PHILIPS

Philips India Limited

Annual Report

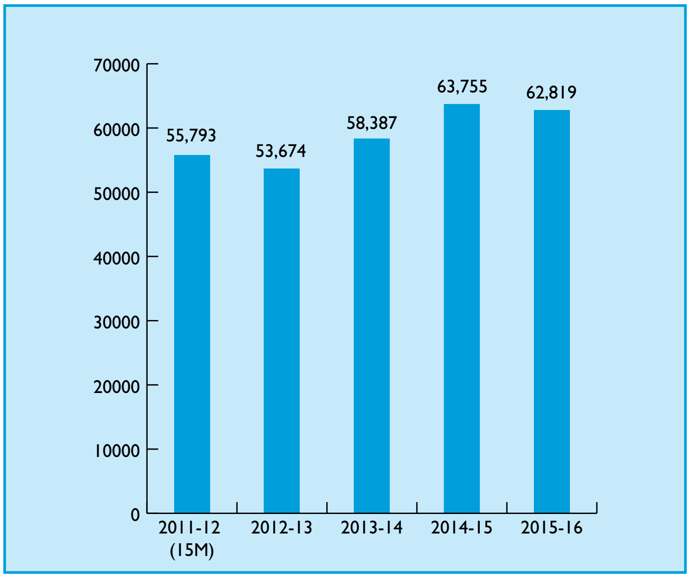
Improving people's lives

through sustainable innovation

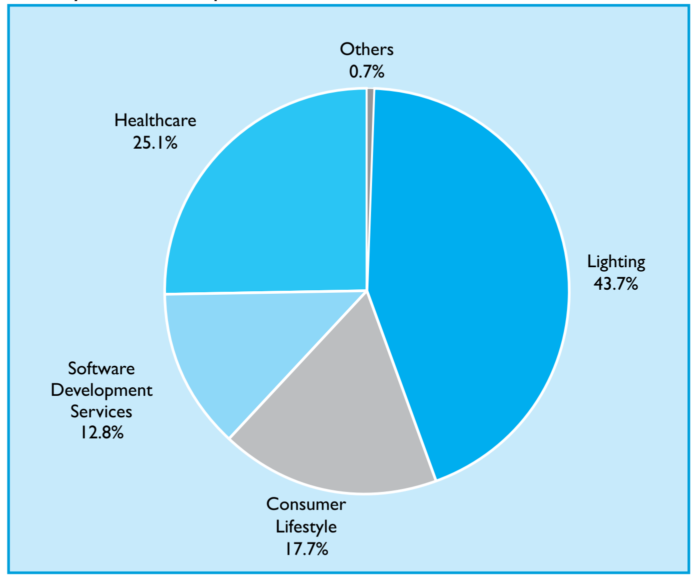
Annual report 2015-16

PHILIPS INDIA LIMITED

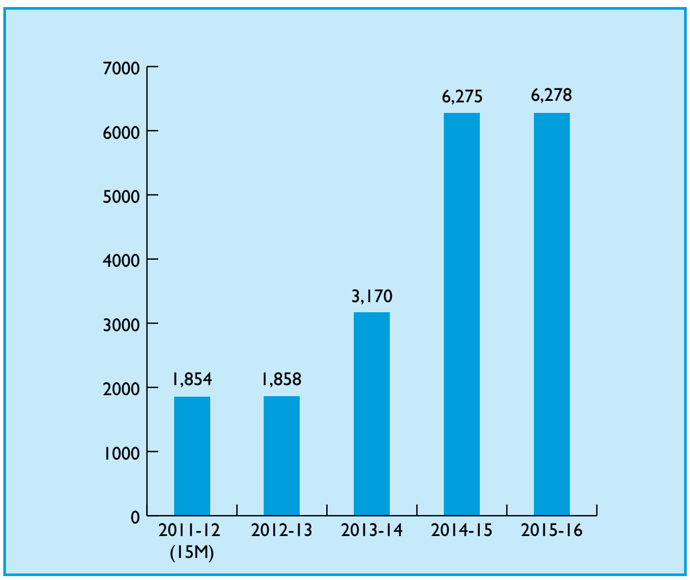
Sales ₹ in Mln



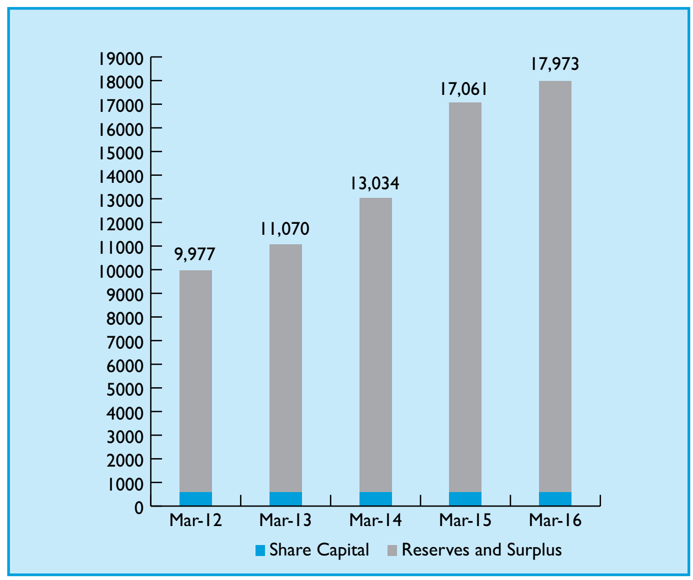
Sales by Activities - Apr'15-Mar'16



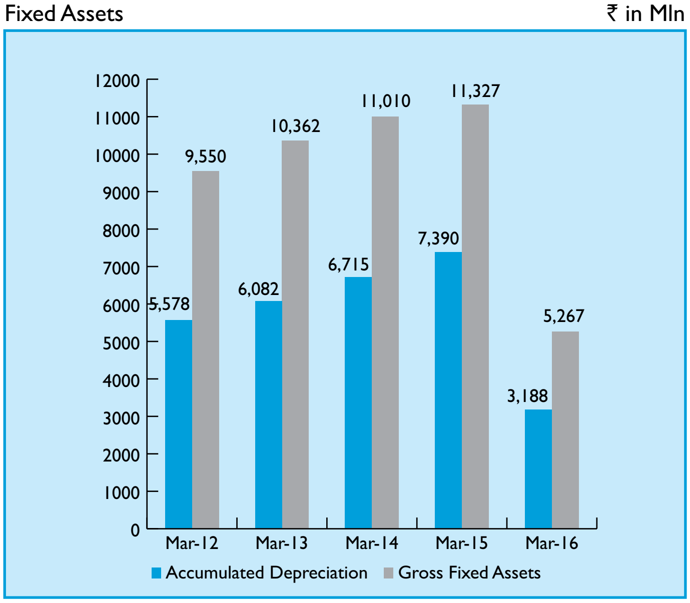
Profit Before Tax ₹ in Mln



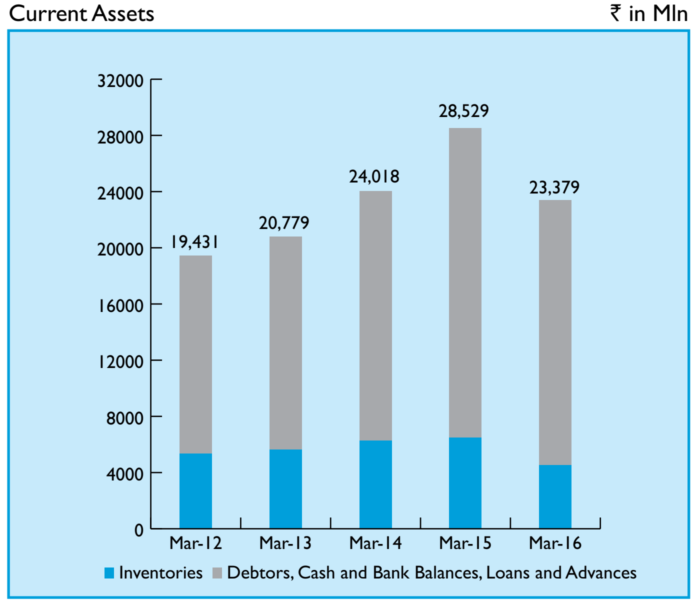
Net Worth ₹ in Mln



Fixed Assets ₹ in Mln



Current Assets ₹ in Mln



PHILIPS INDIA LIMITED

CONTENTS

Annual General Meeting on Thursday, September 29, 2016 at 10.30 a.m.
At Vidya Mandir, 1, Moira Street, 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 & Non-Executive Director
S. M. Datta

Vice – Chairman & Managing Director
V. Raja

Whole-Time Director and Company Secretary
Rajiv Mathur

Whole-Time Director and CFO
Hariharan Madhavan

Non-Executive Directors
Vivek Gambhir
Vikram Mukund Limaye
Geetu Gidwani Verma

AUDITORS

B S R & Co. LLP
Chartered Accountants

BANKERS

Citibank N.A.
Bank of America N.A.
Deutsche Bank AG
State Bank of India
HDFC Bank
Standard Chartered Bank
BNP Paribas

REGISTERED OFFICE

7, Justice Chandra Madhab Road, Kolkata-700 020.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighty-Sixth Annual General Meeting of PHILIPS INDIA LIMITED will be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 017 on Thursday, September 29, 2016 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, 2016, including the audited Balance Sheet as at March 31, 2016, 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, 2016.

3. To appoint a Director in place of Mr. Hariharan Madhavan (DIN 07217072), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint M/s S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration Number 301003E /E300005) as Statutory Auditors of the Company and fix their remuneration; and pass the following resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration Number 301003E /E300005), be and are hereby appointed as the Statutory Auditors of the Company, to hold office for a term of five years, from the conclusion of this Annual General Meeting, subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the auditors and that such remuneration may be paid on a progressive billing basis.

   RESOLVED FURTHER THAT all the Directors of the Company be and are hereby authorized to file all the requisite forms and other relevant documents with the Registrar of Companies and any other authority as may be required to give effect to the appointment of Auditors."

SPECIAL BUSINESS:

5. APPOINTMENT OF MR. V. RAJA (DIN 00669376) 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. V. Raja (DIN 00669376), who was appointed as an Additional Director of the Company under Section 161(1) of the Companies Act, 2013 (the "Act") with effect from December 15, 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

   RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

6. APPOINTMENT OF MR. V. RAJA (DIN 00669376) 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 Sections 196, 197, 203 and any 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. V. Raja, having DIN Number 00669376, as Managing Director of the Company with effect from December 15, 2015, 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. V. Raja.

   RESOLVED FURTHER THAT Mr. V. Raja 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. V. Raja's 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. V. Raja 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 of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. APPOINTMENT OF MS. GEETU GIDWANI VERMA (DIN 00696047) AS A DIRECTOR

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms. Geetu Gidwani Verma (holding DIN 00696047), who was appointed as an Additional Director of the Company under Section 149 & 161 of the Companies Act, 2013, on recommendation of the Nomination and Remuneration Committee, by the Board of Directors effective September 29, 2015 and who holds office upto the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company, for a term of five years, with effect from September 29, 2015.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

8. REVISION IN REMUNERATION OF MR. RAJIV MATHUR

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 28, 2015, 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, to take effect from 1st April, 2016, for the balance term of his appointment on the Board, 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's 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 of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

9. REVISION IN REMUNERATION OF MR. HARIHARAN MADHAVAN

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 Board at its meeting held on August 18, 2015, subsequently approved by the shareholders at the Annual General Meeting of the Company held on September 28, 2015, 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. Hariharan Madhavan, having DIN No. 07217072, Whole-time Director, to take effect from 1st April, 2016, for the balance term of his appointment on the Board, 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. Hariharan Madhavan.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the Company in any financial year during the term of Mr. Hariharan Madhavan's office as Whole-time Director, the remuneration and perquisites set out in the Explanatory Statement annexed hereto, be paid or granted to Mr. Hariharan Madhavan 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 of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this 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 ("Act") and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby approves the remuneration of ₹ 5,00,000 (Rupees Five Lacs) plus service tax and out of pocket expenses payable to M/s. R. Nanabhoy & Company, Cost Accountants, having registration number 7464 who are appointed by the Board of Directors as Cost Auditors of the Company to conduct cost audit relating to cost records of the Company for the year ending 31st March, 2017.

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 & Company Secretary
DIN No. 06931798

Place: Mumbai
Date: July 25, 2016

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. 5, 6, 7, 8, 9 and 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 23, 2016 to September 29, 2016 (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 29, 2016. In respect of demat shares, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the Depositories for this purpose.

10. **Members may be aware that the Company has changed its Registrar and Share Transfer Agent ("RTA") and M/s Karvy Computershare Pvt. Ltd. has been appointed as RTA w.e.f. July 1, 2016. An intimation in this regard was sent individually to each member at their address available in the Company's records.** 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, Nanakrampuda, Hyderabad-500 032.
    Toll Free no. 18 00 3454 001, Tel. +91 040 67162222
    Fax no.+91 040 23001153
    Email id: einward.ris@karvy.com

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

11. Pursuant to Section 205A(5) of the Companies Act, 1956, which continues to be in force, 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
63	29.06.2010	31.12.2009	05.08.2017
64	10.06.2011	31.12.2010	17.07.2018
65	04.09.2012	31.03.2012	11.10.2019
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

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

Members, who have not encashed their dividend warrants pertaining to the aforesaid years may approach 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 86th 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 National Securities Depository Limited (NSDL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on September 26, 2016 (9:00 a.m.) and ends on September 28, 2016 (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 September 22, 2016, may cast their vote by remote e-voting. The remote e-voting facility shall be disabled by NSDL 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 a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

(i) Open email and open PDF file viz; "PIL remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

You will not receive this PDF file if you are already registered with NSDL for e-voting then you can use you existing password for casting the vote. If you have forgotten your password, you can reset your password by using "Forget User Details/Password" option available available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

(ii) Launch the internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on Shareholder – Login

(iv) Put user ID and password as initial password noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.

(vii) Select "EVEN" of Philips India Limited.

(viii) Now you are ready for e-voting as the Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) 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 etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer Dr. Asim Chattopadhyay, on his e-mail id: asimsecy@gmail.com with a copy marked to evoting@nsdl.co.in. Please mention "E-voting - Philips India Limited" in the subject-line of such email.

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

I. Initial password is provided at the bottom of the Attendance Slip of the AGM, in the Section "Electronic Voting Particular".

EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN

II. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) 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 NSDL's e-voting website https://evoting.nsdl.com.

IV. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

V. 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(s).

VI. The voting rights shall be as per the number of equity shares held by the Member(s) as on Thursday, September 22, 2016, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

VII. Any person, who acquires shares of the Company and becomes member of the Company after August 19, 2016 i.e. the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. September 22, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in.

VIII. A member may participate in the AGM even after exercising his right to vote through vote remote through remote e-voting but shall not be allowed to vote again vote again at the AGM.

IX. 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.

X. Dr. Asim 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.

XI. 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.

XII. 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.

XIII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL 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. 5

The Board of Directors at their meeting held on December 15, 2015 appointed Mr. V. Raja as an Additional Director under Section 161(1) of the Companies Act, 2013 read with Article 109 of the Articles of Association of the Company. Mr. V. Raja holds office only up to the date of this Annual General Meeting of the Company.

A notice has been received from a member proposing Mr. V. Raja as a candidate for the office of Director of the Company.

Mr. V. Raja brings with him a wealth of experience spanning over three decades across diverse industries including Healthcare, Consumer Products, Food etc. in various leadership roles in Finance, Procurement, Business Development and Business Management. He joins Philips from TE Connectivity where he was President and CEO of Indian Operations for four years. Prior to TE Connectivity, Mr. V. Raja worked with GE for 14 years of which 7 years were as Business leader of GE Healthcare, South Asia. He has also worked with Gillette, Unilever and other companies earlier, and has proven track record of delivering profitable growth, turnarounds, nurturing talent and setting up new lines of business.

Mr. V. Raja is a Commerce Graduate from Kolkata and a qualified Chartered Accountant and a Company Secretary.

The appointment of Mr. V. Raja is appropriate and in the best interests of the Company.

The resolution seeks the approval of members for the appointment of Mr. V. Raja as a Director (not liable to determination by retirement of directors by rotation) of the Company, with effect from December 15, 2015 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. V. Raja, 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. 5.

The Board recommends the resolution set forth in Item no. 5 for the approval of the members.

ITEM NO. 6

The Board of Directors, at their meeting held on December 15, 2015, had appointed Mr. V. Raja 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 December 15, 2015. He is also 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. V. Raja`s educational qualifications and work experience have been included in Explanatory statement related to Item No. 5.

The appointment of Mr. V. Raja as Vice-Chairman & Managing Director is appropriate and in the best interest of the Company.

The approval of the members is being sought with respect to the terms and conditions for the appointment of Mr. V. Raja as the Vice-Chairman and Managing Director and the remuneration payable to him. The terms and conditions proposed for the appointment of Mr. V. Raja, as fixed by the Board of Directors at their meeting held on 15th December, 2015, 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.

An abstract of the terms & conditions of appointment of Mr. V. Raja, Vice-Chairman & Managing Director, is given hereunder:

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	Proposed (₹)	**Comments**
Total Fixed salary (Guaranteed Cash and Retrials)	34,500,000	
Variable Bonus @40% of Target Fixed Salary (with an earnings potential upto 200%)	13,800,000	ALL Plan Design : • Weightage of Financials 70%; • Individual 30% Financials Weightage 70% split as follows: a) Own level ie HealthTech India (45%) b) Next Level Financials -HealthTech Global (25%) Combination of CSG, EBIT and AWOCA.
Total Target Cost (Total Fixed Salary + Target)	48,300,000	
LTI - Annual Recuing Performance Share Plan with a 3 year cliff vesting. The Actual grant will be made in Euro (Euro 150K) and this Annual LTIP grant will be as per April 2016	10,500,000	Long Term Incentive Plan Design: Performance measurement at vesting (forward looking) Vesting of shares based on 2 equally weighted performance conditions: 50% adjusted Earnings Per Share growth ('EPS') and 50% Relative Total Shareholder Return ('TSR') Payout Max is at 200%
Total Cost To The Company	58,800,000	
One Time Additional Special Grants: Additional Partial PS Euro 37500* Additional One time RSUs 450K* (1/3rd over 3 years) (* Conversion: I Euro to INR 70)	 2,625,000 31,500,000	As per Philips Global Performance Share plan One time LTI Sign-on made in Restricted Shares spread over 3 years
Total	92,925,000	

Mr.V. Raja shall be entitled to the following additional benefits:

- First year Variable Pay bonus to be guaranteed at 100% target achievement.
- An additional sign-on cash compensation of ₹ 20,00,000/- (₹ 20 Lakhs) shall be payable to Mr.V. Raja for loss of gratuity.
- Parents' health insurance to be covered over and above spouse and two children.
- Gratuity will be paid as ex-gratia in case of exiting Philips before 5 years from date of joining.
- Company Car — Provided as a Lifestyle benefit Car Value up to ₹ 60 lakhs. The employee buys-back at 1% of residual value at the end of a 3 year period. Fuel and Maintenance is fully covered by the Company.
- Medical reimbursement — up to a limit of ₹ 80,000 (for domiciliary as well as hospitalization)
- Mediclaim - Family floater insurance cover of ₹ 5 Lakhs p.a. for self, spouse and up to two children. In addition, the insurance provider will also provide parental cover under this policy as mentioned above.
- Group Personal Accident Insurance - Coverage for ₹ 90 lakhs
- Group Term Life Insurance — Cover equal to 24 month's salary
- Club Membership - DLF Golf Club — Gurgaon

2. Minimum Remuneration: Notwithstanding anything hereinabove, where in any financial year during the term of office of Mr.V. Raja, as the Vice-Chairman & 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, subject to the approval of the Central Government, if required.

3. Memorandum of Interest: None of the Directors of your Company except Mr.V. Raja himself, is interested in his appointment and terms of remuneration.

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. 6 of the accompanying Notice for the approval of the Members.

Except Mr. V. Raja, 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. 6.

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

ITEM NO. 7

In order to gain from her rich experience, Ms. Geetu Gidwani Verma was appointed as an Additional Director on the Board of the Company with effect from September 29, 2015.

Ms.Verma is presently Executive Director, Foods business of Hindustan Unilever Limited. Ms.Verma has done her MBA, Marketing from Faculty of Management Studies, University of Delhi. She has over 25 years of marketing, business & innovation experience in leading FMCG firms – P&G, Seagram, PepsiCo in India & Europe. She joined Hindustan Unilever in November, 2011.

In the opinion of the Board of Directors, Ms. Geetu Gidwani Verma, proposed to be appointed as Independent Director, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and she is independent of the Management.

Your Directors recommend the resolution set forth in Item No. 7 for the approval of the members.

Except Ms. Geetu Gidwani Verma, being the appointee, none of the Directors is interested or concerned in the resolution placed at Item no. 7.

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. Further, pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at their meeting held on August 18, 2015, appointed Mr. Rajiv Mathur as a Whole time Director of the Company, with effect from August 18, 2015 to July 31, 2020, which was approved by the shareholders at the eighty – fifth Annual General Meeting of the Company held on September 28, 2015.

Mr. Mathur has been responsible for enhancing the legal capabilities within Philips India and the group companies, guiding overall group strategy, conducting several sessions on secretarial and other compliances impacting the Philips business in India. Mr. Mathur has also led various restructuring exercises, including the separation of the Lighting business of the Company into a separate entity, through Demerger, transfer of Woox business and Automotive lighting and Lumileds business to separate companies through slump sale process; and driving special projects.

In view of the above, revision in remuneration payable to Mr. Rajiv Mathur was proposed, with effect from April 1, 2016.

The matter regarding revision in the remuneration of Mr. Rajiv Mathur was discussed in the Nomination and Remuneration Committee of the Board and the meeting of the Board of Directors held on July 25, 2016, based on which the approval of the members is requested for revision in the remuneration of Mr. Rajiv Mathur for the balance term of his appointment on the Board.

The terms and conditions of his appointment, including the remuneration payable to him, are detailed hereunder.

1. Mr. Rajiv Mathur shall be entitled to receive remuneration for his services by way of Salary, Variable Performance Linked Bonus and Perquisites as mentioned hereunder. Further, the details of the Salary, Variable Performance Linked Bonus and Perquisites, presently being paid to Mr. Rajiv Mathur (prior to the proposed revision) are also mentioned in the table as below:

   Remuneration:

Particulars	Present Remuneration (prior to the proposed revision)	Revised Remuneration (as proposed)
Salary	₹ 10,63,935/- per month 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: ₹ 4,14,935/- 2. House Rent Allowance: ₹ 2,50,000/- 3. Flexible Benefit Plan: ₹3,29,250/- 4. Retrial Benefit: ₹ 69,750/- (as set out in Part B)	₹ 11,44,794/-per month 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: ₹ 4,29,298/- 2. House Rent Allowance: ₹ 2,14,649/- 3. Flexible Benefit Plan: ₹4,28,683/- 4. Retrial Benefit: ₹ 72,165/- (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 fee for attending meetings of the Board of Directors of the Company or any Committee thereof.

Part- A

i. 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.

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

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

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

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

Except Mr. Rajiv Mathur, none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

Your Directors recommend the resolutions set forth in item No. 8 for approval of the members.

ITEM NO. 9

Based on the recommendation of Nomination and Remuneration Committee of the Board, the Board of Directors at their meeting held on August 18, 2015, appointed Mr. Hariharan Madhavan as a Whole-time Director and Chief Financial Officer of the Company for a period of 5 years from August 18, 2015 to July 31, 2020 on the terms and conditions agreed between the Board and Mr. Hariharan Madhavan which was approved by the shareholders at the eighty- fifth Annual General Meeting of the Company held on 28th September, 2015.

Mr. Madhavan has been with Philips for over 15 years and has held various leadership positions in the recent years. Before the current position, he was Controller for the Business Group Automotive Lighting, Philips and strongly supported the separation of that business, globally, into a separate entity and more recently, the separation of the Lighting business of the Company into a separate entity, through Demerger and driving special projects.

In view of the above, revision in remuneration payable to Mr. Hariharan Madhavan was proposed, with effect from April 1, 2016.

The matter regarding revision in the remuneration of Mr. Hariharan Madhavan was discussed in the Nomination and Remuneration Committee of the Board and the meeting of the Board of Directors held on July 25, 2016, based on which the approval of the members is requested for revision in the remuneration of Mr. Hariharan Madhavan for the balance term of his appointment on the Board.

The terms and conditions of his appointment, including the remuneration payable to him, are detailed hereunder.

1. Mr. Hariharan Madhavan shall be entitled to receive remuneration for his services by way of Salary, Variable Performance Linked Bonus and Perquisites as mentioned hereunder. Further, the details of the Salary, Variable Performance Linked Bonus and Perquisites, presently being paid to Mr. Hariharan Madhavan (prior to the proposed revision) are also mentioned in the table as below:

   Remuneration:

Particulars	Present Remuneration (prior to the proposed revision)	Revised Remuneration (as proposed)
Salary	₹ 11,25,000/- per month 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: ₹ 4,38,750/- 2. House Rent Allowance: ₹ 2,50,000/- 3. Flexible Benefit Plan: ₹ 2,96,684/- 4. Retrial Benefit: ₹ 1,39,566/- (as set out in Part B)	₹ 12,37,500/- per month 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: ₹ 4,64,063 /- 2. House Rent Allowance: ₹ 2,32,031/- 3. Flexible Benefit Plan: ₹ 3,93,788/- 4. Retrial Benefit: ₹ 1,47,618/- (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. Hariharan Madhavan 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. Hariharan Madhavan 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. Hariharan Madhavan 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 hereinabove, where in any financial year during the term of office of Mr. Hariharan Madhavan, as the CFO and Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration as minimum remuneration by way of Salary, Variable Performance Linked Bonus and Perquisites. However, the total remuneration by way of salary, perquisites and any other allowance shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule V to the Companies Act, 2013 or any re-enactment thereof.

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

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

Except Mr. Hariharan Madhavan, 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. 9.

Your Directors recommend 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 Act, read with the Companies (Cost Records and Audit) Rules, 2014 ("the Rules"). The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. R. Nanabhoy & Company, Cost Accountants, having registration number 7464, as the Cost Auditors, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017.

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

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out at item no. 10 of the notice for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

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.

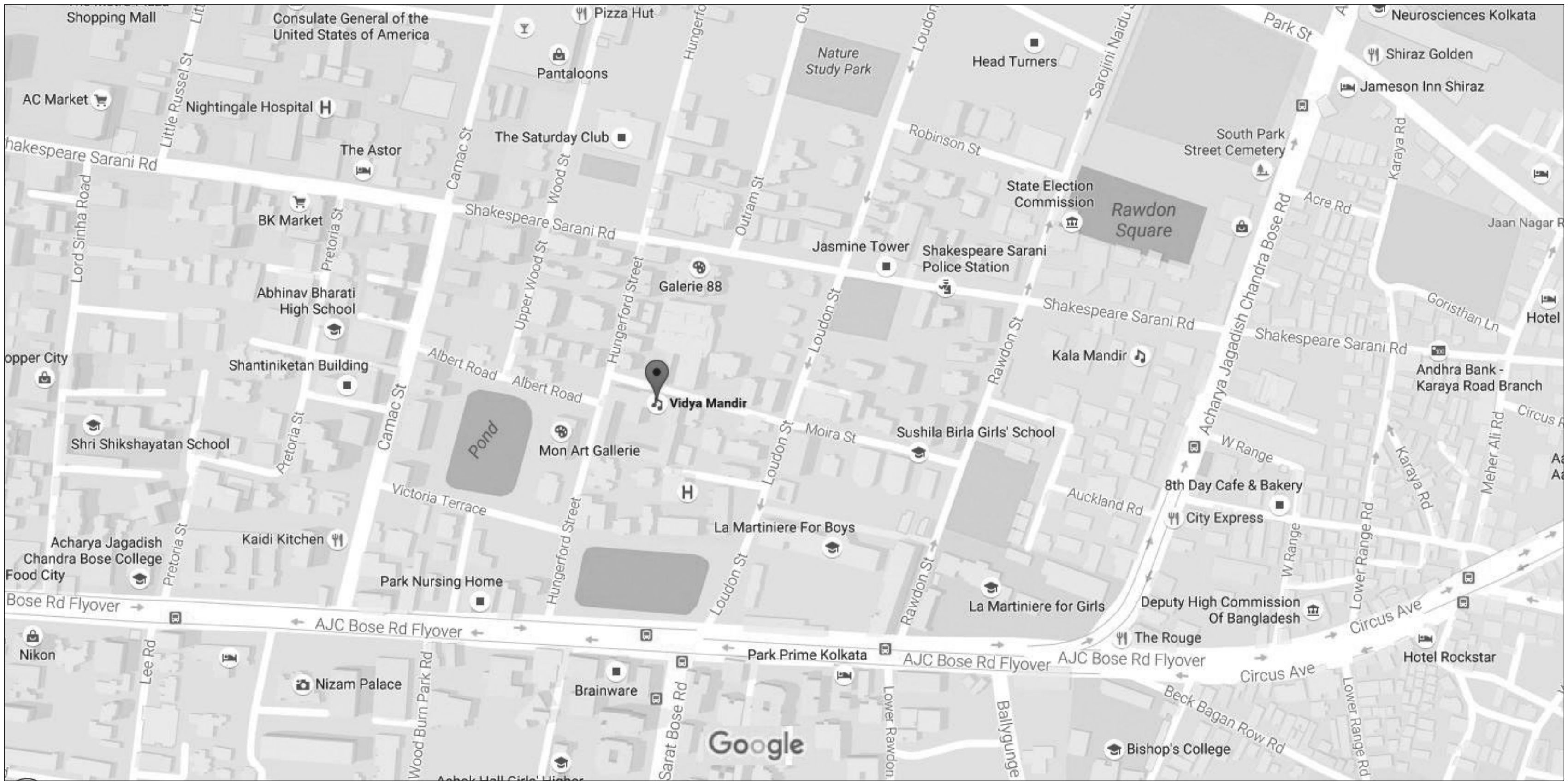
The Board recommends the resolution set out at item no. 10 of the notice for approval by the members.

By Order of the Board

Rajiv Mathur
Director & Company Secretary
DIN No. 06931798

Place: Mumbai
Date: July 25, 2016

ROUTE MAP TO THE VENUE OF THE 86TH ANNUAL GENERAL MEETING TO BE HELD ON SEPTEMBER 29, 2016 AT 10:30 A.M. AT VIDYA MANDIR, 1, MOIRA STREET, KOLKATA – 700 017



DIRECTORS' REPORT

For the financial year ended March 31, 2016

To the Members,

Your Company's Directors are pleased to present the 86th Annual Report of the Company, along with the Audited Annual Accounts for the financial year ended March 31, 2016.

1. FINANCIAL PERFORMANCE

1.1 RESULTS

₹ Million

	2015-16	2014-15
Gross Income	63,717	64,622
Profit before tax and exceptional items	6,503	5,600
Exceptional Items	(225)	675
Profit before tax	6,278	6,275
Provision for current tax	(2,438)	(2,353)
Deferred tax–Release/(Charge)	135	313
Profit after tax	3,975	4,235
Transfer to General Reserve	398	424

1.2 SECTORWISE SALES

	2015-16	2014-15
Lighting	27,490	34,488
Consumer Lifestyle	11,046	9,247
Healthcare	15,764	12,992
Innovation Campus	8,024	6,567
Others	495	461
Total	62,819	63,755

All the key sectors of your Company – Healthcare, Personal Health (for FY 2015-16) and Lighting (for the period till January 31, 2016), posted robust top line growth and an increase in their respective market share.

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.

Capital expenditure during the year was ₹ 929 million (vis – a – vis ₹ 859 million during Apr'14 – Mar'15) and this expense was incurred towards new Chennai and Mumbai office set up, servers and other IT equipment, moulds etc.

During the year, your Company infused capital of ₹ 373.3 Crores (₹ 278 Crores equity capital and ₹ 95.3 Crores preference capital) into Preethi Kitchen Appliances Pvt. Ltd. As a result, the Company retained 51.2% shareholding in Preethi Kitchen Appliances Pvt. Ltd, post conversion of Compulsorily Convertible Debentures of ₹ 540 crores placed by Koninklijke Philips N.V. in Preethi Kitchen Appliances Pvt. Ltd to equity. Further, during the year, the Company invested ₹ 6.3 Crores in equity of HealthMap Diagnostics Private Limited.

During the year, the Company received full repayment of inter-company deposits (ICD) placed with Preethi Kitchen Appliances Pvt. Ltd. to the tune of ₹ 269.8 Crores and Philips Lighting India Ltd. to the tune of ₹ 29.7 Crores. These ICDs were from internal accruals.

Your Company continued facilitating Healthcare sales with innovative financial solutions to support customers and business to keep up pace with the market growth to the tune of ₹ 2,146 million using internal accruals.

During the year, the Company has transferred unpaid dividend of ₹ 1.17 million to Investor Education and Protection Fund.

2. DIVIDEND

Your Directors recommend payment of ₹ 3/- per share as dividend on the fully paid equity shares for the financial year ended March 31, 2016. This will absorb ₹ 172.60 million as dividend and ₹ 35.1 million as dividend distribution tax.

3. TRANSFER TO RESERVES

In the year 2015 -16, your Company proposes to transfer ₹ 398 Million 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 Healthcare, Consumer Lifestyle, Philips Innovation Campus (Software) and Lighting Sectors.

5.1 HEALTHCARE

Health Systems delivered another year of strong performance in 2015-16 with an overall revenue growth of 15.6% amidst focus on profitability improvement and cost reduction initiatives. A very strong performance in Diagnostic imaging, Interventional guided therapy and Ultrasound led to the strong growth. Customer Services revenue continued to register strong growth as well, during the same period. This has been achieved despite significant increase in imports duty, fluctuating currency and high interest costs.

Health systems consolidated its market share in diagnostic imaging, interventional x-ray, and ultrasound businesses while its patient monitoring business saw a decline. It continued to lose market share in Oncology (source: COCIR). In 2015, Government sector tenders (postponed in 2014) opened up which resulted in a substantial upswing in the Govt. business. With a favorable investment scenario promised by Govt. of India, private hospitals have started investing in infrastructure and capex. Philips continued to grow faster than the market (~9%) and retain a strong position with significant market share gains in DXR, led by Govt. tenders for Mobile Diagnost Opta & DiDi High.

Philips has strengthened its business with most of its strategic key accounts focusing on multi-modality deals. Philips global innovation strengths at Bangalore (PIC) along with global design and manufacturing centre in Pune (HIC) are delivering "Made in India" medical equipment at India-centric price-points. HIC is focusing on bringing more integrated solutions to its customers to increase penetration. Informatics Solutions such as Healthcare informatics, Infrastructure & Consulting solutions continue to support profitable growth. During the year Philips' world class Customer Care Service Centre has further strengthened its position in quality metrics. Our business has been fortified further with strategic launches in Ultrasound (Clearvue Elite), Interventional X-Ray (Intuis - manufactured at Pune), CPAP (Dream-series) and IVUS (Volcano) which are expected to create thought leadership in their respective businesses.

In order to further grow and expand healthcare business in India, a special purpose Company ("SPV") under the name Healthmap Diagnostics Private Limited was incorporated in partnership with Manipal Hospitals group (35% stake held by your Company) to set up radiology centers under Public Private Partnership (PPP) model. This SPV has already set up 5 centers across Haryana and has major expansion plans in Haryana & Jharkhand.

In addition to the above, Philips Healthcare Innovation Center (HIC), based at Pune, continued to develop and deliver meaningful innovations for local and global customers. Pune is also one of the global hubs for Mobile Surgery and x-ray businesses.

Highlights of Philips Healthcare Innovation Center (HIC) of your Company are as below:

a) US FDA registration received for complaint handling unit for mammography services.

b) Vectra, the system conceptualized, developed and manufactured in Pune, is shipped to Europe, Africa and APAC countries. A new model of the Vectra was recently launched with different voltage configuration for catering to LATAM and Japan.

c) Commenced commercialisation of Intuis, a flat panel detector value cathlab for the Global markets.

Healthcare Innovation Center ("HIC") continues to grow and develop "best in class" healthcare systems at optimized costs for local and global customers.

In line with plans and the in-principle approval of the Board granted on July 16, 2015, an approval for subsidy under Modified Special Incentive Package Scheme "M-SIPS" on capex investments has been obtained. The construction/site development will take place in phases.

The manufacturing facility of HIC has been awarded "Sustainability award- 2016 by Frost & Sullivan".

During the year, HIC participated in Water Conservation Program run by Govt. of Maharashtra under the banner of "Jalyukt Shivar Yojana" to make Maharashtra drought free by 2019.

Your Company was awarded the coveted Medical Technology Company of the Year at the Frost and Sullivan 7th Annual India Healthcare Excellence Awards 2015.

5.2 PERSONAL HEALTH

The Personal Health Division of your Company continued to gain this year and strengthened market share by introduction of new premium products such as Soup Makers, Garment Steamers and Body Groomers. Personal Health business grew by 19.4% over previous financial year.

In the Domestic Appliances business, healthy living portfolio gained momentum through awareness building. A 360 degree campaign around four key sub categories – Air fryers, Soup Makers, Juicers and Mixer Grinders and product demonstrations on air fryers, soup makers and juicers across 150 cities in the country helped business grow 9.2% over previous financial year.

Your Company continued to build share in the Personal Care business in India, led by Male Grooming and Beauty products. Strong focus on market expansion and market share gain around Trimmers and Shavers helped drive growth in Male Grooming. Your Company also opened up a new product category 'Body Grooming'. Low cost innovation for the Indian market and new categories like epilation further strengthened Beauty business. Personal Care business grew by 28.6% over previous financial year.

Air Purifiers - a category introduced last year in India, continued to grow disproportionately driven by sustained public awareness drive on the importance of pure indoor air, driving thought leadership & strong media campaign.

Your Company has also emphasized on a new "Go to Market" strategy, which has helped in connecting better with the Customers. The Company intends to further penetrate into new channels by consistently focusing in this area. Your Company's business grew significantly with emergence of online channel which is expected to grow in coming years. This year, the Company continued to invest in Innovation by introducing products like the new variants of Shavers, Soup Makers and a range of body grooming products.

Industrial activity which depicts the Company's local-for-local aspiration also took shape during the year and your Company gained significantly by expanding industrial foot-print to include Straighteners from Beauty Category. The Company's outlook remains to optimally expand industrialization across categories within Personal Health Division.

Your Company's goal remains to grow faster than the market and stay focused on providing relevant product categories through consumer insights and transform Philips as a health and well-being Company nationwide.

Your Company remains committed to launch new and 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 Division of your Company continues to focus on building talent, competencies and processes to drive sustainable profitable growth.

5.3 PHILIPS INNOVATION CAMPUS (PIC)

Philips Innovation Campus (PIC), based at Bangalore, initially started as a software center and has now developed into a product engineering site with a focus on delivering meaningful innovations for local and global markets. Engineers and domain experts work on end to end products and solutions across the health continuum, from healthy living, to prevention, diagnosis and treatment. PIC is harnessing the power of technologies such as mobile, digital and cloud to improve patient outcomes through care coordination and patient empowerment. PIC is proud to have delivered affordable and accessible healthcare solutions last year for India and other growth geographies like Africa and Indonesia.

PIC is also involved in creating experience-centric products and service innovation. With expertise in mobile technology, the Consumer Lifestyle Digital Innovations team creates apps for iOS & Android, validates the solutions end to end, publishes the apps and then is involved with the continuous enhancement of the apps after they go live. Its expertise 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.

PIC has established practices in identifying analytics as a key enabler, key areas include, sales analytics, marketing analytics, supply chain analytics, finance & risk management analytics, pricing analytics, connected propositions analytics, healthcare analytics and big data analytics & visualization. It continues to contribute significantly to realize Philips' open, cloud-based digital platform that can link to all kinds of devices, allows doctors to feed information about patients, allows patients, relatives and doctors to be connected to each other, and do large scale analytics. PIC engineers are engaged in design, development, testing & qualifying of the platform.

Some market relevant innovations from the campus include:

Children's Respiration Monitor

In support of the fight against child mortality as a result of pneumonia, Philips has developed an affordable respiration monitor that automatically and accurately measures the breath rate of a child under the age of 5. Specifically designed for use in low resource areas, it has clinical decision support functionality and provides instant feedback, to support the care provider in determining a correct diagnosis, clearly indicating the risk of fast-breathing rate of the child, based on the WHO IMCI guidelines.

Wind-up Fetal Doppler

Philips Wind-up Fetal Doppler is a robust, portable, power-independent Doppler that can quickly identify any abnormal fetal heart activity. It has built-in batteries that provide up to 10 hours of use and when no mains supply is available, the device can be used by cranking the wind-up handle for 1min which provides power up to 10 mins of operation. The robust outer casing also makes it ideal for usage in remote and rural areas.

Sales (Export in Foreign Currency) amounted to ₹ 8.0 billion (₹ 6.6 billion in 2014-15). PIC's average employee strength during 2015-16 was 2508 (2373 in 2014-15).

5.4 LIGHTING

The Lighting Sector of your Company grew by 1.0 % for the 10 month period ending January 31, 2016, over the corresponding period of the previous financial year. Overall landscape transformation from conventional to LED has resulted in decline in conventional category, though our market share has improved for conventional business. Strong growth in LED and Home Lighting business on the back of aggressive LED penetration, reach expansion in semi-urban market, increasing your Company's retail presence through Light Lounges and Light Shops and by driving LED installations in the Professional Segment, has helped in increasing the LED business share of Lighting business to 36%.

Professional Lighting Solutions witnessed growth of 3.6% driven by strong growth in LED across segments, with continuous focus on new and differentiated product offerings. Company's LED contribution in Professional Lighting Solutions business now stands at 75% compared to 64% for the current period in previous financial year, with clear leadership in LED. Your Company has also diversified its portfolio mix with introduction of new offerings in 'connected lighting/ system & services', which has contributed to new opportunities in big projects on Office lighting space

The Home lighting business continued the growth momentum during the financial year 2015-16 with 11.7% growth, driven by strong LED penetration, continuous expansion of locally relevant portfolio and low cost downlights to gain market share, addition of 45 new brand retail stores across India and improving the efficiency of existing stores. Focused marketing activities and investments in advertising and promotions have aided this growth. Your Company's advertising campaigns during the year have helped in improving its brand health.

The light sources business has witnessed slight de-growth of -2.2%. Strong growth in LED lamps and drivers by 68% offset by faster decline in conventional Lamps business. This adverse impact is due to growing awareness on LED augmented by the drive by government to support the conversion to LED lamps through UJALA program.

Pursuant to the Demerger of the Lighting business of the Company w.e.f. February 1, 2016, the Lighting business is being operated by Philips Lighting India Limited, an indirect subsidiary of Koninklijke Philips N.V.

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

Your Company carried out detailed feasibility analysis and prepared a business case for operating the Home Healthcare business with investment in the 100% subsidiary. The assumptions taken in the business model for the business were based on results of the Pilot ("Project Vijay"), which was operated by the Company for over a year. The business case was agreed and approved by the Board of Directors in their meeting held on April 25, 2016.

Post the approval of the Board, a wholly owned subsidiary of the Company, under the name of Philips Home Care Services India Private Limited was incorporated, on May 25, 2016. The Company will carry out the activities to provide, initiate, encourage or promote home healthcare services, treatment, diagnosis or care for ailments such as chronic heart failure, chronic respiratory disease, post-surgical treatment, sleep disorders, nephrology care, oncology care and similar such diseases, afflictions or any injury, providing of Home care services to patients at home through a team of nurses, para-medics, respiratory therapists and other trained personnel monitored remotely by doctors, providing sleep diagnostic services, providing medical equipment and other devices required for taking care of patients at home. The business of home healthcare services to be operated by Philips Home Care Services has significant potential in a country like India.

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 VENTURE/ASSOCIATE COMPANIES

As of March 31, 2016, your Company had a subsidiary, Preethi Kitchen Appliances Private Limited ("Preethi") and an Associate Company, Healthmap Diagnostics Private Limited ("Healthmap") within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

As highlighted earlier, your Company infused capital of ₹ 373.3 Crores into Preethi to retain 51.2% shareholding in Preethi, post conversion of Compulsorily Convertible Debenture held by Koninklijke Philips N.V. to equity. Further, the Company invested ₹ 6.3 Crores in equity of Healthmap during the year.

Further, during the year, the Company has set up a 100% subsidiary, Philips Lighting India Limited, for the purpose of implementing the Scheme of Arrangement of Demerger of the Lighting business of the Company. Pursuant to the orders of Hon`ble Kolkata High Court dated January 7, 2016, the Lighting business of the Company was demerged into Philips Lighting India Limited and simultaneous with the same, Philips Lighting India Limited ceased to be a subsidiary of the Company.

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiary, Preethi and Associate Company Healthmap, in Form AOC-1, forms part of 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 subsidiary(ies), are available on the website of the Company.

9. PERFORMANCE OF THE SUBSIDARY

PREETHI KITCHEN APPLIANCES PRIVATE LIMITED ("PREETHI"):

Preethi has launched a new series of products (Aries, Taurus and Zodiac – A Mixer Grinder that can chop, grate and slice in seconds, knead atta in a minute and deliver fresh juice in no time") in Mixer Grinder category during the year. This is Preethi's first ever platform based launch series developed by the Company's Innovation and Development Centre at Chennai. The product is powered by state-of-the-art Vega W5 Motor which comes with 5 years Warranty.

Preethi has also launched new models in Glass Top Stoves (GTS) and Stainless Steel (SS) category with a feature of single burner to four burners to strengthen the category.

Moreover, Preethi continued to build the relationship with the Trade Partners by conducting Dealers Meet across markets. The response received from both the Trade as well as from the Customers has been encouraging.

Preethi is on growth track and has achieved growth of 14% over the previous financial year.

Preethi has continued to be recognized by different agencies for its high quality performance in various parameters. During the year, Preethi has bagged the following Awards:

- "Make in India" Excellence Award 2015 awarded by Krazy Mantra– Preethi was the only Brand to receive the award in the Kitchen Appliance Category.
- "W3 Silver Award" awarded by Academy of Interactive and Visual Arts, USA for creative excellence on the Web.
- "No.1 Kitchen Appliance Brand" awarded by IBC Info Media (USA) and No. 1 Brand Council.

During the year, Preethi has successfully completed strategic review on a project "LEAN" Excellence Phase II at both sites Nalagarh and Chennai. Preethi has also successfully completed a project on "TUV OSHA".

The outlook for Preethi looks positive and it is optimistic in increasing it's market share through launch of new models that cater to the customer needs.

Preethi has also initiated steps to expand pan-India in the Large Format Retail Category (LFR) and Canteen Store Department Category (GTS and Grinders).

Preethi is continuing its exports through servicing Global Philips Organizations and direct exports as well catering to the demands of Indian diaspora in different countries.

10. BUSINESS RESTRUCTURING

During the year, the Lighting business of your Company was demerged to Philips Lighting India Limited, a Company incorporated in India, which is an indirect subsidiary of Koninklijke Philips N.V., the parent Company.

The divestment was carried out through Demerger pursuant to the scheme of arrangement for demerger which was duly approved by the Hon`ble Calcutta High Court by an order dated January 7, 2016, in accordance to which the shareholders of the Company were entitled to receive, on proportionate basis, for every one fully paid-up equity share of ₹ 10/- each held by them in the Company, one fully paid up equity share of ₹ 10/- (Rupees ten) each of Philips Lighting India Limited ('Philips Lighting'). Accordingly, the Board of directors of Philips Lighting allotted fully paid equity shares on April 15, 2016 to those shareholders of the Company, whose names appeared in the Register of Members as on the Record Date i.e. April 8, 2016.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2015-16, the Board of Directors, in their meeting held on September 27, 2015 approved the appointment of Ms. Geetu Gidwani Verma as Non- Executive Additional Director of the Company with effect from September 29, 2015 for a term of 5 years.

Further, pursuant to his transfer to a global assignment within Philips, Mr. Krishnakumar Ananthasubramanian stepped down from the Board with effect from December 15, 2015, after serving on the Board for almost two years as Managing Director and Chief Executive officer of the Company. Your Directors wish to record their appreciation of the valuable contributions made by Mr. Ananthasubramanian to the Board's deliberations and proceedings during his term on the Board.

The Board of Directors, in their meeting held on December 15, 2015 appointed Mr. V. Raja as Non- Retiring Vice- Chairman and Managing Director of the Company for a period of 5 years, with effect from December 15, 2015.

The appointment of Mr. V. Raja as Vice Chairman and Managing Director and Ms. Geetu Gidwani Verma as Non- Executive Independent Director is required to be regularised and your Directors recommend their appointment for your approval.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Meetings of the Board were held seven times during the financial year, on April 1, 2015, April 27, 2015, August18, 2015, September 27, 2015, December 15, 2015, February 15, 2016 and March23, 2016.

13. 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 May 25, 2016, 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 discussions were also held on the performance of 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.

14. COMMITTEES OF THE BOARD

14.1 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 Audit 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 September 27, 2015 after appointment of Ms. Geetu Gidwani Verma, as a Non- Executive Additional Director of the Company with effect from September 29, 2015. 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. Hariharan Madhavan, Director	Member
• Mr. Rajiv Mathur, Director	Member & Secretary
• Ms. Geetu Gidwani Verma, Non- Executive Director	Member

During the year, the Audit Committee met six times i.e. on April 27, 2015, August 18, 2015, September 27, 2015, December 15, 2015, February 15, 2016 and March 23, 2016. The Chairman of Audit Committee, Mr. S M Datta, attended the Annual General Meeting of the Company held on September 28, 2015 to respond to the shareholders' queries.

14.2 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Committee was setup to oversee the corporate social responsibility and other business related matters referred by the Board, as and when deemed necessary, for the consideration and recommendation of the Committee. The Committee adopted a Corporate Social Responsibility (CSR) policy to discharge the role of Corporate Social Responsibility Committee as envisaged 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 of the Board was re-constituted on December 15, 2015 after cessation of Mr. Krishnakumar Ananthasubramanian as Managing Director and appointment of Mr. V. Raja as Vice Chairman and Managing Director. The Corporate Social Responsibility Committee presently comprises of the following members:

• Mr. Vivek Gambhir, Non-Executive Director	Chairman
• Mr. V. Raja, Managing Director	Member
• Mr. Rajiv Mathur, Director	Member & Secretary
• Mr. Hariharan Madhavan, Director	Member

During the year, the Committee met three times i.e. on August 18, 2015, September 27, 2015 and December 15, 2015.

Your Company was engaged in Corporate Social Responsibility (CSR) initiatives in various fields, during the year 2015-16, the details of which are set out in Annual Corporate Social Responsibility report attached as Annexure II to the Board's report.

14.3 STAKE HOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee was constituted by the Board of your Company in its meeting held on June 25, 2014 as per the provisions of Section 178 of the Companies Act 2013, the Stakeholders Relationship Committee oversees, inter-alia, redressal of shareholder and investor grievances, transfer/transmission of shares, issue of duplicate shares, exchange of share certificates, recording dematerialisation/rematerialization of shares and related matters.

The Committee was re - constituted on December 15, 2015 on appointment of Mr. V. Raja in place of Mr. Krishnakumar Ananthasubramanian as Vice Chairman and Managing Director and presently consists of the following members:-

• Mr. S M Datta, Non-Executive Director	Chairman
• Mr. V. Raja, Managing Director	Member
• Mr. Rajiv Mathur, Director	Member & Secratary
• Mr, Hariharan Madhavan, Director	Member

During the year, the Committee met three time i.e. on August 18, 2015, December 15, 2015 and February 15, 2016.

14.4 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; identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down.

The Committee was re- constituted on December 15, 2015 after the appointment of Mr.V. Raja as Vice Chairman and Managing Director and Ms. Geetu Gidwani Verma as Non- executive Director and presently consists of the following members:-

• Mr.Vivek Gambhir, Non-Executive Director	Chairman
• Mr. S M Datta, Non-Executive Director	Member
• Mr.Vikram Mukund Limaye, Non-Executive Director	Member
• Ms. Geetu Gidwani Verma, Non- Executive Director	Member
• Mr.V. Raja, 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 Committee met three time i.e. on August 18, 2015, September 27, 2015 and December 15, 2015.

15. 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, that they meet the Criteria of Independence laid down in Section 149(6) of the Companies Act, 2013.

16. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

17. 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 the design or operation were observed.

18. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The four core pillars of HR namely - Talent Acquisition, Learning & Talent Development, Total Rewards and Industrial & Employee relations have focused on offering innovative programs and solutions to employees in the year 2015-16.

In the Talent Acquisition space, your Company rolled out new initiatives to strengthen our Employer brand on campus and in the job market. The Leadership Programs for New Hires – BLP/ CLP/ TLP offer job opportunities to right talent from Premiere B-Schools and Technical institutions, help source good talent into the organization at entry levels. Your Company's presence at the premier management campuses has been strengthened with activities like sponsorship of campus workshops and talks by the Philips India Leadership Team. Your Company has been successful in identifying and hiring right talent from premier campuses through Blueprint, which is a case study competition. We continued with the 3rd year of Back In the Game (BIG) program – an opportunity to provide a second chance to women on sabbatical to come back to the mainstream work. To encourage internal talent to take on diverse and bigger roles, all job openings are shared through a mailer 'Opportunity Knocks' with internal employees first.

There is a continued focus on the learning and development through a variety of experiences: towards this your Company has launched many new programs and revamped certain existing ones. To ensure that our sales and marketing teams are adequately equipped, functional programs such as Sales Excellence, Gurukool (clinical selling), Customer Focused Selling training sessions were continued this year. To build a high-performance and learning culture, your Company continued with the 2nd edition of Learning Fiesta, which is designed like a Learning Supermarket to provide everyone exposure to a variety of powerful learning experiences to choose from. Your Company launched LEAD India 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, commercial acumen, storytelling and influencing skills. Catalyst program for people managers was introduced with the 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.

In the area of Rewards, your Company focused on designing and introducing new employee benefits to enable health and well-being for employees; these included crèche reimbursement to enable employees manage work life balance, Sabbatical Leave and Gym Reimbursement policy for promoting health and well-being. Health camps, expert talks and a Health Challenge was organized to improve health and employee productivity. Building a culture of recognition was another focus area to engage and motivate employees. A special Thank You month was organized, where employees were encouraged to recognize and thank their peers, subordinates, superiors and support staff. Your Company also took the opportunity to reward and recognize its top talents across the business verticals at Pan-India level through CEO Awards. Salary review cycles & benefits awareness sessions continue as usual.

Our journey in digitalization of the HR function continues on track, HR workday was launched in 2013, Phase 2 included Philips Performance Measurement (PPM) evaluation and goal settings, in 2015 we launched compensation and leave management in Workday and intend to implement Annual Compensation Review process in 2016. Going forward Workday will be the single source of all employee related data and further enhance process efficiency and cost optimization in HR.

Industrial Relations were cordial across all sites & we have done significant improvement on enhancing continuous improvement behavior at shop-floor. We have introduced Graduate Engineer Training Program to strengthen talent pipe-line at Industry. Standing orders have been certified at Pune Healthcare factory & Wage negotiations are in progress at both industrial sites.

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.

19. 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.

20. ENVIRONMENT, ENERGY, OCCUPATIONAL HEALTH & SAFETY

The Company's Mohali Light Factory (MLF) has been actively involved in implementing Philips Eco Vision program. 100%

of waste generated is being recycled. Many energy saving projects were undertaken. Safety of employees is the foremost concern at MLF 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.

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

21. 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.

22. RELATED PARTY TRANSCATIONS

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act 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.

23. STATEMENT OF RISK MANAGEMENT

Risk management forms an integral part of the business planning and review cycle. 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, 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.

24. 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 March31, 2016 and of the profit of the Company for the year ended March 31, 2016;

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.

25. AUDITORS

In terms of provisions of Section 139 and 141 of the Companies Act, 2013 and Rules framed thereunder, the Board of your Company at its meeting held on July 25, 2016 has appointed M/s S R Batliboi & Co LLP, Chartered Accountants (Firm Registration No. 301003E/E300005), as Statutory Auditors of your Company, subject to the approval of the Shareholders of the Company. The Board of Directors of your Company recommend their appointment for your approval.

26. COST AUDITORS

The Central Government has directed your Company 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, 2017, at a remuneration of ₹ 5,00,000 (Rupees Five Lacs only) plus service tax and out of pocket expenses, subject to the approval of such remuneration by the members of the Company at its Annual General Meeting.

27. SECRETARIAL AUDITORS' QUALIFICATION

The Secretarial Audit was carried out by Mr. Ashok Tyagi, Company Secretary (PCS Registration No. 7322) for the financial year ended on March 31, 2016. 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.

However, the Secretarial Audit Report carries the following observation, which is self-explanatory and requires no further explanation/ response from the Board of Directors:

"I further report that during the Audit Period:

(1) The Hon'ble Calcutta High Court vide its Order dated January 07, 2016 had accorded its approval to the Scheme of Arrangement of lighting business of the Company to Philips Lighting India Limited."

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

In order to ensure a safe working environment for all women employees, your Company has a Prevention, Prohibition and Redressal against Sexual Harassment of Women Employees at Workplace Policy in place, adhering with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Consequently, the Company has set up a Core Complaints Redressal Committee at the Corporate Office in Gurgaon and Site Complaint Redressal Committees in Pimpri, Chakan, Bangalore, Mumbai, Chennai and Kolkata consisting of 2-4 members, along with an external member appointed from an NGO or Association, with experience in the field of sexual harassment.

The procedure followed by the Committee is as follows - If any incident of sexual harassment occurs, a complaint is to be filed by the complainant with the respective Internal Complaint Redressal Committee or with the Employer within 30 days from the incident, along with supporting documents and details of the witnesses and evidences. The same is reported to the Employer (Mr. Rajiv Mathur, who also serves as the Country Compliance Officer). A copy of the same is forwarded to the respondent within 7 days. The respondent is requied to file his reply, along with supporting documents and details of witnesses in the next 10 days.

The Committee attempts to reconcile the written request of the victim or proceed with the inquiry, which is to be completed within 90 days. The inquiry report is issued within 10 days from completion of the inquiry and forwarded to the Employer. If the Employer is satisfied with the findings of the Committee, appropriate action is taken on the lines of issuing a warning or stern warning or even termination of service, within 60 days from the date of receipt of the inquiry report. Necessary face to face trainings and online courses along with the mandatory questionnaires are circulated to disseminate to all employees including contractual/consultant the nuances of the Act and the Rules. List of pending and closed cases, are also shared with the Directors on quarterly basis.

During the year, 3 complaints of sexual harassment were received, all of which were resolved. Appropriate action was taken against the employees, where the allegations made against them were found to be correct

ACKNOWLEDGEMENT

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

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

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

On behalf of the Board of Directors
For Philips India Limited

S.M. Datta
(Chairman)
DIN: 00032812

Place: Mumbai
Date: July 25, 2016

Annexure - I

Form No. MGT 9
Extract of Annual Return
As on financial year ended on 31.03.2016 [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	7, Justice Chandra Madhab Road, Kolkata, West Bengal - 700020
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any	Sharepro Services (India) Pvt. Ltd. 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072 Tel.: +91-22-6772 0300 **Please Note with effect from July 1, 2016 Karvy Computershare Pvt. Ltd. is appointed as new Registrar & Transfer Agent of the Company, Address: Karvy Selenium, Tower-B, Plot no.31-32, Gachibowli, Financial District, Nanakrampuda, Hyderabad-500 032. Toll Free no. 18 00 3454 001, Tel. +91-040-67162222, Fax no. +91-40-23001153, 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	Lamps	2740	23
2	Fittings	2740	14
3	Diagnostic imaging equipments	2660	14
4	Domestic appliances	2750	9
5	Software development	5820	13

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) High Tech 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, Boomrang Chandivali Farm Road, Powai, Mumbai, Maharashtra - 400 072, India	U36993MH2011PTC213827	Subsidiary	51.2	2(87)
3.	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 beginning of the year April 1, 2015				No. of Shares held at the end of the year March 31, 2016				% 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.	1,30,28,754	4,22,61,488	5,52,90,242	96.13	1,30,28,754	4,22,61,488	5,52,90,242	96.13	0.00
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL : (A) (2)	1,30,28,754	4,22,61,488	5,52,90,242	96.13	1,30,28,754	4,22,61,488	5,52,90,242	96.13	0.00
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	1,30,28,754	4,22,61,488	5,52,90,242	96.13	1,30,28,754	4,22,61,488	5,52,90,242	96.13	0.00
B. PUBLIC SHARE HOLDING									
1. Institutions									
a) Mutual Funds	4	3,058	3,062	0.01	-	3,058	3,058	0.01	-
b) Banks/FI	2,346	8,623	10,969	0.02	2,346	8,623	10,969	0.02	-
C) Cenntral govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year April 1, 2015				No. of Shares held at the end of the year March 31, 2016				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	0.00
i) Others (specify) NBFC	1	-	1	-	11	-	11	-	0.00
SUB TOTAL: (B)(1)	**2,351**	**11,681**	**14,032**	**0.02**	**2,357**	**11,681**	**14,038**	**0.02**	**0.00**
(2) Non Institutions									
a) Bodies corporates									
i) Indian	34,653	11,884	46,537	0.08	36,629	12,351	48,980	0.09	0.00
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	7,70,036	12,72,546	20,42,582	3.55	7,81,203	12,39,896	20,21,099	3.51	-0.04
ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs	82,050	-	82,050	0.14	82,050	-	82,050	0.14	0.00
c) Others (specify) - Trust	2,508	-	2,508	-	17,720	-	17,720	0.03	0.03
Foreign National	-	-	-	-	21	-	21	-	0.00
NRI (REP)	13,871	12,434	26,305	0.05	15,328	11,884	27,212	0.05	0.00
NRI (NON-REP)	12,610	376	12,986	0.02	15,504	376	15,880	0.03	0.01
SUB TOTAL: (B)(2)	**9,15,728**	**12,97,240**	**22,12,968**	**3.85**	**9,48,455**	**12,64,507**	**22,12,962**	**3.85**	**0.00**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**9,18,079**	**13,08,921**	**22,27,000**	**3.87**	**9,50,812**	**12,76,188**	**22,27,000**	**3.87**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**1,39,46,833**	**4,35,70,409**	**5,75,17,242**	**100.00**	**1,39,79,566**	**4,35,37,676**	**5,75,17,242**	**100.00**	**0.00**

ii. SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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 01.04.2015 to 31.03.2016 "*			
	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 2016 :

Sl No.	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
1	**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
2	**SURESH GUPTA**				
	At the beginning of the year	13,600	0.02	13,600	0.02
	Bought during the year	-	-	13,600	0.02
	Sold during the year	-	-	13,600	0.02
	At the end of the year	13,600	0.02	13,600	0.02
3	**PUNIT KUMAR**				
	At the beginning of the year	11,621	0.02	11,621	0.02
	Bought during the year	379	-	12,000	0.02
	Sold during the year	-	-	12,000	0.02
	At the end of the year	12,000	0.02	12,000	0.02
4	**AMISH NARENDRA SHAH**				
	At the beginning of the year	10,276	0.02	10,276	0.02
	Bought during the year	-	-	10,276	0.02
	Sold during the year	-	-	10,276	0.02
	At the end of the year	10,276	0.02	10,276	0.02
5	**HINA KIRTI DOSHI**				
	At the beginning of the year	10,000	0.02	10,000	0.02
	Bought during the year	-	-	10,000	0.02
	Sold during the year	-	-	10,000	0.02
	At the end of the year	10,000	0.02	10,000	0.02
6	**HITESH SHANTILAL MEHTA**				
	At the beginning of the year	10,000	0.02	10,000	0.02
	Bought during the year	-	-	10,000	0.02
	Sold during the year	-	-	10,000	0.02
	At the end of the year	10,000	0.02	10,000	0.02

Sl No.	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
7	**SUSHILA NAYYAR**				
	At the beginning of the year	9,300	0.02	9,300	0.02
	Bought during the year	-	-	9,300	0.02
	Sold during the year	-	-	9,300	0.02
	At the end of the year	9,300	0.02	9,300	0.02
8	**EMERALD SECURITIES PRIVATE LTD**				
	At the beginning of the year	6,576	0.01	6,576	0.01
	Bought during the year	906	-	7,482	0.01
	Sold during the year	-	-	7,482	0.01
	At the end of the year	7,482	0.01	7,482	0.01
9	**CENTBANK FINANCIAL SERVICES LTD**				
	At the beginning of the year	6,537	0.01	6,537	0.01
	Bought during the year	-	-	6,537	0.01
	Sold during the year	-	-	6,537	0.01
	At the end of the year	6,537	0.01	6,537	0.01
10	**KEWAL KUMAR VOHRA**				
	At the beginning of the year	6,513	0.01	6,513	0.01
	Bought during the year	-	-	6,513	0.01
	Sold during the year	-	-	6,513	0.01
	At the end of the year	6,513	0.01	6,513	0.01

The shares of the Company are traded on a very 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 indiacted in the table above.

iv) Shareholding Pattern of Directors and Key Managerial Personnel

Sr.No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**At the begning of the year**				
	Krishna Kumar Ananthasubramanian	6	-	6	-
	V. Raja	-	-	-	-
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 Mr.V. Raja bought 6 shares from Mr. Krishna Kumar Ananthasubramanian on December 15, 2015*			
3	**At the end of the year**				
	Krishna Kumar Ananthasubramanian	-	-	-	-
	V. Raja	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	349	287	-	636
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**349**	**287**	**-**	**636**
Change in Indebtedness during the financial year				
Additions	162	-	-	162
Reduction	(250)	(287)	-	(537)
Net Change	(88)	(287)	-	(375)
Indebtedness at the end of the financial year				
i) Principal Amount	261	0	-	261
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**261**	**0**	**-**	**261**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

(Amounts in ₹ Million paid during FY 2015-16)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount
		Krishnakumar Ananthasubramanian	Rajiv Mathur	Hariharan Madhavan	V. Raja	
1	**Gross salary**					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	19.34	12.99	9.35	11.02	52.70
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.77	3.16	2.30	1.90	9.13
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-		-
2	Stock option	5.68	-	-	-	5.68
3	Sweat Equity	-	-	-		-
4	Commission as % of profit	-	-	-	-	-
5	Others, please specify					
	Total (A)	**26.79**	**16.15**	**11.65**	**12.92**	**67.5**
	Ceiling as per the Act	**₹ 640.8 Million**				

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**	**Vikram Mukund Limaye**	**Geetu Gidwani Verma**	
	(a) Fee for attending Board, Committee meetings	0.38	0.26	0.18	0.14	0.96
	(b) Commission	1.00	0.80	0.80	-	2.60
	(c) Others, please specify					
	Total (1)	**1.38**	**1.06**	**0.98**	**0.14**	**3.56**
2	Other Non Executive Directors	-	-	-		-
	(a) Fee for attending Board, Committee meetings	-	-	-		-
	(b) Commission	-	-	-		-
	(c) Others, please specify.	-	-	-		-
	Total (2)	**-**	**-**	**-**		**-**
	Total (B)=(1+2)	**1.38**	**1.06**	**0.98**	**0.14**	**3.56**
	Total Managerial Remuneration					**3.56**
	Overall Cieling as per the Act	**₹ 64.08 Million**				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amounts in ₹ Million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
1	**Gross Salary**	**V. Raja, Vice - Chaiman and Managing Drector**	**Rajiv Mathur, Director & Company Secretary**	**Hariharan Madhavan, Director & Cheif Financial Officer**	**Total**
	(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, 2016.

For and on behalf of the Board

S .M. Datta
Chairman
(DIN: 00032812)

Place: Mumbai
Date: July 25, 2016

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 programs of the Company has been on healthy living and providing access to quality healthcare facilities to the underprivileged, who do not have access to the same.

   The Company has carried on CSR programs and activities, over last ten years, on a voluntary basis, some of which were continued during the year under reference. These activities included contribution to small educational institutions that focus on providing vocational skills to the underprivileged women, having centres at Bangalore, Karnataka and Delhi/NCR, being the locations where the Company has major offices i.e. Philips Innovation Campus (PIC) at Bangalore and the Company's corporate headquarters at Gurgaon, Haryana. The Company continues its campaigns with respect to mother and child care and in continuation of the campaign from the previous financial year, on increasing awareness about Breast Cancer, the presence and impact of which is being noted increasingly in India, through HIM campaign. The CSR program of the Company also included a campaign to raise awareness about Sleep Apnea. As part of its earlier commitment, the Company continued to contribute to the cause of eradication of avoidable blindness.

2. The Composition of the CSR Committee:

1.	**Mr. Vivek Gambhir, Non-Executive Director**	**Chairman**
2.	**Mr. V Raja, Managing Director**	**Member**
3.	**Mr. Rajiv Mathur, Director**	**Member & Secretary**
4.	**Mr. Hariharan Madhavan, Director**	**Member**

3. Average net profit of the Company for last three financial years: ₹ **3,419 Million**

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): ₹ **68.40 Million**

5. Details of CSR spent during the financial year:

   (a) Total amount to be spent for the financial year: ₹ **68.40 Million**

   (b) Amount unspent, if any: **During the year, an amount of ₹ 33.10 Million was spent on the CSR Activities. Therefore, an amount of ₹ 35.30 Million remained Unspent.**

   (c) Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR project or activity identified	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	Cumula-tive expend-iture up to the reporting period	Amount spent: Direct or through implementing agency
1	Program with Impact Foundation India (Dasra) for Mother and Child Care - Maternal and Newborn Health and Child Health and Nutrition, with support provided by NGOs Sneha, based at Mumbai and Mamta, having centres nation-wide.	Healthcare and medical facilities	The Project was implemented through centres operated by Mamta at Delhi and Sneha at Mumbai.	₹ 9.7 Million for period April 1 to March 31, 2016	₹ 8.5 Million was spent on the activities forming part of the Project, which were managed by Sneha and Mamta, NGOs which partnered the Company in the project. In addition to this, an amount of ₹ 1.2 Million was paid to Impact Foundation India, towards: - Plan Development Fee (One Time) ₹ 0.6 Million; and - Overheads related to the management of the project ₹ 0.6 Million	₹ 9.7 Million	The payments of a total amount of ₹ 9.7 Million were made by the Company to Impact Foundation. Impact Foundation remitted contributions of amounts ₹ 6.7 Million to Mamta and ₹ 1.8 Million to Sneha and retained the balance amount of ₹ 1.2 Million for Plan development and overheads related to the management of the Project.
2	Campaign for eradication/ reduction of avoidable blindness in partnership with Dr. Shorff's Charity Eye Hospital	Healthcare and medical facilities	The programmes were undertaken in the following cities, through the branches of Dr. Shroff's Charity Eye Hospital: Gurgaon, Delhi, Various districts of UP and Rajasthan	₹ 2.42 Million for period April 1 to March 31, 2016	₹ 2.42 Million was spent directly on the activities forming part of the Project. No overhead expenses are included in the aforesaid amount.	₹ 2.42 Million	The payments were made to Dr. Shroff's Charity Eye Hospital, who carried out the activity on behalf of the Company.
3	Campaign for eradication/ reduction of avoidable blindness in partnership with Sankara Eyecare Institutions India (Sri Kanchi Kamakoti Medical trust)	Healthcare and medical facilities	The programmes were undertaken in the areas/cities as listed below, through the network of hospitals operated by Sankara Eyecare Institutions India: Various Districts of Tamil Nadu, Karnataka and Andhra Pradesh	₹ 2.71 Million for period April 1 to March 31, 2016	₹ 2.71 Million was spent directly on the activities forming part of the Project. No overhead expenses are included in the aforesaid amount.	₹ 2.71 Million	The payments were made to Sankara Eyecare Institutions India who carried out the activity on behalf of the Company.

S. No.	CSR project or activity identified	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	Cumula-tive expend-iture up to the reporting period	Amount spent: Direct or through implementing agency
4	Employability Program with Smile Foundation for skill development of underprivileged young women through centres operated by Smile Foundation in Bangalore and Delhi NCR	Promotion of education	Activity undertaken in Bangalore, being the location where the Philips Innovation Campus of the Company is situated and in Delhi NCR where the Corporate Headquarters of the Company is situated.	₹ 0.87 Million for period April 1 to March 31, 2016	₹ 0.87 Million was spent directly on the activities forming part of the Project. No overhead expenses are included in the aforesaid amount.	₹ 0.87 Million	The expenses on these activities were incurred in partnership with Smile Foundation, an NGO operating vocational skill development centres at Bangalore and Delhi NCR.
5	HIM Campaign for raising awareness with respect to Breast Cancer	Healthcare and medical facilities	This campaign, part of overall CSR programme of the Company, has been carried out on ground at places like Gurgaon and Delhi. As part of the campaign, awareness material produced by the Company was circulated in print media, television broadcasts and through social media channels including YouTube. Activations was also carried out in Malls of Delhi NCR, Street Plays in Delhi NCR for creating awareness. Outdoor campaigns were carried out in Delhi and Mumbai. Office activations in Gurgaon, Mumbai and Calcutta offices	₹15.05 Million for period April 1 to March 31, 2016	₹ 15.05 Million was spent directly on the activities forming part of the Project. No overhead expenses are included in the aforesaid amount.	₹15.05 Million	The expenses on this campaign have been spent directly by the Company.
6.	A Wake Up Campaign for raising awareness with respect to Sleep Apnea	Healthcare and Medical Facilities	This campaign, part of overall CSR project of the Company, was carried out, on ground, at places like Bangalore, Mumbai and Hyderabad. Circulation of awareness material produced by the Company was carried out in Print, Radio, Digital and Regional TV's with an estimated reach of over ₹ 30 Million people	₹ 2.34 Million for period April 1 to March 31, 2016	₹ 2.34 Million was spent directly on the activities forming part of the Project. No overhead expenses are included in the aforesaid amount.	₹ 2.34 Million	The expenses on this campaign have been incurred directly by the Company.

**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 ₹ 68.40 Million towards CSR activities, in terms of the provisions of Section 135 of the Companies Act, 2013. The Company spent an amount of ₹ 33.10 Million on the Projects and related activities, as detailed above. Therefore, an amount of ₹ 35.30 Million remained unspent during the year.

   The reasons for the aforesaid amount remaining unspent were as below:

   Some of the CSR programmes were initiated by the Company during the FY 2015-16 to contribute funds from the CSR corpus for the initiatives, while some programmes were carried forward from previous years. As per the mandate from the CSR Committee of the Company, the programmes start on a conservative note and only after assessment of the impact made by the programme, the Company would scale up the programme, whereby scope of the programme would be expanded, requiring further monetary commitment from the Company. On becoming aware of total CSR corpus available to it, post the finalisation of its audited financials for the FY 2014-15, the Company tried to increase its monetary commitments to the programmes identified by it. However, the NGO partners that the Company had tied up with for its CSR programmes, expressed their inability to absorb any additional funds, beyond the funds initially agreed to be spent by them for the projects being undertaken by them on behalf of the Company. The Company also made efforts to initiate new CSR Programmes, so that the funds could be deployed from CSR corpus of the Company for these programmes. However, due to lead time involved, any new Programme would not go live until the end of / after the close of financial year 2015 -16. The Company had also considered other options to spend the remaining funds from the CSR corpus like contribution to Prime Minister's Relief Fund. However, to enable optimal utilization of funds for the identified causes, it was decided to preserve the funds and endeavor to use the same in the next Financial year for the identified causes/ programs. The Company shall endeavour to spend the unspent amount from CSR corpus for the present financial year, in later years, after the funds earmarked for the said year have been utilised.

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

For and on behalf of the Board

	Vivek Gambhir	Rajiv Mathur
	Non-Executive Director	Director and Company Secretary
Place: Mumbai	Chairman, CSR Committee	Member, CSR Committee
Date: July 25, 2016	(DIN : 06527810)	(DIN : 06931798)

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 2016.

A. ENERGY CONSERVATION

The following measures were implemented during the Financial Year 2015-16:

1. Steps taken or impact on conservation of energy

   a) Reduction of molten glass to save energy.

   b) Fix bed sintering is done in the TL production line to improve energy efficiency.

   c) Reduction in electricity consumption by optimization of VTL pumping oven and PSCS shrink tunnel.

   d) Reduction in glass draw is done to conserve energy.

   e) Cooling tower optimization to save energy consumed by compressors.

   f) Relocation of VTL common cooling tower to optimize energy consumed by stop one recirculating pump.

   g) To save electricity consumption, transitioned from electric heating to Natural Gas fired.

   h) Replacement of conventional lights with LED at administration building, VTL & GLS.

   i) Reduction of compressed air consumption by 10% at VTL.

   j) Using electronic ballast instead of electric ballast to save electricity.

   k) Testing fewer lamps which leads to sample size reduction in GLS life testing rack.

   l) Optimization in suspension room motors usage.

   m) Shafts & sprockets substituted with Guide to save heat loss on CFL sintering machines.

   n) Installation of T5 Pumping oven insulation which has been redesigned to reduce heat loss

   o) Reduction in energy consumption by improving optical parts of Laser cutting machines

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

   Since the last few years, the Company, at its Vadodara Light Factory, has been availing some of its energy through wind power which is being generated from windmill installed at Rajkot by third party, who is a wind energy vendor. The average consumption is upto 500k units from the same.

3. The Capital Investment on energy conservation on equipments

   The Company has invested ₹ 10. 1 million during this year on Capex for energy saving equipments.

B. RESEARCH & DEVELOPMENT (R & D)

Your Company continues to derive the sustainable benefits from the strong foundation and Long tradition of Research and development. During the year the Company continued to focus on the development of its products to preserve and strengthen its competitive position in various product segments. Your Company believes that process development and import substitution are of paramount importance and put all its efforts to establish the same. The Company's R & D laboratories have been instrumental in providing the Company with a sustainable competitive advantage through application of Science and Technology.

1. Specific areas in which R & D has been carried out

   i) LED luminaires, solar powered LED luminaires, configurable luminaires, DC power packs for multiple application areas like street area, sports, Garden, office, retail outlets and Industry.

ii) Development of an affordable respiration monitor that automatically and accurately measures the breath rate of a child under the age of 5.

iii) Design, development and testing of medical imaging products such as cardio vascular systems, surgery C-Arms, digital/ analog radiography systems etc.

iv) Development of Wind – up Fetal Doppler

2. Benefits derived as a result of above efforts

i) Energy efficient and environment friendly lighting solution with better design and superior to competition. Significant growth in LED market with enhanced affordability (lower cost) and reliability (enhanced useful life) imparted to the new products.

ii) In support of the fight against child mortality as a result of pneumonia, an affordable children`s respiration monitor has been developed. It is specifically designed for use in low resource areas, has clinical decision support functionality and provides instant feedback to support the care provider in determining a correct diagnosis, clearly indicating the risk of fast-breathing rate of the child.

iii) Philips Wind-up Fetal Doppler is a robust, portable, power-independent Doppler that can quickly identify any abnormal fetal heart activity.

iv) An existing C Arm was rolled out for LATAM & Japan markets and a wireless Digital X Ray solution (Opta Mobile wireless) was developed.

3. Future plan of action

i) Continue to engage in design & development of new generation cath labs, mobile surgery and diagnostic X-rays equipment segment.

4. Expenditure incurred on R&D

₹ in Million

Particulars	2015-16	2014-15
A Capital Expenditure	16.64	19.87
B Net Revenue Expenditure	209.01	175.10
TOTAL	225.65	194.97

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards technology absorption, adaptation and innovation

1) Imbibing a strong digital capability, adding features related to Customer interface and connectivity.

2. Benefits derived as a result of above efforts

1) Improvement in Product quality, cost reduction, product development and import substitution.

D. FOREIGN EXCHANGE EARNINGS & OUTGO (CASH BASIS)

During the year, total inflows (on cash basis) in foreign exchange was ₹ 12,984.56 million and total outflows (on cash basis) in foreign exchange was ₹ 15,440.70 million.

Annexure - IV

Form No. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2016, 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, 2016 (₹ Million)
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	3409
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	2540
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	2050

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, 2016 (₹ Million)
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	1801
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	1361
Philips Electronics North America Corporation 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	1217

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: July 25, 2016

Annexure - V

FORM NO. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016
[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}
7, Justice Chandra Madhab Road,
Kolkata-700020,
West Bengal.

SECRETARIAL AUDIT REPORT

I have conducted the Secretarial Audit of the compliances for the financial year ended March 31, 2016 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, 2016, 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, 2016 according to the provisions of:

- The Companies Act, 1956 / the Companies Act, 2013 and Rules made under that Act("the Act");
- The Memorandum and Articles of Association of the Company;
- The Negotiable Instrument Act, 1881;
- Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The Central Sales Tax Act, 1956 & Local Sales Tax Acts;
- The Customs Act, 1962;
- The Industries (Development & Regulation) Act, 1951;
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Air (Prevention and Control of Pollution) Act, 1981;
- The Environment (Protection) Act, 1986;

- The Employees State Insurance Act, 1948;
- The Entry Tax Act, 1976;
- The Professional Tax Act;
- The Legal Metrology Act, 2009;
- The Shops and Establishment Act, 1953;
- The Factories Act, 1948 / Applicable Rules;
- The Industrial Disputes Act, 1947;
- The Minimum Wages Act, 1948 / Applicable Rules;
- The Contract Labour (Regulation & Abolition) Act, 1970 / Applicable Rules;
- The Industrial Employment (Standing Orders) Act, 1946 / Applicable Rules;
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 / Applicable Rules;
- The Payment of Wages Act, 1936 / Applicable Rules;
- The Payment of Bonus Act, 1965 / Applicable Rules;
- The Payment of Gratuity Act, 1972 / Applicable Rules;
- The Equal Remuneration Act, 1976 / Applicable Rules;
- The Employees' Provident Fund & Miscellaneous Provisions Act, 1952/Applicable Rules;
- The Maternity Benefit Act, 1961 / Applicable Rules;
- The National & Festival Holidays Act / Applicable Rules;
- The Labour Welfare Fund Act / Applicable Rules;
- The Indian Contract Act, 1872;
- The Competition Act, 2002;
- The Central Excise Act 1944;
- The Electronic Waste Act 2003;
- The Official Secrets Act,1923;
- The Entertainment Tax Act;
- And other applicable Acts and rules

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, 1956 as well as 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 or within the extended time with additional fee as 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 85th Annual General Meeting of the Company on September 28, 2015;

(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) Appointment and Remuneration of Auditors;

(i) Reconstitution of the Statutory Committees;

(j) Declaration and Payment of Dividend;

(k) Borrowings and Registration, Modification and Satisfaction of Charges, wherever applicable;

(l) Deposit of both the Employees and Employers contribution relating to Provident Fund;

(m) Form of Balance Sheet, Statement of Profit and Loss and disclosures to be made therein as per the Schedule III to the Act issued by the Ministry of Corporate Affairs (MCA);

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

I further report that

(1) The Board of Directors of the Company is 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.

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

(3) Majority decisions are carried as there was no dissent raised by any member of the Board.

(4) 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 has obtained all the necessary approvals under the various provisions of the Act.

(6) There was no prosecution initiated and no fines or penalties were imposed during the year under review as per the Act and other applicable laws, Rules, Regulations and Guidelines framed under these Acts on the Company, its Directors and Officers.

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

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

I further report that during the Audit Period:

(1) The Hon'ble Calcutta High Court vide its Order dated January 07, 2016 had sanctioned the Scheme of Arrangement pursuant to Section 391 to Section 394 of Companies Act 1956, thereby hiving off the lighting business division of the Company to Philips Lighting India Limited.

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

Place: New Delhi
Date: July 25, 2016

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

To

The Members,
Philips India Limited
{CIN: U31902WBI930PLC006663}
7, Justice Chandra Madhab Road,
Kolkata-700020,
West Bengal.

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: July 25, 2016

Independent Auditor's Report

To the members of **Philips India Limited**

1. Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Philips India Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information (or 'the financial statements').

2. Management's Responsibility for the 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 in accordance with the Standards on Auditing 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 the 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 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 financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2016, and its profit and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

(i) 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 Annexure A, a Statement of the matters specified in paragraphs 3 and 4 of the Order.

(ii) 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 purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

(d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

(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, 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 financial statements – Refer Note 41 to the 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 **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place: Mumbai
Date: 25 July 2016

Annexure A referred to in paragraph 5 (i) of the Independent Auditor's Report to the Members of Philips India Limited on the financial statements for the year ended 31 March 2016

(i) (a) According to the information and explanation given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As informed to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years, except for certain assets which are verified on the basis of third party confirmations. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification has been carried out during the current year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds of immovable properties are held in the name of the Company.

(ii) The inventories except goods-in-transit, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. As informed to us, discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt within the books of accounts.

(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. Thus, paragraph 3(iii) (a) and (b) of the Order is not applicable.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the provisions of section 185 and 186 of the Act have been complied with.

(v) The Company has not accepted any deposits from the public during the year.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub- section 1 of Section 148 of the Act in respect of Electric Lamps, Fluorescent Tubes, Diagnostic imaging equipment's and Patient monitoring equipment's and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities, though there has been slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of duty of customs which have not been deposited on account of any dispute. The dues of Income tax, Sales tax, Service tax and duty of excise as disclosed in Appendix I have not been deposited by the Company on account of disputes.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers and financial institutions during the year. Further, the Company did not have any outstanding debentures or dues to any government during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place: Mumbai
Date: 25 July 2016

Annexure to the Independent Auditors' report (Contd.)

Appendix 1 to annexure to the audit report

₹ in Mln

Name of the statute / period to which the amount relates	Nature of dues	Forum where dispute is pending				
		Appellate authority upto Commissioner (Appeals)	Tribunal	Honourable High court	Amount paid under protest	Net total
Custom Act, 1962						
2015-16	Custom duty including interest and Penalty where applicable	95.29	-	-	(82.00)	13.29
Central Excise Act, 1944						
Above 7 years	Excise duty including interest and Penalty where applicable	13.2	18.5	15.7	(2.50)	44.90
Service tax, Finance Act, 1994						
2014-15	Service tax including interest and Penalty where applicable	16.16	-	-	-	16.16
3 - 7 years		-	92.14	-	(0.80)	91.34
Above 7 years		-	80.04	-	-	80.04
Central Sales Tax Act, 1956 and Individual State Sales Tax Act						
2015-16	Sales Tax including Interest and penalty where applicable	5.89	-	-	(0.47)	5.42
2014-15		10.42	-	-	(1.61)	8.80
3 - 7 years		834.28	-	0.76	(115.82)	719.22
Above 7 years		343.37	252.66	26.34	(147.84)	474.52
Income Tax Act , 1961						
3 - 7 years	Income tax Including interest and Penalty where Applicable	3,145.66	1,182.79	-	-	4,328.45
Above 7 years		552.89	1,282.13	104.80	(1073.68)	866.14

Note: Net of amount transferred to lighting under Demerger Scheme.

Annexure - B to the Auditor's Report

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 31 March 2016 in conjunction with our audit of the 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 ('ICAI'). 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 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 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 **B S R & Co. LLP**

Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place: Mumbai
Date: 25 July 2016

Balance Sheet as at 31 March 2016

Amounts in ₹ Mln

	Note	As at 31 March 2016		As at 31 March 2015	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	2	575		575	
Reserves and surplus	3	17,398		16,486	
			17,973		17,061
Non-current liabilities					
Long-term borrowings	4	155		218	
Other long term liabilities	5	685		598	
Long-term provisions	6	591		843	
			1,431		1,659
Current liabilities					
Short-term borrowings	7	-		287	
Trade Payables					
Dues to micro and small enterprises	8	39		91	
Dues to others	8	5,367		9,038	
Other current liabilities	9	4,155		4,013	
Short-term provisions	6	1,800		2,126	
			11,361		15,555
			30,765		34,275
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	10	2,001		3,834	
Intangible assets	11	-		-	
Capital work-in-progress		78		103	
Non-current investments	12	4,797		1,000	
Deferred tax assets (net)	13	510		809	
Long-term loans and advances	14	2,800		3,401	
Other non-current assets	15	1,693		2,263	
			11,879		11,410
Current assets					
Inventories	16	4,542		6,504	
Trade receivables	17	6,821		8,679	
Cash and bank balances	18	5,406		3,705	
Short-term loans and advances	14	1,845		3,797	
Other current assets	19	272		180	
			18,886		22,865
			30,765		34,275
Significant accounting policies	1				

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

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W / W-100022

VIKRAM ADVANI
Partner
Membership No.: 091765

Mumbai
Date: 25 July 2016

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — V. RAJA (DIN: 00669376)

Director & CFO — HARIHARAN MADHAVAN (DIN: 07217072)

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

Mumbai
Date: 25 July 2016

Statement of Profit and Loss for the year ended 31 March 2016

Amounts in ₹ Mln

	Note	Year ended 31 March 2016		Year ended 31 March 2015	
Income					
Revenue from operations (gross)	20	63,201		64,203	
Less: Excise duty recovered		619		745	
Revenue from operations (net)		62,582		63,458	
Other income	21	516		419	
Total revenue			63,098		63,877
Expenses					
Cost of raw materials consumed	22	3,524		4,271	
Purchases of stock-in-trade	23	30,554		31,115	
Changes in inventories of work-in-progress, finished goods and stock-in-trade	24	(398)		(350)	
Employee benefits expense	25	11,214		10,169	
Finance costs	26	54		88	
Depreciation and amortisation expense	27	775		1,058	
Other expenses	28	10,872		11,926	
Total expenses			56,595		58,277
Profit / (loss) before exceptional items and tax			6,503		5,600
Exceptional items	33		(225)		675
Profit / (loss) before tax			6,278		6,275
Profit / (loss) from continuing operations		3,070		2,772	
Tax expense					
Current tax		(1,194)		(932)	
Deferred tax - release / (charge)		2		23	
Profit / (loss) after tax from continuing operations			1,878		1,863
Profit / (loss) from discontinuing operations	37	3,208		3,503	
Tax expense					
Current tax		(1,244)		(1,421)	
Deferred tax - release / (charge)		133		290	
Profit / (loss) after tax from discontinuing operations	37		2,097		2,372
Profit / (loss) for the year			3,975		4,235
Basic and diluted earnings per equity share of ₹ 10 each (in ₹)	42		69.11		73.63
Significant accounting policies	1				

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

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W / W-100022

VIKRAM ADVANI
Partner
Membership No.: 091765

Mumbai
Date: 25 July 2016

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — V. RAJA (DIN: 00669376)

Director & CFO — HARIHARAN MADHAVAN (DIN: 07217072)

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

Mumbai
Date: 25 July 2016

Cash Flow Statement for the year ended 31 March 2016

Amounts in ₹ Mln

		Year ended 31 March 2016		Year ended 31 March 2015	
A.	**Cash flow from operating activities**				
	Profit before tax		**6,278**		6,275
	Exceptional items		**(225)**		(675)
	Net profit before tax and exceptional items		**6,503**		5,600
	Adjusted for				
	(Profit) / loss on disposal of fixed assets			(8)	
	Write off and other adjustment of fixed assets	**-**		7	
	Depreciation and amortisation	**775**		1,058	
	Unrealized foreign exchange (gain) and loss (net)	**(8)**		6	
	Provision for doubtful trade receivables and loans and advances	**197**		35	
	Liabilities no longer required written back	**(31)**		(81)	
	Interest received	**(776)**		(617)	
	Finance costs	**54**	**211**	88	488
	Operating profit before working capital changes		**6,714**		6,088
	Changes in:				
	Trade receivables and other loans & advances	**(2,307)**		(1,503)	
	Inventories	**(542)**		(488)	
	Trade payables and other liabilities	**2,188**		1,261	
			(661)		(730)
	Cash generated from operations		**6,053**		5,358
	Income tax paid (net of refunds)		**(1,990)**		(2,484)
	Exceptional items (VRS Payment)		**(260)**		-
	NET CASH GENERATED FROM OPERATING ACTIVITIES		**3,803**		2,874
B.	**Cash flow from investing activities**				
	Purchase of fixed assets		**(991)**		(774)
	Proceeds from sale of fixed assets		**52**		916
	Proceeds from divestment [refer note 33 (b)]				
	a. Consideration received (net of expenses)	**-**		378	
	b. Capital gain tax	**-**	**-**	(78)	300
	Investment in associate		**(63)**		-
	Investment in subsidiary		**(3,734)**		-
	Interest received		**780**		592
	NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**(3,956)**		1,034
C.	**Cash flow from financing activities**				
	Finance costs		**(78)**		(89)
	Proceeds / (repayments) of short term borrowings		**(287)**		(910)
	Dividend paid (including tax thereon)		**(207)**		(134)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**(572)**		(1,133)
	(DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		**(725)**		2,775
	CASH AND CASH EQUIVALENTS - OPENING BALANCE				
	Cash and cash equivalents (refer note 18)		**1,435**		1,395
	Inter corporate deposits		**2,425**		1,950
	Deposits with Banks		**2,260**		-
	TOTAL		**6,120**		3,345
	CASH AND CASH EQUIVALENTS - CLOSING BALANCE				
	Cash and cash equivalents (refer note 18)		**1,316**		1,435
	Inter corporate deposits		**-**		2,425
	Deposits with Banks		**4,079**		2,260
	TOTAL		**5,395**		6,120

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W / W-100022

VIKRAM ADVANI
Partner
Membership No.: 091765

Mumbai
Date: 25 July 2016

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — V. RAJA (DIN: 00669376)

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

Mumbai
Date: 25 July 2016

STATEMENT OF ACCOUNTING POLICIES (Note 1)

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention, on accrual basis and presented in accordance with Indian Generally Accepted Accounting Principles ('Indian GAAP'). Indian GAAP comprises mandatory accounting standards as prescribed under Section133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting pronouncements of the Institute of Chartered Accountants of India.

All assets and liabilities have been classified as "current or non-current" as per Company's normal operating cycle and other criteria set out in "Schedule III to the Companies Act, 2013 ('Act')" based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

1. REVENUE RECOGNITION

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

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

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

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

Revenue from software development services is billed to clients on cost plus basis as per the terms of the specific contracts. Cost and earnings in excess of billings are classified as unbilled revenue.

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

2. INTANGIBLE ASSETS

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

3. FIXED ASSETS AND DEPRECIATION

Fixed assets are valued at cost. 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 less than ₹ 5000 are fully depreciated in the year of purchase.

4. LEASES:

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

Assets acquired under finance lease from April 1, 2001 are capitalised at the lower of their fair value and the present value of the minimum lease payments at the inception of lease. Assets obtained on finance lease are depreciated over the lease period.

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

5. IMPAIRMENT OF ASSETS

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

6. 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.

7. INVESTMENTS

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

8. RESEARCH AND DEVELOPMENT

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

9. FOREIGN CURRENCY TRANSACTIONS

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

In respect of monetary assets and monetary liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of the Balance Sheet is charged to revenue.

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

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

10. REPLACEMENT GUARANTEE

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

11. RETIREMENT BENEFITS

Liability for defined benefit plan is provided on the basis of actuarial valuation carried out by an independent Actuary at year end using the Projected Unit Credit Method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as incurred. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Termination benefits are recognised as and when incurred.

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

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

12. BORROWING COST

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

13. PROVISIONS AND CONTINGENCIES

A provision is recognised when:

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

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

14. TAXATION

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

For and on behalf of the Board

Chairman	S.M.DATTA (DIN: 00032812)
Managing Director	V. RAJA (DIN: 00669376)
Director & CFO	HARIHARAN MADHAVAN (DIN: 07217072)
Director & Company Secretary	RAJIV MATHUR (DIN: 06931798)

Place: Mumbai
Date: 25 July 2016

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

	As at 31 March 2016		As at 31 March 2015	
2 Share capital	**No. of shares**	**Amount**	No. of shares	Amount
Authorised				
Equity shares of ₹ 10 each	**92,000,000**	**920**	92,000,000	920
Non convertible cumulative redeemable preference shares of ₹ 10 each	**20,000,000**	**200**	20,000,000	200
		1,120		1,120
Issued, subscribed and paid-up				
Equity shares of ₹ 10 each, fully paid up	**57,517,242**	**575**	57,517,242	575
Add: Forfeited shares (amount paid up)				
		575		575
2.1. Reconciliation of the number of equity shares outstanding				
At the beginning and at the end of the reporting period	**57,517,242**	**575**	57,517,242	575
2.2. Rights, preferences and restrictions attached to the equity shares				
The Company has one class of equity shares. Accordingly all the equity shares rank equally with regard to voting rights, dividends and shares in the Company's residual assets.				
2.3. Details of equity shares held by the holding and the ultimate holding Company				
Koninklijke Philips N.V (KPNV)	**55,290,182**	**553**	55,290,182	553
2.4. Details of shareholders holding more than 5% shares of the Company		**% holding**		% holding
Koninklijke Philips N.V (KPNV)	**55,290,182**	**96.13**	55,290,182	96.13
2.5. Aggregate number of equity shares bought back during a period of five years immediately preceding the reporting date	**-**	**-**	-	-

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

	As at 31 March 2016		As at 31 March 2015	
3 Reserves and surplus				
Capital reserve				
At the beginning of the year	**169**		169	
Less: Transfer as per Scheme of Arrangement for Demerger - refer note 37	**169**		-	
(includes ₹ **NIL** (Previous year - ₹ 168) created on account of amalgamation in earlier years)				
At the end of the year		**-**		169
Capital redemption reserve				
At the beginning of the year	**228**		228	
Less: Transfer as per Scheme of Arrangement for Demerger - refer note 37	**228**		-	
At the end of the year		**-**		228
Securities premium account				
At the beginning of the year	**1,153**		1,153	
Less: Transfer as per Scheme of Arrangement for Demerger - refer note 37	**1,153**		-	
At the end of the year		**-**		1,153
General reserve				
At the beginning of the year	**3,213**		2,789	
Less: Transfer as per Scheme of Arrangement for Demerger - refer note 37	**1,215**		-	
Less: Demerged Company's share of demerger expenses	**81**		-	
	1,917		2,789	
Add: Transfer from Statement of Profit and Loss	**398**		424	
At the end of the year		**2,315**		3,213
Other reserves				
Capital subsidy				
At the beginning and at the end of the year		**-**		9
Surplus / (Deficit) in the Statement of Profit and Loss				
At the beginning of the year	**11,714**		8,111	
Add: Profit for the year	**3,975**		4,235	
Less: Appropriations				
Proposed dividend [₹ **3** per share (Previous year - ₹ 3 per share)]	**173**		173	
Tax on proposed dividend	**35**		35	
Transfer to General reserve	**398**		424	
At the end of the year		**15,083**		11,714
		17,398		16,486

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

	As at 31 March 2016	As at 31 March 2015
4 Long-term borrowings		
Long term maturities of finance lease obligations (secured)	**155**	218
	155	218

Additional disclosure relating to long-term borrowings

The finance lease obligations are secured by underlying assets (leased vehicles) [refer note 10(a)]. The legal title of the vehicles 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 ₹ **318** (Previous year - ₹ 426) which includes interest of ₹ **57** (Previous year - ₹ 77). The maturity profile of finance lease obligations is as follows:

	As at 31 March 2016	As at 31 March 2015
Minimum lease payments		
Payable within 1 year	**138**	169
Payable between 1-5 years	**180**	257
Present value		
Payable within 1 year	**106**	131
Payable between 1-5 years	**155**	218

	As at 31 March 2016	As at 31 March 2015
5 Other long term liabilities		
Others		
Income received in advance	**409**	451
Employee related payables	**270**	140
Security deposits	**6**	7
	685	598

Amounts in ₹ Mln

6 Provisions

	Long-term		Short-term	
	As at 31 March 2016	As at 31 March 2015	**As at 31 March 2016**	As at 31 March 2015
Provision for employee benefits				
Gratuity (refer note 36)	**353**	494	**8**	33
Compensated absences (refer note 36)	**238**	334	**21**	33
Post-employment medical benefits	**-**	-	**19**	23
Retention and performance pay (refer note 6.1)	**-**	15	**92**	95
Others				
Replacement guarantee (refer note 6.1)	**-**	-	**228**	527
Legal and regulatory (refer note 6.1)	**-**	-	**333**	683
Miscellaneous risks (refer note 6.1)	**-**	-	**-**	82
Provision for taxation (net of advances)	**-**	-	**891**	442
Proposed dividend	**-**	-	**173**	173
Tax on proposed dividend	**-**	-	**35**	35
	591	843	**1,800**	2,126

Additional disclosure relating to provisions:

6.1. Movement in provisions:

Particulars of disclosure	Class of provisions				
	Replacement guarantee	**Legal and regulatory**	**Personnel related**	**Miscellaneous risks**	**Total**
Opening balance	**527**	**683**	**110**	**82**	**1,402**
	(515)	(715)	(129)	(86)	(1,445)
Add: Accruals	**922**	**34**	**171**	**2**	**1,129**
	(1,022)	(39)	(154)	(4)	(1,219)
Less: Utilisation	**914**		**178**	**-**	**1,092**
	(1,010)	-	(173)	-	(1,183)
Less: Write back	**-**	**19**	**-**	**12**	**31**
	-	(71)	-	(8)	(79)
Less: Transfer as per Scheme of Arrangement for Demerger	**307**	**365**	**11**	**72**	**755**
	-	-	-	-	-
Closing balance	**228**	**333**	**92**	**-**	**653**
	(527)	(683)	(110)	(82)	(1,402)

Figures given in (brackets) relate to previous year.

6.2. Nature of provisions:

(a) Replacement guarantee

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

(d) Miscellaneous risks

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

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

		As at 31 March 2016	As at 31 March 2015
7	**Short-term borrowings**		
	Loans repayable on demand		
	From banks		
	Bank overdraft (unsecured)	**-**	287
		-	287
8	**Trade payables**		
	Dues to micro and small enterprises - (refer note 38)	**39**	91
	Dues to others	**5,367**	9,038
		5,406	9,129
9	**Other current liabilities**		
	Current maturities of finance lease obligations (refer note 4)	**106**	131
	Income received in advance	**714**	609
	Unpaid dividend	**11**	10
	Book overdraft	**63**	37
	Other payables:		
	Payables for purchase of fixed assets (other than micro and small enterprises)	**58**	61
	Advance received from customers	**1,736**	1,304
	Employee related payables	**617**	1,031
	Security deposits	**10**	10
	Statutory dues	**840**	820
		4,155	4,013

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

10(a) Tangible fixed assets

	Gross block at cost					Accumulated depreciation					Net block
	As at 1 April 2015	Additions	Disposals and adjustments	Transfer as per Scheme of Arrangement for Demerger	**As at 31 March 2016**	As at 1 April 2015	Depreciation for the year	On disposals and adjustments	Transfer as per Scheme of Arrangement for Demerger	**As at 31 March 2016**	**As at 31 March 2016**
					(1+2+3+4)					**(6+7+8+9)**	**(5-10)**
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	**(10)**	**(11)**
Land											
Freehold	32	14		(42)	**4**		-		-		**4**
Leasehold	168	-	-		**168**	8	-	-	-	**8**	**160**
Buildings	1,022	13	-	(837)	**198**	362	32	-	(366)	**28**	**170**
Plant and equipment											
Owned	6,786	536	(23)	(5,318)	**1,981**	4,803	588	(23)	(4,208)	**1,160**	**821**
Given on lease (refer note 39)	167	-	-	-	**167**	54	16	-	-	**70**	**97**
Furniture and fixtures	702	49	(26)	(167)	**558**	450	48	(26)	(103)	**369**	**189**
Vehicles											
Owned	7	-	-	-	**7**	3	-	-	-	**3**	**4**
Held under finance lease	552	162	(148)	(128)	**438**	218	127	(108)	(49)	**188**	**250**
Office equipment	527	20	(102)	(81)	**364**	366	32	(95)	(49)	**254**	**110**
Others											
Leasehold Improvements	694	160	(8)	(109)	**737**	559	43	(3)	(58)	**541**	**196**
Total	**10,657**	**954**	**(307)**	**(6,682)**	**4,622**	**6,823**	**886**	**(255)**	**(4,833)**	**2,621**	**2,001**

Depreciation includes ₹ **111** (Previous year ₹ 125) on account of additional depreciation for writing down the value of certain Plant and equipment (owned) no longer in active use (refer note 33 c).

11(a) Intangible fixed assets

	Gross block at cost					Accumulated amortisation					Net block
	As at 1 April 2015	Additions	Disposals and adjustments	Transfer as per Scheme of Arrangement for Demerger	**As at 31 March 2016**	As at 1 April 2015	Amortisation for the year	On disposals and adjustments	Transfer as per Scheme of Arrangement for Demerger	**As at 31 March 2016**	**As at 31 March 2016**
					(1+2+3+4)					**(6+7+8+9)**	**(5-10)**
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	**(10)**	**(11)**
Goodwill	165	-	-	-	**165**	165	-	-	-	**165**	**-**
Brands	230	-	-	-	**230**	230	-	-	-	**230**	**-**
Software	22	-	-	-	**22**	22	-	-	-	**22**	**-**
Non-compete fees	150	-	-	-	**150**	150	-	-	-	**150**	**-**
Total	**567**	**-**	**-**	**-**	**567**	**567**	**-**	**-**	**-**	**567**	**-**

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

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

10(b) Tangible fixed assets (Previous Year)

	Gross block at cost				Accumulated depreciation				Net block
	As at 1 April 2014	Additions	Disposals and adjustments	As at 31 March 2015	As at 1 April 2014	Depreciation for the year	On disposals and adjustments	As at 31 March 2015	As at 31 March 2015
				(1+2+3)				(5+6+7)	(4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Land									
Freehold	32	-		32					32
Leasehold	168	-	-	168	6	2	-	8	160
Buildings	1,043	-	(21)	1,022	322	49	(9)	362	660
Plant and equipment									
Owned	6,552	614	(380)	6,786	4,340	838	(375)	4,803	1,983
Given on lease (refer note 39)	167	-	-	167	38	16	-	54	113
Furniture and fixtures	687	23	(8)	702	405	51	(6)	450	252
Vehicles									
Owned	7	-	-	7	3		-	3	4
Held under finance lease	470	212	(130)	552	191	142	(115)	218	334
Office equipment	486	44	(3)	527	326	43	(3)	366	161
Others									
Leasehold Improvements	648	46	-	694	517	42	-	559	135
Total	10,260	939	(542)	10,657	6,148	1,183	(508)	6,823	3,834

(i) Pursuant to enactment of the Companies Act, 2013 (the 'Act') being effective from 1 April 2014, the Company has revised depreciation rates of fixed assets as per the useful life specified in Schedule II of the Act. Consequently, the depreciation charge for the year is higher by ₹ 256.

(ii) Depreciation includes ₹ 125 on account of additional depreciation for writing down the value of certain Plant and equipment (owned) no longer in active use (refer note 33 c).

11(b) Intangible fixed assets (Previous Year)

	Gross block at cost				Accumulated amortisation				Net block
	As at 1 April 2014	Additions	Disposals and adjustments	As at 31 March 2015	As at 1 April 2014	Amortisation for the year	On disposals and adjustments	As at 31 March 2015	As at 31 March 2015
				(1+2+3)				(5+6+7)	(4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Goodwill	165	-	-	165	165	-	-	165	-
Brands	230	-	-	230	230	-	-	230	-
Software	22	-	-	22	22	-	-	22	-
Non-compete fees	150	-	-	150	150	-	-	150	-
Total	567	-	-	567	567	-	-	567	-

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

Amounts in ₹ Mln

		As at 31 March 2016	As at 31 March 2015
12	**Non-current investments**		
	(Valued at cost, unless stated otherwise)		
	Trade investments		
	Investment in equity instruments - unquoted		
	49,263,413 (Previous year - 14,294,860) equity shares of ₹ 10/- each fully paid up in Preethi Kitchen Appliances Private Limited - subsidiary	**3,780**	1,000
	6,300,000 (Previous year - NIL) equity shares of 10/- each fully paid up in HealthMap Diagnostics Private Limited- an associate	**63**	-
	Investment in preference instruments - unquoted		
	11,987,421 (Previous year - NIL) 8% Compulsorily Convertible preference shares of ₹ 10/- each fully paid up in Preethi Kitchen Appliances Private Limited - subsidiary	**954**	-
		4,797	1,000
13	**Deferred tax assets (net)**		
	Deferred tax assets		
	Provision for employee benefits	**215**	310
	Doubtful trade receivables and loans and advances	**106**	115
	Difference between book and tax depreciation	**319**	203
	Other timing differences	**232**	530
		872	1,158
	Deferred tax liabilities		
	Assets given on finance lease	**362**	349
		362	349
		510	809

14 Loans and advances

(Unsecured, unless otherwise stated)	Long-term As at 31 March 2016	Long-term As at 31 March 2015	Short-term As at 31 March 2016	Short-term As at 31 March 2015
Capital advances (considered good)	**11**	56	**-**	-
	11	56	**-**	-
Security deposits				
Considered good	**281**	375	**180**	245
Considered doubtful	**-**	-	**60**	51
Less: Provision for doubtful deposits	**-**	-	**(60)**	(51)
	281	375	**180**	245
Loans and advances to related parties (considered good)				
Inter-corporate deposits to wholly owned subsidiary	**-**	-	**-**	2,425
Other advances to fellow subsidiaries	**-**	-	**544**	175
	-	-	**544**	2,600
Other loans and advances				
Considered good				
Advance to suppliers	**-**	-	**228**	310
CENVAT credit receivable	**335**	676	**558**	196
VAT credit receivable	**80**	83	**8**	23
Deposits against legal cases	**287**	401	**-**	-
Special additional duty receivables and drawback claims	**56**	56	**67**	140
Balances with customs and port trust	**8**	12	**-**	70
Prepaid expenses	**-**	-	**150**	168
Claims receivables	**-**	-	**90**	34
Advances to employees	**-**	-	**20**	11
Advance income tax (net of provision)	**1,742**	1,742	**-**	-
Considered doubtful				
Advance to suppliers	**-**	-	**4**	21
Deposits against legal cases	**-**	4	**-**	-
Claims receivables	**54**	54	**-**	-
Less: Provision for doubtful other loans and advances				
Advance to suppliers	**-**	-	**(4)**	(21)
Deposits against legal cases	**-**	(4)	**-**	-
Claims receivables	**(54)**	(54)	**-**	-
	2,508	2,970	**1,121**	952
	2,800	3,401	**1,845**	3,797

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

		As at 31 March 2016	As at 31 March 2015
15	**Other non-current assets**		
	Long term trade receivables		
	Secured, considered good (refer note 17.1)	**1,687**	2,064
	Unsecured, considered good	**-**	193
	Doubtful	**-**	-
		1,687	2,257
	Less: Provision for doubtful receivables	**-**	-
		1,687	2,257
	Bank deposits (due to mature after 12 months from the reporting date)	**6**	6
		6	6
		1,693	2,263
16	**Inventories**		
	(At lower of cost and net realisable value)		
	Raw materials	**434**	862
	[including goods-in-transit - ₹ **15** (Previous year - ₹ 333)]		
	Work-in-progress	**950**	540
	Finished goods	**112**	308
	[including goods-in-transit - ₹ **106** (Previous year - ₹ 27)]		
	Stock-in-trade (goods purchased for resale)	**3,026**	4,695
	[including goods-in-transit - ₹ **413** (Previous year - ₹ 458)]		
	Stores and spares	**20**	99
		4,542	6,504
17	**Trade receivables**		
	Receivables outstanding for a period exceeding six months from the date they are due for payment		
	Secured, considered good (refer note 17.1)	**18**	6
	Unsecured, considered good	**389**	462
	Doubtful	**190**	204
		597	672
	Less: Provision for doubtful receivables	**(190)**	(204)
		407	468
	Other receivables		
	Secured, considered good (refer note 17.1)	**441**	405
	Unsecured, considered good	**5,973**	7,806
	Doubtful	**-**	-
		6,414	8,211
	Less: Provision for doubtful receivables	**-**	-
		6,414	8,211
		6,821	8,679

Additional disclosure relating to finance lease receivables:

17.1 Secured trade receivables includes finance lease receivables amounting to ₹ **698** (Previous year - ₹ 716) relating to medical equipments 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 ₹ **941** (Previous year - ₹ 929) which includes unearned interest of ₹ **243** (Previous year - ₹ 213). The maturity profile of finance lease obligation is as follows:

Minimum lease payments		
Receivable within 1 year	**231**	238
Receivable between 1-5 years	**638**	634
Receivable after 5 years	**72**	57
Total	**941**	929
Present value		
Receivable within 1 year	**152**	164
Receivable between 1-5 years	**480**	499
Receivable after 5 years	**66**	53
Total	**698**	716
Unearned interest	**243**	213

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

		As at 31 March 2016		As at 31 March 2015	
18	**Cash and bank balances**				
	Cash and cash equivalents				
	Cash on hand	**-**			
	Cheques and drafts on hand	**234**		1,027	
	Balances with banks				
	On current accounts	**1,082**		408	
	On deposit accounts (with original maturity of 3 months or less)	**4,079**		2,260	
			5,395		3,695
	Other bank balances				
	Bank deposits (due to mature within 12 months from the reporting date)	**-**		-	
	Unpaid dividend accounts	**11**		10	
			11		10
			5,406		3,705
19	**Other current assets**				
	(Unsecured, considered good unless otherwise stated)				
	Unbilled revenue		**238**		142
	Interest accrued on deposits with banks		**34**		24
	Interest accrued on Inter-corporate deposits		**-**		14
			272		180

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

20 Revenue from operations

	Year ended 31 March 2016	Year ended 31 March 2015
Sale of products (gross)	**49,830**	53,541
Sale of services	**12,989**	10,214
Other operating revenues	**382**	448
Revenue from operations (gross)	**63,201**	64,203
Breakup of revenue from sale of products		
Lamps	**14,531**	19,711
Fittings	**8,663**	9,718
Diagnostic imaging equipments	**8,902**	7,445
Domestic appliances	**5,956**	5,271
Personal care	**4,781**	3,725
Accessories for fittings	**1,636**	2,042
Patient monitoring equipments	**1,667**	1,781
Electronic HF ballasts	**1,880**	2,321
Health and wellness	**285**	210
Modular switches	**690**	452
Operation theatre lights	**761**	646
Filaments	**70**	208
Glass shells	**8**	11
	49,830	53,541
Breakup of revenue from sale of services		
Software development	**8,024**	6,567
Product maintenance	**3,023**	2,359
Service income	**1,493**	877
Others	**449**	411
	12,989	10,214
Breakup of other operating revenues		
Liabilities no longer required written back	**31**	81
Export incentives	**4**	6
Finance income - leases	**288**	227
Scrap sales	**27**	76
Miscellaneous	**32**	58
	382	448

Amounts in ₹ Mln

21 Other income

	Year ended 31 March 2016	Year ended 31 March 2015
Interest income (other than on investments)	**488**	390
Insurance and other claims	**7**	11
Surplus on disposal of fixed assets	**-**	8
Other non-operating income	**21**	10
	516	419

22 Cost of raw materials consumed

	Year ended 31 March 2016	Year ended 31 March 2015
Inventory of raw materials at the beginning of the year	**529**	558
Add: Purchases	**3,751**	4,242
Less: Inventory of raw materials at the end of the year	**419**	529
Less: Transfer as per Scheme of Arrangement for Demerger	**337**	-
	3,524	4,271
Cost of raw materials consumed		
Circuits	**3**	29
Caps	**404**	596
Lamps consumables	**1,576**	2,384
Medical equipment components	**1,541**	1,262
	3,524	4,271
Breakup of inventory of raw materials at the end of the year		
Medical equipment components	**419**	221
Circuits	**-**	1
Caps	**-**	15
Lamps consumables	**-**	292
	419	529
Transfer as per Scheme of Arrangement for Demerger		
Circuits		-
Caps	**22**	-
Lamps consumables	**315**	-
	337	-

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

	Year ended 31 March 2016	Year ended 31 March 2015
Lamps	**7,052**	9,249
Fittings	**4,830**	5,469
Diagnostic imaging equipments	**4,200**	2,710
Domestic appliances	**4,127**	4,086
Personal care	**3,246**	2,416
Accessories for fittings	**1,010**	1,657
Patient monitoring equipments	**1,393**	928
Electronic HF ballasts	**1,306**	1,680
Service consumables	**2,056**	1,871
Health and wellness	**121**	177
Modular switches	**682**	477
Operation theatre lights	**531**	395
	30,554	31,115

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

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

	Year ended 31 March 2016				Year ended 31 March 2015		
	Opening inventory	**Transfer as per Scheme of Arrangement for Demerger**	**Closing inventory**	**(Increase)/ decrease in inventory**	Opening inventory	Closing inventory	(Increase)/ decrease in inventory
Finished goods							
Lamps	**281**	**226**	**-**	**55**	292	281	11
Diagnostic imaging equipments	**-**	**-**	**6**	**(6)**	-	-	-
	281	**226**	**6**	**49**	292	281	11
Stock-in-trade (goods purchased for resale)							
Lamps	**826**	**531**	**-**	**295**	859	826	33
Fittings	**546**	**644**	**-**	**(98)**	673	546	127
Accessories for fittings	**235**	**222**	**-**	**13**	163	235	(72)
Electronic HF ballasts	**160**	**173**	**-**	**(13)**	123	160	(37)
Modular switches	**50**	**91**	**-**	**(41)**	36	50	(14)
Diagnostic imaging equipments	**451**	**-**	**203**	**248**	557	451	106
Domestic appliances	**596**	**-**	**653**	**(57)**	610	596	14
Personal care	**453**	**-**	**685**	**(232)**	-	453	(453)
Patient monitoring equipments	**260**	**-**	**242**	**18**	139	260	(121)
Service consumables	**488**	**-**	**663**	**(175)**	700	488	212
Health and wellness	**95**	**-**	**69**	**26**	26	95	(69)
Operation theatre lights	**77**	**-**	**98**	**(21)**	72	77	(5)
	4,237	**1,661**	**2,613**	**(37)**	3,958	4,237	(279)
Work-in-progress							
Diagnostic imaging equipments	**540**	**-**	**950**	**(410)**	458	540	(82)
Total	**5,058**	**1,887**	**3,569**	**(398)**	4,708	5,058	(350)

	Year ended 31 March 2016	Year ended 31 March 2015
25 Employee benefits expense		
Salaries, wages and bonus	**10,177**	9,072
Contribution to provident and other funds	**364**	345
Expense on Employee Stock Option Schemes	**84**	106
Staff welfare expenses	**589**	646
	11,214	10,169
26 Finance costs		
Interest expense	**54**	88
	54	88
27 Depreciation and amortisation expense		
Depreciation of tangible fixed assets	**775**	1,058
	775	1,058

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

28 Other expenses

	Year ended 31 March 2016	Year ended 31 March 2015
Consumption of stores and spare parts	**113**	96
Excise duty	**6**	9
Power and fuel	**577**	655
Packing, freight and transport	**767**	895
Rent	**817**	719
Repairs to buildings	**248**	208
Repairs to machinery	**23**	82
Insurance	**126**	120
Rates and taxes	**93**	160
Travelling and conveyance	**1,267**	1,302
Legal and professional	**382**	452
Publicity	**2,488**	2,238
IT and Communication	**1,241**	1,408
Provision for doubtful trade receivables and loans and advances	**197**	35
Replacement guarantee	**922**	1,022
Management support services	**-**	384
Research and development services	**-**	48
Net loss on foreign currency transaction and translation	**120**	339
Miscellaneous	**1,485**	1,754
	10,872	11,926

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

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

As Auditor - statutory audit fees ₹ **9.9** (Previous year - ₹ 8.3), tax audit fees ₹ **2** (Previous year - ₹ 2);

In other capacity - taxation matters ₹ **0.3** (Previous year - ₹ 0.3), certification ₹ **1.1** (Previous year - ₹ 0.4) and reimbursement of expenses ₹ **1** (Previous year - ₹ 1).

(c) Pursuant to the agreement entered into by the Company with Koninklijke Philips N.V.(KPNV), the Company has incurred ₹ **Nil** (Previous year - ₹ 384) towards the support services provided by KPNV and ₹ **Nil** (Previous year - ₹ 48) for accessing the benefit resulting from common research and development programmes.

(d) Miscellaneous include - (i) undepreciated value of fixed assets written off / provided for - ₹ **NIL** (Previous year - ₹ 7), (ii) handling charges - ₹ **199** (Previous year - ₹ 284), (iii) royalty - ₹ **250** (Previous year - ₹ 242), (iv) commission - ₹ **125** (Previous year - ₹ 101), (v) donation - ₹ **NIL** (Previous year - ₹ 2) and (vi) Corporate Social Responsibility expenditure - Gross amount required to be spent ₹ **68** (Previous year - ₹ 46), amount spent towards various schemes as prescribed under Section 135 of the Companies Act, 2013 ₹ **33** (Previous year - ₹ 26).

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

29 Related party transactions

(a) Names of companies where control exists:

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

Argus Imaging B.V.
Burton Medical Products Corporation
Chicago Magnet Wire Corp.
Dameca A/S
Dynalite Intelligent Light Pty. Limited
Genlyte Thomas Group LLC
Ilti Luce S.r.l.
Indalux Iluminación Técnica, S.L.
Lifeline Systems Company
Limited Liability Company "Philips"
Luceplan S.p.A
Lumileds India Private Limited
Lumileds LLC
P.T. Philips Industries Batam
Philips (China) Investment Company, Ltd.
Philips Aktiebolag
Philips Austria GmbH
Philips Belgium
Philips Chilena S.A.
Philips Colombiana S.A.S.
Philips Consumer Lifestyle B.V.
Philips Digital Mammography Sweden AB
Philips do Brasil Ltda.
Philips Domestic Appliances and Personal Care Company of Zhuhai SEZ, Ltd.
Philips Egypt (Limited Liability Company)
Philips Electrical Industries of Pakistan Limited
Philips Electronics (Thailand) Ltd.
Philips Electronics and Lighting, Inc.
Philips Electronics Australia Limited
Philips Electronics Bangladesh Private Limited
Philips Electronics Hong Kong Limited
Philips Electronics Japan, Ltd.
Philips Electronics Korea Ltd.
Philips Electronics Ltd
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 Electronics Vietnam Limited
Philips Electronique Maroc
Philips Export B.V.
Philips France
Philips GmbH
Philips Healthcare (Suzhou) Co., Ltd.
Philips Healthcare Informatics, Inc.
Philips Innovative Applications
Philips International B.V.
Philips IPSC Tamasi Kft.
Philips Lanka Solutions (Private) Limited
Philips Lighting B.V.
Philips Lighting Bielsko Sp.z.o.o.
Philips Lighting Central America, Sociedad Anónima de Capital Variable
Philips Lighting India Limited
Philips Lighting Industry (China) Co., Ltd.
Philips Lighting Luminaires (Shanghai) Co., Ltd.
Philips Lighting Maseru Pty. Ltd.
Philips Lighting Poland S.A.
Philips Luminaires (Chengdu) Co., Ltd.
Philips Malaysia Sdn. Berhad
Philips Medical Systems (Cleveland), Inc.
Philips Medical Systems DMC GmbH
Philips Medical Systems Nederland B.V.
Philips Medical Systems Technologies Ltd.
Philips Medizin Systeme Böblingen GmbH
Philips Mexicana, S.A. de C.V.
Philips Nederland B.V.
Philips New Zealand Limited
Philips Oral Healthcare, Inc.
Philips Oy
Philips Peruana S.A.
Philips Polska Sp.z.o.o.
Philips Solid-State Lighting Solutions, Inc.
Philips South Africa (Proprietary) Limited
Philips Taiwan Ltd.
Philips Technologie GmbH
Philips Ultrasound, Inc.
Philips Uruguay S.A.
PITS
PT. Philips Indonesia
Respironics California, Inc.
Respironics, Inc.
Saeco International Group S.p.A.
Shenzhen Goldway Industrial Inc.
Türk Philips Ticaret Anonim Sirketi
VISICU, Inc.
Volcano Europe, B.V.B.A.
Witt Biomedical Corporation

(ii) Employee Trusts

Philips India Ltd Management Staff Provident Fund Trust

(iii) Key Management Personnel

(1) Executive Directors:

(i) Mr.A.Krishnakumar - Ceased to be Executive Director w.e.f. 15 Dec 2015
(ii) Mr.Hariharan Madhavan - Executive Director w.e.f. 28 Sep 2015
(iii) Mr.V. Raja - Executive Director w.e.f. 15 Dec 2015

(2) Non-Executive Directors:

(i) Mr.S.M.Datta
(ii) Mr.Vikram Mukund Limaye
(iii) Mr.Vivek Gambhir
(iv) Ms.Geetu Gidwani Verma -Non-Executive Director w.e.f. 29 Sep 2015

(3) Company Secretary:

Mr.Rajiv Mathur

Amounts in ₹ Mln

(c) Nature of transactions

	Year ended 31 March 2016						Year ended 31 March 2015					
	Ultimate Holding Company	Subsidiary Company	Fellow Subsidiary Companies	Associate Company	Key Managerial Personnel	Employee Trusts	Ultimate Holding Company	Subsidiary Company	Fellow Subsidiary Companies	Associate Company	Key Managerial Personnel	Employee Trusts
PURCHASES												
Goods	-	387	12,182	-	-	-	-	297	11,422	-	-	-
Fixed assets	-	-	59	-	-	-	-	-	61	-	-	-
Services	91	24	1,238	-	-	-	521	82	1,071	-	-	-
Reimbursements	-	-	100	-	-	-	-	-	227	-	-	-
Others	84	-	-	-	-	-	106	-	-	-	-	-
SALES												
Goods	-	3	2,443	398	-	-	-	2	2,362	-	-	-
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Services	1,243	67	8,661	-	-	-	877	52	6,934	-	-	-
Reimbursements	-	1	601	-	-	-	-	3	130	-	-	-
DEPUTATION OF PERSONNEL												
Charge	-	-	-	-	-	-	-	-	1	-	-	-
Recovery	-	-	5	-	-	-	-	-	7	-	-	-
MANAGERIAL REMUNERATION												
Mr.A.Krishnakumar	-	-	-	-	27	-	-	-	-	-	44	-
Mr.Jan Hendrik Gerardus Louwman	-	-	-	-	-	-	-	-	-	-	72	-
Mr.Hariharan Madhavan	-	-	-	-	12	-	-	-	-	-	-	-
Mr.V. Raja	-	-	-	-	13	-	-	-	-	-	-	-
Mr.Rajiv Mathur	-	-	-	-	16	-	-	-	-	-	15	-
Mr.S.M.Datta	-	-	-	-	1	-	-	-	-	-	1	-
Mr.Vikram Mukund Limaye	-	-	-	-	1	-	-	-	-	-	1	-
Mr.Vivek Gambir	-	-	-	-	1	-	-	-	-	-	1	-
Ms.Geetu Gidwani Verma	-	-	-	-		-	-	-	-	-	-	-
FINANCE												
Dividend Paid	166	-		-	-	-	111	-		-	-	-
Interest income	-	227		-	-	-	-	202	-	-	-	-
Inter corporate deposits given	-	1,670	134	-	-	-	-	1,958	-	-	-	-
Inter corporate deposits repaid	-	4,095	134	-	-	-	-	1,483	-	-	-	-
Others - Proceeds from divestment	-	-	-	-	-	-	-	-	378	-	-	-
Others - Purchase of Investment	-	3,734	-	63	-	-	-	-	-	-	-	-
Contributions to Employees' Benefit Plans	-	-	-	-	-	620	-	-	-	-	-	543
OUTSTANDINGS												
Payable	27	36	2,033	-	-	54	140	34	2,673	-	-	46
Receivable	99	-	2,008	9	-	-	43	2,469	2,073	-	-	-

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

	Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions Year ended 31 March 2016*	Year ended 31 March 2015
(i)	**Fellow subsidiary Companies:**			
	Philips Electronics Hong Kong Limited	Purchase of goods	**-**	1,902
	Philips Medical Systems Nederland B.V.	Purchase of goods	**2,540**	1,619
	Philips Consumer Lifestyle B.V.	Purchase of goods	**3,409**	2,935
	Philips Electronics Singapore Pte Ltd	Purchase of goods	**1,361**	-
	Philips Electronics Singapore Pte Ltd	Purchase of fixed assets	**28**	25
	Philips Medical Systems Nederland B.V.	Purchase of fixed assets	**10**	9
	Philips Lighting Maseru Pty. Ltd.	Purchase of fixed assets	**-**	9
	PT. Philips Indonesia	Purchase of fixed assets	**10**	7
	Philips Electronics Nederland B.V.	Purchase of services	**881**	860
	Philips Electronics Bangladesh Private Limited	Reimbursements paid	**15**	-
	Philips Electronics Nederland B.V.	Reimbursements paid	**55**	200
	Philips Medical Systems Nederland B.V.	Sale of goods	**994**	555
	Philips Electronics Hong Kong Limited	Sale of goods	**248**	532
	Philips Electronics Nederland B.V.	Sale of services	**1,801**	5,320
	Philips Electronics North America Corporation	Sale of services	**1,217**	-
	Philips Medical Systems Nederland B.V.	Sale of services	**2,050**	-
	Lumileds India Private Limited	Proceeds from divestment	**-**	378
	Philips Lighting B.V.	Reimbursements received	**-**	22
	Philips Electronics Nederland B.V.	Reimbursements received	**-**	61
	Philips (China) Investment Company, Ltd.	Reimbursements received	**-**	19
	Philips Lighting India Limited	Reimbursements received	**544**	-
	Philips Electronics Nederland B.V.	Deputation charge	**-**	1
	Philips Electronics Hong Kong Limited	Deputation recovery	**-**	2
	Philips South Africa (Proprietary) Limited	Deputation recovery	**-**	2
	Philips International B.V.	Deputation recovery	**-**	2
	Philips Polska Sp.z.o.o.	Deputation recovery	**1**	-
	Philips Belgium	Deputation recovery	**2**	-
	Philips Lighting India Limited	Inter Corporate Deposit taken	**134**	-
	Philips Lighting India Limited	Inter Corporate Deposit given	**134**	-
	Philips Electronics Hong Kong Limited	Payable	**-**	405
	Philips Medical Systems Nederland B.V.	Payable	**642**	547
	Philips Consumer Lifestyle B.V.	Payable	**533**	512
	Philips Medical Systems Nederland B.V.	Receivable	**528**	587
	Philips Lighting India Limited	Receivable	**544**	-
	Philips Electronics Nederland B.V.	Receivable	**316**	-
(ii)	**Employee Trusts:**			
	Philips India Ltd Management Staff Provident Fund Trust	Contributions	**620**	543
	Philips India Ltd Management Staff Provident Fund Trust	Payable	**54**	46

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

Amounts in ₹ Mln

30 INFORMATION ABOUT BUSINESS SEGMENTS

Description	Year ended 31 March 2016	Year ended 31 March 2015
(A) PRIMARY SEGMENT INFORMATION:		
(1) SEGMENT REVENUE		
a. Lighting	**27,003**	33,916
b. Consumer Lifestyle	**11,056**	9,259
c. Software development services	**8,023**	6,567
d. Healthcare	**16,076**	13,190
e. Other segments	**74**	96
TOTAL	**62,232**	63,028
(2) INTER SEGMENT REVENUE		
a. Lighting	**-**	-
b. Consumer Lifestyle	**-**	-
c. Software development services	**-**	-
d. Healthcare	**-**	-
e. Other segments	**-**	-
TOTAL	**-**	-
(3) OTHER UNALLOCABLE INCOME	**350**	430
REVENUE FROM OPERATIONS (NET) (1+3)	**62,582**	63,458
(4) SEGMENT RESULT		
a. Lighting	**3,440**	3,463
b. Consumer Lifestyle	**596**	199
c. Software development services	**783**	560
d. Healthcare	**1,508**	1,244
e. Other segments	**5**	10
TOTAL	**6,332**	5,476
(5) FINANCE COST	**(54)**	(88)
(6) OTHER UNALLOCABLE EXPENDITURE NET OF INCOME	**225**	212
(7) PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (4+5+6)	**6,503**	5,600
(8) EXCEPTIONAL ITEMS		
a. Lighting	**(225)**	40
b. Consumer Lifestyle	**-**	-
c. Software development services	**-**	-
d. Healthcare	**-**	-
e. Other segments	**-**	-
f. Other unallocable	**-**	635
TOTAL	**(225)**	675
(9) PROFIT BEFORE TAX	**6,278**	6,275
(10) TAX EXPENSE		
a. Current tax	**(2,438)**	(2,353)
b. Deferred tax - release / (charge)	**135**	313
TOTAL	**(2,303)**	(2,040)
(11) PROFIT FOR THE YEAR	**3,975**	4,235
(B) SECONDARY SEGMENT INFORMATION:		
REVENUE		
a. Within India	**49,707**	52,576
b. Outside India	**12,875**	10,882
TOTAL	**62,582**	63,458
CAPITAL EXPENDITURE		
a. Within India	**929**	859
b. Outside India	**-**	-
TOTAL	**929**	859

Description	Year ended 31 March 2016	Year ended 31 March 2015
OTHER INFORMATION		
(12) SEGMENT ASSETS		
a. Lighting	**-**	10,029
b. Consumer Lifestyle	**4,886**	3,057
c. Software development services	**2,466**	2,165
d. Healthcare	**9,976**	8,954
e. Other segments	**7**	4
f. Other unallocable	**13,430**	10,066
TOTAL	**30,765**	34,275
(13) SEGMENT LIABILITIES		
a. Lighting	**-**	6,050
b. Consumer Lifestyle	**1,271**	2,130
c. Software development services	**1,930**	1,547
d. Healthcare	**6,561**	5,734
e. Other segments	**5**	15
f. Other unallocable	**3,025**	1,738
TOTAL	**12,792**	17,214
(14) CAPITAL EXPENDITURE		
a. Lighting	**124**	265
b. Consumer Lifestyle	**139**	114
c. Software development services	**279**	242
d. Healthcare	**144**	195
e. Other segments	**-**	1
f. Other unallocable	**243**	42
TOTAL	**929**	859
(15) DEPRECIATION AND AMORTISATION EXPENSE		
a. Lighting	**(418)**	(671)
b. Consumer Lifestyle	**(50)**	(39)
c. Software development services	**(172)**	(180)
d. Healthcare	**(103)**	(96)
e. Other segments	**-**	(1)
f. Other unallocable	**(143)**	(196)
TOTAL	**(886)**	(1,183)
(16) NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION EXPENSE		
a. Lighting	**(56)**	(52)
b. Consumer Lifestyle	**(4)**	(10)
c. Software development services	**(35)**	-
d. Healthcare	**(93)**	-
e. Other segments	**-**	-
f. Other unallocable	**-**	-
TOTAL	**(188)**	(62)
ASSETS		
a. Within India	**29,194**	32,104
b. Outside India	**1,571**	2,171
TOTAL	**30,765**	34,275

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

(1) Revenue and assets within India.

(2) Revenue and assets outside India.

Notes to the Financial Statements for the year ended 31 March 2016

30 INFORMATION ABOUT BUSINESS SEGMENTS (Contd.)

(C) OTHER DISCLOSURES:

Amounts in ₹ Mln

Inter segment revenue / result:

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

Types of products and services in each business segment:

Business Segments	**Type of products / services**
a. Lighting	Lamps, Glass shells, Fittings, Accessories for fittings, Electronic HF Ballasts, Glass tubings and Modular Switches
b. Consumer Lifestyle	Domestic Appliances, Health & Wellness products and Personal care products
c. Software development services	Development of embedded software
d. Healthcare	Medical electronics equipments
e. Other segments	Philips Design

	Year ended 31 March 2016		Year ended 31 March 2015	
31 Consumption of raw materials and spares	**% of total consumption**	**₹**	% of total consumption	₹
Raw materials:				
Imported	**31.1**	**1,096**	40.0	1,707
Indigenous	**68.9**	**2,428**	60.0	2,564
Spares:				
Imported	**7.0**	**8**	14.0	13
Indigenous	**93.0**	**105**	86.0	83

32 Earnings, expenditure and dividend remittance in foreign currency

	Year ended 31 March 2016	Year ended 31 March 2015
Earnings		
Exports on F.O.B. basis including ₹ **146** (Previous year - ₹ 27) through rupee trade arrangements	**3,002**	3,068
Service revenue	**9,873**	7,814
Expenditure		
Management support services	**-**	342
Research and development services	**-**	43
Royalty	**250**	215
Legal and Professional	**17**	21
IT and Communication	**934**	924
Employee related	**84**	106
Training	**15**	21
Travel	**353**	318
Others	**222**	150
Dividend remittance		
Number of equity shares held on which dividend was remitted	**55,290,242**	55,290,242
Period to which dividend relates to	**April 2014 to March 2015**	April 2013 to March 2014
Number of non-resident shareholders	**2**	2
Amount remitted	**166**	111
Value of imports on C.I.F. basis		
Traded goods	**11,819**	12,455
Raw materials	**1,177**	1,655
Spares	**42**	33
Capital goods	**237**	186

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

33 Exceptional items include:

(a) Profit on sale of property - ₹ **NIL** (Previous year - ₹ 760).

(b) ₹ **NIL** (Previous year - ₹ 388) Net surplus on divestment of Lumileds LED Component and Automotive Lighting Business and Tax thereon ₹ **NIL** (Previous year - ₹ 78) included in current tax.

(c) Restructuring costs incurred at Mohali Light Factory and Vadodara Light Factory:

- Compensation for Employees' Voluntary Separation ₹ **114** (Previous year – ₹ 223).
- Additional depreciation ₹ **111** (Previous year - ₹ 125) provided for writing down certain plant and equipment no longer in active use.

(d) Settlement of erstwhile Mumbai Employees' VRS claim ₹ **NIL** (Previous year - ₹ 125).

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

(a) Forward contracts outstanding

Details	USD Currency				Euro Currency			
	As at 31 March 2016		As at 31 March 2015		**As at 31 March 2016**		As at 31 March 2015	
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**-**	**-**	-	-
Payables	**2,683.33**	**40,500.00**	2,397.83	38,500.00	**-**	**-**	-	-

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

Details	**As at 31 March 2016**		As at 31 March 2015		**As at 31 March 2016**		As at 31 March 2015	
	USD Exposure				Euro Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**1,318.67**	**19,902.89**	1,780.34	28,585.48	**250.82**	**3,326.71**	404.12	6,047.17
Payables	**-**	**-**	113.98	1,830.05	**105.78**	**1,403.03**	336.50	5,035.28

Details	SGD Exposure				CNY Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**-**	**-**	-	-
Payables	**3.08**	**62.56**	3.83	84.47	1.76	171.72	-	-

Details	AUD Exposure				GBP Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**-**	**-**	1.38	15.00
Payables	**0.11**	**2.11**	8.56	180.79	**-**	**-**	0.92	9.99

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

35 Employees' Share-based Payments:

Certain employees of the company are eligible for stock options granted by the Holding Company ("KPNV"). In conformity with the guidance note on "Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India (ICAI) in respect of the grants made on or after 1 April 2005, the following disclosures are made:

(a) Method adopted for valuation

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

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

As from 2003 onwards, the Holding Company (KPNV) issued restricted share rights that vest in equal annual 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.

(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 2015	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2016	Exercisable
April 18, 2005	19.41	1,251	-	(3,033)	3,717	(1,935)	-	-
April 18, 2006	26.28	4,662	-	(3,690)	3,690	(306)	4,356	4,356
April 16, 2007	30.96	7,749	-	-	(666)	-	7,083	7,083
April 14, 2008	23.11	3,402	-	-	4,500	(4,500)	3,402	3,402
July 14, 2008	20.67	1,800	-	-	-	-	1,800	1,800
April 14, 2009	12.63	3,300	-	-	4,125	(5,175)	2,250	2,250
April 19, 2010	24.90	6,904	-	-	(2,160)	-	4,744	4,744
July 19, 2010	24.01	7,125	-	-	(6,045)	-	1,080	1,080
April 18, 2011	20.90	11,664	-	-	900	(3,450)	9,114	9,114
July 18, 2011	17.20	3,600	-	-	(750)	-	2,850	2,850
October 17, 2011	14.52	3,378	-	-	(1,350)	(678)	1,350	1,350
January 30, 2012	15.24	5,000	-	-	5,000	(5,000)	5,000	5,000
April 23, 2012	14.82	44,559	-	(7,050)	(5,325)	(9,150)	23,034	23,034
		104,394	**-**	**(13,773)**	**5,636**	**(30,194)**	**66,063**	**66,063**
Previous Year		177,223	-	(14,772)	(4,253)	(53,804)	104,394	59,835

(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 2015	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2016	Exercisable
April 18, 2005	25.28	504	-	(504)	-	-	-	-
April 14, 2008	36.63	306	-	-	-	-	306	306
April 19, 2010	33.51	480	-	-	-	-	480	480
		1,290	**-**	**(504)**	**-**	**-**	**786**	**786**
Previous year		1,623		(333)	-	-	1,290	1,290

Amounts in ₹ Mln

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

(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 2015	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2016
April 23, 2012	14.07	3,970	-	(627)	(1,422)	(1,921)	-
July 25, 2014	22.80	4,248	-	(2,124)	-	(2,124)	-
October 24, 2014	20.43	1,415	-	-	-	(707)	708
February 2, 2015	23.89	4,027	-	-	-	-	4,027
May 5, 2015	25.19	-	1,168	-	-	-	1,168
July 31, 2015	25.32	-	8,391	-	-	-	8,391
February 1, 2016	24.33	-	18,586	-	-	-	18,586
		13,660	**28,145**	**(2,751)**	**(1,422)**	**(4,752)**	**32,880**
Previous Year		13,993	9,690	(1,247)	(963)	(7,813)	13,660

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 2015	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2016
May 3, 2013	23.45	50,318	-	(14,741)	(4,740)	-	30,837
October 25, 2013	30.38	967	-	-	(967)	-	-
April 28, 2014	22.92	71,911	-	(14,340)	(8,132)	-	49,439
July 25, 2014	22.80	4,992	-	(3,186)	-	-	1,806
October 24, 2014	20.43	708	-	-	-	-	708
May 5, 2015	25.19	-	71,774	(10,509)	-	-	61,265
February 1, 2016	24.33	-	1,549	-	-	-	1,549
		128,896	**73,323**	**(42,776)**	**(13,839)**	**-**	**145,604**
Previous Year		66,140	85,146	17,651	4,739	-	128,896

(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	-0.11%
2.	Expected dividend yield	4.00%
3.	Expected share price volatility	25%

(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 19,110 (Previous year -19,369) shares were bought by employees during the year at an average price of EUR 24 (Previous year - EUR 24).

(j) Expense recognised on account of "Employee Share-Based Payment" is ₹ **84** (Previous year - ₹ 106) and carrying liability as at 31 March 2016 is ₹ **392** (Previous year - ₹ 317).

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

36 Disclosure relating to Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuation as on 31 March 2016 and recognised in the financial statements in respect of Retirement Benefits:

Particulars	Gratuity				Compensated absences		Provident Fund	
	Year ended 31 March 2016		Year ended 31 March 2015		**Year ended 31 March 2016**	Year ended 31 March 2015	**Year ended 31 March 2016**	Year ended 31 March 2015
	Funded	**Unfunded**	Funded	Unfunded				
A. Present value of obligations as at beginning of the year	**504**	**311**	377	263	**367**	304	**3,473**	2,649
(1) Current service cost	**80**	**48**	62	41	**116**	100	**241**	227
(2) Interest cost	**40**	**24**	32	23	**24**	25	**11**	269
(3) Benefits settled	**(41)**	**(37)**	(50)	(20)	**(106)**	(73)	**(335)**	(312)
(4) Settlements	**-**	**-**	-	-	**-**	-	**-**	-
(5) Actuarial (gain) / loss	**(36)**	**150**	83	9	**31**	15	**-**	-
(6) Actuarial (gain) / loss due to Interest rate guarantee	**-**	**-**	-	-	**-**	-	**244**	90
(7) Employees' contribution	**-**	**-**	-	-	**-**	-	**349**	311
(8) Acquisition/Business Combination/Divestiture	**(130)**	**(385)**	-	(5)	**(173)**	(4)	**(781)**	-
(9) Change in reserves	**-**	**-**	-	-	**-**	-	**-**	-
(10) Transfer in	**-**	**-**	-	-	**-**	-	**195**	239
(11) Past service cost	**78**	**-**						
Present value of obligations as at end of the year	**495**	**111**	504	311	**259**	367	**3,397**	3,473
B. Change in Plan Assets								
Plan assets as at beginning of the year	**288**	**-**	256	-	**-**	-	**3,564**	2,671
(1) Expected return on plan assets	**27**	**-**	24	-	**-**	-	**11**	271
(2) Contributions	**59**	**-**	62	-	**-**	-	**-**	-
(3) Benefits settled	**(41)**	**-**	(50)	-	**-**	-	**-**	-
(4) Employer and Employee contribution	**-**	**-**	-	-	**-**	-	**590**	537
(5) Transfer in	**-**	**-**	-	-	**-**	-	**195**	239
(6) Benefit payments	**-**	**-**	-	-	**-**	-	**(335)**	(312)
(7) Asset gain / (loss)	**(4)**	**-**	(4)	-	**-**	-	**273**	158
(8) Settlements	**-**	**-**	-	-	**-**	-	**-**	-
(9) Acquisition/Business Combination/Divestiture	**(84)**	**-**	-	-	**-**	-	**(827)**	-
Plan assets as at end of the year	**245**	**-**	288	-	**-**	-	**3,471**	3,564
Surplus	**-**	**-**	-	-		-	**74**	91

The above surplus of ₹ **74** (Previous year - ₹ 91) has not been recognised in the financial statements in accordance with Paragraph 59 of Accounting Standard (AS15) Employee Benefits, since the surplus is not available to the Company either in form of refunds or as reduction of future contributions.

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

Particulars	Gratuity				Compensated absences		Provident Fund	
	Year ended 31 March 2016		Year ended 31 March 2015		**Year ended 31 March 2016**	Year ended 31 March 2015	**Year ended 31 March 2016**	Year ended 31 March 2015
	Funded	**Unfunded**	Funded	Unfunded				
C. Actual return on plan assets	**22**	**-**	20	-	**-**	-	**-**	-
D. Reconciliation of present value of the obligation and the fair value of the plan assets:								
(1) Present value of obligations at end of the year	**(495)**	**(111)**	(504)	(311)	**(259)**	(367)	**-**	-
(2) Fair value of Plan assets	**245**	**-**	288	-	**-**	-	**-**	-
Liability recognised in Balance Sheet	**(250)**	**(111)**	(216)	(311)	**(259)**	(367)	**-**	-
E. Components of Employer Expense:								
(1) Current service cost	**80**	**48**	62	41	**116**	100	**-**	-
(2) Interest cost	**40**	**24**	32	23	**24**	24	**-**	-
(3) Expected return on plan assets(estimated)	**(27)**	**-**	(24)	-	**-**	-	**-**	-
(4) Curtailments	**-**	**-**	-	-	**-**	-	**-**	-
(5) Past service cost	**78**				**-**	-	**-**	-
(6) Actuarial (gain) / loss	**(161)**	**150**	87	9	**31**	15	**-**	-
Total expense recognised in Statement of Profit and Loss	**10**	**222**	157	73	**171**	139	**-**	-

The gratuity and compensated absences expenses have been recognised in "Employee benefits expenses" under note 25 to the Financial Statements.

F. Assumptions						
(1) Discount factor	**7.55%**	**-**	7.80%	-	7.55%	7.80%
(2) Estimated rate of return on plan assets	**9.00%**	**-**	9.00%	-	-	-
(3) Mortality	**IALM (2006-08)**		IALM (2006-08)			
(4) Disability	**None**		None			
(5) Salary Increase	**Management, PMS and PIC - 11%, DMC factory - 12%, MLF factory - 11%, VLF factory - 11%**		Management, PMS and PIC - 11%, DMC factory - 12%, MLF factory - 11%, VLF factory - 11%			
(6) Attrition rate	**Management, PMS and PIC - 10%, DMC factory - 5%, MLF factory - 4.5%, VLF factory - 8%**		Management, PMS and PIC - 10%, DMC factory - 5%, MLF factory - 4.5%, VLF factory - 8%			
(7) Retirement age	**Management and PIC - 60 years, Others - 58 years**		Management and PIC - 60 years, Others - 58 years			

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

G. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012
Defined Benefit Obligations	**495**	504	377	329	180
Plan Assets	**245**	288	256	203	142
Surplus/(Deficit)	**(250)**	(216)	(121)	(126)	(38)
Experience adjustments on Plan assets/liabilities (gain) / loss	**(47)**	306	65	80	17

Description	Gratuity (Unfunded)				
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012
Defined Benefit Obligations	**111**	311	263	264	150
Plan Assets	**-**	-	-	-	-
Surplus/(Deficit)	**(111)**	(311)	(263)	(264)	(150)
Experience adjustments on Plan assets/liabilities (gain) / loss	**148**	(22)	(44)	13	25

Description	Provident Fund				
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012
Defined Benefit Obligations	**3,397**	3,473	2,649	2,149	1,650
Plan Assets	**3,471**	3,564	2,671	2,176	1,703
Surplus/(Deficit)	**74**	91	22	27	53
Experience adjustments on Plan assets/liabilities (gain) / loss	**(273)**	(158)	69	(13)	42

Notes:

1. Plan assets comprise of contribution to Group Gratuity Schemes of Life Insurance Corporation of India in case of gratuity and investments under Philips India Limited Employees' Provident Fund Plan in case of Provident Fund.
2. Actuarial (gain) / loss is due to change in actuarial assumptions as stated in 36 F above.
3. The company provides retirement benefits in the form of Provident Fund, Gratuity, Compensated absences, Superannuation and other benefits. Provident fund contributions made to "Government Administered Provident Fund" are treated as defined contribution plan since the Company has no further obligations beyond it's monthly contributions. Provident Fund contributions made to "Trust" administered by the Company are treated as Defined Benefit Plan. As per actuarial valuation, the trust has surplus fund to cover shortfall, if any, on account of guaranteed interest benefit obligation.
4. The actuarial valuation in respect of gratuity and compensated absences has been done as at end 31 March 2016. In case of Mohali Light factory, Healthcare and Software Centre the gratuity liabilities are provided as per the actuarial valuation and are funded through Group Gratuity Schemes of Life Insurance Corporation of India (LIC) to the extent requested by LIC.

Amounts in ₹ Mln

37 Discontinuing Operations - Demerger:

As part of global restructuring exercise announced by ultimate holding company Koninklijke Philips N.V (KPNV) in September 2014, the proposal for demerger of Lighting business (Demerged Undertaking) was approved by Board of Directors of the Company on 27th April 2015 and by shareholders in the Court Convened meeting of the shareholders held on 06 July 2015 in Kolkata, India.

In pursuance of the restructuring mentioned above, a Scheme of Arrangement for Demerger ("Scheme") under Section 391 to 394 and other relevant provisions of the Companies Act, 1956 and Companies Act, 2013, amongst "Philips India Limited" (Demerged Company) and "Philips Lighting India Limited" (Resulting Company) and their respective shareholders was approved by the Hon'ble High Court of Calcutta vide order dated 07 January 2016, received by the Company on 29 January 2016, which was filed with the Registrar of Companies and was approved by them on 24 February 2016. In accordance with the Scheme, the assets and liabilities pertaining to Lighting business were transferred to and vested with Philips Lighting India Limited with effect from the appointed date i.e. 01 February 2016 and shareholders of the Company were allotted 1 fully paid equity share of Philips Lighting India Limited for each fully paid equity share held by them in the Company.

Consequent to the demerger;

a) The assets and liabilities of the Demerged Company are reduced at their book value.

b) The difference between the Book Value of assets and Book Value of liabilities of the Demerged Undertaking stands adjusted against the following, in the order specified below:

   i. Capital reserve account

   ii. Capital redemption reserve account

   iii. Securities premium account

   iv. General reserve account

c) Share capital of the Resulting Company stands credited with the aggregate face value new equity shares - 57,517,242 of ₹ 10 each, being the equity shares issued by it to the members of the Demerged Company.

   In view of the aforesaid Demerger with effect from 1 February 2016, figures for the current year are not comparable with those of the previous year.

   Business segment "Lighting" as reported in note 30 consists of manufacture and sale of lighting and allied products and Lighting system solutions.

   Lighting business primarily involves local purchase, import, systems solutions and sales of the following PHILIPS brand products in India:

   (i) Lighting and Allied products - light source, special lighting, lighting electronics, switches, professional lighting, consumer luminaires and anything related to providing lighting products etc.

   (ii) Lighting Systems Solutions - Softwares and services, designing and developing applications (Mobile, Enterprise PC and Cloud), embedded software for lighting systems and solutions, creating user interface designs for application software, providing support for product and system level testing of software and lighting systems etc, and

   (iii) new product introduction in manufacturing sites, technical consultancy and training to market teams for deployment of lighting systems and developing proof of concept for lighting systems that includes hardware design and development.

Break-up of aggregate amounts in respect of revenue and expenses along with pre-tax profit or loss of Lighting operations are as follows:	**Discontinuing Operations**	
Particulars	**Period ended 31 Jan 2016**	Year ended 31 Mar 2015
Revenue from operations (net)	**27,003**	33,916
Operating expenses	**(23,795)**	(30,413)
Profit / (loss) before tax	**3,208**	3,503
Income tax expense	**(1,111)**	(1,131)
Profit / (loss) after tax	**2,097**	2,372

The carrying amounts of the assets and liabilities of Lighting operations transferred to the Resulting Company are as follows:	**As at 31 Jan 2016**	As at 31 Mar 2015
Total assets	**9,396**	10,029
Total liabilities	**6,631**	6,050
Net assets	**2,765**	3,979

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

The net cash flows attributable to the Lighting operations is as follows:	Period ended 31 Jan 2016	Year ended 31 Mar 2015
Net cash inflow / (outflow) from operating activities	**4,030**	3,490
Net cash inflow / (outflow) from investing activities	**(196)**	200
Net cash inflow / (outflow) from financing activities	**(7)**	-
Net cash inflow / (outflow)	**3,827**	3,690

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

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

	As at 31 March 2016	As at 31 March 2015
a) Principal amount remaining unpaid to any supplier as at the end of the year b) Interest due on the above amount	**39**	91
Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	**-**	-
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	**-**	-
Amount of interest accrued and remaining unpaid at the end of the year.	**-**	
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	**-**	-

39 Disclosure relating to assets given on operating lease:

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

	As at 31 March 2016	As at 31 March 2015
a) Total of future minimum lease payments receivable under non-cancellable operating lease	**19**	26
Receivable within 1 year	**7**	7
Receivable between 1-5 years	**12**	19
Receivable after 5 years	**-**	-
b) Total contingent rent recognised as income in the Statement of Profit and Loss for the year	**20**	20

40 In-house Research and Development

The Company has obtained approval of in-house research and development facility located at Sector 57, Noida, UP from Ministry of Science and Technology, Department of Scientific and Industrial Research (DSIR) for both capital and revenue expenditure incurred on research & development of the said facility. The objective of scientific research is to improve people's life through meaningful innovations. The said facility is also approved under Section 35 (2AB) of the Income-tax Act 1961.

During the financial year 2015-16, the Company has incurred revenue expenditure amounting to ₹ **209** and capital expenditure amounting to ₹ **4** on the said facility.

Notes to the Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

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

(a) Contingent liabilities

(i) Claims not acknowledged as debts by the Company - ₹ **48** (Previous year - ₹ 48).

(ii) In respect of disputed excise demands - ₹ **19** (Previous year - ₹ 359), income tax demands - ₹ **6,268** (Previous year - ₹ 4,765) and service tax demands - ₹ **82** (Previous year - ₹ 82).

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

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

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ **11** (Previous year - ₹ 87).

42 Earnings per share

Calculation of earnings per share	**Year ended 31 March 2016**	Year ended 31 March 2015
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	**3,975**	4,235
Basic and diluted earnings per share (in ₹)	**69.11**	73.63

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

44 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 B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W / W-100022

VIKRAM ADVANI
Partner
Membership No.: 091765

Mumbai
Date: 25 July 2016

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — V. RAJA (DIN: 00669376)

Director & CFO — HARIHARAN MADHAVAN (DIN: 07217072)

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

Mumbai
Date: 25 July 2016

TEN YEAR REVIEW

Amounts in ₹ Mln

PARTICULARS	2006	2007	2008	2009	2010	2011-12 (15 M)	2012-13	2013-14	2014-15	**2015-16**
Income and Dividends										
Sales	26,486	28,906	31,356	32,656	37,249	55,793	53,674	58,387	63,755	**62,819**
Operating profit	1,485	2,456	1,900	1,688	1,451	1,813	1,752	3,096	5,600	**6,503**
As percentage of sales	5.6	8.5	6.1	5.2	3.9	3.2	3.3	5.3	8.8	**10.4**
Profit before tax	3,029	2,894	2,106	1,850	1,433	1,854	1,858	3,170	6,275	**6,278**
As percentage of sales	11.4	10.0	6.7	5.7	3.8	3.3	3.5	5.4	9.8	**10.0**
Profit after tax	2,130	1,903	1,351	1,175	889	1,338	1,228	2,099	4,235	**3,975**
As percentage of sales	8.0	6.6	4.3	3.6	2.4	2.4	2.3	3.6	6.6	**6.3**
As percentage of net worth	27.7	20.2	15.3	14.6	10.1	13.4	11.1	16.1	24.8	**22.1**
Earnings per share (₹)	30.32	27.08	19.71	18.97	15.46	23.26	21.35	36.49	73.63	**69.11**
Dividend per equity share (₹)	2.0	2.0	2.0	2.0	2.0	2.5	2.0	2.0	3.0	**3.0**
Assets and Liabilities										
Net fixed assets	2,661	2,694	2,825	3,463	3,524	3,972	4,280	4,295	3937	**2079**
Investments	11	16	442	5	-	1,000	1,000	1,000	1,000	**4,797**
Deferred tax assets - net	254	240	296	352	363	462	437	496	809	**510**
Inventories	1,902	2,255	2,849	3,608	4,131	5,362	5,637	6,293	6,504	**4,542**
Debtors, loans & advances and cash & bank balances	9,264	11,297	10,072	10,258	11,580	14,069	15,142	17,725	22,025	**18,837**
Current liabilities & provisions	6,307	6,951	7,493	9,485	10,690	12,585	14,737	15,277	16,578	**12,531**
Net current assets	4,859	6,601	5,428	4,381	5,021	6,846	6,042	8,741	11,951	**10,848**
Net Investment	7,785	9,551	8,991	8,201	8,908	12,280	11,759	14,532	17,697	**18,234**
Represented by										
Equity share capital	703	703	634	575	575	575	575	575	575	**575**
Other reserves	6,957	8,709	8,197	7,476	8,231	9,402	10,495	12,459	16,486	**17,398**
Shareholders' interest (net worth)	7,677	9,412	8,831	8,051	8,806	9,977	11,070	13,034	17,061	**17,973**
Loans	108	139	160	150	102	2,303	689	1,498	636	**261**
Total	7,785	9,551	8,991	8,201	8,908	12,280	11,759	14,532	17,697	**18,234**
General										
Exports (F.O.B)	454	330	418	482	1,033	1,839	1,933	2,541	3,068	**3,002**
Salaries, bonus & staff welfare (excluding V.R.S)	3,268	2,635	3,019	3,311	4,075	7,174	7,427	8,314	10,169	**11,214**
Debt : Equity Ratio	1:99	1:99	2:98	2:98	1:99	19:81	6:94	10:90	4:96	**1:99**
Number of employees at year end	3,440	3,135	3,317	3,775	4,762	5,658	5,617	5,830	5,507	**3,283**

Independent Auditor's Report

To the Members of **Philips India Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Philips India Limited (hereinafter referred to as "the Holding Company") and its Subsidiary (the Holding Company and its Subsidiary together referred to as "the Group"), and its Associate, comprising the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 financial statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, including its Associate, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21 - Consolidated Financial Statements and Accounting Standard 23- Accounting for investments in Associates in Consolidated Financial Statements). 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 the assets of the Group 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 misstatements, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 specified under sub section 10 of Section 143 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 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 the 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 reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated 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 its Associate, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

i) in the case of consolidated Balance sheet, of the consolidated state of affairs of the Group, and its Associate as at 31 March 2016;

ii) in the case of Consolidated Statement of Profit and Loss Account, of the consolidated profits for the year ended on that date; and

iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of its Associate, whose financial statements reflect total assets of Rs.518 Million as at 31 March 2016, total revenues of Rs. 26 Million and net cash flows amounting to Rs. 8 Million for the year then ended, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of its Associate and our report in terms of subsections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid Associate, is based solely on the report of the other auditor. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. 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 of its Associate, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016, taken on record by the Board of Directors of the Holding Company, its Subsidiary company and on the basis of the relevant assertion contained in the audit report on standalone financial statements of its Associate which are incorporated in India, none of the directors of the Group and its Associate incorporated in India are disqualified as on 31 March 2016 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 and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(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 Auditor's) Rules, 2014, 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 statement of its Associate, as noted in the 'Other Matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its Associate - Refer note 40 to the consolidated financial statements.

ii. The Group and its Associate did not have any material foreseeable losses on long term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and it Associate incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place: Mumbai
Date: 25 July 2016

Annexure A to the Independent Auditor's Report to the Members of Philips India Limited on the consolidated financial statements

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** ("the Holding Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of the Holding Company, its Subsidiary and based on the consideration of the report of the other auditor of its Associate, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company, its Subsidiary and its Associate, which are incorporated in India, are 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 (ICAI)". 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 Holding Company, its Subsidiary and its Associate incorporated in India, internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, and both issued by the ICAI. 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 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 system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 audit evidence obtained by other auditor 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 Holding Company, its Subsidiary and its Associate incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 and its Associate which are incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Holding Company, its Subsidiary and its Associate considering the essential components of internal controls stated in the Guidance Note on 'Audit of Internal Financial Controls Over Financial Reporting' issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its Associate, which is a company incorporated in India, is based on the corresponding report of the auditor of such company.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place: Mumbai
Date: 25 July 2016

Consolidated Balance Sheet as at 31 March 2016

Amounts in ₹ Mln

	Note	As at 31 March 2016		As at 31 March 2015	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	3	575		575	
Reserves and surplus	4	13,525		11,330	
			14,100		11,905
Minority Interest			2,883		-
Non-current liabilities					
Long-term borrowings	5	158		5,622	
Other long term liabilities	6	685		598	
Long-term provisions	7	632		887	
			1,475		7,107
Current liabilities					
Short-term borrowings	8	154		402	
Trade payables					
Dues to micro and small enterprises	9	123		91	
Dues to others	9	5,819		9,459	
Other current liabilities	10	4,321		4,255	
Short-term provisions	7	1,837		2,160	
			12,254		16,367
			30,712		35,379
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	11	2,544		4,431	
Intangible assets	12	2,343		3,124	
Capital work-in-progress		109		103	
Non-current investments	13	36		-	
Deferred tax assets (net)	14	510		809	
Long-term loans and advances	15	2,875		3,484	
Other non-current assets	16	1,693		2,263	
			10,110		14,214
Current assets					
Inventories	17	5,089		7,134	
Trade receivables	18	6,915		8,700	
Cash and bank balances	19	6,383		3,728	
Short-term loans and advances	15	1,938		1,437	
Other current assets	20	277		166	
			20,602		21,165
			30,712		35,379
Group Information	1				
Significant accounting policies	2				

The notes referred to above 1-43 form an integral part of the Consolidated Financial Statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W / W-100022

VIKRAM ADVANI
Partner
Membership No.: 091765

Mumbai
Date: 25 July 2016

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — V. RAJA (DIN: 00669376)

Director & CFO — HARIHARAN MADHAVAN (DIN: 07217072)

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

Mumbai
Date: 25 July 2016

Consolidated Statement of Profit and Loss for the year ended 31 March 2016

Amounts in ₹ Mln

	Note	Year ended 31 March 2016		Year ended 31 March 2015	
Income					
Revenue from operations (gross)	21	67,650		68,106	
Less: Excise duty recovered		761		871	
Revenue from operations (net)		66,889		67,235	
Other income	22	297		222	
Total revenue			67,186		67,457
Expenses					
Cost of raw materials consumed	23	5,780		6,192	
Purchases of stock-in-trade	24	30,754		31,509	
Changes in inventories of work-in-progress, finished goods and stock-in-trade	25	(312)		(376)	
Employee benefits expense	26	11,623		10,510	
Finance costs	27	596		643	
Depreciation and amortisation expense	28	1,621		1,899	
Other expenses	29	11,827		12,651	
Total expenses			61,889		63,028
Profit / (loss) before exceptional items and tax			5,297		4,429
Exceptional items	32		(225)		675
Profit / (loss) before tax			5,072		5,104
Profit / (loss) from continuing operations		1,864		1,601	
Tax expense					
Current tax		(1,194)		(932)	
Deferred tax - release / (charge)		2		23	
Profit / (loss) after tax from continuing operations			672		692
Profit / (loss) from discontinuing operations	36	3,208		3,503	
Tax expense					
Current tax		(1,244)		(1,421)	
Deferred tax - release / (charge)		133		290	
Profit / (loss) after tax from discontinuing operations	36		2,097		2,372
Profit / (loss) after tax and before minority interest			2,769		3,064
Add : Minority Interest			2		-
Less : Share in Profit/(Loss) of Associate			(27)		-
Profit for the year			2,744		3,064
Basic earnings per equity share of ₹ 10 each (in ₹)	41		48.14		53.27
Diluted earnings per equity share of ₹ 10 each (in ₹)	41		31.70		34.49
Group Information	1				
Significant accounting policies	2				

The notes referred to above 1-43 form an integral part of the Consolidated Financial Statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W / W-100022

VIKRAM ADVANI
Partner
Membership No.: 091765

Mumbai
Date: 25 July 2016

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)
Managing Director — V. RAJA (DIN: 00669376)
Director & CFO — HARIHARAN MADHAVAN (DIN: 07217072)
Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Mumbai
Date: 25 July 2016

Consolidated Cash Flow Statement for the year ended 31 March 2016

Amounts in ₹ Mln

	Year ended 31 March 2016		Year ended 31 March 2015	
A. Cash flow from operating activities				
Profit before tax		**5,072**		5,104
Exceptional items		**225**		(675)
Net profit / (loss) before tax and exceptional items		**5,297**		4,429
Adjusted for				
(Profit) / loss on disposal of fixed assets	**19**		(8)	
Write off and other adjustment of fixed assets	**-**		7	
Depreciation and amortisation	**1,621**		1,899	
Unrealized foreign exchange (gain) and loss (net)	**(9)**		6	
Provision for doubtful trade receivables and loans and advances	**197**		37	
Liabilities no longer required written back	**(69)**		(133)	
Interest received	**(554)**		(419)	
Finance costs	**596**	**1,801**	643	2,032
Operating profit before working capital changes		**7,098**		6,461
Changes in:				
Trade receivables and other loans & advances	**(2,350)**		(1,419)	
Inventories	**(459)**		(479)	
Trade payables and other liabilities	**2,324**		1,395	
		(485)		(503)
Cash generated from operations		**6,613**		5,958
Income tax paid (net of refunds)		**(1,992)**		(2,490)
Exceptional items (VRS Payment)		**(260)**		-
NET CASH GENERATED FROM OPERATING ACTIVITIES		**4,361**		3,468
B. Cash flow from investing activities				
Purchase of fixed assets		**(1,049)**		(893)
Proceeds from sale of fixed assets		**58**		916
Proceeds from divestment [refer note 33 (b)]				
a. Consideration received (net of expenses)	**-**		378	
b. Capital gain tax	**-**		(78)	300
Investment in associate		**(63)**		-
Interest received		**557**		394
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		**(497)**		717
C. Cash flow from financing activities				
Finance costs		**(755)**		(643)
Proceeds / (repayments) of short term borrowings		**(248)**		(1,121)
Dividend paid (including tax thereon)		**(207)**		(134)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**(1,210)**		(1,898)
(DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		**2,654**		2,287
CASH AND CASH EQUIVALENTS - OPENING BALANCE		**1,458**		1,431
Deposits with Banks		**2,260**		-
TOTAL		**3,718**		1,431
CASH AND CASH EQUIVALENTS - CLOSING BALANCE				
Cash and cash equivalents (refer note 19)		**2,293**		1,458
Deposits with Banks		**4,079**		2,260
TOTAL		**6,372**		3,718

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W / W-100022

VIKRAM ADVANI
Partner
Membership No.: 091765

Mumbai
Date: 25 July 2016

For and on behalf of the Board

Chairman S.M.DATTA (DIN: 00032812)

Managing Director V. RAJA (DIN: 00669376)

Director & CFO HARIHARAN MADHAVAN (DIN: 07217072)

Director & Company Secretary RAJIV MATHUR (DIN: 06931798)

Mumbai
Date: 25 July 2016

Group Information (Note 1)

Philips India Limited (the 'Company') is a public limited company domiciled in India. The Company operates in Lighting, Consumer Lifestyle and Healthcare businesses. The company is a market leader in the Lighting business comprising Lighting and Allied products and Lighting system solutions. The Company has manufacturing facilities in Punjab and Maharashtra and Development centres in Pune, Noida and Bangalore. The company sells its products primarily in India through independent distributors and modern trade.

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

a) Subsidiary:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2016
Preethi Kitchen Appliances Private Limited	India	51.2

b) Associate

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2016
HealthMap Diagnostics Private Limited	India	35

c)

	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent Company				
Philips India Limited	127%	17,973	145%	3,975
Subsidiary				
Preethi Kitchen Appliances Private Limited	27%	3,778	-44%	(1,202)
Total eliminations	-54%	(7,651)	-1%	(29)
Total	100%	14,100	100%	2,744

STATEMENT OF ACCOUNTING POLICIES (Note 2)

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable and in particular Accounting Standard 21 (AS 21) - 'Consolidated Financial Statements'.

The financial statements of the Company and its subsidiary 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 company balances and intra company transactions and resulting unrealised profits are eliminated in full. Unrealised profits or losses resulting from intra company transactions are also eliminated unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as blank in the relevant notes in these consolidated financial statements.

"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 Company'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 in accordance with Accounting Standard 23 "Accounting for Investments in associates in Consolidated Financial Statements". The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company' share of net assets of the associate.

1. REVENUE RECOGNITION

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

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

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

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

Revenue from software development services is billed to clients on cost plus basis as per the terms of the specific contracts. Cost and earnings in excess of billings are classified as unbilled revenue.

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

2. INTANGIBLE ASSETS

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

For PKAPL, the period of amortization for Brands is 8 years which represents the economic useful life of Brands. Goodwill that arises on the acquisition of a business is presented as an intangible asset. Goodwill arising on acquisition of a business is measured at cost less any accumulated amortisation and any accumulated impairment loss. Goodwill is amortised over a period of 8 years.

3. FIXED ASSETS AND DEPRECIATION

Fixed assets are valued at cost. 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 less than ₹ 5000 are fully depreciated in the year of purchase.

4. LEASES:

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

Assets acquired under finance lease from April 1, 2001 are capitalised at the lower of their fair value and the present value of the minimum lease payments at the inception of lease. Assets obtained on finance lease are depreciated over the lease period.

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

5. IMPAIRMENT OF ASSETS

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

6. 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.

7. INVESTMENTS

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

8. RESEARCH AND DEVELOPMENT

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

9. FOREIGN CURRENCY TRANSACTIONS

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

In respect of monetary assets and monetary liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of the Balance Sheet is charged to revenue.

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

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

10. REPLACEMENT GUARANTEE

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

11. RETIREMENT BENEFITS

Liability for defined benefit plan is provided on the basis of actuarial valuation carried out by an independent Actuary at year end using the Projected Unit Credit Method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as incurred. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Termination benefits are recognised as and when incurred.

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

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

12. BORROWING COST

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

13. PROVISIONS AND CONTINGENCIES

A provision is recognised when:

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

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

14. TAXATION

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

For and on behalf of the Board

Chairman	S.M.DATTA (DIN: 00032812)
Managing Director	V. RAJA (DIN: 00669376)
Director	HARIHARAN MADHAVAN (DIN: 07217072)
Secretary	RAJIV MATHUR (DIN: 06931798)

Place : Mumbai
Date: 25 July 2016

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

		As at 31 March 2016		As at 31 March 2015	
3	**Share capital**	**No. of shares**	**Amount**	No. of shares	Amount
	Authorised				
	Equity shares of ₹ 10 each	**92,000,000**	**920**	92,000,000	920
	Non convertible cumulative redeemable preference shares of ₹ 10 each	**20,000,000**	**200**	20,000,000	200
			1,120		1,120
	Issued, subscribed and paid-up				
	Equity shares of ₹ 10 each, fully paid up	**57,517,242**	**575**	57,517,242	575
			575		575
	3.1. Reconciliation of the number of equity shares outstanding				
	At the beginning and at the end of the reporting period	**57,517,242**	**575**	57,517,242	575
	3.2. Rights, preferences and restrictions attached to the equity shares				
	The Company has one class of equity shares. Accordingly all the equity shares rank equally with regard to voting rights, dividends and shares in the Company's residual assets.				
	3.3. Details of equity shares held by the holding and the ultimate holding Company				
	Koninklijke Philips N.V (KPNV)	**55,290,182**	**553**	55,290,182	553
	3.4. Details of shareholders holding more than 5% shares of the Company		**% holding**		% holding
	Koninklijke Philips N.V (KPNV)	**55,290,182**	**96.13**	55,290,182	96.13

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

	As at 31 March 2016		As at 31 March 2015	
4 Reserves and surplus				
Capital reserve				
At the beginning of the year	**169**		169	
Less:Transfer as per Scheme of Arrangement for Demerger - refer note 36	**169**		-	
(includes ₹ **NIL** (Previous year - ₹ 168) created on account of amalgamation in earlier years)				
At the end of the year		**-**		169
Capital redemption reserve				
At the beginning of the year	**228**		228	
Less:Transfer as per Scheme of Arrangement for Demerger - refer note 36	**228**		-	
At the end of the year		**-**		228
Securities premium account				
At the beginning of the year	**1,153**		1,153	
Less:Transfer as per Scheme of Arrangement for Demerger - refer note 36	**1,153**		-	
At the end of the year		**-**		1,153
General reserve				
At the beginning of the year	**3,213**		2,789	
Less:Transfer as per Scheme of Arrangement for Demerger - refer note 36	**1,215**		-	
Less: Demerged Company's share of demerger expenses	**81**		-	
	1,917		2,789	
Add:Transfer from Statement of Profit and Loss	**398**		424	
At the end of the year		**2,315**		3,213
Other reserves				
Capital subsidy				
At the beginning and at the end of the year		**-**		9
Surplus/(Deficit) in the Statement of Profit and Loss				
At the beginning of the year	**6,558**		4,126	
Add:Transfer to minority Interest	**2,514**		-	
Add: Profit for the year	**2,744**		3,064	
Less: Proposed dividend [₹ **3** per share (Previous year - ₹ 3 per share)]	**173**		173	
Less:Tax on proposed dividend	**35**		35	
Less:Transfer to General reserve	**398**		424	
At the end of the year		**11,210**		6,558
		13,525		11,330

Amounts in ₹ Mln

		As at 31 March 2016	As at 31 March 2015
5	**Long-term borrowings**		
	Long term maturities of finance lease obligations (secured)	**158**	222
	Compulsorily convertible debentures	**-**	5,400
		158	5,622

46,956,522 Compulsorily convertible debentures ('CCD') were allotted to Koninklijke Philips N.V, (the ultimate holding company), on 7 April 2011 carrying an interest rate of 10% per annum. The face value of these debentures was ₹ 115 aggregating to ₹ 5,400. The CCDs were convertible into equal number of equity shares at the end of 5 years from the date of issue with a face value of ₹ 10 and at a premium of ₹ 105. The CCDs have been converted into Equity on 31 March 2016.

Additional disclosure relating to long-term borrowings

The finance lease obligations are secured by underlying assets (leased vehicles) [refer note 11]. The legal title of the vehicles 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 ₹ 324 (Previous year - ₹ 433) which includes interest of ₹ 58 (Previous year - ₹ 78). The maturity profile of finance lease obligations is as follows:

	Minimum lease payments		
	Payable within 1 year	**141**	172
	Payable between 1-5 years	**183**	261
	Present value		
	Payable within 1 year	**108**	133
	Payable between 1-5 years	**158**	222
6	**Other long term liabilities**		
	Others		
	Income received in advance	**409**	451
	Employee related payables	**270**	140
	Security deposits	**6**	7
		685	598

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

7 Provisions

	Long-term		Short-term	
	As at 31 March 2016	As at 31 March 2015	**As at 31 March 2016**	As at 31 March 2015
Provision for employee benefits				
Gratuity (refer note 35)	**371**	516	**8**	33
Compensated absences (refer note 35)	**252**	348	**23**	35
Post-employment medical benefits	**-**	-	**19**	23
Retention and performance pay (refer note 7.1)	**-**	15	**92**	95
Others				
Replacement guarantee (refer note 7.1)	**9**	8	**263**	559
Legal and regulatory (refer note 7.1)	**-**	-	**333**	683
Miscellaneous risks (refer note 7.1)	**-**	-	**-**	82
Provision for taxation (net of advances)	**-**	-	**891**	442
Proposed dividend	**-**	-	**173**	173
Tax on proposed dividend	**-**	-	**35**	35
	632	887	**1,837**	2,160

Additional disclosure relating to provisions:

7.1. Movement in provisions:

Particulars of Disclosure	Class of Provisions				
	Replacement guarantee	**Legal and regulatory**	**Personnel related**	**Miscellaneous risks**	**Total**
Opening balance	**567**	**683**	**110**	**82**	**1,442**
	(548)	(715)	(129)	(86)	(1,478)
Add: Accruals	**981**	**34**	**171**	**2**	**1,188**
	(1,079)	(39)	(154)	(4)	(1,276)
Less: Utilisation	**969**		**178**	**-**	**1,147**
	(1,060)	-	(173)	-	(1,233)
Less: Write back	**-**	**19**	**-**	**12**	**31**
	-	(71)	-	(8)	(79)
Less: Transfer as per Scheme of Arrangement for Demerger	**307**	**365**	**11**	**72**	**755**
	-	-	-	-	-
Closing balance	**272**	**333**	**92**	**-**	**697**
	(567)	(683)	(110)	(82)	(1,442)

Figures given in (brackets) relate to previous year.

7.2. Nature of provisions:

(a) Replacement guarantee

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

(d) Miscellaneous risks

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

Amounts in ₹ Mln

	As at 31 March 2016	As at 31 March 2015
8 Short-term borrowings		
Loans repayable on demand		
From banks		
Bank overdraft (unsecured)	**6**	302
Other facilities from Bank of America (Unsecured)	**148**	100
	154	402
9 Trade payables		
Dues to micro and small enterprises - refer note 37	**123**	91
Dues to others	**5,819**	9,459
	5,942	9,550
10 Other current liabilities		
Current maturities of finance lease obligations (refer note 5)	**108**	133
Income received in advance	**714**	609
Unpaid dividend	**11**	10
Book overdraft	**63**	37
Other payables:		
Interest accured but not due	**-**	121
Payables for purchase of fixed assets (other than micro and small enterprises)	**91**	69
Advance received from customers	**1,743**	1,322
Employee related payables	**656**	1,070
Security deposits	**18**	15
Statutory dues	**917**	869
	4,321	4,255

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

11(a) Tangible fixed assets

	Gross block at cost					Accumulated depreciation					Net block
	As at 1 April 2015	Additions	Disposals and adjustments	Transfer as per Scheme of Arrangement for Demerger	**As at 31 March 2016**	As at 1 April 2015	Depreciation for the year	On disposals and adjustments	Transfer as per Scheme of Arrangement for Demerger	**As at 31 March 2016**	**As at 31 March 2016**
					(1+2+3+4)					**(6+7+8+9)**	**(5-10)**
	(1)	(2)	(3)	(4)	**(5)**	(6)	(7)	(8)	(9)	**(10)**	**(11)**
Land											
Freehold	170	14		(42)	**142**		-		-		**142**
Leasehold	168	-	-		**168**	8	-	-	-	**8**	**160**
Buildings	1,301	15	(1)	(837)	**478**	382	41		(366)	**57**	**421**
Plant and equipment											
Owned	7,150	566	(67)	(5,318)	**2,331**	4,991	639	(46)	(4,208)	**1,376**	**955**
Given on lease (refer note 38)	167	-	-	-	**167**	54	16	-	-	**70**	**97**
Furniture and fixtures	716	51	(29)	(167)	**571**	455	49	(27)	(103)	**374**	**197**
Vehicles											
Owned	23	-	(1)	-	**22**	10	3	(1)	-	**12**	**10**
Held under finance lease	559	164	(149)	(128)	**446**	219	128	(108)	(49)	**190**	**256**
Office equipment	527	20	(102)	(81)	**364**	366	32	(95)	(49)	**254**	**110**
Others											
Leasehold Improvements	694	160	(8)	(109)	**737**	559	43	(3)	(58)	**541**	**196**
Total	**11,475**	**990**	**(357)**	**(6,682)**	**5,426**	**7,044**	**951**	**(280)**	**(4,833)**	**2,882**	**2,544**

Depreciation includes ₹ **111** (Previous year ₹ 125) on account of additional depreciation for writing down the value of certain Plant and equipment (owned) no longer in active use (refer note 32 c).

12 (a) Intangible fixed assets

	Gross block at cost					Accumulated amortisation					Net block
	As at 1 April 2015	Additions	Disposals and adjustments	Transfer as per Scheme of Arrangement for Demerger	**As at 31 March 2016**	As at 1 April 2015	Amortisation for the year	On disposals and adjustments	Transfer as per Scheme of Arrangement for Demerger	**As at 31 March 2016**	**As at 31 March 2016**
					(1+2+3+4)					**(6+7+8+9)**	**(5-10)**
	(1)	(2)	(3)	(4)	**(5)**	(6)	(7)	(8)	(9)	**(10)**	**(11)**
Goodwill	3,010	-	-	-	**3,010**	1,384	406	-	-	**1,790**	**1,220**
Brands	3,143	-	-	-	**3,143**	1,645	375	-	-	**2,020**	**1,123**
Software	22	-	-	-	**22**	22	-	-	-	**22**	**-**
Non-compete fees	150	-	-	-	**150**	150	-	-	-	**150**	**-**
Total	**6,325**	**-**	**-**	**-**	**6,325**	**3,201**	**781**	**-**	**-**	**3,982**	**2,343**

Based on expected future cash flows, no impairment provision has been made during the current year and previous year.
For the subsidiary company, the remaining amortisation period of Brands and Goodwill is 3 years.

Amounts in ₹ Mln

11(b) Tangible fixed assets

	Gross block at cost				Accumulated depreciation				Net block
	As at 1 April 2014	Additions	Disposals and adjustments	As at 31 March 2015	As at 1 April 2014	Depreciation for the year	On disposals and adjustments	As at 31 March 2015	As at 31 March 2015
				(1+2+3)				(5+6+7)	(4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Land									
Freehold	170	-		170					170
Leasehold	168	-	-	168	6	2	-	8	160
Buildings	1,178	144	(21)	1,301	336	55	(9)	382	919
Plant and equipment									
Owned	6,860	671	(381)	7,150	4,479	888	(376)	4,991	2,159
Given on lease (refer note 38)	167	-	-	167	38	16	-	54	113
Furniture and fixtures	701	23	(8)	716	409	52	(6)	455	261
Vehicles									
Owned	22	2	(1)	23	8	2	-	10	13
Held under finance lease	476	213	(130)	559	191	143	(115)	219	340
Office equipment	486	44	(3)	527	326	43	(3)	366	161
Others									
Leasehold Improvements	648	46	-	694	517	42	-	559	135
Total	10,876	1,143	(544)	11,475	6,310	1,243	(509)	7,044	4,431

(i) Pursuant to enactment of the Companies Act, 2013 (the 'Act') being effective from 1 April 2014, the Company has revised depreciation rates of fixed assets as per the useful life specified in Schedule II of the Act. Consequently, the depreciation charge for the year is higher by ₹ 256.

(ii) Depreciation includes ₹ 125 on account of additional depreciation for writing down the value of certain Plant and equipment (owned) no longer in active use (refer note 32 c).

12(b) Intangible fixed assets

	Gross block at cost				Accumulated amortisation				Net block
	As at 1 April 2014	Additions	Disposals and adjustments	As at 31 March 2015	As at 1 April 2014	Amortisation for the year	On disposals and adjustments	As at 31 March 2015	As at 31 March 2015
				(1+2+3)				(5+6+7)	(4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Goodwill	3,010	-	-	3,010	978	406	-	1,384	1,626
Brands	3,143	-	-	3,143	1,270	375	-	1,645	1,498
Software	22	-	-	22	22	-	-	22	-
Non-compete fees	150	-	-	150	150	-	-	150	-
Total	6,325	-	-	6,325	2,420	781	-	3,201	3,124

Based on expected future cash flows, no impairment provision has been made during the current year and previous year.
For the subsidiary company , the remaining amortisation period of Brands and Goodwill is 4 years.

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

		As at 31 March 2016	As at 31 March 2015
13	**Non-current investments**		
	(Valued at cost, unless stated otherwise)		
	6,300,000 (Previous year - NIL) equity shares of 10/- each fully paid up in HealthMap Diagnostics Private Limited- an associate	**36^**	-
	^includes share of post-investment loss of ₹ **27**		
		36	-
14	**Deferred tax assets (net)**		
	Deferred tax assets		
	Provision for employee benefits	**215**	310
	Doubtful trade receivables and loans and advances	**106**	115
	Difference between book and tax depreciation	**319**	203
	Other timing differences	**232**	530
		872	1,158
	Deferred tax liabilities		
	Assets given on finance lease	**362**	349
		362	349
		510	809

15 Loans and advances

(Unsecured, unless otherwise stated)

	Long-term		Short-term	
	As at 31 March 2016	As at 31 March 2015	**As at 31 March 2016**	As at 31 March 2015
Capital advances (considered good)	**33**	60	**-**	-
	33	60	**-**	-
Security deposits				
Considered good	**281**	375	**206**	268
Considered doubtful	**-**	-	**60**	51
Less: Provision for doubtful deposits	**-**	-	**(60)**	(51)
	281	375	**206**	268
Loans and advances to related parties (considered good)				
Other advances to fellow subsidiaries	**-**	-	**544**	175
	-	-	**544**	175
Other loans and advances				
Considered good				
Advance to suppliers	**-**	-	**263**	325
CENVAT credit receivable	**334**	676	**575**	209
VAT credit receivable	**125**	155	**8**	23
Deposits against legal cases	**287**	401	**-**	-
Special additional duty receivables and drawback claims	**56**	56	**67**	140
Balances with customs and port trust	**8**	12	**10**	78
Prepaid expenses	**-**	-	**152**	171
Claims receivables	**-**	-	**90**	34
Advances to employees	**-**	-	**23**	14
Advance income tax (net of provision)	**1,751**	1,749	**-**	-
Considered doubtful				
Advance to suppliers	**-**	-	**4**	22
Deposits against legal cases	**-**	4	**-**	-
Claims receivables	**54**	54	**-**	-
Less: Provision for doubtful other loans and advances				-
Advance to suppliers	**-**	-	**(4)**	(22)
Deposits against legal cases	**-**	(4)	**-**	-
Claims receivables	**(54)**	(54)	**-**	-
	2,561	3,049	**1,188**	994
	2,875	3,484	**1,938**	1,437

Amounts in ₹ Mln

		As at 31 March 2016	As at 31 March 2015
16	**Other non-current assets**		
	Long term trade receivables		
	Secured, considered good (refer note 18.1)	**1,687**	2,064
	Unsecured, considered good	**-**	193
	Doubtful	**-**	-
		1,687	2,257
	Less: Provision for doubtful receivables	**-**	-
	Bank deposits (due to mature after 12 months from the reporting date)	**6**	6
		6	6
		1,693	2,263
17	**Inventories**		
	(At lower of cost and net realisable value)		
	Raw materials	**643**	1,068
	[including goods-in-transit - ₹ **15** (Previous year - ₹ 334)]		
	Work-in-progress	**950**	540
	Finished goods	**374**	586
	[including goods-in-transit - ₹ **106** (Previous year - ₹ 45)]		
	Stock-in-trade (goods purchased for resale)	**3,102**	4,841
	[including goods-in-transit - ₹ **414** (Previous year - ₹ 460)]		
	Stores and Spares	**20**	99
		5,089	7,134
18	**Trade receivables**		
	Receivables outstanding for a period exceeding six months from the date they are due for payment		
	Secured, considered good (refer note 18.1)	**18**	6
	Unsecured, considered good	**395**	462
	Doubtful	**190**	205
		603	673
	Less: Provision for doubtful receivables	**(190)**	(205)
		413	468
	Other receivables		
	Secured, considered good (refer note 18.1)	**441**	405
	Unsecured, considered good	**6,061**	7,827
	Doubtful	**-**	-
		6,502	8,232
	Less: Provision for doubtful receivables	**-**	-
		6,502	8,232
		6,915	8,700

Additional disclosure relating to finance lease receivables:

18.1 Secured trade receivables includes finance lease receivables amounting to ₹ **698** (Previous year - ₹ 716) relating to medical equipments 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 ₹ **941** (Previous year - ₹ 929) which includes unearned interest of ₹ **243** (Previous year - ₹ 213). The maturity profile of finance lease obligation is as follows:

	As at 31 March 2016	As at 31 March 2015
Minimum lease payments		
Receivable within 1 year	**231**	238
Receivable between 1-5 years	**638**	634
Receivable after 5 years	**72**	57
Total	**941**	929
Present value		
Receivable within 1 year	**152**	164
Receivable between 1-5 years	**480**	499
Receivable after 5 years	**66**	53
Total	**698**	716
Unearned interest	**243**	213

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

		As at 31 March 2016		As at 31 March 2015	
19	**Cash and bank balances**				
	Cash and cash equivalents				
	Cash on hand	**1**		2	
	Cheques and drafts on hand	**253**		1,043	
	Balances with banks				
	On current accounts	**1,086**		413	
	On deposit accounts (with original maturity of 3 months or less)	**4,079**		2,260	
			5,419		3,718
	Other bank balances				
	Bank deposits (due to mature within 12 months from the reporting date)	**953**		-	
	Unpaid dividend accounts	**11**		10	
			964		10
			6,383		3,728
20	**Other current assets**				
	(Unsecured, considered good unless otherwise stated)				
	Unbilled revenue		**238**		142
	Interest accrued on deposits with banks		**34**		24
	Insurance claim receivable		**5**		-
			277		166

Amounts in ₹ Mln

21 Revenue from operations

	Year ended 31 March 2016	Year ended 31 March 2015
Sale of products (gross)	**54,302**	57,431
Sale of services	**12,922**	10,167
Other operating revenues	**426**	508
Revenue from operations (gross)	**67,650**	68,106
Breakup of revenue from sale of products		
Lamps	**14,531**	19,711
Fittings	**8,663**	9,718
Diagnostic imaging equipments	**8,902**	7,445
Domestic appliances	**10,428**	9,161
Personal care	**4,781**	3,725
Accessories for fittings	**1,636**	2,042
Patient monitoring equipments	**1,667**	1,781
Electronic HF Ballasts	**1,880**	2,321
Health and wellness	**285**	210
Modular switches	**690**	452
Operation theatre lights	**761**	646
Filaments	**70**	208
Glass shells	**8**	11
	54,302	57,431
Breakup of revenue from sale of services		
Software development	**8,024**	6,567
Product maintenance	**2,956**	2,359
Service income	**1,493**	888
Others	**449**	353
	12,922	10,167
Breakup of other operating revenues		
Liabilities no longer required written back	**69**	133
Export incentives	**4**	11
Finance income - leases	**288**	227
Scrap sales	**27**	76
Miscellaneous	**38**	61
	426	508

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

22 Other income

	Year ended 31 March 2016	Year ended 31 March 2015
Interest income (other than on investments)	**261**	188
Insurance and other claims	**7**	11
Surplus on disposal of fixed assets	**-**	8
Other non-operating income	**29**	15
	297	222

23 Cost of raw materials consumed

	Year ended 31 March 2016	Year ended 31 March 2015
Inventory of raw materials at the beginning of the year	**735**	802
Add: Purchases	**6,010**	6,125
Less: Inventory of raw materials at the end of the year	**628**	735
Less: Transfer as per Scheme of Arrangement for Demerger	**337**	-
	5,780	6,192
Cost of raw materials consumed		
Circuits	**3**	29
Caps	**404**	596
Lamps consumables	**1,576**	2,384
Medical equipment components	**1,541**	1,262
Domestic appliances components	**2,256**	1,921
	5,780	6,192
Breakup of inventory of raw materials at the end of the year		
Circuits	**-**	1
Caps	**-**	15
Lamp consumables	**-**	292
Medical equipment components	**419**	221
Domestic appliances components	**209**	206
	628	735
Transfer as per Scheme of Arrangement for Demerger		
Circuits		-
Caps	**22**	-
Lamp consumables	**315**	-
	337	-

24 Breakup of purchases of stock-in-trade (goods purchased for resale):

	Year ended 31 March 2016	Year ended 31 March 2015
Lamps	**7,052**	9,249
Fittings	**4,830**	5,469
Diagnostic imaging equipments	**4,200**	2,710
Domestic appliances	**4,327**	4,480
Personal care	**3,246**	2,416
Accessories for fittings	**1,010**	1,657
Patient monitoring equipments	**1,393**	928
Electronic HF ballasts	**1,306**	1,680
Service consumables	**2,056**	1,871
Health and wellness	**121**	177
Modular switches	**682**	477
Operation theatre lights	**531**	395
	30,754	31,509

Amounts in ₹ Mln

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

	Year ended 31 March 2016				Year ended 31 March 2015		
	Opening inventory	**Transfer as per Scheme of Arrangement for Demerger**	**Closing inventory**	**(Increase)/ decrease in inventory**	Opening inventory	Closing inventory	(Increase)/ decrease in inventory
Finished goods							
Lamps	**281**	**226**	**-**	**55**	292	281	11
Diagnostic imaging equipments	**-**	**-**	**6**	**(6)**	-	-	-
Domestic appliances	**278**	**-**	**261**	**17**	346	278	68
	559	**226**	**267**	**66**	638	559	79
Stock-in-trade (goods purchased for resale)							
Lamps	**826**	**531**	**-**	**295**	859	826	33
Fittings	**546**	**644**	**-**	**(98)**	673	546	127
Accessories for fittings	**235**	**222**	**-**	**13**	163	235	(72)
Electronic HF ballasts	**160**	**173**	**-**	**(13)**	123	160	(37)
Modular switches	**50**	**91**	**-**	**(41)**	36	50	(14)
Diagnostic imaging equipments	**451**	**-**	**203**	**248**	557	451	106
Domestic appliances	**742**	**-**	**730**	**12**	646	742	(96)
Personal care	**453**	**-**	**685**	**(232)**	-	453	(453)
Patient monitoring equipments	**260**	**-**	**242**	**18**	139	260	(121)
Service consumables	**488**	**-**	**663**	**(175)**	700	488	212
Health and wellness	**95**	**-**	**69**	**26**	26	95	(69)
Operation theatre lights	**77**	**-**	**98**	**(21)**	72	77	(5)
	4,383	**1,661**	**2,690**	**32**	3,994	4,383	(389)
Work-in-progress							
Domestic appliances	**-**	**-**	**-**	**-**	16		16
Diagnostic imaging equipments	**540**	**-**	**950**	**(410)**	458	540	(82)
	540	**-**	**950**	**(410)**	474	540	(66)
Total	**5,482**	**1,887**	**3,907**	**(312)**	5,106	5,482	(376)

		Year ended 31 March 2016	Year ended 31 March 2015
26	**Employee benefits expense**		
	Salaries, wages and bonus	**10,526**	9,343
	Contribution to provident and other funds	**384**	380
	Expense on Employee Stock Option Schemes	**84**	106
	Staff welfare expenses	**629**	681
		11,623	10,510
27	**Finance costs**		
	Interest expense	**596**	643
		596	643
28	**Depreciation and amortisation expense**		
	Depreciation of tangible fixed assets	**840**	1,118
	Amortisation of intangible fixed assets	**781**	781
		1,621	1,899

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

29 Other expenses

	Year ended 31 March 2016	Year ended 31 March 2015
Consumption of stores and spare parts	**113**	96
Excise duty	**3**	13
Power and fuel	**594**	673
Packing, freight and transport	**955**	1,042
Rent	**854**	756
Repairs to buildings	**252**	215
Repairs to machinery	**35**	93
Insurance	**131**	126
Rates and taxes	**119**	162
Travelling and conveyance	**1,321**	1,352
Legal and professional	**403**	467
Publicity	**2,834**	2,478
IT and Communication	**1,250**	1,430
Provision for doubtful trade receivables and loans and advances	**197**	37
Replacement guarantee	**981**	1,079
Management support services	**-**	384
Research and development services	**-**	48
Net loss on foreign currency transaction and translation	**120**	339
Miscellaneous	**1,665**	1,861
	11,827	12,651

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

(b) Legal and professional includes payments to auditors as given below:
As Auditor - statutory audit fees ₹ **12.9** (Previous year - ₹ 10.3), tax audit fees ₹ **2** (Previous year - ₹ 2);
In other capacity - taxation matters ₹ **0.3** (Previous year - ₹ 0.3), certification ₹ **1.1** (Previous year - ₹ 0.4) and reimbursement of expenses ₹ **1** (Previous year - ₹ 1).

(c) Pursuant to the agreement entered into by the Company with Koninklijke Philips N.V. (KPNV), the Company has incurred ₹ **Nil** (Previous year - ₹ 384) towards the support services provided by KPNV and ₹ **Nil** (Previous year - ₹ 48) for accessing the benefit resulting from common research and development programmes.

(d) Miscellaneous include - (i) undepreciated value of fixed assets written off / provided for - ₹ **NIL** (Previous year - ₹ 7), (ii) handling charges - ₹ **199** (Previous year - ₹ 284), (iii) royalty - ₹ **250** (Previous year - ₹ 242), (iv) commission - ₹ **125** (Previous year - ₹ 101), (v) donation - ₹ **NIL** (Previous year - ₹ 2) and (vi) Corporate Social Responsibility expenditure - Gross amount required to be spent ₹ **68** (Previous year - ₹ 46), amount spent towards various schemes as prescribed under Section 135 of the Companies Act, 2013 ₹ **33** (Previous year - ₹ 27).

Amounts in ₹ Mln

30 Related party transactions

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

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

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

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

Argus Imaging B.V.
Burton Medical Products Corporation
Chicago Magnet Wire Corp.
Dameca A/S
Dynalite Intelligent Light Pty. Limited
Genlyte Thomas Group LLC
Ilti Luce S.r.l.
Indalux Iluminación Técnica, S.L.
Lifeline Systems Company
Limited Liability Company "Philips"
Luceplan S.p.A
Lumileds India Private Limited
Lumileds LLC
P.T. Philips Industries Batam
Philips (China) Investment Company, Ltd.
Philips Aktiebolag
Philips Austria GmbH
Philips Belgium
Philips Chilena S.A.
Philips Colombiana S.A.S.
Philips Consumer Lifestyle B.V.
Philips Consumer Life Style , Korea
Philips Digital Mammography Sweden AB
Philips do Brasil Ltda.
Philips Domestic Appliances and Personal Care Company of Zhuhai SEZ, Ltd.
Philips Egypt (Limited Liability Company)
Philips Electrical Industries of Pakistan Limited
Philips Electronics (Thailand) Ltd.
Philips Electronics and Lighting, Inc.
Philips Electronics Australia Limited
Philips Electronics Bangladesh Private Limited
Philips Electronics Hong Kong Limited
Philips Electronics Japan, Ltd.
Philips Electronics Korea Ltd.
Philips Electronics Ltd
Philips Electronics Malaysia Pte 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 Electronics Vietnam Limited
Philips Electronique Maroc
Philips Export B.V.
Philips France
Philips GmbH
Philips Healthcare (Suzhou) Co., Ltd.
Philips Healthcare Informatics, Inc.
Philips Innovative Applications
Philips International B.V.
Philips IPSC Tamasi Kft.
Philips Lanka Solutions (Private) Limited
Philips Lighting B.V.
Philips Lighting Bielsko Sp.z.o.o.
Philips Lighting Central America, Sociedad Anónima de Capital Variable
Philips Lighting India Limited
Philips Lighting Industry (China) Co., Ltd.
Philips Lighting Luminaires (Shanghai) Co., Ltd.
Philips Lighting Maseru Pty. Ltd.
Philips Lighting Poland S.A.
Philips Luminaires (Chengdu) Co., Ltd.
Philips Malaysia Sdn. Berhad
Philips Medical Systems (Cleveland), Inc.
Philips Medical Systems DMC GmbH
Philips Medical Systems Nederland B.V.
Philips Medical Systems Technologies Ltd.
Philips Medizin Systeme Böblingen GmbH
Philips Mexicana, S.A. de C.V.
Philips Nederland B.V.
Philips New Zealand Limited
Philips Oral Healthcare, Inc.
Philips Oy
Philips Peruana S.A.
Philips Polska Sp.z.o.o.
Philips Solid-State Lighting Solutions, Inc.
Philips South Africa (Proprietary) Limited
Philips Taiwan Ltd.
Philips Technologie GmbH
Philips Ultrasound, Inc.
Philips Uruguay S.A.
PITS
PT. Philips Indonesia
Respironics California, Inc.
Respironics, Inc.
Saeco International Group S.p.A.
Shenzhen Goldway Industrial Inc.
Türk Philips Ticaret Anonim Sirketi
VISICU, Inc.
Volcano Europe, B.V.B.A.
Witt Biomedical Corporation

(ii) **Employee Trusts**

Philips India Ltd Management Staff Provident Fund Trust

(iii) **Key Management Personnel**

(1) **Executive Directors:**

(i) Mr.A.Krishnakumar - Ceased to be Executive Director w.e.f. 15 Dec 2015
(ii) Mr.Hariharan Madhavan - Executive Director w.e.f. 28 Sep 2015
(iii) Mr.V. Raja - Executive Director w.e.f. 15 Dec 2015
(iv) Mr.A.D.Aditya Ratnam - Chairman of PKAPL
(v) Mr. Rupendra Yadav - CEO and Managing Director of PKAPL

(2) **Non-Executive Directors:**

(i) Mr.S.M.Datta
(ii) Mr.Vikram Mukund Limaye
(iii) Mr.Vivek Gambhir
(iv) Ms.Geetu Gidwani Verma -Non-Executive Director w.e.f. 29 Sep 2015

(3) **Company Secretary:**

Mr.Rajiv Mathur

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

(c) Nature of transactions

	Year ended 31 March 2016					Year ended 31 March 2015				
	Ultimate Holding Company	**Fellow Subsidiary Companies**	**Associate Company**	**Key Managerial Personnel**	**Employee Trusts**	Ultimate Holding Company	Fellow Subsidiary Companies	Associate Company	Key Managerial Personnel	Employee Trusts
PURCHASES										
Goods	-	12,182	-	-	-	-	11,422	-	-	-
Fixed assets	-	59	-	-	-	-	61	-	-	-
Services	91	1,238	-	-	-	521	1,071	-	-	-
Reimbursements	-	100	-	-	-	-	227	-	-	-
Others	84	-	-	-	-	116	1	-	-	-
SALES										
Goods	-	2,596	398	-	-	-	2,494	-	-	-
Services	1,252	8,662	-	-	-	891	6,934	-	-	-
Reimbursements	-	601	-	-	-	-	130	-	-	-
DEPUTATION OF PERSONNEL			-							
Charge	-	-	-	-	-	-	1	-	-	-
Recovery	-	5	-	-	-	-	7	-	-	-
MANAGERIAL REMUNERATION										
Mr.A.Krishnakumar	-	-	-	27	-	-	-	-	44	-
Mr.Jan Hendrik Gerardus Louwman	-	-	-	-	-	-	-	-	72	-
Mr.Hariharan Madhavan	-	-	-	12	-	-	-	-	-	-
Mr.V. Raja	-	-	-	13	-	-	-	-	-	-
Mr.Rajiv Mathur	-	-	-	16	-	-	-	-	15	-
Mr. Rupendra Yadav	-	-	-	-	-	-	-	-	-	-
Mr.S.M.Datta	-	-	-	1	-	-	-	-	1	-
Mr.Vikram Mukund Limaye	-	-	-	1	-	-	-	-	1	-
Mr.Vivek Gambir	-	-	-	1	-	-	-	-	1	-
Ms. Geetu Gidwani Verma	-	-	-		-	-	-	-	-	-
FINANCE										
Dividend Paid	166		-	-	-	111		-	-	-
Interest income	-		-	-	-	-	-	-	-	-
Inter corporate deposits given	-	134	-	-	-	-	-	-	-	-
Inter corporate deposits repaid	-	134	-	-	-	-	-	-	-	-
Others - Proceeds from divestment	-	-	-	-	-	-	378	-	-	-
Debenture interest expenses	540	-	-	-	-	540	-	-	-	-
Purchase of Investment	-	-	63	-	-	-	-	-	-	-
Face value of equity shares on conversion of compulsorily convertible debentures	469	-	-	-	-	-	-	-	-	-
Securities premium on conversion of compulsorily convertible debentures	4,931	-	-	-	-	-	-	-	-	-
Contributions to Employees' Benefit Plans	-	-	-	-	620	-	-	-	-	543
OUTSTANDINGS										
Compulsorily convertible debentures	-	-	-	-	-	5,400	-	-	-	-
Debentures interest payable	-	-	-	-	-	122	-	-	-	-
Payable	46	2,033	-	-	54	151	2,673	-	-	46
Receivable	99	2,033	9	-	-	43	2,083	-	-	-

Amounts in ₹ Mln

	Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions Year ended 31 March 2016*	Value of the transactions Year ended 31 March 2015
(i)	**Fellow subsidiary Companies:**			
	Philips Electronics Hong Kong Limited	Purchase of goods	**-**	1,902
	Philips Medical Systems Nederland B.V.	Purchase of goods	**2,540**	1,619
	Philips Consumer Lifestyle B.V.	Purchase of goods	**3,409**	2,935
	Philips Electronics Singapore Pte Ltd	Purchase of goods	**1,361**	
	Philips Electronics Singapore Pte Ltd	Purchase of fixed assets	**28**	25
	Philips Medical Systems Nederland B.V.	Purchase of fixed assets	**10**	9
	Philips Lighting Maseru Pty. Ltd.	Purchase of fixed assets	**-**	9
	PT. Philips Indonesia	Purchase of fixed assets	**10**	7
	Philips Electronics Nederland B.V.	Purchase of services	**881**	860
	Philips Electronics Bangladesh Private Limited	Reimbursements paid	**15**	-
	Philips Electronics Nederland B.V.	Reimbursements paid	**55**	200
	Philips Medical Systems Nederland B.V.	Sale of goods	**994**	555
	Philips Electronique Maroc	Sale of goods	**-**	532
	Philips Electronics Nederland B.V.	Sale of services	**1,801**	5,320
	Philips Electronics North America Corporation	Sale of services	**1,217**	-
	Philips Medical Systems Nederland B.V.	Sale of services	**2,050**	-
	Lumileds India Private Limited	Proceeds from divestment	**-**	378
	Philips Lighting B.V.	Reimbursements received	**-**	22
	Philips Electronics Nederland B.V.	Reimbursements received	**-**	61
	Philips (China) Investment Company, Ltd.	Reimbursements received	**-**	19
	Philips Lighting India Limited	Reimbursements received	**544**	-
	Philips Electronics Nederland B.V.	Deputation charge	**-**	1
	Philips Electronics Hong Kong Limited	Deputation recovery	**-**	2
	Philips South Africa (Proprietary) Limited	Deputation recovery	**-**	2
	Philips International B.V.	Deputation recovery	**-**	2
	Philips Polska Sp.z.o.o.	Deputation recovery	**1**	-
	Philips Belgium	Deputation recovery	**2**	-
	Philips Lighting India Limited	Inter Corporate Deposit taken	**134**	-
	Philips Lighting India Limited	Inter Corporate Deposit given	**134**	-
	Philips Electronics Hong Kong Limited	Payable	**-**	405
	Philips Medical Systems Nederland B.V.	Payable	**642**	547
	Philips Consumer Lifestyle B.V.	Payable	**533**	512
	Philips Medical Systems Nederland B.V.	Receivable	**528**	587
	Philips Lighting India Limited	Receivable	**544**	-
	Philips Electronics Nederland B.V.	Receivable	**316**	-
(ii)	**Employee Trusts:**			
	Philips India Ltd Management Staff Provident Fund Trust	Contributions	**620**	543
	Philips India Ltd Management Staff Provident Fund Trust	Payable	**54**	46

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

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

31 INFORMATION ABOUT BUSINESS SEGMENTS

Description	Year ended 31 March 2016	Year ended 31 March 2015
(A) PRIMARY SEGMENT INFORMATION:		
(1) SEGMENT REVENUE		
a. Lighting	**27,003**	33,916
b. Consumer Lifestyle	**15,363**	13,036
c. Software development services	**8,023**	6,567
d. Healthcare	**16,076**	13,190
e. Other segments	**74**	96
TOTAL	**66,539**	66,805
(2) INTER SEGMENT REVENUE		
a. Lighting	**-**	-
b. Consumer Lifestyle	**-**	-
c. Software development services	**-**	-
d. Healthcare	**-**	-
e. Other segments	**-**	-
TOTAL	**-**	-
(3) OTHER UNALLOCABLE INCOME	**350**	430
REVENUE FROM OPERATIONS (NET) (1+3)	**66,889**	67,235
(4) SEGMENT RESULT		
a. Lighting	**3,440**	3,463
b. Consumer Lifestyle	**159**	(215)
c. Software development services	**783**	560
d. Healthcare	**1,508**	1,244
e. Other segments	**5**	9
TOTAL	**5,895**	5,061
(5) FINANCE COST	**(596)**	(643)
(6) OTHER UNALLOCABLE EXPENDITURE NET OF INCOME	**(2)**	11
(7) PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (4+5+6)	**5,297**	4,429
(8) EXCEPTIONAL ITEMS		
a. Lighting	**(225)**	40
b. Consumer Lifestyle	**-**	-
c. Software development services	**-**	-
d. Healthcare	**-**	-
e. Other segments	**-**	-
f. Other unallocable	**-**	635
TOTAL	**(225)**	675
(9) PROFIT BEFORE TAX	**5,072**	5,104
(10) TAX EXPENSE		
a. Current tax	**(2,438)**	(2,353)
b. Deferred tax - release / (charge)	**135**	313
TOTAL	**(2,303)**	(2,040)
(11) PROFIT FOR THE YEAR	**2,769**	3,064
(B) SECONDARY SEGMENT INFORMATION:		
REVENUE		
a. Within India	**53,714**	56,101
b. Outside India	**13,175**	11,134
TOTAL	**66,889**	67,235
CAPITAL EXPENDITURE		
a. Within India	**996**	989
b. Outside India	**-**	-
TOTAL	**996**	989

Description	Year ended 31 March 2016	Year ended 31 March 2015
OTHER INFORMATION		
(12) SEGMENT ASSETS		
a. Lighting	**-**	10,029
b. Consumer Lifestyle	**4,836**	4,162
c. Software development services	**2,466**	2,165
d. Healthcare	**9,976**	8,954
e. Other segments	**7**	4
f. Other unallocable	**13,430**	10,065
TOTAL	**30,715**	35,379
(13) SEGMENT LIABILITIES		
a. Lighting	**-**	6,050
b. Consumer Lifestyle	**2,208**	8,390
c. Software development services	**1,930**	1,547
d. Healthcare	**6,561**	5,734
e. Other segments	**5**	15
f. Other unallocable	**3,025**	1,738
TOTAL	**13,729**	23,474
(14) CAPITAL EXPENDITURE		
a. Lighting	**124**	265
b. Consumer Lifestyle	**206**	244
c. Software development services	**279**	242
d. Healthcare	**144**	195
e. Other segments	**-**	1
f. Other unallocable	**243**	42
TOTAL	**996**	989
(15) DEPRECIATION AND AMORTISATION EXPENSE		
a. Lighting	**(418)**	(671)
b. Consumer Lifestyle	**(896)**	(880)
c. Software development services	**(172)**	(180)
d. Healthcare	**(103)**	(96)
e. Other segments	**-**	(1)
f. Other unallocable	**(143)**	(196)
TOTAL	**(1,732)**	(2,024)
(16) NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION EXPENSE		
a. Lighting	**(56)**	(52)
b. Consumer Lifestyle	**(4)**	(10)
c. Software development services	**(35)**	-
d. Healthcare	**(93)**	-
e. Other segments	**-**	-
f. Other unallocable	**-**	-
TOTAL	**(188)**	(62)
ASSETS		
a. Within India	**29,119**	33,198
b. Outside India	**1,596**	2,181
TOTAL	**30,715**	35,379

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.

31 INFORMATION ABOUT BUSINESS SEGMENTS (Contd.)

(C) OTHER DISCLOSURES: Amounts in ₹ Mln

Inter segment revenue / result:

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

Types of products and services in each business segment:

Business Segments	Type of products / services
a. Lighting	Lamps, Glass shells, Fittings, Accessories for fittings, Electronic HF Ballasts, Glass tubings and Modular Switches
b. Consumer Lifestyle	Domestic Appliances, Health and Wellness products and Personal care products
c. Software development services	Development of embedded software
d. Healthcare	Medical electronics equipments
e. Other segments	Philips Design

32 Exceptional items include:

(a) Profit on sale of property - ₹ **NIL** (Previous year - ₹ 760).

(b) ₹ **NIL** (Previous year - ₹ 388) Net surplus on divestment of Lumileds LED Component and Automotive Lighting Business and Tax thereon ₹ **NIL** (Previous year - ₹ 78) included in current tax.

(c) Restructuring costs incurred at Mohali Light Factory and Vadodara Light Factory:

- Compensation for Employees' Voluntary Separation ₹ **114** (Previous year – ₹ 223).
- Additional depreciation ₹ **111** (Previous year - ₹ 125) provided for writing down certain plant and equipment no longer in active use.

(d) Settlement of erstwhile Mumbai Employees' VRS claim ₹ **NIL** (Previous year - ₹ 125).

33 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 2016		As at 31 March 2015		**As at 31 March 2016**		As at 31 March 2015	
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**-**	**-**	-	-
Payables	**2,683.33**	**40,500.00**	2,438.83	39,181.24	**-**	**-**	-	-

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

Details	**As at 31 March 2016**		As at 31 March 2015		**As at 31 March 2016**		As at 31 March 2015	
	USD Exposure				Euro Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**1,343.67**	**20,276.89**	1,790.34	28,751.48	**250.82**	**3,326.71**	404.12	6,047.17
Payables	**28.00**	**420.00**	132.98	2,128.05	**105.78**	**1,403.03**	336.50	5,035.28

Details	SGD Exposure				CNY Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**-**	**-**	-	-
Payables	**3.08**	**69.56**	3.83	84.47	**1.76**	**171.72**	-	-

Details	AUD Exposure				CHF Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**-**	**-**	-	-
Payables	**0.11**	**2.11**	8.56	180.79	**-**	**2.00**	-	-

Details	GBP Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	1.38	15.00
Payables	**-**	**-**	0.92	9.99

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

34 Employees' Share-based Payments:

Certain employees of the company are eligible for stock options granted by the Holding Company ("KPNV"). In conformity with the guidance note on "Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India (ICAI) in respect of the grants made on or after 1 April 2005, the following disclosures are made:

(a) Method adopted for valuation

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

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

As from 2003 onwards, the Holding Company (KPNV) issued restricted share rights that vest in equal annual 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.

(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 2015	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2016	Exercisable
April 18, 2005	19.41	1,251	-	(3,033)	3,717	(1,935)	-	-
April 18, 2006	26.28	4,662	-	(3,690)	3,690	(306)	4,356	4,356
April 16, 2007	30.96	7,749	-	-	(666)	-	7,083	7,083
April 14, 2008	23.11	3,402	-	-	4,500	(4,500)	3,402	3,402
July 14, 2008	20.67	1,800	-	-	-	-	1,800	1,800
April 14, 2009	12.63	3,300	-	-	4,125	(5,175)	2,250	2,250
April 19, 2010	24.90	6,904	-	-	(2,160)	-	4,744	4,744
July 19, 2010	24.01	7,125	-	-	(6,045)	-	1,080	1,080
April 18, 2011	20.90	11,664	-	-	900	(3,450)	9,114	9,114
July 18, 2011	17.20	3,600	-	-	(750)	-	2,850	2,850
October 17, 2011	14.52	3,378	-	-	(1,350)	(678)	1,350	1,350
January 30, 2012	15.24	5,000	-	-	5,000	(5,000)	5,000	5,000
April 23, 2012	14.82	44,559	-	(7,050)	(5,325)	(9,150)	23,034	23,034
		1,04,394	**-**	**(13,773)**	**5,636**	**(30,194)**	**66,063**	**66,063**
Previous Year		1,77,223	-	(14,772)	(4,253)	(53,804)	1,04,394	59,835

(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 2015	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2016	Exercisable
April 18, 2005	25.28	504	-	(504)	-	-	-	-
April 14, 2008	36.63	306	-	-	-	-	306	306
April 19, 2010	33.51	480	-	-	-	-	480	480
		1,290	**-**	**(504)**	**-**	**-**	**786**	**786**
Previous year		1,623	-	(333)	-	-	1,290	1,290

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 Euro)	Outstanding as at 1 April 2015	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2016
April 23, 2012	14.07	3,970	-	(627)	(1,422)	(1,921)	-
July 25, 2014	22.80	4,248	-	(2,124)	-	(2,124)	-
October 24, 2014	20.43	1,415	-	-	-	(707)	708
February 2, 2015	23.89	4,027	-	-	-	-	4,027
May 5, 2015	25.19	-	1,168	-	-	-	1,168
July 31, 2015	25.32	-	8,391	-	-	-	8,391
February 1, 2016	24.33	-	18,586	-	-	-	18,586
		13,660	**28,145**	**(2,751)**	**(1,422)**	**(4,752)**	**32,880**
Previous Year		13,993	9,690	(1,247)	(963)	(7,813)	13,660

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 2015	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2016
May 3, 2013	23.45	50,318	-	(14,741)	(4,740)	-	30,837
October 25, 2013	30.38	967	-	-	(967)	-	-
April 28, 2014	22.92	71,911	-	(14,340)	(8,132)	-	49,439
July 25, 2014	22.80	4,992	-	(3,186)	-	-	1,806
October 24, 2014	20.43	708	-	-	-	-	708
May 5, 2015	25.19	-	71,774	(10,509)	-	-	61,265
February 1, 2016	24.33	-	1,549	-	-	-	1,549
		1,28,896	**73,323**	**(42,776)**	**(13,839)**	**-**	**1,45,604**
Previous Year		66,140	85,146	17,651	4,739		1,28,896

(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	-0.11%
2.	Expected dividend yield	4.00%
3.	Expected share price volatility	25%

(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 19,110 (Previous year -19,369) shares were bought by employees during the year at an average price of EUR **24** (Previous year - EUR 24).

(j) Expense recognised on account of "Employee Share-Based Payment" is ₹ **84** (Previous year - ₹ 106) and carrying liability as at 31 March 2016 is ₹ **392** (Previous year - ₹ 317).

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

35 Disclosure relating to Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuation as on 31 March 2016 and recognised in the financial statements in respect of Retirement Benefits:

Particulars	Gratuity				Compensated absences		Provident Fund	
	Year ended 31 March 2016		Year ended 31 March 2015		**Year ended 31 March 2016**	Year ended 31 March 2015	**Year ended 31 March 2016**	Year ended 31 March 2015
	Funded	**Unfunded**	Funded	Unfunded				
A. Present value of obligations as at beginning of the year	**550**	**311**	406	263	**383**	313	**3,473**	2,649
(1) Current service cost	**91**	**48**	68	41	**124**	104	**241**	227
(2) Interest cost	**44**	**24**	35	23	**25**	25	**11**	269
(3) Benefits settled	**(44)**	**(37)**	(52)	(20)	**(108)**	(75)	**(335)**	(312)
(4) Settlements	**-**	**-**	-	-	**-**	-	**-**	-
(5) Actuarial (gain) / loss	**(48)**	**150**	93	9	**24**	19	**-**	
(6) Actuarial (gain) / loss due to Interest rate guarantee	**-**	**-**	-	-	**-**	-	**244**	90
(7) Employees' contribution	**-**	**-**	-	-	**-**	-	**349**	311
(8) Acquisition/Business Combination/Divestiture	**(130)**	**(385)**	-	(5)	**(173)**	(4)	**(781)**	-
(9) Change in reserves	**-**	**-**	-	-	**-**	-	**-**	-
(10) Transfer in	**-**	**-**	-	-	**-**	-	**195**	239
(11) Past service cost	**78**	**-**	-	-	**-**	-	**-**	-
Present value of obligations as at end of the year	**541**	**111**	550	311	**275**	383	**3,397**	3,473
B. Change in Plan Assets								
Plan assets as at beginning of the year	**312**	**-**	274	-	**-**	-	**3,564**	2,671
(1) Expected return on plan assets	**29**	**-**	25	-	**-**	-	**11**	271
(2) Contributions	**59**	**-**	68	-	**-**	-	**-**	-
(3) Benefits settled	**(44)**	**-**	(52)	-	**-**	-	**-**	-
(4) Employer and Employee contribution	**5**	**-**	-	-	**-**	-	**590**	538
(5) Transfer in	**-**	**-**	-	-	**-**	-	**195**	239
(6) Benefit payments	**-**	**-**	-	-	**-**	-	**(335)**	(312)
(7) Asset gain / (loss)	**(4)**	**-**	(3)	-	**-**	-	**273**	158
(8) Settlements	**-**	**-**	-	-	**-**	-	**-**	-
(9) Acquisition/Business Combination/Divestiture	**(84)**	**-**	-	-	**-**	-	**(827)**	-
Plan assets as at end of the year	**273**	**-**	312	-	**-**	-	**3,471**	3,565
Surplus	**-**	**-**	-	-	**-**	-	**74**	91

The above surplus of ₹ **74** (Previous year - ₹ 91) has not been recognised in the financial statements in accordance with Paragraph 59 of Accounting Standard (AS15), Employee Benefits, since the surplus is not available to the Company either in form of refunds or as reduction of future contributions.

Amounts in ₹ Mln

Particulars	Gratuity				Compensated absences		Provident Fund	
	Year ended 31 March 2016		Year ended 31 March 2015		Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
	Funded	Unfunded	Funded	Unfunded				
C. Actual return on plan assets	**24**	**-**	22	-	**-**	-	**-**	-
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	**(541)**	**(111)**	(550)	(311)	**(275)**	(383)	**-**	-
(2) Fair value of Plan assets	**273**	**-**	312	-	**-**		**-**	-
Liability recognised in Balance Sheet	**(268)**	**(111)**	(238)	(311)	**(275)**	(383)	**-**	-
E. Components of Employer Expense:								
(1) Current service cost	**91**	**48**	68	41	**124**	104	**-**	-
(2) Interest cost	**44**	**24**	35	23	**25**	25	**-**	-
(3) Expected return on plan assets(estimated)	**(29)**	**-**	(25)	-	**-**	-	**-**	-
(4) Curtailments	**-**	**-**	-	-	**-**	-	**-**	-
(5) Past service cost	**78**	**-**	-	-	**-**	-	**-**	-
(6) Actuarial (gain) / loss	**(173)**	**150**	97	9	**24**	19	**-**	-
Total expense recognised in Statement of Profit and Loss	**11**	**222**	175	73	**173**	148	**-**	-
The gratuity and compensated absences expenses have been recognised in "Employee benefits expenses" under note 25 to the Financial Statements.								
F. Assumptions								
(1) Discount factor	**PIL 7.55% and PKAPL 7.7%**		PIL 7.8% and PKAPL 7.8%		7.55%	7.80%		
(2) Estimated rate of return on plan assets	**PIL 9.0% and PKAPL 8.75%**		PIL 9.0% and PKAPL 8.75%					
(3) Mortality	**IALM (2006-08) Ultimate**		IALM (2006-08) Ultimate					
(4) Disability	**None**		None					
(5) Salary Increase	**Management, PMS and PIC - 11%, DMC factory - 12%, MLF factory - 11%, VLF factory - 11% PKAPL- 12%**		Management, PMS and PIC - 11%, DMC factory - 12%, MLF factory - 11%, VLF factory - 11% PKAPL- 12%					
(6) Attrition rate	**Management, PMS and PIC - 10%, DMC factory - 5%, MLF factory - 4.5%, VLF factory - 8% PKAPL CG- 12% PKAPL Staff-20% PKAPL Workers-8%**		Management, PMS and PIC - 10%, DMC factory - 5%, MLF factory - 4.5%, VLF factory - 8% PKAPL CG- 10% PKAPL Staff-18% PKAPL Workers-3%					
(7) Retirement age	**Management and PIC - 60 years, Others - 58 years PKAPL- 58 years**		Management and PIC - 60 years, Others - 58 years PKAPL- 58 years					

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

G. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012
Defined Benefit Obligations	**541**	550	406	368	204
Plan Assets	**273**	312	273	220	155
Surplus/(Deficit)	**(268)**	(238)	(133)	(148)	(49)
Experience adjustments on Plan assets/ liabilities (gain) / loss	**(59)**	316	78	89	30

Description	Gratuity (Un Funded)				
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012	Period ended 31 March 2012
Defined Benefit Obligations	**111**	311	263	264	150
Plan Assets	**-**	-	-	-	-
Surplus/(Deficit)	**(111)**	(311)	(263)	(264)	(150)
Experience adjustments on Plan assets/ liabilities (gain) / loss	**148**	(22)	(44)	13	25

Description	Provident Fund				
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012	Period ended 31 March 2012
Defined Benefit Obligations	**3,413**	3,489	2,649	2,149	1,650
Plan Assets	**3,471**	3,564	2,671	2,176	1,703
Surplus/(Deficit)	**58**	75	22	27	53
Experience adjustments on Plan assets/ liabilities (gain) / loss	**(273)**	(158)	69	(13)	42

Notes:

1. Plan assets comprise of contribution to Group Gratuity Schemes of Life Insurance Corporation of India in case of gratuity and investments under Philips India Limited Employees' Provident Fund Plan in case of Provident Fund.
2. Actuarial (gain) / loss is due to change in actuarial assumptions as stated in 35 F above.
3. The company provides retirement benefits in the form of Provident Fund, Gratuity, Compensated absences, Superannuation and other benefits. Provident fund contributions made to "Government Administered Provident Fund" are treated as defined contribution plan since the Company has no further obligations beyond it's monthly contributions. Provident Fund contributions made to "Trust" administered by the Company are treated as Defined Benefit Plan. As per actuarial valuation, the trust has surplus fund to cover shortfall, if any, on account of guaranteed interest benefit obligation.
4. The actuarial valuation in respect of gratuity and compensated absences has been done as at end 31 March 2016. In case of Mohali Light factory, Healthcare and Software Centre the gratuity liabilities are provided as per the actuarial valuation and are funded through Group Gratuity Schemes of Life Insurance Corporation of India (LIC) to the extent requested by LIC.

Amounts in ₹ Mln

36 Discontinuing Operations - Demerger:

As part of global restructuring exercise announced by ultimate holding company Koninklijke Philips N.V (KPNV) in September 2014, the proposal for demerger of Lighting business (Demerged Undertaking) was approved by Board of Directors of the Company on 27th April 2015 and by shareholders in the Court Convened meeting of the shareholders held on 06 July 2015 in Kolkata, India.

In pursuance of the restructuring mentioned above, a Scheme of Arrangement for Demerger ("Scheme") under Section 391 to 394 and other relevant provisions of the Companies Act, 1956 and Companies Act, 2013, amongst "Philips India Limited" (Demerged Company) and "Philips Lighting India Limited" (Resulting Company) and their respective shareholders was approved by the Hon'ble High Court of Calcutta vide order dated 07 January 2016, received by the Company on 29 January 2016, which was filed with the Registrar of Companies and was approved by them on 24 February 2016. In accordance with the Scheme, the assets and liabilities pertaining to Lighting business were transferred to and vested with Philips Lighting India Limited with effect from the appointed date i.e. 01 February 2016 and shareholders of the Company were allotted 1 fully paid equity share of Philips Lighting India Limited for each fully paid equity share held by them in the Company.

Consequent to the demerger;

a) The assets and liabilities of the Demerged Company are reduced at their book value.

b) The difference between the Book Value of assets and Book Value of liabilities of the Demerged Undertaking stands adjusted against the following, in the order specified below:

   i. Capital reserve account

   ii. Capital redemption reserve account

   iii. Securities premium account

   iv. General reserve account

c) Share capital of the Resulting Company stands credited with the aggregate face value new equity shares - 57,517,242 of Rs.10/- each -, being the equity shares issued by it to the members of the Demerged Company.

   In view of the aforesaid Demerger with effect from 1 February 2016, figures for the current year are not comparable with those of the previous year.

   Business segment "Lighting" as reported in note 31 consists of manufacture and sale of lighting and allied products and Lighting system solutions.

   Lighting business primarily involves local purchase, import, systems solutions and sales of the following PHILIPS brand products in India:

   (i) Lighting and Allied products - light source, special lighting, lighting electronics, switches, professional lighting, consumer luminaires and anything related to providing lighting products etc.

   (ii) Lighting Systems Solutions - Softwares and services, designing and developing applications (Mobile, Enterprise PC and Cloud), embedded software for lighting systems and solutions, creating user interface designs for application software, providing support for product and system level testing of software and lighting systems etc, and

   (iii) new product introduction in manufacturing sites, technical consultancy and training to market teams for deployment of lighting systems and developing proof of concept for lighting systems that includes hardware design and development.

Break-up of aggregate amounts in respect of revenue and expenses along with pre-tax profit or loss of lighting operations are as follows:	**Discontinuing Operations**	
Particulars	**Period ended 31 Jan 2016**	Year ended 31 Mar 2015
Revenue from operations (net)	**27,003**	33,916
Operating expenses	**(23,795)**	(30,413)
Profit / (loss) before tax	**3,208**	3,503
Income tax expense	**(1,111)**	(1,131)
Profit / (loss) after tax	**2,097**	2,372

The carrying amounts of the assets and liabilities of lighting operations transferred to the Resulting Company are as follows:	**As at 31 Jan 2016**	As at 31 Mar 2015
Total assets	**9,396**	10,029
Total liabilities	**6,631**	6,050
Net assets	**2,765**	3,979

Notes to Consolidated Financial Statements for the year ended 31 March 2016

Amounts in ₹ Mln

36 Discontinuing Operations - Demerger: (Contd.)

The net cash flows attributable to the Lighting operations is as follows:	**Period ended 31 Jan 2016**	Year ended 31 Mar 2015
Net cash inflow / (outflow) from operating activities	**4,030**	3,490
Net cash inflow / (outflow) from investing activities	**(196)**	200
Net cash inflow / (outflow) from financing activities	**(7)**	-
Net cash inflow / (outflow)	**3,827**	3,690

37 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.

	Year ended 31 March 2016	Year ended 31 March 2015
a) Principal amount remaining unpaid to any supplier as at the end of the year b) Interest due on the above amount	**123**	205
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.	**-**	-

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

	Year ended 31 March 2016	Year ended 31 March 2015
a) Total of future minimum lease payments receivable under non-cancellable operating lease	**19**	26
Receivable within 1 year	**7**	7
Receivable between 1-5 years	**12**	19
Receivable after 5 years	**-**	-
b) Total contingent rent recognised as income in the Statement of Profit and Loss for the year	**20**	20

39 In-house Research and Development

The Company has obtained approval of in-house research and development facility located at Sector 57, Noida, UP from Ministry of Science and Technology, Department of Scientific and Industrial Research (DSIR) for both capital and revenue expenditure incurred on research & development of the said facility.The objective of scientific research is to improve people's life through meaningful innovations. The said facility is also approved under Section 35 (2AB) of the Income-tax Act 1961.

During the financial year 2015-16, the Company has incurred revenue expenditure amounting to ₹ **209** and capital expenditure amounting to ₹ **4** on the said facility.

40 Contingent liabilities and commitments (to the extent not provided for) Amounts in ₹ Mln

(a) Contingent liabilities

(i) Claims not acknowledged as debts by the Company - ₹ **48** (Previous year - ₹ 48).

(ii) In respect of disputed excise demands - ₹ **19** (Previous year - ₹ 359), income tax demands - ₹ **6,268** (Previous year - ₹ 4,765) and service tax demands - ₹ **82** (Previous year - ₹ 82)

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

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

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ **74** (Previous year - ₹ 87).

41 Earnings per share

(a) Basic Earnings per share

Calculation of basic earnings per share	**Year ended 31 March 2016**	Year ended 31 March 2015
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	**2,769**	3,064
Basic earnings per share (in ₹)	**48.14**	53.27

(b) Diluted Earnings per share – In below table, number of shares includes potential equity shares of **NIL** (previous year - 46,956,522) on account of compulsorily convertible debentures and profit after tax is adjusted for interest thereon.

Calculation of diluted earnings per share	**Year ended 31 March 2016**	Year ended 31 March 2015
Number of shares at the beginning of the year	**104,473,764**	104,473,764
Total number of equity shares outstanding at the end of the year	**57,517,242**	104,473,764
Weighted average number of equity shares outstanding during the year	**104,345,467**	104,473,764
Profit after tax attributable to equity share holders	**3,308**	3,604
Diluted earnings per share (in ₹)	**31.70**	34.49

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

43 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 B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W / W-100022

VIKRAM ADVANI
Partner
Membership No.: 091765

Mumbai
Date: 25 July 2016

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)
Managing Director — V. RAJA (DIN: 00669376)
Director & CFO — HARIHARAN MADHAVAN (DIN: 07217072)
Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

Mumbai
Date: 25 July 2016

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 with amounts in ₹)

1. Sl. No. : **1**
2. Name of the subsidiary: **Preethi Kitchen Appliances Private Limited**
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **Same as Holding Company**
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. **NA**
5. Share capital: ₹ **1,082 Million**
6. Reserves & surplus: ₹ **2,696 Million**
7. Total assets: ₹ **4,751 Million**
8. Total Liabilities: ₹ **4,751 Million**
9. Investments: **NIL**
10. Turnover: ₹ **4,796 Million**
11. Profit before taxation: ₹ **(1,202) Million**
12. Provision for taxation: **NIL**
13. Profit after taxation: ₹ **(1,202) Million**
14. Proposed Dividend: **NIL**
15. % of shareholding: **51%**

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: **31.03.2016**
   II. Shares of Associate/Joint Ventures held by the company on the year end
      a) Number of shares: **6,300,000**
      b) Amount of Investment in Associates/Joint Venture: ₹ **63,000,000**
      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 2015- 16 have been incorporated in line with Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

5. Net worth attributable to shareholding as per latest audited Balance Sheet: ₹ **35,493,222**

6. Profit/Loss for the year: ₹ **(78,590,795)**

   I. Considered in Consolidation: ☑

   II. Not Considered in Consolidation

For and on behalf of the Board

Chairman	S M Datta (DIN: 0032812)
Managing Director	V Raja (DIN: 00669376)
Director and CFO	Hariharan Madhavan (DIN:07217072)
Director and Company Secretary	Rajiv Mathur (DIN: 06931798)

Mumbai
Date : July 25, 2016

NOTES

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