Audited Financial Statements

Philips Home Care Services India Private Limited

Financial Year ended March 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Philips Home Care Services India Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Philips Home Care Services India 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 by us;

(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 does not have any pending litigations which would impact its financial position;

    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) The Company has provided requisite disclosures in Note 29 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906
Place of Signature: Gurgaon
Date: July 18, 2017

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

Re: Philips Home Care Services India Private Limited

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

(i) (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(i) (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given 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) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(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.

(vii)(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 statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii)(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute

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

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt 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 material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable 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 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

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

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

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

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906
Place of Signature: Gurgaon
Date: July 18, 2017

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PHILIPS INDIA LIMITED

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

We have audited the internal financial controls over financial reporting of Philips Home Care Services India Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 of Signature: Gurgaon
Date: July 18, 2017

Philips Home Care Services India Private Limited

Balance Sheet as at 31 March 2017 — **Amounts in ₹ Mln**

	NOTES	As at 31 March 2017	
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	34.93	
Capital work-in-progress	3	14.88	
Financial Assets	4		
Other Financial Assets		0.28	
			50.08
Current assets			
Inventories	5	0.17	
Financial Assets			
Trade receivables	6	1.91	
Other current assets	7	4.31	
			6.39
			56.47
EQUITY AND LIABILITIES			
Share capital			
Equity	8	59.92	
Other Equity	9	(50.18)	
Equity attributable to equity holders			9.74
LIABILITIES			
Non-current liabilities			
Provisions	10	2.93	
			2.93
Current liabilities			
Financial Liabilities			
Borrowings	11	0.15	
Trade Payables	12	36.60	
Other current liabilities	13	7.06	
			43.80
			56.47
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming part of Standalone Financial Statements

As per our report of even date attached

For and on behalf of the Board of Directors of
Philips Home Care services India Private Limited

For SR Batliboi & Co. LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Director — Priyank Agarwal
(DIN: 00234666)

Manoj Kumar Gupta
Partner
Membership No : 83906

Director — Angarai Dorairjan Aditya Ratnam
(DIN: 05296020)

Place: Gurgaon
Date: July 18, 2017

Place — Gurgaon
Date — July 18, 2017

Philips Home Care Services India Private Limited

Statement of Profit and Loss for the period ended 31 March 2017 — **Amounts in ₹ Mln**

	NOTES	Period ended 31 March 2017	
Continuing Operations			
Income			
Revenue from operations (net)	14	9.18	
Other income	15	2.18	
Total revenue			11.36
Expenses			
Cost of raw materials consumed	16	0.64	
Employee benefits expense	17	22.93	
Depreciation and amortisation expense	18	2.14	
Finance Cost	19	0.17	
Other expenses	20	36.86	
Total expenses			62.75
Profit for the year (A)			(51.39)
Other comprehensive income			
Re-measurement gains / (losses) on defined benefit plans			1.21
Other comprehensive income for the year (B)			1.21
Total comprehensive income for the year (A+B)			(50.18)
Earnings per equity share (for continuing operations)	21		
Basic and diluted earnings per equity share of ₹10 each (in ₹)			(15.71)
Basis of preparation, measurement and significant accounting policies	2		

Refer accompanying notes forming part of Standalone Financial Statements

As per our report of even date attached

For and on behalf of the Board of Directors of
Philips Home Care services India Private Limited

For SR Batliboi & Co. LLP

Chartered Accountants

Firm registration number: 301003E/E300005

Director Priyank Agarwal
(DIN: 00234666)

Manoj Kumar Gupta

Partner

Membership No : 83906

Director Angarai Dorairjan Aditya Ratnam
(DIN: 05296020)

Place: Gurgaon

Date: July 18, 2017

Place Gurgaon

Date July 18, 2017

Philips Home Care Services India Private Limited

Cash Flow Statement for the period ended 31 March 2017 — **Amounts in ₹ Mln**

			Period ended 31 March 2017
A.	**Cash flow from operating activities**		
	Profit before tax (contiuing operations)	(50.18)	
	Net profit before tax and exceptional items		(50.18)
	Adjusted for		
	Depreciation and amortisation	2.14	
	Interest (Net)	(2.01)	0.13
	Operating profit before working capital changes		(50.05)
	Changes in:		
	Trade receivables and other loans & advances	(6.50)	
	Inventories	(0.17)	
	Trade payables and other liabilities	46.55	
			39.88
	Cash generated from operations		-
	Net Cash Flow from Operating activities		(10.17)
	NET CASH GENERATED FROM OPERATING ACTIVITIES		(10.17)
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	(51.95)	
	b. Capital gain tax	-	(51.95)
	Interest received	2.18	2.18
	Net Cash flow from Investing Activities		(49.77)
	NET CASH USED IN CONTINUING ACTIVITIES		(49.77)
C.	**Cash flow from financing activities**		
	Capital investment	59.92	
	Interest Expense	0.17	
	Cash flow from Financing Activities		60.09
	NET CASH /(USED IN) FROM CONTINUING FINANCING ACTIVITIES		60.09
	(DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		0.15
	CASH AND CASH EQUIVALENTS - CLOSING BALANCE		
	Cash and cash equivalents (refer note 11)		0.15
	Cash and Cash Equivalent from continuing operations		0.15

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

As per our report of even date attached

For and on behalf of the Board of Directors of
Philips Home Care services India Private Limited

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

Director — Priyank Agarwal
(DIN: 00234666)

MANOJ KUMAR GUPTA
Partner
Membership No : 83906

Director — Angarai Dorairjan Aditya Ratnam
(DIN: 05296020)

Place: Gurgaon
Date: July 18, 2017

Place — Gurgaon
Date — July 18, 2017

Philips Home Care Services India Private Limited — Amounts in ₹ Mln

Statement of Changes in Equity for the period ended 31 March 2017

a. EQUITY SHARE CAPITAL

Equity shares of INR 10 each issued, subscribed and fully paid up	**Number of shares**	**Amount**
Changes in equity share capital during the year	6.05	60.50
Less : Share capital issue expenses		0.58
At 31 March 2017	**6.05**	**59.92**

b. OTHER EQUITY

For the year ended 31 March 2017

Particulars	**Reserves and Surplus**	**Total equity**
	Retained earnings	
As at 1 April 2016		
Profit for the period	(51.39)	
Other comprehensive income (Note)	1.21	
Total comprehensive income		
At 31 March 2017	**(50.18)**	**(50.18)**

Refer accompanying notes forming part of Standalone Financial Statements

As per our report of even date attached

For SR Batliboi & Co. LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Manoj Kumar Gupta
Partner
Membership No : 83906

Place: Gurgaon
Date: July 18, 2017

For and on behalf of the Board of Directors of
Philips Home Care services India Private Limited

Director — Priyank Agarwal
(DIN: 00234666)

Director — Angarai Dorairjan
Aditya Ratnam
(DIN: 05296020)

Place — Gurgaon
Date — July 18, 2017

1 CORPORATE INFORMATION

Philips Home Care Services India Private Limited (the 'Company') is a private limited company domiciled in India with its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF, Major Arterial Road, New Town (Rajarhat) Kolkata - 700156, West Bengal, India. The Company's business is to provide, initiate, encourage or promote home healthcare services, treatment, diagnosis or care to patients at home through a team of nurses, para-medics, respiratory therapists and other trained personnel monitored remotely by doctors and provide other devices required for taking care of patients at home.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 (a) Basis of preparation of financial statements

These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

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

(b) Current / Non Current classification

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

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

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

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

2.2 Key Accounting Estimates and Judgements

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

2.3 Recent Accounting Developments

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

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Company.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The effect on the financial statements is being evaluated by the Company.
The Company will adopt these amendments, if applicable from their applicability date.

2.4 Property, plant and equipment

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.
Equipment for which the invoices have not been received as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

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

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

Impairment of tangible and intangible 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) net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

2.5 Inventories:

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

2.6 Cash and Cash equivalents:

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

2.7 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.

i) Financial Assets

The Company classifies its financial assets in the following measurement categories:
- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortised cost

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

Subsequent Measurement:
For purposes of subsequent measurement financial assets are classified in following categories:
- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortised cost
- Equity instruments

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

Debt instruments at amortised cost
A Debt instrument is measured at amortised cost if both the following conditions are met:
a) Business Model Test : The objective is to hold the debt instrument to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
b) Cash flow characteristics test: The contractual terms of the debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

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

Debt instruments at fair value through OCI
A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:
a) Business Model Test : The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.
b) Cash flow characteristics test: The contractual terms of the debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

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

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

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e, removed from the Company's statement of financial position) when:
- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
(a) the Company has transferred the rights to receive cash flows from the financial assets or
(b) the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

Impairment of financial assets
In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure
- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

the Company follows "simplified approach" for recognition of impairment loss allowance on:
- Trade receivables or contract revenue receivables;

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

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

ii) Financial Liabilities

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

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

Trade Payables
These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using EIR method.

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the 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
Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.
Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

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 medication 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 and loss.

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

Reclassification of financial assets:
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties.
A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

2.8 Provisions & Contingencies

Provisions
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

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

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

2.9 Revenue Recognition

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

a) Rendering of Services

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

b)Interest Income

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

2.10 Employee Benefits

Short-term obligations

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

Defined Contribution Plans

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

Defined Benefit Plans

Liability for defined benefit gratuity plan is provided on the basis of actuarial valuation carried out by an independent Actuary at year end using the Projected Unit Credit Method. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. The scheme is unfunded.

Termination benefits are recognised as and when incurred.

2.11 Income taxes

Current tax

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

Deferred tax

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

Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Therefore, when an entity has a history of recent losses, the Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the company has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the company.

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

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

2.12 Leases

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

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

2.13 Fair value measurement of Financial Instruments

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

2.14 Earnings Per Share

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

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

Philips Home Care Services India Private Limited Amounts in ₹ Mln

3 Property, Plant and Equipment

Particulars	Plant and Machinery (Owned)	Total	Capital Work in Progress
Additions	37.07	37.07	14.88
At 31 March 2017	**37.07**	**37.07**	**14.88**
Depreciation and impairment			
At 31 March 2016			
Depreciation charge for the year	2.14	2.14	-
At 31 March 2017	**2.14**	**2.14**	**-**
Net book value			
At 31 March 2017	**34.93**	**34.93**	**14.88**

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln

4 Financial Assets

Other Financial Assets

Particulars	As at 31 March 2017
Security Deposits	
- Considered good	0.28
Total Loans	**0.28**

5 Inventories

Particulars	As at 31 March 2017
Traded Goods (31 March 2017 - INR 0.17 million)	0.17
Total inventories at the lower of cost and net realisable value	**0.17**

6 Financial assets

Trade receivables

Particulars	As at 31 March 2017
Trade receivables	1.91
Total	**1.91**

Break up for security details

Particulars	As at 31 March 2017
Unsecured, considered good	1.91
	1.91

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Amounts in ₹ Mln

7 Othe Current Assets

Loans (Secured considered good unless otherwise stated)

Particulars	As at 31 March 2017
Other Loans	
Advance to suppliers	0.20
CENVAT credit receivable	2.30
VAT credit receivable	0.78
Prepaid expenses	0.85
Advances to employees	0.05
Advance income tax (net of provision)	0.12
Total	**4.31**

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln

8 Share Capital

As at 31 March 2017

Authorised Share Capital

	No. of shares	Amount
Equity shares of Rs.10 each		
Increase/(decrease) during the year	**6.05**	**60.50**
Total	**6.05**	**60.50**

Issued, subscribed and paid-up

	No. of shares	Amount
Equity shares of INR 10 each issued, subscribed and fully paid	6.05	**60.50**
Less : Share capital issue expenses	**-**	0.58
Total	**6.05**	**59.92**

Reconciliation of the number of equity shares outstanding

At the beginning and at the end of the reporting period	**6.05**	**59.92**

Rights, preferences and restrictions attached to the equity shares

The Company has only one class of equity shares having a par value of ` 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Shares held by holding and the ultimate holding company

	No. of shares	Amount
Philips India Limited	**6.05**	**59.92**

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

	No. of shares	% holding
Philips India Limited	**6.05**	**100%**

9 Other Equity

		As at 31 March 2017
Profit for the year	(50.18)	
Total		(50.18)

10 Provisions

Particulars	As at 31 March 2017
Provision for employee benefits	
Gratuity (refer note 23)	1.80
Compensated absences (refer note 23)	1.13
	2.93

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln

11 Short-term borrowings

Particulars	As at 31 March 2017
Loans repayable on demand	
From banks	-
Bank overdraft (unsecured)	0.15
	0.15

12 Trade Payables

Particulars	As at 31 March 2017
Dues to others	34.95
Dues to related parties	1.65
	36.60

Terms and conditions of the above financial liabilities

Other payables are non-interest bearing and are normally settled on 60 day terms.

13 Other Current Liabilities

Particulars	As at 31 March 2017
Income received in advance	4.23
Other payables:	
Employee related payables	1.69
Statutory dues	1.13
	7.06

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln

14 Revenue from operations

Particulars	**Period ended 31 March 2017**
Sale of services	9.18
Revenue from operations (gross)	**9.18**
Revenue from operations (net)	**9.18**
Breakup of revenue from sale of services	
Service income	**9.18**
	9.18

15 Other income

Particulars	**Period ended 31 March 2017**
Interest income (other than on investments)	1.11
Interest income on defined benefit plan	1.07
	2.18

16 Cost of raw materials consumed

Particulars	Period ended 31 March 2017
Inventory of raw materials at the beginning of the year	
Add: Purchases	0.81
Less: Inventory of raw materials at the end of the year	0.17
Cost of raw materials consumed	**0.64**

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln

17 Employee benefits expense

Particulars	Period ended 31 March 2017
Salaries, wages and bonus	20.87
Contribution to provident and other funds	0.80
Defined benefit plan expense	0.79
Staff welfare expenses	0.47
	22.93

18 Depreciation and amortisation expense

Particulars	Period ended 31 March 2017
Depreciation of tangible fixed assets (refer note 3)	2.14
	2.14

19 Finance Cost

Particulars	Period ended 31 March 2017
Net interest on the net defined benefit liability	0.17
	0.17

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln

20 Other expenses

Particulars	**Period ended 31 March 2017**
Packing, freight and transport	**1.10**
Rent	**3.73**
Repairs to buildings	**0.12**
Insurance	**1.17**
Travelling and conveyance	**2.05**
Legal and professional	**16.96**
Publicity	**5.77**
IT and Communication	**5.71**
Miscellaneous	**0.26**
	36.86

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

As Auditor - statutory audit fees `0.8 (Previous year - Nil)

21 **Earning per share (EPS)**

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

Particulars	Period ended 31 March 2017
Number of shares at the beginning of the year	-
Total number of equity shares outstanding at the end of the year	6.05
Weighted average number of equity shares outstanding during the year	3.19
Profit after tax attributable to equity share holders	
-Continuing operations	(50.18)
Weighted average number of Equity shares adjusted for the effect of dilution*	(15.71)
Basic and diluted earnings per share (in ₹)	(15.71)

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

22 Significant accounting judgments, estimates and assumptions

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

(i) Judgments

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

(ii) Estimates and assumptions

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

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

Further details about gratuity obligations are given in Note 23.

(b) Fair value measurement of financial instruments

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

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln Amounts in ` Mln

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

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.
Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity
	31st March 2017
Current service cost	0.41
Past service cost	-
Interest cost on benefit obligation	0.10
Expected return on plan assets	-
Curtailment Cost	-
Settlement cost	-
Net actuarial (gain)/ loss recognised in the year	(1.21)
Expenses recognized in the statement of profit & loss and Other Comprehensive Income	(0.70)

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

Particulars	Gratuity		Compensated absences
	Period ended 31 March 2017		Period ended 31 March 2017
	Funded	Unfunded	
A. Present value of obligations as at beginning of the year	-	2.51	1.75
(1) Current service cost	-	0.41	0.38
(2) Interest cost	-	0.10	0.07
(5) Actuarial (gain) / loss	-	(1.21)	(1.07)
Present value of obligations as at end of the year	-	1.80	1.13

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		Compensated
	Period ended 31 March 2017		Period ended 31 March 2017
	Funded	Unfunded	
B. Change in Plan Assets			
Plan assets as at beginning of the year	-	-	-
Plan assets as at end of the year	-	-	-
Surplus	-	-	-

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

C. Actual return on plan assets	-	-	-
D. Reconciliation of present value of the obligation and the fair value of the plan assets:			
Liability recognised in Balance Sheet		1.80	1.13
E. Components of Employer Expense:			
Total expense recognised in Statement of Profit and Loss		0.51	0.45

The gratuity and compensated absences expenses have been recognised in "Employee benefits expenses" under note 17 to the Financial Statements.

F. Experience Adjustments

Description	Gratuity (Unfunded) Period ended 31 March 2017
Defined Benefit Obligations	1.80
Plan Assets	-
Surplus/(Deficit)	1.80
Experience adjustments on Plan assets/liabilities (gain) / loss	(1.02)

G. Assumptions	Gratuity - Unfunded	Compensated absences
	Period ended 31 March 2017	Period ended 31 March 2017
Discount factor	7.10%	7.10%
Salary Increase	10%	10%
Demographic Assumptions		
Mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal Rate	14%	14%
Retirement age	60 Years	60 Years

H. Sensitivity Analysis

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

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

Defined benefit obligation	As at 31 March 2017
Discount rate	
a. Discount rate - 100 basis points	1.94
b. Discount rate + 100 basis points	1.69
Salary increase rate	
a. Rate - 100 basis points	1.70
b. Rate + 100 basis points	1.91

I. Maturity profile of defined benefit obligation

	As at 31 March 2017
Within the next 12 months (next annual reporting period)	0.18
Between 1 and 5 years	0.75
Between 5 and 10 years	0.84
Total expected payments	1.77

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

i) Names of companies where control exists:

Holding Company	Philips India Limited

ii) **Key Management Personnel**

(i) Mr.Priyank Agarwal - Director w.e.f. 25 May 2016
(Ii) Mr.Angarai Dorairjan Aditya Ratnam - Director w.e.f. 25 May 2016
(Iii) Mr.Madapusi Raghavan Srinivas Prasad - Additional Director w.e.f. 06 Sept 2016

Nature of transactions

Particulars	Period ended 31 March 2017
	Ultimate Holding Company
PURCHASES	
Fixed assets	0.65
Reimbursement	1.17
	1.82
OUTSTANDINGS	
Payable	1.65

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln

25 Financial Instruments -Financial assets and financial liabilities

The accounting classification of each category of financial instrument their carrying amounts and their fair value amounts are set out below:-

As at 31 March 2017

Financial Assets	**Fair value through Profit or loss**	**Amortised cost**	**Total Carrying value**	**Total Fair Value**
Other Financial Assets (Non-Current)	-	**0.28**	**0.28**	**0.28**
Trade receivables (Current)	-	**1.91**	**1.91**	**1.91**
Other Current Assets	-	**4.31**	**4.31**	**4.31**
Total	**-**	**6.50**	**6.50**	**6.50**

As at 31 March 2017

Financial Liabilities	**Fair value through Profit or loss**	**Amortised cost**	**Total Carrying value**	**Total Fair Value**
Borrowings(Current)	-	**0.15**	**0.15**	**0.15**
Trade Payables(Current)	-	**36.60**	**36.60**	**36.60**
Other Current Liabilities	-	**7.06**	**7.06**	**7.06**
Total	**-**	**43.80**	**43.80**	**43.80**

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln

26 Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Credit risk

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

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance as at Mar 31 ,2017.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made in bank deposits.The limits are set to minimise the consultation of risk and therefore mitigate financial loss through counterparty potential failure to make payments.
The Company maintains exposure in cash and cash equivalents and term deposits with banks,The Company's maximum exposure to credit risk as at 31st March, 2017 is the carrying value of each class of financial assets as illustrated in note 4 and 6.

(b) Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

		Undiscounted Amount	
As at 31 March 2017	Carrying Amount	Payable within 1 year	Total
Borrowings(Current)	0.15	0.15	0.15
Trade Payables(Current)	36.60	36.60	36.60

27 Capital management

For the purposes of Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017

Particulars	Period ended 31 March 2017
Equity Share Capital	59.92
Free reserve	(50.18)
Reserve to Share Capital* (in no. of times)	**(0.84)**

*Since this is the frst year of operations of the Company hence the value is negative but the Company has appropriate plan in place to become profitable in next three years.

Notes to the Financial Statements for the period ended 31 March 2017 Amounts in ₹ Mln

28 Components of other Comprehensive Income (OCI)

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

Particulars	Period ended 31 March 2017
Re-measurement gains / (losses) on defined benefit plans	**1.21**

29 Disclosure on specified Bank Notes

Pursuant to notification of Ministry of Corporate Affairs dated March 30, 2017, disclosure of specified bank notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 is provided in table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.13	-	0.13
(+)Permitted receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in Banks	0.13	-	0.13
Closing cash in hand as on 30.12.2016	-	-	-

30 The company was incorporated on May 25, 2016 and this being the first year of operations, no previous period figures have been presented.

As per our report of even date attached

For and on behalf of the Board of Directors of
Philips Home Care services India Private Limited

For SR Batliboi & Co. LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Director
Priyank Agarwal
(DIN: 00234666)

Manoj Kumar Gupta
Partner
Membership No : 83906

Director
Angarai Dorairjan Aditya Ratnam
(DIN: 05296020)

Place: Gurgaon
Date: July 18, 2017

Place Gurgaon
Date July 18, 2017