	575
Changes in equity share capital during the year	-	-
As at 31 March 2018	**57,517,242**	**575**

B. OTHER EQUITY

For the year ended 31 March 2018

Particulars	Reserves and Surplus		Items of OCI	Total
	General reserve*	Retained earnings*	Remeasurement*	
(A) As at 1 April 2016	**1,917**	**15,681**	**8**	**17,606**
Profit for the year	-	2,064	-	2,064
Remeasurement benefit of defined benefit plans	-	-	(12)	(12)
(B) Total Comprehensive Income for the year	**-**	**2,064**	**(12)**	**2,052**
(C) Reductions during the year				
Transfer to General Reserve	398	(398)	-	-
Dividend (Note 36)	-	(173)	-	(173)
Dividend distribution tax (Note 36)	-	(35)	-	(35)
Total	**398**	**(606)**	**-**	**(208)**
(D) As at 31 March 2017 (A+B+C)	**2,315**	**17,139**	**(4)**	**19,450**
Profit for the year	-	1,681	-	1,681
Remeasurement benefit of defined benefit plans	-	-	95	95
(E) Total Comprehensive Income for the year	**-**	**1,681**	**95**	**1,776**
(F) Reductions during the year				
Dividend (Note 36)	-	(173)	-	(173)
Dividend distribution tax (Note 36)	-	(35)	-	(35)
Total	**-**	**(208)**	**-**	**(208)**
As at 31 March 2018 (D+E+F)	**2,315**	**18,612**	**91**	**21,018**

* 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, 2018

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)
Managing Director — DANIEL MAZON (DIN: 07954025)
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Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)
Non-Executive Director — GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

Cash Flow Statement for the year ended 31 March 2018

Amounts in ₹ Mln

	Year ended 31 March 2018		Year ended 31 March 2017	
A. Cash flow from operating activities				
Profit before tax		**2,667**		3,252
Adjusted for				
(Profit) / loss on disposal of Property, Plant & Equipment	**-**		(12)	
Write off and other adjustment of Property, Plant & Equipment	**29**		23	
Depreciation and amortization	**672**		507	
Unrealized foreign exchange (gain) and loss (net)	**93**		(32)	
Provision for doubtful trade receivables and loans and advances	**298**		113	
Liabilities no longer required written back	**(46)**		(33)	
Interest on advances, current accounts and deposits	**(469)**		(598)	
Finance costs	**126**	**703**	113	81
Operating profit before working capital changes		**3,370**		3,333
Changes in:				
Trade receivables and other loans & advances	**(2,304)**		2,220	
Inventories	**516**		(12)	
Trade payables and other liabilities	**1,096**		(419)	
		(692)		1,789
Cash generated from operations		**2,678**		5,122
Income tax paid (net of refunds)		**(1,383)**		(2,117)
Net cash generated from operating activities		**1,295**		3,005
B. Cash flow from investing activities				
Purchase of Property, Plant and Equipment		**(1,199)**		(986)
Proceeds from sale of Property, Plant and Equipment		**61**		249
Investment in subsidiaries		**(85)**		(2,758)
Investment in associate		**(35)**		(50)
Interest received		**459**		557
Net cash used in investing activities		**(799)**		(2,988)
C. Cash flow from financing activities				
Finance costs		**(132)**		(55)
Finance lease obligations		**(2)**		-
Dividend paid (including tax thereon)		**(207)**		(207)
Net cash used in financing activities		**(341)**		(262)
Increase / (Decrease) in cash and cash equivalents (A+B+C)		**155**		(245)
D. Cash and cash equivalents - Opening Balance				
Cash and cash equivalents (refer note 9 (b))		**445**		1,316
Unpaid dividend		**12**		11
Deposits with Banks		**4,704**		4,079
TOTAL		**5,161**		5,406

Cash Flow Statement for the year ended 31 March 2018 (Contd.)

Amounts in ₹ Mln

Cash and cash equivalents - Closing Balance		
Cash and cash equivalents (refer note 9 (b))	**1,450**	445
Unpaid dividend	**13**	12
Deposits with Banks	**3,853**	4,704
TOTAL	**5,316**	5,161
Net increase/(decrease) in cash and cash equivalents (E-D)	**155**	(245)

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.

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, 2018

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)
Non-Executive Director	GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

Notes to Standalone Financial Statements for the year ended March 31, 2018

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) Healthcare 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, 2018.

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).

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, 2017 the following new amendment and pronouncements:

- Ind AS 7 – Statement of Cash Flows - narrow scope amendments. The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities (Refer Note 9 (b)
- Ind AS 102 Share-based Payment: Few amendments to clarify the classification and measurement of share-based payment transactions have been issued. This does not have any significant impact on the amounts reported in the 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.

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

Notes to Standalone Financial Statements for the year ended March 31, 2018

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 115 Revenue from Contracts with Customers

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. 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 standard permits two possible methods of transition:

- Retrospective approach: Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect initially applying the standard recognized at the date of initial application (cumulative catch – up approach).

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018. The Company will adopt 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 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

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

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 nonmonetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises 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 transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. The Company is evaluating the impact and it will account for it when it adopts Ind AS 21 during the year ending March 31, 2019.

Transfers of Investment Property — Amendments to Ind AS 40

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.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company will apply amendments when they become effective. The Company is evaluating the impact and it will account for it when it adopts Ind AS 40 during the year ending March 31, 2019.

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

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 are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Investment in associate and joint ventures – Amendments to Ind AS 28

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, the entity 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.

The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Company.

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.

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.

Assets costing INR 5,000 or less are fully depreciated in the year of purchase.

(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 for 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.

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 fair value through OCI:

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 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 AS 103 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.

Notes to Standalone Financial Statements for the year ended March 31, 2018

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.

- **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.

  Revenue from the sale of goods/ equipment 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 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.

  Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognized on accrual basis.

- **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.

Notes to Standalone Financial Statements for the year ended March 31, 2018

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 premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. 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.

1.19. 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.

Amounts in ₹ Mln

2 Property, Plant and Equipment

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 2016	**147**	**177**	**240**	**1,043**	**113**	**145**	**225**	**5**	**360**	**-**	**2,455**
Additions	-	96	96	122	18	231	47	-	233	353	1,196
Disposals	-	(2)	-	(125)	(46)	(49)	-	-	(49)	-	(271)
As at 31 March 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**
Depreciation											
As at 1 April 2016	**-**	**6**	**43**	**222**	**16**	**34**	**37**	**-**	**112**	**-**	**470**
Depreciation charge for the year	-	8	50	193	15	52	32		119	38	507
Disposals	-	-	-		-	-	-	-	-	-	-
As at 31 March 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**
Net book value											
As at 31 March 2017	147	257	243	625	54	241	203	5	313	315	2,403
As at 31 March 2018	**146**	**260**	**522**	**809**	**44**	**242**	**255**	**-**	**312**	**339**	**2,929**

* represents reclassifications.

** The Company initiated identification and evaluation of potential buyers for the properties and anticipates completion of sale by March 2019 and accordingly the said properties have been classified and presented under "Assets classified as held for sale". Refer note 11.

Capital Work in Progress	As at 31 March 2018	As at 31 March 2017
Book value	**11**	106

Notes to the Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

3 Investment Property

Particulars	As at 31 March 2018	As at 31 March 2017
At the beginning of the year	**17**	**17**
Additions	-	-
Disposals	-	-
Reclassified to Assets classified as held for sale	(17)	-
End of the year	**-**	**17**
Depreciation		
At the beginning of the year	**-**	**-**
Additions	-	-
Disposals	-	-
Reclassified to Assets classified as held for sale	-	-
End of the year	**-**	**-**
Net Block	**-**	**17**

1. The "Investment Property" consists of Freehold and Leasehold Land held by the Company and located in the states of Maharashtra, Gujarat and Goa. The Fair Value Hierarchy disclosures for Investment properties have been provided in note 35.
2. The Company initiated identification and evaluation of potential buyers for the properties and anticipates completion of sale by March 2019 and accordingly the properties have been classified and presented under "Assets classified as held for sale". Refer note 11.

4 Investment in subsidiaries and associates

Particulars	As at 31 March 2018	As at 31 March 2017
Unquoted Investments		
Investment in equity instruments		
61,250,834 (31 March 2017 - 49,263,413) equity shares of ₹10/- each fully paid up in Preethi Kitchen Appliances Private Limited - a subsidiary*	**4,733**	3,780
14,550,000 (31 March 2017 - 6,050,000) equity shares of ₹10/- each fully paid up in Philips Home Care Services India Private ltd - wholly owned subsidiary	**146**	61
14,800,000 (31 March 2017 - 11,300,000) equity shares of ₹ 10/- each fully paid up in HealthMap Diagnostics Private Limited - an associate	**148**	113
Investment in preference instruments		
33,937,106 (Previous year - 45,924,527) 8% Compulsorily Convertible preference shares of ₹10/- each fully paid up in Preethi Kitchen Appliances Private Limited - a subsidiary*	**2,698**	3,651
	7,725	7,605

* Pursuant to the resolution passed by the Board of Directors of Preethi Kitchen Appliances Private Limited, at their meeting held on 28th March, 2018, 11,987,421 8% Compulsorily Convertible Preference Shares held by the Company were converted into equity shares. Pursuant to the said conversion, 11,987,421 Equity shares of Preethi were allotted to the Company on March 28, 2018.

Amounts in ₹ Mln

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

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables	**862**	1,389
Total	**862**	1,389

Break up for security details

Particulars	As at 31 March 2018	As at 31 March 2017
Secured, considered good {(refer note 9(a)}	**539**	1,055
Unsecured, considered good	**323**	334
Doubtful	**18**	18
	880	1,407
Provision for bad and doubtful debts		
Doubtful	**(18)**	(18)
	862	1,389

5(b) Non-current financial assets - others

Loans (Unsecured considered good unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
Security Deposits		
- Considered good	**280**	201
- Considered doubtful	**-**	-
Bank Deposits (due to mature after 12 months from reporting date)	**1**	5
	281	206

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 2018	Year ended 31 March 2017
Current Tax	**1,210**	1,244
	1,210	1,244
Deferred tax charge / (release)		
- Relating to origination and reversal of temporary differences	**(224)**	(56)
	(224)	(56)

(ii) Tax on Other Comprehensive Income	Year ended 31 March 2018	Year ended 31 March 2017
Deferred tax		
- (Gain) / Loss on measurement of net defined benefit plans	**50**	(6)
Total	**50**	(6)

Notes to Standalone Financial Statements for the year ended March 31, 2018

Amounts in ₹ Mln

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

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Profit/ (Loss) before tax	**2,667**	3,252
Income tax calculated @	**34.608%**	34.608%
Computed tax expense	**923**	1,125
Differences due to:		
- Expenses not deductible for tax purposes	**63**	49
- Others	**-**	14
Income tax charged to Statement of Profit and Loss at effective tax rate of **36.97%** (Previous year - 36.53%)	**986**	1,188
Income tax expense reported in statement of Profit and loss	**986**	1,188

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

Particulars	**Balance Sheet**		**Recognized in Statement of profit and loss**	
	As at 31 March 2018	As at 31 March 2017	**For year ended 31 Mar 2018**	For year ended 31 Mar 2017
Net deferred tax assets/(liabilities)				
- Provision for employee benefits	**246**	237	**9**	22
- Doubtful trade receivables and advances	**197**	112	**85**	6
- Difference between book and tax depreciation	**446**	359	**87**	40
- Other timing differences	**321**	228	**93**	(4)
- Assets given on finance lease	**(420)**	(370)	**(50)**	(8)
	790	566	**224**	56
Re-measurement (gains) / losses on defined benefit plans	**(44)**	6	**(50)**	6
Net deferred tax assets/(liabilities)	**746**	572	**174**	62

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

Particulars	**As at 31 March 2018**	As at 31 March 2017
Opening balance as of 1 April	**572**	510
Tax income/(expense) during the period recognized in profit and loss	**224**	56
Tax income/(expense) during the period recognized in OCI	**(50)**	6
Closing balance as at 31 March	**746**	572

7 Other non-current assets

(Unsecured, considered good unless otherwise stated)

Particulars	**As at 31 March 2018**	As at 31 March 2017
Advance Rentals	**44**	38
Capital Advances	**-**	4
CENVAT credit receivable	**-**	370
VAT credit receivable	**59**	80
Deposits against legal cases	**364**	345
Special additional duty receivables and drawback claims	**-**	56
Considered doubtful		
Deposits against legal cases	**9**	17
Special additional duty receivables and drawback claims	**56**	-
Claims receivables	**54**	54
Less: Provision for doubtful other loans and advances		
Deposits against legal cases	**(9)**	(17)
Special additional duty receivables and drawback claims	**(56)**	-
Claims receivables	**(54)**	(54)
	467	893

Amounts in ₹ Mln

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

Particulars	As at 31 March 2018	As at 31 March 2017
Raw materials (includes goods-in-transit ₹ **45** (31 March 2017 ₹ 79)	**553**	585
Work in Progress	**659**	1,016
Finished Goods	**44**	7
Stock-in-Trade (goods purchased for resale) (includes goods-in-transit ₹ **300** (31 March 2017 ₹ 372)	**2,772**	2,936
Stores and Spares	**9**	10
	4,037	4,554

9 (a) Current Financial assets- Trade Receivables

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables	**5,199**	4,115
Receivables from an associate (Note 31)	**12**	6
Receivables from other related parties (Note 31)	**2,069**	561
Total	**7,280**	4,682

Break up for security details

Particulars	As at 31 March 2018	As at 31 March 2017
Secured, considered good **	**608**	415
Unsecured, considered good	**6,672**	4,267
Doubtful	**345**	166
	7,625	4,848
Provision for bad and doubtful debts		
Doubtful	**(345)**	(166)
	7,280	4,682

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.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Amounts in ₹ Mln

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

Secured trade receivables includes finance lease receivables amounting to ₹ **695** (31 March 2017 - ₹ 672) 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 ₹ **888** (31 March 2017 - ₹ 907) which includes unearned interest of ₹ **193** (31 March 2017 ₹ 235). The maturity profile of finance lease obligation is as follows:

Particulars	**As at 31 March 2018**	As at 31 March 2017
Minimum lease payments		
Receivable within 1 year	**226**	214
Receivable between 1-5 years	**602**	599
Receivable after 5 years	**60**	94
Total	**888**	907
Present value		
Receivable within 1 year	**152**	136
Receivable between 1-5 years	**486**	450
Receivable after 5 years	**57**	86
Total	**695**	672
Unearned interest	**193**	235

9 (b) Cash and cash equivalents

Particulars	**As at 31 March 2018**	As at 31 March 2017
Balances with banks:		
– On current accounts*	**1,320**	345
– Deposits with original maturity of less than three months**	**3,853**	4,704
Cheques/ drafts on hand	**130**	100
Cash on hand	**-**	-
	5,303	5,149
Other Bank Balances		
Unpaid dividend accounts	**13**	12
	5,316	5,161

* Includes Remittances-in-transit ₹860 (31 March 2017 - Nil)
** Refer note 9 (c)

Changes in Liabilities arising from financing activities

Particulars	**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 2018	As at 31 March 2017
Dues from fellow subsidiary companies (Note 31)	-	577
Security Deposits (Includes earnest money deposits with banks in the nature of fixed deposits)		
- Considered good	**340**	306
- Considered doubtful	**47**	49
Less: Provision for doubtful deposits	**(47)**	(49)
Interest accrued on deposits with banks	**21**	31
	361	914

10 Other current assets

(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
Unbilled revenue	**212**	153
Advance Rentals	-	18
Advance to suppliers (other than related party)	**361**	167
Advance to related party	**73**	86
CENVAT credit receivable	**533**	497
GST Input tax credit receivable	**729**	-
VAT credit receivable	**15**	11
Special additional duty receivables and drawback claims	**180**	170
Balances with customs and port trust	**3**	7
Prepaid expenses	**140**	179
Claims receivables	**64**	42
Advances to employees	**15**	18
Considered doubtful		
Advance to suppliers	**17**	23
Claims receivables	**8**	-
Less: Provision for doubtful other loans and advances		
Advance to suppliers	**(17)**	(23)
Claims receivables	**(8)**	-
	2,325	1,348

11 Assets Classified As Held For Sale

Particulars	As at 31 March 2018	As at 31 March 2017
Property, plant and equipment		
Assets retired from active use (refer note below)	**33**	-
	33	-

The Company initiated identification and evaluation of potential buyers for the properties located in the states of Maharastra, Gujarat & Goa and anticipates completion of sale by March 2019. These are recognised 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, 2018

Amounts in ₹ Mln

12 Equity Share Capital

	As at 31 March 2018		As at 31 March 2017	
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 2018		As at 31 March 2017	
	No. of shares	**Amount**	No. of shares	Amount
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 2017 : ₹ 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 2018		As at 31 March 2017	
	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 2018		As at 31 March 2017	
	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 2018		As at 31 March 2017	
General reserve				
As at the beginning of the year	**2,315**		1,917	
Add: Transfer from Statement of Profit and Loss	**-**		398	
As at the end of the year		**2,315**		2,315
Retained Earnings				
As at the beginning of the year	**17,135**		15,689	
Add: Profit for the year	**1,681**		2,064	
Items of other comprehensive income recognised directly in retained earnings				
Re-measurement (gains)/ losses on defined benefit plans (net of tax)	**95**		(12)	
Less: Reductions during the year				
Dividend	**173**		173	
Dividend distribution tax	**35**		35	
Transfer to General reserve	**-**		398	
		18,703		17,135
Total		**21,018**		19,450

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in note 40.

A. Summary of Other Equity

Amounts in ₹ Mln

Particulars	As at 31 March 2018	As ar 31 March 2017
General Reserve	**2,315**	2,315
Retained Earnings	**18,703**	17,135
Total other Equity	**21,018**	19,450

B. Description of nature and purpose of each reserve

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.

14 Non-current financial liabilities - Borrowings

	As at 31 March 2018	As at 31 March 2017
Long Term maturities of finance lease obligations (secured)	**434**	405

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 ₹ **795** (Previous Year-₹ 814) which includes interest of ₹ **112** (Previous Year- ₹ 129). The maturity profile of finance lease obligations is as follows:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Minimum Lease payments	Present value	Minimum Lease payments	Present value
Payable within 1 year	**309**	**248**	330	280
Payable between 1-5 years	**486**	**434**	484	405
Total minimum lease payments	**795**	**682**	814	685
Less: Interest	**112**	**-**	129	-
Present value of minimum lease payments	**683**	**682**	685	685

15 Other non-current liabilities

	As at 31 March 2018	As at 31 March 2017
Income received in advance	**138**	537
Employee related payables	**367**	209
Security deposits	**17**	6
	522	752

16 Provisions

	Long-term		Short-term	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits				
Gratuity (refer note 28)	**339**	415	**23**	23
Compensated absences	**190**	236	**30**	29
Post-employment medical benefits	**-**	-	**18**	18
Others				
Warranty (refer note 16.1)	**-**	-	**212**	242
Legal and regulatory (refer note 16.1)	**-**	-	**577**	390
Miscellaneous (refer note 16.1)	**-**	-	**39**	-
	529	651	**899**	702

Notes to Standalone Financial Statements for the year ended March 31, 2018

Additional disclosure relating to provisions:

16.1 Movement in provisions:

Amounts in ₹ Mln

	Class of provisions				
	Warranty	**Legal and regulatory**	**Personnel related**	**Miscellaneous**	**Total**
Opening balance	**242**	**390**	**-**	**-**	**632**
	(228)	(333)	(91)	-	(652)
Add: Accruals / Internal transfers	**329**	**187**	**-**	**39**	**555**
	(428)	(83)	(169)	-	(680)
Less: Utilisation	**359**	**-**	**-**	**-**	**359**
	(414)	-	(260)	-	(674)
Less: Write back	**-**	**-**	**-**	**-**	**-**
	-	(26)	-	-	(26)
Closing balance	**212**	**577**	**-**	**39**	**828**
	(242)	(390)	-	-	(632)

Figures given in (brackets) relate to previous year.

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) Personnel related

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

(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.

17 Current Financial Liabilities

	As at 31 March 2018	As at 31 March 2017
(a) Borrowings		
Current maturities of finance lease obligations (refer note 14)	**248**	280
	248	280
(b) Trade Payables		
Dues to Micro, Small and Medium Enterprises (refer note 41)	**35**	69
Dues to others	**3,983**	3,519
Dues to related parties	**1,803**	1,446
	5,821	5,034

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

Amounts in ₹ Mln

(c) Other financial liabilities	As at 31 March 2018	As at 31 March 2017
Interest accrued but not paid	4	12
Unpaid dividend	13	12
Book overdraft	-	8
Other payables:		
Payables for purchase of fixed assets (other than micro and small enterprises)	41	35
Security deposits	19	10
	77	77

18 Other current liabilities

	As at 31 March 2018	As at 31 March 2017
Income received in advance	1,348	847
Other payables:		
Advances received from customers	1,262	1,366
Employee related payables	1,000	753
Statutory dues	513	658
	4,123	3,624

19 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products	21,920	21,512
* (Including excise duty ₹ **42** (Previous year ₹ 86)		
Sale of services	16,642	15,211
Other operating revenues	287	335
Revenue from operations	38,849	37,058

* Revenue from sale of products includes excise duty for periods up to 30 June 2017. 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 March 31, 2017.

Breakup of other operating revenues :		
Liabilities no longer required written back	46	33
Finance income - leases	151	198
Duty drawback and export incentives	62	69
Miscellaneous	28	35
	287	335

20 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income (other than on investments)	276	352
Surplus on disposal of fixed assets	-	12
Interest income on defined benefit plan	21	20
Interest income on Security Deposits	21	24
Other non-operating income	3	11
	321	419

Notes to Standalone Financial Statements for the year ended March 31, 2018

Amounts in ₹ Mln

		Year ended 31 March 2018	Year ended 31 March 2017
21	**Cost of raw materials consumed ***		
	Inventory of raw materials at the beginning of the year	**506**	419
	Add: Purchases	**2,298**	2,331
	Less: Inventory of raw materials at the end of the year	**508**	506
	Cost of raw materials consumed	**2,296**	2,244
	* represents Medical equipment components		

		Year ended 31 March 2018	Year ended 31 March 2017
22	**Purchases of stock-in-trade (goods purchased for resale)**	**14,472**	13,969

		Year ended 31 March 2018	Year ended 31 March 2017
23	**Changes in inventories of finished goods, stock-in-trade and work-in-progress**		
	Stock at the beginning of the year		
	Finished goods	**7**	6
	Work-in-Progress	**1,016**	950
	Stock-in-trade (goods purchased for resale)	**2,564**	2,613
	Total	**3,587**	3,569
	Stock at the end of the year		
	Finished goods	**44**	7
	Work-in-Progress	**659**	1,016
	Stock-in-trade (goods purchased for resale)	**2,472**	2,564
		3,175	3,587
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	**412**	(18)

		Year ended 31 March 2018	Year ended 31 March 2017
24	**Employee benefits expense**		
	Salaries, wages and bonus	**10,001**	8,978
	Contribution to provident and other funds	**369**	306
	Defined benefit plan expense	**145**	115
	Expense on Employee Stock Option Schemes	**143**	85
	Staff welfare expenses	**523**	505
		11,181	9,989

		Year ended 31 March 2018	Year ended 31 March 2017
25	**Finance costs**		
	Interest on Finance Lease	**74**	57
	Net interest on the net defined benefit liability	**49**	44
	Other interest expense	**2**	11
	Total interest expense	**125**	112
	Unwinding of discount and effect of changes in discount rate on provisions	**1**	1
	Total Finance costs	**126**	113

Amounts in ₹ Mln

		Year ended 31 March 2018	Year ended 31 March 2017
26	**Depreciation and amortization expense**		
	Depreciation of tangible fixed assets (Refer note 2)	**672**	507
		672	507

		Year ended 31 March 2018	Year ended 31 March 2017
27	**Other expenses**		
	Power and fuel	**156**	118
	Packing, freight and transport	**649**	686
	Rent	**776**	710
	Repairs to buildings	**96**	121
	Insurance	**130**	91
	Rates and taxes	**3**	22
	Travelling and conveyance	**860**	1,049
	Legal and professional	**335**	456
	Publicity	**1,214**	974
	IT and Communication	**854**	1,072
	Provision for doubtful trade receivables and loans and advances	**298**	113
	Warranty	**329**	428
	Net loss on foreign currency transaction and translation	**96**	293
	Miscellaneous	**1,506**	1,202
		7,302	7,335

(a) Legal and professional includes payments to auditors as given below:

As Auditor - statutory audit fees ₹ **4.4** (Previous year - ₹ 3.2), tax audit fees ₹ **1.5** (Previous year - ₹1.5); certification ₹**1.7** (Previous year - ₹0.5) and reimbursement of expenses ₹ **NIL** (Previous year - ₹0.5).

(b) Miscellaneous include - (i) undepreciated value of fixed assets written off / provided for - ₹ **29** (Previous year - ₹ 23), (ii) handling charges - ₹ **41** (Previous year - ₹64), (iii) royalty - ₹ **391** (Previous year - ₹169), (iv) commission - ₹ **132** (Previous year - ₹ 166), and (v) Corporate Social Responsibility expenditure - Gross amount required to be spent ₹ **100** (Previous year - ₹99), amount spent towards various schemes as prescribed under Section 135 of the Companies Act, 2013 ₹ **44** (Previous year - ₹ 75).

Details of CSR Expenditure:	Year ended 31 March 2018	Year ended 31 March 2017
a) Gross amount required to be spent by the group during the year	**100**	99
b) Amount spent during the year ending on 31st March, 2017:		
i) For Purposes mentioned below:		
- In Cash	**44**	75
- Yet to be paid in Cash	**56**	24
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 2017-18, the Company was required to spend an amount of ₹ 100 towards CSR activities and the company has spent ₹ 44 million against the same. Remaining ₹ 56 million is on account of CSR programs that are in progress for which invoices are yet to be received.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Amounts in ₹ Mln

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.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	**Gratuity**	
	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	**145**	115
Past service cost	**-**	
Interest cost on benefit obligation	**49**	44
Expected return on plan assets	**(21)**	(20)
Curtailment Cost	**-**	-
Settlement cost	**-**	-
Net actuarial (gain)/ loss recognised in the year	**(145)**	18
Expenses recognized in the statement of profit & loss and Other Comprehensive Income	**28**	157

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

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2018		Year ended 31 March 2017		Year ended 31 March 2018	Year ended 31 March 2017
	Funded	Unfunded	Funded	Unfunded		
A. Present value of obligations as at beginning of the year	**565**	**153**	494	111	5,145	3,397
(1) Current service cost	**118**	**27**	97	18	338	448
(2) Interest cost	**39**	**10**	36	8	383	323
(3) Benefits settled	**(21)**	**(33)**	(39)	(19)	(582)	(411)
(4) Settlements	**-**	**-**	-	-	-	-
(5) Actuarial (gain) / loss	**(138)**	**(7)**	(23)	38	-	-
(6) Actuarial (gain) / loss due to Interest rate guarantee	**-**	**-**	-	-	(380)	562
(7) Employees' contribution	**-**	**-**	-	-	488	636
(8) Acquisition/Business Combination/Divestiture	**-**	**-**	-	(3)	-	-
(9) Change in reserves	**-**	**-**	-	-	-	-
(10) Transfer in	**-**	**-**	-	-	286	190
(11) Past service cost	**-**	**-**	0	-	-	-
Present value of obligations as at end of the year	**563**	**150**	565	153	5,678	5,145

Amounts in ₹ Mln

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2018:

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

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2018		Year ended 31 March 2017		Year ended 31 March 2018	Year ended 31 March 2017
	Funded	Unfunded	Funded	Unfunded		
B. Change in Plan Assets						
Plan assets as at beginning of the year	**281**	**-**	245	-	5,338	3,473
(1) Expected return on plan assets	**21**	**-**	20	-	395	365
(2) Contributions	**71**	**-**	58	-	-	-
(3) Benefits settled	**(22)**	**-**	(39)	-	-	-
(4) Employer and Employee contribution	**-**	**-**	-	-	826	1,084
(5) Transfer in	**-**		-	-	286	190
(6) Benefit payments	**-**	**-**	-	-	(582)	(411)
(7) Asset gain / (loss)	**-**	**-**	(3)	-	140	637
(8) Settlements			-	-	-	
(9) Acquisition/Business Combination/ Divestiture			-	-	-	-
Plan assets as at end of the year	**351**	**-**	281	-	6,403	5,338
Surplus			-		725	192
The above surplus of ₹ **725** (Previous year - ₹ 192) 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**	**-**	17	-		
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	**(563)**	**(150)**	(566)	(154)	-	-
(2) Fair value of Plan assets	**351**	**-**	281	-	-	-
Liability recognised in Balance Sheet	**(212)**	**(150)**	(285)	(154)	-	-
E. Components of Employer Expense:						
(1) Current service cost	**118**	**27**	97	18	-	-
(2) Interest cost	**39**	**10**	36	8	-	-
(3) Expected return on plan assets(estimated)	**(21)**	**-**	(20)	-	-	-
(4) Curtailments	**-**	**-**	-	-	-	-
(5) Past service cost	**-**	**-**	-	-	-	-
(4) Actuarial (gain) / loss	**(138)**	**(7)**	(20)	38	-	-
Total expense recognised in Statement of Profit and Loss	**(2)**	**30**	93	64	-	-

The gratuity and compensated absences expenses have been recognised in “Employee benefits expenses” under note 24 to the Financial Statements.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Amounts in ₹ Mln

F. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Defined Benefit Obligations	563	566	495	504	377
Plan Assets	351	282	245	288	256
Surplus/(Deficit)	(212)	(284)	(250)	(216)	(121)
Experience adjustments on Plan assets/ liabilities (gain) / loss	46	(75)	(47)	306	65

Description	Gratuity (Unfunded)				
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Defined Benefit Obligations	150	154	111	311	263
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(150)	(154)	(111)	(311)	(263)
Experience adjustments on Plan assets/ liabilities (gain) / loss	6	54	148	(22)	(44)

Description	Provident Fund				
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Defined Benefit Obligations	5,678	5,145	3,397	3,473	2,649
Plan Assets	6,403	5,337	3,471	3,564	2,671
Surplus/(Deficit)	725	192	74	91	22
Experience adjustments on Plan assets/ liabilities (gain) / loss	(140)	(637)	(273)	(158)	69

G. Assumptions

	Gratuity	
	Year ended 31 March 2018	Year ended 31 March 2017
Discount factor	**7.55%**	7.10%
Estimated rate of return on plan assets	**7.55%**	9.00%
Salary Increase	**Management, PMS - 9%, PIC - 9% DMC factory - 12%,**	Management, PMS - 10%, PIC - 12% DMC factory - 12%,
Demographic Assumptions		
Mortality	**IALM (2006-08)**	IALM (2006-08)
Attrition rate	**Management -14%, PMS - 24%, PIC - 10.15% DMC Factory - 5%**	Management -14%, PMS - 12%, PIC - 9.60% DMC Factory - 5%
Retirement age	**Management, PMS and PIC - 60 years, Others - 58 years**	Management, PMS and PIC - 60 years, Others - 58 years

Amounts in ₹ Mln

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 2018	As at 31 March 2017
Discount rate		
a. Discount rate - 100 basis points	766	787
b. Discount rate + 100 basis points	667	661
Salary increase rate		
a. Rate - 100 basis points	668	663
b. Rate + 100 basis points	765	784

I. Maturity profile of defined benefit obligation

Particulars	As at 31 March 2018	As at 31 March 2017
Within the next 12 months (next annual reporting period)	84	58
Between 1 and 5 years	310	241
Between 5 and 10 years	306	301
Total expected payments	700	600

29 Employees' Share-based Payments (As per Ind AS 102 Share based Payment):

Certain employees of the company are eligible for stock options granted by the Holding Company ("KPNV"). In conformity with Ind AS 102 'Share based Payment' 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 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.

Since 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.

Notes to Standalone Financial Statements for the year ended March 31, 2018

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 2017	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2018	Exercisable
April 16, 2007	30.96	7,110		(7,110)			-	-
April 14, 2008	23.11	3,555		(2,709)	297		1,143	1,143
July 14, 2008	20.67	1,800		(1,800)			-	-
April 14, 2009	12.63	2,250		(3,900)	2,850		1,200	1,200
April 19, 2010	24.90	6,212		(6,124)	4,024		4,112	4,112
July 19, 2010	24.01	1,080		(1,080)			-	-
April 18, 2011	20.90	10,650		(2,700)	(1,650)		6,300	6,300
July 18, 2011	17.20	2,850		-	(1,350)		1,500	1,500
October 17, 2011	14.52	1,350		(1,350)			-	-
January 30, 2012	15.24	15,000		-	(5,000)		10,000	10,000
April 23, 2012	14.82	25,584		(17,616)	13,430		21,398	21,398
		77,441	**-**	**(44,389)**	**12,601**	**-**	**45,653**	**45,653**
Previous Year		66,063		(5,495)	24,819	(7,946)	77,441	77,441

(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 2017	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2018	Exercisable
April 14, 2008	36.63	306	450		-	-	756	756
April 14, 2009	33.51	480	-	-	-	-	480	480
		786	**450**	**-**	**-**	**-**	**1,236**	**1,236**
Previous Year		786	-	-			786	786

(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 2017	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2018
July 31, 2015	25.32	2,797			(2,797)		-
February 1, 2016	24.33	12,391			(5,873)		6,518
April 29, 2016	24.00	20,396		(4,554)	4,671		20,513
October 28, 2016	27.73	364			8		372
May 11, 2017	33.34	-	26,791	(2,812)	760		24,739
July 28, 2017	32.30	-	922				922
October 27, 2017	35.01	-	860				860
February 5, 2018	31.39	-	5,568				5,568
		35,948	**34,141**	**(7,366)**	**(3,231)**	**-**	**59,492**
Previous Year		32,880	-	-	3,068	-	35,948

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

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

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

(g) 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 2017	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2018
April 28, 2014	22.92	43,252			(43,252)	-	-
July 25, 2014	22.80	-				-	-
October 24, 2014	20.43	-				-	-
May 5, 2015	25.19	44,681		(28,830)	60,577	-	76,428
February 1, 2016	24.33	1,549			94	-	1,643
April 29, 2016	24.00	40,775		(9,106)	9,341	-	41,010
May 11, 2017	33.34	-	31,963	(4,276)	853	-	28,540
		1,30,257	**31,963**	**(42,212)**	**27,613**	**-**	**1,47,621**
Previous Year		1,45,604	40,775	(56,122)	-	-	1,30,257

(h) 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	-0.60%
2. Expected share price volatility	23%

(i) 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 **16,672** (Previous year -17,545) shares were bought by employees during the year at an average price of EUR **33.91** (Previous year - EUR 25.48).

(j) Expense recognised on account of "Employee Share-Based Payment" is ₹ **143** (Previous year - ₹ 85) and carrying liability as at 31 March 2018 is ₹ **424** (Previous year - ₹ 414).

30. Commitments and contingencies

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ **258** (Previous year - ₹ 113).

b. Contingent liabilities

(i) In respect of disputed excise demands - ₹ **19** (Previous year - ₹19), income tax demands - ₹ **3,763** (Previous year - ₹7,400), service tax demands - ₹ **380** (Previous year - ₹ 82), VAT - ₹ **1,356** (Previous year- ₹ 1,126) and Custom Duty - ₹ **62** (Previous Year- ₹ 62)

The estimated contingent liability relating to ertswhile Lighting business of Philips India Limited (PIL) on account of (a) Income Tax related cases ₹ **1,027** (Previous year - ₹3,197), (b) VAT related cases ₹ **901** (Previous year ₹ - 762) and (c) service tax related cases ₹ **298** (Previous year ₹ - Nil) out of common estimated Liability respectively of lighting business and other businesses of Philips India Limited. 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.

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) and (ii) above pending resolution of the legal proceedings.

Notes to Standalone Financial Statements for the year ended March 31, 2018

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

(a) Names of companies where control exists:

Holding and ultimate holding company	:	**Koninklijke Philips N.V (KPNV)**
Subsidiary Companies	:	**Preethi Kitchen Appliances Private Limited**
		Philips Home Care Services India Private Ltd
Associate Company	:	**HealthMap Diagnostics Private Limited**

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

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

Fellow Subsidiary Companies:

ADAC Capital, LLC
AP-CTR Corp.
Argus Imaging B.V.
Invivo Corporation
Lumileds India Private Limited *
P.T. Philips Industries Batam
Philips (China) Investment Company, Ltd.
Philips Africa (Pty) Ltd
Philips Austria GmbH
Philips Consumer Lifestyle B.V.
Philips Egypt (Limited Liability Company)
Philips Electronics (Thailand) Ltd.
Philips Electronics Bangladesh Private Limited
Philips Electronics Hong Kong Limited
Philips Electronics Middle East & Africa B.V.
Philips Electronics Nederland B.V.
Philips Electronics North America Corporation
Philips Electronics Singapore Pte Ltd
Philips Electronics UK Limited
Philips France
Philips Global Business Services LLP
Philips GmbH
Philips Healthcare (Suzhou) Co., Ltd.
Philips Healthcare Informatics, Inc.
Philips Ibérica, S.A.
Philips Innovative Applications
Philips International B.V.
* related parties for part of the year

Fellow Subsidiary Companies:

Philips Lanka Solutions (Private) Limited
Philips Lighting India Limited *
Philips Malaysia Sdn. Berhad
Philips Medical Systems (Cleveland), Inc.
Philips Medical Systems DMC GmbH
Philips Medical Systems Indústria e Comércio Ltda.
Philips Medical Systems Nederland B.V.
Philips Medical Systems Technologies Ltd.
Philips Medizin Systeme Böblingen GmbH
Philips Nederland B.V.
Philips Oral Healthcare, Inc.
Philips Oregon EGI
Philips Oy
Philips Philippines, Inc.
Philips Polska Sp.z.o.o.
Philips South Africa (Proprietary) Limited
Philips Technologie GmbH
Philips Ultrasound, Inc.
PT. Philips Indonesia
Respironics California, Inc.
Respironics, Inc.
Saeco International Group S.p.A.
Shenzhen Goldway Industrial Inc.
VISICU, Inc.
Volcano Corporation
Volcano Europe, B.V.B.A.

(ii) Employee Trusts

Philips India Ltd Management Staff Provident Fund Trust

(iii) Key Management Personnel

1) Executive Directors:

(i) Mr.Daniel Mazon (w.e.f. October 1, 2017)
(ii) Mr. Rajiv Mathur
(iii) Mr.Sudeep Agrawal (w.e.f. February 19, 2018)
(iv) Mr.V. Raja (Ceased to be an Executive Director w.e.f. September 30, 2017)
(v) Mr. Hariharan Madhavan (Ceased to be an Executive Director w.e.f. December 21, 2017)

(2) Non-Executive Directors:

(i) Mr.S.M.Datta
(ii) Mr.Vivek Gambhir
(iii) Ms.Geetu Gidwani Verma
(iv) Mr.Vikram Mukund Limaye (Ceased to be a Non-Executive Director w.e.f. June 11, 2017)

(3) Company Secretary:

(i) Mr.Rajiv Mathur

Amounts in ₹ Mln

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

(c) Nature of transactions

	Year ended 31 March 2018						Year ended 31 March 2017					
	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	-	489	9,953	-	-	-	-	367	8,481	-	-	-
Property, Plant and Equipment	-	-	43	-	-	-	-	-	58	-	-	-
Services	143	7	1,012	-	-	-	107	31	882	-	-	-
Reimbursements	-	8	102	-	-	-	-	-	177	-	-	-
Others	74	-	-	-	-	-	22	-	-	-	-	-
SALES												
Goods	-	4	2,487	65	-	-	-	-	2,436	175	-	-
Fixed assets	-	-	-	-	-	-	-	-	2	-	-	-
Services	1,750	60	11,224	26	-	-	1,994	62	9,532	7		
Reimbursements	-	-	29	-	-	-	-	-	298	-	-	-
DEPUTATION OF PERSONNEL												
Charge	-	-	-	-	-	-	-	-	-	-	-	-
Recovery	-	-	13	-	-	-	-	-	4	-	-	-
MANAGERIAL REMUNERATION												
Mr.Daniel Mazon	-	-	-	-	44	-	-	-	-	-	-	-
Mr.Rajiv Mathur	-	-	-	-	26	-	-	-	-	-	16	-
Mr.Sudeep Agrawal	-	-	-	-	4	-	-	-	-	-	-	-
Mr.Hariharan Madhavan	-	-	-	-	33	-	-	-	-	-	30	-
Mr.V. Raja	-	-	-	-	79	-	-	-	-	-	59	-
Mr.S.M.Datta	-	-	-	-	1	-	-	-	-	-	2	-
Mr.Vivek Gambir	-	-	-	-	1	-	-	-	-	-	1	-
Mrs.Geetu Gidwani Verma	-	-	-	-	1	-	-	-	-	-	1	-
Mr.Vikram Mukund Limaye	-	-	-	-		-	-	-	-	-	1	-
FINANCE												
Dividend Paid	166	-	-	-	-	-	166	-	-	-	-	-
Interest income	-	-	2	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	2	-	-	-
Others - Purchase of Investments	-	85	-	35	-	-	-	2,758	-	50	-	-
Contributions to Employees' Benefit Plans	-	-	-	-	-	678						551
OUTSTANDINGS												
Payable	7	42	1,697	-	-	57	4	58	1,336	-	-	48
Receivable	115	47	1,980	12	-	-	133	17	1,074	6	-	-

Notes to Standalone Financial Statements for the year ended March 31, 2018

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

Amounts in ₹ Mln

Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions	
		Year ended 31 March 2018*	Year ended 31 March 2017
(i) Fellow subsidiary Companies:			
Philips Medical Systems Nederland B.V.	Purchase of goods	**2,491**	2,861
Philips Consumer Lifestyle B.V.	Purchase of goods	**2,332**	1,586
Philips Electronics Singapore Pte Ltd	Purchase of goods	**1,889**	1,707
Philips Electronics Singapore Pte Ltd	Purchase of fixed assets	**29**	33
Philips Medical Systems Nederland B.V.	Purchase of fixed assets	**-**	8
Philips Medical Systems DMC GmbH	Purchase of fixed assets	**-**	13
Philips Electronics Nederland B.V.	Purchase of services	**483**	576
Philips Electronics Nederland B.V.	Reimbursements paid	**20**	-
Philips Electronics Middle East & Africa B.V.	Reimbursements paid	**13**	-
Philips Electronics Bangladesh Private Limited	Reimbursements paid	**11**	82
Philips International B.V.	Reimbursements paid	**29**	-
Philips Lighting India Limited	Reimbursements paid	**-**	55
Philips Medical Systems Nederland B.V.	Sale of goods	**2,077**	1,993
Philips Lighting India Limited	Sale of Fixed Assets	**-**	2
Philips Electronics Nederland B.V.	Sale of services	**2,827**	2,378
Philips Medical Systems Nederland B.V.	Sale of services	**2,258**	1,727
Philips Healthcare Informatics, Inc.	Sale of services	**1,993**	1,916
Philips Medical Systems Nederland B.V.	Reimbursements received	**-**	131
Philips International B.V.	Reimbursements received	**6**	-
Philips Global Business Services LLP	Reimbursements received	**19**	-
Philips Electronics Bangladesh Private Limited	Reimbursements received		61
Philips Lighting India Limited	Reimbursements received	**-**	33
Philips Electronics Nederland B.V.	Deputation recovery	**7**	-
Philips Electronics Singapore Pte Ltd	Deputation recovery	**1**	-
Philips South Africa (Proprietary) Limited	Deputation recovery	**-**	1
Philips Medical Systems Nederland B.V.	Deputation recovery	**3**	1
Philips Polska Sp.z.o.o.	Deputation recovery	**-**	1
Philips Electronics Singapore Pte Ltd	Payable	**190**	204
Philips Medical Systems Nederland B.V.	Payable	**295**	488
Philips Consumer Lifestyle B.V.	Payable	**430**	-
Philips Medizin Systeme Böblingen GmbH	Payable	**-**	151
Philips Ultrasound, Inc.	Payable	**226**	-
Philips Electronics Bangladesh Private Limited	Receivable	**-**	87
Philips Consumer Lifestyle B.V.	Receivable	**-**	562
Philips Medical Systems Nederland B.V.	Receivable	**389**	84
Philips Ultrasound, Inc.	Receivable	**-**	57
VISICU, Inc.	Receivable	**-**	64
Philips Healthcare Informatics, Inc.	Receivable	**312**	-
Philips Electronics North America Corporation	Receivable	**476**	-
Philips Electronics Nederland B.V.	Receivable	**216**	-
(ii) Employee Trusts:			
Philips India Ltd Management Staff Provident Fund Trust	Contributions	**678**	551
Philips India Ltd Management Staff Provident Fund Trust	Payable	**57**	48

* represents material transactions of the same type with related parties during the year which comprise more than 10% of aggregate value of transactions.

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, interest free and will be settled in cash.

Amounts in ₹ Mln

Compensation of key management personnel of the company

Details	**Year ended 31 March 2018**	Year ended 31 March 2017
Short-term employee benefits	**181**	106
Post-employment benefits*	**9**	4
Total compensation paid to key management personnel	**190**	110

* 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.

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:

(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.

Notes to Standalone Financial Statements for the year ended March 31, 2018

(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 2018 was ₹ 20 (31 March 2017: NIL). The Company estimates that the costs would be realised upon the expiration of the lease period.

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

Amounts in ₹ Mln

(a) Forward contracts outstanding

Details	USD Currency				Euro Currency			
	As at 31 March 2018		As at 31 March 2017		As at 31 March 2018		As at 31 March 2017	
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	3,055.76	46,885.48	-	-	-	-	-	-
Payables	2,574.41	39,500.00	2,691.28	41,500.00	-	-	-	-

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

Details	As at 31 March 2018		As at 31 March 2017		As at 31 March 2018		As at 31 March 2017	
	USD Exposure				Euro Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	460.31	7,098.00	154.52	1,912.17	766.24	11,058.06
Payables	-	-	-	-	312.78	3,870.69	211.04	3,045.64

Details	SGD Exposure				CNY Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	0.75	15.11	1.15	24.87	1.07	103.04	(0.41)	(43.12)

Details	AUD Exposure				GBP Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	0.60	12.08	0.01	0.25	-	-	0.46	5.71

34 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 2018

Amounts in ₹ Mln

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)	-	361	361	361
Total	**-**	**14,100**	**14,100**	**14,100**

As at 31 March 2017

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	1,389	1,389	1,389
Other Financial Assets (Non-Current)	-	206	206	206
Trade receivables (Current)	-	4,682	4,682	4,682
Cash and cash equivalents	-	5,161	5,161	5,161
Other Financial Assets (Current)	-	914	914	914
Total	**-**	**12,352**	**12,352**	**12,352**

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**

As at 31 March 2017

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Borrowings(Non-Current)	-	405	405	405
Borrowings(Current)	-	280	280	280
Trade Payables(Current)	-	5,034	5,034	5,034
Other Financial Liabilities(Current)	-	77	77	77
Total	**-**	**5,796**	**5,796**	**5,796**

Notes to Standalone Financial Statements for the year ended March 31, 2018

35 Fair value hierarchy

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 2018:

	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 2017:

	Total	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Investment property	**36**	-	**36**	-

36 Dividend paid and proposed

	For the year ended 31 March 2018	For the year ended 31 March 2017
Dividend declared and paid during the year		
Dividend paid for the year ended March 31, 2017 ₹3/- per share (March 31, 2016 : ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**35**	35
	208	208
Proposed Dividend on equity shares:		
Dividend 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

37 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, 2018, 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 2018	For the year ended 31 March 2017
Earnings Before Interest And Tax	**2,324**	2,771
Capital Employed	**22,276**	20,710
Return on Capital Employed (ROCE)	**10%**	13%

38 Financial risk management objectives and policies

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 2018.

The analysis 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, 2018.

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.

Amounts in ₹ Mln

Change in US$ rate	Effect on profit before tax		Effect on total equity	
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
+5%	1.94	-2.20	1.94	-2.20
-5%	-1.94	2.20	-1.94	2.20
Change in Euro rate	**Effect on profit before tax**		**Effect on profit after tax**	
	Year ended 31 March 2018	**Year ended 31 March 2017**	**Year ended 31 March 2018**	**Year ended 31 March 2017**
+5%	-0.64	1.92	-0.64	1.92
-5%	0.64	-1.92	0.64	-1.92

(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.

Notes to Standalone Financial Statements for the year ended March 31, 2018

(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, 2018.

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, 2018 and 2017 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, 2018 and 31st March, 2017. 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.

Amounts in ₹ Mln

	Carrying Amount	Undiscounted Amount		
		Payable within 1 year	More than 1 years	Total
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**
As at 31 March 2017				
Borrowings(Non-Current)	**405**		**405**	**405**
Borrowings(Current)	**280**	**280**		**280**
Trade Payables(Current)	**5,034**	**5,034**		**5,034**
Other Financial Liabilities(Current)	**77**	**77**		**77**

Amounts in ₹ Mln

39 Earnings per share (EPS)

	Year ended 31 March 2018	Year ended 31 March 2017
Number of equity shares at the beginning of the year	**57,517,242**	57,517,242
Total number of equity shares outstanding at the end of the year	**57,517,242**	57,517,242
Weighted average number of equity shares outstanding during the year *	**57,517,242**	57,517,242
Profit after tax attributable to equity share holders	**1,681**	2,064
Basic and diluted earnings per equity share (in ₹)	**29.22**	35.88

* 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.

40 Components of other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Re-measurement gains / (losses) on defined benefit plans	**95**	(12)

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

The Company has identified enterprises which have provided goods and services and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. The details of overdue amount and interest payable are set out below.

Particulars	**As at 31 March 2018**	As at 31 March 2017
a) Principal amount remaining unpaid to any supplier as at the end of the year	35	69
b) Interest due on the above amount	1	1
Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	-	-
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	-	-
Amount of interest accrued and remaining unpaid at the end of the year.	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

42 Disclosure relating to assets given on operating lease:

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

		As at 31 March 2018	As at 31 March 2017
a)	Total of future minimum lease payments receivable under non-cancellable operating lease	**3**	6
	Receivable within 1 year	**3**	3
	Receivable between 1-5 years	**-**	3
	Receivable after 5 years	**-**	-
b)	Total contingent rent recognised as income in the Statement of Profit and Loss for the year	**-**	8

Notes to Standalone Financial Statements for the year ended March 31, 2018

43 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.

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, 2018

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)
Non-Executive Director	GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

TEN YEAR REVIEW

Amounts in ₹ Mln

PARTICULARS	2008	2009	2010	2011-12 (15 M)	2012-13	2013-14	2014-15	2015-16	2016-17	**2017-18**
Income and Dividends										
Sales	31,356	32,656	37,249	55,793	53,674	58,387	63,755	62,819	36,723	**38,562**
Operating profit	1,900	1,688	1,451	1,813	1,752	3,096	5,600	6,503	3,252	**2,667**
As percentage of sales	6.1	5.2	3.9	3.2	3.3	5.3	8.8	10.4	8.9	**6.9**
Profit before tax	2,106	1,850	1,433	1,854	1,858	3,170	6,275	6,278	3,252	**2,667**
As percentage of sales	6.7	5.7	3.8	3.3	3.5	5.4	9.8	10.0	8.9	**6.9**
Profit after tax	1,351	1,175	889	1,338	1,228	2,099	4,235	3,975	2,064	**1,681**
As percentage of sales	4.3	3.6	2.4	2.4	2.3	3.6	6.6	6.3	5.6	**4.4**
As percentage of net worth	15.3	14.6	10.1	13.4	11.1	16.1	24.8	22.1	10.3	**7.8**
Earnings per share (₹)	19.71	18.97	15.46	23.26	21.35	36.49	73.63	69.11	35.88	**29.22**
Dividend per equity share (₹)	2.0	2.0	2.0	2.5	2.0	2.0	3.0	3.0	3.0	**3.0**
Assets and Liabilities										
Property, Plant & Equipments	2,825	3,463	3,524	3,972	4,280	4,295	3937	2079	2,526	**2,940**
Investments	442	5	-	1,000	1,000	1,000	1,000	4,797	7,605	**7,725**
Deferred tax assets - net	296	352	363	462	437	496	809	510	572	**746**
Inventories	2,849	3,608	4,131	5,362	5,637	6,293	6,504	4,542	4,554	**4,037**
Debtors, loans & advances										
and cash & bank balances	10,072	10,258	11,580	14,069	15,142	17,725	22,025	18,837	16,702	**19,212**
Current liabilities & provisions	7,493	9,485	10,690	12,585	14,737	15,277	16,578	12,531	11,249	**12,385**
Net current assets	5,428	4,381	5,021	6,846	6,042	8,741	11,951	10,848	10,007	**10,864**
Net Investment	8,991	8,201	8,908	12,280	11,759	14,532	17,697	18,234	20,710	**22,275**
Represented by										
Equity share capital	634	575	575	575	575	575	575	575	575	**575**
Other reserves	8,197	7,476	8,231	9,402	10,495	12,459	16,486	17,398	19,450	**21,018**
Shareholders' interest (net worth)	8,831	8,051	8,806	9,977	11,070	13,034	17,061	17,973	20,025	**21,593**
Borrowings	160	150	102	2,303	689	1,498	636	261	685	**682**
Total	8,991	8,201	8,908	12,280	11,759	14,532	17,697	18,234	20,710	**22,275**
General										
Exports (F.O.B)	418	482	1,033	1,839	1,933	2,541	3,068	3,002	2,467	**2,556**
Salaries, bonus & staff welfare										
(excluding V.R.S)	3,019	3,311	4,075	7,174	7,427	8,314	10,169	11,214	9,989	**11,181**
Debt : Equity Ratio	2:98	2:98	1:99	19:81	6:94	10:90	4:96	1:99	3:97	**3:97**
Number of employees at year end	3,317	3,775	4,762	5,658	5,617	5,830	5,507	3,283	3,727	**4,167**

Independent Auditor's Report

To the Members of **Philips India Limited**

Report on the Consolidated Ind AS Financial Statements

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") its associate, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) 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; the 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the associate, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matter

The consolidated Ind AS financial statements include the Group's share of net loss of Rs 47 Million for the year ended March 31, 2018, 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 matter with respect to our reliance on the work done 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 auditor on separate financial statements and the other financial information of associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditor whose reports 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 purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) 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;

(c) The consolidated Balance Sheet, 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) 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 Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who are appointed under Section 139 of the Act, of its subsidiary companies, and associate company none of the directors is disqualified as on March 31, 2018 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 of the Holding Company and its subsidiary companies and associate company incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) 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 auditor on separate financial statements as also the other financial information of the associate, 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, – Refer Note 18 and 32 to the consolidated Ind AS financial statements;

    ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.

    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 incorporated in India during the year ended March 31, 2018.

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

Per Manoj Kumar Gupta
Partner
Membership Number: 83906
Place of Signature: Gurugram
Date: August 7, 2018

ANNEXURE I 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, 2018, 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, 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 31,2018, 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
Place of Signature: Gurugram
Date: August 7, 2018

Consolidated Balance Sheet as at 31 March 2018

Amounts in ₹ Mln

Particulars	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	3,568	2,939
Capital work-in-progress	3	18	121
Investment Property	4	59	76
Goodwill	5	1,191	1,191
Other Intangible assets	5	610	1,221
Investment in associates	6	19	31
Financial Assets	7		
a. Trade Receivables		862	1,388
b. Other Financial Assets		311	233
Deferred tax assets (net)	8	2,677	572
Advance income tax (net of provision)		2,300	2,148
Other non current assets	9	507	998
		12,122	10,918
Current assets			
Inventories	10	4,566	5,153
Financial Assets	11		
a. Trade receivables		7,396	4,779
b. Cash and cash equivalents		6,729	5,737
c. Other Financial Assets		369	915
Other current assets	12	2,414	1,386
Assets classified as held for sale	13	33	-
		21,507	17,970
TOTAL ASSETS		33,629	28,888
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14	575	575
Equity attributable to equity holders of the parent	15	18,730	15,232
Total equity		19,305	15,807
LIABILITIES			
Non-current liabilities			
Financial Liabilities	16		
Borrowings		441	414
Other non-current liabilities	17	522	751
Provisions	18	654	754
		1,617	1,919
Current liabilities			
Financial Liabilities	19		
a. Borrowings		399	476
b. Trade Payables		6,527	5,698
c. Other financial liabilities		132	80
Other current liabilities	20	4,326	3,749
Provision for taxation (net of advances)		414	442
Provisions	18	909	717
		12,707	11,162
TOTAL EQUITY AND LIABILITIES		33,629	28,888
Basis of preparation, measurement and significant accounting policies	2		

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, 2018

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)
Non-Executive Director	GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

Amounts in ₹ Mln

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	21	**44,109**	42,010
Other income	22	**510**	898
Total Income		**44,619**	42,908
Expenses			
Cost of raw materials consumed	23	**5,049**	4,693
Purchases of stock-in-trade	24	**14,732**	14,440
Changes in inventories of work-in-progress, finished goods and stock-in-trade	25	**456**	(57)
Excise duty on sale of goods		**191**	701
Employee benefits expense	26	**11,904**	10,546
Finance costs	27	**134**	124
Depreciation and amortization expense	28	**1,373**	1,193
Other expenses	29	**8,066**	8,134
Total expenses		**41,905**	39,774
Profit before share in Loss of Associate		**2,714**	3,134
Less : Share in Loss of Associate		**(47)**	(55)
Profit before tax		**2,667**	3,079
Tax expense			
Current tax	8	**(1,210)**	(1,244)
Deferred tax - release / (charge)	8	**2,155**	56
Profit after tax for the year		**3,612**	1,891
Attributable to:			
Equity holders of the parent		**3,612**	1,909
Non-controlling Interest		**-**	(18)
Total Comprehensive Income for the year		**3,706**	1,877
Equity holders of the parent		**3,706**	1,895
Non-controlling Interest		**-**	(18)
Other Comprehensive Income			
Items that will not be reclassified subsequently to Profit or Loss			
Re-measurement gains / (losses) on defined benefit plans		**144**	(20)
Income tax effect on defined benefit plans		**(50)**	6
Other Comprehensive Income for the year, net of income tax		**94**	(14)
Total Comprehensive income for the year		**3,706**	1,877
Earnings per equity share	42		
Basic and diluted earnings per equity share of ₹10 each (in ₹)		**62.81**	32.89
Basis of preparation, measurement and significant accounting policies	2		

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, 2018

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)

Non-Executive Director — GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

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 2016	57,517,242	575
Changes in equity share capital during the year	-	-
As at 31 March 2017	57,517,242	575
Changes in equity share capital during the year	-	-
As at 31 March 2018	**57,517,242**	**575**

B. OTHER EQUITY

For the year ended 31 March 2018	Equity attributable to equity holders of the parent					
Particulars	Reserves and Surplus		Items of OCI	Total	Non-Controlling interests	Total Equity
	General reserve*	Retained earnings*	Remeasurement*			
(A) As at 1 April 2016	**1,917**	**12,742**	**19**	**14,678**	**2,619**	**17,297**
Profit for the year	-	1,964	-	1,964	-	**1,964**
Non- controlling interest's share in loss of 2016-17	-	-	-	-	(18)	**(18)**
Share in Profit/(Loss) of Associate	-	(55)	-	(55)	-	**(55)**
Remeasurement benefit of defined benefit plans	-	-	(14)	(14)	-	**(14)**
(B) Total Comprehensive Income for the year	**-**	**1,909**	**(14)**	**1,895**	**(18)**	**1,877**
Transfer to / (from) minority Interest	-	(2,799)	-	(2,799)	2,799	**-**
Buyback/Capital reduction	-	-	-	-	(3,734)	**(3,734)**
Gain on Capital reduction / Buy back	-	1,666	-	1,666	(1,666)	**-**
Reductions						**-**
Transfer to General Reserve	398	(398)	-	-	-	**-**
Dividend (Note 41)		(173)	-	(173)	-	**(173)**
Dividend distribution tax (Note 41)		(35)	-	(35)	-	**(35)**
(C) Total	**398**	**(1,739)**	**-**	**(1,341)**	**(2,601)**	**(3,942)**
(D) As at 1 April 2017 (A+B+C)	**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**
(E) Total Comprehensive Income for the year	**-**	**3,612**	**94**	**3,706**	**-**	**3,706**
Dividend (Note 41)	-	(173)	-	(173)	-	**(173)**
Dividend distribution tax (Note 41)	-	(35)	-	(35)	-	**(35)**
(F) Total	**-**	**(208)**	**-**	**(208)**	**-**	**(208)**
As at 31 March 2018 (D+E+F)	**2,315**	**16,316**	**99**	**18,730**	**-**	**18,730**

*** Refer note 14**

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, 2018

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)
Non-Executive Director	GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

Consolidated Cash Flow Statement for the year ended 31 March 2018

Amounts in ₹ Mln

	Year ended 31 March 2018		Year ended 31 March 2017	
A. Cash flow from operating activities				
Profit before tax		**2,714**		3,134
Adjusted for				
(Profit) / loss on disposal of Property, Plant & Equipment	**2**		(8)	
Write off and other adjustment of Property, Plant & Equipment	**29**		23	
Depreciation and amortization	**1,373**		1,191	
Unrealized foreign exchange (gain) and loss (net)	**93**		(33)	
Provision for doubtful trade receivables and loans and advances	**298**		114	
Liabilities no longer required written back	**(46)**		(35)	
Interest on advances, current accounts and deposits	**(538)**		(644)	
Finance costs	**131**	**1,342**	123	731
Operating profit before working capital changes		**4,056**		3,865
Changes in:				
Trade receivables and other loans & advances	**(2,342)**		2,172	
Inventories	**587**		(62)	
Trade payables and other liabilities	**1,294**	**(461)**	(231)	1,879
Cash generated from operations		**3,595**		5,744
Income tax paid (net of refunds)		**(1,392)**		(2,114)
Net cash generated from operating activities		**2,203**		3,630
B. Cash flow from investing activities				
Purchase of Property, Plant and Equipment		**(1,364)**		(1,126)
Proceeds from sale of Property, Plant and Equipment		**63**		252
Investment in associate		**(35)**		(50)
Interest received		**522**		602
Net cash used in investing activities		**(814)**		(322)
C. Cash flow from financing activities				
Finance costs		**(139)**		(66)
Repayment of shares on Buy Back and Capital reduction		**-**		(3,733)
Repayment of finance lease obligations		**(5)**		-
Proceeds / (repayments) of short term borrowings		**(46)**		52
Dividend paid (including tax thereon)		**(207)**		(207)
Net cash used in financing activities		**(397)**		(3,954)

Consolidated Cash Flow Statement for the year ended 31 March 2018 (contd.)

Amounts in ₹ Mln

		Year ended 31 March 2018	Year ended 31 March 2017
	Increase / (Decrease) in cash and cash equivalents (A+B+C)	**992**	(646)
D.	**Cash and cash equivalents - Opening Balance**		
	Cash and cash equivalents **(refer note 11 (b))**	**512**	2,293
	Unpaid dividend	**12**	11
	Deposits with Banks	**5,213**	4,079
	TOTAL	**5,737**	6,383
E.	**Cash and cash equivalents - Closing Balance**		
	Cash and cash equivalents **(refer note 11 (b))**	**1,596**	512
	Unpaid dividend	**13**	12
	Deposits with Banks	**5,120**	5,213
	TOTAL	**6,729**	5,737
	Net increase/(decrease) in cash and cash equivalents (E-D)	**992**	(646)

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.

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, 2018

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)

Non-Executive Director — GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

1 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 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) Healthcare Systems and (c) Innovation Services. The Group has manufacturing facilities in Pune, Maharashtra and Software Development center 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 2018.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1. (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.

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 unrealised profits are eliminated in full. Unrealised profits or losses resulting from intra Group transactions are also eliminated unless cost cannot be recovered.

Minority Interest in the net assets of consolidated subsidiary 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, 2017 the following new amendment and pronouncements:

- Ind AS 7 – Statement of Cash Flows - narrow scope amendments. The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities {(Refer Note 11 (b)}.
- Ind AS 102 Share-based Payment: Few amendments to clarify the classification and measurement of share-based payment transactions have been issued. This does not have any significant impact on the amounts reported in the 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.

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.

2.2. 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

2.3. 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 115 Revenue from Contracts with Customers

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. 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 standard permits two possible methods of transition:

- Retrospective approach: Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect initially applying the standard recognized at the date of initial application (cumulative catch – up approach).

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018. The Group will adopt 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 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

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

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 derecognition of a non-monetary asset or nonmonetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises 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 transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. The Group is evaluating the impact and it will account for it when it adopts Ind AS 21 during the year ending March 31, 2019.

Transfers of Investment Property — Amendments to Ind AS 40

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.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Group will apply amendments when they become effective. The Group is evaluating the impact and it will account for it when it adopts Ind AS 40 during the year ending March 31, 2019.

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

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 are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Investment in associate and joint ventures – Amendments to Ind AS 28

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, the entity 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.

The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Group.

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.

2.4. (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.

Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

(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.

2.5 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 capitalised development cost, are not capitalised 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 Preethi Kitchen Appliances Private Limited (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.

2.6 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.

2.7 INVENTORIES:

Inventories are valued at cost or net realisable value whichever is lower. In case of medical equipments / systems, cost is determined on the basis of "First in First Out" method and inventories for ongoing projects are valued at specific identification of cost method due to nature of the business. For all other items, cost is determined on the basis of the weighted average method and includes all costs incurred in bringing the inventories to their present location and condition. Finished goods and work-in-progress include appropriate proportion of costs of conversion. Obsolete, defective and unserviceable stocks are duly provided for.

2.8 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.

2.9 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.

2.10 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:

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 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 derecognition 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-recognised (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 represents 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.

2.11 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.

2.12 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.

- **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/ equipments is recognised 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.

  Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognised on accrual basis.

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

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

  Cost and earnings in excess of billings are classified as unbilled revenue.

- **Interest Income**

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

2.13 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 upto 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, labour 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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 premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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 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 2018

3 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 2016	**147**	**436**	**79**	**241**	**1,228**	**113**	**143**	**232**	**14**	**368**	**-**	**3,001**
Additions	-	96	-	96	243	18	231	47	-	245	353	1,329
Disposals	-	(2)	-		(128)	(46)	(49)		(1)	(49)	-	(275)
As at 31 March 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**
Depreciation and impairment												
As at 1 April 2016	**-**	**15**	**-**	**43**	**271**	**16**	**34**	**38**	**4**	**113**		**534**
Depreciation charge for the year	-	18	-	50	248	15	57	33	2	121	38	582
Disposals		-	-	-	-	-	-		-	-	-	
As at 31 March 2017		**33**	**-**	**93**	**519**	**31**	**91**	**71**	**6**	**234**	**38**	**1,116**
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**
Net book value												
As at 31 March 2017	147	497	79	244	824	54	234	208	7	330	315	2,939
As at 31 March 2018	**146**	**490**	**79**	**523**	**1,123**	**44**	**233**	**260**		**331**	**339**	**3,568**

* represents reclassification.

** The Group initiated identification and evaluation of potential buyers for the properties and anticipates completion of sale by March 2019 and accordingly the properties have been classified and presented under "Assets classified as held for sale". Refer note 13.

Capital Work in Progress	As at 31 March 2018	As at 31 March 2017
Book value	**18**	121

Amounts in ₹ Mln

4 Investment Property

Particulars	As at 31 March 2018	As at 31 March 2017
At the beginning of the year	**76**	**76**
Additions	-	-
Disposals	-	-
Reclassified to Assets classified as held for sale	(17)	
End of the year	59	76
Depreciation		
At the beginning of the year	-	-
Additions	-	-
Disposals	-	-
Reclassified to Assets classified as held for sale	-	
End of the year	-	-
Net Block	**59**	76

1. The "Investment Property" consists of Freehold and Leasehold Land held by the Group and located in the states of Maharashtra, Gujarat, Goa and Tamilnadu. The Fair Value Hierarchy disclosures for Investment properties have been provided in note 38.
2. The Group initiated identification and evaluation of potential buyers for the properties and anticipates completion of sale by March 2019 and accordingly the properties have been classified and presented under "Assets classified as held for sale". Refer note 13.

5 Intangible assets

Particulars	Goodwill	Brands	Distribution Network	Total
Cost				
As at 1 April 2016	**1,191**	**1,498**	**945**	**3,634**
Additions	-	-	-	-
Disposals and adjustments	-	-	-	-
As at 31 March 2017	**1,191**	**1,498**	**945**	**3,634**
Additions	-	-	-	-
Disposals and adjustments	-	-	-	-
As at 31 March 2018	**1,191**	**1,498**	**945**	**3,634**
Amortization and impairment				
As at 1 April 2016	-	**375**	**236**	**611**
Amortization for the year	-	375	236	**611**
Disposals and adjustments	-	-	-	-
As at 31 March 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**
Net book value				
As at 31 March 2017	1,191	748	473	**2,412**
As at 31 March 2018	**1,191**	**373**	**237**	**1,801**

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

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

6 Investment in associate

Particulars	**As at 31 March 2018**	As at 31 March 2017
Unquoted Investments		
Investment in equity instruments		
14,800,000 (31 March 2017 - 11,300,000) equity shares of ₹ 10/- each fully paid up in HealthMap Diagnostics Private Limited - an associate ^ includes share of post-investment loss of ₹47 (Previous year ₹55)	**19^**	31^
	19^	31^

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

Particulars	**As at 31 March 2018**	As at 31 March 2017
Trade receivables	**862**	1,388
Total	**862**	1,388
Break up for security details		
Secured, considered good	**539**	1,055
Unsecured, considered good	**323**	333
Doubtful	**18**	18
	880	1,406
Provision for bad and doubtful debts	**(18)**	(18)
Doubtful	**862**	1,388

7(b) Non-current financial assets - others

Loans (Unsecured considered good unless otherwise stated)

Particulars	**As at 31 March 2018**	As at 31 March 2017
Security Deposits		
- Considered good	**310**	228
- Considered doubtful	**-**	-
Less: Provision for doubtful deposits	**-**	-
Bank Deposits (due to mature after 12 months from reporting date)	**1**	5
	311	233

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 2018	Year ended 31 March 2017
Current Tax	**(1,210)**	(1,244)
	(1,210)	(1,244)
Deferred tax (charge) / release		
- Relating to origination and reversal of temporary differences	**2,155**	56
	2,155	56

(ii) Tax on Other Comprehensive Income	Year ended 31 March 2018	Year ended 31 March 2017
Deferred tax		
- (Gain) / Loss on measurement of net defined benefit plans	**(50)**	6
Total	**(50)**	6

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

Particulars	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Profit/ (Loss) before tax	**2,667**	3,079
Income tax calculated @	**34.608%**	34.608%
Computed tax expense	**923**	1,124
Differences due to:		
- Expenses not deductible for tax purposes	**63**	49
- Utilisation of carry forword losses	**(1,931)**	-
- Others	**-**	15
Income tax (release)/charge to Statement of Profit and Loss at effective tax rate of **(35.43%)** (Previous year - 38.58%)	**(945)**	1,188
Income tax expense reported in Statement of Profit and Loss	**(945)**	1,188

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

Particulars	Balance Sheet		Recognized in Statement of Profit and Loss	
	As at 31 March 2018	As at 31 March 2017	**For year ended 31 Mar 2018**	For year ended 31 Mar 2017
Net deferred tax assets/(liabilities)				
- Losses available for offsetting against future taxable income	**1,931**	-	**1,931**	-
- Provision for employee benefits	**246**	237	**9**	22
- Doubtful trade receivables and advances	**197**	112	**85**	6
- Difference between book and tax depreciation	**446**	359	**87**	40
- Other timing differences	**321**	228	**93**	(4)
- Assets given on finance lease	**(420)**	(370)	**(50)**	(8)
	2,721	566	**2,155**	56
Re-measurement (gains) / losses on defined benefit plans	**(44)**	6	**(50)**	6
Net deferred tax assets/(liabilities)	**2,677**	572	**2,105**	62

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

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

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance as of 1 April	**572**	510
Tax income/(expense) during the period recognized in profit and loss	**2,155**	56
Tax income/(expense) during the period recognized in OCI	**(50)**	6
Closing balance as at 31 March	**2,677**	572

9 Other non-current assets

(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
Advance Rentals	**46**	40
Capital Advances	**6**	29
CENVAT credit receivable	**-**	403
VAT credit receivable	**89**	125
Deposits against legal cases	**365**	345
Special additional duty receivables and drawback claims	**-**	56
Advances to employees	**1**	-
Considered doubtful		
VAT credit receivable	**16**	-
Deposits against legal cases	**9**	-
Special additional duty receivables and drawback claims	**56**	-
Claims receivables	**54**	54
Less: Provision for doubtful other loans and advances		
VAT credit receivable	**(16)**	-
Deposits against legal cases	**(9)**	-
Special additional duty receivables and drawback claims	**(56)**	-
Claims receivables	**(54)**	(54)
	507	998

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

Particulars	As at 31 March 2018	As at 31 March 2017
Raw materials (includes goods-in-transit ₹**52** (31 March 2017 ₹86)	**745**	807
Work in Progress	**659**	1,016
Finished Goods (includes goods-in-transit ₹**39** (31 March 2017 ₹36)	**301**	288
Stock-in-Trade (goods purchased for resale) (includes goods-in-transit ₹**321** (31 March 2017 ₹383)	**2,852**	3,032
Stores and Spares	**9**	10
	4,566	5,153

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

11 (a) Current assets - Trade Receivables

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables	**5,361**	4,212
Receivables from an associate (Note 33)	**12**	6
Receivables from other related parties (Note 33)	**2,023**	561
Total	**7,396**	4,779
Break-up for security details		
Secured, considered good **	**608**	415
Unsecured, considered good	**6,788**	4,364
Doubtful	**345**	166
	7,741	4,945
Provision for bad and doubtful debts		
Doubtful	**(345)**	(166)
	7,396	4,779

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 ₹**695** (31 March 2017 - ₹672) 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 ₹**888** (31 March 2017 - ₹907) which includes unearned interest of ₹**193** (31 March 2017 ₹235). The maturity profile of finance lease obligation is as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Minimum lease payments		
Receivable within 1 year	**226**	214
Receivable between 1-5 years	**602**	599
Receivable after 5 years	**60**	94
Total	**888**	907
Present value		
Receivable within 1 year	**152**	136
Receivable between 1-5 years	**486**	450
Receivable after 5 years	**57**	86
Total	**695**	672
Unearned interest	**193**	235

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

11 (b) Cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks:		
– On current accounts*	**1,466**	407
– Deposits with original maturity of less than three months**	**5,120**	5,213
Cheques/ drafts on hand	**130**	104
Cash on hand		1
	6,716	5,725
Other Bank Balances		
Unpaid dividend accounts	**13**	12
	6,729	5,737

* Includes Remittances-in-transit ₹**860** (31 March 2017 - Nil)
** Refer note 11 (c)

Changes in Liabilities arising from financing activities

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 2018	As at 31 March 2017
Dues from fellow subsidiary companies (Note 33)	**-**	577
Security Deposits (Includes earnest money deposits with banks in the nature of fixed deposits)		
- Considered good	**339**	306
- Considered doubtful	**47**	83
Less: Provision for doubtful deposits	**(47)**	(83)
Interest accrued on deposits with banks	**30**	32
	369	915

12 Other current assets

(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
Unbilled revenue	**212**	153
Advance Rentals	**1**	18
Advance to suppliers	**376**	212
Advance to related party	**73**	86
CENVAT credit receivable	**533**	472
GST Input tax credit receivable	**776**	-
VAT credit receivable	**15**	12
Special additional duty receivables and drawback claims	**180**	170
Balances with customs and port trust	**20**	16
Prepaid expenses	**143**	180

12 Other current assets (Contd.)

Amounts in ₹ Mln

(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
Claims receivables	65	45
Advances to employees	20	22
Considered doubtful		
Advance to suppliers	17	6
Claims receivables	8	-
Less: Provision for doubtful other loans and advances		
Advance to suppliers	(17)	(6)
Claims receivables	(8)	-
	2,414	1,386

13 Assets Classified As Held For Sale

Particulars	As at 31 March 2018	As at 31 March 2017
Property, plant and equipment	33	-
Assets retired from active use (refer note below)	33	-

The Group initiated identification and evaluation of potential buyers for the properties located in the states of Maharastra, Gujarat, Goa & Tamil Nadu and anticipates completion of sale by March 2019. These are recognised 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.

14 Equity Share Capital

	As at 31 March 2018		As at 31 March 2017	
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 2018		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount
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 (March 31, 2017 : ₹ 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 Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

14 Equity Share Capital (Contd.)

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

	As at 31 March 2018		As at 31 March 2017	
	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 2018		As at 31 March 2017	
	No. of shares	% holding	No. of shares	% holding
Koninklijke Philips N.V (KPNV)	55,290,182	96.13	55,290,182	96.13

15 Other Equity

	As at 31 March 2018		As at 31 March 2017	
General reserve				
As at the beginning of the year	2,315		1,917	
Add: Transfer from Statement of Profit and Loss	-		398	
As at the end of the year		2,315		2,315
Retained Earnings				
As at the beginning of the year	12,917		12,761	
Add: Profit for the year	3,612		1,895	
Items of other comprehensive income recognised directly in retained earnings	-		-	
Re-measurement (gains)/ losses on defined benefit plans (net of tax)	94		(14)	
Transfer to / (from) non-controlling Interest	-		(2,785)	
Gain on Capital reduction / Buy back *	-		1,666	
Less:Reductions during the year				
Dividend	(173)		(173)	
Dividend distribution tax	(35)		(35)	
Transfer to General reserve	-	16,415	(398)	12,917
Total		18,730		15,232

* Represents difference between issue price ₹105.00 and buy back price ₹ 69.50 of 46,956,522 equity shares held by KPNV.

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in note 43.

A. Summary of Other Equity

Particulars	**As at 31 March 2018**	As ar 31 March 2017
General Reserve	2,315	2,315
Retained Earnings	16,415	12,917
Total Other Equity	18,730	15,232

B. Description of nature and purpose of each reserve

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.

16 Non-current financial liabilities - Borrowings

	As at 31 March 2018	As at 31 March 2017
Long Term maturities of finance lease obligations (secured)	441	414
	441	414

The finance lease obligations are secured by underlying assets (Vehicles and IT devices) [refer note 3]. 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 ₹**808** (Previous Year-₹ 830) which includes interest of ₹**114** (Previous Year- ₹131) The maturity profile of finance lease obligations is as follows:

16 Non-current financial liabilities - Borrowings (Contd.)

Amounts in ₹ Mln

	As at 31 March 2018		As at 31 March 2017	
	Minimum Lease payments	**Present value**	Minimum Lease payments	Present value
Payable within 1 year	**315**	**253**	336	285
Payable between 1-5 years	**493**	**441**	494	414
Total minimum lease payments	**808**	**694**	830	699
Less: Interest	**114**	**-**	131	-
Present value of minimum lease payments	**694**	**694**	699	699

17 Other non-current liabilities

	As at 31 March 2018	As at 31 March 2017
Income received in advance	**138**	536
Employee related payables	**367**	209
Security deposits	**17**	6
	522	751

18 Provisions

	Long-term		Short-term	
	As at 31 March 2018	As at 31 March 2017	**As at 31 March 2018**	As at 31 March 2017
Provision for employee benefits				
Gratuity (refer note 30)	**375**	439	**24**	28
Compensated absences	**211**	255	**34**	34
Post-employment medical benefits	**-**	-	**18**	18
Others				
Warranty (refer note 18.1)	**68**	60	**217**	247
Legal and regulatory (refer note 18.1)	**-**	-	**577**	390
Miscellaneous (refer note 18.1)	**-**	-	**39**	-
	654	754	**909**	717

18.1 Movement in provisions:

Particulars of disclosure	Class of provisions				
	Warranty	**Legal and regulatory**	**Personnel related**	**Miscellaneous risks**	**Total**
Opening balance	**307**	**390**	**-**	**-**	**697**
	(271)	(333)	(91)	-	(695)
Add: Accruals / Internal transfers	**377**	**187**	**-**	**39**	**603**
	(478)	(83)	(169)	-	(730)
Less: Utilisation	**399**	**-**	**-**	**-**	**399**
	(442)	-	(260)	-	(702)
Less: Write back	**-**	**-**	**-**	**-**	**-**
	-	(26)	-	-	(26)
Closing balance	**285**	**577**	**-**	**39**	**901**
	(307)	(390)	-	-	(697)

Figures given in (brackets) relate to previous year.

Notes to Consolidated Financial Statements for the year ended 31 March 2018

18 Provisions (Contd.)

Amounts in ₹ Mln

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) Personnel related

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

(d) Miscellaneous

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

19 Current Financial Liabilities

	As at 31 March 2018	As at 31 March 2017
(a) Borrowings		
Current maturities of finance lease obligations (refer note 16)	**253**	285
From banks		
Bank overdraft (unsecured)	**77**	-
Other facilities from Bank of America (Unsecured)	**69**	191
	399	476

Other facilities from Bank of America represents supplier financing. Supplier financing is repayable over the next two months from the end of the financial year and no interest is charged for the facility.

	As at 31 March 2018	As at 31 March 2017
(b) Trade Payables		
Dues to Micro, Small and Medium Enterprises (refer note 45)	**35**	69
Dues to related parties	**1,762**	1,388
Dues to others	**4,730**	4,241
	6,527	5,698
(c) Other financial liabilities		
Interest accrued but not paid	**4**	12
Unpaid dividend	**13**	12
Book overdraft	**-**	8
Other payables:		
Interest accrued but not due	**-**	-
Payables for purchase of fixed assets (other than micro and small enterprises)	**94**	35
Security deposits	**21**	13
	132	80

20 Other current liabilities

	As at 31 March 2018	As at 31 March 2017
Income received in advance	**1,358**	851
Other payables:		
Advances received from customers	**1,275**	1,379
Employee related payables	**1,066**	798
Statutory dues	**627**	721
	4,326	3,749

Amounts in ₹ Mln

21 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products	**27,181**	26,445
* (Including excise duty ₹88 (Previous year ₹288)		
Sale of services	**16,638**	15,220
Other operating revenues	**290**	345
Revenue from operations	**44,109**	42,010

* Revenue from sale of products includes excise duty for periods up to 30 June 2017. 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 March 31, 2017.

Breakup of other operating revenues

Liabilities no longer required written back	**32**	33
Finance income - leases	**151**	198
Duty drawback and export incentives	**62**	69
Miscellaneous	**45**	45
	290	345

22 Other income

Interest income (other than on investments)	**340**	391
Surplus on disposal of fixed assets	**1**	12
Interest income on defined benefit plan	**23**	20
Interest income on security deposits	**22**	24
Other non-operating income	**10**	28
Government grants	**114**	423
	510	898

23 Cost of raw materials consumed *

Inventory of raw materials at the beginning of the year	**728**	628
Add: Purchases	**5,022**	4,793
Less: Inventory of raw materials at the end of the year	**701**	728
Cost of raw materials consumed	**5,049**	4,693

* represents Medical equipment components

24 Purchases of stock-in-trade (goods purchased for resale)	**14,732**	14,440

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

Stock at the beginning of the year		
Finished goods	**288**	268
Work-in-Progress	**1,016**	950
Stock-in-trade (goods purchased for resale)	**2,663**	2,692
Total	**3,967**	3,910
Stock at the end of the year		
Finished goods	**380**	288
Work-in-Progress	**659**	1,016
Stock-in-trade (goods purchased for resale)	**2,472**	2,663
	3,511	3,967
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**456**	(57)

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

		Year ended 31 March 2018	Year ended 31 March 2017
26	**Employee benefits expense**		
	Salaries, wages and bonus	**10,616**	9,443
	Contribution to provident and other funds	**407**	338
	Defined benefit plan expense	**157**	125
	Expense on Employee Stock Option Schemes	**143**	85
	Staff welfare expenses	**581**	555
		11,904	10,546
27	**Finance costs**		
	Interest on Finance Lease	**75**	68
	Net interest on the net defined benefit liability	**53**	48
	Other interest expense	**5**	7
	Total interest expense	**133**	123
	Unwinding of discount and effect of changes in discount rate on provisions	**1**	1
		134	124
28	**Depreciation and amortization expense**		
	Depreciation of tangible fixed assets (refer note 3)	**762**	582
	Amortisation of intangible assets	**611**	611
		1,373	1,193
29	**Other expenses**		
	Power and fuel	**177**	139
	Packing, freight and transport	**832**	877
	Rent	**829**	760
	Repairs to buildings	**104**	128
	Repairs to machinery	**20**	16
	Insurance	**142**	102
	Rates and taxes	**6**	28
	Travelling and conveyance	**915**	1,109
	Legal and professional	**281**	398
	Publicity	**1,459**	1,211
	IT and Communication	**882**	1,090
	Provision for doubtful trade receivables and loans and advances	**299**	113
	Warranty	**375**	478
	Net loss on foreign currency transaction and translation	**96**	293
	Miscellaneous	**1,649**	1,392
		8,066	8,134

(a) Legal and professional includes payments to auditors as given below:
As Auditor - statutory audit fees ₹7.2 (Previous year - ₹5.0), tax audit fees ₹1.7 (Previous year - ₹1.5); certification ₹1.7 (Previous year - ₹0.5) and reimbursement of expenses ₹ NIL (Previous year - ₹0.5).

29 Other expenses (Contd.)

Amounts in ₹ Mln

(b) Miscellaneous include - (i) undepreciated value of fixed assets written off / provided for - ₹**29** (Previous year - ₹23), (ii) handling charges - ₹**41** (Previous year - ₹64), (iii) royalty - ₹**391** (Previous year - ₹ 169), (iv) commission - ₹**132** (Previous year - ₹166), and (v) Corporate Social Responsibility expenditure - Gross amount required to be spent ₹**100** (Previous year - ₹99), amount spent towards various schemes as prescribed under Section 135 of the Companies Act, 2013 ₹**44** (Previous year - ₹75).

Details of CSR Expenditure:	**Year ended 31 March 2018**	Year ended 31 March 2017
a) Gross amount required to be spent by the group during the year	**100**	99
b) Amount spent during the year ending on 31 March, 2018:		
i) For Purposes mentioned below:		
- In Cash	**44**	75
- Yet to be paid in Cash	**56**	24
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 2017-18, the Group was required to spend an amount of ₹ 100 towards CSR activities and the Group has spent ₹ 44 against the same. Remaining ₹ 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 benefit. 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.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	**Gratuity**	
	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	**157**	125
Past service cost	**-**	
Interest cost on benefit obligation	**53**	48
Expected return on plan assets	**(23)**	(22)
Curtailment Cost	**-**	-
Settlement cost	**-**	-
Net actuarial (gain)/ loss recognised in the year	**(144)**	20
Expenses recognized in the Statement of Profit & Loss and Other Comprehensive Income	**43**	171

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

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

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

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2018		Year ended 31 March 2017		Year ended 31 March 2018	Year ended 31 March 2017
	Funded	Unfunded	Funded	Unfunded		
A. Present value of obligations as at beginning of the year	**627**	**153**	543	111	**5,145**	3,397
(1) Current service cost	**129**	**28**	106	18	**338**	448
(2) Interest cost	**43**	**10**	40	8	**383**	323
(3) Benefits settled	**(24)**	**(34)**	(42)	(19)	**(582)**	(411)
(4) Settlements	**-**	**-**	-	-	**-**	-
(5) Actuarial (gain) / loss	**(137)**	**(7)**	(20)	38	**-**	-
(6) Actuarial (gain) / loss due to Interest rate guarantee	**-**	**-**	-	-	**(380)**	562
(7) Employees' contribution	**-**	**-**	-	-	**488**	636
(8) Acquisition/Business Combination/Divestiture	**-**	**-**	-	(3)	**-**	-
(9) Change in reserves	**-**	**-**	-	-	**-**	-
(10) Transfer in	**-**	**-**	-	-	**286**	190
(11) Past service cost	**-**	**-**		-	**-**	-
Present value of obligations as at end of the year	**638**	**150**	627	153	**5,678**	5,145

Changes in the defined benefit obligation and fair value of plan assets as at 31March 2018:
Change in the fair value of plan assets are as follows:

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2018		Year ended 31 March 2017		Year ended 31 March 2018	Year ended 31 March 2017
	Funded	Unfunded	Funded	Unfunded		
B. Change in Plan Assets						
Plan assets as at beginning of the year	**313**	**-**	273	-	**5,338**	3,473
(1) Expected return on plan assets	**23**	**-**	22	-	**395**	365
(2) Contributions	**77**	**-**	83	-		-
(3) Benefits settled	**(24)**	**-**	(62)	-		-
(4) Employer and Employee contribution	**-**	**-**	-	-	**826**	1,084
(5) Transfer in	**-**	**-**	-	-	**286**	190
(6) Benefit payments	**-**	**-**	-	-	**(582)**	(411)
(7) Asset gain / (loss)		**-**	(3)	-	**140**	637
(8) Settlements	**-**	**-**	-	-		-
(9) Acquisition/Business Combination/Divestiture	**-**	**-**	-	-		-
Plan assets as at end of the year	**389**	**-**	313	-	**6,403**	5,338
Surplus	**-**	**-**	-		**725**	192

The above surplus of ₹ **725** (Previous year - ₹192) has not been recognised in the financial statements in accordance with IND AS19, Employee Benefits, since the surplus is not available to the Group either in form of refunds or as reduction of future contributions.

Amounts in ₹ Mln

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

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2018		Year ended 31 March 2017		Year ended 31 March 2018	Year ended 31 March 2017
	Funded	Unfunded	Funded	Unfunded		
C. Actual return on plan assets	**23**	**-**	19	-	**-**	-
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	**(638)**	**(150)**	(627)	(154)	**-**	-
(2) Fair value of Plan assets	**389**	**-**	313	-	**-**	-
Liability recognised in Balance Sheet	**(249)**	**(150)**	(314)	(154)	**-**	-
E. Components of Employer Expense:						
(1) Current service cost	**129**	**28**	106	18	**-**	-
(2) Interest cost	**43**	**10**	40	8	**-**	-
(3) Expected return on plan assets(estimated)	**(23)**	**-**	(22)	-	**-**	-
(4) Curtailments	**-**	**-**	-	-	**-**	-
(5) Past service cost	**-**	**-**	-	-	**-**	-
(4) Actuarial (gain) / loss	**(137)**	**(7)**	(17)	38	**-**	-
Total expense recognised in Statement of Profit and Loss	**12**	**31**	107	64	**-**	-

The gratuity expenses have been recognised in "Employee benefits expenses" under note 26 to the Financial Statements.

F. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Defined Benefit Obligations	**638**	682	541	550	406
Plan Assets	**389**	345	273	312	273
Surplus/(Deficit)	**(249)**	(231)	(268)	(238)	(133)
Experience adjustments on Plan assets/ liabilities (gain) / loss	**46**	(75)	(59)	316	78
Description	**Gratuity (Unfunded)**				
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Defined Benefit Obligations	**150**	154	111	311	263
Plan Assets	**-**	-	-	-	-
Surplus/(Deficit)	**(150)**	(154)	(111)	(311)	(263)
Experience adjustments on Plan assets/ liabilities (gain) / loss	**6**	-	148	(22)	(44)
Description	**Provident Fund**				
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Defined Benefit Obligations	**5,678**	5,145	3,413	3,489	2,649
Plan Assets	**6,403**	5,337	3,471	3,564	2,671
Surplus/(Deficit)	**725**	192	58	75	22
Experience adjustments on Plan assets/ liabilities (gain) / loss	**(140)**	(637)	(273)	(158)	69

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

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

G. Assumptions	**Year ended 31 March 2018**	Year ended 31 March 2017
Financial Assumptions		
Discount factor	**PIL 7.55% , PKAPL 7.6% and Home Care 7.55%**	PIL 7.1% , PKAPL 7.1% and Home Care 7.1%
Estimated rate of return on plan assets	**PIL 7.55% and PKAPL 9%**	PIL 9% and PKAPL 9%
Salary Increase	**Management, PMS - 9%, PIC - 9% DMC factory - 12%, PKAPL- 12% Home Care -9%**	Management, PMS - 10%, PIC - 12% DMC factory - 12%, PKAPL- 12% Home Care -10%
Demographic Assumptions		
Mortality	**IALM (2006-08)**	IALM (2006-08)
Attrition rate	**Management -14%, PMS - 24%, PIC -10.15% DMC Factory - 5% PKAPL CG- 12% PKAPL Staff-20% PKAPL Workers-8% Home Care - 14%**	Management -14%, PMS - 12%, PIC -9.60% DMC Factory - 5% PKAPL CG- 12% PKAPL Staff-20% PKAPL Workers-8% Home Care - 10%
Retirement age	**Management, PMS and PIC - 60 years, Others - 58 years PKAPL- 58 years Home Care- 60 years**	Management and PIC - 60 years, Others - 58 years PKAPL- 58 years Home Care- 60 years

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 2018**	As at 31 March 2017
Discount rate		
a. Discount rate - 100 basis points	**848**	853
b. Discount rate + 100 basis points	**736**	717
Salary increase rate		
a. Rate - 100 basis points	**737**	718
b. Rate + 100 basis points	**846**	850

I. Maturity profile of defined benefit obligation

Defined benefit obligation	**As at 31 March 2018**	As at 31 March 2017
Within the next 12 months (next annual reporting period)	**91**	63
Between 1 and 5 years	332	262
Between 5 and 10 years	339	325
Total expected payments	**760**	650

Amounts in ₹ Mln

31 Employees' Share-based Payments (As per Ind AS 102 Share based Payment):

Certain employees of the Group are eligible for stock options granted by the Holding Company ("KPNV"). In conformity with Ind AS 102 'Share based Payment' 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. Since 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. 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.

(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 2017	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2018	Exercisable
April 16, 2007	30.96	7,110		(7,110)			-	-
April 14, 2008	23.11	3,555		(2,709)	297		1,143	1,143
July 14, 2008	20.67	1,800		(1,800)			-	-
April 14, 2009	12.63	2,250		(3,900)	2,850		1,200	1,200
April 19, 2010	24.90	6,212		(6,124)	4,024		4,112	4,112
July 19, 2010	24.01	1,080		(1,080)			-	-
April 18, 2011	20.90	10,650		(2,700)	(1,650)		6,300	6,300
July 18, 2011	17.20	2,850		-	(1,350)		1,500	1,500
October 17, 2011	14.52	1,350		(1,350)			-	-
January 30, 2012	15.24	15,000		-	(5,000)		10,000	10,000
April 23, 2012	14.82	25,584		(17,616)	13,430		21,398	21,398
		77,441	**-**	**(44,389)**	**12,601**	**-**	**45,653**	**45,653**
Previous Year		66,063		(5,495)	24,819	(7,946)	77,441	77,441

(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 Euros)	Outstanding as at 1 April 2017	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2018	Exercisable
April 14, 2008	36.63	306	450	-	-	-	756	756
April 14, 2009	33.51	480	-	-	-	-	480	480
		786	**450**	**-**	**-**	**-**	**1,236**	**1,236**
Previous Year		786	-	-	-	-	786	786

Notes to Consolidated Financial Statements for the year ended 31 March 2018

31 Employees' Share-based Payments (As per Ind AS 102 Share based Payment): (Contd.)

Amounts in ₹ Mln

(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 Euros)	Outstanding as at 1 April 2017	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2018
July 31, 2015	25.32	2,797	-	-	(2,797)	-	**-**
February 1, 2016	24.33	12,391	-	-	(5,873)	-	**6,518**
April 29, 2016	24.00	20,396	-	(4,554)	4,671	-	**20,513**
October 28, 2016	25.32	364	-	-	8	-	**372**
May 11, 2017	33.34	-	26,791	(2,812)	760	-	**24,739**
July 28, 2017	32.30	-	922	-	-	-	**922**
October 27, 2017	35.01	-	860	-	-	-	**860**
February 5, 2018	31.39	-	5,568	-	-	-	**5,568**
		35,948	34,141	(7,366)	(3,231)	-	**59,492**
Previous Year		32,880	-	-	3,068	-	35,948

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

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

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

(g) 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 2017	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2018
April 28, 2014	22.92	43,252			(43,252)	-	**-**
July 25, 2014	22.80	-				-	**-**
October 24, 2014	20.43	-				-	**-**
May 5, 2015	25.19	44,681		(28,830)	60,577	-	**76,428**
February 1, 2016	24.33	1,549			94	-	**1,643**
April 29, 2016	24.00	40,775		(9,106)	9,341	-	**41,010**
May 11, 2017	33.34	-	31,963	(4,276)	853	-	**28,540**
		1,30,257	**31,963**	**(42,212)**	**27,613**	**-**	**1,47,621**
Previous Year		1,45,604	40,775	(56,122)	-	-	1,30,257

(h) 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	-0.60%
2. Expected share price volatility	23%

(i) 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 **16,672** (Previous year -17,545) shares were bought by employees during the year at an average price of **EUR 33.91** (Previous year - EUR 25.48).

(j) Expense recognised on account of "Employee Share-Based Payment" is ₹**143** (Previous year - ₹85) and carrying liability as at 31 March 2018 is ₹**424** (Previous year - ₹414).

Amounts in ₹ Mln

32 Commitments and contingencies

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹**271** (Previous year - ₹152).

b. Contingent liabilities

(i) In respect of disputed excise demands - ₹ **19** (Previous year - ₹19), income tax demands - ₹ **3,763** (Previous year - ₹7,400), service tax demands - ₹ **380** (Previous year - ₹ 82), VAT - ₹ **1,356** (Previous year- ₹ 1,126) and Custom Duty - ₹ **62** (Previous Year- ₹ 62)

The estimated Contingent Liability relating to ertswhile Lighting business of Philips India Limited (PIL) on account of (a) Income Tax related cases ₹ **1,027** (Previous year - ₹ 3,197), (b) VAT related cases ₹ **901** (Previous year ₹ - 762) and (c) service tax related cases ₹ **298** (Previous year ₹ - Nil) out of common estimated Liability respectively of lighting business and other businesses of Philips India Limited. 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) Claims not acknowledged as debts by the Group - ₹ **Nil** (Previous year - ₹1).

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

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) Names of companies where control exists:

Holding and ultimate holding company	:	**Koninklijke Philips N.V (KPNV)**
Associate Company	:	**HealthMap Diagnostics Private Limited**

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

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

Fellow Subsidiary Companies:	**Fellow Subsidiary Companies:**
ADAC Capital, LLC	Philips Lanka Solutions (Private) Limited
AP-CTR Corp.	Philips Lighting India Limited *
Argus Imaging B.V.	Philips Malaysia Sdn. Berhad
Invivo Corporation	Philips Medical Systems (Cleveland), Inc.
Lumileds India Private Limited *	Philips Medical Systems DMC GmbH
P.T. Philips Industries Batam	Philips Medical Systems Indústria e Comércio Ltda.
Philips (China) Investment Company, Ltd.	Philips Medical Systems Nederland B.V.
Philips Africa (Pty) Ltd	Philips Medical Systems Technologies Ltd.
Philips Austria GmbH	Philips Medizin Systeme Böblingen GmbH
Philips Consumer Lifestyle B.V.	Philips Nederland B.V.
Philips Egypt (Limited Liability Company)	Philips Oral Healthcare, Inc.
Philips Electronics (Thailand) Ltd.	Philips Oregon EGI
Philips Electronics Bangladesh Private Limited	Philips Oy
Philips Electronics Hong Kong Limited	Philips Philippines, Inc.

Notes to Consolidated Financial Statements for the year ended 31 March 2018

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

Amounts in ₹ Mln

Fellow Subsidiary Companies:

Philips Electronics Middle East & Africa B.V.

Philips Electronics Nederland B.V.

Philips Electronics North America Corporation

Philips Electronics Singapore Pte Ltd

Philips Electronics UK Limited

Philips France

Philips Global Business Services LLP

Philips GmbH

Philips Healthcare (Suzhou) Co., Ltd.

Philips Healthcare Informatics, Inc.

Philips Ibérica, S.A.

Philips Innovative Applications

Philips International B.V.

* related parties for part of the year

Fellow Subsidiary Companies:

Philips Polska Sp.z.o.o.

Philips South Africa (Proprietary) Limited

Philips Technologie GmbH

Philips Ultrasound, Inc.

PT. Philips Indonesia

Respironics California, Inc.

Respironics, Inc.

Saeco International Group S.p.A.

Shenzhen Goldway Industrial Inc.

VISICU, Inc.

Volcano Corporation

Volcano Europe, B.V.B.A.

(ii) Employee Trusts

Philips India Ltd Management Staff Provident Fund Trust

(iii) Key Management Personnel

(1) Executive Directors:

(i) Mr.Daniel Mazon (w.e.f. October 1, 2017)

(ii) Mr. Rajiv Mathur

(iii) Mr.Sudeep Agrawal (w.e.f. February 19, 2018)

(iv) Mr.V. Raja (Ceased to be an Executive Director w.e.f. September 30, 2017)

(v) Mr. Hariharan Madhavan (Ceased to be an Executive Director w.e.f. December 21, 2017)

(2) Non-Executive Directors:

(i) Mr.S.M.Datta

(ii) Mr.Vivek Gambhir

(iii Ms.Geetu Gidwani Verma

(iv) Mr.Vikram Mukund Limaye (Ceased to be a Non-Executive Director w.e.f. June 11, 2017)

(3) Company Secretary:

(i) Mr.Rajiv Mathur

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

(c) Nature of transactions

Amounts in ₹ Mln

	Year ended 31 March 2018					Year ended 31 March 2017				
	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	-	9,953	-	-	-	-	8,481	-	-	-
Fixed assets	-	94	-	-	-	-	59	-	-	-
Services	143	1,017	-	-	-	113	883	-	-	-
Reimbursements	-	102	-	-	-	-	177	-	-	-
Others	74	-	-	-	-	22	-	-	-	-
SALES										
Goods	-	2,594	65	-	-	-	2,575	175		-
Fixed assets	-	-	-	-	-	-	2		-	-
Services	1,750	11,224	26	-	-	1,994	9,532	7		-
Reimbursements	-	29	-	-	-	-	298		-	-
DEPUTATION OF PERSONNEL										
Charge	-	-	-	-	-	-	-	-	-	-
Recovery	-	13	-	-	-	-	4	-	-	-
MANAGERIAL REMUNERATION										
Mr.Daniel Mazon	-	-	-	44	-	-	-	-	-	-
Mr.Rajiv Mathur	-	-	-	26	-	-	-	-	16	-
Mr.Sudeep Agrawal	-	-	-	4	-	-	-	-	-	-
Mr.Hariharan Madhavan	-	-	-	33	-	-	-	-	30	-
Mr.V. Raja	-	-	-	79	-	-	-	-	59	-
Mr.S.M.Datta	-	-	-	1	-	-	-	-	2	-
Mr.Vivek Gambir	-	-	-	1	-	-	-	-	1	-
Mrs.Geetu Gidwani Verma	-	-	-	1	-	-	-	-	1	-
Mr.Vikram Mukund Limaye	-	-	-		-	-	-	-	1	-
FINANCE										
Dividend Paid	166	-	-	-	-	166	-	-	-	-
Interest income	-	2	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	2	-	-	-
Others - Purchase of Investment	-	-	35	-	-	-	-	50	-	-
Face value of equity shares on buy back and capital reduction	-	-	-	-	-	470	-	-	-	-
Securities premium on buy back and capital reduction	-	-	-	-	-	3,263	-	-	-	-
Contributions to Employees' Benefit Plans	-	-	-	-	678	-	-	-	-	551
OUTSTANDINGS										
Payable	7	1,698	-	-	57	4	1,336	-	-	48
Receivable	115	1,981	12	-	-	133	1,074	6	-	-

Notes to Consolidated Financial Statements for the year ended 31 March 2018

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

Amounts in ₹ Mln

Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions	
		Year ended 31 March 2018*	Year ended 31 March 2017
(i) Fellow subsidiary Companies:			
Philips Medical Systems Nederland B.V.	Purchase of goods	**2,491**	2,861
Philips Consumer Lifestyle B.V.	Purchase of goods	**2,332**	2,148
Philips Electronics Singapore Pte Ltd	Purchase of goods	**1,889**	1,707
Philips Electronics Singapore Pte Ltd	Purchase of fixed assets	**29**	33
Philips Medical Systems Nederland B.V.	Purchase of fixed assets	**-**	8
Philips Medical Systems DMC GmbH	Purchase of fixed assets	**-**	13
Philips Electronics Nederland B.V.	Purchase of services	**483**	576
Philips Electronics Nederland B.V.	Reimbursements paid	**20**	-
Philips Electronics Middle East & Africa B.V.	Reimbursements paid	**13**	-
Philips Electronics Bangladesh Private Limited	Reimbursements paid	**11**	82
Philips International B.V.	Reimbursements paid	**29**	-
Philips Lighting India Limited	Reimbursements paid	**-**	55
Philips Medical Systems Nederland B.V.	Sale of goods	**2,077**	1,993
Philips Lighting India Limited	Sale of Fixed Assets	**-**	2
Philips Electronics Nederland B.V.	Sale of services	**2,827**	2,378
Philips Medical Systems Nederland B.V.	Sale of services	**2,258**	1,727
Philips Healthcare Informatics, Inc.	Sale of services	**1,993**	1,916
Philips Medical Systems Nederland B.V.	Reimbursements received	**-**	131
Philips International B.V.	Reimbursements received	**6**	-
Philips Global Business Services LLP	Reimbursements received	**19**	-
Philips Electronics Bangladesh Private Limited	Reimbursements received	**-**	61
Philips Lighting India Limited	Reimbursements received	**-**	33
Philips Electronics Nederland B.V.	Deputation recovery		-
Philips Electronics Singapore Pte Ltd	Deputation recovery	**7**	-
Philips South Africa (Proprietary) Limited	Deputation recovery	**1**	1
Philips Medical Systems Nederland B.V.	Deputation recovery	**-**	1
Philips Polska Sp.z.o.o.	Deputation recovery	**3**	1
Philips Electronics Singapore Pte Ltd	Payable	**190**	204
Philips Medical Systems Nederland B.V.	Payable	**295**	488
Philips Consumer Lifestyle B.V.	Payable	**430**	-
Philips Medizin Systeme Böblingen GmbH	Payable		151
Philips Ultrasound, Inc.	Payable	**226**	-
Philips Electronics Bangladesh Private Limited	Receivable		87
Philips Consumer Lifestyle B.V.	Receivable		562
Philips Medical Systems Nederland B.V.	Receivable	**389**	84
Philips Ultrasound, Inc.	Receivable		57
VISICU, Inc.	Receivable		64
Philips Healthcare Informatics, Inc.	Receivable	**312**	-
Philips Electronics North America Corporation	Receivable	**476**	-
Philips Electronics Nederland B.V.	Receivable	**216**	-
(ii) Employee Trusts:			
Philips India Ltd Management Staff Provident Fund Trust	Contributions	**678**	551
Philips India Ltd Management Staff Provident Fund Trust	Payable	**57**	48

* represents material transactions of the same type with related parties during the year which comprise more than 10% of aggregate value of transactions.

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, interest free and will be settled in cash.

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

Compensation of key management personnel of the Group

Amounts in ₹ Mln

Details	Year ended 31 March 2018	Year ended 31 March 2017
Short-term employee benefits	**181**	106
Post-employment benefits*	**9**	4
Total compensation paid to key management personnel	**190**	110

* 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.

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:

(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 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 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.

34 Significant accounting judgments, estimates and assumptions (Contd.)

Amounts in ₹ Mln

(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 37 and 38 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 2018 was ₹ **20** (31 March 2017: NIL). The Group estimates that the costs would be realised upon the expiration of the lease period.

35 Segment Information (As per Ind AS 108 Operating Segments)

Description	Year ended 31 March 2018	Year ended 31 March 2017
(A) PRIMARY SEGMENT INFORMATION:		
(1) SEGMENT REVENUE		
a. Personal Health	**14,791**	13,697
b. Innovation services	**10,518**	9,166
c. Health Systems	**18,363**	18,222
TOTAL	**43,672**	41,085
(2) INTER SEGMENT REVENUE		
a. Personal Health	**-**	-
b. Innovation services	**-**	-
c. Health Systems	**-**	-
TOTAL	**-**	-
(3) OTHER UNALLOCABLE INCOME	**437**	925
REVENUE FROM OPERATIONS (1+3)	**44,109**	42,010
(4) SEGMENT RESULT		
a. Personal Health	**413**	17
b. Innovation services	**1,055**	904
c. Health Systems	**1,225**	1,993
TOTAL	**2,693**	2,914
(5) FINANCE COST	**(134)**	(124)
(6) OTHER UNALLOCABLE EXPENDITURE NET OF INCOME	**155**	344

Description	Year ended 31 March 2018	Year ended 31 March 2017
(13) SEGMENT LIABILITIES		
a.Personal Health	**2,258**	2,369
b.Innovation services	**2,574**	2,610
c.Health Systems	**7,069**	6,436
d.Other unallocable	**2,421**	1,666
TOTAL	**14,323**	13,081
(14) CAPITAL EXPENDITURE		
a. Personal Health	**77**	244
b. Innovation services	**916**	608
c. Health Systems	**107**	255
d. Other unallocable	**108**	233
TOTAL	**1,209**	1,340
(15) DEPRECIATION AND AMORTISATION EXPENSE		
a. Personal Health	**(757)**	(731)
b. Innovation services	**(395)**	(204)
c. Health Systems	**(139)**	(112)
d. Other unallocable	**(82)**	(146)
TOTAL	**(1,373)**	(1,193)

Notes to Consolidated Financial Statements for the year ended 31 March 2018

35 Segment Information (As per Ind AS 108 Operating Segments - Contd.)

Amounts in ₹ Mln

Description	Year ended 31 March 2018	Year ended 31 March 2017
(7) PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (4+5+6)	**2,714**	3,134
(8) EXCEPTIONAL ITEMS		
a. Personal Health	**-**	-
b. Innovation services	**-**	-
c. Health Systems	**-**	-
d. Other unallocable	**-**	-
TOTAL	**-**	-
(9) PROFIT BEFORE TAX	**2,714**	3,134
TOTAL PROFIT	**2,714**	3,134
(10) TAX EXPENSE		
a.Current tax	**(1,210)**	(1,244)
b.Deferred tax - release / (charge)	**2,155**	56
TOTAL	**945**	(1,188)
Less : Share in Profit/(Loss) of Associate	**(47)**	(55)
(11) PROFIT FOR THE YEAR	**3,612**	1,891
OTHER INFORMATION		
(12) SEGMENT ASSETS		
a. Personal Health	**9,229**	7,971
b. Innovation services	**4,313**	2,144
c. Health Systems	**10,193**	9,521
d. Other unallocable	**9,894**	9,252
TOTAL	**33,629**	28,888

Description	Year ended 31 March 2018	Year ended 31 March 2017
(16) NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION EXPENSE		
a. Personal Health	**(122)**	(8)
b. Innovation services	**(18)**	(9)
c. Health Systems	**(98)**	(86)
d. Other unallocable	**-**	-
TOTAL	**(238)**	(103)

(B) SECONDARY SEGMENT INFORMATION:

Description	Year ended 31 March 2018	Year ended 31 March 2017
REVENUE		
a. Within India	**28,515**	27,510
b. Outside India	**15,594**	14,500
TOTAL	**44,109**	42,010
ASSETS		
a. Within India	**31,446**	25,601
b. Outside India	**2,183**	3,287
TOTAL	**33,629**	28,888
CAPITAL EXPENDITURE		
a. Within India	**1,209**	1,340
b. Outside India	**-**	-
TOTAL	**1,209**	1,340

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.

(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 2018

35 Segment Information (As per Ind AS 108 Operating Segments - Contd.)

Amounts in ₹ Mln

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	Year ended 31 March 2018	Year ended 31 March 2017
Segment profit	**2,693**	2,914
Finance cost	**(134)**	(124)
Other unallocable expenditure net of unallocable income	**155**	344
Tax expense	**945**	(1,188)
Less: Share in Profit/(Loss) of Associate	**(47)**	(55)
Profit for the year	**3,612**	1,891

Reconciliation of assets

Particulars	As at 31 March 2018	As at 31 March 2017
Segment operating assets	**33,629**	28,888
Total Assets	**33,629**	28,888

Reconciliation of liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Segment operating liabilities	**14,323**	13,081
Total liabilities	**14,323**	13,081

36 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 2018		As at 31 March 2017		As at 31 March 2018		As at 31 March 2017	
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	3,055.76	46,885.48	-	-	-	-	-	-
Payables	2,574.41	39,500.00	2,691.28	41,500.00	-	-	-	-

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

Details	As at 31 March 2018		As at 31 March 2017		As at 31 March 2018		As at 31 March 2017	
	USD Exposure				Euro Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables			460.31	7,098.00	154.52	1,912.17	766.24	11,058.06
Payables					312.78	3,870.69	211.04	3,045.64

Details	SGD Exposure				CNY Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	0.75	15.11	1.15	24.87	1.07	103.04	(0.41)	(43.12)

Details	AUD Exposure				GBP Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	0.60	12.08	0.01	0.25			0.46	5.71

37 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 2018

Amounts in ₹ Mln

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)	-	369	369	369
Total	**-**	**15,667**	**15,667**	**15,667**

As at 31 March 2017

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	1,388	1,388	1,388
Other Financial Assets (Non-Current)	-	233	233	233
Trade receivables (Current)	-	4,779	4,779	4,779
Cash and cash equivalents	-	5,737	5,737	5,737
Other Financial Assets (Current)	-	915	915	915
Total	-	13,052	13,052	13,052

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**

As at 31 March 2017

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Borrowings(Non-Current)	-	414	414	414
Borrowings(Current)	-	476	476	476
Trade Payables(Current)	-	5,698	5,698	5,698
Other Financial Liabilities(Current)	-	80	80	80
Total	-	6,668	6,668	6,668

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Amounts in ₹ Mln

38 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 Group's assets and liabilities.

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	137	-	137	-
Security Deposits	20	-	20	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017 :

	Total	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Investment property	138	-	138	-
Security Deposits	16	-	16	-

Value of the investment property has been assessed through 'Direct Comparison Approach'. The value of the investment property has been assessed based on comparison with similar properties that have actually been sold in an arm-length transaction or are offered for sale in the subject micro-market. The valuation has been made considering the interactions by the valuer undertaken with market players in the relevant micro-market considering parameters like location, size, development potential, frontage, shape, visibility, accessibility, development profile of surrounding area and zoning/approvals.

39 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 2018. 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, 2018.

39 Financial risk management objectives and policies (Contd.)

Amounts in ₹ Mln

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 2018	Year ended 31 March 2017	**Year ended 31 March 2018**	Year ended 31 March 2017
+ 5%	**-116.22**	-2.20	**-116.22**	-2.20
-5%	**116.22**	2.20	**116.22**	2.20
Change in Euro rate	**Effect on profit before tax**		**Effect on profit after tax**	
	Year ended 31 March 2018	Year ended 31 March 2017	**Year ended 31 March 2018**	Year ended 31 March 2017
+ 5%	**-644.41**	1.92	**-644.41**	1.92
-5%	**644.41**	-1.92	**644.41**	-1.92

(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 ,2018. Our historical experience of collecting receivables is that credit risk is low, as its customers are located in several juristictionns and industries and operate in largely indipendent 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 acc. ordance 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-parties limits based on multiple factors including financial position, credit rating, etc. The Group's maximum exposure to credit risk as at 31st March, 2018 & 31st March, 2017 is the carrying value of each class of financial assets as illustrated in note 11.

(c) Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The

Notes to Consolidated Financial Statements for the year ended 31 March 2018

39 Financial risk management objectives and policies (Contd.)

Amounts in ₹ Mln

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, 2018 and 31st March, 2017. 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 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**
As at 31 March 2017				
Borrowings(Non-Current)	414		414	414
Borrowings(Current)	476	476		476
Trade Payables(Current)	5,698	5,698		5,698
Other Financial Liabilities(Current)	80	80		80

40 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, 2018, the Group 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 Group 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 2018	For the year ended 31 March 2017
Earning Before Interest and Tax	**2,266**	2,570
Capital Employed	**20,145**	16,508
Return on Capital Employed (ROCE)	**11%**	16%

41 Dividend Paid And Proposed

	For the year ended 31 March 2018	For the year ended 31 March 2017
Dividend declared and paid during the year		
Dividend paid for the year ended March 31, 2017 ₹ 3/- per share (March 31, 2016 : ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**35**	35
	208	208
Proposed Dividend on equity shares:		
Dividend 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

Amounts in ₹ Mln

42 Earnings per share (EPS)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Calculation of earnings per share		
Number of shares at the beginning of the year	**57,517,242**	57,517,242
Total number of equity shares outstanding at the end of the year	**57,517,242**	57,517,242
Weighted average number of equity shares outstanding during the year*	**57,517,242**	57,517,242
Profit after tax attributable to equity share holders	**3,612**	1,891
Basic earnings per share (in ₹)	**62.81**	32.89

* 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.

43 Components of other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Re-measurement gains / (losses) on defined benefit plans	**94**	(14)
Total	**94**	(14)

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	For the year ended 31 March 2018	For the year ended 31 March 2017
Current assets	**127**	47
Non-current assets	**574**	626
Current liabilities	**(155)**	(113)
Non-current liabilities	**(492)**	(471)
Equity	**54**	89
Proportion of the Group's ownership	**35%**	35%
Carrying amount of the investment	**19**	31

Notes to Consolidated Financial Statements for the year ended 31 March 2018

44 Investment in an Associate (Contd.)

Amounts in ₹ Mln

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue	**294**	144
Cost of raw material and components consumed	**(42)**	(24)
Depreciation & amortization	**(107)**	(87)
Finance cost	**(62)**	(56)
Employee benefit	**(52)**	(38)
Other expense	**(162)**	(95)
Profit / (loss) before tax	**(131)**	(156)
Exceptional item	**(4)**	-
Income tax expense		-
Profit / (loss) for the year	**(135)**	(156)
Total comprehensive income for the year	**(135)**	(156)
Group's share of profit / (loss) for the year	**(47)**	(55)

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

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 below.

Particulars	As at 31 March 2018	As at 31 March 2017
a) Principal amount remaining unpaid to any supplier as at the end of the year	**35**	153
b) Interest due on the above amount	**1**	1
Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	**-**	-
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	**-**	-
Amount of interest accrued and remaining unpaid at the end of the year.	**-**	
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	**-**	-

46 Disclosure relating to assets given on operating lease: The Group has entered into operating lease arrangements for medical equipments.

Particulars	As at 31 March 2018	As at 31 March 2017
a) Total of future minimum lease payments receivable under non-cancellable operating lease	**3**	6
Receivable within 1 year	3	3
Receivable between 1-5 years	-	3
Receivable after 5 years	-	-
b) Total contingent rent recognised as income in the Statement of Profit and Loss for the year	-	8

47 STATUTORY GROUP INFORMATION

Amounts in ₹ Mln

I) For March 31, 2018

A) The Company, its subsidiaries (jointly referred to as the 'Group' herein under) and its associate considered in these consolidated financial statements are:

a) Subsidiary Companies

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 Companies		
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 Profit or Loss	Amount
Parent Company		
Philips India Limited	47%	1,681
Subsidiary Companies		
Preethi Kitchen Appliances Private Limited	58%	2,096
Philips Homecare Services India Private Limited	-3%	(114)
Total eliminations	-1%	(51)
Total	100%	3,612

	Share in other Comprehensive income	
	As % of consolidated Profit or Loss	Amount
Parent Company		
Philips India Limited	101%	95
Subsidiary Companies		
Preethi Kitchen Appliances Private Limited	-1%	(1)
Philips Homecare Services India Private Limited	0%	(0)
Total eliminations	0%	(0)
Total	100%	94

Notes to Consolidated Financial Statements for the year ended 31 March 2018

47 STATUTORY GROUP INFORMATION (Contd.)

Amounts in ₹ Mln

	Share in total Comprehensive income	
	As % of consolidated Profit or Loss	**Amount**
Parent Company		
Philips India Limited	48%	1,776
Subsidiary Companies		
Preethi Kitchen Appliances Private Limited	57%	2,095
Philips Homecare Services India Private Limited	-3%	(114)
Total eliminations	-1%	(51)
Total	100%	3,706

II) For March 31, 2017

A The Company, its subsidiary (jointly referred to as the 'Group' herein under) and its associate considered in these consolidated financial statements are:

a) Subsidiary Companies

Name of the Companies	Country of Incorporation	% voting power held as at 31st March, 2017
a. Preethi Kitchen Appliances Private Limited	India	100
b. Philips Homecare Services India Private Limited	India	100

b) Associate

Name of the Companies	Country of Incorporation	% voting power held as at 31st March, 2017
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	127%	20,025
Subsidiary Companies		
Preethi Kitchen Appliances Private Limited	21%	3,355
Philips Homecare Services India Private Limited	0%	10
Total eliminations	-48%	(7,583)
Total	100%	15,807

	Share in Profit or Loss	
	As % of consolidated Profit or Loss	Amount
Parent Company		
Philips India Limited	109%	2,064
Subsidiary Companies		
Preethi Kitchen Appliances Private Limited	-3%	(64)
Philips Homecare Services India Private Limited	-3%	(52)
Total eliminations	-3%	(57)
Total	100%	1,891

47 STATUTORY GROUP INFORMATION (Contd.)

Amounts in ₹ Mln

	Share in other Comprehensive income	
	As % of consolidated Profit or Loss	Amount
Parent Company		
Philips India Limited	86%	(12)
Subsidiary Companies		
Preethi Kitchen Appliances Private Limited	29%	(4)
Philips Homecare Services India Private Limited	-14%	2
Total eliminations	0%	-
Total	100%	(14)

	Share in total Comprehensive income	
	As % of consolidated Profit or Loss	Amount
Parent Company		
Philips India Limited	109%	2,052
Subsidiary Companies		
Preethi Kitchen Appliances Private Limited	-4%	(68)
Philips Homecare Services India Private Limited	-3%	(50)
Total eliminations	-3%	(57)
Total	100%	1,877

48 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.

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

Place: Mumbai
Date: August 7, 2018

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)
Non-Executive Director	GEETU GIDWANI VERMA (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

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: ₹ **4,500 Million**
8. Total assets: ₹ **6,613 Millio**n
9. Total Liabilities: ₹ **6,613 Million**
10. Investments: **NIL**
11. Turnover: ₹ **5,940 Million**
12. Profit/(Loss) before taxation: ₹ **167 Millio**n
13. Provision for taxation: ₹**1,931 Million**
14. Profit/(Loss) after taxation: ₹ **2,098 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: ₹ **145.5 Million**
7. Reserves & surplus: ₹ **(164.88) Millio**n
8. Total assets: ₹**164.40 Million**
9. Total Liabilities: ₹ **164.40 Millio**n
10. Investments: **NIL**
11. Turnover: ₹ **67.55 Million**
12. Profit/(Loss) before taxation: ₹ **(114.54) Million**
13. Provision for taxation: **NIL**
14. Profit/(Loss) after taxation: ₹**(114.54) 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, 2018**
   - 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 2017-18 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: **Rs. 54.1 Million**
6. Profit/(Loss) for the year: ₹ **(135.0) 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 Associate/Joint Venture Company.**

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)
Non-Executive Director	Geetu Gidwani Verma (DIN: 00696047)

Place: Mumbai
Date: August 7, 2018

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Registered Office
Philips India Limited
3rd Floor, Tower A, DLF IT Park, 08 Block AF,
Major Arterial Road, New Town (Rajarhat) Kolkata,
West Bengal- 700156.
Tel.: 91-33-4402 4000, Fax : 91-33-4402 4004

Corporate Office
Philips India Limited
8th Floor, 9B Cyber City.
DLF Phase 3, Gurgaon - 122 002, Haryana
Tel.: 91-124-460 6000, Fax : 91-124-460 6666

Northern Region
Philips India Limited
8th Floor, 9B Cyber City.
DLF Phase 3, Gurgaon - 122 002, Haryana
Tel.: 91-124-460 6000, Fax : 91-124-460 6666

Eastern Region
Philips India Limited
3rd Floor, Tower A, DLF IT Park, 08 Block AF,
Major Arterial Road, New Town (Rajarhat) Kolkata,
West Bengal- 700156.
Tel.: 91-33-4402 4000, Fax : 91-33-4402 4004

Western Region
Philips India Limited,
Boomerang, B2 Wing, 5th Floor, Unit No. 506,
Chandivali Farm Road, Near Chandivali Studio,
Andheri (East) Mumbai - 400 072
Tel.: 91– 022-6691200

Southern Region
Philips India Ltd
3rd Floor, Western Block, Sunny Side,
Municipal Door No. 8/17, Shafee Mohammed Road,
Rutland Gate, Chennai - 600006
Tel.: 91-44-66501000

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