Audited Financial Statements

Preethi Kitchen Appliances Private Limited

Financial Year ended March 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Preethi Kitchen Appliances Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Preethi Kitchen Appliances Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Ind AS financial statements – Refer Note 34 to the Ind AS financial statements;

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

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. As more fully described in Note 45 to these Ind AS financial statements, the Company has disclosed details of ‘total’ cash balances as on November 8, 2016 and December 30, 2016 and during the period from November 9, 2016 to December 30, 2016 (‘the Period’). However, the Company is unable to provide information on the details of specified bank notes and other denominations in the balances reported as at specified dates and the information on the cash transactions as required under the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended. Accordingly, we were unable to verify such disclosures as we have not been able to obtain sufficient and appropriate audit evidence and perform sufficient audit procedures on the details of specified bank notes and other denomination notes in the balances reported as at specified dates and the transactions during the Period and accordingly, we do not report on the said matter.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2016 and March 31, 2015 dated May 16, 2016 and August 18, 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906

Place:
Date: July 18, 2017

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

Re: Preethi Kitchen Appliances Private Limited ('the Company')

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in every three years, except for certain assets which are verified on the basis of third party confirmations. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and the discrepancies noticed were not material and have been properly dealt with in the books of accounts. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

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

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Material discrepancies were noticed on such physical verification and have been properly dealt with in the books of account. Inventories lying with third parties have been confirmed by them as at March 31, 2017 and no material discrepancies were noticed in respect of such confirmations.

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

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

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

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

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

(c) According to the information and explanation given to us, dues outstanding of income tax, sales tax, service tax, duty of excise , duty of customs and value added tax which have not been deposited on account of any dispute, are as follows:

Statute	**Nature of dues**	**INR***	**Deposits paid**	**Period to which the amount relates**	**Forum where the dispute is pending**
Central Sales tax Act, 1956/Relevant sales Tax Act	Sales Tax	702,309	270,970	2013-14	Deputy commissioner of commercial taxes
Central Sales tax Act, 1956/Relevant sales Tax Act	Sales Tax	499,944	434,150	2011-12	Deputy commissioner of commercial taxes
Central Sales tax Act, 1956/Relevant sales Tax Act	Sales Tax	183,106	-	2012-13	Inspector Intelligence, Squad II - Ernakulam

* Amount are net of deposits paid under protest

(viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institution. There are no dues to banks or debenture holders or government during the year.

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

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

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence not commented upon.

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly, reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not commented upon.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/ fully or partly convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him, as referred to in section 192 of the Companies Act, 2013.

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

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Manoj Kumar Gupta
Partner
Membership No.: 83906

Place:
Date: July 18, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PREETHI KITCHEN APPLIANCES PRIVATE LIMTED

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

We have audited the internal financial controls over financial reporting of Preethi Kitchen Appliances Private Limited ("the Company") as of March 31, 2017 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906

Place: Gurgaon, Haryana
Date: July 18, 2017

Preethi Kitchen Appliances Private Limited

Balance Sheet as at March 31, 2017

(All amounts in Million Indian rupees, except as share data or as stated)

	Note	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	501	483	537
Capital work-in-progress		-	31	-
Investment Property	4	59	59	59
Goodwill	5	1,191	1,191	1,191
Other intangible assets	5	1,221	1,832	2,443
Financial Assets				
Other financial assets	6	27	23	20
Deferred tax asset (net)	13	-	-	-
Income tax asset (net)		6	9	7
Other non current assets	10	72	70	79
		3,077	**3,698**	**4,336**
Current assets				
Inventories	9	608	554	633
Financial Assets				
Trade receivables	12	170	130	85
Cash and cash equivalents	8	576	977	23
Others financial assets	7	3	5	-
Other current assets	11	65	67	43
		1,422	**1,733**	**784**
TOTAL ASSETS		**4,499**	**5,431**	**5,120**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	14	952	1,082	143
Other Equity	15	2,403	3,376	1,125
Total Equity		**3,355**	**4,458**	**1,268**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Long term Borrowings	16	9	3	495
Long term provisions	17	100	62	61
		109	**65**	**556**
Current liabilities				
Financial Liabilities				
Borrowings	18	191	154	2,540
Trade Payables	19	702	572	485
Other financial liabilities	19	53	82	189
Other Current Liabilities	20	74	84	67
Provisions	17	15	16	15
		1,035	**908**	**3,296**
Total Liabilities		**1,144**	**973**	**3,852**
TOTAL EQUITY AND LIABILITIES		**4,499**	**5,431**	**5,120**

Significant accounting policies 2

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/ E300005

Manoj Kumar Gupta
Partner
Membership No.: 083906

Place: Gurgaon
Date: July 18, 2017

For and on behalf of the Board
Preethi Kitchen Appliances Private Limited

A.D.A. Ratnam
DIN: 05296020
Director

Rajiv Mathur
DIN: 06931798
Director

Nishant Nayan
Company Secretary

Place: Gurgaon
Date: July 18, 2017

Preethi Kitchen Appliances Private Limited

Statement of Profit and Loss for the year ended March 31, 2017

(All amounts in Million Indian rupees, except as share data or as stated)

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	21	5,403	4,737
Other income	22	477	404
Total income		**5,880**	**5,141**
Expenses			
Cost of raw materials consumed	23	2,517	2,274
Purchases of stock-in-trade		769	590
Changes in inventories of work-in-progress, finished goods and stock-in-trade	24	(41)	82
Excise duty on sale of goods		615	532
Employee benefits expense	25	535	443
Depreciation and amortization expense	27	684	676
Finance costs	26	11	772
Other expenses	28	854	817
Total expenses		**5,944**	**6,186**
Loss before tax		(64)	(1,045)
Tax expense			
Current tax	13	-	-
Deferred tax	13	-	-
Loss for the year		**(64)**	**(1,045)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		(4)	11
Income tax effect		-	-
Total other comprehensive income		**(4)**	**11**
Total comprehensive income for the year		**(68)**	**(1,034)**
Earnings per equity share (for continuing operations)	31		
Basic and diluted earnings per equity share of Rs.10 each		(0.53)	(39.28)

Significant accounting policies 2

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/ E300005

Manoj Kumar Gupta
Partner
Membership No.: 083906

Place: Gurgaon
Date: July 18, 2017

For and on behalf of the Board
Preethi Kitchen Appliances Private Limited

A.D.A. Ratnam
DIN: 05296020
Director

Rajiv Mathur
DIN: 06931798
Director

Nishant Nayan
Company Secretary

Place: Gurgaon
Date: July 18, 2017

Preethi Kitchen Appliances Private Limited
Statement of Changes in Equity for the year ended March 31, 2017
(All amounts in Million Indian rupees, except as share data or as stated)

a. EQUITY SHARE CAPITAL

Equity shares of Rs.10 each issued, subscribed and fully paid up	Number of shares	Amount
At April 01, 2015	14,294,860	143
Changes in equity share capital during the year		
Add: Issue of equity share during the year (Note 14)	34,968,553	350
Add: Compulsorily Convertible Debentures conversion during the year (Note 14)	46,956,522	470
At March 31, 2016	**96,219,935**	**963**
Less: Shares bought back (Note 14)	(11,874,213)	(119)
Less: Capital reduction made during the year (Note 14)	(35,082,309)	(351)
At March 31, 2017	**49,263,413**	**493**

b. OTHER EQUITY

Particulars	Equity component of compulsorily convertible debentures	Securities premium reserve	Retained earnings	Other Comprehensive Income Remeasurement benefit of defined benefit plans	Total equity
As at 1 April 2015 (A)	3,353	857	(3,085)	-	1,125
Profit / (loss) for the year	-	-	(1,045)	-	(1,045)
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	-	-	-	11	11
Total Comprehensive Income for the year (B)	-	-	(1,045)	11	(1,034)
Additions/ (Reductions) during the year					
Securities premium on issue of equity shares	-	8,194	-	-	8,194
Interest component of Compulsorily Convertible Debentures (CCDs)	-	-	491	-	491
Reversal of interest component of CCD on conversion to Equity shares	-	-	(2,047)	-	(2,047)
Reversal of equity component of CCD on conversion to Equity shares	(3,353)	-	-	-	(3,353)
Total (C)	(3,353)	8,194	(1,556)	-	3,285
At 31 March 2016 (A+B+C)	-	**9,051**	**(5,686)**	**11**	**3,376**
As at 1 April 2016 (D)	**-**	**9,051**	**(5,686)**	**11**	**3,376**
Profit / (loss) for the year		-	(64)	-	(64)
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	-	-	-	(4)	(4)
Total Comprehensive Income for the year (E)	-	-	(64)	(4)	(68)
Additions/ (Reductions) during the year					
Balance of securities premium relating to equity shares covered under capital reduction and buy back transferred to Retained earnings	-	(1,667)	1,667	-	-
Utilization of securities premium for shares bought back and capital reduction	-	(905)	-	-	(905)
Total (F)	-	(2,572)	1,667	-	(905)
At 31 March 2017 (D+E+F)	**-**	**6,479**	**(4,083)**	**7**	**2,403**

The accompanying notes are an integral part of the Financial Statements.
As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/ E300005

Manoj Kumar Gupta
Partner
Membership No.: 083906

Place: Gurgaon
Date: July 18, 2017

For and on behalf of the Board
Preethi Kitchen Appliances Private Limited

A.D.A. Ratnam
DIN: 05296020
Director

Rajiv Mathur
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Director

Nishant Nayan
Company Secretary

Place: Gurgaon
Date: July 18, 2017

Preethi Kitchen Appliances Private Limited

Cash Flow Statement for the year ended March 31, 2017

(All amounts in Million Indian rupees, except as share data or as stated)

		Year ended 31 March 2017	Year ended 31 March 2016
A.	**Cash flow from operating activities**		
	Profit / (Loss) before tax	**(64)**	**(1,045)**
	Adjusted for		
	(Profit) / loss on disposal of fixed assets	2	19
	Depreciation and amortization expense	684	676
	Unrealized foreign exchange (gain) / loss (net)	(1)	1
	Advances written off	1	-
	Liabilities no longer required written back	(9)	(38)
	Interest Income	(37)	-
	Cash discount on supplier financing	(8)	(5)
	Finance costs	11	772
	Operating profit before working capital changes	579	380
	Changes in:		
	Trade receivables	(42)	(43)
	Other current and non current assets	-	(6)
	Inventories	(54)	79
	Trade payables and other liabilities	154	152
	Cash generated from operations	637	562
	Income tax paid (net of refunds)	3	(2)
	Net Cash Flow generated from Operating activities	**640**	**560**
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	(88)	(58)
	Proceeds from sale of fixed assets	3	6
	Interest income received	36	-
	Cash discount received on supplier financing	8	5
	Net Cash flow used in Investing Activities	**(41)**	**(47)**
C.	**Cash flow from financing activities**		
	Finance costs	(11)	(907)
	Availment of finance lease obligations	12	3
	Proceeds from short term borrowings	1,465	2,914
	Proceeds from issue of equity shares	-	2,780
	Proceeds from issue of non-cumulative preference shares	2,698	954
	Payment on account of buy back and capital reduction	(3,733)	-
	Repayment of finance lease obligations	(3)	(3)
	Repayment of short term borrowings	(1,422)	(5,291)
	Cash flow (used in) / generated from Financing Activities	**(994)**	**450**
	NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	**(395)**	**963**

Preethi Kitchen Appliances Private Limited

Cash Flow Statement for the year ended March 31, 2017

(All amounts in Million Indian rupees, except as share data or as stated)

	Year ended 31 March 2017	Year ended 31 March 2016
CASH AND CASH EQUIVALENTS - OPENING BALANCE		
Cash and cash equivalents (Refer Note 8)	977	23
Overdraft facilities from banks (Refer Note 18)	(6)	(15)
TOTAL	**971**	8
CASH AND CASH EQUIVALENTS - CLOSING BALANCE		
Cash and cash equivalents (Refer Note 8)	576	977
Overdraft facilities from banks (Refer Note 18)	-	(6)
TOTAL	**576**	971

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/ E300005

Manoj Kumar Gupta
Partner
Membership No.: 083906

Place: Gurgaon
Date: July 18, 2017

For and on behalf of the Board
Preethi KitchenAppliances Private Limited

A.D.A. Ratnam
DIN: 05296020
Director

Rajiv Mathur
DIN: 06931798
Director

Nishant Nayan
Company Secretary

Place: Gurgaon
Date: July 18, 2017

1 Brief Background of the Company

Preethi Kitchen Appliances Private Limited ('Preethi' / 'the Company'), a private limited Company, with its registered office at C/o Boomerang, unit no.506, 5th floor, wing B-2, Chandivali farm road, Powai, Mumbai - 400 072, was incorporated on February 21, 2011. It is a Wholly owned subsidiary of Philips India Limited. The Company sells mixies, table top grinders, coffee makers, induction cookers, electric rice cookers, electric kettle, electric iron box, electric pressure cooker and vessels for induction cooker.

2 Significant accounting policies

a Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS.

Refer note 42 for information on how the Company adopted Ind AS.
These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:
(i) certain financial assets are measured either at fair value or at amortised cost depending on the classifi cation;
(ii) employee defined benefit assets/(liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation; and
(iii) long-term borrowings, comprising of obligations under finance leases, are measured at amortized cost using the effective interest rate method.

b Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
1) Expected to be realised or intended to be sold or consumed in normal operating cycle
2) Held primarily for the purpose of trading
3) Expected to be realised within twelve months after the reporting period, or
4) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is current when:
1) It is expected to be settled in normal operating cycle
2) It is held primarily for the purpose of trading
3) It is due to be settled within twelve months after the reporting period, or
4) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c Use of estimates

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

d Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. Amounts disclosed are inclusive of Excise Duty, and net of returns, trade discounts, rebates, value added taxes and amount collected on behalf of third parties.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Goods:
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and sales tax. The Company provides normal warranty provisions for general repairs for two years on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR) taking in to account the amounts invested and the rate of interes EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in Other income in the statement of profit and loss.

Rendering of Services:

Income from service contracts/arrangements is recognized on completion of the service rendered.

e Property, plant and equipment

Under the previous GAAP (Indian GAAP), Freehold land and buildings (property), other than investment property, were carried in the balance sheet on the basis of fair valuations performed as at acquisition date. Certain items of plant and equipment have been measured at fair value at the date of transition to Ind AS. The Company regards the fair value as deemed cost at the transition date, viz., 1 April 2015.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. All repair and maintenance costs are recognised in profit or loss as incurred. Refer to note 32 regarding significant accounting judgements, estimates and assumptions

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

Depreciation is provided on the original cost on a straight line method at the useful life given in Part C of the Schedule II of the Companies Act, 2013 except in case of jigs and dies, where a higher depreciation rate @ 33.33% on Straight Line Method is being used based on technical evaluation. In respect of jigs and dies, the management believes that the useful lives as given above best represent the period over which the Management expects to use the assets.

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

f Investment properties

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

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on valuations performed by a qualified independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

g Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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

Goodwill that arises on the acquisition of a business is presented as an intangible asset. Goodwill arising on acquisition of a business is measured at cost.

h Research and development expenditure

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:
(i) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
(ii) Its intention to complete and its ability and intention to use or sell the asset
(iii) How the asset will generate future economic benefits
(iv) The availability of resources to complete the asset
(v) The ability to measure reliably the expenditure during 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.

i Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 16).

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

j Impairment of assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Goodwill is tested for impairment annually as at Balance sheet date and when circumstances indicate that the carrying value may be impaired.

k Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:
(i) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
(ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
(iii) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete, defective and unserviceable stocks, if any have been duly provided for during the period.

l Foreign currency transactions

The Company's financial statements are presented in INR, which is also the parent company's functional currency. Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the Statement of profit and loss of the year.

m Retirement benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund with LIC. This benefit is funded.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, on the basis of actuarial valuation carried out by an independent actuary at the year end. The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis. Actuarial gains and losses are recognized immediately in the Statement of profit and loss. Gain or Losses on the curtailment or settlements of any defined benefit plan are recognized when curtailment or settlement occurs. Liability with respect to the Gratuity plan, determined on the basis of actuarial valuation as described above, and any difference between the fund amount and the liabilities as per actuarial valuation is recognized as an asset or liability. Termination benefits are recognized as and when incurred.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.
Past service costs are recognised in profit or loss on the earlier of:
(i) The date of the plan amendment or curtailment, and
(ii) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
(ii) Net interest expense or income

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.

The Company's net obligation in respect of long-term employment benefits, other than gratuity, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated at the balance sheet date on the basis of an actuarial valuation done by an independent actuary using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. The discount rates used for determining the present value of the obligation under long term employment benefits, are based on the market yields on Government securities as at the balance sheet date.

n Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

o Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Replacement guarantee (Warranty) Provision:
Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent liabilities:
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.

p Earnings per share

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

q Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

(ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

(i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

(ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

r Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company’s cash management.

s Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
(i) Disclosures for valuation methods, significant estimates and assumptions (note 4, 32, 39, 40)
(ii) Quantitative disclosures of fair value measurement hierarchy (note 40)
(iii) Investment properties (note 4)
(iv) Financial instruments (including those carried at amortised cost) (note 39, 40)

t Business Combination and goodwill

In accordance with Ind AS 103 provisions related to Business Combinations, the Company has elected to apply Ind AS accounting for business combinations retrospectively from acquisition date i.e., February 21, 2011. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been taken at fair value and necessary adjustments have been made to books.

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree,
less the net recognised amount of the identifi able assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the excess is recognised in equity as capital reserve.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Any goodwill that arises on account of such business combination is tested annually for impairment.

u Government grants

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

v Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

(i) Debt instruments at amortised cost

(ii) Debt instruments at fair value through other comprehensive income (FVTOCI)

(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

(iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost e.g., deposits, trade receivables and bank balance and credit risk exposure:

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

Loans and borrowings

This is the category most relevant to the Compamy. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 16.

Derecognition

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

(All amounts in Million Indian rupees, except as share data or as stated)

3 Property, Plant and Equipment

Particulars	Buildings	Freehold Land	Plant and Machinery	Computers	Furniture	Vehicles (Owned)	Vehicles (taken on finance lease) - refer note 3a	Total
Cost or valuation								
At 1 April 2015	279	79	347	14	15	15	8	757
Additions	2	-	22	8	2	-	2	36
Disposals	(1)	-	(42)	(2)	(3)	(1)	(1)	(50)
At 31 March 2016	280	79	327	20	14	14	9	743
Additions	-	-	78	6	-	-	12	96
Disposals	-	-	(25)	-	-	(2)	-	(27)
At March 31, 2017	280	79	380	26	14	12	21	812
Depreciation and impairment								
At 1 April 2015	20	-	177	7	9	6	1	220
Depreciation	9	-	47	4	1	3	1	65
Disposals	-	-	(22)	(1)	(1)	(1)	-	(25)
At 31 March 2016	29	-	202	10	9	8	2	260
Depreciation	10	-	53	5	1	2	2	73
Disposals	-	-	(21)	-	-	(1)	-	(22)
At March 31, 2017	39	-	234	15	10	9	4	311
Net book value								
At 1 April 2015	259	79	170	7	6	9	7	537
At 31 March 2016	251	79	125	10	5	6	7	483
At 31 March 2017	241	79	146	11	4	3	17	501

3(a) Leased assets are pledged as security for the related finance lease .

(All amounts in Million Indian rupees, except as share data or as stated)

4 Investment Property

Particulars	Amount	Fair value: Land (refer Note 4(b))
Cost or valuation		
At April 01, 2015	**59**	**102**
Additions	-	-
At March 31, 2016	**59**	**102**
Additions	-	-
At March 31, 2017	**59**	**102**
Depreciation and impairment		
At April 01, 2015	-	-
Depreciation	-	-
At March 31, 2016	-	-
Depreciation	-	-
At March 31, 2017	-	-
Net Block		
At April 01, 2015	59	102
At March 31, 2016	59	102
At March 31, 2017	**59**	**102**

Notes

4 (a) The investment property consist of freehold land held by the Company, which was fair valued at the acquisition date.

4 (b) Investment property comprises of land parcel owned by the Company. As at March 31, 2017 and March 31, 2016, the fair value of the property was Rs.102 million. The fair values are based on valuations performed by a qualified independent valuer.

4 (c) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

4 (d) Fair value hierarchy disclosures for investment properties have been provided in Note 40.

(All amounts in Million Indian rupees, except as share data or as stated)

5 Intangible assets

Particulars	Goodwill	Other Intangible assets			Total
		Distribution Network	Brands	Total of other intangible assets	
Cost or valuation					
At 1 April 2015	1,191	1,654	2,913	4,567	5,758
Additions	-	-	-	-	-
Disposals and adjustments	-	-	-	-	-
At 31 March 2016	**1,191**	**1,654**	**2,913**	**4,567**	**5,758**
Additions	-	-	-	-	-
Disposals and adjustments	-	-	-	-	-
At 31 March 2017	**1,191**	**1,654**	**2,913**	**4,567**	**5,758**
					-
Amortization and impairment					-
At 1 April 2015	**-**	**709**	**1,415**	**2,124**	**2,124**
Amortization for the year	-	236	375	611	611
Disposals and adjustments	-	-	-	-	-
At 31 March 2016	**-**	**945**	**1,790**	**2,735**	**2,735**
Amortization for the year	-	236	375	611	611
Disposals and adjustments	-	-	-	-	-
At 31 March 2017	**-**	**1,181**	**2,165**	**3,346**	**3,346**
Net book value					
At 1 April 2015	1,191	945	1,498	2,443	3,634
At 31 March 2016	1,191	709	1,123	1,832	3,023
At 31 March 2017	**1,191**	**473**	**748**	**1,221**	**2,412**

(All amounts in Million Indian rupees, except as share data or as stated)

6 Financial assets - Others

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Non-current			
Security Deposits			
- Considered good	27	23	20
- Considered doubtful	-	-	-
Less: Provision for doubtful deposits	-	-	-
Total	**27**	**23**	**20**

7 Financial assets - Others

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Current			
Insurance Claim Receivable	3	5	-
Total	**3**	**5**	**-**

8 Cash and cash equivalents

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Balances with banks:			
– On current accounts	62	4	5
– Deposits with original maturity of less than three months	509	953	-
Cheques/ drafts on hand	4	19	16
Cash on hand	1	1	2
	576	**977**	**23**
Other Bank Balances			
Bank deposits (due to mature within 12 months from the reporting date)	-	-	-
	576	**977**	**23**

9 Inventories

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Raw materials (at cost) (includes goods-in-transit Rs.7 (March 31, 2016 Rs.NIL, April 01, 2015 Rs.1)	222	209	206
Finished Goods (at lower of cost or net realizable value) (includes goods-in-transit Rs.36 (March 31, 2016 Rs.35; April 01, 2015 Rs.18)	281	262	278
Stock-in-Trade (goods purchased for resale) (includes goods-in-transit Rs.11 (March 31, 2016 Rs.2; April 01, 2015 Rs.2)	105	83	149
Closing Stock includes excise duty value amounting to Rs.4 (March 31, 2016 : Rs.2 ; April 01, 2015 Rs.5)	**608**	**554**	**633**

(All amounts in Million Indian rupees, except as share data or as stated)

10 Other non-current assets

Particulars	**March 31, 2017**	**March 31, 2016**	**April 01, 2015**
Advance Rentals	2	3	2
Capital Advances	25	22	4
VAT credit receivable	45	45	73
Total	**72**	**70**	**79**

11 Other current assets

Particulars	**March 31, 2017**	**March 31, 2016**	**April 01, 2015**
Unsecured, considered good			
Accrued Interest but not due	1	-	-
Advance to suppliers	45	35	17
CENVAT credit receivable	5	17	13
Balances with customs and port trust	9	10	8
Prepaid expenses	2	2	2
Advances to employees	3	3	3
Unsecured considered doubtful			
Advance to suppliers	-	-	1
Less: Provision for doubtful advances	-	-	(1)
Total	**65**	**67**	**43**

12 Trade Receivables

Particulars	**March 31, 2017**	**March 31, 2016**	**April 01, 2015**
Current assets			
Unsecured debt			
Considered good	112	69	41
Considered doubtful	-	-	-
Receivables from other related parties (Note 36)	58	61	44
Total	**170**	**130**	**85**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 36
Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days.

(All amounts in Million Indian rupees, except as share data or as stated)

13 Deferred tax assets (net)

Income tax expenses recognized in the statement of profit and loss, consist of the following:

Statement of Profit or Loss	For year ended March 31, 2017	For year ended March 31, 2016
Current income tax	-	-
Deferred tax expense / (benefit)	-	-
Total	-	-

Reconciliation of effective tax rate

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
Reconciliation		
Accounting profit / (loss) before income tax	(64)	(1,045)
Applicable Tax rate	34.61%	34.61%
Computed expected tax expense / (credit)	**(22)**	**(362)**
Effects of:		
deferred tax asset on tax losses not recognized	22	362
Income tax expense	-	-
Effective tax rate	-	-

Income tax expense reported in the statement of profit and loss

Deferred tax relates to the following:	Balance Sheet			Recognized in Statement of profit and loss	
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	For year ended March 31, 2017	For year ended March 31, 2016
Financial asset - charge	1	1	1	-	-
Operating tax loss (refer note 13a)	269	369	428	100	59
Current liabilities and provisions	30	23	20	(7)	(3)
Total Deferred tax asset (A)	300	393	449	93	56
Financial Liabilities - charge	(2)	(2)	-	-	2
Property, plant and equipment	(298)	(391)	(449)	(93)	(58)
Total Deferred tax liabilities (B)	(300)	(393)	(449)	(93)	(56)
Net deferred tax assets/(liabilities) - (A)+(B)	-	-	-	-	-

13 (a) Deferred tax asset restricted to Deferred tax liabilities

13 (b) In assessing whether the deferred tax assets will be realised, management considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of the deferred income tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realise the benefits of those recognised deductible differences and tax loss carry forwards. Recoverability of deferred tax assets is based on estimates of future taxable income. Any changes in such future taxable income would impact the recoverability of deferred tax assets.

(All amounts in Million Indian rupees, except as share data or as stated)

14 Share Capital

Authorised

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount	As at March 31, 2016 No. of shares	As at March 31, 2016 Amount	As at April 01, 2015 No. of shares	As at April 01, 2015 Amount
Equity shares of Rs.10 each	109,100,000	1,091	15,000,000	150	15,000,000	150
Increase/(decrease) during the year	(24,100,000)	(241)	94,100,000	941	-	-
	85,000,000	**850**	**109,100,000**	**1,091**	**15,000,000**	**150**
8% Compulsorily Convertible Non-cumulative preference share of Rs.10 each	12,100,000	121	-	-	-	-
Increase/(decrease) during the year	33,950,000	340	12,100,000	121	-	-
	46,050,000	**461**	**12,100,000**	**121**	**-**	**-**
Total	**131,050,000**	**1,311**	**121,200,000**	**1,212**	**15,000,000**	**150**

Issued, subscribed and paid-up

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount	As at March 31, 2016 No. of shares	As at March 31, 2016 Amount	As at April 01, 2015 No. of shares	As at April 01, 2015 Amount
Equity shares of Rs.10 each issued, subscribed and fully paid	49,263,413	493	96,219,935	962	14,294,860	143
8% Compulsorily Convertible Non-cumulative preference share of Rs.10 each, fully paid up	45,924,527	459	11,987,421	120	-	-
Total	**95,187,940**	**952**	**108,207,356**	**1,082**	**14,294,860**	**143**

(A) Reconciliation of Equity share capital

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount	As at March 31, 2016 No. of shares	As at March 31, 2016 Amount	As at April 01, 2015 No. of shares	As at April 01, 2015 Amount
At the beginning and at the end of the reporting year	96,219,935	963	14,294,860	143	14,294,860	143
Add: Shares Issued during the year	-	-	34,968,553	350	-	-
Add: Compulsorily convertible debentures conversion during the year	-	-	46,956,522	470	-	-
Less : Shares bought back during the year	(11,874,213)	(119)	-	-	-	-
Less : Capital reduction made during the year	(35,082,309)	(351)	-	-	-	-
At the end of the year	**49,263,413**	**493**	**96,219,935**	**963**	**14,294,860**	**143**

Rights, preferences and restrictions attached to the equity shares

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

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

(All amounts in Million Indian rupees, except as share data or as stated)

(B) Reconciliation of 8% Compulsorily convertible non-cumulative preference shares ('CCPS')

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**No. of shares**	**Amount**	**No. of shares**	**Amount**	**No. of shares**	**Amount**
At the beginning and at the end of the reporting period	11,987,421	120	-	-	-	-
Add: Shares Issued during the year	33,937,106	339	11,987,421	120	-	-
At the end of the period	**45,924,527**	**459**	**11,987,421**	**120**	**-**	**-**

Rights, preferences and restrictions attached to the 8% Compulsorily convertible non-cumulative Preference shares ('CCPS')

CCPS were issued at face value of Rs.10/- in March 2016 and each share is convertible into one fully paid equity share of face value Rs.10/- at any time after six months from the date of issuance and in any event, not later than a period of two years from issuance by the preference shareholders. The holders of these shares entitled to a non-cumulative dividend of 8%. Preference share shall carry only such other rights as available under the Companies Act, 2013 to the preference shares. The preference shares rank ahead of the equity shares in the event of a liquidation.

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

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	**Amount**	**No. of shares**	**Amount**	**No. of shares**	**Amount**
Philips India Limited (includes beneficial ownership)	49,263,413	493	49,263,413	493	14,294,860	143
Koninklijke Philips N.V (KPNV)	-	-	46,956,522	470	-	-

Details of shareholders holding more than 5% shares of the company

	No. of shares	**% holding**	**No. of shares**	**% holding**	**No. of shares**	**% holding**
Philips India Limited (includes beneficial ownership)	49,263,413	100%	49,263,413	51%	14,294,860	100%
Koninklijke Philips N.V.	-	-	46,956,522	49%		

(All amounts in Million Indian rupees, except as share data or as stated)

15 Other Equity

		Reserves and Surplus		Other Comprehensive Income ('OCI')	
Particulars	**Equity component of compulsorily convertible debentures**	**Securities premium reserve**	**Retained earnings**	**Remeasurement benefit of defined benefit plans**	**Total equity**
As at 1 April 2015 (A)	**3,353**	**857**	**(3,085)**	**-**	**1,125**
Profit / (loss) for the year	-	-	(1,045)	-	(1,045)
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	-	-	-	11	11
Total Comprehensive Income for the year (B)	-	-	(1,045)	11	(1,034)
Additions/ (Reductions) during the year					
Securities premium on issue of equity shares	-	8,194	-	-	8,194
Interest component of Compulsorily Convertible Debentures (CCDs)	-	-	491	-	491
Reversal of interest component of CCD on conversion to Equity shares	-	-	(2,047)	-	(2,047)
Reversal of equity component of CCD on conversion to Equity shares	(3,353)	-	-	-	(3,353)
Total (C)	(3,353)	8,194	(1,556)	-	3,285
At 31 March 2016 (A+B+C)	**-**	**9,051**	**(5,686)**	**11**	**3,376**
As at 1 April 2016 (D)	**-**	**9,051**	**(5,686)**	**11**	**3,376**
Profit / (loss) for the year		-	(64)	-	(64)
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	-	-	-	(4)	(4)
Total Comprehensive Income for the year (E)	-	-	(64)	(4)	(68)
Additions/ (Reductions) during the year					
Balance of securities premium relating to equity shares covered under capital reduction and buy back transferred to Retained earnings	-	(1,667)	1,667	-	-
Utilization of securities premium for shares bought back and capital reduction	-	(905)	-	-	(905)
Total (F)	-	(2,572)	1,667	-	(905)
At 31 March 2017 (D+E+F)	**-**	**6,479**	**(4,083)**	**7**	**2,403**

Nature and Purpose of reserves

15 (a) **Securities Premium account**

Securities premium account is created when shares were issued at premium. The Company may issue fully paid-up bonus shares to its members out of the securities premium account, and the Company can use this reserve for buy-back of shares.

(All amounts in Million Indian rupees, except as share data or as stated)

16 Long Term Borrowings

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Finance lease obligations (secured) (refer note 16 (a))	14	5	6
Compulsorily convertible debentures (Unsecured) (Refer note 16 (b))	-	-	491
	14	**5**	**497**
Less: Reclass current maturities of finance lease obligations (refer note 19)	(5)	(2)	(2)
Total	**9**	**3**	**495**

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Minimum Lease payments	Present value	Minimum Lease payments	Present value	Minimum Lease payments	Present value
Payable within 1 year	6	5	3	2	3	2
Payable between 1-5 years	10	9	3	3	4	4
Total minimum lease payments	16	14	6	5	7	6
Less: Interest	(2)	-	(1)	-	(1)	-
Present value of minimum lease payments	**14**	**14**	**5**	**5**	**6**	**6**

Notes

16 (a) The finance lease obligations are secured by underlying assets (leased vehicles). The legal title of the vehicles vests with the lessors and the lease term varies between 3-4 years with an average EIR of 14.12%. The maturity profile of finance lease obligations is as follows:

16 (b) 46,956,522 Compulsorily convertible debentures ('CCD') were allotted to Koninklijke Philips Electronics N.V, (the ultimate holding company), on April 07, 2011 carrying an interest rate of 10% per annum. The face value of these debentures was Rs.115 aggregating to Rs.5,400. The CCD's were convertible into equal number of equity shares at the end of 5 years from the date of issue with a face value of Rs.10 and a premium of Rs.105. The CCD's have been converted into Equity shares on March 31, 2016.

(All amounts in Million Indian rupees, except as share data or as stated)

17 Provisions

	Long-term			Short-term		
	As at March 31, 2017	**As at March 31, 2016**	**As at April 01, 2015**	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Provision for employee benefits						
Gratuity (refer note 33)	22	13	17	5	5	5
Compensated absences	18	14	14	5	2	2
Others						
Replacement guarantee	60	35	30	5	9	8
	100	**62**	**61**	**15**	**16**	**15**

Additional disclosure relating to provisions:

Replacement guarantee

The Company provides for the estimated liability on guarantees given on sale of its products based on past performance of such products. The provision represents the expected cost of replacement and free of charge services and it is expected that the expenditure will be incurred over the guarantee period which usually ranges from 12 months to 60 months.

Movement in provisions:

Replacement guarantee

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Opening balance	44	38	33
Add: Accruals	50	35	57
Less: Utilisation	(29)	(29)	(52)
Closing balance	**65**	**44**	**38**

(All amounts in Million Indian rupees, except as share data or as stated)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
18 Current Financial Liabilities - Borrowings			
Inter corporate deposits (Unsecured)	-	-	2,425
Overdraft facilities from banks (Unsecured)	-	6	15
Other facilities from Bank of America (Unsecured)	191	148	100
	191	**154**	**2,540**

The Company had taken intercorporate deposits from Philips India Limited carrying an average rate of 9.% p.a.

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

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
19 Current Financial Liabilities - Trade Payables			
Trade Payables	685	553	443
(refer note 35 for dues to micro, small and medium enterprises)			
Trade Payables to related parties (Refer note 36)	17	19	42
	702	**572**	**485**

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current Financial Liabilities - Others			
Current maturities of finance lease obligations (refer note 16)	5	2	2
Other payables:			
Interest accrued but not due	-	-	135
Payables for purchase of fixed assets	1	33	8
Employee related payables	44	39	39
Security deposits	3	8	5
	53	**82**	**189**

Terms and conditions of the above financial liabilities:
(i) Trade payables are non-interest bearing and are normally settled on 60-day terms.
(ii) Other payables are non-interest bearing and have an average term of six months.
(iii) For terms and conditions with related parties, refer to Note 36.
For explanations on the Company’s credit risk management processes, refer to Note 41.

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
20 Other Current Liabilities			
Advance received from customers	13	7	18
Statutory dues	61	77	49
	74	**84**	**67**

Preethi Kitchen Appliances Private Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Million Indian rupees, except as share data or as stated)

		Year ended March 31, 2017	Year ended March 31, 2016
21	**Revenue from operations**		
	Sale of products	5,366	4,674
	Sale of services	27	24
	Other operating revenues	10	39
	Revenue from operations	**5,403**	**4,737**
	Breakup of revenue from sale of services		
	Revenue from Research and development recharge	27	24
	Service Income		-
		27	**24**
	Breakup of other operating revenues		
	Liabilities no longer required written back	9	38
	Insurance claim	1	1
		10	**39**

		Year ended March 31, 2017	Year ended March 31, 2016
22	**Other income**		
	Interest income on fixed deposits	37	-
	Cash discount received on supplier financing	8	5
	Net gain on account of foreign exchange fluctuations	6	3
	Interest on Income Tax Refund	1	-
	Interest Income on Security Deposits	2	1
	Government grants	423	395
		477	**404**

		Year ended March 31, 2017	Year ended March 31, 2016
23	**Cost of raw materials consumed**		
	Inventory of raw materials at the beginning of the year	209	206
	Add: Purchases	2,530	2,277
	Less: Inventory of raw materials at the end of the year	222	209
		2,517	**2,274**

		Year ended March 31, 2017	Year ended March 31, 2016
24	**Changes in inventories of finished goods, stock-in-trade and work-in-progress**		
	Stock at the beginning of the year		
	Finished Goods	262	279
	Stock-in-trade (goods purchased for resale)	83	148
	Total	**345**	**427**
	Stock at the end of the year		
	Finished Goods	281	262
	Stock-in-trade (goods purchased for resale)	105	83
	Total	**386**	**345**
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	**(41)**	**82**

Preethi Kitchen Appliances Private Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Million Indian rupees, except as share data or as stated)

		Year ended March 31, 2017	Year ended March 31, 2016
25	**Employee benefits expense**		
	Salaries and wages	445	365
	Contribution to provident and other funds	31	25
	Gratuity expense	10	12
	Staff welfare	49	41
		535	**443**
26	**Finance costs**		
	Interest expense	11	772
		11	**772**
27	**Depreciation and amortization expense**		
	Depreciation on tangible assets	73	65
	Amortisation of intangible assets	611	611
		684	**676**
28	**Other expenses**		
	Support services (Refer note 28 (a))	7	10
	Contract labour expenses	59	40
	Packing, freight and transport	190	176
	Replacement guarantee	50	35
	Travelling and conveyance	59	54
	Rent	46	40
	Rates and taxes	6	26
	Repairs and maintenance		
	Plant and machinery	16	12
	Buildings	8	6
	Business support services (Refer note 28 (b))	62	67
	Marketing & Selling expenses	231	234
	Power and fuel	21	17
	Research & Development Costs	26	32
	Legal and professional	17	18
	Payment to auditors (Refer note 28 (c))	1	3
	Security charges	13	10
	Communication and IT costs	12	10
	Insurance expense	10	6
	Printing & Stationery	3	2
	Loss on sale of fixed assets	2	19
	Excise duty on increase / (decrease) in inventory	2	(3)
	Miscellaneous expenses	13	3
		854	**817**

(All amounts in Million Indian rupees, except as share data or as stated)

28 (a) Pursuant to the agreement entered into by the Company with Koninklijke Philips N.V.("KPNV"), the Company has incurred Rs.6 (March 31, 2016 - Rs.9) towards the IT support services provided. Also during the year, the Company has entered into an agreement with Philips Electronics Singapore Pte Limited towards Accounting and Internal control support. The Company has incurred Rs.1 (March 31, 2016 - Rs.1) towards this service.

28 (b) Based on the arrangement with Philips India Limited, the Company has incurred Rs.62 (March 31, 2016 - Rs.67) towards business support services (Staff cost sharing).

28 (c) Payments to auditors:

Particulars	**Year Ended March 31, 2017**	**Year Ended March 31, 2016**
As auditor:		
Statutory audit fee	1	3
Tax audit fee		
In other capacity:		
Reimbursement of expenses		
Total	**1**	**3**

29 Research and development costs

The Company’s electronics business research and development concentrates on the development of Kitchen appliances. Research and development costs that are not eligible for capitalisation have been expensed in the period incurred (during the year ended March 31, 2017 this was an amount of Rs.26 (March 31, 2016: Rs.32)), and they are recognised in other expenses.

30 Components of Other Comprehensive Income (OCI)

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

During the year ended 31 March 2017

Particulars	**Amount**
Re-measurement gains / (losses) on defined benefit plans	(4)
	(4)

During the year ended 31 March 2016

Particulars	**Amount**
Re-measurement gains / (losses) on defined benefit plans	11
	11

(All amounts in Million Indian rupees, except as share data or as stated)

31 Earning per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	Year ended 31 March 2017	**Year ended 31 March 2016**
Profit / (loss) attributable to equity holders for basic earnings	(64)	(1,045)
Weighted average number of Equity shares for basic EPS	74,386,676	14,614,242
Effect of dilution:		
Convertible preference shares	45,924,527	11,987,421
Weighted average number of Equity shares adjusted for the effect of dilution (Refer note 31(a))	**120,311,203**	**26,601,663**
Loss per share - Basic (Rs.)	(0.53)	(39.28)
Loss per share - Diluted (Rs.)	(0.53)	(39.28)
Par value per share (Rs.)	10.00	10.00

31 (a) As potential equity shares are anti-dilutive in nature, the same have been ignored in computing diluted earnings per share.

32 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has Rs.7,260 (PY March 31, 2016 Rs. 6,415) of accumulated tax losses carried forward. These losses relate to prior years. The Company has restricted the deferred tax assets to the extent of deferred tax liability resulting from taxable temporary difference and taxable profit opportunities available in the future that could partly support the recognition of these losses as deferred tax assets.

If the Company was able to recognise all unrecognised deferred tax assets after adjusting other deferred tax assets/ deferred tax liabilities, profit and equity would have increased by Rs.2,244 (PY March 31, 2016 - Rs. 1,851).

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds consistent with the post-employment benefit obligation.

The mortality rate is based on Indian Assured Lives Mortality (2006-08) in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 33.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 39 and 40 for further disclosures.

(All amounts in Million Indian rupees, except as share data or as stated)

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

Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employees salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligation other than to make the specified contributions. The contributions are charged to the Statement of profit and loss as they accrue. The amount charged to Statement of profit and loss for the year ended March 31, 2017 is Rs.24 (Year ended March 31, 2016: Rs.19).

Defined benefit plans:

The Company has a defined benefit gratuity plan (funded). Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at:

(i) one month’s salary (last drawn basic salary plus fixed dearness allowance for each completed year of service subject to a maximum of twenty months salary, or

(ii) 15 days salary for each completed year of service calculated as per the Payment of Gratuity Act, 1972, whichever is higher.

The employees Gratuity fund scheme managed by the Life Insurance Corporation of India (LIC) is a defined benefit plan. The plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member’s length of service and salary at retirement age. The present value of obligation is determined by the LIC based on actuarial valuation. The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation. Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the balance sheet.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity	
	March 31, 2017	**March 31, 2016**
Current service cost	9	11
Past service cost	-	-
Interest cost on benefit obligation	3	3
Expected return on plan assets	(2)	(2)
Curtailment Cost	-	-
Settlement cost	-	-
Remeasurement (gain)/ loss recognised in the year	4	(11)
Expenses recognized in the statement of profit & loss	14	1

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

Particulars	Gratuity		
	March 31, 2017	**March 31, 2016**	**April 1, 2015**
A. Present value of obligations as at beginning of the year	46	47	29
(1) Current service cost	9	11	6
(2) Interest cost	3	3	3
(3) Benefits settled	(4)	(3)	(2)
(4) Actuarial (gain) / loss (including remeasurement cost gain / (loss)	4	(12)	10
Present value of obligations as at end of the year	**58**	**46**	**46**

(All amounts in Million Indian rupees, except as share data or as stated)

Changes in the defined benefit obligation and fair value of plan assets as at 31March 2017:

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

Particulars	Gratuity		
	March 31, 2017	**March 31, 2016**	**April 1, 2015**
B. Change in Plan Assets			
Plan assets as at beginning of the year	28	24	17
(1) Expected return on plan assets	2	2	2
(2) Contributions	5	5	6
(3) Benefits settled	(4)	(3)	(2)
(4) Acturial gain / (loss)	(0)	(0)	1
Plan assets as at end of the year	**32**	**28**	**24**
C. Actual return on plan assets	2	2	3
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	(58)	(46)	(46)
(2) Fair value of Plan assets	32	28	24
Liability recognised in Balance Sheet	(26)	(18)	(22)
E. Components of Employer Expense:			
(1) Current service cost	9	11	6
(2) Interest cost	3	3	3
(3) Expected return on plan assets(estimated)	(2)	(2)	(2)
(4) Actuarial (gain) / loss	4	(12)	9
Total expense recognised in Statement of Profit and Loss	14	0	16

F. Experience Adjustments

Description	Gratuity (Funded)					
	Year ended 31 March 2017	**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	58	46	46	29	39	24
Plan Assets	32	28	24	17	17	13
Surplus/(Deficit)	26	18	22	12	22	11
Experience adjustments on Plan assets/liabilities (gain) / loss	(0)	(0)	1	-	-	-

G. Assumptions	Gratuity - Funded		
	March 31, 2017	**March 31, 2016**	**April 1, 2015**
(1) Discount factor	7.10%	7.70%	7.80%
(2) Estimated rate of return on plan assets	9.00%	9.00%	9.00%
(3) Mortality	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
(4) Disability	None	None	None
(5) Salary Increase	12%	12%	12%
(6) Attrition rate	Corporate Group - 12% Staff - 20% Workers - 8%	Corporate Group - 12% Staff - 20% Workers - 8%	Corporate Group - 12% Staff - 20% Workers - 8%
(7) Retirement age	58 Years	58 Years	58 Years

(All amounts in Million Indian rupees, except as share data or as stated)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Defined Benfit Obligation	**31-Mar-17**
Discount rate	
Discount rate - 100 basis points	64
Discount rate + 100 basis points	54
Salary increase rate	
Rate - 100 basis points	54
Rate + 100 basis points	64

The following payments are expected contributions to the defined benefit plan in future years:

	31-Mar-17
Within the next 12 months (next annual reporting period)	5
Between 2 and 5 years	20
Thereafter	23
Total expected payments	**48**

34 Commitments and contingencies

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs.39 (March 31, 2016 - Rs.63).

b. Contingent liabilities

Claims against the Company not acknowledged as debts Rs.1 (March 31, 2016 : NIL)

35 Micro, small and medium enterprises disclosure

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. Such determination / identification has been done on the basis of information received and available with the Company and relied upon by the auditors. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and available with the Company.

	Description	As at 31 March 2017	As at 31 March 2016
(i)	a) Principal amount remaining unpaid to any supplier as at the end of the year	84	84
	b) Interest due on the above amount	-	-
(ii)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	-	-
(iii)	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	-	-
(iv)	Amount of interest accrued and remaining unpaid at the end of the year.	-	-
(v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

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

(a) Names of companies where control exists:

Holding company	Philips India Limited
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

Philips Electronics Singapore Pte Limited

Philips Electronics Malaysia Pte Limited

Philips Electronics Middle East & Africa BV

Philips Electronics Netherland BV

(ii) Key Management Personnel

(1) Executive Directors:

(i) Mr. Rupendra Yadav - CEO and Managing Director (resigned w.e.f. June 09, 2017)

(2) Non-Executive Directors:

(i) Mr. A.D.A. Ratnam

(ii) Mr. Rajiv Mathur

(3) Company Secretary:

Mr. Nishant Nayan

(All amounts in Million Indian rupees, except as share data or as stated)

36 Related party transactions (As per Ind AS 24 Related Party Disclosures) (contd..)

(c) Transactions during the year

	Year ended March 31, 2017				Year ended March 31, 2016			
Particulars	**Ultimate Holding Company**	**Holding Company**	**Fellow Subsidiary Companies**	**Key Managerial Personnel**	**Ultimate Holding Company**	**Holding Company**	**Fellow Subsidiary Companies**	**Key Managerial Personnel**
PURCHASES								
Goods	-	-	-	-	-	3	-	-
Services	6	63	1	-	9	67	1	-
SALES								
Goods	-	367	139	-	-	387	153	-
Services	-	27	-	-	-	24	-	-
Reimbursements	-	4	-	-	-	1	-	-
FINANCE								
Interest expense on Inter corporate deposits	-	-	-	-	-	227	-	-
Inter corporate deposit received	-	-	-	-	-	1,670	-	-
Inter corporate deposit repaid	-	-	-	-	-	4,095	-	-
Interest expense on CCD's	-	-	-	-	540	-	-	-
Face value of 8% Compulsorily convertible Non-cumulative preference share ('CCPS')issued	-	339	-	-	-	120	-	-
Securities premium received on issue of CCPS	-	2,359	-	-	-	834	-	-
Face value of equity shares issued	-		-	-	-	350	-	-
Securities premium on issue of equity shares	-	-	-	-	-	2,430	-	-
Face value of equity shares on conversion of compulsorily convertible debentures	-	-	-	-	470	-	-	-
Securities premium on conversion of compulsorily convertible debentures	-	-	-	-	4,930	-	-	-
Face value of equity shares on buy back and capital reduction	470	-	-	-	-	-	-	-
Securities premium on buy back and capital reduction	3,263	-	-	-	-	-	-	-
Salary	-	-	-	2	-	-	-	-
Outstanding at the year end								
Receivable	-	58	-	-	-	36	25	-
Payable	-	17	-	-	19	-	-	-

(All amounts in Million Indian rupees, except as share data or as stated)

36 Related party transactions (As per Ind AS 24 Related Party Disclosures) (contd..)

Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions	
		Year ended 31 March 2017 (Refer note 36 (a))	Year ended 31 March 2016 (Refer note 36 (a))
(i) Holding Company:			
Philips India Limited	Sale of products	367	387
	Purchase of goods	-	3
	Interest expense on Inter corporate deposits	-	227
	Revenue from research and development recharge	27	24
	Business support services	62	67
	Packaging and Design Services	1	-
	Inter corporate deposit received	-	1,670
	Inter corporate deposit repaid	-	4,095
	Reimbursement of expenses	4	1
	Face value of 8% compulsorily convertible non-cumulative preference share (CCPS) issued	339	120
	Securities premium received on issue of CCPS	2,359	834
	Face value of equity shares issued	-	350
	Securities premium received on issue of equity shares	-	2,430
(ii) Ultimate Holding Company:			
Koninklijke Philips N.V (KPNV)	Interest expense on debentures	-	540
	IT Support services	6	9
	Face value of equity shares on conversion of compulsorily convertible debentures	-	470
	Securities premium on conversion of compulsorily convertible debentures	-	4,930
	Face value of equity shares on buy back and capital reduction	470	-
	Securities premium on buy back and capital reduction	3,263	-
(iii) Overseas Fellow subsidiary Companies:			
Philips Electronics Middle East & Africa BV	Sale of products	137	149
Philips Electronics Singapore Pte Limited	Accounting and internal control support services	1	1
(iv) Key Managerial Personnel			
Mr. Nishant Nayan	Salary	2	-

Note:

36 (a) Represents transactions with parties which comprise more than 10% of aggregate value of transactions.

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

(All amounts in Million Indian rupees, except as share data or as stated)

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

PRIMARY SEGMENT INFORMATION:

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

Therefore the disclosure requirements of Ind AS 108, "Operating Segment", prescribed by the Companies (Accounting Standard) Rules 2006 in relation to primary segment are not applicable.

(B) SECONDARY SEGMENT INFORMATION:

Description	Year ended March 31, 2017	Year ended March 31, 2016
REVENUE		
a. Within India	5,098	4,437
b. Outside India	305	300
TOTAL	**5,403**	**4,737**

Description	Year ended March 31, 2017	Year ended March 31, 2016
ASSETS		
a. Within India	4,499	5,406
b. Outside India	-	25
TOTAL	**4,499**	**5,431**

Description	Year ended March 31, 2017	Year ended March 31, 2016
CAPITAL EXPENDITURE		
a. Within India	96	67
b. Outside India	-	-
TOTAL	**96**	**67**

(All amounts in Million Indian rupees, except as share data or as stated)

38 Capital Management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

The capital gearing ratio as on March 31, 2017 and March 31, 2016 was 6% and 3%, respectively.

39 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying / fair value		
	March 31, 2017	**March 31, 2016**	**April 1, 2015**
Financial assets			
Security Deposits	16	18	16
Total	16	18	16

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term financial assets are evaluated by the Company based on parameters such as interest rates and credit worthiness of the parties.

(All amounts in Million Indian rupees, except as share data or as stated)

40 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

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

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Particulars					
Assets measured at Fair Value (Note 39):					
Security Deposits	March 31, 2017	16	-	-	16
Assets for which fair values are disclosed:					
Investment properties (Note 4):					
Land	March 31, 2017	102	-	102	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2016:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Particulars					
Assets measured at Fair Value (Note 39):					
Security Deposits	March 31, 2016	18	-	-	18
Assets for which fair values are disclosed:					
Investment properties (Note 4):					
Land	March 31, 2016	102	-	102	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2015:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Particulars					
Assets measured at Fair Value (Note 39):					
Security Deposits	March 31, 2015	16	-	-	16
Assets for which fair values are disclosed:					
Investment properties (Note 4):					
Land	March 31, 2015	102	-	102	-

41 Financial risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management support and advise on financial risks and the appropriate financial risk governance framework for the Company. They provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing obligations (finance lease) with EIR.

The Company manages its interest rate risk by having a portfolio of fixed rate finance lease. The Company's policy is to keep majority of its borrowings at fixed rates of interest. To manage this, the Company has repaid all its Inter corporate deposits and have only finance lease as borrowings, as at year end.

Interest rate sensitivity
As the interest rate is fixed, sensitivity analysis is deemed not required. Accordingly, no disclosure has been made in this respect.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by lowering the credit period in terms of collecting and repaying customers and vendors respectively. The Company has maintained a policy to not enter into hedging transactions for speculation or non-speculation purposes.

Foreign currency sensitivity
The Company's exposure to foreign currency changes in USD, GBP and for all other currencies is not material, hence no sensitivity analysis has been prepared.

Commodity price risk
The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of Kitchen Appliances parts and therefore require a continuous supply of copper. Due to the significantly increased volatility of the price of the copper, the Company also entered into various purchase contracts for brass and chrome (for which there is an active market).

The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Equity price risk
The Company does not have any listed or non-listed equity securities and accordingly, there is no equity price risk.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Company does not hold collateral as security, but has collected security deposit in the past from the customers. This amount is not material. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Senior management on an annual basis and may be updated throughout the year subject to approval of the Board of directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2017 and March 31, 2016 is the carrying amounts.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Collateral

The Company has pledged part of its property plant and equipment (vehicles under finance lease) in order to fulfil the collateral requirements for the finance lease. The Company has an obligation to repay the deposit to the counterparties upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

(All amounts in Million Indian rupees, except as share data or as stated)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have suffi cient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at March 31, 2017						
Borrowings (other than convertible preference shares)	-	191	-	9	-	200
Convertible preference shares	-	-	-	-	459	459
Other financial liabilities	47	1	5	-	-	53
Trade and other payables	-	702	-	-	-	702
	47	**894**	**5**	**9**	**459**	**1,414**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at March 31, 2016						
Borrowings (other than convertible preference shares)	-	154	-	3	-	157
Convertible preference shares	-	-	-	-	120	120
Other financial liabilities	47	33	2	-	-	82
Trade and other payables	-	572	-	-	-	572
	47	**759**	**2**	**3**	**120**	**931**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 1 April 2015						
Borrowings (other than convertible preference shares)	-	115	2,916	4	-	3,035
Convertible preference shares	-	-	-	-	-	-
Other financial liabilities	179	8	2			189
Trade and other payables	-	485	-	-	-	485
	179	**608**	**2,918**	**4**	**-**	**3,709**

42 First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ended on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

Preethi Kitchen Appliances Private Limited
Notes to the financial statements for the year ended March 31, 2017
(All amounts in Million Indian rupees, except as share data or as stated)

Reconciliation of equity as at March 31, 2016

	Notes	Previous Indian GAAP		Ind AS Adjustments	Ind AS	
ASSETS						
Non-current assets						
Property, Plant and Equipment	A	542		(59)	483	
Capital work-in-progress		31		-	31	
Investment Property	A	-		59	59	
Goodwill	B	511		680	1,191	
Other intangible assets	B	1,832		-	1,832	
Financial Assets						
Other Financial Assets	D	26		(3)	23	
Deferred tax assets (net)		-		-	-	
Other non current assets	D	76		3	79	
			3,018	680		3,698
Current assets						
Inventories		554		-	554	
Financial Assets						
Trade receivables		130		-	130	
Cash and cash equivalents		977		-	977	
Other Financial Assets	D	5		-	5	
Other current assets	D	67		-	67	
			1,733	-		1,733
Total Assets			**4,751**	**680**		**5,431**
EQUITY						
Shareholders' funds						
Equity		1,082		-	1,082	
Other Equity	C	2,696		680	3,376	
Equity attributable to equity holders			3,778	680		4,458
LIABILITIES						
Non-current liabilities						
Financial Liabilities						
Borrowings		3		-	3	
Other Financial Liabilities		-		-	-	
Provisions		62		-	62	
			65	-		65
Current liabilities						
Financial Liabilities						
Borrowings		154		-	154	
Trade Payables		572		-	572	
Other financial liabilities		82		-	82	
Other Current Liabilities		84		-	84	
Provisions		16		-	16	
			908	-		908
Total Equity and Liabilities			**4,751**	**680**		**5,431**

Preethi Kitchen Appliances Private Limited

Notes to the financial statements for the year ended March 31, 2017

(All amounts in Million Indian rupees, except as share data or as stated)

Reconciliation of equity as at April 1, 2015

	Notes	Previous Indian GAAP		Ind AS Adjustments	Ind AS	
ASSETS						
Non-current assets						
Property, Plant and Equipment	A	596		(59)	537	
Capital work-in-progress		-		-	-	
Investment Property	A	-		59	59	
Goodwill	B	681		510	1,191	
Other intangible assets	B	2,443		-	2,443	
Financial Assets					-	
Other Financial Assets	D	22		(2)	20	
Deferred tax assets (net)		-		-	-	
Other non current assets	D	84		2	86	
			3,826	510		4,336
Current assets						
Inventories		633		-	633	
Financial Assets					-	
Trade receivables		85		-	85	
Cash and cash equivalents		23		-	23	
Other Financial Assets	D	-			-	
Other current assets	D	43			43	
			784	-		784
Total Assets			**4,610**	**510**	**-**	**5,120**
EQUITY						
Shareholders' funds						
Equity		143		-	143	
Other Equity	C	(4,296)		5,421	1,125	
Equity attributable to equity holders			(4,153)	5,421		1,268
LIABILITIES						
Non-current liabilities						
Financial Liabilities						
Borrowings	C	5,404		(4,909)	495	
Other Financial Liabilities		-		-	-	
Provisions		63		(2)	61	
			5,467	(4,911)		556
Current liabilities						
Financial Liabilities						
Borrowings		2,540		-	2,540	
Trade Payables		485		-	485	
Other financial liabilities		189		-	189	
Other Current Liabilities		67		-	67	
Provisions		15		-	15	
			3,296	-		3,296
Total Equity and Liabilities			**4,610**	**510**		**5,120**

Notes

A Investment property

Investment properties in the nature of land are reclassified from Fixed Assets as shown in previous Indian GAAP and presented separately amounting to Rs. 59 million.

B Goodwill

Goodwill was amortised over 8 years under previous Indian GAAP. Under IND AS, in accordance with IND AS 103, Business Combinations, the Company has elected to apply the IND AS for the business combinations retrospectively from acquisition date i.e., February 21, 2011. Accordingly, Goodwill has been reinstated at its original fairvalue aggregating Rs. 1,191 million (April 1, 2015 - Rs. 1,191 million) adjusting the accumulated amortisation recorded under previous Indian GAAP to retained earnings. Further, Goodwill amount recognised in previous Indian GAAP included intangible asset in the nature of Distribution network for original value aggregating Rs. 1,654 (WDV - Rs. 709 million [April 1, 2015 - Rs. 1,654 million (WDV - Rs. 945 million)], which has been considered as separate intangible asset under IND AS.

C Compulsorily convertible Debentures (CCDs)

The Company has issued CCDs, which carried interest at rate of 10%. Under Indian GAAP, the CCDs were classified as borrowings.
Under Ind AS, CCDs are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method. Thus the value of CCDs is reduced by Rs. Nil million (April 1, 2015: Rs. 3,353 million) with a corresponding increase in Other equity representing the equity component embedded in CCDs.

D Security deposits (included under Other financial assets)

The Company has valued its security deposits at amortised cost as at the transition date. An amount of Rs.3 million (April 1, 2015: Rs. 2 million) has been recognised against corresponding adjustment to Retained Earnings. Also, Rs.1 million [April 1, 2015 - Rs.2 million] has been recognised as finance income on security deposits Rs.1 million [April 1, 2015 - Rs.2 million] has been recognised as rent expenses in other expenses for the year ended March 31, 2016.

Preethi Kitchen Appliances Private Limited
Notes to the financial statements for the year ended March 31, 2017
(All amounts in Million Indian rupees, except as share data or as stated)

Reconciliation of total comprehensive income for the year ended 31 March 2016

	Notes	Previous Indian GAAP		Ind AS Adjustments	Ind AS	
Income						
Revenue from operations	A, B	4,783		(46)	4,737	
Other income	A	13		391	404	
Total revenue			4,796	345		5,141
Expenses						
Cost of raw materials consumed	D	2,274		-	2,274	
Purchases of stock-in-trade		590		-	590	
Changes in inventories of work-in-progress, finished goods and stock-in-trade		82		-	82	
Excise duty on sale of goods	C	-		532	532	
Employee benefits expense	D	432		11	443	
Depreciation and amortisation expense		846		(170)	676	
Finance costs		769		3	772	
Other expenses	B	1,005		(188)	817	
Total expenses			5,998	188		6,186
Tax expense					-	
Current tax		-		-	-	
Deferred tax - release / (charge)		-		-	-	
Profit / (loss) for the year			(1,202)	157		(1,045)
Other comprehensive income						
Remeasurement gains / (losses) on defined benefit plans	D		-	11	-	11
Total comprehensive income for the period			**(1,202)**	**168**		**(1,034)**

Notes

A Under previous GAAP, duty drawback received and MEIS export incentive were shown as part of other operating revenue under revenue from operations. Under Ind AS, those amounts are treated as Government Grants under Ind AS 20 and to be shown as "other income". Hence, the amount has been reclassified from other operating revenue to other income.
The company has availed excise duty exemption in Himachal Pradesh factory and there is no excise duty payable on the goods removed from the said factory. Under Ind AS, excise duty exemption availed is shown as Government Grant as per Ind AS 20 under other income.

B Under previous GAAP, cash discounts paid were shown as other expenses. Under Ind AS, those expenses were adjusted against revenue for sale of products.

C Under previous GAAP, excise duty was adjusted against revenue from sale of products. Under Ind AS, it is considered as a production cost and hence disclosed separately as an expense in the statement of profit or loss.

D Under previous GAAP, actuarial gains and losses on employees defined benefit obligations were recognised in profit or loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income.

(All amounts in Million Indian rupees, except as share data or as stated)

43 Buyback of equity shares

The Board of Directors of the Company, in their meeting held on May 24, 2016, approved a proposal to buy back equity shares of the Company, subject to approval by the Company's shareholders, for an aggregate amount not exceeding 25% of the paid up share capital and free reserves as at March 31, 2016 and at a price not exceeding Rs.79.50 per equity share. The plan involved the purchase of such shares from Koninklijke Philips N.V. (KPNV) pursuant to Article 11 of the Articles of Association, subject to consent of the equity and preference shareholders and in accordance with the provisions of sections 68, 69 and 70 of the Companies Act, 2013 read with rule 17 of the Companies (Share Capital and Debentures) Rules, 2014 and any other applicable provisions, if any, of the Companies Act, 1956 and/ or Companies Act, 2013 (to the extent applicable). The shares bought back under this plan were required to be extinguished in accordance with the provisions above mentioned provisions.

The Company's shareholders approved the buyback plan on June 02, 2016, and the same was ended on June 14, 2016.
Under this plan, the Company bought back and extinguished 11,874,213 equity shares for an aggregate purchase price of Rs.944, valuing each equity share at Rs.79.50.

44 Capital Reduction

The Board of Directors of the Company, in their meeting held on May 24, 2016, approved a proposal for reducing the capital of the Company, pursuant to Article 10 of the Articles of Association of the Company and pursuant to the provisions of Sections 100 to 104 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and/ or Companies Act, 2013 (to the extent applicable), and subject to the approval of the shareholders by a special resolution; sanction of the Hon'ble High Court of Judicature at Bombay and any other statutory authorities, as the case may be.

The proposal was approved for reducing the paid up equity share capital of the Company by reduction of the equity shares held by Koninklijke Philips N.V. (KPNV) post the buy back of equity shares by the Company becoming effective, at a consideration of Rs. 79.50 per equity share of Rs. 10 each so cancelled and extinguished.

The Shareholders approved the proposal on July 21, 2017 and the Hon'ble Mumbai High Court had accorded its approval for the reduction of capital, in the hearing in the matter held on September 29, 2016.

Pursuant to the order, the share capital of the Company was reduced to the extent of the shares held by Koninklijke Philips N.V. i.e. 35,082,309 equity shares. Pursuant to the reduction of KPNV's shares, the Company remitted to KPNV an aggregate amount of Rs.2,789 @ Rs. 79.50 per share, which includes a premium of Rs. 69.50 per share.

45 Specified Bank Notes

Details of Specified Bank Notes (SBN) held as on November 8, 2016 and December 30, 2016 and transacted during the period from November 9, 2016 to December 30, 2016 ('the Period').

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	NA	NA	1
(+) Permitted receipts	NA	NA	18
(-) Permitted payments	NA	NA	-
(-) Amount deposited in Banks	NA	NA	19
Closing cash in hand as on 30.12.2016	**NA**	**NA**	-

Note: Above disclosure has been prepared based on books of account maintained by the Company as part of its normal operating policies and procedures. The Company's books of account does not facilitate collation of denomination wise breakup of cash balances as on November 8, 2016 and December 30, 2016 and cash transactions during the period from November 9, 2016 to December 30, 2016 ('the Period') and accordingly, the Company has provided details of 'total' cash balances as on specified dates and transactions during the Period.

46 Transfer pricing

The Company has entered into international transactions with related parties. The Company has a policy of maintaining documents as prescribed by the Income-tax Act, 1961 to prove that these international transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation for periods up to March 31, 2017.

47 All amounts are in Rs. Millions, figures in this financial statements below Rs.1 million, are shown as blank.

48 The Figures for the year ended March 31, 2016 were audited by another firm of chartered accountants

49 Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification / disclosure.

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/ E300005

Manoj Kumar Gupta
Partner
Membership No.: 083906

Place: Gurgaon
Date: July 18, 2017

For and on behalf of the Board
Preethi Kitchen Appliances Private Limited

A.D.A. Ratnam
DIN: 05296020
Director

Rajiv Mathur
DIN: 06931798
Director

Nishant Nayan
Company Secretary

Place: Gurgaon
Date: July 18, 2017