PHILIPS

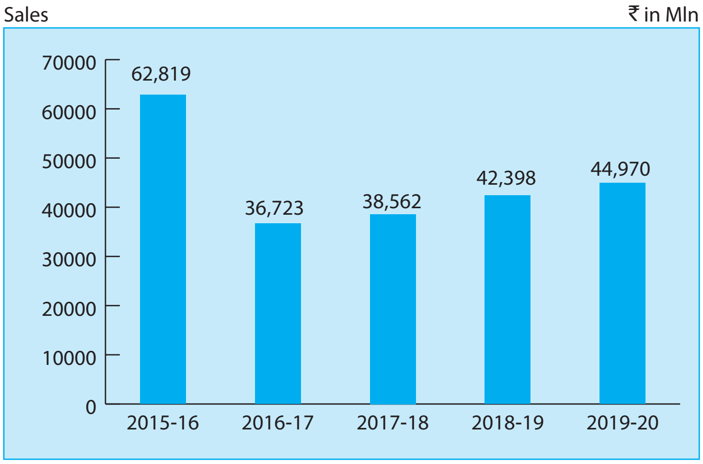
Philips India Limited

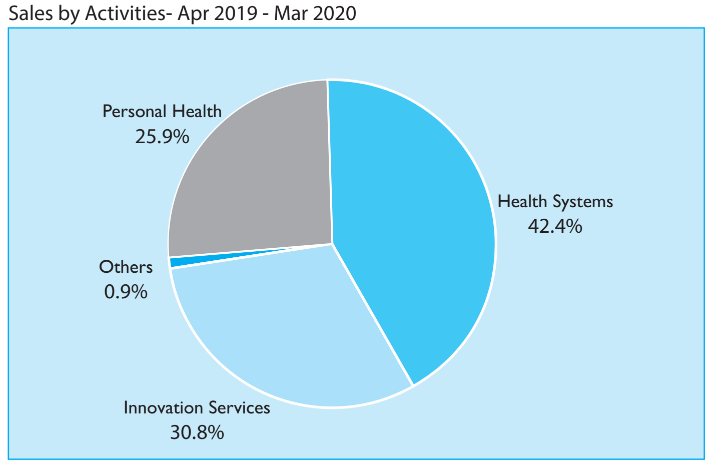
Annual Report

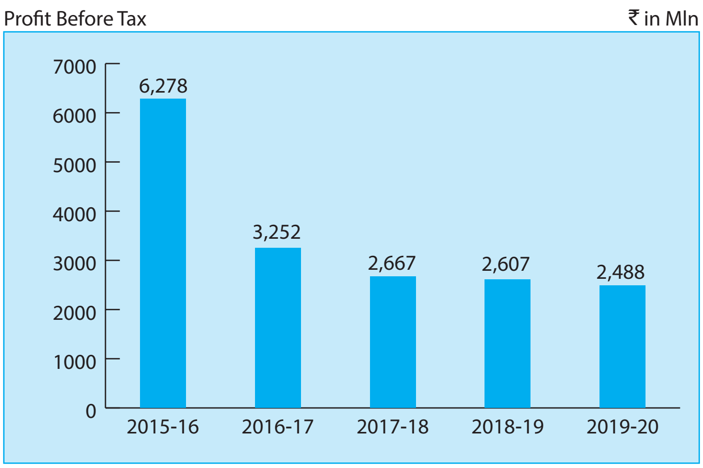
Focusing on **innovation** for a **healthier world**

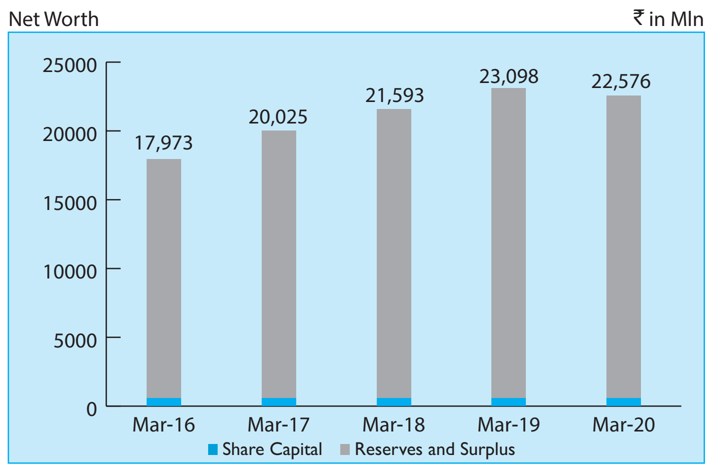
Annual report 2019-20

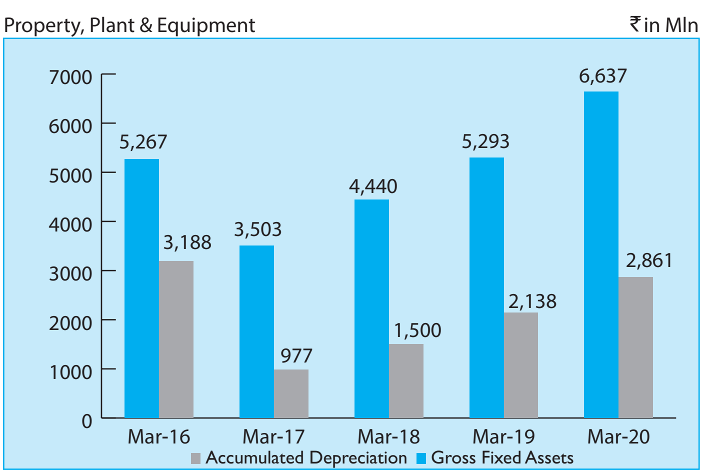
PHILIPS INDIA LIMITED

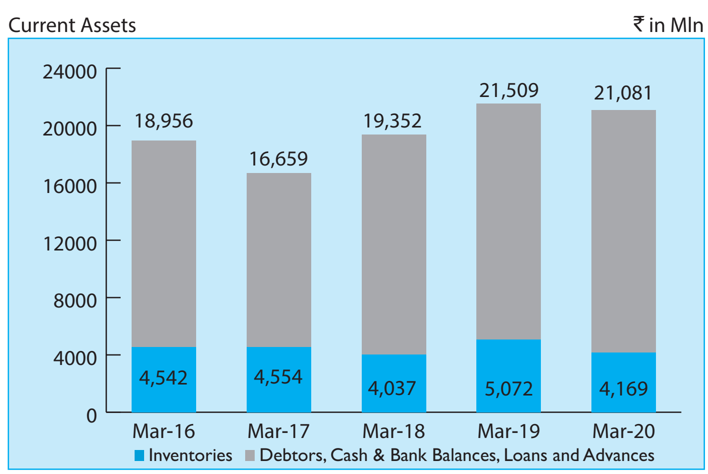












PHILIPS INDIA LIMITED

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Annual General Meeting on Thursday, September 24, 2020 at 10.30 a.m.
through Video Conference (VC) / Other Audio Visual Means (OAVM)
For detailed procedure for joining the meeting through VC/OAVM and other relevant information, please refer to the AGM Notice that forms part of the Annual Report.

BOARD OF DIRECTORS

Chairman and Non-Executive Independent Director

S. M. Datta

Vice – Chairman and Managing Director

Daniel Mazon

Whole - Time Director and Company Secretary

Rajiv Mathur

Whole - Time Director and Chief Financial Officer

Sudeep Agrawal

Non-Executive Independent Director

Geetu Gidwani Verma

STATUTORY AUDITORS

S. R. Batliboi & Co. LLP

Chartered Accountants

BANKERS

Citibank N.A.

Bank of America N.A.

State Bank of India

HDFC Bank Limited

BNP Paribas

Rabo Bank

REGISTERED OFFICE

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninetieth Annual General Meeting of PHILIPS INDIA LIMITED will be held on Thursday, September 24, 2020 at 10.30 a.m. through Video Conference / Other Audio Visual Means, to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at 3rd Floor, Tower A, DLF IT Park, 08 Block AF, Major Arterial Road, New Town (Rajarhat), Kolkata, West Bengal- 700156, India to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the standalone and consolidated Financial Statements of the Company for the financial year ended March 31, 2020, including the audited Balance Sheet as at March 31, 2020, the Statement of Profit and Loss for the year ended on that date and the reports of the Auditors and Directors thereon.

2. To declare dividend for the financial year ended March 31, 2020.

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

SPECIAL BUSINESS:

4. RE - APPOINTMENT OF MR. RAJIV MATHUR (DIN 06931798) AS WHOLE TIME DIRECTOR OF THE COMPANY

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

   "RESOLVED THAT pursuant to the provisions of sec 196, 197, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof), and pursuant to the recommendations of the Nomination and Remuneration Committee of the Board, Mr. Rajiv Mathur having DIN: 06931798 be reappointed as the Whole Time Director (Whole Time key Managerial Personnel) of the company for a further term of 5 years commencing from August 1, 2020 till July 31, 2025, on the terms and conditions as detailed in the Explanatory Statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Rajiv Mathur.

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

   RESOLVED FURTHER THAT during his tenure Mr. Rajiv Mathur shall also act as Key Managerial Person of the Company.

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

5. APPROVAL OF REMUNERATION OF COST AUDITORS

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

   "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby approves the remuneration of ₹ 5,75,000 (Rupees Five Lacs seventy-five thousand) plus applicable taxes and out of pocket expenses payable to M/s. R. Nanabhoy & Company, Cost Accountants, having registration number 7464 who are appointed by the Board of Directors as Cost Auditors of the Company to conduct cost audit relating to cost records of the Company for the year ending March 31, 2021.

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

By Order of the Board

Rajiv Mathur
Director & Company Secretary
DIN No. 06931798

Date : July 30, 2020
Place : Gurugram

NOTES:

1. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and other applicable circulars, if any, has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with, the said circulars, the 90th AGM of the Company shall be conducted through VC / OAVM. Kfin Technologies Private Limited ('Kfintech') will be providing facility for voting through remote e-voting, for participation in the AGM through VC / OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC / OAVM is explained at Note No. 12 below and is also available on the website of the Company at www.philips.co.in.

2. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

3. Institutional / Corporate Members are requested to send a scanned copy (PDF / JPEG format) of the certified Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at einward.ris@kfintech.com.

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

5. The Share Transfer Books and the Register of Members of the Company will remain closed from September 18, 2020 to September 24, 2020 (both days inclusive).

6. Subject to provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared, at the meeting, will be paid within 30 days from the date of declaration, to those members whose names appear on the Company's Register of Members as on the book closure/cut off date viz September 17, 2020. In respect of demat shares, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the Depositories for this purpose.

7. Members are requested to contact the Registrar and Share Transfer Agent, M/s Kfin Technologies Pvt. Ltd. for all matters connected with Company's shares at

   Kfin Technologies Pvt. Ltd,
   (Formerly "Karvy Fintech Pvt. Ltd..")
   Selenium, Tower-B, Plot no.31-32, Gachibowli,
   Financial District, Nanakramguda, Hyderabad-500 032.
   Toll Free no. 18 00 3454 001,
   Telephone: +91 - 40 6716 2222/ 6716 1631
   Fax: +91 - 40 2342 0814
   Email id: einward.ris@kfintech.com

   Kfin Technologies Pvt. Ltd,
   (Formerly "Karvy Fintech Pvt. Ltd.")
   Apeejay House, Block "C", 3rd Floor,
   15, Park Street, Kolkata 700 016, West Bengal,
   Tel. +91 033 66285900

8. Pursuant to Section 123 of the Companies Act 2013 (previously 205A (5) of the Companies Act, 1956), the unpaid dividend that are due for transfer to the Investor Education and Protection Fund (IEPF) are as follows:

Dividend No.	Date of Declaration	For the year ended	Tentative date for transfer to IEPF
66	20.09.2013	31.03.2013	27.10.2020
67	25.09.2014	31.03.2014	02.11.2021
68	28.09.2015	31.03.2015	05.11.2022
69	29.09.2016	31.03.2016	06.11.2023
70	15.09.2017	31.03.2017	22.10.2024
71	28.09.2018	31.03.2018	05.11.2025
72	20.09.2019	31.03.2019	27.10.2026

   Pursuant to the provisions of the Companies Act, 2013 and the rules notified thereunder, the Ministry of Corporate Affairs had notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which have not been encashed / claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules mandate the companies to transfer the shares of shareholders whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. The details of the unpaid / unclaimed amounts lying with the Company as on September 20, 2019 (date of last Annual General Meeting) are available on the website of the Company http://www.philips.co.in/a-w/about-philips/investor-relations.html.

Accordingly, the Company had initiated the transfer of 25,975 shares from 789 shareholder folios, which attracted the aforesaid provisions, to the demat account of IEPF.

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

Members are requested to contact Kfin Technologies Pvt. Ltd. for encashing the unclaimed dividends standing to the credit of their account.

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

9. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agent to facilitate better service:

   a. any change in their address/mandate/bank details, along with documentary proof in support of the same;

   b. share certificate(s) held in multiple account name or joint accounts in the same order of names for consolidation of such shareholdings into one account.

10. The Members desirous of appointing their nominees for the shares held by them may apply in the Nomination Form (Form SH-13).

11. **ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:**

   I. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail addresses are registered with the Company or the Depository Participant(s).

   II. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing at einward.ris@kfintech.com along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to einward.ris@kfintech.com.

   III. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at www.philips.co.in, and on the website of Fintech at https://evoting.kfintech.com

   PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

   I. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name demat account number / folio number, email id, mobile number at https://emeetings.kfintech.com. Questions / queries received by the Company till 5.00 p.m. on Tuesday, 22nd September, 2020 shall only be considered and responded during the AGM.

   II. Members who would like to express their views or ask questions during the AGM may register themselves by logging on to https://emeetings.kfintech.com and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open from 20th September, 2020 (9:00 a.m.) to 22nd September, 2020 (5.00 p.m.). Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.

12. **PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:**

The Company will provide VC / OAVM facility to its Members for participating at the AGM. Members will be able to attend the AGM through VC / OAVM or view the live webcast at https://emeetings.kfintech.com by using their remote e-voting login https://evoting.kfintech.com credentials.

I. Members are requested to follow the procedure given below:

a) Launch internet browser (chrome/firefox/safari) by typing the URL: https://emeetings.kfintech.com

b) Enter the login credentials (i.e., User ID and password for e-voting).

c) After logging in, click on "Video Conference" option

d) Then click on camera icon appearing against AGM event of "Philips India Limited" to attend the Meeting.

II. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the remote e-voting instructions.

III. Members are encouraged to join the AGM through laptops with Google Chrome for better experience.

Further, Members will be required to allow camera, if any, and are requested to use internet with a good speed to avoid any disturbance during the meeting.

Please note that participants connecting from mobile devices or tablets or through laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

IV. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM. In case any Institutional Members, facing issues for participating in AGM can write to einward.ris@kfintech.com.

V. Members will be allowed to attend the AGM through VC / OAVM on first come, first served basis.

However, the participation of large shareholders i.e. members holding 2% or more, promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.

VI. Facility to join the meeting shall be opened thirty minutes before the scheduled time of the AGM and shall be kept open throughout the proceedings of the AGM.

VII. Members who need assistance before or during the AGM, can contact KFintech on toll free number 1800-345-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.

VIII. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.

Remote E-voting

Members may cast their votes remotely, using an electronic voting system **('remote e-voting')**. The remote e-voting period commences at 09.00 a.m. on 21st September, 2020 and end at 5.00 p.m. on 23rd September, 2020. The remote e-voting module will be disabled by KFintech for voting thereafter.

E-voting at the AGM

The facility for voting through electronic voting system will also be made available at the AGM **('Insta Poll')** and members attending the AGM who have not cast their vote(s) by remote e-voting will be able to vote at the AGM through Insta Poll.

Facility to cast vote through Insta Poll will be made available on the Video Conferencing screen and will be activated once the Insta Poll is announced at the AGM.

Members may click on the "Thumb sign" on the left hand corner of the video screen to take them to the "Insta Poll" page. Members may click on the "Insta Poll" icon to reach the resolution page and vote on the resolutions.

The manner of e-voting by members is provided in the instructions given below:

I) Information and instructions relating to e-voting are as under:

i. The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.

ii. A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID".

iii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e., September 17, 2020 only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Insta Poll. A person who is not a member as on the cut-off date, should treat the Notice for information purpose only.

iv. Any person who becomes a member of the Company after despatch of the Notice of the Meeting and holding shares as on the cut-off date may obtain the User ID and password from Kfintech in the manner as mentioned below:

(a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS:

MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL: MYEPWD <SPACE> IN12345612345678

Example for CDSL: MYEPWD <SPACE> 1402345612345678

Example for Physical: MYEPWD <SPACE> XXXX1234567890

(b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

(c) Member may call on Kfintech`s toll-free number 1800-345-4001

(d) Member may send an e-mail request to evoting@kfintech.com or einward.ris@kfintech.com

(e) If the member is already registered with Kfintech`s e-voting platform, then he can use his existing password for logging in.

v. The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the members holding shares as on the cut-off date who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

II) Information and instructions for remote e-voting:

A. In case a member receives an e-mail from the Company / Kfintech [for members whose e-mail addresses are registered with the Company / Depository Participant(s)]:

a. Launch internet browser by typing the URL: https://evoting.kfintech.com / evoting@karvy.com

b. Enter the login credentials (User ID and password given in the e-mail). Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and password for logging in. If required, please visit https://evoting.karvy.com or contact toll-free number 1800-345-4001 (from 9:00 a.m. to 6:00 p.m.) for your existing password.

c. After entering these details appropriately, click on "LOGIN".

d. You will now reach Password Change Menu wherein you are required to mandatorily change your password upon logging in for the first time. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.). It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

e. You need to login again with the new credentials.

f. On successful login, the system will prompt you to select the E-Voting Event Number (EVEN) for Philips India Limited.

g. On the voting page, the number of shares (which represents the number of votes held by you as on the cut-off date) will appear.

h. On the voting page, enter the number of shares as on the cut-off date under either "FOR" or "AGAINST" or alternatively, you may partially enter any number under "FOR" / "AGAINST", but the total number under "FOR" / "AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose to "ABSTAIN" and vote will not be counted under either head.

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

j. Voting has to be done for each item of the Notice separately.

k. You may then cast your vote by selecting an appropriate option and click on "SUBMIT".

l. A confirmation box will be displayed. Click "OK" to confirm, else "CANCEL" to modify.

m. Once you confirm, you will not be allowed to modify your vote.

n. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

o. Corporate / Institutional Members (i.e., other than Individuals, HUFs, NRIs, etc.) are required to send legible scanned certified true copy (in PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutiniser at e-mail id: asimsecy@gmail.com It is also requested to upload the same in the e-voting module in their login. The naming format of the aforesaid legible scanned document shall be "Corporate Name EVENT NO."

(B) In case of a member whose e-mail address is not registered / updated with the Company / Kfintech / Depository Participant(s), please follow the following steps to generate your login credentials:

a Members holding shares in physical mode, who have not registered / updated their email addresses with the Company, are requested to register / update the same by writing to the Registrar of the Company with details of folio number and attaching a self-attested copy of PAN card at einward.ris@kfintech.com

b Members holding shares in dematerialised mode who have not registered their e-mail addresses with their Depository Participant(s) are requested to register / update their email addresses with the Depository Participant(s) with whom they maintain their demat accounts.

c After due verification, the Company / KFintech will forward your login credentials to your registered email address.

d Follow the instructions at II.(A). (a) to (n) to cast your vote.

1. In case of any query pertaining to e-voting, members may refer to the "Help" and "FAQs" sections / E-voting user manual available through a dropdown menu in the "Downloads" section of Kfintech's website for e-voting: https://evoting.karvy.com or call Kfintech on 1800 345 4001 (toll free).

2. Members are requested to note the following contact details for addressing e-voting grievances:

Mr. Anil Dalvi
Manager
KFin Technologies Private Limited
Selenium Tower B, Plot 31 - 32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032
Telephone: +91 - 40 6716 2222/ 6716 1631
Fax: +91 - 40 2342 0814
E-mail: einward.ris@kfintech.com.

13. **PROCEDURE FOR INSPECTION OF DOCUMENTS:**

I. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection, basis the request being sent on https://evoting.kfintech.com.

II. The Statutory registers of the Company maintained as per the provisions of the Companies Act 2013 and required to be kept open for inspection during AGM, will be available for inspection upon login at Kfintech e-voting system at https://emeetings.kfintech.com.

14. **DIVIDEND RELATED INFORMATION:**

I. The Members, whose names appear in the Register of Members / list of Beneficial Owners as 17th September, 2020, i.e. the date prior to the commencement of book closure, being the cut-off date will be paid the Final Dividend for the financial year ended 31st March, 2020, as recommended by the Board, if approved at the AGM.

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

III. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participant(s) of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.

IV. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to KFin Technologies Private Limited (KFintech) (Formerly known as Karvy Fintech Private Limited), Registrar and Share Transfer Agent of the Company immediately by sending a request on email at einward.ris@kfintech.com. In case, the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall upon normalisation of the postal services, dispatch the dividend warrant / demand draft to such shareholder by post.

V. Members may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the Shareholders. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making payments of the final dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with, the provisions of the Income Tax Act, 1961.

a. For Resident Shareholders, TDS shall be deducted under Section 194 of the Income Tax Act, 1961 at 7.5% on the amount of Dividend declared and paid by the Company during financial year 2020-21 provided PAN is registered by the Shareholder. If PAN is not registered, TDS would be deducted @ 20% (plus applicable surcharge and cess) as per Section 206AA of the Income Tax Act, 1961.

However, no tax shall be deducted on the Dividend payable to a resident individual if the total dividend to be received by them during financial year 2020-21 does not exceed ₹ 5,000. Please note that this includes the future dividends if any which may be declared by the Board in the financial year 2020-21.

Separately, in cases where the individual shareholder provides Form 15G (applicable to individual, who is a resident in India) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met, no TDS shall be deducted.

b. For Non-resident Shareholders, taxes are required to be withheld in accordance with, the provisions of Section 195 of the Income Tax Act, 1961 at the rates in force. As per the relevant provisions of the Income Tax Act, 1961, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of Dividend payable to them. However, as per Section 90(2) of the Income Tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident.
- Self declaration in Form 10F if all the details required in this form are not mentioned in the TRC.

- Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities.
- Self-declaration, certifying the following points:
  - i. Member is and will continue to remain a tax resident of the country of its residence during the financial year 2020-21;
  - ii. Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
  - iii. Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
  - iv. Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and
  - v. Member does not have a taxable presence or a permanent establishment in India during the financial year 2020-21.

VI. Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident shareholder.

VII. Accordingly, in order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide these details and documents as mentioned above before Tuesday, 15th September, 2020.

VIII. Kindly note that the aforementioned documents are required to be submitted to the RTA at einward.ris@kfintech.com on or before 15th September, 2020 in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination / deduction shall be entertained post Tuesday, 15th September, 2020. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

IX. We shall arrange to email the soft copy of TDS certificate to you at your registered email ID in due course, post payment of the said Dividend.

X. Members are requested to contact KFintech / Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account.

15. **SCRUTINIZER FOR AGM THROUGH VC/OAVM:**

I. Dr. Asim Kumar Chattopadhyay, Practising Company Secretary (FCS- 2303 & CoP- 880) has been appointed as the Scrutinizer for providing facility to the Members of the Company to scrutinize the e-voting as well as remote e-voting process in a fair and transparent manner.

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

16. **GENERAL INFORMATION:**

I. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

II. The voting rights shall be as per the number of equity shares held by the Member(s) as on Thursday, 17th September, 2020, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

EXPLANATORY STATEMENT

Under Section 102 of the Companies Act, 2013

ITEM NO. 4

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

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

The approval of the members is being sought with respect to the terms and conditions for the appointment of Mr. Rajiv Mathur Whole-time Director and the remuneration payable to him. Mr. Rajiv Mathur is proposed to be appointed for a further term of 5 years with effect from August 1, 2020 till July 31, 2025, as fixed by the Board of Directors at their meeting held on July 30, 2020.

An abstract of the terms & conditions of appointment of Mr. Rajiv Mathur, Whole-time Director, is given hereunder:

1. **Remuneration:**

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

Part- A

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

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

Part-B

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

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

2. Minimum Remuneration: Notwithstanding anything hereinabove, where in any financial year during the term of office of Mr. Rajiv Mathur, as the Company Secretary and Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration as minimum remuneration by way of Salary, Variable Performance Linked

Bonus and Perquisites. However, the total remuneration by way of salary, perquisites and any other allowance shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule V to the Companies Act, 2013 or any re-enactment thereof.

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

The resolution for re- appointment of Mr. Rajiv Mathur is appropriate and in the best interests of the Company.

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

In view of the applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution set out at item no. 4 of the accompanying Notice for the approval of the Members.

ITEM NO. 5

The Company is required to have the audit of its cost records conducted by a cost accountant in practice under Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014 ("the Rules"). The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. R. Nanabhoy & Company, Cost Accountants, having registration number 7464, as the Cost Auditors, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021.

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

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out at item no. 10 of the notice for approval of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution set out at item no. 5 of the accompanying notice.

The Board recommends the Ordinary Resolution set out at item no. 5 of the notice for approval by the members.

By Order of the Board

Rajiv Mathur
Director & Company Secretary
DIN No. 06931798

Place : Gurugram
Date : July 30, 2020

DIRECTORS' REPORT

For the financial year ended March 31, 2020

To the Members,

Your Company's Directors are pleased to present the 90th Annual Report of the Company, along with the Audited Annual Accounts for the financial year ended March 31, 2020.

1. FINANCIAL PERFORMANCE

1.1 RESULTS

₹ Million

	2019-20	2018-19
Gross Income	45,764	43,386
Profit before exceptional items and tax	2,346	2,959
Exceptional items	142	(352)
Profit before tax	2,488	2,607
Provision for current tax	(878)	(1,094)
Income Tax provisions related to prior years written back	-	184
Deferred tax – Credit / (Charge)	(95)	63
Profit after tax	1,515	1,760

1.2 SECTORWISE SALES

	2019-20	2018-19
Personal Health	11,634	10,997
Health Systems	19,055	18,791
Innovation Services	13,860	12,124
Others	421	486
Total	44,970	42,398

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

1.3 FINANCE & ACCOUNTS

Your Company has delivered positive net cash from operations in the financial year 2019-20. The Company has not made any major borrowings in this year and has managed working capital requirements from internal cash generation.

During the year, capital expenditure was ₹ 967 million (vis – a – vis ₹ 1,083 million during Apr '18 – Mar '19) and were towards HIC expansion, vehicles, IT equipment, moulds etc.

Your company continued to facilitate Healthcare sales with innovative financial solutions to support customers and business in keeping up pace with the market growth to the tune of ₹ 2,139 million, using internal accruals.

During the year, Philips Home Care Services India Pvt Ltd, wholly owned subsidiary of the Company, shut down its operations. The investment in Equity Share Capital and ICDs of Philips Home Care Services India Pvt Ltd were written off. Your Company has invested the surplus cash in fixed deposits with banks and is earning interest on the same.

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

2. DIVIDEND

Your Directors recommend payment of ₹ 3/- per share as dividend on the fully paid equity shares for the financial year ended March 31, 2020. This will absorb cash of ₹ 172.60 million as dividend.

3. TRANSFER TO RESERVES

In the Financial year 2019 -20, your Company does not propose any transfer to General Reserve.

4. DEPOSITS

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

5. BUSINESS PERFORMANCE

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

5.1 HEALTH SYSTEMS

During the year 2019-20, Health Systems business of your Company delivered another year of strong performance driven by growth in Image Guided Therapy (IGT 19.6%) and Patient Care & Monitoring Solutions (10%) despite macro-economic challenges including credit squeeze in the financial market attributable to crisis in the non-banking financial companies (NBFC) sector. The Health Systems equipment business lost 140 bps market sharein a market that declined by 1.8% at Q4 2019-20 MAT (Moving Annual Turnover) level.

In Image Guided Therapy (IGT), Philips Market share improved by 5%. The market is still reeling under the stent price capping which is causing the value and performance segments to grow. In Magnetic Resonance (MR), Philips Market share declined by 8% whereas in Computed Tomography (CT), your company witnessed a dip of 3% in market share. Ultrasound business of your Company improved market share from 17.3% to 18%.

Your Company continues to do strong business with most of its strategic key accounts focusing on multi-modality deals and in government tenders. There are multiple NPI launches such as IGT–Zenition (50 and 70) that would result in your company gaining share in a de-growing market. Magnetic Resonance (MR) -Ambition and Evolutionare expected to further grow your company's share in premium MR market whereaslaunch of value patient monitors (GS20) is further expected to Strengthen market share for MA business of your company in 2020-21. Year 2020-21 is also going to be a landmark year for Ultrasound business of your company as we kick off local manufacturing of Affiniti series in our manufacturing centre in Pune (HIC).

Your Company's global innovation strengths at Bangalore (PIC) along with global design and manufacturing at Pune (HIC) are delivering world-class "Made in India" medical equipment. Your Company has implemented a strong strategy for regaining its market share in the next financial year, however, due to onset of COVID-19 pandemic, overall optimism remains subdued.

5.2 PERSONAL HEALTH

Financial year 2019-20 has been a challenging year with unfavorable macro-economic conditions, slowing market growths and then Covid-19 outbreak followed by lockdown as containment measures. With these ongoing headwinds, Personal Health business of your Company was still able to deliver sales growth of 5.8%, over the previous financial year. There has been and increase in cost trends of the commodities and adverse currency fluctuations due to global factors.

Domestic Appliances and Personal Care business grew in mid-single digit over previous financial year with continuous focus on core category creation while low cost players continue to be a challenge. Both the business groups are leveraging new opportunities to keep the growth engine running with investment on marketing campaigns and multi-channel activations.

With the aim of improving brand preference, Company has enhanced presence across various social media platforms to target youth of the Country. The Company continues to engage Cricket stars, Bollywood Celebrities and Influencers in order to target young consumers.

Your Company continues to focus on strengthening core brands, enriching the portfolio, driving market development at scale and building a new product portfolio to stay competitive among new entrants and low cost players through innovation. Moreover, the Personal Health business of your Company continues to focus on building talent, competencies and processes to drive sustainable profitable future growth.

5.3 INNOVATION SERVICES

Philips Innovation Campus (PIC), based at Bangalore, established as a Software Centre in 1996, is one of the 4 major Philips R&D Hubs globally. The Charter of this Hub is to create best in class innovative solutions to save and improve lives. The vision of this hub is to drive meaningful and clinically relevant innovations, both for the developed world as well as for the underserved markets. Enabled by highly qualified, passionate and motivated professionals over the last 25 years, this centre has grown to become a strategic innovation hub for Philips.

PIC builds clinically relevant software products and solutions across the health continuum starting with healthy living, disease prevention to diagnosis, treatment and homebased care. Significant portion of the global platforms (Health Suite Systems of Engagement) are also built out of PIC. With almost all businesses having their presence in the campus, the site is also well represented in terms of global roles and responsibilities.

In addition, PIC also interacts with markets in the region and along with the businesses, helps conceive, build and deliver solutions to them. Ecosystem connect is another important aspect which PIC does it with elan.

In this campus, there are some broad areas of competence that have been built over the years: Software development, AI & Machine learning, Data Science, Architecture, platforms & Innovation as also building solutions for the assigned markets. The software and product innovations enable global advancements in common platforms for various products in the Precision Diagnosis, Connected Care, Personal Health as also in Interventional Guided Therapy clusters.

PIC has extensive expertise in cutting-edge technologies such as Mobility, AI, Cloud, Data Analytics, Data Science, etc. These technologies are leveraged to improve patient outcomes through care co-ordination and patient empowerment.

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

Some relevant innovations at PIC

Pedestal: It's an ALM (Application Lifecycle Management) framework that orchestrates medical grade agile execution at scale, from portfolio to shipping binaries to production. Pedestal powers HSDP to do Less than 100 releases a year. Pedestal went to the Semifinals of PEC and won the CEO Awards India 2019 in Excellence in Product/Software Quality Category.

MR: The MR team at PIC has not only delivered some of the most advanced Clinical Applications that helps in faster diagnosis of Tumor Grading (3D APT), 4D Free Breathing application for Liver patients, Spinal disease diagnosis through IRIS, but also helped improving the operational excellence of our end customers by increasing the number of patients that can be scanned per day through Reconstruction for Compressed Sense and improving the uptime through predictive serviceability. The team has great expertise in MR and proved time and again in delivering end to end clinical applications, Service Software for reducing downtime and great workflow improvements (eg., ScanWise) for patients with implants.

Ultrasound: Protego 1.0 is an NPI that will deliver ~$ 900 MM of revenue to Ultrasound business over 5 year period. Protego has been designed to deliver two form factors of Compact and Cart with 11 different offerings; specific to Clinical segments. Protego Compact is currently in industrialization phase and the tooling has been completed. The systems have undergone extensive user evaluations in multiple markets and the feedback has been incorporated in the design. Reliability testing is also completed. Protego AFxx cart system tooling is underway. Protego team is in the process of creating detailed GTM plans for the impending release in early 2021.

Monitoring & Analytics: Monitoring & Analytics R&D team is being set up at PIC Bangalore that is part of global MA R&D footprint. Aligning with business roadmap, this team either owns or contributes to programs that deliver value to business. Team closely collaborates with its other R&D sites in Cambridge USA and Boeblingen Germany. Driven by purpose, this team is instrumental in fostering innovation in the business. Some of the examples are medical device interfacing, service solution and more. Team started its ramp up in Q4 2019 and within three quarters scaled up to deliver on its commitment. A strong technology and domain focus motivates the team to drive quality into its deliverables.

During the year, Sales (Export in Foreign Currency) amounted to INR 13.9 billion (as compared to INR 12.1 billion in 2018-19). PIC's average employee strength during 2019-20 was 3,309 (2,937 in 2018-19).

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

On June 25, 2020, the Board accorded its in-principle approval for the segregation of the Domestic Appliances business of your Company as a part of the global restructuring exercise. Koninklijke Philips NV, the parent company of Philips India Limited, proposed the separation of the Domestic Appliance business of the group, worldwide, into different and independent companies owned by Philips Group, thereby providing increased flexibility to attract investments and customers to accelerate growth and to exploit scale of the Domestic Appliances business.

The Domestic Appliances Business of your Company is housed under Philips Personal Health Business of your Company involving sale of kitchen appliances (juicers, blenders, Air fryer, food processors), home care (vacuum cleaners, air purifiers), garment care (irons, steam generators) and coffee makers etc. and Preethi Kitchen Appliances Private Limited (wholly owned subsidiary of the Company). Pursuant to the coming into effect of the Scheme, the Domestic Appliances Business of the Company and Preethi Kitchen Appliances Private Limited (wholly owned subsidiary of the Company) will be transferred into Philips Domestic Appliances India Limited.

Your Company will soon file a Scheme of Arrangement with National Company Law Tribunal (NCLT) Kolkata and Mumbai for their approval.

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

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

8. DETAILS OF SUBSIDIARY/ JOINT VENTURES/ ASSOCIATE COMPANIES

As During the financial year 2019-20, your Company had two wholly owned subsidiaries, Preethi Kitchen Appliances Private Limited ("Preethi") and Philips Home Care Services India Private Limited ("Philips Home Care").

During the year, the Company made further investment of ₹20 Million in the equity share capital of Philips Home Care and in addition to the above, your Company has also placed Inter-Corporate Deposits ("ICDs") to the tune of ₹44 million in Philips Home Care in FY 2019-20.

Further, consequent to the closure of business operations of Philips Home Care and initiation of the process to strike off its name from the list of companies. The Company, during the year, has written off its investment in equity and inter corporate deposits given to Philips Home Care.

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

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

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

9. PERFORMANCE OF THE SUBSIDARY COMPANIES

PREETHI KITCHEN APPLIANCES PRIVATE LIMITED ("PREETHI")

During the year, Preethi has registered comparable sales growth of 5% (excluding intercompany sales) with improved profitability over last year. In March, 2020 the sales were impacted by Covid-19 pandemic affecting the year's performance. Internal estimates show an improvement in counter share due to upsurge in premium range led by Zodiac series in Mixer grinders, Décor & Valentino in Gas stoves & distribution expansion. This year marks a key milestone for Preethi by venturing into Kitchen Hood category. The product-service solution with hassle free installation & deep cleaning service has had an overwhelming response both from consumes & trade. Preethi's core philosophy of growth from the three pillars of – innovation, quality and service, has carefully converted internal competencies and emerging market opportunities into success drivers to become a stronger brand in Kitchen Appliances. As culinary borders dissolve, consumer's evolution with respect to preferences and behaviors are kept at the heart of the innovation cycle to deliver meaningful products that add value to consumers.

People have always been the strength of this organization and it prides itself with the ability to attract and retain the best talent. Preethi continuously strives to promote a culture of transparency, collaboration & entrepreneurship which helps to drive great execution at the marketplace. This has also led to an external recognition, where Preethi was awarded CII Award for HR excellence, a testimony to our people focus, evolving HR processes for talent development, engagement, rewards & recognition and performance management.

However, the management has undergone a risk assessment exercise in lieu of the volatile situation the industry is in. Business risks span from stiff local competition to volatile forex, revised import duties, raw material fluctuations & varying consumer demands. The top risks have been assessed and an action plan is drawn to mitigate the impact as far as possible.

Nevertheless, business is positive with a strong growth strategy taking into account adequate brand investments, building a strong portfolio of innovation across multiple core categories, ensuring a refreshed consumer experience across various touch points, strengthening the people capability and employer branding of Preethi.

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

Philips Home Care was incorporated in May 2016, to provide treatment, diagnosis and care for ailments such as chronic heart failure, chronic respiratory disease, post-surgical treatment, sleep disorders, nephrology care, oncology care and similar such diseases, afflictions to the patients at their homes through a team of nurses, para-medics, respiratory therapists and other trained personnel monitored remotely by doctors. Subsequently, ICU@home and sale of medical equipment like Oxygen Concentrators, were also added to the services for the patients. During the past years, in order to achieve the set financial targets, Philips Home Care, had explored certain alternate business propositions and models.

However, despite bringing in a lot of effort to its core business and venturing into some of these alternate businesses, the desired financial performance could not be achieved by Philips Home Care. For the past few months, there had been no significant business operations in Philips Home Care. It was felt that since Philips Home Care was losing money, it was prudent to consider discontinuing of its operations to stop the bleed.

In the meeting of the Board held on December 19, 2019, the approval of the Board was accorded to make an application with ROC, Kolkata to Strike off the name of Philips Home Care as prescribed under section 248(2) of the Companies Act, 2013 and to waive off any outstanding amount due from Philips Home Care Services India Private Limited including the outstanding amount of Inter Corporate Deposits extended by the Company.

Application to Strike off Philips Home Care was filed with Ministry of Corporate affairs (Ministry) on January 23, 2020. The approval on the aforesaid application is pending from the Ministry as on the date of this report.

All the employees engaged with the Philips Home Care and its assets were transferred and sold off, as appropriate.

10. BUSINESS RESTRUCTURING

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

11. REDUCTION OF PAID UP EQUITY SHARE CAPITAL

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

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

The Company filed the Petition for Capital reduction before the National Company Law Tribunal, ("NCLT") Kolkata bench on April 13, 2018.

For commercial reasons and in the best interest of the Company, the Company has proposed to restructure its operations. By reason of such proposal to restructure and as the application for reduction of share capital has been opposed by some of the non- promoter shareholders, the application for Proposed Reduction which is currently pending before the NCLT, Kolkata Bench is proposed to be withdrawn.

The approval of the Board was accorded for the withdrawal application in its meeting held on June 25, 2020. Accordingly, on July 27, 2020 the withdrawal application was filed before the NCLT, Kolkata Bench in accordance with applicable law.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

There was no change in the constitution of the Board of Directors of your Company, during financial year 2019-20.

13. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Meetings of the Board were held six times during the financial year, on May 1, 2019, May 31, 2019, August 7, 2019, September 19, 2019, December 19, 2019 and March 19, 2020, which were attended by all the Directors, except for Mr. Daniel Mazon and Ms. Geetu Gidwani Verma who were allowed leave of absence for the meetings held on May 1, 2019 and Mr. Sudeep Agrawal who was allowed leave of absence on March 19, 2020, at their request.

14. BOARD EVALUATION

The Nomination and Remuneration Committee of the Company had earlier approved a Performance Evaluation Policy, which had been adopted by the Board of Directors. The key features of this Policy have been included in the report. The

Policy provides for evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board and Independent Directors.

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

In a separate meeting of the Independent Directors held on July 30, 2020, performance of Non- Independent Directors, performance of the Board as a Whole and performance of the Chairman was evaluated, taking into account the views from Executive Directors. The discussion was also made on the Committees of the Board and Individual Directors of the Company.

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

15. COMMITTEES OF THE BOARD

15.1 AUDIT COMMITTEE

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

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

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

During the year there was no change in the constitution of the Audit Committee. The Audit Committee presently comprises of the following members:

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

During the year, the Committee met five times i.e. on May 1, 2019, May 31, 2019 August 7, 2019, December 19, 2019, and March 19, 2020 which were attended by all the Directors in person, except Ms. Geetu Gidwani Verma, who was allowed leave of absence for the meeting held on May 1, 2019 and Mr. Sudeep Agrawal, who was allowed leave of absence for the meeting held on March 19, 2020, at their request.

The Chairman of Audit Committee, Mr. S M Datta, attended the Annual General Meeting of the Company held on September 20, 2019 to Chair the Meeting and to respond to the shareholders' queries.

15.2 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

During the year there was no change in the constitution of the Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee presently comprises of the following members:

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

During the year, the meetings of the Committee were held four times i.e. on May 31 2019, August 7, 2019, September 19, 2019 and March 19, 2020, which were attended by all the Directors in person except Mr. Sudeep Agrawal who was allowed leave of absence for the meeting held on March 19, 2020, at his request.

Your Company was engaged in Corporate Social Responsibility (CSR) Projects, during the year 2019-20, the details of which are set out in Annual Corporate Social Responsibility report attached as Annexure II to the Board's report.

15.3 STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

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

During the year, the meetings of the Committee were held thrice i.e. on August 7, 2019 and September 19, 2019 and December 19, 2019 which were attended by all the Directors, in person.

15.4 NOMINATION AND REMUNERATION COMMITTEE

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

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

During the year there was no change in the constitution of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee presently comprises of the following members:-

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

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

- Recommend to the Board, the set up and composition of the Board and its committees, including the "formulation of the criteria for determining qualifications, positive attributes and independence of a director". The Committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Recommend to the Board the appointment or reappointment of Directors.
- Recommend to the Board appointment of key managerial personnel ("KMP" as defined by the Act) and executive team members of the Company (as defined by this committee).

- Carry out evaluation of every Director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors. This shall include "formulation of criteria for evaluation of Independent Directors and the Board" as per Performance Evaluation Policy of the Company.
- Recommend to the Board the remuneration policy for directors, executive team or key managerial personnel as well as the rest of the employees.
- Recommend to the Board the remuneration payable to the Directors and oversee the remuneration to executive team or key managerial personnel of the Company.
- Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

During the year, the meetings of the Committee were held thrice i.e. on May 31, 2019, August 7, 2019, December 19, 2019, which were attended by all the Directors in person.

16. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received a declaration from each of the Independent Directors under Section 149 (7) of the Companies Act, 2013, to the effect that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act 2013. In opinion of the Board, Independent Directors fulfil the conditions specified in the Act, rules made thereunder and are Independent of the management. However, the online proficiency self-assessment test is yet to be given by the Independent Directors.

17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

18. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

19. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company focuses on the workplace for tomorrow that encourages innovation and promotes a collaborative organizational culture. The four core pillars of HR namely – Business Partnering, Talent Acquisition, Learning & Talent Development and Total Rewards have focused on offering innovative programs and solutions to employees in the year 2019-20.

In 2019 your company has chosen one standard operating model defining how we want to work at Philips: "the Philips Business System". To get the best out of our people and make sure our organization is set up to deliver for our customers and realize our vision, we overhauled our operating model – the Philips Business System (PBS) – in 2019. The renewed PBS touches every aspect of our business and will make Philips a simpler, faster, customer-focused solutions company – a learning organization that aspires to the highest standards of quality in everything we do. Driving a customer-focused culture, where people take ownership and collaborate to deliver with quality, speed and agility, embracing Lean and continuous improvement, is an essential ingredient of the PBS.

Also in 2019 with changes in GST norms, production of mixers/grinders and motors at Nalagarh for Preethi had become unviable. Hence your company divested Preeth Nalagarh operations for ensuring continuity of business and employment despite changes in the regulations. Continuity of employment for all on as is basis had been secured. Post divestment Nalagarh site is continuing to play a key role as a supplier to Philips.

Apart from managing these major changes, focus of HR function at your Company is to ensure that it enables every employee and provides support to keep the business at the forefront of successful and meaningful innovation, and drives the new operating model. The three key strategic pillars under your Company's people strategy are:

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

Starting Jan'2020 we have realigned the culture of performance pillar to great employee experiences to ensure that while we focus on performance, we also focus on the journey of the employee across life cycle in the organization. All the Company's core HR pillars, initiatives and ways of working are aligned to its three priorities.

Building Workforce of the future

As part of the Strategic Workforce planning process, we identify critical capabilities required to drive our strategy. The outcome of the exercise is identification of strategic roles and articulation of build vs. buy strategy. We have an integrated build & buy strategy to make sure that we groom talent from within, incubate graduate hires and hire externally where we don't have the right skills or capabilities to create a diverse and dynamic workforce adept to face challenges of the ever changing business requirements.

There is a special focus on encouraging and developing internal talent to take on diverse and bigger roles. In order to achieve this, all job openings are shared through a mailer 'Internal Job postings' with internal employees first. Moreover, we have programs like Accelerated Leadership Program (ALP), Pinnacle, Leading Teams and Leading Adaptively, to groom top talent in your company to take up bigger roles.

All leadership programs are for top talent to give them an opportunity and groom them to take up larger roles in future. These programs are designed with a blend of classroom sessions, coaching and action learning projects to provide an integrated learning journey around key skills including Strategic Thinking, Business acumen, People Leadership, Storytelling and Influencing skills. Friday Features and Learning Summit are another initiatives whereon we focus on topics emerging from Individual Development Plans.

Your Company has continued its focus on the people's development through a variety of functional offerings. To ensure a competitive workforce of the future and to enable high performance within the organization of sales and marketing teams, programs like Winning in Sales Excellence, Customer Focused Selling, Sales Excellence, Project Management were continued with better focus on overcoming challenges to enable teams to be first and win in the market. Your company in 2019 launched Solution Booster to strengthen the solution selling capability in the market, focused on technical capabilities through programs like Clinical Competence, Architecture Leadership and System Engineering to upskill our technical workforce and also launched program to enhance financial knowledge.

You would be pleased to note that your company won the Golden Peacock National Training Award 2020 for excellence in learning and development.

Our overall build strategy has resulted in 24% of the employees changing roles last year in line with our Philosophy of providing opportunities for growth to our internal talent.

Your Company has created a diverse team in Talent Acquisition with capabilities like Talent Intelligence, Talent Research and Recruitment Marketing which helps it to have a robust hiring and On-boarding process and ensures that it hires great talent who fit well in the organization.

Your Company has launched many new initiatives to strengthen its Employer brand on campus and in the job market. The campus programs at Philips - BLP (Business Leadership Program), TLP (Technical Leadership Program) and Sales Trainee Internship are designed to aim at hiring high quality and diverse graduates from premiere B-Schools and technical institutions and build its workforce of the future by providing them with skills and critical experiences. We hired a total of 292 of workforce from Campuses in 2019-20.

In space of Manufacturing, your company offers a unique combination of Manufacturing operations and R&D under one roof. This site consist of complete value chain, starting from production to up-stream marketing. With the best in class quality products & Lean process your HIC campus is preferred choice for global stakeholders in Philips and has been identified as multimodality manufacturing footprint site, currently in growth stage. As part of Philips strategy, your HIC campus is managing critical ramp-up projects such as MR Coil Transfer Project , STET Project for localization & Value-engineering project, ASPEN - strategic initiative for DXR footprint shift from Hamburg to Pune/Bangalore with focus on speed in Executional excellence and MoS .

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

Special focus towards Inclusion and Diversity

Your Company has sustained the "Back in the Game" (BIG) program– an opportunity to provide a second chance to women on sabbatical to come back to the mainstream work again. Your Company has also set-up an I&D council spearheaded by management team members and HR Business partners and launched Women networking forum with the objective of connecting Women workforce across Philips. As a part of this initiative, we organized various learning programs, leadership connect, change in existing policies to make it women friendly.

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

In the spirit of inclusion, your company organized Pride campaign to support the LGBTQ community and raise awareness. Additionally your company also included medical insurance covering LGBTQ, domestic and Live-in partners and mental illness.

Creating a culture of performance and great employee experiences

We have looked at culture of performance from two axis. The first one is how do we drive culture of performance internally within HR. This has been driven through articulation of HR strategy with clear measurable goals. Further execution of this strategy is carried by using LEAN tools like Daily Management, Problem Solving etc. You would be happy to note that majority of your HR team is LEAN certified.

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

To simplify our HR tools and make it more user-friendly we introduced MyBenefits and MyPay portals to house all employee related benefit and payroll related self-service for your employees. Introduction of online claim processing through soft-copies thereby reduced manual interventions and giving great employee experience.

To improve our workplace and culture, we introduced new 'one-of-a-kind' AI tool named "Amara" to help our leaders determine the employee engagement level and necessary steps to address their concerns. The AI tool connects with employees at various milestones to hear about their journey at Philips and captures feedback around work culture, team, learning, growth, and more.

To further strengthen the culture of performance, your company supported employees through robust onboarding process with a buddy assignment with sessions on all HR and Business processes and tools resulting into our overall onboarding feedback score of 84% for 2019-20.

As a result of all above HR initiatives and policies, your company was certified as "Great Place to work" from Great Place to Work® Institute! in 2019 and has been recognized among one of the best company to work for in Consumer Durables Industry. You will also be happy to note that the employee engagement across businesses in your company was more than the high performing norm in 2019-20

COVID-19 outbreak

In March this year, there were increased media reports of the Coronavirus outbreak across the globe, and multiple cases were reported in India. Your company responded by issuing adequate travel advisory and general health advisory from time to time and also initiated Remote working protocol from March 18, 2020. Your company continues to evaluate the situation and will act to support customer and their needs, employees, and their safety and our business continuity.

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

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

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

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

21. ENVIRONMENT, ENERGY, OCCUPATIONAL HEALTH & SAFETY

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

22. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

23. RELATED PARTY TRANSCATIONS

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

24. STATEMENT OF RISK MANAGEMENT

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

25. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (3)(c) of the Companies Act, 2013, your Directors, to the best of their knowledge confirm that:

i. In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanations relating to material departures;

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the profit of the Company for the year ended March 31, 2020;

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

iv. The Directors have prepared the annual accounts on a going concern basis.

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

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

26. AUDITORS

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

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

27. COMPANY`S REPLY TO THE AUDITORS QUALIFICATION IN CARO REPORT

The Statutory Audit of the company was carried out by S.R. Batliboi & Co. LLP, Chartered Accountants for financial year ended March 31, 2020. The Statutory Auditors in their report, have given a qualification in CARO report with regard to certain irregularities pertaining to health system business of the company.

The response of your Directors with respect to the same is as below:

In July, 2020, the management received a whistle-blower complaint wherein it was alleged that few employees colluded with the vendors to record and pay service and maintenance bills without services being provided by vendors. The matter was discussed with Global Head of Internal Audit and it was agreed to appoint a local investigating firm to investigate into the above complaint. Klynveld Peat Marwick Goerdeler (KPMG) was hired to investigate the matter and the employees of the Company suspected to be involved and identifying the total financial loss to the Company. As per the initial assessment by the Company and external consultant appointed to investigate the matter, amount involved is estimated to be approximately INR 40 million.

The Company is in the process of initiating legal proceedings to recover the amount.

28. COST AUDITORS

Your Company is required to carry out an audit of the Company's cost accounts in respect of healthcare equipment. Pursuant to the provisions of Section 148 of the Companies Act, 2013, your Directors have approved the appointment of M/s Nanabhoy & Company, a firm of cost accountants, to conduct the Cost Audit for the year ending March 31, 2021, at a remuneration of ₹ 5,75,000 (Rupees Five Lacs Seventy-Five thousand only) plus applicable taxes and out of pocket expenses, subject to the confirmation of such remuneration by the members of the Company at its Annual General Meeting.

29. SECRETARIAL AUDITORS' QUALIFICATION

The Secretarial Audit was carried out by Mr. Ashok Tyagi, Company Secretaries (PCS Registration No. 7322) for the financial year ended on March 31, 2020. The Report given by the Secretarial Auditors is annexed as Annexure V and forms integral part of this Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

30. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company adhered to the provisions of applicable Secretarial Standards 1 & 2 during the financial year 2019 - 20.

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

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

During the year, 1 complaint of sexual harassment was received, which was resolved. Appropriate action was taken against the employee (s), where the allegations made against them were found to be correct.

ACKNOWLEDGEMENT

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

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

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

On behalf of the Board of Directors
For Philips India Limited

S.M. Datta
(Chairman)
DIN: 00032812

Place : Gurugram
Date : July 30, 2020

Annexure - I

FORM MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020 [Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Diagnostic imaging equipments	2660	31
2	Software development	5820	31
3	Personal Health Business Including Domestic appliances	2750	25

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Koninklijke Philips N.V (KPNV) HighTech Campus 5, 5656 AG Eindhoven, the Netherlands	N.A	Holding	96.13	2(46)
2	Preethi Kitchen Appliances Private Limited. Unit No. 506, 5th Floor, Boomerang Chandivali Farm Road, Powai, Mumbai, Maharashtra, 400072	U36993MH2011PTC213827	Subsidiary	100	2(87)
3	Philips Home Care Services India Private Limited 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata West Bengal 700156 (Under the process of Strike of)	U74994WB2016PTC215908	Subsidiary	100	2(87)
4	Healthmap Diagnostics Private Limited The Annexe, # 98/2,Rustom Bagh, Hal Airport Road, Bangalore, Karnataka 560017, India (On May 15, 2019, your Company disposed of its shareholding held in HealthMap, by way of sale to Manipal Health Enterprises Private Limited)	U85110KA2015PTC079665	Associate	35	2(6)

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

Category of Shareholders	No. of Shares held at the end of the year March 31, 2019				No. of Shares held at the end of the year March 31, 2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	55290242	55290242	96.13	-	55290242	55290242	96.13	0.00
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other…	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	**-**	**55290242**	**55290242**	**96.13**	**-**	**55290242**	**55290242**	**96.13**	**0.00**
"Total Shareholding of Promoter (A)= (A)(1)+(A)(2)"	**-**	**55290242**	**55290242**	**96.13**	**-**	**55290242**	**55290242**	**96.13**	**0.00**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	1249	1249	0.00	-	1249	1249	0.00	0.00
b) Banks/FI	2430	6927	9357	0.02	2430	6927	9357	0.02	0.00
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
"h) Foreign Venture Capital Funds"	-	-	-	-	-	-	-	-	-
i) Others (specify) NBFC	11	-	11	0.00	1	-	1	0.00	0.00
SUB TOTAL (B)(1):	**2441**	**8176**	**10617**	**0.02**	**2431**	**8176**	**10607**	**0.02**	**0.00**

Category of Shareholders	No. of Shares held at the end of the year March 31, 2019				No. of Shares held at the end of the year March 31, 2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates									
i) Indian	37006	5442	42448	0.07	48099	5196	53295	0.09	0.02
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	806961	800819	1607780	2.80	837540	776201	1613741	2.81	0.01
ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs	123335	-	123335	0.21	103775	-	103775	0.18	-0.03
c) Others (specify) - Trust	15704	-	15704	0.03	15732	-	15732	0.03	0.00
Foreign National	0	-	0	0.00	0	-	0	0.00	0.00
IEPF	385768	-	385768	0.00	385758	-	385758	0.67	0.04
NRI (REP)	7614	5709	13323	0.02	7458	5833	13291	0.02	0.00
NRI (NON-REP)	27473	552	25228	0.04	30549	552	25228	0.05	0.01
SUB TOTAL (B)(2):	**1403861**	**812522**	**2216383**	**3.85**	**1428611**	**787782**	**2216393**	**3.85**	**0.00**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**1406302**	**820698**	**2227000**	**3.87**	**1431042**	**795958**	**2227000**	**3.87**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1406302**	**56110940**	**57517242**	**100.00**	**1431042**	**56086200**	**57517242**	**100.00**	**0.00**

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year i.e. April 1, 2019			Shareholding at the end of the year i.e. March 31, 2020			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Koninklijke Philips N.V.	5,52,90,182	96.13	-	5,52,90,182	96.13	-	-
2	Philips Radio B.V.	60	0.00	-	60	0.00	-	-
	Total	**5,52,90,242**	**96.13**	**-**	**5,52,90,242**	**96.13**	**-**	**-**

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

Sl. No.		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	5,52,90,242	96.13		
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	There was no change in Promoters' Shareholding between 01.04.2019 to 31.03.2020			
	At the end of the year	5,52,90,242	96.13		

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)– as on 31st March 2020:

Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
PAYAL BHANSHALI				
At the beginning of the year	54,700	0.10	54,700	0.10
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	54,700	0.10	54,700	0.10
VALLABH ROOPCHAND BHANSHALI				
At the beginning of the year	27350	0.05	27350	0.05
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	27350	0.05	27350	0.05
SUPRAPTI FINVEST PVT LTD				
At the beginning of the year	8800	0.02	8800	0.02
Bought during the year	13275	0.02	13275	0.02
Sold during the year	-	-	-	-
At the end of the year	22075	0.04	22075	0.04
YOGESH RASIKLAL DOSHI				
At the beginning of the year	20074	0.03	20074	0.03
Bought during the year	3905	-	3905	-
Sold during the year	2254	-	2254	-
At the end of the year	21725	0.03	21725	0.03
PUNIT KUMAR				
At the beginning of the year	16800	0.03	16800	0.03
Bought during the year	200	-	200	-
Sold during the year	-	-	-	-
At the end of the year	17000	0.03	17000	0.03
CUSTODIAN (SPECIAL COURT) A/C RASILA S MEHTA/ SUD				
At the beginning of the year	15484	0.03	15484	0.03
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	15484	0.03	15484	0.03

Name of Shareholers	Shareholding		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
SURESH GUPTA				
At the beginning of the year	13600	0.03	13600	0.03
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	13600	0.03	13600	0.03
AMISH NARENDRA SHAH				
At the beginning of the year	10276	0.02	10276	0.02
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	10276	0.02	10276	0.02
HINA KIRTI DOSHI				
At the beginning of the year	10000	0.02	10000	0.02
Bought during the year	-	-	-	-
Sold during the year	-	-	-	-
At the end of the year	10000	0.02	10000	0.02
AJAY KUMAR				
At the beginning of the year	21356	0.04	21356	0.04
Bought during the year	535	-	535	-
Sold during the year	15200	-	15200	-
At the end of the year	6596	0.01	6596	0.01

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

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

iv) Shareholding Pattern of Directors and Key Managerial Personnel

Sr.No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year				
	Rajiv Mathur	6	-	6	-
2	Date wise Increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment, transfer/ bonus/ sweat equity etc.)	There was no change in the Director shareholding between 01.04.2019 to 31.03.2020			
3	At the end of the year				
	Rajiv Mathur	6	-	6	-

V INDEBTEDNESS

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

(Amounts in ₹ Million)

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtness at the beginning of the financial year				
i) Principal Amount	676	-	-	676
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**676**	**-**	**-**	**676**
Change in Indebtedness during the financial year				
Additions	0	-	-	0
Reduction	(676)	-	-	(676)
Net Change	(676)	-	-	(676)
Indebtedness at the end of the financial year				
i) Principal Amount	676	-	-	676
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**0**	**-**	**-**	**0**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No	**Particulars of Remuneration**	**Name of the MD/WTD/Manager**			**Total Amount**
		Rajiv Mathur *Whole-time Director and Company Secretary*	**Daniel Mazon** *Vice -Chairman and Managing Director*	**Sudeep Agrawal** *Whole-time Director and CFO*	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax 1961	19.92	89.69	15.99	125.6
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.14	4.23	0.48	4.85
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Rajiv Mathur *Whole-time Director and Company Secretary*	**Daniel Mazon** *Vice -Chairman and Managing Director*	**Sudeep Agrawal** *Whole-time Director and CFO*	
2	Stock option	9.80	14.15	5.39	29.34
3	Sweat Equity	-	-	-	-
4	Commission as % of profit	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**29.86**	**108.08**	**21.86**	**159.80**
	Ceiling as per the Act	**264.70**			

B. Remuneration to other Directors:

(Amounts in ₹ Million)

Sl. No	Particulars of Remuneration	Name of the Directors		Total Amount
		S. M Datta	**Geetu Gidwani Verma**	
1	**Independent Directors**			
	(a) Fee for attending Board, Committee meetings	0.28	0.26	0.54
	(b) Commission	1.00	0.80	1.80
	(c) Others, please specify	-	-	-
	Total (1)	**1.28**	**1.06**	**2.34**
2	**Other Non Executive Directors**			
	(a) Fee for attending Board, Committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify.	-	-	-
	Total (2)	**-**	**-**	**-**
	Total (B)=(1+2)	**1.28**	**1.06**	**2.34**
	Total Managerial Remuneration			**2.34**
	Overall Ceiling as per the Act	**26.47**		

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

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

VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2020.

For and on behalf of the Board

S .M. DATTA
Chairman
(DIN: 00032812)

Place: Gurugram
Date: July 30, 2020

Annexure II

ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

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

   Since April 2014, the CSR focus of the Company has been healthcare and related issues. The attention has been on creating awareness on healthy living, preventive healthcare especially of mother, child and providing access to basic but quality and preventive healthcare facilities to the underprivileged. This year components of education and skill development were also included.

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

   During the reporting year, the focus of the Company's CSR programs has been mostly on improving maternal and child health and related mental health issues, nutrition of sick newborns and school students from economically weaker backgrounds and skill development for underprivileged women across different states of the country through several CSR projects and volunteering initiatives.

   Through the community based health awareness initiatives, mobile medical vans, setting up comprehensive lactation management centers and supporting disaster relief operations, the Company has worked towards providing better access to primary healthcare and focusing on improving reproductive, maternal, newborn, child and adolescent health. The Company is working closely with NGOs like Save the Children, SNEHA, Mamta, Smile Foundation, Charities Aid Foundation, Oxfam India, Centre for International Development Services, Lotus Petal Foundation, St. Jude's India Childcare Center, etc. and adopting a strategic and holistic approach to ensure positive outcomes for its social investment programs.

2. The Composition of the CSR Committee:

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

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

3. Average net profit of the Company for last three financial years: ₹ **2,926 Million**

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ **58.52 Million**

5. Details of CSR spent during the financial year:

   a. Total amount to be spent for the financial year: ₹ **58.52 Million**

   b. Amount unspent, if any; ₹ **22.29 Million** remained unspent towards activities undertaken in multiple projects. This amount will be disbursed in FY20-21 upon receipt of invoice.

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

S. No.	CSR project or activity identified Program	Sector in which the project is covered	Projects or Programme (I) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget project or programme wise) (INR/ Million) (as per the Agreement)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads (INR / Million) (during the reporting year)	Cumulative expenditure up to the reporting period (INR / Million) (This includes overhead expense)	Amount spent: Direct or through implementing agency
1	Providing access to basic healthcare to community members across urban slums and rural locations through Mobile Medical Vans	Healthcare and medical facilities	1. Chennai (Tamil Nadu) 2. Bangalore (Karnataka) 3. Kolkata (West Bengal) 4. Pune (Maharashtra)	₹27.03	₹03.31 Million were spent directly on the project activities in addition, an amount of ₹0.17 Million, associated with overheads were apportioned towards this project.	₹11.78 (including ₹ 8.30 Million spent in the previous year)	Implementing Agency – Smile Foundation V 11, Level I Green Park Extension New Delhi
2	Setting up and operating Healthcare Community Centres for pregnant & lactating women, young couples and adolescent boys and girls and promote healthcare seeking behaviour, and adopting a holistic approach to care through Reproductive, Maternal, Newborn, Child and Adolescent Health (RMNCHA) and also addressing associated mental health issues	Healthcare and medical facilities	1. Pune (Maharashtra) 2. Bangalore (Karnataka) 3. Sahibgunj (Jharkhand) 4. Khagaria (Bihar)	₹11.25	₹10.13Million were spent directly on the project activities in addition, an amount of ₹0.51 Million, associated with overheads & third party assessment was apportioned towards this project.	₹10.64	Implementing Agency – Mamta Health Institute for Mother & Child B-5 Greater Kailash Enclave. Part II New Delhi
3	Setting up Comprehensive Lactation Management Centres (CLMCs) across selected government hospitals in different locations and providing technical support including training to help reduce neonatal mortality and morbidity, through uptake of breastfeeding practice and promotion of Human Milk donation & banking in India	Healthcare and medical facilities	1. Mumbai, Pune, Rajawadi & Akola (Maharashtra) 2. Vadodara (Gujarat) 3. Bambolim (Goa) 4. Delhi 5. Bangalore & Belagavi (Karnataka) 6. Lucknow (Uttar Pradesh) 7. Jaipur (Rajasthan) 8. Bhopal & Indore (Madhya Pradesh) 9. Chandigarh	₹65	₹26.80 Million was spent on the project activities and in addition, an amount of ₹0.82 Million, was apportioned towards the overheads.	₹27.63	Implementing Agency – Centre for International Development Services (CIDS) 8 - 4, Greater Kailash Enclave Part II New Delhi 110048

S. No.	CSR project or activity identified Program	Sector in which the project is covered	Projects or Programme (I) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget project or programme wise) (INR/ Million) (as per the Agreement)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads (INR / Million) (during the reporting year)	Cumulative expenditure up to the reporting period (INR / Million) (This includes overhead expense)	Amount spent: Direct or through implementing agency
4	Vishwaas - Setting the Global Benchmark for Quality Management of Tackling Childhood Pneumonia in India	Reducing Childhood Mortality	1. Tonk (Rajasthan) 2. Bahraich (Uttar Pradesh)	₹34.45	₹21.65 Million was spent on the project activities and in addition, an amount of ₹1.08 Million, was apportioned towards the overheads.	₹22.73	Implementing Agency – Save the Children (Bal Raksha Bharat) 1st & 2nd Floor Plot No. 91, Sector 44 Gurugram – 122003 Haryana
5	Childhood Pneumonia Campaign - To increase awareness, especially in vulnerable communities and direct the focus on Childhood Pneumonia which accounts for approx. 14% of deaths in under 5 children in India	Reducing Childhood Mortality	It was a pan-India campaign, which was part of overall CSR programme of the Company, which carried out awareness through regional TV, hoardings, print and digital media and held especially in high incident states including: 1. Uttar Pradesh 2. Madhya Pradesh 3. Bihar 4. Rajasthan 5. Jharkhand	₹35.00	₹29.58 Million was spent on the project activities and in addition, an amount of ₹0.89 Million, was apportioned towards the overheads.	₹30.46	The campaign was implemented by the company and all related expenses on this campaign were spent directly by it.
6	Building Bridges - Maternal and New-born Health Program to improve health indicators of mothers and newborns by empowering communities and strengthening existing health system in 7 cities of Mumbai Metropolitan Regional Development Authority (MMRDA) regions	Mother & Childcare / Reducing Childhood Mortality	Municipal Corporations (in and around Mumbai, Maharashtra) 1. Greater Mumbai 2. Thane 3. Kalyan Dombivali 4. Mira Bhayander 5. Ulhasnagar 6. Bhiwandi 7. Vasai-Virar	₹61.71	₹06.21 Million was spent on the project activities and in addition, an amount of ₹0.31Million, was apportioned towards the overheads.	₹06.52	Implementing Agency – SNEHA (Society for Nutrition, Education and Health Action) 310, 3rd floor, Urban Health Centre, 60 Feet Road, Dharavi, Mumbai - 400017

S. No.	CSR project or activity identified Program	Sector in which the project is covered	Projects or Programme (I) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget project or programme wise) (INR/ Million) (as per the Agreement)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads (INR / Million) (during the reporting year)	Cumulative expenditure up to the reporting period (INR / Million) (This includes overhead expense)	Amount spent: Direct or through implementing agency
7	Cancer Care Support to Children with Cancer from underprivileged families	Reducing Child Mortality	Hyderabad, Andhra Pradesh	₹05.65	₹05.65 Million were spent directly on the project activities, in addition, ₹0.28 Million, associated with overheads were apportioned towards this project.	₹05.94	Implementing Agency – St. Jude India ChildCare Centres, The Victoria Mills Limited, Victoria House, Pandurang Budhkar Marg, Lower Parel, Maharashtra Mumbai 400013
8	Women Empowerment Program" An Employability and Placement for the young women in Beauty and Wellness program	Skill development / Creating livelihood opportunities	1. Delhi-NCR 2. Kolkata 3. Chennai 4. Pune 5. Bangalore	₹31.02	₹02.38 Million were spent directly on the project activities, in addition, ₹ 0.12 Million, associated with overheads were apportioned towards this project.	₹02.50	Implementing Agency – Smile Foundation V 11, Level 1 Green Park Extension New Delhi
9	Odisha Cyclone FANI Healthcare and Relief Support	Disaster Relief	25 Villages of Bramhagiri and Krushnaprasad block of Puri district in Odisha	₹03.42	₹03.42 Million were spent directly on the project activities. In addition, ₹0.17 Million, associated with overheads were apportioned towards this project.	₹03.59	Implementing Agency – Charities Aid Foundation (CAF) Plot/Site No. 2 1st Floor Sector C, Nelson Mandela Marg Vasant Kunj, New Delhi - 110070
10	Kerala, Karnataka and Maharashtra Flood Relief and Rehabilitation Support	Disaster Relief	1. Belgam (Karnataka) 2. Sangli and Kolhapur (Maharashtra) 3. Wayanad (Kerala)	₹06.00	₹06.00 Million were spent directly on the project activities. In addition, an amount of ₹0.30Million, associated with overheads were apportioned towards this project.	₹06.30	Implementing Agency – Oxfam India 4th & 5th Floor, Shriram Bharatiya Kala Kendra, 1, Copernicus Marg, New Delhi - 110 001

S. No.	CSR project or activity identified Program	Sector in which the project is covered	Projects or Programme (I) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget project or programme wise) (INR/ Million) (as per the Agreement)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads (INR / Million) (during the reporting year)	Cumulative expenditure up to the reporting period (INR / Million) (This includes overhead expense)	Amount spent: Direct or through implementing agency
11	Aarogya Wellness and Scholarship Program	Promoting education and improving health	Gurugram (Haryana)	₹23.16	₹05.08 Million were spent directly on the project activities. In addition, an amount of ₹0.25 Million, associated with overheads were apportioned towards this project.	₹05.33	Implementing Agency – Lotus Petal Charitable Foundation Gali # 5, Plot #5, South City - I Market Gurugram, Haryana
12	Corpus Donation	Preventive Healthcare	Mumbai (Maharashtra)	₹02.50	₹02.50 Million were spent directly on the project activities. In addition, an amount of ₹0.13 Million, associated with overheads were apportioned towards this project.	₹02.63	Implementing Agency – Virat Kohli Foundation H1, Heliopolis 157 A, Colaba Road Colabam, Mumbai – 400005 Maharashtra

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

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

   During the reporting year, the Company was supposed to spend INR 58.52 Million as per the provisions of Section 135 of the Companies Act, 2013, however; an amount of INR 127.73 Million, which included previous years' balance, was paid out towards its CSR activities during the reporting period. An amount of 22.29 Million remained unspent towards activities undertaken in multiple projects, out of this, a provision of INR 9 Million was created on account of CSR programs that are in progress for which invoices are yet to be received. The rest will be disbursed in FY 20-21 basis achievement of project milestones and receipt of invoices.

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

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

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

Date: July 30, 2020
Place: Gurugram

Annexure - III

Information in accordance with Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the year ended 31st March 2020

A. ENERGY CONSERVATION

The following measures were implemented during the Financial Year 2019-20:

1. Steps taken or impact on conservation of energy

   I. Installation of roof mounted Solar Power Generation unit resulting in monthly generation of 25K to 30K units.

   II. Your ENCON team continues to work on optimization of HVAC operation & other kaizens resulting in annual saving of 10.5%.

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

   For the last few years, your Company, at its Healthcare Innovation Campus (HIC), Pune, has been using the solar powered lights to light up the streets. This has helped your Company to conserve resources and make its contribution to the environment. Further, your Company has set up and made operationalize roof solar plant for capacity of 250 KW, which has helped the company to save more energy. The company intends to expand its roof solar power installation foot print in FY 2020-2021.

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

3. the capital investment on energy conservation equipments

   During the year your company has spent a considerable amount towards installation of roof solar plant at its Healthcare Innovation Campus (HIC), Pune

B. RESEARCH & DEVELOPMENT (R & D)

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

2. Benefits derived as a result of above efforts:

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

   Pedestal: It's an ALM (Application Lifecycle Management) framework that orchestrates medical grade agile execution at scale, from portfolio to shipping binaries to production. Pedestal powers HSDP to do Less than 100 Releases a year. Pedestal went to the Semifinals of PEC and won the CEO Awards India 2019 in Excellence in Product/Software Quality Category

   MR: The MR team at PIC has not only delivered some of the most advanced Clinical Applications like that helps in faster diagnosis of Tumor Grading (3D APT), 4D Free Breathing application for Liver patients, Spinal disease diagnosis through IRIS, but also helped improving the operational excellence of our end customers by Increasing the number of patients that can be scanned per day through Reconstruction for Compressed Sense and improving the uptime through predictive serviceability. The team has great expertise in MR and proved time and again in delivering end to end clinical applications (below image), Service Software for reducing downtime and great workflow improvements (eg., ScanWise) for patients with implants.

   Ultrasound: Protego 1.0 is an NPI that will deliver ~$ 900 MM of revenue to Ultrasound business over 5 year period. Protego has been designed to deliver two form factors of Compact and Cart with 11 different offerings; specific to Clinical segments. Protego Compact is currently in industrialization phase and the tooling has been completed. The systems have undergone extensive user evaluations in multiple markets and the feedback has been incorporated in the design. Reliability testing is also completed. Protego AFxx cart system tooling is underway. Protego team is in the process of creating detailed GTM plans for the impending release in early 2021.

   Monitoring & Analytics: Monitoring & Analytics R&D team is being set up at PIC Bangalore that is part of global MA R&D footprint. Aligning with business roadmap, this team either owns or contributes to programs that deliver value to business. Team closely collaborates with its other R&D sites in Cambridge USA and Boeblingen Germany. Driven by purpose, this team is instrumental in fostering innovation in the business. Some of the examples are medical device interfacing, service solution and more. Team started its ramp up in Q4 2019 and within three quarters scaled up to deliver on its commitment. A strong technology and domain focus motivates the team to drive quality into its deliverables.

3. Future plan of action

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

4. Expenditure incurred on R&D

   During the year, your Company has incurred an expenditure of ₹ 1,149 Million on activities related to research and development.

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

D. FOREIGN EXCHANGE EARNINGS & OUTGO (CASH BASIS)

During the year, total inflows (on cash basis) in foreign exchange was INR 19,293 MLN and total outflows (on cash basis) in foreign exchange was INR 17,809 MLN.

Annexure - IV

Form No. AOC-2

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

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

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

   There were no contracts or arrangements or Transactions entered into during the year ended March 31, 2020, which were not on an arm`s length basis.

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Value of Transactions during the year ended March 31, 2020 (₹ Millions)
Philips Electronics Nederland B.V. Fellow Subsidiary Company	Sale of services	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	3,893
Philips Consumer Lifestyle B.V. Fellow Subsidiary Company	Purchase of goods	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	3,713
Philips Medical Systems Nederland B.V. Fellow Subsidiary Company	Purchase of goods	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	2,996
Philips Medical Systems Nederland B.V. Fellow Subsidiary Company	Sale of services	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	2,984

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Value of Transactions during the year ended March 31, 2020 (₹ Millions)
Philips Electronics Singapore Pte Ltd. Fellow Subsidiary Company	Purchase of goods	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	2,518
Philips Medical Systems Nederland B.V. Fellow Subsidiary Company	Sale of goods	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	2,412
Philips Healthcare Informatics, Inc. Fellow Subsidiary Company	Sale of services	Yearly	Based on Transfer Pricing guidelines	Not Applicable, since the contract was entered into in the ordinary course of business and on arm`s length basis	Not Applicable	2,278

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

For and on behalf of the Board

S. M. Datta
Chairman
(DIN: 00032812)

Place: Gurugram
Date: July 30, 2020

Annexure - V

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

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

SECRETARIAL AUDIT REPORT

I have conducted the Secretarial Audit of the compliances for the Financial Year ended March 31, 2020 of applicable statutory provisions and the adherence to good corporate practices by Philips India Limited (hereinafter called as 'the Company').Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the statutory compliances and expressing my opinion thereon.

Management's Responsibility for Secretarial Compliances

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

Auditor's Responsibility

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

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

Opinion

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner, subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2020 according to the provisions of:

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

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

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

A. Sectoral Laws:

1) The Legal Metrology Act, 2009;

B. Commercial and other Laws:

2) The Water (Prevention and Control of Pollution) Act, 1974;

3) The Air (Prevention and Control of Pollution) Act, 1981;

4) The Environment (Protection) Act, 1986;

5) The Shops and Establishment Act, 1953;

6) The Indian Contract Act, 1872;

7) The Competition Act, 2002;

8) The Entry Tax Act;

9) The Professional Tax Act.

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

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

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

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

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

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

(e) Convening and holding of the Eighty Ninth Annual General Meeting of the Company on September 20, 2019;

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

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

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

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

(j) Board's Report for the Financial Year ended March 31,2019;

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

(l) Declaration and payment of dividend;

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

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

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

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

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

I further report that:

(1) The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non Executive Directors, Independent Director and Women Director in terms of the Act. The changes in the composition of the Board of Directors and the Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act. Mr. SM Datta was appointed as Non Executive Independent Director for 5 years w.e.f from July 19, 2019.

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

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

(4) The Company was not required to take any approval from Regional Director, Registrar of Companies and Central Government.

(5) Based on examination of the records and documents of the Company, we observed that the Company is focusing on recovery of the amount as reported during the Financial Year 2016-17. The Award of the Arbitrator was received by the Company to recover INR 21,284,754 from the Channel Partner. The Company has already filed the Execution petition for the arbitration award at the Court in Chennai, in response to which the other party has filed a petition to set aside the arbitration award in the Court in Gurgaon. The decision of the Hon'ble Court is awaited on both the above matters.

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

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

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

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

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

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

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

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

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

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

1. The Company has disposed of its entire shareholding (being 35% of total Paid up Share Capital) in Healthmap Diagnostics Pvt Ltd of 14,800,000 Equity Shares at a price of ₹ 23.65 amounting to ₹ 35 Crores by way of sale to Manipal Health Enterprises Private Limited.

2. The Dividend at the rate of 30% amounting to ₹ 3 per share amounting to ₹ 172.60 million was declared and paid for the Financial Year ended March 31, 2019 during the year under review.

3. As reported earlier the Board of Directors of the Company had decided to reduce paid up equity share capital of the Company from 57,517,242 Equity Shares to 55,290,242 Equity Shares i.e 2,227,000 Equity Shares representing approx. 3.87% of paid up equity share capital of the Company for a consideration of ₹ 560/- per share of ₹ 10/- each, which shall stand cancelled and extinguished after such reduction. The proceedings in the matter are pending before the NCLT, Kolkata Bench as on the date of this Report.

CS Ashok Tyagi
Company Secretaries
FCS No: 2968
C P No: 7322
UDIN: F002968B000522773

Place: New Delhi
Date: July 29, 2020

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

ANNEXURE - A

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I have followed provide a reasonable basis for my opinion.
3. I have conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. However, due to nationwide lockdown to fight COVID-19, some of the documents and records mentioned above have been received via electronic means and as such, could not be verified from the original's thereof. The management has confirmed that the records submitted to us are the true and correct. I have also relied upon representation given by the Management of the Company for certain areas, which otherwise requires physical verification.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, I have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
6. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. My examination was limited to the verification of procedures on the random test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS Ashok Tyagi
Company Secretaries
FCS No: 2968
C P No: 7322
UDIN: F002968B000522773

Place: New Delhi
Date: July 29, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of **Philips India Limited**

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Philips India Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Responsibility of Management for the Standalone Ind AS Financial Statements

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

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

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

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

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

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

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

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

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

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

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

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

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

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

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

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 20083906AAAAAZ6307
Place of Signature: Gurugram
Date: July 30, 2020

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

Re: Philips India Limited (The "Company")

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

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

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

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

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

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

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

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

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

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

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

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

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

Name of the Statute	Nature of dues	Amount of demand without netting of amount paid under protest (INR in million)	Amount paid under protest (INR in million)	Recourse*	Net Amount	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 and Individual State Sales Tax Act	Sales Tax including Interest and penalty	2,057	190	1,170	697	1987-88 to 2017-18	Appellate authority upto Commissioner (Appeals)
		304	13	268	22	1986-87 to 2014-15	Tribunal
		83	13	32	37	1998-99 to 2006-07	High Court
Service tax, Finance Act, 1944	Service tax including interest and penalty where applicable	7	-	-	7	Above 7 years	Appellate authority upto Commissioner (Appeals)
Central Excise Act, 1944	Excise duty including interest and penalty where applicable	11		-	11	Above 7 years	Appellate authority upto Commissioner (Appeals)
Custom Act, 1962	Custom duty including interest and penalty where applicable	252	117	-	135	2012-13 and 2013-14	Appellate authority upto Commissioner (Appeals)
Income Tax Act, 1961	Income Tax Disallowances and transfer Pricing additions including Interest and Penalty where applicable	3,028	278	263	2,487	A.Y.2004-05 to A.Y. 2016-17	Appellate authority upto Commissioner (Appeals)
		1,573	15	492	1,066	A.Y.2004-05 to 2015-16	Tribunal
		115	70	-	45	A.Y.2003-04	High Court

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

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

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

(x) Subsequent to the year end, the management received a whistleblower complaint wherein it was alleged that few employees colluded with certain vendors to record and pay service and maintenance bills without services being provided by vendors. As per the initial assessment by the Company and external consultant appointed to investigate the matter, amount involved is estimated to be approximately INR 40 million. The Company is in the process of initiating legal proceedings to recover the amount.

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

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

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

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

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

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

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 20083906AAAAAZ6307
Place of Signature: Gurugram
Date: July 30, 2020

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

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

We have audited the internal financial controls over financial reporting of Philips India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 20083906AAAAAZ6307
Place of Signature: Gurugram
Date: July 30, 2020

Balance Sheet As at 31 March, 2020

Amounts in ₹ Mln

Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	3,529	2,851
Capital work-in-progress	2	247	304
Investment in subsidiaries and associates	3	7,431	7,579
Financial Assets			
a. Trade Receivables	5(a)	938	858
b. Other Financial Assets	5(b)	486	343
Deferred tax assets (net)	6	642	540
Advance income tax (net of provision)		3,033	2,987
Other non current assets	7	709	603
		17,015	16,065
Current assets			
Inventories	8	4,169	5,072
Contract Assets	4	234	257
Financial Assets			
a. Trade receivables	9(a)	7,943	7,868
b. Cash and cash equivalents	9(b)	5,586	5,213
c. Other Financial Assets	9(c)	139	328
Other current assets	10	2,995	2,745
		21,066	21,483
Assets classified as held for sale	11	15	26
TOTAL ASSETS		38,096	37,574
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	575	575
Other Equity	13	22,001	22,523
Equity attributable to equity shareholders		22,576	23,098
LIABILITIES			
Non-current liabilities			
Contract Liabilities	4	720	724
Financial Liabilities			
Lease Liabilities	15	570	-
Borrowings	14	-	381
Other non-current liabilities	15	160	160
Provisions	16	2,945	675
		4,395	1,940
Current liabilities			
Contract Liabilities	4	1,894	2,203
Financial Liabilities			
Lease Liabilities	17	565	-
Borrowings	14	-	295
Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	17	28	26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17	5,847	7,062
Other financial liabilities	17	117	261
Other current liabilities	18	1,537	1,692
Provision for taxation (net of advances)		208	184
Provisions	16	929	813
		11,125	12,536
TOTAL EQUITY AND LIABILITIES		38,096	37,574
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming part of the Standalone Financial Statements

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30, 2020

For and on behalf of the Board

Chairman S.M.DATTA (DIN: 00032812)

Managing Director DANIEL MAZON (DIN: 07954025)

Director & CFO SUDEEP AGRAWAL (DIN: 08056132)

Director & Company Secretary RAJIV MATHUR (DIN: 06931798)

Place: Gurugram
Date: July 30, 2020

Statement of Profit and Loss for the year ended 31 March 2020

Amounts in ₹ Mln

Particulars	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	19	45,342	42,788
Other income	20	422	598
Total Income		45,764	43,386
Expenses			
Cost of raw materials consumed	21	2,309	3,274
Purchases of stock-in-trade	22	17,329	16,194
Changes in inventories of work-in-progress, finished goods and stock-in-trade	23	581	(539)
Employee benefits expense	24	13,514	12,369
Finance costs	25	196	127
Depreciation and amortization expense	26	1,180	811
Other expenses	27	8,309	8,191
Total expenses		43,418	40,427
Profit before exceptional items and tax		2,346	2,959
Exceptional items (net) Loss / (Profit)	33	(142)	352
Profit before tax		2,488	2,607
Tax expense			
Current tax	6(a)	(878)	(1,094)
Income Tax provisions related to prior years written back	6(a)	-	184
Deferred tax expenses - credit / (charge)	6(a)	(95)	63
Profit for the year (A)		1,515	1,760
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or Loss			
Re-measurement gains / (losses) on defined benefit plans	28	(763)	(72)
Income tax effect on defined benefit plans	6(a)	197	25
Other Comprehensive Income for the year (B)		(566)	(47)
Total Comprehensive income for the year (A+B)		949	1,713
Earnings per equity share			
Basic and diluted earnings per equity share of ₹10 each (in ₹)	40	26.34	30.60
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming part of the Standalone Financial Statements

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30, 2020

For and on behalf of the Board

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

Place: Gurugram
Date: July 30, 2020

Statement of Changes in Equity for the year ended 31 March 2020

Amounts in ₹ Mln

A. EQUITY SHARE CAPITAL

Equity shares of ₹10 each issued, subscribed and fully paid up	Number of shares	Amount
As at 1 Apr, 2018	**57,517,242**	575
Changes in equity share capital during the year	-	-
As at 31 March, 2019	**57,517,242**	575
Changes in equity share capital during the year	-	-
As at 31 March, 2020	**57,517,242**	**575**

B. OTHER EQUITY

Particulars	Reserves and Surplus		Items of OCI	Total
	General reserve*	Retained earnings*	Remeasure-ment*	
As at 1 Apr, 2018	2,315	18,612	91	**21,018**
Profit for the year	-	1,760	-	**1,760**
Remeasurement benefit of defined benefit plans	-	-	(47)	**(47)**
Total Comprehensive Income for the year	-	1,760	(47)	**1,713**
Reductions during the year				
Dividend	-	(173)	-	**(173)**
Dividend distribution tax	-	(35)	-	**(35)**
Total	-	(208)	-	**(208)**
As at 31 March, 2019	2,315	20,164	44	**22,523**
Profit for the year	**-**	**1,515**	**-**	**1,515**
Transition impact of Ind AS 116, net of tax (refer note 2)		**(4)**		**(4)**
Transition impact of Appendix C to Ind AS 12		**(1,258)**	**-**	**(1,258)**
Remeasurement benefit of defined benefit plans	**-**	**-**	**(566)**	**(566)**
Total Comprehensive Income for the year	**-**	**252**	**(566)**	**(313)**
Reductions during the year				
Dividend	**-**	**(173)**	**-**	**(173)**
Dividend distribution tax	**-**	**(35)**	**-**	**(35)**
Total	**-**	**(208)**	**-**	**(208)**
As at 31 March, 2020	**2,315**	**20,208**	**(522)**	**22,001**

* Refer note 13

Refer accompanying notes forming part of the Standalone Financial Statements

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30, 2020

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — DANIEL MAZON (DIN: 07954025)

Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)

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

Place: Gurugram
Date: July 30, 2020

Cash Flow Statement for the year ended 31 March 2020

Amounts in ₹ Mln

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
A. Cash flow from operating activities				
Profit before tax		**2,488**		2,607
Exceptional items		**142**		(352)
Profit before tax and exceptional items		**2,346**		2,959
Adjusted for				
Write off and other adjustment of Property, Plant & Equipment	**31**		24	
Depreciation and amortization	**1,180**		811	
Unrealized foreign exchange (gain) and loss (net)	**(4)**		1	
Allowances for doubtful trade receivables and loans and advances	**163**		127	
Liabilities no longer required written back	**(62)**		(80)	
Interest on advances, current accounts and deposits	**(510)**		(709)	
Finance costs	**196**	994	127	301
Operating profit before working capital changes		**3,340**		3,260
Changes in:				
Trade receivables and other loans & advances	**(951)**		(1,553)	
Inventories	**903**		(1,034)	
Trade payables and other liabilities	**(735)**		1,628	
		(783)		(959)
Cash generated from operations		**2,557**		2,301
Income tax paid (net of refunds)		**(695)**		(1,546)
Net cash generated from operating activities		**1,862**		755
B. Cash flow from investing activities				
Purchase of Property, Plant and Equipment		**(1,226)**		(1,030)
Proceeds from sale of Property, Plant & Equipment		**47**		42
Investment in subsidiaries		**(20)**		(150)
Intercorporate deposits given		**(44)**		(197)
Intercorporate deposits repaid		**-**		110
Cash received on sale of investments		**350**		-
Advances received against sale of Property, Plant & Equipment		**-**		4
Interest received		**443**		704
Net cash used in investing activities		**(450)**		(517)
C. Cash flow from financing activities				
Finance costs		**(216)**		(126)
Finance lease obligations		**-**		(7)
Principal repayment of lease liabilities		**(615)**		-
Dividend paid (including tax thereon)		**(208)**		(208)
Net cash used in financing activities		**(1,039)**		(341)
Increase / (Decrease) in cash and cash equivalents (A+B+C)		**373**		(103)
D. Cash and cash equivalents - Opening Balance				
Cash and cash equivalents ((refer note 9 (b))		**128**		1,450
Unpaid dividend ((refer note 9 (b))		**13**		13
Deposits with Banks ((refer note 9 (b))		**5,072**		3,853
TOTAL		**5,213**		5,316

Cash Flow Statement for the year ended 31 March 2020 (Contd.)

Amounts in ₹ Mln

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
E. Cash and cash equivalents - Closing Balance		
Cash and cash equivalents ((refer note 9 (b))	**91**	128
Unpaid dividend ((refer note 9 (b))	**13**	13
Deposits with Banks ((refer note 9 (b))	**5,482**	5,072
TOTAL	**5,586**	5,213
Net increase/(decrease) in cash and cash equivalents (E-D)	**373**	(103)

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

Refer accompanying notes forming part of the Standalone Financial Statements

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30, 2020

For and on behalf of the Board

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

Place: Gurugram
Date: July 30, 2020

Notes to Standalone Financial Statements for the year ended March 31, 2020

CORPORATE INFORMATION:

Philips India Limited (the 'Company') is a public limited company domiciled in India with its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF, Major Arterial Road, New Town (Rajarhat) Kolkata - 700156, West Bengal, India. The Company's business segments comprise of (a) Personal Health, (b) Healthcare Systems and (c) Innovation Services. The Company has manufacturing facilities in Pune, Maharashtra and Software Development center in Bangalore. The company sells its products primarily in India through independent distributors and modern trade. The Financial statements for the year ended 31 March 2020 were authorized by the Board of Directors for issue in accordance with resolution passed on July 30, 2020.

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1. **(a) Basis of preparation of financial statements**

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

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

Application of new and revised Accounting Standards:

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing April 1, 2019.

- **Ind AS 116 –** Leases (Refer Note 2 and 41 in financial statements) and paragraph 1.16 below
- **Uncertainty over income tax treatments, Appendix C to Ind AS 12, Income Taxes.**

  In the current year, the Company has adopted the amendments introduced through Appendix C to IND AS 12. The Company is having unsettled positions for several previous years. There are ongoing disputes with the department and previous experience has shown that Income Tax Authorities will not accept the Company's point of view and hence the same have been considered and adequately provided for while calculating current tax provision for years where assessment is complete and where assessment is in progress. Considering the circumstances and management's judgment of adjudicating authority's position, the Company has considered it to be prudent to recognize a provision of INR 1259 MLN from retained earnings in relation to the financial years till 31 March 2019 and a further provision of INR 204 MLN in Statement of Profit and Loss for the current year. For disclosure purposes, the Company has incorporated the presentation of uncertain tax positions in the balance sheet and disclosed the same under the line item long term provision for legal and regulatory. (Refer note 16 in financial statements).
- **Amendments to Ind AS 109:** Prepayment Features with Negative Compensation Under Ind AS 109, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments have no impact on the standalone financial statements of the Company
- **Amendments to Ind AS 19:** Plan Amendment, Curtailment or Settlement The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to

  a) Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

  b) Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability (asset). The amendments had no impact on the standalone financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

- **Amendments to Ind AS 28:** Long-term interests in associates and joint ventures The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests. The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures. These amendments had no impact on the standalone financial statements of the Company.

Annual Improvements to Ind AS 2018

Ind AS 103 Business Combinations:

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including re-measuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer re-measures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019. These amendments had no impact on the standalone financial statements of the Company as there is no transaction where joint control is obtained.

Ind AS 111 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not re-measured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after April 1, 2019. These amendments had no impact on the standalone financial statements of the company as there is no transaction where a joint control is obtained.

Ind AS 12 Income Taxes:

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, they had no impact on the standalone financial statements of the Company.

Ind AS 23 Borrowing Costs:

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, they had no impact on the standalone financial statements of the Company.

(b) Current / Non-Current classification

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

- the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- the asset/liability is held primarily for the purpose of trading;
- the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

- in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

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

1.2. Significant accounting judgements, estimates and assumptions

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

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

- Measurement of defined benefit obligations – Note 28
- Measurement and likelihood of occurrence of provisions and contingencies – Note 16
- Recognition of deferred tax assets – Note 6
- Measurement of Lease liabilities and Right of Use Asset – Note 2 and 41

1.3. Recent Accounting Developments:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

1.4. **(a) Property, Plant and Equipment**

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

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

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

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

(b) Investment Properties:

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

(c) Capital work in progress and Capital Advances

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

1.5. Intangible Assets

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

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

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

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

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

1.6. Investments in Subsidiaries and Associates:

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

1.7. Inventories:

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

1.8. Non-current assets classified as held for sale

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

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

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

1.9. Cash and Cash equivalents:

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

1.10. Financial Instruments:

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

a) Financial Assets:

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

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

Initial Recognition and Measurement:

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

Subsequent Measurement:

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

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

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

Debt instruments at amortized cost:

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

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

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

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

Debt instruments at amortized cost:

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

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

Debt instruments at Fair Value through OCI:

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

Debt instruments at FVTPL

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

Equity investments of other entities

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

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

De-recognition

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

b) Financial Liabilities:

Initial recognition and measurement

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

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

Trade Payables

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

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

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

De-recognition

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

Offsetting of financial instruments:

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

Reclassification of financial assets:

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

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

1.11. Provisions & Contingencies:

Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

Contingent liabilities

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

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

1.12. Revenue Recognition

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

- **Sale of goods**

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

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

- **Variable Consideration**

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

- **Significant financing component**

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

- **Warranty obligations**

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

- **Contract Balances:**

  Contract assets:

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

  Contract liabilities:

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

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

  Right of return assets:

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

  Refund Liabilities:

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

- **Rendering of Services**

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

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

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

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

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

- **Export benefit**

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

- **Interest Income**

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

1.13. Employee Benefits:

Short-term obligations

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

Defined Contribution Plans

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

Defined Benefit Plans

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

Termination benefits are recognized as and when incurred.

The Company covers a part of the liability towards employees' gratuity by way of contributing to a registered trust. Liability with respect to the Gratuity plan, determined on basis of actuarial valuation as described above, and any differential between the fund amount as per the trust and the liabilities as per actuarial valuation is recognized as an asset or liability. Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

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

Post-Retirement Medical benefit plan

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

Share-based payments

Certain employees are given stock option plans of Ultimate Holding Company. The cost of stock option plans is calculated by the Ultimate Holding Company using the Black and Scholes option pricing model. The cost calculated using this method is recognized as an employee benefits expense over the vesting period of the options.

1.14. Impairment of Non-Financial Assets

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

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

1.15. Income Taxes:

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

Current Tax:

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

Deferred Tax:

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

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

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

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

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

1.16. Leases:

The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

As a lessee

The Company mainly has lease arrangements for vehicles, plant & equipment (IT Devices) and buildings (office premises).

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether there is an identified asset, whether the Company has the right to direct the use of the asset and whether the Company obtains substantially all the economic benefits from the use of that asset.

The Company recognizes a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate, term and currency of the contract. Generally, the Company uses its incremental borrowing rate as the discount rate.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability

Lease liability is accounted at amortized cost. The lease liabilities are adjusted for the lease payments made by the Company. Lease payments are allocated between principle and finance cost. Finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In case of changes in the future lease payments due to renegotiation, changes of an index or rate, the lease liability is re-measured (with a corresponding adjustment to the related right-of-use asset).

Short-term leases and leases of low-value assets (IT Devices): The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases as well as low value assets. Lease payments on short term leases and leases of low value assets are recognized as an expense on a straight line basis over the lease term. The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option)."

Until March 31, 2019:

Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease unless the payments 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 re recognized as an expense in line with contractual term.

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

As a lessor:

Lease income from operating leases where the Company is a lessor is recognized in income on a straight line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

1.17. Foreign Currencies:

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

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

Measurement of foreign currency items at the balance sheet date:

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

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

Exchange differences

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

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

The estimated fair value amounts of forward exchange contracts as at March 31, 2020 have been measured as at that date. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

1.18. Fair value measurement of Financial Instruments:

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

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

The categories used are as follows:

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

1.19. Exceptional items:

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

1.20. Earnings Per Share:

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

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

1.21. Government Grants:

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

2 Property, Plant and Equipment

Amounts in ₹ Mln

Particulars	Owned Assets								Leased Assets (taken on finance lease)		Right of Use (ROU) Assets **		Total
	Leasehold Land	Buildings	Leasehold Improvements	Plant and Equipment	"Plant and Equipment (given on operating lease)"	Office Equipment	Furniture	Vehicles	Vehicles	Plant and Machinery	Vehicles	Buildings	
Gross carrying value													
As at 1 Apr, 2018	147	276	696	1,398	85	398	360	-	578	491	-		4,429
Additions	-	-	33	426	38	14	9	-	124	146	-	-	790
Disposals	-	(6)		(68)	-	(18)	(21)	-	(117)	-	-	-	(230)
As at 31 March, 2019	147	270	729	1,756	123	394	348	-	585	637	-	-	4,989
Transition / (Reclassification) as at Apr 1, 2019 *									**(585)**	**(637)**	**585**	**1,240**	**603**
Additions	**35**	**-**	**366**	**384**	**2**	**19**	**37**	**-**	**-**	**-**	**182**	**-**	**1,024**
Disposals	**-**	**(3)**	**(34)**	**(21)**	**-**	**(5)**	**(11)**	**-**	**-**	**-**	**(154)**	**-**	**(228)**
As at 31 March, 2020	**182**	**267**	**1,061**	**2,119**	**125**	**407**	**374**	**-**	**-**	**-**	**613**	**1,240**	**6,390**
Accumulated Depreciation													
As at 1 Apr, 2018	1	16	174	589	41	156	105	-	266	152	-	-	1,500
Depreciation charge for the year	1	8	137	286	13	22	41	-	164	139	-	-	811
Disposals	-	(1)	-	(52)	-	(14)	(14)	-	(92)	-	-	-	(173)
As at 31 March, 2019	2	23	311	823	54	164	132	-	338	291	-	-	2,138
Transition / (Reclassification) as at Apr 1, 2019 *									(338)	(291)	338	-	(291)
Depreciation charge for the year	1	9	142	268	16	68	47	-	-	-	139	490	1,180
Disposals	-	-	(25)	(12)	-	(2)	(3)	-	-	-	(122)	-	(166)
As at 31 March, 2020	**3**	**31**	**428**	**1,079**	**70**	**230**	**176**	**-**	**-**	**-**	**355**	**490**	**2,861**
Net book value													
As at 31 March, 2019	145	247	418	933	69	230	216	-	247	346	-	-	2,851
As at 31 March, 2020	**179**	**236**	**633**	**1,041**	**55**	**177**	**199**	**-**	**-**	**-**	**258**	**750**	**3,529**

* Reclassification consequent to adoption of Ind AS 116

Capital Work in Progress	As at 31 March 2020	As at 31 March 2019
Book value	**247**	304

** Right of Use (ROU) Assets:

The Company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated. This has resulted in recognizing a right-of-use asset of ₹ 1240 and a corresponding lease liability of ₹ 1268. The difference has been adjusted to retained earnings as at 1st April 2019.

Right of Use (ROU) assets include vehicles and buildings accounted in accordance with Ind AS 116 - Leases (Refer note 41)

The net block of vehicles ₹ 247 (gross block ₹ 585 and accumulated depreciation ₹ 338)) have been reclassified to Right of Use assets and net block of plant & machinery ₹ 346 (gross block ₹ 637 and accumulated depreciation ₹ 291) have been adjusted to retained earnings as at April 1, 2019 consequent to adoption of Ind AS 116 - Leases.

Capital Work in Progress As at 31 March, 2020 includes mainly assets under construction due to expansion work in Company's Plant at Pune.

Amounts in ₹ Mln

3 Investment in subsidiaries and associates

Particulars	As at 31 March 2020	As at 31 March 2019
Unquoted Investments		
Investment in equity instruments		
95,187,940 (31 March 2019 - 95,187,940) equity shares of ₹ 10/- each fully paid up in Preethi Kitchen Appliances Private Limited - wholly owned subsidiary	**7,431**	7,431
Nil (31 March 2019 - 29,550,000) equity shares of ₹ 10/- each fully paid up in Philips Home Care Services India Private Limited - wholly owned subsidiary *	**-**	296
Nil (31 March 2019 - 14,800,000) equity shares of ₹ 10/- each fully paid up in Healthmap Diagnostics Private Limited - an associate **	**-**	148
	7,431	7,875
Less: Provision for impairment *	**-**	(296)
	7,431	7,579

* Refer note 33.

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

4 Contract balances

	As at 31 March 2020		As at 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
Contract assets	**234**	**-**	257	-
Contract liabilities	**1,894**	**720**	2,203	724

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

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

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

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

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables	938	858
Total	938	858

Break up for security details

Trade receivables	As at 31 March 2020	As at 31 March 2019
Trade receivables - Secured, considered good {(refer note 9(a)}	938	858
Trade receivables - Unsecured, considered good	-	-
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	68	32
	1,006	890
Less: Allowance for Trade Receivable - credit impaired	(68)	(32)
	938	858

5(b) Non-current financial assets - others

Loans (Unsecured considered good unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Security Deposits		
- Security Deposits Considered good	485	342
- Security Deposits Credit impaired	-	-
- Less: Allowances for Security Deposits - credit impaired	-	-
Bank Deposits (due to mature after 12 months from reporting date)	1	1
	486	343

6 Deferred Tax Assets (Net)

a. Components of Income Tax Expense

(i) Tax expense recognised in Statement of Profit and Loss	Year ended 31 March 2020	Year ended 31 March 2019
- Current Tax*	(878)	(1,094)
- Income Tax provisions related to prior years written back	-	184
* includes ₹ 204 recognized on Transition impact of Appendix C to Ind AS 12	(878)	(910)
Deferred tax expenses - credit / (charge)		
- Relating to origination and reversal of temporary differences	(95)	63
(ii) Tax on Other Comprehensive Income	(95)	63
Deferred tax		
- Gain / (Loss) on measurement of net defined benefit plans	197	25
Total	197	25

6. Deferred Tax Assets (Net) (contd.) Amounts in ₹ Mln

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

Particulars	For year ended 31 Mar 2020	For year ended 31 Mar 2019
Profit before tax	**2,488**	2,607
Income tax calculated @	**25.168%**	34.944%
Computed tax expense	**626**	911
Differences due to:		
- Expenses not deductible for tax purposes	**(29)**	111
- Income Tax provisions related to prior years written back	**-**	(184)
- Deferred tax expenses Prior Years - credit / (charge)	**-**	-
- Impact of differential rate used for deferred tax	**156**	-
- Others	**220**	9
Income tax charged to Statement of Profit and Loss at effective tax rate of **39.12%** (Previous year - 32.47%)	**973**	847
Income tax expense reported in statement of Profit and Loss	**973**	847

Impact of tax rate change :

The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for income tax for the year and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The full impact of this change has been recognized in the Statement of Profit & Loss for the year.

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

Particulars	Balance Sheet		Recognized in Statement of Profit and Loss	
	As at 31 March 2020	As at 31 March 2019	For year ended 31 Mar 2020	For year ended 31 Mar 2019
Net deferred tax assets/(liabilities)				
- Provision for employee benefits	**190**	252	**(62)**	(7)
- Doubtful trade receivables and advances	**193**	251	**(58)**	19
- Difference between book and tax depreciation	**(232)**	(330)	**98**	(273)
- Other timing differences	**312**	386	**(73)**	30
Total (A)	**463**	559	**(95)**	(231)
Deferred tax relation to prior years reclassed to Advance tax (B)	**-**	-	**-**	(294)
Net impact to Statement of Profit and Loss relating to current year (C=A-B)	**463**	559	**(95)**	63
Re-measurement (gains) / losses on defined benefit plans (D)	**179**	(19)	**197**	25
Net deferred tax assets/(liabilities) (B+C+D)	**642**	540	**102**	(206)

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

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance as of 1 April	**540**	746
Tax income/(expense) during the year recognized in profit and loss	**(95)**	63
Tax income/(expense) during the year recognized in OCI	**197**	25
Deferred tax relating to prior years	**-**	(294)
Closing balance as at 31 March	**642**	540

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

7 Other non-current assets

(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance Rentals	**42**	56
Capital Advances	**35**	2
VAT credit receivable	**65**	59
Deposits against legal cases	**567**	486
Considered doubtful		
Deposits against legal cases	**22**	20
Special additional duty receivables and drawback claims	**56**	56
Claims receivables	**54**	54
Less: Allowances for doubtful other loans and advances		
Deposits against legal cases	**(22)**	(20)
Special additional duty receivables and drawback claims	**(56)**	(56)
Claims receivables	**(54)**	(54)
	709	603

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

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials (includes goods-in-transit ₹ **41** (31 March 2019 ₹ 31)	**683**	779
Work in Progress	**1,091**	1,047
Finished Goods	**20**	51
Stock-in-Trade (goods purchased for resale) (includes goods-in-transit ₹ **344** (31 March 2019 ₹ 570)	**2,366**	3,186
Stores and Spares	**9**	9
	4,169	5,072

9 (a) Current Financial assets - Trade Receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables	**4,904**	5,798
Trade Receivables from an associate (Note 31)	**-**	29
Trade Receivables from other related parties (Note 31)	**3,039**	2,041
Total	**7,943**	7,868

Break up for security details

Trade receivables	As at 31 March 2020	As at 31 March 2019
Trade receivables -Secured, considered good **	**693**	240
Trade receivables - Unsecured, considered good	**7,250**	7,628
Trade Receivables which have significant increase in Credit Risk	**-**	-
Trade Receivables - credit impaired	**475**	396
	8,418	8,264
Allowances for Trade Receivables - credit impaired	**(475)**	(396)
	7,943	7,868

Amounts in ₹ Mln

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

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

Secured trade receivables includes finance lease receivables amounting to ₹ **762** (31 March 2019 - ₹ 548) relating to medical equipment leased out by the Healthcare division of the Company. The lease term varies between 5-7 years. The total minimum lease payments for assets given on finance lease is ₹ **1,051** (31 March 2019 - ₹ 753) which includes unearned interest of ₹ **289** (31 March 2019 ₹ 205). The maturity profile of finance lease obligation is as follows:

Particulars	**As at 31 March 2020**	As at 31 March 2019
Minimum lease payments		
Receivable within 1 year	**275**	219
Receivable between 1-5 years	**610**	404
Receivable after 5 years	**166**	130
Total	**1,051**	753
Present value		
Receivable within 1 year	**180**	154
Receivable between 1-5 years	**430**	280
Receivable after 5 years	**152**	114
Total	**762**	548
Unearned interest	**289**	205

9 **(b) Cash and cash equivalents**

Particulars	**As at 31 March 2020**	As at 31 March 2019
Balances with banks:		
– On current accounts	**63**	76
– Deposits with original maturity of less than three months**	**5,482**	5,072
Cheques/ drafts on hand	**28**	52
Cash on hand	**-**	-
	5,573	5,200
Other Bank Balances		
Unpaid dividend accounts	**13**	13
	5,586	5,213

** Refer note 9 (c)

Changes in Liabilities arising from financing activities

Particulars	As at 1 April 2019	Cash Flows**	**As at 31 March 2020**
Lease Liabilities			
Transition impact due to adoption of Ind AS 116 (refer note 41)	1,268	(295)	**973**
Reclassification from Borrowings to Lease Liabilities *	307	(145)	**162**
* Net of ₹ **368** relating to low value assets (IT Devices) as at April 1, 2019	1,575	(440)	1,135
**Break up of cash flows during the year:			
Additions during the year		182	
Deletions during the year		(7)	
Payment of lease liabilities (Principal)		(615)	
Total		(440)	

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

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

9 (c) Current Financial assets - Others

Particulars	**As at 31 March 2020**	As at 31 March 2019
(i) Loans		
Receivables - considered good ,Secured	**-**	-
Receivables - considered good ,unsecured (Loans to subsidiary)	**-**	24
Receivables which have significant increase in Credit Risk	**-**	-
Receivables - credit impaired (Loans to Subsidiary)	**-**	63
Allowances for Receivables - credit impaired	**-**	(63)
(ii) Interest accrued on Loans to Subsidiary	**-**	1
(iii) Interest accrued on deposits with banks	**16**	33
(iv) Government grants	**84**	158
(v) Security Deposits		
(Includes earnest money deposits with banks in the nature of fixed deposits)		
Security Deposits Considered good	**39**	112
Security Deposits Credit impaired	**34**	52
Allowances for Security Deposits - credit impaired	**(34)**	(52)
	139	328

10 Other current assets

(Unsecured, considered good unless otherwise stated)

Particulars	**As at 31 March 2020**	As at 31 March 2019
Advance to suppliers (other than related party)	**515**	394
Advance to related party	**70**	68
Advance Rentals	**24**	-
CENVAT credit receivable	**196**	336
GST Input tax credit receivable	**1,243**	1,241
VAT credit receivable	**6**	5
Special additional duty receivables and drawback claims	**175**	118
Balances with customs and port trust	**46**	24
Prepaid expenses	**85**	160
Claims receivables	**621**	384
Advances to employees	**14**	15
Considered doubtful		
Advance to suppliers	**29**	28
Claims receivables	**9**	9
Special additional duty receivables and drawback claims	**21**	10
Allowances for doubtful other loans and advances		
Advance to suppliers	**(29)**	(28)
Claims receivables	**(9)**	(9)
Special additional duty receivables and drawback claims	**(21)**	(10)
	2,995	2,745

Amounts in ₹ Mln

11 Assets Classified As Held For Sale

Particulars	As at 31 March, 2020	As at 31 March 2019
Property, plant and equipment		
Assets retired from active use (refer note below)	**15**	26
	15	26

During the previous years, the Company had initiated identification and evaluation of potential buyers for the properties located in the states of Maharashtra , Gujarat & Goa. Consequently, the Company has completed sale of the properties located in the states of Gujarat and Goa during the current year and anticipates completion of sale of properties in the state of Maharashtra by March 2021. These are recognized and measured in accordance with Ind-AS 105 “”Non-Current Assets Held for Sale and Discontinued Operations”” at lower of its carrying amount and fair value less cost to sell.

12 Equity Share Capital

	As at 31 March 2020		As at 31 March 2019	
Authorised	**No. of shares**	**Amount**	No. of shares	Amount
Equity shares of ₹ 10 each	**92,000,000**	**920**	92,000,000	920
Non-convertible cumulative preference shares of ₹ 10 each	**20,000,000**	**200**	20,000,000	200
Total	**112,000,000**	**1,120**	112,000,000	1,120
Issued, subscribed and paid-up	**No. of shares**	**Amount**	No. of shares	Amount
Equity shares of ₹10 each	**57,517,242**	**575**	57,517,242	575
Total	**57,517,242**	**575**	57,517,242	575

(i) Reconciliation of the number of equity shares outstanding

	As at 31 March 2020		As at 31 March 2019	
At the beginning and at the end of the reporting period	**57,517,242**	**575**	57,517,242	575

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

The Company has only one class of equity shares having a par value of ₹ **10**/- per share (31 March 2019 : ₹ 10/- per share). Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	**Amount**	No. of shares	Amount
Koninklijke Philips N.V (KPNV)	**55,290,182**	**553**	55,290,182	553

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

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	**% holding**	No. of shares	% holding
Koninklijke Philips N.V (KPNV)	**55,290,182**	**96.13**	55,290,182	96.13

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

13 Other Equity	As at 31 March 2020		As at 31 March 2019	
General reserve				
As at the beginning of the year	2,315		2,315	
As at the end of the year		2,315		2,315
Retained Earnings				
As at the beginning of the year	20,207		18,703	
Add: Profit for the year	1,515		1,760	
Less: Reductions during the year				
Dividend	(173)		(173)	
Dividend distribution tax	(35)		(35)	
Transition impact of Ind AS 116, net of tax (refer note 2)	(4)		-	
Transition impact of Appendix C to Ind AS 12	(1,258)		-	
Items of Other Comprehensive Income (OCI) recognized directly in retained earnings				
Re-measurement gains/ (losses) on defined benefit plans (net of tax)	(566)		(47)	
		19,686		20,207
Total		22,001		22,523

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Re-measurement gains / (losses) on defined benefit plans	(763)	(72)
Income tax effect on defined benefit plans	197	25
	(566)	(47)

A. Summary of Other Equity

Particulars	As at 31 March 2020	As at 31 March 2019
General Reserve	2,315	2,315
Retained Earnings	20,252	20,255
Items of OCI	(566)	(47)
Total other Equity	22,001	22,523

B. Description of nature and purpose of each reserve

(1) General Reserve and Retained Earnings

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

(2) Re-measurement of Net Defined Benefit Plans

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

Amounts in ₹ Mln

14 Non-current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Lease Liabilities	**570**	-
Long Term maturities of finance lease obligations (secured) (Borrowings) *	-	381
	570	381

* The finance lease obligations were secured by underlying assets (Vehicles and IT devices) [refer note 2]. The legal title of the underlying assets vests with the lessors and the lease term varies between 3-5 years, the total minimum lease liability for assets obtained on finance lease is ₹ Nil (Previous Year - ₹ 772) which includes interest of ₹ **Nil** (Previous Year - ₹ 96). The maturity profile of finance lease obligations prior to adoption of Ind AS 116 is as follows:

Particulars	**As at 31 March 2020**		As at 31 March 2019	
	Minimum Lease payments	**Present value**	Minimum Lease payments	Present value
Payable within 1 year	**-**	**-**	350	295
Payable between 1-5 years	**-**	**-**	422	381
Total minimum lease payments	**-**	**-**	772	676
Less: Interest	**-**	**-**	96	-
Present value of minimum lease payments	**-**	**-**	676	676

The long term maturities of finance lease obligations have been adjusted against retained earnings as at April 1, 2019 post adoption of Ind AS 116. Refer Note 41 (b)

15 Other non-current liabilities

	As at 31 March 2020	As at 31 March 2019
Employee related payables	**160**	143
Security deposits	-	17
	160	160

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

16 Provisions

	Long-term		Short-term	
	As at 31 March 2020	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019
Provision for employee benefits				
Gratuity (refer note 28)	**475**	460	**30**	18
Compensated absences	**210**	215	**38**	28
Post-employment medical benefits	**-**	-	**21**	15
Defined Benefit Plan	**796**	-	**-**	-
Others				
Warranty (refer note 16.1)	**-**	-	**216**	206
Legal and regulatory (refer note 16.1)	**1,464**	-	**580**	499
Miscellaneous (refer note 16.1)	**-**	-	**44**	47
	2,945	675	**929**	813

Additional disclosure relating to provisions:

16.1. Movement in provisions:

	Class of provisions			
	Warranty	Legal and regulatory	*Miscellaneous	Total
Balance at 31st March 2018	212	577	39	828
Add: Accruals / Reclassification during the year	372	9	28	409
Less: Utilization / Reclassification during the year	378	17	10	405
Less: Write back during the year	-	70	10	80
Balance at 31st March 2019	**206**	**499**	**47**	**752**
Add: Accruals / Reclassification during the year	**348**	**1,677**	**-**	**2,025**
Less: Utilization / Reclassification during the year	**338**	**13**	**-**	**351**
Less: Write back during the year	**-**	**120**	**3**	**123**
Balance at 31st March 2020	**216**	**2,044**	**44**	**2,304**

* Includes unwinding of discount and effect of change in discount rate.

16.2 Nature of provisions:

(a) Warranty

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

(b) Legal and regulatory

The Company has made provision for taxes and duties relating to cases that are pending assessments before Adjudicating Authorities where possible outflow of resources may arise in future which would depend on the ultimate outcome on conclusion of the cases.

(c) Miscellaneous

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

Amounts in ₹ Mln

17 Current Financial Liabilities

		As at 31 March 2020	As at 31 March 2019
(a)	Lease Liabilities	565	-
	Current maturities of finance lease obligations (refer note 14) (Borrowings)	-	295
		565	295

		As at 31 March 2020	As at 31 March 2019
(b)	**Trade Payables**		
	Dues to others	4,172	4,505
	Dues to related parties	1,675	2,557
	Dues to Micro, Small and Medium Enterprises		
	a. Principal amount remaining unpaid to any supplier as at end of the year	27	25
	b. Interest due on the above amount	1	1
	c. Amount of interest paid in terms of Section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year	-	-
	d. Amount of interest due and payable for the period of delay in making the payment but without adding the interest specified under this Act	-	-
	e. Amount of interest accrued and remaining unpaid at the end of the year	-	-
	f. Amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprises	-	-
		5,875	7,088

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

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

(c) Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
Unpaid dividend	13	13
Book overdraft	27	135
Other payables:		
Payables for purchase of fixed assets (other than micro and small enterprises)	77	92
Security deposits	-	20
	117	261

18 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Other payables:		
Employee related payables	731	823
Statutory dues	806	869
	1,537	1,692

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

19 **Revenue from operations**	**Year ended 31 March 2020**	Year ended 31 March 2019
Sale of goods	**23,642**	23,308
Sale of services	**21,328**	19,090
Revenue from contracts with customers	**44,970**	42,398
Other operating revenues	**372**	390
Revenue from operations	**45,342**	42,788

19 (a) Disaggregated revenue information

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

	For the year ended 31 March 2020				
Segments	**Personal Health**	**Innovation Services**	**Health Systems**	**Other Unallocable**	**Total**
Type of goods or service					
Sale of Goods	11,583	-	12,059	-	23,642
Sale of Services	51	13,860	6,996	421	21,328
Revenue from contracts with customers	**11,634**	**13,860**	**19,055**	**421**	**44,970**
Within India	11,476	6	14,382	19	25,882
Outside india	158	13,854	4,673	402	19,088
Revenue from contracts with customers	**11,634**	**13,860**	**19,055**	**421**	**44,970**
Timing of revenue recognition					
Goods transferred at a point in time	11,583	-	12,059	-	23,642
Services transferred over time	51	13,860	6,996	421	21,328
Revenue from contracts with customers	**11,634**	**13,860**	**19,055**	**421**	**44,970**

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

Amounts in ₹ Mln

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Revenue as per contracted price	**49,740**	46,564
Adjustments		
Extended warranties	**(2,665)**	(2,389)
Significant financing component	**(69)**	(25)
Sales returns	**(546)**	(511)
Rebates	**(1,490)**	(1,241)
Revenue from Contracts with customers	**44,970**	42,398

19 (c) Performance obligation:

Sale of products:

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

Sales of services:

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

The transaction price allocated to remaining performance obligation (unsatisfied performance obligation-gross) pertaining to sales of services as at March 31, 2020 is as follows:-

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Within one year	**3,297**	3,766
More than one year	**720**	725
	4,017	4,491

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

Breakup of other operating revenues:	Year ended 31 March 2020	Year ended 31 March 2019
Liabilities no longer required written back	**62**	80
Finance income - leases	**108**	123
Duty drawback and export incentives	**161**	146
Miscellaneous	**41**	41
	372	390

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

20 Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income (other than on investments)	**302**	411
Interest on income-tax refund	**42**	122
Net gain on foreign currency transaction and translation	**14**	-
Interest income on defined benefit plan	**30**	26
Interest income on Security Deposits	**27**	27
Other non-operating income	**7**	12
	422	598

21 Cost of raw materials consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Inventory of raw materials at the beginning of the year	**748**	508
Add: Purchases	**2,212**	3,514
Less: Inventory of raw materials at the end of the year	**651**	748
Cost of raw materials consumed	**2,309**	3,274

	Year ended 31 March 2020	Year ended 31 March 2019
22 Purchases of stock-in-trade (goods purchased for resale)	**17,329**	16,194

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

	Year ended 31 March 2020	Year ended 31 March 2019
Stock at the beginning of the year		
Finished goods	**51**	44
Work-in-Progress	**1,047**	659
Stock-in-trade (goods purchased for resale)	**2,616**	2,472
Total	**3,714**	3,175
Stock at the end of the year		
Finished goods	**20**	51
Work-in-Progress	**1,091**	1,047
Stock-in-trade (goods purchased for resale)	**2,022**	2,616
	3,133	3,714
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**581**	(539)

Amounts in ₹ Mln

		Year ended 31 March 2020	Year ended 31 March 2019
24	**Employee benefits expense**		
	Salaries, wages and bonus	**12,310**	11,164
	Contribution to provident and other funds	**465**	464
	Defined benefit plan expense	**156**	126
	Expense on Employee Stock Option Schemes	**117**	145
	Staff welfare expenses	**466**	470
		13,514	12,369

		Year ended 31 March 2020	Year ended 31 March 2019
25	**Finance costs**		
	Interest on Lease Liabilities (refer note 41)	**120**	-
	Interest on finance lease	**-**	72
	Net interest on the net defined benefit liability	**63**	51
	Other interest expense	**12**	3
	Total interest expense	**195**	126
	Unwinding of discount and effect of changes in discount rate on provisions	**1**	1
	Total Finance costs	**196**	127

		Year ended 31 March 2020	Year ended 31 March 2019
26	**Depreciation and amortization expense**		
	Depreciation of property, plant and equipment (refer note 2)	**550**	811
	Depreciation of Right of Use Assets (Refer note 2 & 41)	**630**	-
		1,180	811

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

	Year ended 31 March 2020	Year ended 31 March 2019
27 Other expenses		
Power and fuel	**179**	184
Packing, freight and transport	**610**	781
Rent	**246**	791
Repairs to buildings	**65**	76
Repairs to plant and machinery	**19**	22
Insurance	**159**	87
Travelling and conveyance	**955**	905
Legal and professional	**196**	235
Publicity	**1,637**	1,561
IT and Communication	**1,316**	1,070
Fees for services from a Fellow Subsidiary Company	**415**	374
Allowance for doubtful trade receivables and advances	**163**	127
Warranty	**340**	372
Miscellaneous	**2,009**	1,606
	8,309	8,191

	Year ended 31 March 2020	Year ended 31 March 2019
Legal and professional includes payments to auditors as given below:		
Statutory audit fees	**4.8**	4.4
Tax audit fees	**1.9**	1.9
Certification fees	**1.1**	1.1
Miscellaneous include:		
Undepreciated value of property, plant & equipment written-off / provided for	**31**	24
Handling charges	**167**	82
Royalty	**358**	403
Commission	**110**	118
Corporate Social Responsibility Expense	**110**	42

	Year ended 31 March 2020	Year ended 31 March 2019
Details of CSR Expenditure:		
a) Gross amount required to be spent by the Company during the year	**59**	83
b) Amount spent during the year ending on 31st March, 2020:		
i) For Purposes mentioned below:		
- In Cash	**101**	15
- Yet to be paid in Cash	**9**	27
ii) On purposes other than (i) above		
- In Cash	**-**	-
- Yet to be paid in Cash	**-**	-

In terms of the provisions of Section 135 of the Companies Act, 2013, for the financial year 2019-20, the Company was required to spend an amount of ₹ **59** (Previous Year ₹ 83) towards CSR activities and the company has spent ₹ **101** (Previous Year ₹ 15) against the same. Remaining ₹ 9 (Previous Year ₹ 27) is on account of CSR programs that are in progress for which invoices are yet to be received.

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

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

Amounts in ₹ Mln

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

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity	
	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	**156**	126
Past service cost	**-**	-
Interest cost on benefit obligation	**62**	51
Expected return on plan assets	**(30)**	(26)
Curtailment Cost	**-**	-
Settlement cost	**-**	-
Net actuarial (gain)/ loss recognised in the year	**(32)**	72
Expenses recognized in the statement of profit & loss and Other Comprehensive Income	**156**	223

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

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2020		Year ended 31 March 2019		**Year ended 31 March 2020**	Year ended 31 March 2019
	Funded	**Unfunded**	Funded	Unfunded		
A. Present value of obligations as at beginning of the year	**711**	**176**	563	150	**5,991**	4,448
(1) Current service cost	**125**	**31**	100	26	**359**	298
(2) Interest cost	**50**	**12**	41	10	**455**	407
(3) Benefits settled	**(42)**	**(23)**	(54)	(21)	**(735)**	(433)
(4) Settlements	**-**	**-**	-	-	**-**	-
(5) Actuarial (gain) / loss	**(62)**	**16**	61	10	**-**	-
(6) Actuarial (gain) / loss due to Interest rate guarantee	**-**	**-**	-	-	**229**	440
(7) Employees' contribution	**-**	**-**	-	-	**532**	457
(8) Acquisition/Business Combination/Divestiture	**-**	**(6)**	-	1	**-**	-
(9) Change in reserves	**-**	**-**	-	-	**-**	-
(10) Transfer in	**-**	**-**	-	-	**336**	375
(11) Past service cost	**-**	**-**	-	-	**-**	-
Present value of obligations as at end of the year	**782**	**206**	711	176	**7,167**	5,991

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

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

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2020:

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

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2020		Year ended 31 March 2019		**Year ended 31 March 2020**	Year ended 31 March 2019
	Funded	**Unfunded**	Funded	Unfunded		
B. Change in Plan Assets						
Plan assets as at beginning of the year	**408**	**-**	351	-	**6,145**	5,009
(1) Expected return on plan assets	**30**	**-**	26	-	**466**	406
(2) Contributions	**101**	**-**	86	22	**-**	-
(3) Benefits settled	**(42)**	**-**	(54)	(22)	**-**	-
(4) Employer and Employee contribution	**-**	**-**	-	-	**891**	755
(5) Transfer in	**-**	**-**	-	-	**336**	375
(6) Benefit payments	**-**	**-**	-	-	**(735)**	(433)
(7) Asset gain / (loss)	**(14)**	**-**	(1)	-	**(731)**	32
(8) Settlements	**-**	**-**	-	-	**-**	-
(9) Acquisition/Business Combination/ Divestiture	**-**	**-**	-	-	**-**	-
Plan assets as at end of the year	**483**	**-**	408	-	**6,371**	6,145
Surplus / (Deficit)			-		**(796)**	153
"The Company has a Trust i.e. "Philips India Ltd Management Staff Provident Fund Trust" through which it manages its provident fund liability for part of its employees. Accordingly the provident fund liability is considered as a defined benefit plan. Basis the actuarial valuation report the provident fund liability has a deficit of ₹ **796** as at March 31, 2020. This deficit is on account of change in fair value of plan assets, computed using the Guidance Note 29 issued by Institute of Actuaries of India on Valuation of Interest Rate Guarantees on Exempt Provident Funds under IND AS 19 (Revised). The Company has recognized this deficit in ""Other Comprehensive Income"" as per Ind AS 19 Employee Benefits."						
C. Actual return on plan assets	**16**	**-**	20	-	-	-
D. Reconciliation of present value of the obligation and the fair value of the plan assets:						
(1) Present value of obligations at end of the year	**(782)**	**(206)**	(711)	(176)	-	-
(2) Fair value of Plan assets	**483**	**-**	408	-	-	-
Liability recognized in Balance Sheet	**(299)**	**(206)**	(303)	(176)	-	-
E. Components of Employer Expense:						
(1) Current service cost	**125**	**31**	100	26	-	-
(2) Interest cost	**50**	**12**	41	10	-	-
(3) Expected return on plan assets(estimated)	**(30)**	**-**	(26)	-	-	-
(4) Curtailments	**-**	**-**	-	-	-	-
(5) Past service cost	**-**	**-**	-	-	-	-
(6) Actuarial (gain) / loss	**(49)**	**16**	61	10	-	-
Total expense recognized in Statement of Profit and Loss	**96**	**60**	177	46	-	-

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

Amounts in ₹ Mln

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

F. Effect due to Asset Ceiling

	Gratuity				Provident Fund	
	Year ended 31 March, 2020		Year ended 31 March, 2019		Year ended 31 March, 2020	Year ended 31 March, 2019
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
Asset ceiling - Beginning of the period	-	-	-	-	153	561
Interest on Asset Ceiling	-	-	-	-	11	43
Changes in Asset Ceiling	-	-	-	-	(164)	(452)
Asset ceiling - End of the period	-	-	-	-	-	153

G. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
Defined Benefit Obligations	782	711	563	566	495
Plan Assets	483	408	351	282	245
Surplus/(Deficit)	(299)	(303)	(212)	(284)	(250)
Experience adjustments on Plan assets/ liabilities (gain) / loss	46	46	46	(75)	(47)

Description	Gratuity (Unfunded)				
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
Defined Benefit Obligations	206	176	150	154	111
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(206)	(176)	(150)	(154)	(111)
Experience adjustments on Plan assets/ liabilities (gain) / loss	6	6	6	54	148

Description	Provident Fund				
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
Defined Benefit Obligations	7,167	5,991	5,678	5,145	3,397
Plan Assets	6,371	6,145	6,403	5,337	3,471
Surplus/(Deficit)	(796)	153	725	192	74
Experience adjustments on Plan assets/ liabilities (gain) / loss	731		(140)	(637)	(273)

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

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

H. Assumptions

Gratuity	Financial Assumptions			Demographic Assumptions		
	Discount factor	Estimated rate of return on Plan Assets	Salary Increase	Mortality	Attrition rate	Retirement age
Year ended 31 March 2020	**6.40%**	**7.35%**	**7.00%**	**IALM (2006-08)**	**Management 14%, PMS - 15%, Innovation Services - 13% HIC - Nil**	**HIC - 58 years & Others - 60 Years**
Year ended 31 March 2019	7.35%	7.35%	9.00%	IALM (2006-08)	Management, PMS - 12%, Innovation Services - 11% HIC - Nil	Management & Innovation Services - 60 years, Others - 58 years

Provident Fund	Financial Assumptions					Demographic Assumptions		
	Yield on Assets based on the Market Value	Outstanding term of the liabilities	Govt of India - Bond Yield for the outstanding term of liabilities	Interest Rate Guarantee	Expected Return on the Exempt Fund as per GN 29 methodology	Mortality	Employee Turnover	Retirement age
Year ended 31 March 2020	**7.73%**	**7.17 years**	**6.36%**	**8.50%**	**8.50%**	**"IALM (2006-08)"**	**Management -12%,Innovation Services - 11%HIC - Nil**	**HIC - 58 years & Others - 60 Years**
Year ended 31 March 2019	8.17%	8.26 years	7.30%	8.65%	8.35%	"IALM (2006-08)"	Management -12%,Innovation Services - 11%HIC - Nil	Management - 60 years, Others - 58 years

I. 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, 2020	As at 31 March, 2019
Discount rate		
a. Discount rate - 100 basis points	**1,051**	955
b. Discount rate + 100 basis points	**930**	825
Salary increase rate		
a. Rate - 100 basis points	**930**	825
b. Rate + 100 basis points	**1,050**	953

J. Maturity profile of defined benefit obligation

Particulars	As at 31 March, 2020	As at 31 March, 2019
Within the next 12 months (next annual reporting period)	**120**	84
Between 1 and 5 years	**451**	357
Between 5 and 10 years	**420**	408
Total expected payments	**991**	849

Amounts in ₹ Mln

29 Employees' Share-based Payments:

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

(a) Method adopted for valuation

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

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

As from 2003 onwards, the Holding Company (KPNV) issued restricted share rights that vest in equal annual instalments over a three-year period. Restricted shares are KPNV's shares that the grantee will receive in three successive years, provided the grantee is still with the Company on the respective delivery dates. If the grantee still holds the shares after three years from the delivery date, Philips will grant 20% additional (premium) shares, provided the grantee is still with Philips. As from 2002, the Holding Company granted fixed stock options that expire after 10 years. Generally, the options vest after 3 years; however, a limited number of options granted to certain employees of acquired businesses contain accelerated vesting. In prior years, fixed and variable (performance) options were issued with terms of ten years, vesting one to three years after grant.

In 2013, a new Plan has been introduced which consists of performance shares only. The performance is measured over a three-year performance period. The performance shares vest three years after the grant date. The number of performance shares that will vest is dependent on achieving performance conditions, which are equally weighted, and provided that the grantee is still employed with the Company.

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

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

Grant Date	Weighted average grant-date fair value of the share (in Euros)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Exercised	Outstanding as at 31 March 2020	Exercisable
April 19, 2010	24.90	4,112	-	-	-	(1,832)	**2,280**	**2,280**
April 18, 2011	20.90	6,300	600	-	(1,350)	(1,200)	**4,350**	**4,350**
July 18, 2011	17.20	1,500	-	-	-	-	**1,500**	**1,500**
January 30, 2012	15.24	5,000	-	-	-	-	**5,000**	**5,000**
April 23, 2012	14.82	16,134	750	-	(984)	(6,150)	**9,750**	**9,750**
		33,046	1,350	-	(2,334)	(9,182)	**22,880**	**22,880**
Previous Year		45,653	-	(1,143)	-	(11,464)	33,046	33,046

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

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

Grant Date	Weighted average grant-date fair value of the share (in USD)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Exercised	Outstanding as at 31 March 2020	Exercisable
April 19, 2010	33.51	480	-	-	(480)	-	-	-
Previous Year		1,236	-	(756)	-	-	480	480

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

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2020
							-
April 29, 2016	24.00	19,293	937	(3)	-	(20,227)	-
May 11, 2017	33.34	22,738	1,327	(2,639)	-	(324)	**21,102**
July 28, 2017	32.30	472	11	(0)	-	(483)	-
October 27, 2017	35.01	439	11	(0)	-	(450)	-
February 5, 2018	31.39	4,425	-	(487)	(854)	(3,084)	-
April 27, 2018	33.34	25,599	1,317	(3,318)	-	-	**23,598**
May 6, 2019		-	22,909	(1,762)	-	-	**21,147**
		72,966	26,512	(8,209)	(854)	(24,568)	**65,847**
Previous Year		59,492	47,557	(32,347)	(1,736)	-	72,966

Amounts in ₹ Mln

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

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2020
May 11, 2017	36.30	159	4	-	-	-	**163**
April 27, 2018	36.30	4,524	103	(220)	-	-	**4,407**
May 6, 2019		-	3,604	-	-	-	**3,604**
		4,683	3,711	(220)	-	-	**8,174**
Previous Year		-	-	-	4,683	-	**4,683**

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

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

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

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

Grant Date	Weighted average grant date fair value (in Euro)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2020
April 29, 2016	24.00	55,553	2,673	(8)	-	(58,217)	**1**
May 11, 2017	33.34	26,936	2,122	(3,380)	-	-	**25,678**
April 27, 2018	36.30	28,516	2,000	(4,294)	-	-	**26,222**
May 6, 2019		-	25,860	(1,762)	-	-	**24,098**
		111,005	32,655	(9,444)	-	(58,217)	**75,999**
Previous Year		147,621	51,597	(88,213)	-	-	111,005

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

Grant Date	Weighted average grant date fair value (in Euro)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2020
May 11, 2017	36.30	159	4	-	-	-	**163**
April 27, 2018	36.30	8,828	212	(225)	-	-	**8,815**
May 6, 2019		-	7,316	-	-	-	**7,316**
		8,987	7,532	(225)	-	-	**16,294**
Previous Year		-	-	-	8,987	-	8,987

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

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

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

1. Risk free interest rate	-0.58%
2. Expected share price volatility	20%

(k) Employee Share Purchase Plan:

Under the terms of Employee Share Purchase Plan established by the Holding Company, substantially all employees are eligible to purchase a limited number of KPNV shares at discounted prices through payroll withholdings, of which the maximum range is 10% of total salary. Generally, the discount provided to the employees is in the range of 10% to 20%. A total of **19,742** (Previous year -18,847) shares were bought by employees during the year at an average price of EUR 39.36 (Previous year - EUR 35.26).

(l) Expense recognized on account of "Employee Share-Based Payment" is ₹ **117** (Previous year - ₹ 145) and carrying liability as at 31 March 2020 is ₹ **208** (Previous year - ₹ 331).

30 Commitments and contingencies

			Year ended 31 March 2020	Year ended 31 March 2019
a	Commitments			
	Estimated amount of contracts remaining to be executed on capital account and not provided for		**601**	75
b	Contingent liabilities			
	(i)	Relating to Philips India Limited		
		Disputed Excise demands	**11**	17
		Income Tax demands	**5,993**	3042
		VAT	**2,273**	1921
		Service Tax demands	**7**	380
		Customs Duty	**62**	62
	(ii)	Of the above, relating to Philips India Limited - Erstwhile Lighting Business		
		Income Tax demands	**754**	406
		VAT	**1,470**	1442
		Service Tax demands	**-**	150

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

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

It is not practicable to estimate the timing of cash outflows, if any, in respect of above pending resolution of the legal proceedings.

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

(A) Enterprises exercising control:

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

(B) Enterprises where control exists:

Subsidiary Companies : Preethi Kitchen Appliances Private Limited

Philips Home Care Services India Private Limited

Associate Company : HealthMap Diagnostics Private Limited**

** ceased to be an Associate effective 15 May 2019 (Refer Note 3)

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

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

Argus Imaging B.V.
Invivo Corporation
Lifeline Systems Company
Philips (China) Investment Company, Ltd.
Philips Austria GmbH
Philips Consumer Lifestyle B.V.
Philips Domestic Appliances and Personal Care Company of Zhuhai SEZ, Ltd.
Philips Electronics Bangladesh Private Limited
Philips Electronics Japan, Ltd.
Philips Electronics Middle East & Africa B.V.
Philips Electronics NA Corporation
Philips Electronics Nederland B.V.
Philips Electronics North America Corporation
Philips Electronics Singapore Pte Ltd
Philips Electronics UK Limited
Philips Global Business Services LLP
Philips Healthcare (Suzhou) Co., Ltd.
Philips Healthcare Informatics, Inc.
Philips Innovative Applications
Philips International B.V.
Philips Lanka Solutions (Private) Limited
Philips Malaysia Sdn. Berhad
Philips Medical Systems (Cleveland), Inc.
Philips Medical Systems DMC GmbH
Philips Medical Systems Indústria e Comércio Ltda.
Philips Medical Systems MR, Inc.
Philips Medical Systems Nederland B.V.
Philips Medical Systems Technologies Ltd.
Philips Medizin Systeme Böblingen GmbH
Philips Nederland B.V.
Philips Oral Healthcare, Inc.
Philips Oregon - EGI
Philips Oy
Philips Technologie GmbH
Philips Ultrasound, Inc.
Philips VitalHealth Software India Pvt. Ltd
Respironics California, Inc.
Respironics, Inc.
Saeco International Group S.p.A.
Shenzhen Goldway Industrial Inc.
VISICU, Inc.
Volcano Corporation
Volcano Europe, B.V.B.A.

(2) Employee Trusts

Philips India Ltd Management Staff Provident Fund Trust
Philips Employees Group Gratuity Scheme

(3) Key Managerial Personnel

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

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

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

Nature of transactions

Amounts in ₹ Mln

Particulars	Year ended 31 March, 2020						Year ended 31 March, 2019					
	Ultimate Holding Company	**Subsidiary Companies**	**Fellow Subsidiary Companies**	**Associate Company**	**Key Management Personnel**	**Employee Trusts**	Ultimate Holding Company	Subsidiary Companies	Fellow Subsidiary Companies	Associate Company	Key Management Personnel	Employee Trusts
PURCHASES												
Goods	-	31	12,463	-	-	-	-	529	12,601	-	-	-
Property, Plant and Equipment	-	-	93	-	-	-	-	-	16	-	-	-
Services	30	26	1,324	-	-	-	26	20	1,405	-	-	-
Reimbursements	-	2	136	-	-	-	-	7	47	-	-	-
Others	117	-	-	-	-	-	145	-	-	-	-	-
SALES	-	-	-	-	-	-		-	-	-	-	-
Goods	-	1	2,492	1	-	-	-	-	3,386	81	-	-
Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Services	2,135	56	14,464	-	-	-	1,941	85	12,843	38	-	-
Reimbursements	-		233	-	-	-			4	-	-	-
DEPUTATION OF PERSONNEL	-	-	-	-	-	-	-	-	-	-	-	-
Charge	-	-	-	-	-	-	-	-	-	-	-	-
Recovery	-	-	-	-	-	-	-	-	16	-	-	-
MANAGERIAL REMUNERATION	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Daniel Mazon	-	-	-	-	108	-	-	-	-	-	48	-
Mr. Rajiv Mathur	-	-	-	-	30	-	-	-	-	-	33	-
Mr. Sudeep Agrawal	-	-	-	-	22	-	-	-	-	-	21	-
Mr. S.M.Datta	-	-	-	-	1	-	-	-	-	-	1	-
Mr. Vivek Gambir*	-	-	-	-	-	-	-	-	-	-	1	-
Mrs. Geetu Gidwani Verma	-	-	-	-	1	-	-		-	-	1	-
FINANCE	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	166	-	-	-	-	-	166		-	-	-	-
Interest income	-	6	-	-	-	-	-	5	-	-	-	-
Inter corporate deposits given	-	67	-	-	-	-	-	197	-	-	-	-
Inter corporate deposits repaid	-	46	-	-	-	-	-	110	-	-	-	-
Inter corporate deposits written off #	-	107	-	-	-	-	-	-	-	-	-	-
Others - Purchase of Investments	-	20	-	-	-	-	-	150	-	-	-	-
Others - Write-off of Investments #	-	316	-	-	-	-	-	-	-	-	-	-
Contributions to Employees' Benefit Plans	-	-	-	-	-	976	-	-	-	-	-	841
OUTSTANDINGS	-	-	-	-	-	-	-	-	-	-	-	-
Payable	6	1	1,668	-	-	82	1	41	2,465	2	-	48
Receivable	191	21	2,826	-	-	-	74	118	2,005	29	-	-

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

Consequent to (a) closure of business operations of Philips Homecare Services India Private Limited (PHSIPL) and (b) initiation of the process to struck off the its name from the list of Incorporated Entities, the Company, during the year, has written off its investment in equity and inter corporate deposits given to PHSIPL till March 31 2020.

Note: Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and will be settled in cash.

Compensation of key managerial personnel of the company

Details	**Year ended 31 March 2020**	Year ended 31 March 2019
Short-term employee benefits	**152**	103
Post-employment benefits*	**11**	2
Total compensation paid to key managerial personnel	**163**	105

* Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognized as per Ind AS 19 - "Employee Benefits" in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Amounts in ₹ Mln

32 Significant accounting judgments, estimates and assumptions

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

(i) Judgments

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

(a) Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(b) Revenue from contract with customers

The Company applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations in a bundled sales transactions, wherein, the Company sell goods and maintenance/ warranty services separately or bundled together with sales of goods. In certain non-standard contracts, where the Company provides extended warranties in respect of sale of consumer durable goods, the Company allocated the apportion of the transaction price to goods bases on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In estimating the variable consideration the Company has used a combination of most likely amount method and expected value method. Further, in respect of long term contracts, the Company has used the incremental borrowing rate to the discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Company and its customer.

(ii) Estimates and assumptions

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

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Amounts in ₹ Mln

(b) Defined benefit plans (gratuity benefits)

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

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 28.

(c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 34 and 35 for further disclosures.

(d) Warranty

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

(e) Provision for decommissioning

As part of the identification and measurement of assets and liabilities, the Company recognizes provision for decommissioning obligations associated with Leasehold Improvements. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and the expected timing of those costs. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of the provision as at 31 March 2020 was ₹ **15** (31 March 2019: ₹ 16). The Company estimates that the costs would be realised upon the expiration of the lease period.

33 Exceptional items include: Amounts in ₹ Mln

(a) Profit on sale of property - ₹ 4 (Previous year - ₹ 7)

(b) Profit on sale of investments in Associate Healthmap Diagnostics Private Limited ₹ 202 (Previous year - ₹ Nil)

(c) Consequent to closure of business operations of Philips Homecare Services India Private Limited (PHSIPL), a wholly owned subsidiary and initiation of the process to struck off the its name from the list of Incorporated Entities, the Company, during the year, has written off investments made during the year in subsidiary Philips Homecare Services India Private Limited (PHSIPL) ₹ **20** ((Previous Year ₹ 296 (provided for)) and inter corporate deposits given during the year to Philips Homecare Services India Private Limited (PHSIPL) ₹ **44** ((Previous Year ₹ 63 (provided for)).

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

(a) Forward contracts outstanding

Details	USD Currency				Euro Currency			
	As at 31 March 2020		As at 31 March 2019		As at 31 March 2020		As at 31 March 2019	
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	3,756.09	49,641.00	1,896.23	27,420.00	178.12	2,152.00	-	-
Payables	2,304.68	30,459.00	2,489.58	36,000.00	170.78	2,063.30	-	-

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

Details	As at 31 March 2020		As at 31 March 2019		As at 31 March 2020		As at 31 March 2019	
	USD Exposure				Euro Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	131.91	1,907.52	383.15	4,629.13	146.01	1,879.76
Payables	-	-	419.59	6,067.40	727.49	8,789.24	57.98	746.46

Details	AUD Exposure				GBP Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	1.69	36.71	-	-	-	-	3.71	41.02

Details	CNY Exposure				MYR Exposure			
	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	0.49	46.09	-	-	-	-	-	-
Payables	-	-	0.23	22.60	-	-	0.36	21.06

Notes to Standalone Financial Statements for the year ended March 31, 2020

35 Financial Instruments -Financial assets and financial liabilities

Amounts in ₹ Mln

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

As at 31 March 2020

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	938	938	938
Other Financial Assets (Non-Current)	-	486	486	486
Trade receivables (Current)	-	7,943	7,943	7,943
Cash and cash equivalents	-	5,586	5,586	5,586
Other Financial Assets (Current)	-	139	139	139
Total	-	15,092	15,092	15,092

As at 31 March 2019

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	858	858	858
Other Financial Assets (Non-Current)	-	343	343	343
Trade receivables (Current)	-	7,868	7,868	7,868
Cash and cash equivalents	-	5,213	5,213	5,213
Other Financial Assets (Current)	-	328	328	328
Total	-	14,610	14,610	14,610

As at 31 March 2020

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Lease liabilities (Non-Current)	-	570	570	570
Lease liabilities (Current)	-	565	565	565
Trade Payables (Current)	21	5,854	5,875	5,875
Other Financial Liabilities (Current)	-	117	117	117
Total	21	7,106	7,127	7,127

As at 31 March 2019

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Borrowings (Non-Current)	-	381	381	381
Borrowings (Current)	-	295	295	295
Trade Payables (Current)	8	7,080	7,088	7,088
Other Financial Liabilities (Current)	-	261	261	261
Total	8	8,017	8,025	8,025

36 Fair value hierarchy

Amounts in ₹ Mln

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

1. 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 2020:

	Total	**Level 1**	**Level 2**	**Level 3**
Financial liabilities measured at fair value through profit or loss				
Trade payables	5,875	-	-	5,875

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Total	Level 1	Level 2	Level 3
Financial liabilities measured at fair value through profit or loss				
Trade payables	7,088	-	-	7,088

2. Assets and Liabilities that are disclosed at Amortised Cost (refer note 35) for which Fair values are disclosed are classified as Level 3.

   Current financial asset and current financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature. Non current financial assets and non current financial liabilities have fair values that approximate to their carrying amounts as it is based on the present value of the anticipated future cash flows.

37 Dividend Paid And Proposed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Dividend declared and paid during the year		
Dividend paid for the year ended **March 31, 2019 ₹ 3/-** per share (March 31, 2018 : ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**35**	35
	208	208
Proposed Dividend on equity shares:		
Dividend for the year ended **March 31, 2020 ₹ 3/-** per share (March 31, 2019 : ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**-**	35
	173	208

Notes to Standalone Financial Statements for the year ended March 31, 2020

38 Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. As at 31st March, 2020, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

	For the year ended 31 March 2020	For the year ended 31 March 2019
Earnings Before Interest And Tax	**2,174**	2,026
Capital Employed	**22,576**	23,774
Return on Capital Employed (ROCE)	**9.6%**	8.5%

39 Financial risk management objectives and policies

Amounts in ₹ Mln

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

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

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

In the event of crisis caused due to external factors such as caused by recent pandemic "COVID-19", the management assesses the recoverability of its assets, maturity of its liabilities to factor it in cash flow forecast to ensure there is enough liquidity in these situations through internal and external source of funds. These forecast and assumptions are reviewed by Board of Directors.

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

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2020. The analysis exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2020.

Foreign currency risk

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

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales and purchases.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

Amounts in ₹ Mln

Change in US$ rate	Effect on profit before tax		Effect on total equity	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
5%	**(16.63)**	-44.05	**(16.63)**	-44.05
-5%	**16.63**	44.05	**16.63**	44.05
Change in Euro rate	**Effect on profit before tax**		**Effect on total equity**	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
5%	**52.10**	4.40	**52.10**	4.40
-5%	**(52.10)**	-4.40	**(52.10)**	-4.40

(b) Credit risk

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

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance as at Mar 31, 2020 Our historical experience of collecting receivables is that credit risk is low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Hence, trade receivables are considered to be a single class of financial assets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made in bank deposits. The limits are set to minimise the consultation of risk and therefore mitigate financial loss through counter-party potential failure to make payments. The Company maintains exposure in cash and cash equivalents and term deposits with banks, The Company has set counter-party's limits based on multiple factors including financial position, credit rating etc. The Company's maximum exposure to credit risk as at 31st March, 2020 and 2019 is the carrying value of each class of financial assets as illustrated in note 5 & 9.

(c) Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2020 and 31st March, 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Maturity profile of financial liabilities

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

Amounts in ₹ Mln

	Undiscounted Amount			
	Carrying Amount	**Payable within 1 year**	**More than 1 years**	**Total**
As at 31 March 2020				
Lease Liabilities (Non-Current)	**570**	**-**	**570**	**570**
Lease Liabilities (Current)	**565**	**565**	**-**	**565**
Trade Payables(Current)	**5,875**	**5,875**	**-**	**5,875**
Other Financial Liabilities(Current)	**117**	**117**	**-**	**117**
As at 31 March 2019				
Borrowings(Non-Current)	381	-	381	381
Borrowings(Current)	295	295	-	295
Trade Payables(Current)	7,088	7,088	-	7,088
Other Financial Liabilities(Current)	261	261	-	261

40 Earnings per share (EPS)

Calculation of earnings per share	**Year ended 31 March 2020**	Year ended 31 March 2019
Weighted average number of equity shares outstanding during the year *	**57,517,242**	57,517,242
Profit after tax attributable to equity share holders	**1,515**	1,760
Basic and diluted earnings per equity share (in ₹)	**26.34**	30.60

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

41 Leases:

Transition to Ind AS 116:

The Company has adopted Ind AS 116-Lease effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether there is an identified asset, whether the Company has the right to direct the use of the asset and whether the Company obtains substantially all the economic benefits from the use of that asset.

The Company recognizes a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate, term and currency of the contract. Generally, the Company uses its incremental borrowing rate as the discount rate.

As a Lessee

The Company has lease contracts for vehicles and office buildings. Lease terms of vehicles vary between 3-5 years, while other leases have lease terms between 5-7 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability adjusted for any related prepaid and accrued lease payments previously recognized.

The Company also has leases of low value and applies the 'lease of low-value assets' recognition exemptions for these leases.

Amounts in ₹ Mln

The following is the summary of practical expedients elected on initial application:

(i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

(ii) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(iv) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases.

(v) Applied the practical expedient in respect of lease contracts that include extension option, however the lease term in respect of such extension option is not defined.

(vi) Used hindsight in determining the lease term where the contract contained options to extend or terminate.

Following is carrying value of Right of Use assets recognized on date of transition and the movements thereof during the year.

	Particulars	Amounts
(1)	**Recognized in Balance Sheet as at April 1 2019**	
	Reclassification on account of adoption of Ind AS 116 as at April 1, 2019 (Refer Note 2) Net Block	247
	Right-of-use asset recognized as at April 1, 2019	1,240
	Additions during the year	182
	Deletions during the year	(32)
	Depreciation for the year	(630)
	Right-of-use asset as at March 31 2020	**1,007**
	Transition impact on account of adoption of Ind AS 116 "Leases"	(1,268)
	Reclassification due to transition impact on account of adoption of Ind AS 116 "Leases"	(307)
	Additions during the year	(182)
	Deletions during the year	7
	Interest cost accrued during the year	(120)
	Payment of lease liabilities (Principal)	615
	Payment of lease liabilities (Interest)	120
	Lease Liabilities as at March 31 2020	**(1,135)**
	Current	(565)
	Non-Current	(570)
	Lease Liabilities at the end of the year	**(1,135)**
(2)	**Recognized in Statement of Profit and Loss**	
	Depreciation for the year	630
	Interest cost accrued during the year	120
	Expenses relating to leases of low value assets	176
	Total cash outflows from leases during the year	**926**

Notes to Standalone Financial Statements for the year ended March 31, 2020

Amounts in ₹ Mln

42 Subsequent Events

a. Future ownership of Domestic Appliances business

On June 25, 2020, the Board of Directors of the Company have agreed to a proposed plan to separate the Domestic Appliances (DA) business and dispose off the investment in a subsidiary which is operating in the same segment line with the global restructuring exercise announced by Ultimate Holding Company (Koninklijke Philips N.V.). The discontinuance is expected to be completed during 2021.

Domestic Appliance business which is a part of our Business segment "Personal Health" as reported in Note 35 of the Consolidated Financial Statement primarily involves sale of Kitchen appliances (juicers, blenders, Air fryer, food processors), home care (vacuum cleaners, air purifiers), garment care (irons, steam generators) and coffee makers (appliances and accessories).

The Domestic Appliances business had recorded ₹ 6,242 as "Revenue from Operations" during current year. Following the disentanglement of the Domestic Appliances business, the retained Personal Health businesses will continue to play an important role in the company's integrated health continuum approach through connected products and solutions to support the health and well-being of people.

No adjustment has been made in respect of the above in line with requirements of Ind AS 105 Non-Current Assets Held for Sale and Discontinued Operations.

b. Withdrawal of application for capital reduction pending before NCLT, Kolkata Bench

The Company's application for buy back of minority was pending before NCLT, Kolkata. In view of the point (a) above, the Board of Directors have decided on June 25, 2020 to withdraw the application filed with NCLT, Kolkata. Subsequently, withdrawal application has been filed with NCLT on July 27, 2020.

43. The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 3 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.

44. World Health Organisation: (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic in March 2020. Consequent to this, Government of India declared lockdown on March 24, 2020 which has impacted the operations of the Company. Since the gradual easing of the lockdown from April 6, 2020, onwards and in line with the various directives of the Government, the Company has commenced operations in a phased manner. However, there is an uncertainty caused by the current situation. The Company's Management has done an assessment of the situation, including various judgments and estimates, the liquidity position and the recoverability and carrying value of all its assets and liabilities as at March 31, 2020, and concluded that there are no material adjustments required in the financial statements as of March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainty associated with its nature and duration. The Company will continue to monitor any material changes as the situation evolves.

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

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

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30, 2020

For and on behalf of the Board

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

Place: Gurugram
Date: July 30, 2020

TEN YEAR REVIEW

Amounts in ₹ Mln

PARTICULARS	2010	2011-12 (15 M)	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	**2019-20**
Income and Dividends										
Sales	37,249	55,793	53,674	58,387	63,755	62,819	36,723	38,562	42,398	**44,970**
Profit before exceptional items and tax	1,451	1,813	1,752	3,096	5,600	6,503	3,252	2,667	2,959	**2,346**
As percentage of sales	3.9	3.2	3.3	5.3	8.8	10.4	8.9	6.9	7.0	**5.2**
Profit before tax	1,433	1,854	1,858	3,170	6,275	6,278	3,252	2,667	2,607	**2,488**
As percentage of sales	3.8	3.3	3.5	5.4	9.8	10.0	8.9	6.9	6.1	**5.5**
Profit after tax	889	1,338	1,228	2,099	4,235	3,975	2,064	1,681	1,760	**1,515**
As percentage of sales	2.4	2.4	2.3	3.6	6.6	6.3	5.6	4.4	4.2	**3.4**
As percentage of net worth	10.1	13.4	11.1	16.1	24.8	22.1	10.3	7.8	7.6	**6.7**
Earnings per share (₹)	15.46	23.26	21.35	36.49	73.63	69.11	35.88	29.22	30.60	**26.34**
Dividend per equity share (₹)	2.0	2.5	2.0	2.0	3.0	3.0	3.0	3.0	3.0	**3.0**
Assets and Liabilities										
Property, Plant & Equipments	3,524	3,972	4,280	4,295	3,937	2079	2526	2940	3,155	**3,776**
Investments	0	1,000	1,000	1,000	1,000	4,797	7,605	7725	7,579	**7,431**
Deferred tax assets - net	363	462	437	496	809	510	572	746	540	**642**
Inventories	4,131	5,362	5,637	6,293	6,504	4,542	4,554	4037	5,072	**4,169**
Debtors, loans & advances and cash & bank balances	11,580	14,069	15,142	17,725	22,025	18,837	16,735	19212	21,228	**22,078**
Current liabilities & provisions	10,690	12,585	14,737	15,277	16,578	12,531	11,282	12,385	13,800	**15,520**
Net current assets	5,021	6,846	6,042	8,741	11,951	10,848	10,007	10,864	12,500	**10,727**
Net Investment	8,908	12,280	11,759	14,532	17,697	18,234	20,710	22,275	23,774	**22,576**
Represented by										
Equity share capital	575	575	575	575	575	575	575	575	575	**575**
Other reserves	8,231	9,402	10,495	12,459	16,486	17,398	19,450	21,018	22,523	**22,001**
Shareholders' interest (net worth)	8,806	9,977	11,070	13,034	17,061	17,973	20,025	21,593	23,098	**22,576**
Borrowings	102	2,303	689	1,498	636	261	685	682	676	**-**
Total	8,908	12,280	11,759	14,532	17,697	18,234	20,710	22,275	23,774	**22,576**
General										
Exports (F.O.B)	1,033	1,839	1,933	2,541	3,068	3,002	2,467	2,556	3,884	**2,592**
Salaries, bonus & staff welfare (excluding V.R.S)	4,075	7,174	7,427	8,314	10,169	11,214	9,989	11,181	12,369	**13,514**
Debt : Equity Ratio	1:99	19:81	6:94	10:90	4:96	1:99	3:97	3:97	3:97	**0:100**
Number of employees at year end	4,762	5,658	5,617	5,830	5,507	3,283	3,727	4,167	4,569	**4,944**

INDEPENDENT AUDITOR'S REPORT

To the Members of Philips India Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of Philips India Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidatedInd AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our auditof financial statements we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and its subsidiary company none of the directors of the Group's companies incorporated in India,is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 32 to the consolidated Ind AS financial statements;

   ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India during the year ended March 31, 2020.

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

Per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 20083906AAAABA7872
Place of Signature: Gurugram
Date: July 30,2020

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS 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")

In conjunction with our audit of the consolidated Ind AS financial statements of Philips India Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Philips India Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS financial statements

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

Inherent Limitations of Internal Financial Controls Over Financial ReportingWith Reference to these Consolidated Ind AS financial statements

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Per Manoj Kumar Gupta
Partner
Membership Number: 83906
UDIN: 20083906AAAABA7872
Place of Signature: Gurugram
Date: July 30,2020

Consolidated Balance Sheet as at 31 March 2020

Amounts in ₹ Mln

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	4,036	3,197
Capital work-in-progress	2	247	304
Investment Property	3	59	59
Goodwill	4	1,191	1,191
Investment in associate	5	-	-
Financial Assets			
a. Trade Receivables	7(a)	938	858
b. Other Financial Assets	7(b)	517	373
Deferred tax assets (net)	8	1,774	2,394
Advance income tax (net of provision)		3,065	3,008
Other non current assets	9	736	643
		12,563	12,027
Current assets			
Inventories	10	4,790	5,623
Contract Assets	6	234	257
Financial Assets			
a. Trade receivables	11(a)	8,028	8,048
b. Cash and cash equivalents	11(b)	8,578	7,537
c. Other Financial Assets	11(c)	152	347
Other current assets	12	3,152	2,833
		24,934	24,645
Assets classified as held for sale	13	15	26
TOTAL ASSETS		37,512	36,698
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14	575	575
Other Equity	15	19,947	20,390
Equity attributable to equity shareholders		20,522	20,965
LIABILITIES			
Non-current liabilities			
Contract Liabilities	6	720	724
Financial Liabilities			
Lease Liabilities	16	729	385
Other non-current liabilities	17	160	159
Provisions	18	3,022	800
		4,631	2,068
Current liabilities			
Contract Liabilities	6	1,903	2,220
Financial Liabilities			
a. Lease Liabilities	19	596	298
b. Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	19	123	156
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises"	19	6,616	7,814
c. Other financial liabilities	19	126	281
Other current liabilities	20	1,786	1,883
Provision for taxation (net of advances)		208	184
Provisions	18	1,001	829
		12,359	13,665
TOTAL EQUITY AND LIABILITIES		37,512	36,698
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming part of the Consolidated Financial Statements

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30 2020

For and on behalf of the Board

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

Place: Gurugram
Date: July 30 2020

Consolidated Statement of Profit and Loss for the year ended 31 March 2020

Amounts in ₹ Mln

Particulars	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	21	51,945	49,121
Other income	22	589	775
Total Income		52,534	49,896
Expenses			
Cost of raw materials consumed	23	4,566	5,857
Purchases of stock-in-trade	24	19,170	17,539
Changes in inventories of work-in-progress, finished goods and stock-in-trade	25	499	(625)
Employee benefits expense	26	14,139	13,142
Finance costs	27	217	137
Depreciation and amortization expense	28	1,273	1,533
Impairment of Non-current Asset	2	-	49
Other expenses	29	9,684	9,189
Total expenses		49,548	46,821
Profit before exceptional items and tax		2,986	3,075
Exceptional items (net) Loss / (Profit)	35	(142)	229
Profit before share in Loss of Associate and tax		3,128	2,846
Less : Share in Loss of Associate		-	(19)
Profit before tax		3,128	2,827
Tax expense			
Current tax	8(a)	(877)	(1,094)
Income Tax provisions related to prior years written back	8(a)	-	184
Deferred tax expenses - credit / (charge)	8(a)	(814)	(10)
Profit for the year (A)		1,437	1,907
Attributable to:			
Equity holders of the parent		1,437	1,907
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or Loss			
Re-measurement gains / (losses) on defined benefit plans	30	(750)	(61)
Income tax effect on defined benefit plans	8(a)	194	22
Other Comprehensive Income for the year (B)		(556)	(39)
Total Comprehensive income for the year (A+B)		881	1,868
Earnings per equity share			
Basic and diluted earnings per equity share of ₹10 each (in ₹)	44	24.99	33.15
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming part of the Consolidated Financial Statements

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30 2020

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — DANIEL MAZON (DIN: 07954025)

Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)

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

Place: Gurugram
Date: July 30 2020

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

Amounts in ₹ Mln

A. EQUITY SHARE CAPITAL

Equity shares of ₹10 each issued, subscribed and fully paid up	Number of shares	Amount
As at 1 Apr, 2018	57,517,242	575
Changes in equity share capital during the year	-	-
As at 31 March, 2019	57,517,242	575
Changes in equity share capital during the year	-	-
As at 31 March, 2020	**57,517,242**	**575**

B. OTHER EQUITY

Particulars	Reserves and Surplus		Items of OCI	Total
	General reserve*	Retained earnings*	Remeasurement*	
As at 1 Apr, 2018	2,315	16,316	99	18,730
Profit for the year	-	1,926	-	1,926
Remeasurement benefit of defined benefit plans	-	-	(39)	(39)
Share in Profit/(Loss) of Associate	-	(19)	-	(19)
Total Comprehensive Income for the year	-	1,907	(39)	1,868
Reductions during the year				
Dividend	-	(173)	-	(173)
Dividend distribution tax	-	(35)	-	(35)
Total	-	(208)	-	(208)
As at 31 March, 2019	**2,315**	**18,015**	**60**	**20,390**
Profit for the year	**-**	**1,437**	**-**	**1,437**
Transition impact of Ind AS 116, net of tax (refer note 2)	**-**	**(7)**	**-**	**(7)**
Transition impact of Appendix C to Ind AS 12	**-**	**(1,258)**	**-**	**(1,258)**
Remeasurement benefit of defined benefit plans	**-**	**-**	**(556)**	**(556)**
Total Comprehensive Income for the year	**-**	**173**	**(556)**	**(383)**
Reductions during the year				
Dividend	**-**	**(173)**	**-**	**(173)**
Dividend distribution tax	**-**	**(35)**	**-**	**(35)**
Total	**-**	**(208)**	**-**	**(208)**
Other adjustments during the year				
Share in Profit/(Loss) of Associate absorbed in previous years now reversed since investment in Associate is realized during the year (Refer Note 5)	**-**	**148**	**-**	**148**
Total	**-**	**148**	**-**	**148**
As at 31 March, 2020	**2,315**	**18,128**	**(496)**	**19,947**

* Refer note 15

Refer accompanying notes forming part of the Consolidated Financial Statements

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30 2020

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

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

Place: Gurugram
Date: July 30 2020

Consolidated Cash Flow Statement for the year ended 31 March 2020

Amounts in ₹ Mln

	Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
A.	**Cash flow from operating activities**				
	Profit before tax		**3,128**		2,846
	Exceptional items		**142**		(229)
	Profit before tax and exceptional items		**2,986**		3,075
	Adjusted for				
	(Profit) / loss on disposal of Property, Plant & Equipment	**1**		4	
	Write off and other adjustment of Property, Plant & Equipment	**31**		40	
	Depreciation and amortization	**1,276**		1,533	
	Unrealized foreign exchange (gain) and loss (net)	**(4)**		1	
	Allowances for doubtful trade receivables and loans and advances	**164**		127	
	Liabilities no longer required written back	**(62)**		(80)	
	Interest on advances, current accounts and deposits	**(684)**		(817)	
	Impairment of Fixed Assets	**-**		49	
	Finance costs	**217**	**939**	127	984
	Operating profit before working capital changes		**3,925**		4,059
	Changes in:				
	Trade receivables and other loans & advances	**(864)**		(1,565)	
	Inventories	**835**		(1,101)	
	Trade payables and other liabilities	**(680)**		1,706	
			(709)		(960)
	Cash generated from operations		**3,216**		3,099
	Income tax paid (net of refunds)		**(706)**		(1,553)
	Net cash generated from operating activities		**2,510**		1,546
B.	**Cash flow from investing activities**				
	Purchase of Property, Plant and Equipment		**(1,329)**		(1,225)
	Proceeds from sale of Property, Plant & Equipment		**49**		89
	Cash received on sale of investments		**350**		-
	Investment in Subsidiary		**(20)**		-
	Intercorporate deposits given to Subsidiary		**(44)**		-
	Advance received against sale of Property, Plant & Equipment		**-**		4
	Proceeds from slump sale		**-**		80
	Interest received		**617**		825
	Net cash used in investing activities		**(377)**		(227)
C.	**Cash flow from financing activities**				
	Finance costs		**(238)**		(145)
	Finance lease obligations		**-**		(12)
	Principal repayment of lease liabilities		**(646)**		-
	Proceeds / (repayments) of short term borrowings		**-**		(146)
	Dividend paid (including tax thereon)		**(208)**		(208)
	Net cash used in financing activities		**(1,092)**		(511)
	Increase / (Decrease) in cash and cash equivalents (A+B+C)		**1,041**		808

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

Amounts in ₹ Mln

	Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
D.	**Cash and cash equivalents - Opening Balance**		
	Cash and cash equivalents ((refer note 11 (b))	**175**	1,596
	Unpaid dividend ((refer note 11 (b))	**13**	13
	Deposits with Banks ((refer note 11 (b))	**7,349**	5,120
	TOTAL	**7,537**	6,729
E.	**Cash and cash equivalents - Closing Balance**		
	Cash and cash equivalents ((refer note 11 (b))	**103**	175
	Unpaid dividend ((refer note 11 (b))	**13**	13
	Deposits with Banks ((refer note 11 (b))	**8,462**	7,349
	TOTAL	**8,578**	7,537
	Net increase/(decrease) in cash and cash equivalents (E-D)	**1,041**	808

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

Refer accompanying notes forming part of the Consolidated Financial Statements

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30 2020

For and on behalf of the Board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — DANIEL MAZON (DIN: 07954025)

Director & CFO — SUDEEP AGRAWAL (DIN: 08056132)

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

Place: Gurugram
Date: July 30 2020

Notes to Consolidated Financial Statements for the year ended 31 March 2020

CORPORATE INFORMATION:

Philips India Limited (the 'Group') is a public limited Group 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 Group along with its subsidiaries and its associate has been collectively hereinafter referred to as "the Group". The Group's business segments comprise of (a) Personal Health, (b) Healthcare Systems and (c) Innovation Services. The Group has manufacturing facilities in Pune, Maharashtra and Software Development centre in Bangalore. The Group sells its products primarily in India through independent distributors and modern trade. The Financial statements for the year ended 31 March 2020 were authorized by the Board of Directors for issue in accordance with resolution passed on July 30, 2020.

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1. (A) Basis of preparation of financial statements

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

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

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of the Group and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra Group balances and intra Group transactions and resulting unrealized profits are eliminated in full. Unrealized profits or losses resulting from intra Group transactions are also eliminated unless cost cannot be recovered.

Minority Interest in the net assets of consolidated subsidiary is identified and presented in the consolidated Balance Sheet separately from liabilities and equity of the Group's shareholders. Minority interest in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and

(b) The minority share of movements in equity since the date parent subsidiary relationship came into existence.

Minority interest's share of Net Profit / (Loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the Group.

Investment in an entity in which the Group has significant influence but not a controlling interest, is reported according to the equity method i.e. the investment is initially recorded at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate.

Application of new and revised standards:

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing April 1, 2019.

- **Ind AS 116 –** Leases (Refer Note 2 and 45 in financial statements) and paragraph 1.16 below
- **Uncertainty over income tax treatments, Appendix C to Ind AS 12, Income Taxes.** (Refer note 18 in financial statements).

In the current year, the Group has adopted the amendments introduced through Appendix C to IND AS 12. The Group is having unsettled positions for several previous years. There are ongoing disputes with the department and previous experience has shown that Income Tax Authorities will not accept the Group's point of view and hence the same have been considered and adequately provided for while calculating current tax provision for years where assessment is complete and where assessment is in progress. Considering the circumstances and management's judgment of adjudicating authority's position, the Group has considered it to be prudent to recognize a provision of INR 1259 MLN from retained earnings in relation to the financial years till 31 March 2019 and a further provision of INR 204 MLN in Statement of Profit and Loss for the current year. For disclosure purposes, the Group has incorporated the presentation of uncertain tax positions in the balance sheet and disclosed the same under the line item long term provision for legal and regulatory. (Refer note 18 in financial statements).

- **Amendments to Ind AS 109:** Prepayment Features with Negative Compensation Under Ind AS 109, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments have no impact on the standalone financial statements of the Group

- **Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement** The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to

  a) Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

  b) Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability (asset). The amendments had no impact on the standalone financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

- **Amendments to Ind AS 28: Long-term interests in associates and joint ventures** The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests. The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures. These amendments had no impact on the standalone financial statements as the Group

- **Annual Improvements to Ind AS 2018**

  Ind AS 103 Business Combinations:

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including re-measuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer re-measures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019. These amendments had no impact on the standalone financial statements of the Group as there is no transaction where joint control is obtained.

  Ind AS 111 Joint Arrangements

  An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not re-measured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after April 1, 2019. These amendments had no impact on the standalone financial statements of the Group as there is no transaction where a joint control is obtained.

  Ind AS 12 Income Taxes:

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019. Since the Group's current practice is in line with these amendments, they had no impact on the standalone financial statements of the Group.

Ind AS 23 Borrowing Costs:

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Group's current practice is in line with these amendments, they had no impact on the standalone financial statements of the Group.

(B) Current / Non-Current classification

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

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

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

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

1.2. Key Accounting Estimates and Judgements

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

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

- Measurement of defined benefit obligations – Note 30
- Measurement and likelihood of occurrence of provisions and contingencies – Note 18
- Recognition of deferred tax assets – Note 8
- Measurement of Lease liabilities and Right of Use Asset – Note 2 and 45

1.3. Recent Accounting Developments:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

1.4. (a) Property, Plant and Equipment

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

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

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

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

(b) Investment Properties:

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

(c) Capital work in progress and Capital Advances

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

1.5 Intangible Assets

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

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

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

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

For PKAPL, the period of amortization for Brands and distribution network is 8 years which represents the economic useful life of Brands and distribution network. Goodwill that arises on the acquisition of a business is presented as an intangible asset. Goodwill arising on acquisition of a business is measured at cost.

1.6 Investments in Associates:

Investments in associate are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in associates, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

1.7 Inventories:

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

1.8 Non-current assets classified as held for sale

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

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

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

1.9 Cash and Cash equivalents:

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

1.10 Financial Instruments:

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

a) Financial Assets:

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

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

Initial Recognition and Measurement:

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

Subsequent Measurement:

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

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

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

Debt instruments at amortized cost:

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

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

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

This category is most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the

Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in income in profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at fair value through OCI:

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

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for 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 recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Equity investments of other entities

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

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

De-recognition

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

b) Financial Liabilities:

Initial recognition and measurement

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

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

Trade Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 120 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized 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 recognized in the statement of profit and loss.

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

Loans and borrowings

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

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

De-recognition

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

Offsetting of financial instruments:

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

Reclassification of financial assets:

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

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

1.11 Provisions & Contingencies:

Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

Contingent liabilities

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

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

1.12 Revenue Recognition

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

- **Sale of goods**

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

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

- **Variable Consideration**

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

- **Significant financing component**

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

- **Warranty obligations**

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

- **Contract Balances:**

  Contract assets:

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

  Contract liabilities:

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

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

  Right of return assets:

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

  Refund Liabilities:

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

- **Rendering of Services**

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

Revenue from the sale of goods/ equipment's is recognized when the significant risks and rewards of ownership of the goods have passed to the customers/ completion of installation.

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

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

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

- **Export benefit**

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

- **Interest Income**

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

1.13 Employee Benefits:

Short-term obligations

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

Defined Contribution Plans

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

Defined Benefit Plans

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

Termination benefits are recognized as and when incurred.

The Group covers a part of the liability towards employees' gratuity by way of contributing to a registered trust. Liability with respect to the Gratuity plan, determined on basis of actuarial valuation as described above, and any differential between the fund amount as per the trust and the liabilities as per actuarial valuation is recognized as an asset or liability. Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

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

Post-Retirement Medical benefit plan

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

Share-based payments

Certain employees are given stock option plans of Ultimate Holding Group. The cost of stock option plans is calculated by the Ultimate Holding Group using the Black and Scholes option pricing model. The cost calculated using this method is recognized as an employee benefits expense over the vesting period of the

1.14 Impairment of Non-Financial Assets

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

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

1.15 Income Taxes

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

Current Tax:

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

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

1.16 Leases:

The Group has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

As a lessee

The Group mainly has lease arrangements for vehicles and buildings (office premises).

Notes to Consolidated Financial Statements for the year ended 31 March 2020

The Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether there is an identified asset, whether the Group has the right to direct the use of the asset and whether the Group obtains substantially all the economic benefits from the use of that asset.

The Group recognizes a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group uses an incremental borrowing rate, term and currency of the contract. Generally, the Group uses its incremental borrowing rate as the discount rate.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right of-use assets are determined on the same basis as those of property and equipment. In addition, the right of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability is accounted at amortized cost. The lease liabilities are adjusted for the lease payments made by the Group. Lease payments are allocated between principle and finance cost. Finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In case of changes in the future lease payments due to renegotiation, changes of an index or rate, the lease liability is re-measured (with a corresponding adjustment to the related right-of-use asset).

Short-term leases and leases of low-value assets:

The Group has elected not to recognize right-of-use assets and lease liabilities for short term leases as well as low value assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option)."

Until March 31, 2019:

Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease unless the payments 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 re recognized as an expense in line with contractual term. Leases are classified as finance leases whenever their terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

As a lessor:

Lease income from operating leases where the Group is a lessor is recognized in income on a straight line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

1.17 Foreign Currencies:

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

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

Measurement of foreign currency items at the balance sheet date

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

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

Exchange differences

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

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

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

1.18 Fair value measurement of Financial Instruments:

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

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

The categories used are as follows:

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

1.19 Operating Segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group.

1.20.Exceptional items:

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

1.21 Earnings Per Share:

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

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

1.22 Government Grants:

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

Notes to Consolidated Financial Statements for the year ended 31 March 2020

2 Property, Plant and Equipment

Amounts in ₹ Mln

Particulars	Owned Assets									Leased Assets (taken on finance lease)		Right of Use (ROU) Assets ***		Total
	Leasehold Land	Freehold Land	Buildings	Leasehold Improvements	Plant and Equipment	Plant and Equipment (given on operating lease)	Office Equipment	Furniture	Vehicles	Vehicles	Plant and Machinery	Vehicles	Buildings	
Gross carrying value														
As at 1 Apr, 2018	147	79	535	697	1,878	85	394	368	8	600	491	-	-	5,282
Additions	-	-	-	75	537	38	19	10	6	126	146	-	-	957
Disposals	-	(29)	(215)	-	(257)	-	(22)	(29)	(4)	(124)	-	-	-	(680)
As at 31 March, 2019	147	50	320	773	2,158	123	391	349	10	602	637	-	-	5,559
Transition / (Reclassification) as at Apr 1, 2019 *										**(602)**	**(637)**	**602**	**1,450**	**814**
Additions	**35**	**-**	**-**	**367**	**488**	**2**	**27**	**37**	**4**	**-**	**-**	**185**	**-**	**1,145**
Disposals	**-**	**-**	**(3)**	**(34)**	**(34)**	**-**	**(5)**	**(11)**	**(2)**	**-**	**-**	**(159)**	**-**	**(247)**
Other Adjustments **	**-**	**-**	**-**	**-**	**(112)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(112)**
As at 31 March, 2020	**182**	**50**	**318**	**1,105**	**2,501**	**125**	**413**	**375**	**12**	**-**	**-**	**628**	**1,450**	**7,158**
Accumulated Depreciation														
As at 1 Apr, 2018	1	-	45	174	755	41	161	108	8	269	152	-	-	1,714
Depreciation charge for the year	1	-	17	139	375	13	30	41	1	167	139	-	-	923
Disposals	-	-	(39)	-	(147)	-	(17)	(22)	(4)	(95)	-	-	-	(324)
Impairment	-	-	49	-	-	-	-	-	-	-	-	-	-	49
As at 31 March, 2019	2	-	72	313	983	54	174	127	5	341	291	-	-	2,362
Transition / (Reclassification) as at Apr 1, 2019 *										**(341)**	**(291)**	**341**		**(291)**
Depreciation charge for the year	**1**	**-**	**9**	**149**	**304**	**16**	**75**	**48**	**1**	**-**	**-**	**141**	**530**	**1,273**
Disposals	**-**	**-**	**-**	**(25)**	**(22)**	**-**	**(2)**	**(3)**	**(2)**	**-**	**-**	**(124)**	**-**	**(180)**
Other Adjustments **	**-**	**-**	**-**	**-**	**(41)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(41)**
As at 31 March, 2020	**3**	**-**	**80**	**437**	**1,223**	**70**	**246**	**171**	**4**	**-**	**-**	**359**	**530**	**3,122**
Net book value														
As at 31 March, 2019	145	50	248	459	1,175	69	217	222	5	261	346	-	-	3,197
As at 31 March, 2020	**179**	**50**	**238**	**668**	**1,277**	**55**	**167**	**204**	**8**	**-**	**-**	**269**	**920**	**4,036**

* Reclassification consequent to adoption of Ind AS 116

** Represents deletion of net block of assets relating to Philips Homecare Services India Private Limited (PHSIPL - wholly owned subsidiary) consequent to closure of business operations.

Capital Work in Progress	**As at 31 March 2020**	As at 31 March 2019
Book value	**247**	304

*** Right of Use (ROU) Assets:

The Group has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated. This has resulted in recognizing a right-of-use asset of ₹**1450** and a corresponding lease liability of ₹**1457**. The difference has been adjusted to retained earnings as at 1st April 2019.

Right of Use (ROU) assets include vehicles and buildings accounted in accordance with Ind AS 116 - Leases (Refer note 45)

The net block of vehicles ₹**247** (gross block ₹**585** and accumulated depreciation ₹**338**)) have been reclassified to Right of Use assets and net block of plant & machinery ₹**346** (gross block ₹**637** and accumulated depreciation ₹**291**) have been adjusted to retained earnings as at April 1, 2019 consequent to adoption of Ind AS 116 - Leases.

Capital Work in Progress As at 31 March, 2020 includes assets under construction due to expansion work in Group's Plant at Pune.

Amounts in ₹ Mln

3 Investment Property

Particulars	As at 31 March 2020	As at 31 March 2019
At the beginning of the year	**59**	59
Additions	-	-
Disposals	-	-
End of the year	59	59
Depreciation		
At the beginning of the year	-	-
Additions	-	-
Disposals	-	-
End of the year	-	-
Net Block	**59**	59

1 The investment property consist of freehold land held by the Group, which was fair valued at the acquisition date.

2. Investment property comprises of land parcel owned by the Group. The fair value of the property as at March 31, 2020 was ₹116 (March 31, 2019 - ₹141). The fair values are based on valuations performed by a qualified independent valuer.

3. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

4. Fair value hierarchy disclosures for investment properties have been provided in Note 39.

4 Intangible assets

Particulars	Goodwill	Brands	Distribution Network	Total
Cost				
As at 1 April 2018	1,191	1,498	945	3,634
Additions				
Disposals and adjustments				
As at 31 March 2019	1,191	1,498	945	3,634
Additions				
Disposals and adjustments				
As at 31 March 2020	**1,191**	**1,498**	**945**	**3,634**
Amortization and impairment				
As at 1 April 2018		**1,125**	**708**	**1,833**
Amortization for the year		373	237	**610**
Disposals and adjustments				
As at 31 March 2019		1,498	945	2,443
Amortization for the year				
Disposals and adjustments				
As at 31 March 2020		**1,498**	**945**	**2,443**
Net book value				
As at 31 March 2019	1,191			**1,191**
As at 31 March 2020	**1,191**			**1,191**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

5 Investment in associate

Particulars	As at 31 March 2020	As at 31 March 2019
Unquoted Investments		
NIL (31 March 2019 - 14,800,000) equity shares of ₹ 10/- each fully paid up in Healthmap Diagnostics Private Limited - an associate *	-	-
	-	-

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

6 Contract balances

	As at 31 March 2020		As at 31 March 2019	
	Current	Non-Current	Current	Non-Current
Contract assets	234	-	257	-
Contract liabilities	1,903	720	2,220	724

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

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

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

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

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables	**938**	858
Total	**938**	858

Break up for security details

Trade receivables	As at 31 March 2020	As at 31 March 2019
Trade receivables - Secured, considered good {(refer note 11(a)}	**938**	858
Trade receivables - Unsecured, considered good	**-**	-
Trade Receivables which have significant increase in credit risk	**-**	-
Trade Receivables - credit impaired	**68**	32
	1,006	890
Less: Allowance for Trade Receivable - credit impaired	**(68)**	(32)
	938	858

7 (b). Non-current financial assets - others

Loans (Unsecured considered good unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Security Deposits		
- Security Deposits Considered good	**516**	372
- Security Deposits Credit impaired	**-**	-
- Less: Allowances for Security Deposits - credit impaired	**-**	-
Bank Deposits (due to mature after 12 months from reporting date)	**1**	1
	517	373

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

8 Deferred Tax Assets (Net)

a. Components of Income Tax Expense

(i) Tax expense recognised in Statement of Profit and Loss	**Year ended 31 March 2020**	Year ended 31 March 2019
- Current Tax *	**(877)**	(1,094)
- Income Tax provisions related to prior years written back	**-**	184
* includes ₹204 recognized on Transition impact of Appendix C to Ind AS 12	**(877)**	(910)
Deferred tax expenses (charge) / credit		
- Relating to origination and reversal of temporary differences	**(814)**	(10)
	(814)	(10)
(ii) Tax on Other Comprehensive Income		
Deferred tax		
- Gain / (Loss) on measurement of net defined benefit plans	**194**	22
Total	**194**	22

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

Particulars	**For year ended 31 March 2020**	For year ended 31 March 2019
Profit before tax	**3,128**	2,827
Income tax calculated @	**25.170%**	34.944%
Computed tax expense	**787**	988
Differences due to:		
- Expenses not deductible for tax purposes	**(30)**	111
- Income Tax provisions related to prior years written back	**-**	(184)
- Impact of differential rate used for deferred tax	**156**	-
- Others	**84**	(68)
- Utilization of carry forward losses	**693**	73
Income tax charged to Statement of Profit and Loss at effective tax rate of 54.07% (Previous year - 32.54%)	**1,691**	920
Income tax expense reported in statement of Profit and Loss	**1,691**	920

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

Particulars	**Balance Sheet**		**Recognized in Statement of profit and loss**	
	As at 31 March 2020	As at 31 March 2019	**For year ended 31 March 2020**	For year ended 31 Machr 2019
Net deferred tax assets/(liabilities)				
- Losses available for offsetting against future taxable income	**1,265**	1,958	**(693)**	(73)
- Provision for employee benefits	**208**	276	**(68)**	(7)
- Doubtful trade receivables and advances	**193**	251	**(58)**	19
- Difference between book and tax depreciation	**(386)**	(494)	**108**	(48)
- Other timing differences	**322**	425	**(103)**	(196)
Total (A)	**1,602**	2,416	**(814)**	(305)
Deferred tax relation to prior years reclassed to Advance tax (B)	**-**	-	**-**	(294)
Net impact to Statement of Profit and Loss relating to current year (C=A-B)	**1,602**	2,416	**(814)**	(11)
Re-measurement (gains) / losses on defined benefit plans (D)	**172**	(22)	**194**	22
Net deferred tax assets/(liabilities) (B+C+D)	**1,774**	2,394	**(620)**	(283)

Amounts in ₹ Mln

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

Particulars	**As at 31 March 2020**	As at 31 March 2019
Opening balance as of 1 April	**2,394**	2,677
Tax income/(expense) during the year recognized in profit and loss	**(814)**	(11)
Tax income/(expense) during the year recognized in OCI	**194**	22
Deferred tax relating to prior years	**-**	(294)
Closing balance as at 31 March	**1,774**	2,394

9 Other non-current assets

(Unsecured, considered good unless otherwise stated)

Particulars	**As at 31 March 2020**	As at 31 March 2019
Advance Rentals	**52**	66
Capital Advances	**49**	29
VAT credit receivable	**68**	62
Deposits against legal cases	**567**	486
Considered doubtful		
VAT credit receivable	**25**	25
Deposits against legal cases	**21**	20
Special additional duty receivables and drawback claims	**56**	56
Claims receivables	**54**	54
Less: Allowances for doubtful other loans and advances		
VAT credit receivable	**(25)**	(25)
Deposits against legal cases	**(21)**	(20)
Special additional duty receivables and drawback claims	**(56)**	(56)
Claims receivables	**(54)**	(54)
	736	643

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

Particulars	**As at 31 March 2020**	As at 31 March 2019
Raw materials (includes goods-in-transit ₹**44** (31 March 2019 ₹35)	**811**	916
Work in Progress	**1,091**	1,047
Finished Goods (includes goods-in-transit ₹**16** (31 March 2019 ₹21)	**363**	299
Stock-in-Trade (goods purchased for resale) (includes goods-in-transit ₹ **366** (31 March 2019 ₹591)	**2,516**	3,352
Stores and Spares	**9**	9
	4,790	5,623

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

11(a) Current Financial assets - Trade Receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables	**5,151**	5,993
Trade Receivables from an associate (Note 33)	**-**	29
Trade Receivables from other related parties (Note 33)	**2,877**	2,026
Total	**8,028**	8,048

Break up for security details

Trade receivables	As at 31 March 2020	As at 31 March 2019
Trade receivables -Secured, considered good **	**693**	240
Trade receivables - Unsecured, considered good	**7,335**	7,808
Trade Receivables which have significant increase in Credit Risk	**-**	-
Trade Receivables - credit impaired	**475**	396
	8,503	8,444
Allowances for Trade Receivables - credit impaired	**(475)**	(396)
	8,028	8,048

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

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

Secured trade receivables includes finance lease receivables amounting to ₹**762** (31 March 2019 - ₹ 548) relating to medical equipment leased out by the Healthcare division of the Group. The lease term varies between 5-7 years. The total minimum lease payments for assets given on finance lease is ₹**1,051** (31 March 2019 - ₹753) which includes unearned interest of ₹**289** (31 March 2019 ₹205). The maturity profile of finance lease obligation is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Minimum lease payments		
Receivable within 1 year	**275**	219
Receivable between 1-5 years	**610**	404
Receivable after 5 years	**166**	130
Total	**1,051**	753
Present value		
Receivable within 1 year	**180**	154
Receivable between 1-5 years	**430**	280
Receivable after 5 years	**152**	114
Total	**762**	548
Unearned interest	**289**	205

Amounts in ₹ Mln

11(b) Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks:		
– On current accounts	**75**	122
– Deposits with original maturity of less than three months**	**8,462**	7,349
Cheques/ drafts on hand	**28**	52
Cash on hand		1
	8,565	7,524
Other Bank Balances		
Unpaid dividend accounts	**13**	13
	8,578	7,537

** Refer note 11 (c)

Changes in Liabilities arising from financing activities

Particulars	As at 1 April 2019	Cash Flows **	As at 31 March 2020
Lease Liabilities			
Transition impact due to adoption of Ind AS 116 (refer note 45)	1,488	(330)	**1,158**
Reclassification from Borrowings to Lease Liabilities *	308	(141)	**167**
* Net of ₹**368** relating to low value assets (IT Devices) as at April 1, 2019	1,796	(471)	**1,325**

**Break up of cash flows during the year:	
Additions during the year	186
Deletions during the year	(11)
Payment of lease liabilities (Principal)	(646)
Total	**(471)**

Particulars	As at 1 April 2018	Cash Flows	As at 31 March 2019
Borrowings	145	(145)	-
Finance lease obligations	694	(11)	683
Total liabilities from financing activities	839	(156)	683

11(c) Current Financial assets - Others

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Interest accrued on deposits with banks	**30**	47
(ii) Government grants	**84**	188
(iii) Security Deposits		
(Includes earnest money deposits with banks in the nature of fixed deposits)		
Security Deposits Considered good	**38**	112
Security Deposits Credit impaired	**34**	52
Allowances for Security Deposits - credit impaired	**(34)**	(52)
	152	347

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

12 Other current assets

(Unsecured, considered good unless otherwise stated)

Particulars	**As at 31 March 2020**	As at 31 March 2019
Advance to suppliers (other than related party)	**556**	441
Advance to related party	**70**	68
Advance Rentals	**23**	-
CENVAT credit receivable	**196**	336
GST Input tax credit receivable	**1,346**	1,275
VAT credit receivable	**6**	5
Special additional duty receivables and drawback claims	**175**	118
Balances with customs and port trust	**53**	24
Prepaid expenses	**88**	162
Claims receivables	**622**	384
Advances to employees	**17**	20
Considered doubtful	**-**	-
Advance to suppliers	**29**	28
Claims receivables	**9**	9
Special additional duty receivables and drawback claims	**21**	17
Allowances for doubtful other loans and advances		
Advance to suppliers	**(29)**	(28)
Claims receivables	**(9)**	(9)
Special additional duty receivables and drawback claims	**(21)**	(17)
	3,152	2,833

13 Assets Classified As Held For Sale

Particulars	**As at 31 March 2020**	As at 31 March 2019
Property, plant and equipment		
Assets retired from active use (refer note below)	**15**	26
	15	26

During the previous years, the Group initiated identification and evaluation of potential buyers for the properties located in the states of Maharashtra , Gujarat & Goa. Consequently, the Group has completed sale of the properties located in the states of Gujarat and Goa during the current year and anticipates completion of sale of properties in the state of Maharashtra by March 2021.These are recognized and measured in accordance with Ind-AS 105 "Non-Current Assets Held for Sale and Discontinued Operations" at lower of its carrying amount and fair value less cost to sell.

Amounts in ₹ Mln

14 Equity Share Capital

	As at 31 March 2020		As at 31 March 2019	
Authorised	**No. of shares**	**Amount**	No. of shares	Amount
Equity shares of ₹ 10 each	**92,000,000**	**920**	92,000,000	920
Non-convertible cumulative preference shares of ₹ 10 each	**20,000,000**	**200**	20,000,000	200
Total	**112,000,000**	**1,120**	112,000,000	1,120

Issued, subscribed and paid-up	**No. of shares**	**Amount**	No. of shares	Amount
Equity shares of ₹10 each	**57,517,242**	**575**	57,517,242	575
Total	**57,517,242**	**575**	57,517,242	575

(i) Reconciliation of the number of equity shares outstanding

	As at 31 March 2020		As at 31 March 2019	
At the beginning and at the end of the reporting period	**57,517,242**	**575**	57,517,242	575

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

The Group has only one class of equity shares having a par value of ₹ 10/- per share (31 March 2019 : ₹ 10/- per share). Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	**Amount**	No. of shares	Amount
Koninklijke Philips N.V (KPNV)	**55,290,182**	**553**	55,290,182	553

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

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	**% holding**	No. of shares	% holding
Koninklijke Philips N.V (KPNV)	**55,290,182**	**96.13**	55,290,182	96.13

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

15 Other Equity

	As at 31 March 2020		As at 31 March 2019	
General reserve				
As at the beginning of the year	**2,315**		2,315	
As at the end of the year		**2,315**		2,315
Retained Earnings				
As at the beginning of the year	**18,075**		16,415	
Add: Profit for the year	**1,437**		1,907	
Less: Reductions during the year				
Dividend	**(173)**		(173)	
Dividend distribution tax	**(35)**		(35)	
Transition impact of Appendix C to Ind AS 12	**(1,258)**		-	
Other adjustments during the year				
Share in Profit/(Loss) of Associate absorbed in previous years now reversed since investments in Associate are realised during the year (Refer Note 5)	**148**		-	
Transition impact of Ind AS 116, net of tax (refer note 2)	**(7)**		-	
Items of Other Comprehensive Income (OCI) recognized directly in retained earnings				
Re-measurement gains/ (losses) on defined benefit plans (net of tax)	**(556)**		(39)	
		17,632		18,075
Total		**19,947**		20,390

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

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Re-measurement gains / (losses) on defined benefit plans	**(750)**	(61)
Income Tax effect	**194**	22
	(556)	(39)

A. Summary of Other Equity

Particulars	**As at 31 March 2020**	As at 31 March 2019
General Reserve	**2,315**	2,315
Retained Earnings	**18,188**	18,114
Items of OCI	**(556)**	(39)
Total other Equity	**19,947**	20,390

B. Description of nature and purpose of each reserve

(1) General Reserve and Retained Earnings

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

(2) Re-measurement of Net Defined Benefit Plans

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

Amounts in ₹ Mln

16 Non-current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Long Term maturities of finance lease obligations (secured) (Borrowings) *	**-**	385
Lease Liabilities:	**729**	-
Total	**729**	385

* The finance lease obligations were secured by underlying assets (Vehicles and IT devices) [refer note 2]. The legal title of the underlying assets vests with the lessors and the lease term varies between 3-5 years, the total minimum lease liability for assets obtained on finance lease is ₹ **Nil** (Previous Year-₹ 780) which includes interest of ₹**Nil** (Previous Year- ₹ 97).

The maturity profile of finance lease obligations prior to adoption of Ind AS 116 is as follows:"

Particulars	**As at 31 March 2020**		As at 31 March 2019	
	Minimum Lease payments	**Present value**	Minimum Lease payments	Present value
Payable within 1 year	**-**	**-**	354	298
Payable between 1-5 years	**-**	**-**	426	385
Total minimum lease payments	**-**	**-**	780	683
Less: Interest		**-**	97	-
Present value of minimum lease payments	**-**	**-**	683	683

17 Other non-current liabilities

	As at 31 March 2020	As at 31 March 2019
Employee related payables	**160**	142
Security deposits	**-**	17
	160	159

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

18 Provisions

	Long-term		Short-term	
	As at 31 March 2020	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019
Provision for employee benefits				
Gratuity (refer note 30)	**493**	480	**28**	18
Compensated absences	**226**	233	**41**	31
Post-employment medical benefits	**-**	-	**21**	15
Defined benefit obligation	**796**	-	**-**	-
Others				
Warranty (refer note 18.1)	**43**	87	**287**	210
Legal and regulatory (refer note 18.1)	**1,464**	-	**580**	502
Miscellaneous (refer note 18.1)	**-**	-	**44**	53
	3,022	800	**1,001**	829

Additional disclosure relating to provisions:

18.1 Movement in provisions:

	Class of provisions			
	Warranty	**Legal and regulatory**	***Miscellaneous**	**Total**
Balance at 31st March 2018	285	577	39	901
Add: Accruals / Reclassification during the year	426	12	34	472
Less: Utilisation / Reclassification during the year	414	18	10	442
Less: Write back during the year	-	69	10	79
Balance at 31st March 2019	**297**	**502**	**53**	**852**
Add: Accruals / Reclassification during the year	**418**	**1,677**	**-**	**2,095**
Less: Utilisation / Reclassification during the year	**385**	**13**	**-**	**398**
Less: Write back during the year	**-**	**122**	**9**	**131**
Balance at 31st March 2020	**330**	**2,044**	**44**	**2,418**

* Includes unwinding of discount and effect of change in discount rate.

18.2 Nature of provisions:

(a) Warranty

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

(b) Legal and regulatory

The Group has made provision for taxes and duties relating to cases that are pending assessments before Adjudicating Authorities where possible outflow of resources may arise in future which would depend on the ultimate outcome on conclusion of the cases.

(c) Miscellaneous

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

Amounts in ₹ Mln

19 Current Financial Liabilities

		As at 31 March 2020	As at 31 March 2019
(a)	**Lease Liabilities**		
	Current maturities of finance lease obligations (refer note 16) (Borrowings)	**-**	298
	Lease Liabilities	**596**	-
		596	**298**
(b)	**Trade Payables**		
	Dues to others	**4,829**	5,284
	Dues to related parties	**1,787**	2,530
	Dues to Micro, Small and Medium Enterprises		
	a. Principal amount remaining unpaid to any supplier as at end of the year	**122**	155
	b. Interest due on the above amount	**1**	1
	c. Amount of interest paid in terms of Section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year	**-**	-
	d. Amount of interest due and payable for the period of delay in making the payment but without adding the interest specified under this Act	**-**	-
	e. Amount of interest accrued and remaining unpaid at the end of the year	**-**	-
	f. Amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprises	**-**	-
		6,739	7,970

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

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

		As at 31 March 2020	As at 31 March 2019
(c)	**Other financial liabilities**		
	Unpaid dividend	**13**	13
	Book overdraft	**27**	111
	Other payables:		
	Payables for purchase of fixed assets (other than micro and small enterprises)	**85**	134
	Interest accrued but not due	**-**	1
	Security deposits	**1**	22
		126	281

20 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Other payables:		
Employee related payables	**806**	897
Provision for tax contingencies	**8**	-
Statutory dues	**972**	986
	1,786	1,883

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

21 Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of goods	**30,216**	29,679
Sale of services	**21,357**	19,051
Revenue from contracts with customers	**51,573**	48,730
Other operating revenues	**372**	391
Revenue from operations	**51,945**	**49,121**

21(a) Disaggregated revenue information

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

	For the year ended 31 March 2020				
Segments	**Personal Health**	**Innovation Services**	**Health Systems**	**Other Unallocable**	**Total**
Type of goods or service					
Sale of Goods	18,157	-	12,059	-	30,216
Sale of Services	80	13,860	6,996	421	21,357
Revenue from contracts with customers	**18,237**	**13,860**	**19,055**	**421**	**51,573**
Within India	17,868	6	14,382	19	32,275
Outside india	369	13,854	4,673	402	19,298
Revenue from contracts with customers	**18,237**	**13,860**	**19,055**	**421**	**51,573**
Timing of revenue recognition					
Goods transferred at a point in time	18,157	-	12,059	-	30,216
Services transferred over time	80	13,860	6,996	421	21,357
Revenue from contracts with customers	**18,237**	**13,860**	**19,055**	**421**	**51,573**

	For the year ended 31 March 2019				
Segments	Personal Health	Innovation Services	Health Systems	Other Unallocable	Total
Type of goods or service					
Sale of Goods	17,273	-	12,406	-	29,679
Sale of Services	15	12,109	6,441	486	19,051
Revenue from contracts with customers	17,288	12,109	18,847	486	48,730
Within India	16,930	-	13,222	20	30,172
Outside india	358	12,109	5,625	466	18,558
Revenue from contracts with customers	17,288	12,109	18,847	486	48,730
Timing of revenue recognition					
Goods transferred at a point in time	17,273	-	12,406	-	29,679
Services transferred over time	15	12,109	6,441	486	19,051
Revenue from contracts with customers	17,288	12,109	18,847	486	48,730

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

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Revenue as per contracted price	**57,262**	53,750
Adjustments		
Extended warranties	**(2,665)**	(2,389)
Significant financing component	**(69)**	(25)
Sales returns	**(591)**	(537)
Rebates	**(2,364)**	(2,069)
Revenue from contracts with customers	**51,573**	48,730

21(c) Performance obligation:

Sale of products:

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

Sales of services:

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

The transaction price allocated to remaining performance obligation (unsatisfied performance obligation-gross) pertaining to sales of services as at March 31, 2020 is as follows:-

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Within one year	**3,297**	3,766
More than one year	**720**	725
	4,017	4,491

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

Breakup of other operating revenues:

	Year ended 31 March 2020	Year ended 31 March 2019
Liabilities no longer required written back	**62**	80
Finance income - leases	**108**	123
Duty drawback and export incentives	**161**	146
Miscellaneous	**41**	42
	372	391

22 Other income

Interest income (other than on investments)	**476**	528
Interest on income-tax refund	**42**	123
Surplus on disposal of fixed assets	**-**	3
Interest income on defined benefit plan	**30**	26
Interest income on Security Deposits	**29**	29
Other non-operating income	**7**	17
Government grants	**5**	49
	589	775

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

23 Cost of raw materials consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Inventory of raw materials at the beginning of the year	**886**	701
Add: Purchases	**4,460**	6,042
Less: Inventory of raw materials at the end of the year	**780**	886
Cost of raw materials consumed	**4,566**	5,857

24 Purchases of stock-in-trade (goods purchased for resale)

Purchases of stock-in-trade (goods purchased for resale)	**19,170**	17,539

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

Stock at the beginning of the year		
Finished goods	**299**	380
Work-in-Progress	**1,046**	659
Stock-in-trade (goods purchased for resale)	**2,791**	2,472
Total	**4,136**	3,511
Stock at the end of the year		
Finished goods	**363**	299
Work-in-Progress	**1,091**	1,046
Stock-in-trade (goods purchased for resale)	**2,183**	2,791
	3,637	4,136
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**499**	(625)

26 Employee benefits expense

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	**12,839**	11,816
Contribution to provident and other funds	**492**	500
Defined benefit plan expense	**168**	140
Expense on Employee Stock Option Schemes	**117**	145
Staff welfare expenses	**523**	541
	14,139	13,142

27 Finance costs

Interest on Lease Liabilities	**138**	-
Interest on Finance Lease	**-**	76
Interest cost on borrowings	**-**	4
Net interest on the net defined benefit liability	**62**	51
Other interest expense	**16**	5
Total interest expense	**216**	136
Unwinding of discount and effect of changes in discount rate on provisions	**1**	1
Total Finance costs	**217**	137

28 Depreciation and amortization expense

Depreciation of property, plant and equipment (Refer note 2)	**602**	923
Depreciation of Right of Use Assets (Refer note 2)	**671**	-
Amortization of intangible assets	**-**	610
	1,273	1,533

Amounts in ₹ Mln

29 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Power and fuel	**195**	205
Packing, freight and transport	**789**	979
Rent	**281**	857
Repairs to buildings	**78**	104
Repairs to plant and machinery	**36**	40
Insurance	**166**	97
Rates and taxes	**3**	8
Travelling and conveyance	**1,005**	965
Legal and professional	**119**	265
Publicity	**1,985**	1,917
IT and Communication	**1,327**	1,109
Fees for services from a Fellow Subsidiary Company	**911**	374
Allowance for doubtful trade receivables and advances	**164**	143
Warranty	**410**	426
Net loss on foreign currency transaction and translation	**11**	4
Miscellaneous	**2,204**	1,696
	9,684	9,189

	Year ended 31 March 2020	Year ended 31 March 2019
Legal and professional includes payments to auditors as given below:		
Statutory audit fees	**6.4**	7.2
Tax audit fees	**2.3**	2.2
Certification fees	**1.1**	1.2
Miscellaneous include:		
Undepreciated value of property, plant and equipment written-off / provided for	**31**	40
Handling charges	**167**	82
Royalty	**358**	403
Commission	**110**	118
Corporate Social Responsibility Expense	**110**	42

Details of CSR Expenditure:	**Year ended 31 March 2020**	Year ended 31 March 2019
a) Gross amount required to be spent by the Group during the year	**61**	83
b) Amount spent during the year ending on 31st March, 2020:		
i) For Purposes mentioned below:		
- In Cash	**101**	15
- Yet to be paid in Cash	**9**	27
ii) On purposes other than (i) above		
- In Cash	**-**	-
- Yet to be paid in Cash	**-**	-

In terms of the provisions of Section 135 of the Companies Act, 2013, for the financial year 2019-20, the Group was required to spend an amount of ₹**61** (Previous Year ₹83) towards CSR activities and the Group has spent ₹**101** (Previous Year ₹15) against the same. Remaining ₹**9** (Previous Year ₹27) is on account of CSR programs that are in progress for which invoices are yet to be received.

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

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

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

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

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity	
	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	**168**	140
Past service cost	**-**	-
Interest cost on benefit obligation	**66**	56
Expected return on plan assets	**(33)**	(29)
Curtailment Cost	**-**	-
Settlement cost	**-**	-
Net actuarial (gain)/ loss recognised in the year	**(46)**	61
Expenses recognized in the statement of profit & loss and Other Comprehensive Income	**155**	228

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

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2020		Year ended 31 March 2019		**Year ended 31 March 2020**	Year ended 31 March 2019
	Funded	**Unfunded**	Funded	Unfunded		
A. Present value of obligations as at beginning of the year	**771**	**174**	638	150	**5,991**	4,448
(1) Current service cost	**135**	**31**	114	26	**359**	298
(2) Interest cost	**54**	**12**	46	11	**455**	407
(3) Benefits settled	**(44)**	**(23)**	(77)	(22)	**(735)**	(433)
(4) Settlements	**-**	**-**	-	-	**-**	-
(5) Actuarial (gain) / loss	**(76)**	**16**	51	8	**-**	-
(6) Actuarial (gain) / loss due to Interest rate guarantee	**-**	**-**	-	-	**229**	440
(7) Employees' contribution	**-**	**-**	-	-	**532**	457
(8) Acquisition/Business Combination/ Divestiture	**-**	**(6)**	-	1	**-**	-
(9) Change in reserves	**-**	**-**	-	-	**-**	-
(10) Transfer in	**-**	**-**	-	-	**336**	375
(11) Past service cost	**-**	**-**	-	-	**-**	-
Present value of obligations as at end of the year	**840**	**204**	771	174	**7,167**	5,991

Amounts in ₹ Mln

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

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2020:

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

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2020		Year ended 31 March 2019		Year ended 31 March 2020	Year ended 31 March 2019
	Funded	Unfunded	Funded	Unfunded		
B. Change in Plan Assets						
Plan assets as at beginning of the year	447	-	389	-	6,145	5,009
(1) Expected return on plan assets	33	-	29	-	466	406
(2) Contributions	100	-	104	22	-	-
(3) Benefits settled	(45)	-	(73)	(22)	-	-
(4) Employer and Employee contribution	-	-	-	-	891	755
(5) Transfer in	-	-	-	-	336	375
(6) Benefit payments	-	-	-	-	(735)	(433)
(7) Asset gain / (loss)	(14)	-	(2)	-	(731)	32
(8) Settlements	-	-	-	-	-	-
(9) Acquisition/Business Combination/ Divestiture	-	-	-	-	-	-
Plan assets as at end of the year	522	-	447	-	6,371	6,145
Surplus / (Deficit)			-		(796)	153
Basis the actuarial valuation report of the provident fund liability, there is a deficit of ₹796 as at March 31, 2020. This deficit is on account of change in fair value of plan assets, computed using the Guidance Note 29 issued by Institute of Actuaries of India on Valuation of Interest Rate Guarantees on Exempt Provident Funds under IND AS 19 (Revised). The Group has recognized this deficit in "Other Comprehensive Income" as per Ind AS 19 Employee Benefits.						
C. Actual return on plan assets	16	-	20	-	-	-
D. Reconciliation of present value of the obligation and the fair value of the plan assets:						
(1) Present value of obligations at end of the year	(840)	(204)	(771)	(174)	-	-
(2) Fair value of Plan assets	522	-	447	-	-	-
Liability recognised in Balance Sheet	(318)	(204)	(324)	(174)	-	-
E. Components of Employer Expense:						
(1) Current service cost	135	31	114	26	-	-
(2) Interest cost	54	12	46	11	-	-
(3) Expected return on plan assets (estimated)	(33)	-	(29)	-	-	-
(4) Curtailments	-	-	-	-	-	-
(5) Past service cost	-	-	-	-	-	-
(6) Actuarial (gain) / loss	(62)	16	53	8	-	-
Total expense recognised in Statement of Profit and Loss	94	59	183	45	-	-

The gratuity expense has been recognized in "Employee benefits expenses" under note 26 to the Financial Statements.

Particulars	Gratuity				Provident Fund	
	Year ended 31 March 2020		Year ended 31 March 2019		Year ended 31 March 2020	Year ended 31 March 2019
	Funded	Unfunded	Funded	Unfunded		
F. Effect due to Asset Ceiling						
Asset ceiling - Beginning of the period	-	-	-	-	153	561
Interest on Asset Ceiling	-	-	-	-	11	43
Changes in Asset Ceiling	-	-	-	-	(164)	(452)
Asset ceiling - End of the period	-	-	-	-	-	153

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

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

F. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
Defined Benefit Obligations	**840**	771	638	682	541
Plan Assets	**522**	447	389	345	273
Surplus/(Deficit)	**(318)**	(324)	(249)	(231)	(268)
Experience adjustments on Plan assets/liabilities (gain) / loss	**46**	45	46	(75)	(59)
Description	**Gratuity (Unfunded)**				
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
Defined Benefit Obligations	**204**	174	150	154	111
Plan Assets	**-**	-	-	-	-
Surplus/(Deficit)	**(204)**	(174)	(150)	(154)	(111)
Experience adjustments on Plan assets/liabilities (gain) / loss	**6**	4	6	54	148
Description	**Provident Fund**				
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
Defined Benefit Obligations	**7,167**	5,991	5,678	5,145	3,413
Plan Assets	**6,371**	6,145	6,403	5,337	3,471
Surplus/(Deficit)	**(796)**	153	725	192	58
Experience adjustments on Plan assets/liabilities (gain) / loss	**731**		(140)	(637)	(273)

G. Assumptions

Gratuity	Financial Assumptions			Demographic Assumptions		
	Discount factor	**Estimated rate of return on Plan Assets**	**Salary Increase**	**Mortality**	**Attrition rate**	**Retirement age**
Year ended 31 March 2020	**PIL 6.4% PKAPL 6.3%**	**PIL 7.35% PKAPL 9.00%**	**PIL 7% PKAPL 9%**	**PIL IALM (2006-08) PKAPL ILAM (2012-14)**	**Management 14%, PMS - 15%, Innovation Services - 13% HIC - Nil PKAPL - CG 12% - Staff 20% - Workers 8%**	**HIC - 58 years & Others - 60 Years PKAPL 58 years**
Year ended 31 March 2019	PIL 7.35% PKAPL 7.35%	PIL 7.35% PKAPL 9.00%	PIL 9% DMC Factory 12% PKAPL 12% Homecare 9%	IALM (2006-08)	Management, PMS - 12%, Innovation Services - 11% HIC - Nil PKAPL - CG 12% - Staff 20% - Workers 8% Homecare 100%	Management & Innovation Services - 60 years, Others - 58 years PKAPL 58 years Homecare 60 years

Amounts in ₹ Mln

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

Provident Fund	Financial Assumptions					Demographic Assumptions		
	Yield on Assets based on the Market Value	Outstanding term of the liabilities	Govt of India - Bond Yield for the outstanding term of liabilitites	Interest Rate Guarantee	Expected Return on the Exempt Fund as per GN 29 methodology	Mortality	Employee Turnover	Retirement age
Year ended 31 March 2020	**7.73%**	**7.17 years**	**6.36%**	**8.50%**	**8.50%**	**IALM (2006-08)**	**Management -12%,Innovation Services - 11%HIC - Nil**	**HIC - 58 years & Others - 60 Years**
Year ended 31 March 2019	8.17%	8.26 years	7.30%	8.65%	8.35%	IALM (2006-08)	Management -12%,Innovation Services - 11%HIC - Nil	Management - 60 years, Others - 58 years

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 2020**	As at 31 March 2019
Discount rate		
a. Discount rate - 100 basis points	**1,112**	1,020
b. Discount rate + 100 basis points	**983**	881
Salary increase rate		
a. Rate - 100 basis points	**983**	881
b. Rate + 100 basis points	**1,110**	1,017

I. Maturity profile of defined benefit obligation

Particulars	**As at 31 March 2020**	As at 31 March 2019
Within the next 12 months (next annual reporting period)	**127**	90
Between 1 and 5 years	**478**	382
Between 5 and 10 years	**443**	435
Total expected payments	**1,048**	907

31 **Employees' Share-based Payments:**

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

(a) Method adopted for valuation

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

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

As from 2003 onwards, the Ultimate Holding Company (KPNV) issued restricted share rights that vest in equal annual instalments over a three-year period. Restricted shares are KPNV's shares that the grantee will receive in three successive years, provided the grantee is still with the Company on the respective delivery dates. If the grantee still holds the shares after three years from the delivery date, Philips will grant 20% additional (premium) shares, provided the grantee is still with Philips. As from 2002, the Ultimate Holding Company granted fixed stock options that expire after 10 years. Generally, the options vest after 3 years; however, a limited number of options granted to certain employees of acquired businesses contain accelerated vesting. In prior years, fixed and variable (performance) options were issued with terms of ten years, vesting one to three years after grant.

In 2013, a new Plan has been introduced which consists of performance shares only. The performance is measured over a three-year performance period. The performance shares vest three years after the grant date. The number of performance shares that will vest is dependent on achieving performance conditions, which are equally weighted, and provided that the grantee is still employed with the Company.

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

Notes to Consolidated Financial Statements for the year ended 31 March 2020

31 Employees' Share-based Payments: (contd.)

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

Grant Date	Weighted average grant-date fair value of the share (in Euros)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2020	Exercisable
April 19, 2010	24.90	4,112	-	-	-	(1,832)	**2,280**	**2,280**
April 18, 2011	20.90	6,300	600	-	(1,350)	(1,200)	**4,350**	**4,350**
July 18, 2011	17.20	1,500	-	-	-	-	**1,500**	**1,500**
January 30, 2012	15.24	5,000	-	-	-	-	**5,000**	**5,000**
April 23, 2012	14.82	16,134	750	-	(984)	(6,150)	**9,750**	**9,750**
		33,046	**1,350**	**-**	**(2,334)**	**(9,182)**	**22,880**	**22,880**
Previous Year		45,653	-	(1,143)	-	(11,464)	33,046	33,046

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

Grant Date	Weighted average grant-date fair value of the share (in USD)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2020	Exercisable
April 19, 2010	33.51	480	-	-	(480)	-	**-**	**-**
		480	**-**	**-**	**(480)**	**-**	**-**	**-**
Previous Year		1,236	-	(756)	-	-	480	480

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

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2020
April 29, 2016	24.00	19,293	937	(3)	-	(20,227)	**-**
May 11, 2017	33.34	22,738	1,327	(2,639)	-	(324)	**21,102**
July 28, 2017	32.30	472	11	(0)	-	(483)	**-**
October 27, 2017	35.01	439	11	(0)	-	(450)	**-**
February 5, 2018	31.39	4,425	-	(487)	(854)	(3,084)	**-**
April 27, 2018	33.34	25,599	1,317	(3,318)	-	-	**23,598**
May 6, 2019		-	22,909	(1,762)	-	-	**21,147**
		72,966	**26,512**	**(8,209)**	**(854)**	**(24,568)**	**65,847**
Previous Year		59,492	47,557	(32,347)	(1,736)	-	72,966

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

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2020
May 11, 2017	36.30	159	4	-	-	-	**163**
April 27, 2018	36.30	4,524	103	(220)	-	-	**4,407**
April 6, 2019	**-**	**-**	3,604	**-**	**-**	**-**	**3,604**
		4,683	**3,711**	**(220)**	**-**	**-**	**8,174**
Previous Year		-	-	-	4,683	-	4,683
Restricted shares exclude 20% additional (premium) shares that may be received if shares awarded under the restricted share rights plan are not sold for a three-year period.							

31 Employees' Share-based Payments: (contd.)

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

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

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

Grant Date	Weighted average grant date fair value (in Euro)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2020
April 29, 2016	24.00	55,553	2,673	(8)	-	(58,217)	**1**
May 11, 2017	33.34	26,936	2,122	(3,380)	-	-	**25,678**
April 27, 2018	36.30	28,516	2,000	(4,294)	-	-	**26,222**
May 6, 2019		-	25,860	(1,762)	-	-	**24,098**
		111,005	**32,655**	**(9,444)**	**-**	**(58,217)**	**75,999**
Previous Year		147,621	51,597	(88,213)	-	-	111,005

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

Grant Date	Weighted average grant date fair value (in Euro)	Outstanding as at 1 April 2019	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2020
May 11, 2017	36.30	159	4	-	-	-	**163**
April 27, 2018	36.30	8,828	212	(225)	-	-	**8,815**
May 6, 2019			7,316				**7,316**
		8,987	**7,532**	**(225)**	**-**	**-**	**16,294**
Previous Year		-	-	-	8,987	-	8,987

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

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

1. Risk free interest rate	-0.58%
2. Expected share price volatility	20%

(k) Employee Share Purchase Plan:

Under the terms of Employee Share Purchase Plan established by the Holding Company, substantially all employees are eligible to purchase a limited number of KPNV shares at discounted prices through payroll withholdings, of which the maximum range is 10% of total salary. Generally, the discount provided to the employees is in the range of 10% to 20%. A total of **19,742** (Previous year -18,847) shares were bought by employees during the year at an average price of EUR **39.36** (Previous year - EUR 35.26).

(l) Expense recognized on account of "Employee Share-Based Payment" is ₹ **117** (Previous year - ₹ 145) and carrying liability as at 31 March 2020 is ₹ 208 (Previous year - ₹ 331).

Notes to Consolidated Financial Statements for the year ended 31 March 2020

32 Commitments and contingencies

Amounts in ₹ Mln

			Year ended 31 March 2020	Year ended 31 March 2019
a	**Commitments**			
	Estimated amount of contracts remaining to be executed on capital account and not provided for		**621**	97
b	**Contingent liabilities**			
	(i)	Relating to Philips India Limited		
		Disputed Excise demands	**11**	17
		Income Tax demands	**5,993**	3042
		Service Tax demands	**7**	380
		VAT	**2,274**	1921
		Customs Duty	**62**	62
	(ii)	Of the above, relating to Philips India Limited - Erstwhile Lighting Business		
		Income Tax demands	**754**	406
		Service Tax demands	**-**	150
		VAT	**1,470**	1442

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

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

It is not practicable to estimate the timing of cash outflows, if any, in respect of above, pending resolution of the legal proceedings.

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

(A) Enterprises exercising control:

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

(B) Enterprises where control exists:

Associate Company : HealthMap Diagnostics Private Limited*

* ceased to be an Associate effective 15 May 2019 (Refer Note 3)

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

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

Argus Imaging B.V.
Invivo Corporation
Lifeline Systems Company
Philips (China) Investment Company, Ltd.
Philips Austria GmbH
Philips Consumer Lifestyle B.V.
Philips Domestic Appliances and Personal Care Company of Zhuhai SEZ, Ltd.
Philips Electronics Bangladesh Private Limited
Philips Electronics Japan, Ltd.
Philips Electronics Middle East & Africa B.V.
Philips Electronics NA Corporation
Philips Electronics Nederland B.V.
Philips Electronics North America Corporation
Philips Electronics Singapore Pte Ltd
Philips Electronics UK Limited
Philips Global Business Services LLP
Philips Healthcare (Suzhou) Co., Ltd.
Philips Healthcare Informatics, Inc.
Philips Innovative Applications
Philips International B.V.
Philips Lanka Solutions (Private) Limited
Philips Malaysia Sdn. Berhad
Philips Medical Systems (Cleveland), Inc.
Philips Medical Systems DMC GmbH
Philips Medical Systems Indústria e Comércio Ltda.
Philips Medical Systems MR, Inc.
Philips Medical Systems Nederland B.V.
Philips Medical Systems Technologies Ltd.
Philips Medizin Systeme Böblingen GmbH
Philips Nederland B.V.
Philips Oral Healthcare, Inc.
Philips Oregon - EGI
Philips Oy
Philips Technologie GmbH
Philips Ultrasound, Inc.
Philips VitalHealth Software India Pvt. Ltd
Respironics California, Inc.
Respironics, Inc.
Saeco International Group S.p.A.
Shenzhen Goldway Industrial Inc.
VISICU, Inc
Volcano Corporation
Volcano Europe, B.V.B.A

(2) Employee Trusts

Philips India Ltd Management Staff Provident Fund Trust
Philips Employees Group Gratuity Scheme

(3) Key Managerial Personnel

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

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

Notes to Consolidated Financial Statements for the year ended 31 March 2020

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

(c) Nature of transactions

Amounts in ₹ Mln

	Year ended 31 March 2020					Year ended 31 March 2019				
	Ultimate Holding Company	**Fellow Subsidiary Companies**	**Associate Company**	**Key Managerial Personnel**	**Employee Trusts**	Ultimate Holding Company	Fellow Subsidiary Companies	Associate Company	Key Managerial Personnel	Employee Trusts
PURCHASES										
Goods	**1**	**12,463**	**-**	**-**	**-**	-	12,603	-	-	-
Property, Plant and Equipment	**-**	**93**	**-**	**-**	**-**	-	93	-	-	-
Services	**30**	**1,819**	**-**	**-**	**-**	26	1,420	-	-	-
Reimbursements	**-**	**136**	**-**	**-**	**-**	-	47	-	-	-
Others	**117**	**-**	**-**	**-**	**-**	145	-	-	-	-
SALES										
Goods	**-**	**2,535**	**-**	**-**	**-**	-	3,494	81	-	-
Property, Plant and Equipment	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Services	**2,135**	**14,464**	**-**	**-**	**-**	1,941	12,843	38	-	-
Reimbursements	**-**	**233**	**-**	**-**	**-**	-	4	-	-	-
DEPUTATION OF PERSONNEL										
Charge	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Recovery	**-**	**-**	**-**	**-**	**-**	-	16	-	-	-
MANAGERIAL REMUNERATION	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Mr.Daniel Mazon	**-**	**-**	**-**	**108**	**-**	-	-	-	48	-
Mr.Rajiv Mathur	**-**	**-**	**-**	**30**	**-**	-	-	-	33	-
Mr.Sudeep Agrawal	**-**	**-**	**-**	**22**	**-**	-	-	-	21	-
Mr.S.M.Datta	**-**	**-**	**-**	**1**	**-**	-	-	-	1	-
Mr.Vivek Gambir*	**-**	**-**	**-**	**-**	**-**	-	-	-	1	-
Mrs.Geetu Gidwani Verma	**-**	**-**	**-**	**1**	**-**	-	-	-	1	-
FINANCE										
Dividend Paid	**166**	**-**	**-**	**-**	**-**	166	-	-	-	-
Contributions to Employees' Benefit Plans	**-**	**-**	**-**	**-**	**976**	-	-	-	-	841
OUTSTANDINGS										
Payable	**6**	**1,755**	**-**	**-**	**82**	1	2,518	2	-	48
Receivable	**191**	**2,826**	**-**	**-**	**-**	74	2,020	29	-	-

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

Note: Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and will be settled in cash.

Compensation of key managerial personnel of the company

Details	**Year ended 31 March 2020**	Year ended 31 March 2019
Short-term employee benefits	**152**	103
Post-employment benefits*	**11**	2
Total compensation paid to key managerial personnel	**163**	105

* Key Managerial Personnel who are under the employment of the Group are entitled to post employment benefits and other long term employee benefits recognized as per Ind AS 19 - "Employee Benefits" in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Amounts in ₹ Mln

34 Significant accounting judgments, estimates and assumptions

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

(i) Judgments

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

(a) Leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(b) Revenue from contract with customers

The Group applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations in a bundled sales transactions, wherein, the Group sell goods and maintenance/ warranty services separately or bundled together with sales of goods. In certain non-standard contracts, where the Group provides extended warranties in respect of sale of consumer durable goods, the Group allocated the apportion of the transaction price to goods bases on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In estimating the variable consideration the Group has used a combination of most likely amount method and expected value method. Further, in respect of long term contracts, the Group has used the incremental borrowing rate to the discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Group and its customer.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the 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 Group. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

(b) Defined benefit plans (gratuity benefits)

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

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 30.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

(c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 38 and 39 for further disclosures.

(d) Warranty

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

(e) Provision for decommissioning

As part of the identification and measurement of assets and liabilities, the Group recognizes provision for decommissioning obligations associated with Leasehold Improvements. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and the expected timing of those costs. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount of the provision as at 31 March 2020 was ₹15 (31 March 2019: ₹16). The Group estimates that the costs would be realised upon the expiration of the lease period.

Amounts in ₹ Mln

35 Exceptional items include:

(a) Profit on sale of property - ₹ **4** (Previous year - ₹7)

(b) Loss incurred on transfer of business assets ₹ **Nil** (Previous year ₹ 172) and retrenchment compensation paid to employees ₹ **Nil** (Previous year ₹ 64).

(c) Profit on sale of investments in Associate Healthmap Diagnostics Private Limited ₹ **202** (Previous year - ₹Nil)

(d) Consequent to closure of business operations of Philips Homecare Services India Private Limited (PHSIPL), a wholly owned subsidiary and initiation of the process to struck off its name from the list of Incorporated Entities, the Group, during the year, has written off investments made during the year in subsidiary Philips Homecare Services India Private Limited (PHSIPL) amounting to ₹ **20** ((Previous Year ₹ 296 (provided for)) and inter corporate deposits given during the year to Philips Homecare Services India Private Limited (PHSIPL) amounting to ₹ **44** ((Previous Year ₹ 63 (provided for)). Resultant from this, the said subsidiary cease to exist as at year end March 31 2020 and hence not considered in these consolidated financial statements.

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

(a) Forward contracts outstanding

Details	USD Currency				Euro Currency			
	As at 31 March 2020		As at 31 March 2019		**As at 31 March 2020**		As at 31 March 2019	
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**3,756.09**	**49,641.00**	1,896.23	27,420.00	**178.12**	**2,152.00**	-	-
Payables	**2,304.68**	**30,459.00**	2,489.58	36,000.00	**170.78**	**2,063.30**	-	-

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

Details	**As at 31 March 2020**		As at 31 March 2019		**As at 31 March 2020**		As at 31 March 2019	
	USD Exposure				**Euro Exposure**			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	-	-	131.91	1,907.52	**383.15**	**4,629.13**	146.01	1,879.76
Payables	-	-	419.59	6,067.40	**727.49**	**8,789.24**	57.98	746.46

Details	**AUD Exposure**				**GBP Exposure**			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	**1.69**	**36.71**	-	-	-	-	3.71	41.02

Details	**CNY Exposure**				**MYR Exposure**			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**0.49**	**46.09**	-	-	-	-	-	-
Payables	-	-	0.23	22.60	-	-	0.36	21.06

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

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

Description	Year ended 31 March 2020	Year ended 31 March 2019
(A) Primary Segment Information:		
(1) Segment Revenue		
a. Personal Health	**18,230**	17,293
b. Innovation services	**13,886**	12,155
c. Health Systems	**19,349**	19,183
Total	**51,465**	**48,631**
(2) Inter Segment Revenue		
a. Personal Health	**-**	-
b. Innovation services	**-**	-
c. Health Systems	**-**	-
Total	**-**	**-**
(3) Other Unallocable Income	**480**	490
Revenue From Operations (1+3)	**51,945**	49,121
(4) Segment Result		
a. Personal Health	**813**	867
b. Innovation services	**1,437**	1,170
c. Health Systems	**608**	682
Total	**2,858**	2,719
(5) Finance cost	**(218)**	(137)
(6) Other unallocable expenditure net of income	**346**	493
(7) Profit before exceptional items and tax (4+5+6)	**2,986**	3,075
(8) Exceptional items		
a. Personal Health	**-**	236
b. Innovation services	**-**	-
c. Health Systems	**(207)**	-
d. Other unallocable	**65**	(6)
Total	**(142)**	229
(9) Profit before tax	**3,128**	2,846
Total	**3,128**	**2,846**
(10) Tax expense		
a. Current tax	**(877)**	(1,094)
b. Income Tax provisions related to prior years written back	**-**	184
c. Deferred tax - credit / (charge)	**(814)**	(10)
Total	**(1,691)**	(920)
Less : Share in Loss of Associate	**-**	(19)
(11) Profit for the year	**1,437**	1,907

Other Information

(12) Segment Assets	**As at 31 March 2020**	As at 31 March 2019
a. Personal Health	**8,971**	9,909
b. Innovation services	**5,645**	4,302
c. Health Systems	**12,149**	12,129
d. Other unallocable	**10,747**	10,358
Total	**37,512**	36,698
(13) Segment Liabilities		
a. Personal Health	**3,491**	3,389
b. Innovation services	**3,832**	2,782
c. Health Systems	**6,296**	6,746
d. Other unallocable	**3,371**	2,816
Total	**16,990**	15,733

Description	Year ended 31 March 2020	Year ended 31 March 2019
(14) Capital Expenditure		
a. Personal Health	**257**	180
b. Innovation services	**1,414**	575
c. Health Systems	**438**	441
d. Other unallocable	**62**	54
Total	**2,171**	1,250
(15) Depreciation and amortisation expense		
a. Personal Health	**109**	795
b. Innovation services	**857**	477
c. Health Systems	**149**	192
d. Other unallocable	**163**	118
Total	**1,278**	1,582
(16) Non-cash expenses other than depreciation & amortisation expense		
a. Personal Health	**174**	60
b. Innovation services	**18**	10
c. Health Systems	**2**	82
d. Other unallocable	**-**	-
Total	**194**	152

(B) Secondary Segment Information:

Description	Year ended 31 March 2020	Year ended 31 March 2019
Revenue		
a. Within India	**32,646**	30,562
b. Outside India	**19,299**	18,559
Total	**51,945**	49,121
Assets		
a. Within India	**34,358**	34,564
b. Outside India	**3,154**	2,134
Total	**37,512**	36,698
Capital Expenditure		
a. Within India	**2,171**	1,250
b. Outside India	**-**	-
Total	**2,171**	1,250

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

(1) Revenue and assets within India.

(2) Revenue and assets outside India.

(C) Other Disclosures:

Inter segment revenue / result:

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

Types of products and services in each business segment:

Business Segments	Type of products / services
a. Personal Health	Domestic Appliances, Health and Wellness products and Personal care products
b. Innovation services	Development of embedded software, Philips Design
c. Health Systems	Medical electronics equipments and home healthcare services

Amounts in ₹ Mln

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

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	**Year ended 31 March 2020**	Year ended 31 March 2019
Segment profit	**2,858**	2,719
Finance cost	**(218)**	(137)
Other unallocable expenditure net of unallocable income	**346**	493
Exceptional items	**142**	(229)
Tax expense	**(1,691)**	(920)
Less: Share in Loss of Associate	**-**	(19)
Profit for the year	**1,437**	1,907

Reconciliation of assets

Particulars	**As at 31 March 2020**	As at 31 March 2019
Segment operating assets	**37,512**	36,698
Total Assets	**37,512**	36,698

Reconciliation of liabilities

Particulars	**As at 31 March 2020**	As at 31 March 2019
Segment operating liabilities	**16,990**	15,733
Total liabilities	**16,990**	15,733

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

38 Financial Instruments -Financial assets and financial liabilities

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

As at 31 March 2020

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	938	938	938
Other Financial Assets (Non-Current)	-	517	517	517
Trade receivables (Current)	-	8,028	8,028	8,028
Cash and cash equivalents	-	8,578	8,578	8,578
Other Financial Assets (Current)	-	152	152	152
Total	-	18,214	18,214	18,214

As at 31 March 2019

Financial Assets	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Trade Receivables (Non-Current)	-	858	858	858
Other Financial Assets (Non-Current)	-	373	373	373
Trade receivables (Current)	-	8,048	8,048	8,048
Cash and cash equivalents	-	7,537	7,537	7,537
Other Financial Assets (Current)	-	347	347	347
Total	-	17,163	17,163	17,163

As at 31 March 2020

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Lease Liabilities (Non-Current)	-	729	729	729
Lease Liabilities (Current)	-	596	596	596
Trade Payables (Current)	21	6,718	6,739	6,739
Other Financial Liabilities (Current)	-	126	126	126
Total	21	8,169	8,190	8,190

As at 31 March 2019

Financial Liabilities	Fair value through Profit or loss	Amortised cost	Total Carrying value	Total Fair Value
Borrowings (Non-Current)	-	385	385	385
Borrowings (Current)	-	298	298	298
Trade Payables (Current)	8	7,962	7,970	7,970
Other Financial Liabilities (Current)	-	281	281	281
Total	8	8,925	8,933	8,933

Amounts in ₹ Mln

39 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

	Total	**Level 1**	**Level 2**	**Level 3**
Assets carried at cost for which fair value are disclosed				
Security Deposits	**21**	**-**	**21**	**-**
Investment property	**116**	**-**	**116**	**-**
Financial liabilities measured at fair value through profit or loss				
Trade payables	**6,739**	**-**	**-**	**6,739**

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Total	Level 1	Level 2	Level 3
Assets carried at cost for which fair value are disclosed				
Security Deposits	21	-	21	-
Investment property	141	-	141	-
Financial liabilities measured at fair value through profit or loss				
Trade payables	7,970	-	-	7,970

2. Assets and Liabilities that are disclosed at Amortised Cost (refer note 38) for which Fair values are disclosed are classified as Level 3.

   Current financial asset and current financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature. Non current financial assets and non current financial liabilities have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows.

40 Dividend Paid And Proposed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Dividend declared and paid during the year		
Dividend paid for the year ended **March 31, 2019** ₹ 3/- per share (March 31, 2018 : ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**35**	35
	208	208
Proposed Dividend on equity shares:		
Dividend for the year ended **March 31, 2020** ₹ 3/- per share (March 31, 2019: ₹ 3/- per share)	**173**	173
Dividend Tax thereon	**-**	35
	173	208

Notes to Consolidated Financial Statements for the year ended 31 March 2020

41 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. As at 31st March, 2020, the Group has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans

	For the year ended 31 March 2020	For the year ended 31 March 2019
Earnings Before Interest And Tax	**2,659**	2,153
Capital Employed	**20,522**	21,648
Return on Capital Employed (ROCE)	**13%**	10%

42 Financial risk management objectives and policies

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

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

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

In the event of crisis caused due to external factors such as caused by recent pandemic "COVID-19", the management assesses the recoverability of its assets, maturity of its liabilities to factor it in cash flow forecast to ensure there is enough liquidity in these situations through internal and external source of funds. These forecast and assumptions are reviewed by Board of Directors.

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

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2020. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2020.

Foreign currency risk

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

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales and purchases.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

Change in US$ rate	**Effect on profit before tax**		**Effect on total equity**	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
+ 5%	**(16.63)**	-44.05	(16.63)	-44.05
-5%	**16.63**	44.05	16.63	44.05

Change in Euro rate	Effect on profit before tax		Effect on total equity	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
+ 5%	**52.10**	4.40	52.10	4.40
-5%	**(52.10)**	-4.40	(52.10)	-4.40

(b) Credit risk

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

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance as at Mar 31, 2020. Our historical experience of collecting receivables is that credit risk is low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Hence, trade receivables are considered to be a single class of financial assets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investment of surplus funds are made in bank deposits. The limits are set to minimise the consultation of risk and therefore mitigate financial loss through counterparty potential failure to make payments. The Group maintains exposure in cash and cash equivalents and term deposits with banks, The Group has set counter-party's limits based on multiple factors including financial position, credit rating etc. The Group's maximum exposure to credit risk as at 31st March, 2020 and 2019 is the carrying value of each class of financial assets as illustrated in note 7 & 11.

(c) Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2020 and 31st March, 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Maturity profile of financial liabilities

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

	Undiscounted Amount			
	Carrying Amount	**Payable within 1 year**	**More than 1 years**	**Total**
As at 31 March 2020				
Lease Liabilities (Non-current)	**729**	**-**	**729**	**729**
Lease Liabilities (Current)	**596**	**596**	**-**	**596**
Trade Payables(Current)	**6,739**	**6,739**	**-**	**6,739**
Other Financial Liabilities(Current)	**126**	**126**	**-**	**126**
As at 31 March 2019				
Borrowings(Non-Current)	385	-	385	385
Borrowings(Current)	298	298	-	298
Trade Payables(Current)	7,970	7,970	-	7,970
Other Financial Liabilities(Current)	281	281	-	281

Notes to Consolidated Financial Statements for the year ended 31 March 2020

43 Investment in an Associate

Pursuant to the Share Purchase Agreement entered into with Manipal Health Enterprises Limited ("Manipal"), on May 14, 2019, the Group has sold its entire shareholding in HealthMap Diagnostics Private Limited (HDPL), comprising of 1,48,00,000 equity shares of face value ₹10 each, to Manipal for a consideration of ₹23.65 per share, aggregating to ₹350 Mln. The said transaction for sale of shares was concluded on May 15, 2019.

The following table illustrates the summarised financial information of the Group's investment in Healthmap Diagnostics Private Limited.

Particulars	**As at 31 March 2020**	As at 31 March 2019
Current assets	-	141
Non-current assets	-	585
Current liabilities	-	(207)
Non-current liabilities	-	(490)
Equity	-	30
Proportion of the Group's ownership	-	35%
Carrying amount of the investment	-	-

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Revenue	-	443
Cost of raw material and components consumed	-	(56)
Depreciation & amortization	-	(117)
Finance cost	-	(67)
Employee benefit	-	(65)
Other expense	-	(223)
Loss before tax	-	(85)
Exceptional item	-	-
Income tax expense	-	
Loss for the year	-	(85)
Total comprehensive income for the year	-	(85)
Group's share of loss for the year	-	(19)

44 Earnings per share (EPS)

Calculation of earnings per share	**Year ended 31 March 2020**	Year ended 31 March 2019
Weighted average number of equity shares outstanding during the year *	**57,517,242**	57,517,242
Profit after tax attributable to equity share holders	**1,437**	1,907
Basic and diluted earnings per equity share (in ₹)	**24.99**	33.15

* 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.

45 Leases:

Transition to Ind AS 116:

The Group has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

The Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether there is an identified asset, whether the Group has the right to direct the use of the asset and whether the Group obtains substantially all the economic benefits from the use of that asset.

The Group recognizes a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group uses an incremental borrowing rate, term and currency of the contract. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has lease contracts for vehicles and office buildings. Lease terms of vehicles vary between 3-5 years, while other leases have lease terms between 5-7 years. The Group obligations under its leases are secured by the lessor's title to the leased assets. Consequently, the Group recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability adjusted for any related prepaid and accrued lease payments previously recognized.

The Group also has leases of low value and applies the 'lease of low-value assets' recognition exemptions for these leases.

The following is the summary of practical expedients elected on initial application:

(i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

(ii) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(iv) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases.

(v) Applied the practical expedient in respect of lease contracts that include extension option, however the lease term in respect of such extension option is not defined.

(vi) Used hindsight in determining the lease term where the contract contained options to extend or terminate.

	Particulars	Amounts
(1)	**Recognized in Balance Sheet as at April 1 2019**	
	Reclassification on account of adoption of Ind AS 116 as at April 1, 2019 (Refer Note 2) Net Block	602
	Right-of-use asset recognized as at April 1, 2019	1,450
	Additions during the year	185
	Deletions during the year	(35)
	Depreciation for the year	(671)
	Right-of-use asset as at March 31 2020	**1,531**
	Transition impact on account of adoption of Ind AS 116 "Leases"	(1,488)
	Reclassification due to transition impact on account of adoption of Ind AS 116 "Leases"	(308)
	Additions during the year	(186)
	Deletions during the year	11
	Interest cost accrued during the year	(138)
	Payment of lease liabilities (Principal)	646
	Payment of lease liabilities (Interest)	138
	Lease Liabilities as at March 31 2020	**(1,325)**
	Current	(595)
	Non-Current	(730)
	Lease Liabilities at the end of the year	**(1,325)**
(2)	**Recognized in Statement of Profit and Loss**	
	Depreciation for the year	671
	Interest cost accrued during the year	151
	Expenses relating to leases of low value assets	177
	Total cash outflows from leases during the year	**999**

46 Subsequent Events

a. Future ownership of Domestic Appliances business

On June 25 2020, the Board of Directors of the Group have agreed to a proposed plan to separate the Domestic Appliances (DA) business and dispose off the investment in a subsidiary which is operating in the same segment in line with the global restructuring exercise announced by Ultimate Holding Company (Koninklijke Philips N.V). The discontinuance is expected to be completed during 2021.

Domestic Appliances business which is a part of our Business segment "Personal Health" as reported in Note 35 of the Consolidated Financial Statements primarily involves sale of kitchen appliances (juicers, blenders, Air fryer, food processors), home care (vacuum cleaners, air purifiers), garment care (irons, steam generators) and coffee makers (appliances and accessories).

Notes to Consolidated Financial Statements for the year ended 31 March 2020

The Domestic Appliances business had recorded ₹ 6,242 as "Revenue from Operations" during current year. Following the disentanglement of the Domestic Appliances business, the retained Personal Health businesses will continue to play an important role in the company's integrated health continuum approach through connected products and solutions to support the health and well-being of people.

No adjustment has been made in respect of the above in line with requirements of Ind AS 105 Assets Held for Sale and Discontinued Operations.

b. Withdrawal of application for capital reduction pending before NCLT, Kolkata Bench

The Group's application for buy back of minority was pending before NCLT, Kolkata. In view of the point (a) above, the Board of Directors have decided on June 25, 2020 to withdraw the application filed with NCLT, Kolkata. Subsequently, withdrawal application has been filed with NCLT on July 27, 2020.

Amounts in ₹ Mln

47 STATUTORY GROUP INFORMATION

I) For March 31, 2020

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

a) Subsidiaries

Name of the Companies	Country of Incorporation	% voting power held as at 31st March, 2020
a. Preethi Kitchen Appliances Private Limited	India	100

B) Share of the parent company and subsidiary in Net Assets and Share in Profit or Loss, Share in other Comprehensive Income is as follows:

	Net Assets (Total Assets - Total Liabilities)	
	As % of consolidated net assets	Amount
Parent Company		
Philips India Limited	110%	22,577
Subsidiary		
Preethi Kitchen Appliances Private Limited	26%	5,404
Total eliminations	-36%	-7,480
Total	100%	20,522

	Share in Profit or Loss	
	As % of consolidated Profit or Loss	Amount
Parent Company		
Philips India Limited	105%	1,515
Subsidiary		
Preethi Kitchen Appliances Private Limited	-5%	(73)
Total eliminations	0%	(4)
Total	100%	1,437

	Share in other Comprehensive income	
	As % of consolidated Other Comprehensive income	Amount
Parent Company		
Philips India Limited	102%	(566)
Subsidiary		
Preethi Kitchen Appliances Private Limited	-2%	10
Total eliminations	0%	-
Total	100%	(556)

Amounts in ₹ Mln

47 STATUTORY GROUP INFORMATION (Contd.)

	Share in total Comprehensive income	
	As % of consolidated Total comprehensive income	**Amount**
Parent Company		
Philips India Limited	**108%**	**949**
Subsidiary		
Preethi Kitchen Appliances Private Limited	**-7%**	**(62)**
Total eliminations	**0%**	**(4)**
Total	**100%**	**882**

II) For March 31, 2019

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

a) Subsidiaries

Name of the Companies	Country of Incorporation	% voting power held as at 31st March, 2019
a. Preethi Kitchen Appliances Private Limited	India	100
b. Philips Homecare Services India Private Limited	India	100

b) Associate

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2019
Healthmap Diagnostics Private Limited	India	35

B) Share of the parent company and subsidiary in Net Assets and Share in Profit or Loss, Share in other Comprehensive Income is as follows:

	Net Assets (Total Assets - Total Liabilities)	
	As % of consolidated net assets	Amount
Parent Company		
Philips India Limited	110%	23,098
Subsidiary		
Preethi Kitchen Appliances Private Limited	26%	5,468
Philips Homecare Services India Private Limited	0%	(65)
Total eliminations	-36%	(7,536)
Total	100%	20,965

	Share in Profit or Loss	
	As % of consolidated Profit or Loss	Amount
Parent Company		
Philips India Limited	92%	1,760
Subsidiary		
Preethi Kitchen Appliances Private Limited	1%	11
Philips Homecare Services India Private Limited	-10%	(197)
Total eliminations	17%	333
Total	100%	1,907

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Amounts in ₹ Mln

47 STATUTORY GROUP INFORMATION (Contd.)

	Share in other Comprehensive income	
	As % of consolidated Other Comprehensive Income	Amount
Parent Company		
Philips India Limited	-50%	(47)
Subsidiary		
Preethi Kitchen Appliances Private Limited	6%	6
Philips Homecare Services India Private Limited	0%	-
Total eliminations	144%	135
Total	100%	94

	Share in total Comprehensive income	
	As % of consolidated Total Comprehensive Income	Amount
Parent Company		
Philips India Limited	46%	1,713
Subsidiary		
Preethi Kitchen Appliances Private Limited	0%	17
Philips Homecare Services India Private Limited	-3%	(114)
Total eliminations	56%	2,090
Total	100%	3,706

48 World Health Organisation" (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic in March 2020. Consequent to this, Government of India declared lockdown on March 24, 2020 which has impacted the operations of the Group. Since the gradual easing of the lockdown from April 6, 2020, onwards and in line with the various directives of the Government, the Group has commenced operations in a phased manner. However, there is an uncertainty caused by the current situation. The Group's Management has done an assessment of the situation, including various judgments and estimates, the liquidity position and the recoverability and carrying value of all its assets and liabilities as at March 31, 2020, and concluded that there are no material adjustments required in the financial statements as of March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainty associated with its nature and duration. The Group will continue to monitor any material changes as the situation evolves.

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

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

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

Manoj Kumar Gupta
Partner
Membership No.: 83906

Place: Gurugram
Date: July 30 2020

For and on behalf of the Board

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

Place: Gurugram
Date: July 30 2020

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented)

1. Sl. No. : **1**
2. Name of the subsidiary: **Preethi Kitchen Appliances Private Limited**
3. The date since when subsidiary was acquired: **April 7, 2011**
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **Same as Holding Company**
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. **NA**
6. Share capital: ₹ **952 Million**
7. Reserves & surplus: ₹ **4,452 Million**
8. Total assets: ₹ **6,896 Million**
9. Total Liabilities: ₹ **6,896 Million**
10. Investments: **NIL**
11. Turnover: ₹ **6,695 Million**
12. Profit/(Loss) before taxation: ₹ **646 Million**
13. Provision for taxation: ₹ **(719) Million**
14. Profit/(Loss) after taxation: ₹ **(73) Million**
15. Proposed Dividend: **NIL**
16. % of shareholding: **100%**

1. Sl. No. : **2**
2. Name of the subsidiary: **Philips Home Care Services India Private Limited**
3. The date since when subsidiary was acquired: **May 25, 2016**
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **Same as Holding Company**
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. **NA**
6. Share capital: **NA**
7. Reserves & surplus: **NA**
8. Total assets: **NA**
9. Total Liabilities: **NA**
10. Investments: **NA**
11. Turnover: **NA**
12. Profit/(Loss) before taxation: **NA**
13. Provision for taxation: **NA**
14. Profit/(Loss) after taxation: **NA**
15. Proposed Dividend: **NA**
16. % of shareholding: **NA**

Names of subsidiaries which are yet to commence operations: **NA**

Names of subsidiaries which have been liquidated or sold during the year: **During the past years, in order to achieve the set financial targets, Philips Home Care, had explored certain alternate business propositions and models.**

However, despite bringing in a lot of effort to its core business and venturing into some of these alternate businesses, the desired financial performance could not be achieved by Philips Home Care. For the past few months, there had been no significant business operations in Philips Home Care. It was felt that since Philips Home Care was losing money, it was prudent to consider discontinuing of its operations to stop the bleed. In the meeting of the Board held on December 19, 2019, the approval of the Board was accorded to make an application with ROC, Kolkata to Strike off the name of the Company as prescribed under section 248(2) of the Companies Act, 2013 and to waive off any outstanding amount due from Philips Home Care Services India Private Limited including the outstanding amount of Inter Corporate Deposits extended by the Company. Application to Strike off Philips home care was filed with Ministry of Corporate affairs (Ministry) on January 23, 2020. The approval on the aforesaid application is pending from the Ministry as on the date of this report.

All the employees engaged with the Philips Home Care and its assets were transferred and sold off, as appropriate.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1. Sl. No. : **1**
2. Name of associates/Joint Ventures: **HealthMap Diagnostics Private Limited**
   I. Latest audited Balance Sheet Date: **NA**
   II. Date on which the Associate or Joint Venture was associated or acquired: **April 6, 2015**
   II. Shares of Associate / Joint Ventures held by the company on the year end
      a) Number of shares: **14,800,000**
      b) Amount of Investment in Associates/Joint Venture: ₹ **148 Million**
      c) Extend of Holding %: **35%**
3. Description of how there is significant influence: **HealthMap Diagnostics Private Limited ("HealthMap") is an Associate company of Philips India Limited. HealthMap had three directors on the Board out of which two Directors are representatives of Manipal Health Enterprises Private Limited and one Director was a representative of Philips India Limited, who was also an employee of the Company and any resolution in the Board of HealthMap was passed by simple majority,**
   Philips India Limited did not participate in the day to day operations of HealthMap.
   Hence, it was concluded that the Company had a significant influence over HealthMap but had no control over the same. Acordingly, HealthMap was considered as an Associate company of Philips India Limited, for the purposes of Consolidated Financial Statements.
4. Reason why the associate/joint venture is not consolidated: **As detailed in point 3 above, Philips India Limited had significant influence over HealthMap but has no control over the same, HealthMap was considered as its Associate Company. Accordingly, the financial statements of HealthMap, being an Associate of Philips India Limited were not proportionally consolidated in the Consolidated Financial Statements of the Company.**
5. Net worth attributable to shareholding as per latest audited Balance Sheet: **NA**
6. Profit/(Loss) for the year: **NA**
   I. Considered in Consolidation:
   II. Not Considered in Consolidation

Names of associates or joint ventures which are yet to commence operations: NA

Names of associates or joint ventures which have been liquidated or sold during the year: On May 15, 2019, your Company disposed of its shareholding held in HealthMap, by way of sale to Manipal Health Enterprises Private Limited for a Consideration of ₹ 35 Crores.

For and on behalf of the Board

Chairman	S. M. Datta (DIN: 0032812)
Managing Director	Daniel Mazon (DIN: 07954025)
Director and CFO	Sudeep Agrawal (DIN:08056132)
Director and Company Secretary	Rajiv Mathur (DIN: 06931798)

Place: Gurugram
Date: July 30,2020

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