PHILIPS

Philips India

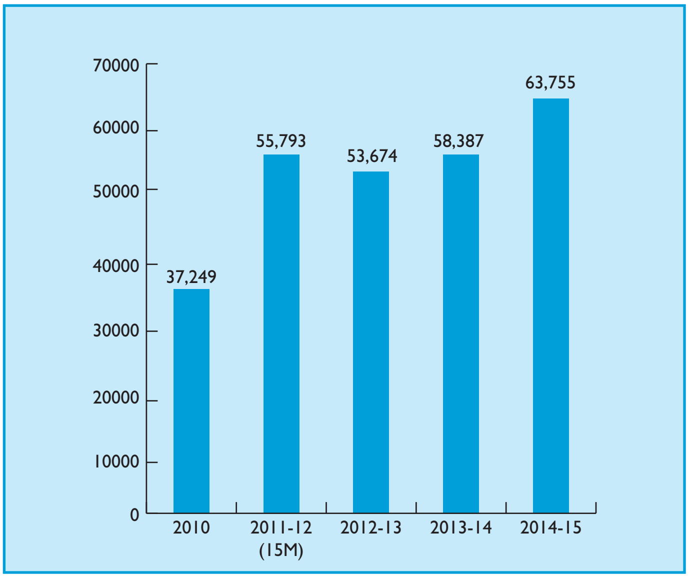
Annual Report

Transforming to lead

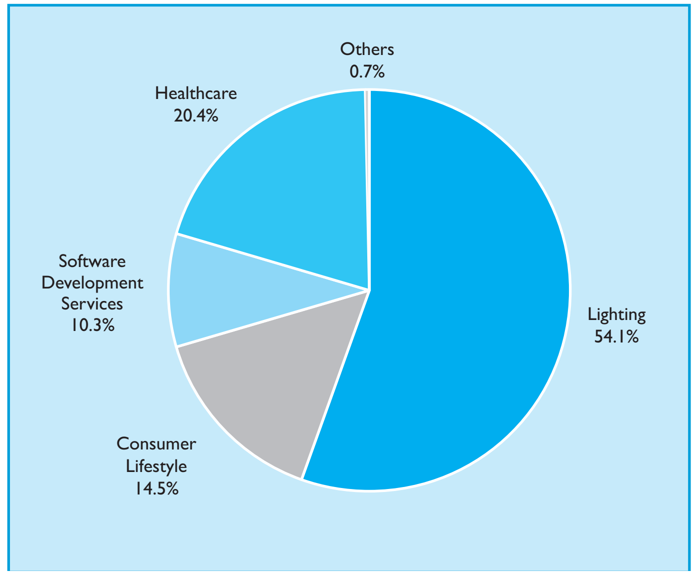
Annual report 2014-15

PHILIPS INDIA LIMITED

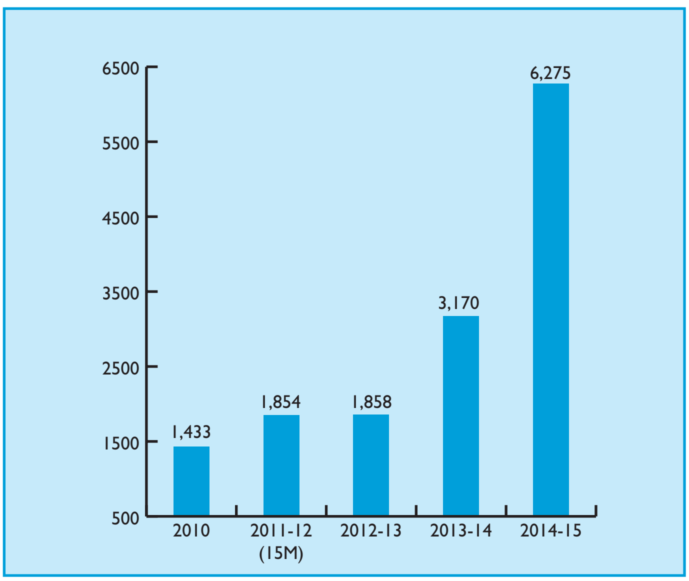
Sales ₹ in Mln



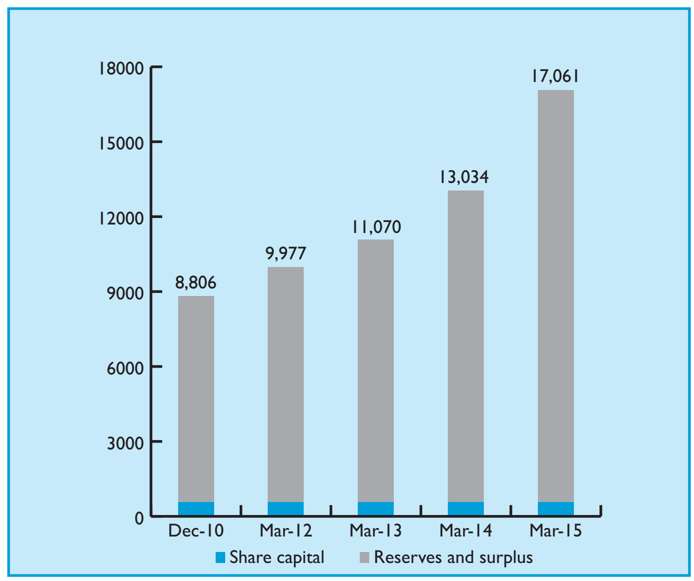
Sales by sectors- Apr'14-Mar'15



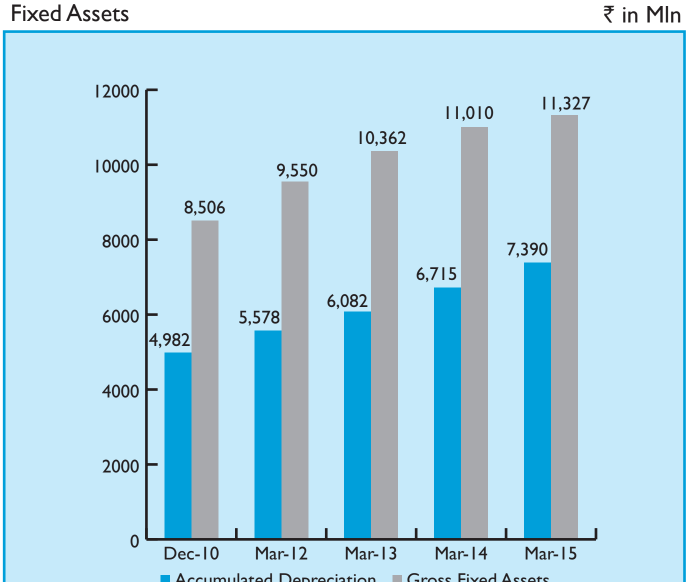
Profit Before Tax ₹ in Mln



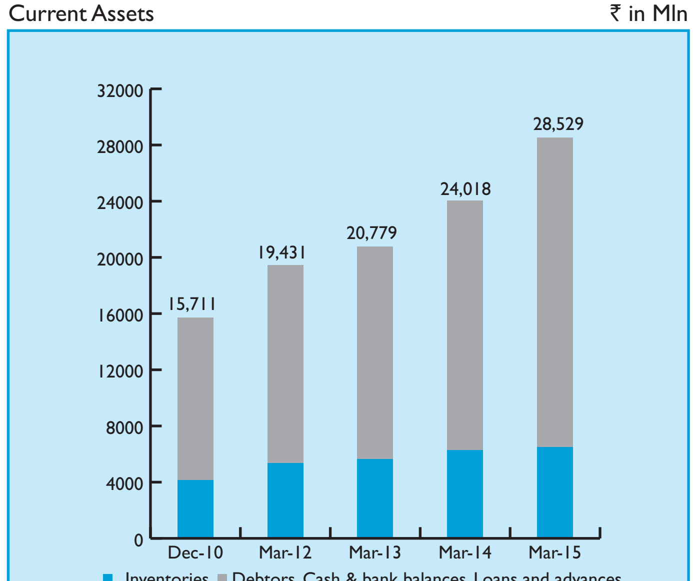
Net Worth ₹ in Mln



Fixed Assets ₹ in Mln



Current Assets ₹ in Mln



PHILIPS INDIA LIMITED

CONTENTS

Annual General Meeting on Monday, September 28, 2015 at 10.30 a.m.
At Vidya Mandir, 1, Moira Street, Kolkata 700 017

For route map to the venue, please refer the AGM Notice that forms part of the Annual Report.

You are requested to kindly carry your copy of the Annual report to the Meeting.

BOARD OF DIRECTORS

Chairman & Non Executive Director
S. M. Datta

Managing Director
Krishna Kumar Ananthasubramanian

Whole-Time Director and Company Secretary
Rajiv Mathur

Whole-Time Director and CFO
Hariharan Madhavan

Non Executive Directors
Vivek Gambhir
Vikram Mukund Limaye

AUDITORS
B S R & Co. LLP
Chartered Accountants

BANKERS
Citibank N.A.
Bank of America N.A.
Deutche Bank AG
The Royal Bank of Scotland N.V.
State Bank of India
HDFC Bank
Standard Chartered Bank
BNP Paribas

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighty-fifth Annual General Meeting of PHILIPS INDIA LIMITED will be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 017 on Monday, September 28, 2015 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the standalone and consolidated Financial Statements of the Company for the financial year ended March 31, 2015, including the audited Balance Sheet as at March 31, 2015, 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, 2015.

3. To appoint Director(s) in place of those retiring by rotation.

4. To ratify the appointment of Statutory Auditors of the Company for a further period of one year and to fix their remuneration and pass the following resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 and all the other of the Companies Act, 2013 read with Rule (7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendations of the Audit Committee and the Board of Directors, appointment of BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248 W/W-100022), as the Statutory Auditors of the Company be and is hereby ratified for a further period of one year, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

   RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to fix such remuneration as may be determined in consultation with the auditors and that such remuneration may be paid on a progressive billing basis.

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

SPECIAL BUSINESS:

5. APPOINTMENT OF MR. RAJIV MATHUR (DIN 06931798) AS A DIRECTOR

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

   "RESOLVED THAT Mr. Rajiv Mathur (DIN 06931798), who was appointed as an Additional Director of the Company under Section 161(1) of the Companies Act, 2013 (the "Act") with effect from 8th December, 2014 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

   RESOLVED FURTHER THAT Mr. Rajiv Mathur shall be a Director whose office shall be liable to determination by rotation."

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

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

   "RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the requisite approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the appointment of Mr. Rajiv Mathur (holding DIN 06931798), as a Whole-time Director of the Company with effect from August 18, 2015 to July 31, 2020 as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Rajiv Mathur.

   RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the Company in any financial year during the term of Mr. Rajiv Mathur's office as a Whole-time Director, the remuneration and perquisites set out in the aforesaid

Agreement 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 continue to be Key Managerial Person of the Company.

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."

7. APPOINTMENT OF MR. HARIHARAN MADHAVAN (DIN 07217072) AS A DIRECTOR

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

"RESOLVED THAT Mr. Hariharan Madhavan (DIN 07217072), who was appointed as an Additional Director of the Company under Section 161(1) of the Companies Act, 2013, with effect from 18th August, 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT Mr. Hariharan Madhavan shall be a Director whose office shall be liable to determination by rotation."

8. APPOINTMENT OF MR. HARIHARAN MADHAVAN (DIN 07217072) AS A WHOLE-TIME DIRECTOR

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

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the requisite approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the appointment of Mr. Hariharan Madhavan (holding DIN 07217072), as a Whole-time Director of the Company with effect from August 18, 2015 to July 31, 2020 as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Hariharan Madhavan.

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

RESOLVED FURTHER THAT during his tenure Mr. Hariharan Madhavan shall continue to be Key Managerial Person of the Company.

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."

9. PURCHASE OF COMPULSORILY CONVERTIBLE DEBENTURES ISSUED BY PREETHI KITCHEN APPLIANCES PRIVATE LIMITED, WHOLLY OWNED SUBSIDIARY OF THE COMPANY, FROM KONINKLIJKE PHILIPS NV

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

"RESOLVED THAT pursuant to Section 186(2) and 188(1) of the Companies Act, 2013, read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014, approval of the Company be and is hereby accorded for the acquisition of 46,956,522 Compulsorily Convertible Debentures ("CCDs") of face value Rs. 115/- each of Preethi Kitchen Appliances

Private Limited, a subsidiary of the Company, bearing a coupon rate of 10% p.a., from Koniklijke Philips N.V., The Netherlands ("KPNV"), for such consideration as may be arrived at pursuant to valuation to be carried out, subject to such variations in the value on the actual date of transfer and on such other terms and conditions as may be decided by the Board and KPNV.

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, including effecting any filings as may be required, with the Registrar of Companies, Ministry of Corporate Affairs and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

10. RATIFICATION 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 ratifies the remuneration of Rs. 5,00,000 (Rupees Five Lacs) plus service tax and out of pocket expenses payable to M/s. R. Nanabhoy & Company, Cost Accountants, having registration number 7464 who are appointed by the Board of Directors as Cost Auditors of the Company to conduct cost audit relating to cost records of the Company for the year ending 31st March, 2016.

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
Company Secretary
Membership No. F2045

Gurgaon, Haryana
August 18, 2015

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.

2. The relevant Explanatory Statement pursuant in Section 102 of the Companies Act, 2013 in respect of the Special Business at Item nos. 5, 6, 7, 8, 9 and 10 of the Notice, is annexed hereto.

3. The Share Transfer Books and the Register of Members of the Company will remain closed from September 22, 2015 to September 28, 2015 (both days inclusive).

4. Subject to provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared, at the meeting, will be paid within 30 days from the date of declaration, to those members whose names appear on the Company's Register of Members as on September 28, 2015. 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.

5. Members are requested to contact the Registrar and Share Transfer Agent for all matters connected with Company's shares at:

Sharepro Services
Samhita Complex
Plot No 13AB, Off Andheri-Kurla Rd
Sakinaka, Andheri (East) Mumbai-400 099
Tel: (022) 67720400/67720360
Fax: (022) 28508927

Sharepro Services
912, Raheja Centre Free Press Journal Rd
Nariman Point
Mumbai- 400 021
Tel: (022) 22825163/66134700
Fax: (022) 22825484

6. Pursuant to Section 205A(5) of the Companies Act, 1956, which continues to be in force, the unpaid dividend that are due for transfer to the Investor Education and Protection Fund (IEPF) are as follows:

Dividend No.	Date of Declaration	For the year ended	Tentative date for transfer to IEPF
62	12.06.2009	31.12.2008	19.07.2016
63	29.06.2010	31.12.2009	05.08.2017
64	10.06.2011	31.12.2010	17.07.2018
65	04.09.2012	31.03.2012	11.10.2019
66	20.09.2013	31.03.2013	27.10.2020
67	25.09.2014	31.03.2014	02.10.2021

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

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

7. 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;

   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.

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

9. **Voting through electronic means**

   I. In compliance with provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration Amendment Rules, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 85th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

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

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

   IV. The remote e-voting period commences on 25-09-2015 (9:00 a.m.) and ends on 27-09-2015 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21-09-2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

   V. The process and manner for remote e-voting are as under:

(A) In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :

   (i) Open email and open PDF file viz; "PIL remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting then you can use your existing password for casting the vote. If you have forgot your password, you can reset your password by using "Forget User Details/Password" option available available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

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

(iii) Click on Shareholder – Login

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

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

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

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

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

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

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

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

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer Mr. Asim Chattopadhyay, on his e-mail id: asimsecy@gmail.com with a copy marked to evoting@nsdl.co.in.

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

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

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

II. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

III. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of NSDL's e-voting website https://evoting.nsdl.com.

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

V. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

VI. The voting rights shall be as per the number of equity shares held by the Member(s) as on Monday, September 21, 2015, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

VII. Any person, who acquires shares of the Company and becomes member of the Company after 21-08-2015 i.e. the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. 21-09-2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in.

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

IX. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

X. Mr. Asim Chattopadhyay has been appointed as the Scrutinizer for providing facility to the Members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

XI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XII. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter sign the same and declare the result of the voting forthwith.

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

EXPLANATORY STATEMENT

Under Section 102 of the Companies Act, 2013

ITEM NO. 3

This Explanatory Statement is provided though not required as per Section 102 of the Act.

Mr. Rajiv Mathur is a Key Managerial Person and Director of the Company. He was appointed as an Additional Director on the Board of Directors, with effect from December 8, 2014 and holds office only up to the date of this Annual General Meeting.

Further, the Board of Directors, subject to the approval of the members, appointed Mr. Rajiv Mathur as a Whole-time Director of the Company, for a term starting from August 18, 2015 and ending on July 31, 2020.

The resolutions seeking approval of the members on the aforesaid matters are placed before the members vide items nos. 5 and 6 of the accompanying Notice.

Subject to the approval of the Members on the aforesaid item nos. 5 and 6, Mr. Mathur retires by rotation at this Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013. Mr. Rajiv Mathur, being eligible and seeking re-appointment, is proposed to be appointed as Director of the Company.

Your Directors recommend the resolution set forth in Item No. 3 for the approval of the members.

Except Mr. Rajiv Mathur, being the appointee, none of the Directors is interested or concerned in the resolution placed at Item no. 3.

ITEM NOS. 5 & 6

The Board of Directors at their meeting held on June 25, 2013 had taken note of appointment of Mr. Rajiv Mathur as Company Secretary and Key Managerial Person of the Company. Further, on December 8, 2015, he was appointed as an Additional Director of the Company, under Section 161 of the Companies Act, 2013. Mr. Rajiv Mathur holds office only up to the date of this Annual General Meeting.

Pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members and such other approvals as may be required, the Board of Directors, at their meeting held on August 18, 2015, appointed Mr. Rajiv Mathur as a Whole time Director of the Company, with effect from August 18, 2015 to July 31, 2020.

A notice has been received from a member signifying his intention to propose appointment of Mr. Rajiv Mathur as a Whole-time Director of the Company along with a deposit of Rs. 1,00,000.

Mr. Rajiv Mathur joined Philips India in 2013 as Chief General Counsel – Indian Sub-continent and was also appointed as the Company Secretary of the Company with effect from July 12, 2013. Mr. Mathur has been responsible for enhancing the legal capabilities within Philips India and the group companies, guiding overall group strategy, conducting several sessions on secretarial and other compliances impacting the Philips business in India. Mr. Mathur has also led various restructuring exercises, including transfer of Woox business and Automotive lighting and Lumileds business to separate companies, through slump sale process; and more recently, the separation of the Lighting business of the Company into a separate entity, through Demerger and driving special projects.

Prior to joining Philips India, Mr. Rajiv Mathur was employed as Director - Legal & Compliance, Regulatory & Company Secretary at Max Life Insurance Company Limited, one of the leading life insurers in India, and as Head of Legal and Company Secretary at NDTV, leading news broadcaster in the country and prior to that as General Manager - Corporate Affairs & Company Secretary at Gillette.

Mr. Rajiv Mathur is a Fellow Member of the Institute of Company Secretaries of India and is among the senior members of the Institute, having been granted membership in the year 1985. Mr. Mathur also holds a degree in law.

The appointment of Mr. Rajiv Mathur is appropriate and in the best interests of the Company.

The approval of the members is requested for the appointment of Mr. Rajiv Mathur as a Whole-time Director and the terms and conditions of his appointment, including the remuneration payable to him, as detailed hereunder.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

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

1. Period of appointment: August 18, 2015 up to July 31, 2020.

2. Mr. Rajiv Mathur shall be entitled to receive remuneration for his services by way of Salary,

   Variable Performance Linked Bonus and Perquisites as mentioned hereunder:

   Remuneration:

Salary	Rs. 10,63,935/- per month or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The amount includes: Basic Salary: Rs. 4,14,935/- House Rent Allowance: Rs. 2,50,000/- Flexible Benefit Plan: Rs. 3,29,250/- Retrial Benefit: Rs. 69,750/- (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 shall not be included in the computation of perquisites.

3. 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 subject to the approval of the Central Government, if required.

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

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the ordinary resolution set out at item no. 5 and special resolution set out at item no. 6 of the accompanying Notice for the approval of the Members.

Except Mr. Rajiv Mathur, being the appointee, none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 5 & 6.

Your Directors recommend the resolutions set forth in item Nos. 5 & 6 for the approval of the members.

ITEM NOS. 7 & 8

The Board of Directors had appointed Mr. Hariharan Madhavan as the CFO and Key Managerial Person of the Company, with effect from April 1, 2015. Further, he was appointed as an Additional Director of the Company, under Section 161 of the Companies Act, 2013 with effect from August 18 2015. Mr. Hariharan Madhavan holds office only up to the date of this Annual General Meeting. The Board also appointed Mr. Hariharan Madhavan as a Whole-time Director, with effect from August 18, 2015 to July 31, 2020, subject to the approval of the shareholders.

A notice has been received from a member signifying his intention to propose appointment of Mr. Hariharan Madhavan as a Director of the Company along with a deposit of Rs. 1,00,000.

Mr. Madhavan has been with Philips for over 14 years and has been in various leadership positions in the recent years. Before the current position, he was Controller for the Business Group Automotive Lighting, Philips and strongly supported the separation of that business, globally, into a separate entity.

The approval of the members is being requested for the appointment of Mr. Hariharan Madhavan as a Whole-time Director and the terms and conditions of his appointment, including the remuneration payable to him.

The appointment of Mr. Hariharan Madhavan is appropriate and in the best interests of the Company.

The approval of the members is requested for the appointment of Mr. Hariharan Madhavan as a Whole-time Director and the terms and conditions of his appointment, including the remuneration payable to him, as detailed hereunder.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

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

1. Period of appointment: August 18, 2015 to July 31, 2020

2. Mr. Hariharan Madhavan shall be entitled to receive remuneration for his services by way of Salary, Variable Performance Linked Bonus and Perquisites as mentioned hereunder:

   Remuneration:

Salary	Rs. 11,25,000/- per month or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The amount includes: 1. Basic Salary: Rs. 4,38,750/- 2. House Rent Allowance: Rs. 2,50,000/- 3. Flexible Benefit Plan: Rs. 2,96,684/- 4. Retrial Benefit: Rs. 1,39,566/- (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. Hariharan Madhavan shall not be paid sitting fees for attending meetings of the Board or any Committee thereof of the Company.

Part- A

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

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

Part-B

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

ii. Gratuity and encashment of leave are payable as per the Rules of the Company at the end of the tenure and shall not be included in the computation of perquisites.

3. Minimum Remuneration: Notwithstanding anything hereinabove, where in any financial year during the term of office of Mr. Hariharan Madhavan as the CFO and Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration as minimum remuneration by way of Salary, Variable Performance Linked Bonus and Perquisites subject to the approval of the Central Government, if required.

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

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the ordinary resolution set out at item no. 7 and special resolution set out at item no. 8 of the accompanying Notice for the approval of the Members.

Except Mr. Hariharan Madhavan, being the appointee, none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 7 & 8.

Your Directors recommend the resolutions set forth in item Nos. 7 & 8 for approval of the members.

ITEM NO. 9

The business of Preethi Kitchen Appliances ("Preethi") was acquired by the Company in 2011 and the required investments were made in the share capital of Preethi by the Company. Koninklijke Philips NV ("KPNV"), being the parent company of the group, had also invested in the Preethi business to the extent of Rs. 5400 Million. Against the said investment 46,956,522 Compulsorily Convertible Debentures (CCDs) of Rs. 115/- each were allotted by Preethi to KPNV. These CCDs carry a coupon rate of 10% and are due for compulsory conversion into equity shares in April, 2016.

It is proposed that the said CCDs be purchased by Philips India Limited from KPNV at Fair Market Value. The payment for the purchase of CCDs will be made by Philips India Limited from the reserves available with it. The transfer shall take place at Fair Market Value. As per valuation carried out by Deloitte, Haskins & Sells ("Deloitte"), based on the financials as of March 31, 2015 the value of the CCDs is approximately Rs. 4022 Million. A copy of Valuation report dated April 24, 2015, of Deloitte, Haskins & Sells will be available at the Registered office of the Company, for inspection by the members, till the AGM. The value of CCDs shall undergo changes in view of coupon payments made after the valuation date. The valuation will be carried out again, after all the required approvals have been taken, but prior to the transfer of the CCDs.

The proposal is likely to benefit the Company as well as Preethi. If Philips India acquires these CCDs and later converts the same into equity shares, the interest burden on Preethi is expected to reduce significantly. If the CCDs were to remain with KPNV, the conversion of CCDs, due April, 2016, would give KPNV close to 75% equity stake in Preethi. Therefore, it is recommended that these CCDs be acquired by the Company from KPNV, to ensure that there is no dilution of stake of Philips India in Preethi.

Pursuant to the provisions of Section 186(2), the Board has recommended the purchase/ acquisition of the CCDs. In terms of provisions of Section 188, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, this transaction is a Related Party Transaction, which has been reviewed by the Audit Committee and recommended by the Board for the approval from the shareholders of Philips India Limited.

None of the Directors and Key Managerial Personnel (KMP) of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 9.

Your Directors recommend the resolution set forth in Item No. 9 for the approval of the members.

ITEM NO. 10

The Company is required to have the audit of its cost records conducted by a cost accountant in practice under Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014 ("the Rules"). The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. R. Nanabhoy & Company, Cost Accountants, having registration number 7464, as the Cost Auditors, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016.

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 ratified 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 ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2016.

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

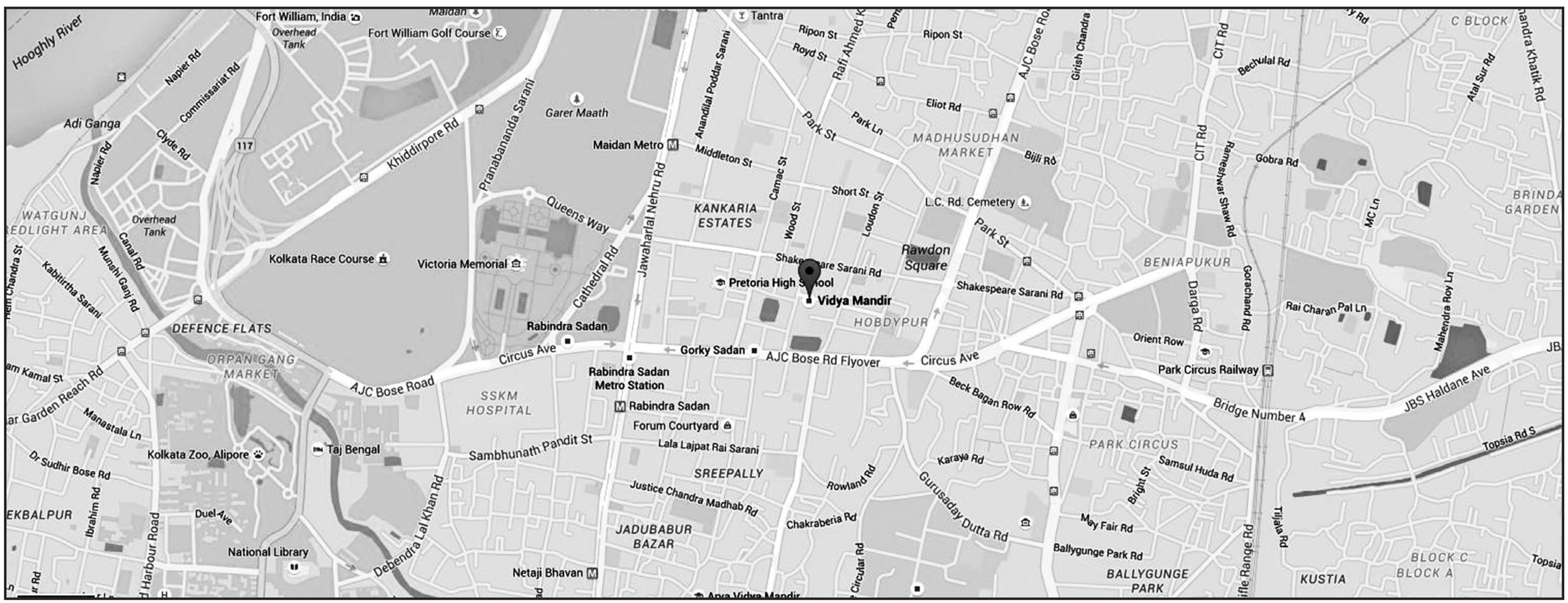
None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution set out at item no. 10 of the accompanying notice.

By the Order of the Board

Rajiv Mathur
Company Secretary
Membership No. F 2045

Gurgaon, Haryana
August 18, 2015

ROUTE MAP TO THE VENUE OF THE 85TH ANNUAL GENERAL MEETING TO BE HELD ON SEPTEMBER 28, 2015 AT 10:30 A.M. AT VIDYA MANDIR, 1, MOIRA STREET, KOLKATA – 700 017



DIRECTORS' REPORT

For the financial year ended March 31, 2015

To the Members,

Your Company's Directors are pleased to present the 85th Annual Report of the Company, along with the Audited Annual Accounts for the financial year ended March 31, 2015.

1. FINANCIAL PERFORMANCE

1.1 RESULTS

₹ Million

	2014-15	2013-14
Gross Income	64,622	59,133
Profit before tax and exceptional items	5,600	3,096
Exceptional Items	675	74
Profit before tax	6,275	3,170
Provision for current tax	(2,353)	(1,130)
Deferred tax – Release / (Charge)	313	59
Profit after tax	4,235	2,099
Transfer to General Reserve	424	210

1.2 SECTORWISE SALES

	2014-15	2013-14
Lighting	34,488	32,387
Consumer Lifestyle	9,247	8,757
Healthcare	12,992	11,752
Innovation Campus	6,567	5,306
Others	461	185
Total	63,755	58,387

All the three key sectors of your company - Lighting, Healthcare and Consumer Lifestyle posted robust top line growth and an increase in their respective market shares.

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

1.3 FINANCE & ACCOUNTS

Your Company has delivered positive net cash from operations through improved sales performance and working capital management. Your company has not made any major borrowings in this year and has managed working capital requirements from internal cash generation.

During the year, your company placed inter-company Deposits (ICDs) with Preethi Kitchen Appliances Private Limited ("Preethi"), its wholly owned subsidiary, to the tune of Rs. 475 million, taking the total ICDs placed with Preethi to Rs. 2,425 million. These ICDs were from internal accruals.

The Capital expenditure incurred by your Company during the year was Rs. 859 million (as against Rs.1,016 million during FY 2013-14), towards addition of production line in Vadodara light factory, information technology and other cost saving projects.

Your Company continued to facilitate Healthcare sales with innovative financial solutions to support the customers and business. During the year, transactions to the tune of Rs. 2,475 million were facilitated, using internal accruals.

During the year, the Automotive lighting business of your Company was transferred to Lumileds India Private Limited, an indirect subsidiary of the parent company, Koninklijke Philips N.V. ("KPNV"), at a total consideration of Rs. 378 million.

Further, in compliance with the provisions of Section 205A of the Companies Act, 1956 (which continue to be applicable presently), during the year, your Company transferred unpaid dividend of Rs. 1.21 million to Investor Education and Protection Fund.

2. DIVIDEND

Your Directors recommend payment of Rs. 3/- per share as dividend on the fully paid equity shares for the financial year ended March 31, 2015. This will absorb Rs. 172.60 million as dividend and Rs. 35 million as dividend distribution tax.

3. TRANSFER TO RESERVES

In the year 2014 -15, your Company proposes to transfer Rs. 424 Million to General reserve.

4. DEPOSITS

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

5. BUSINESS PERFORMANCE

The Notes to the Profit and Loss Account for the year provide segment results. The required disclosure is made below for the Lighting, Consumer Lifestyle, Healthcare and Philips Innovation Campus (Software) Sectors.

5.1 LIGHTING

The Lighting Sector of your Company grew by 7.2 % for the financial year ended March 31, 2015, over the corresponding period of the previous financial year, mainly driven by strong growth in Professional Lighting Solutions and Consumer Luminaires businesses. The growth was driven mainly by aggressive LED penetration across business, increasing your Company's share of the Lighting business to 27.6%, reach expansion in semi-urban market, increasing your Company's retail presence through Light Lounges and Light Shops and by driving LED installations in the Professional Segment.

Professional Lighting Solutions witnessed growth of 14.2% driven by strong growth in LED across segments, with continuous focus on expansion of locally relevant LED portfolio, which grew by 105%, through the successful launch of 27 LED/ Solar products during this period. The LED growth has been significantly higher than projection and your Company's LED contribution in Professional Lighting Solutions business now stands at 64% for the current period with clear leadership in LED.

The Home lighting business continued the growth momentum during the financial 2014-15 with 11% growth, driven by continuous expansion of locally relevant portfolio, the addition of 34 new brand retail stores across India and improving the efficiency of existing stores. Focused marketing activities and investments in advertising and promotions have aided this growth. Your Company's advertising campaigns during the year have helped in improving its brand health.

Growth in Light Sources business was driven by strong performance in LED lamps followed by Switches and LED Systems. The growth in LED business adversely impacted the conventional business, resulting in an overall growth of 4.6%.

In the next financial year 2015-16, your Company expects to continue to win in conventional lighting, invest behind LED conversion and drive strong growth through reach expansion in semi urban and relevant rural areas. It will continue to expand its retail footprint and build awareness of home decorative lighting in consumer luminaires, win in system & services orders and increase localization of LED Products.

5.2 CONSUMER LIFESTYLE

The Consumer Lifestyle Sector of your Company continued to gain this year and strengthened market share by introduction of categories such as Air Purifier, high end Steam Irons and Kerashine range of hair products.

In the domestic appliances business, Air Fryer, a new product introduced last year, continued to perform well. Further to this, your Company continued to build share in the Personal Care business in India, led by Male Grooming and Beauty products. We added three new brand ambassadors to strengthen our marketing efforts for Domestic Appliances and Personal Care.

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

Your Company conducted many successful campaigns during the year on Kitchen Appliances, Male Grooming Products, Beauty Products and Air Fryer which lead growth in market share for these products. Your Company has also emphasized on a new "Go to Market" strategy, which has helped in connecting better with the Customers. This year we further built on our reputation for Innovation by introducing products like the Philips Soupmaker, new variants of Air Purifiers and a revitalized range of Depilation gadgets.

Industrial activity which depicts our local-for-local aspiration also took shape during the year.

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

5.3 HEALTH CARE

The year 2014-15 has been a remarkable year for the Healthcare sector of your Company, with an overall growth of 9.3% and profitability improvement of 5% year on year. Your Company maintained its market share, despite continued pressure on costs, fluctuating currency and high interest costs. This was driven by double digit growth in Ultrasound (14.3%) and patient monitors (10.3%) while Diagnostic imaging grew at a modest 6.6%. Customer Service revenues registered a growth of 12.8% during the same period.

The Healthcare sector of your Company, strengthened its market leadership position in India in Cardiology and MRI, while maintaining its leadership position in patient monitoring and Non-invasive ventilators for respiratory care. However, it continued to lose market share in CT & US (*source: COCIR*). It also gained significant share in all of its strategic key accounts with Andhra Pradesh winning most of the multi-modality deals. It is focusing on bringing more integrated solutions to its customers to increase penetration. Solutions such as eICU, Healthcare informatics, Infrastructure & Consulting solutions continue to support profitable growth. Your Company's world class Customer Care Service Centre has further consolidated its position and achieved 47% remote resolution of all customer calls in December, 2014.

Philips Healthcare, a leader in image-guided therapies and IBA (Ion Beam Applications S.A., EURONEXT), the world's leading provider of proton therapy solutions for the treatment of cancer, launched an exclusive agreement to enhance access to proton therapy in India. The alliance combines Philips' expertise in clinical informatics and innovative imaging techniques for therapy planning and guidance and IBA's strengths in proton therapy.

Philips Healthcare was awarded the Best Home Healthcare Respiratory Company of the year 2014 by Frost & Sullivan for its leadership position in respiratory care.

5.4 PHILIPS INNOVATION CAMPUS (PIC)

Philips Innovation Campus (PIC), based at Bangalore, initially started as a software center and has now developed into a product engineering site with a focus on delivering meaningful innovations for local and global markets. It also plays a crucial role in Philips' digital journey. PIC is proud to have delivered affordable and accessible healthcare solutions last year for India and growth geographies like Africa and Indonesia. Efficia ECG 100, the hand held ECG from the PIC stable has won the "Best Innovation Healthcare" award from CMO Asia, recently.

Some meaningful innovations from the campus for India include:

- The Intellispace consultative critical care solution, which enables an intensivist at a central location to monitor patients in distant multiple Intensive Care Units (ICUs), almost in real time. It is a solution which addresses the growing shortage of qualified physicians and nurses, while dramatically improving quality of care
- Compact and low cost ECG device
- VISIQ, a unique USB-based tablet Ultrasound system
- A solar DC grid- an alternate source of energy that answers the energy crisis

While PIC works for the Indian markets, it has expanded its solutions to other growth geographies as well. The IntelliSpace Consultative Critical Care (ICCC) solution has also found market in other countries such as Indonesia and Singapore. The Mobile Obstetrics Monitoring (MOM) which detects early pregnancy risks, provides convenient access to clinical data anytime and anywhere, is deployed in Indonesia. PIC continues to play a key role in imaging solutions as well.

An energy management approach to lighting control and design in the built environment is imperative to ensuring a sustainable future. The Light Master-IP is an intelligent lighting management system that helps manage energy and lighting requirements of commercial spaces by leveraging the power of connected lighting.

This year PIC released new version from the ClearVue family, called CleaVue Elite designed for high level of performance while ensuring simplified work flow at an affordable price. PIC, in association with Manipal Hospitals, deployed its solar solution at a primary health center in Malpe. This solar clinic is an example of PIC's ability to build sustainable healthcare solutions. The consumer Lifestyle digital innovations team continues to create apps for iOS & Android, validates the solutions end to end, publishes the apps and then is involved with the continuous enhancement of the apps after they go live.

Last year PIC forayed into and built up competencies in internet of things, sensor, cloud computing and mobile technologies. It is working on solutions that provide connectivity to a range of home appliances from air purifiers to coffee makers, which make consumers' lives easier in today's busy world. PIC is playing a critical role in building an open, cloud-based digital platform that can link to all kinds of devices, allows doctors to feed information about patients, allows patients, relatives and doctors to be connected to each other, and carry out large scale analytics.

The Sales (Export in Foreign Currency) amounted to Rs. 6.6 billion (Rs. 5.3 billion in 2013-14). PIC's average employee strength during 2014-15 was 2373 Full Time Equivalents (1727 in 2013-14). During the year, personnel in the Healthcare and Consumer Lifestyle increased over last year.

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 April 01, 2015, the Board accorded its in-principle approval for the segregation of the Lighting 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 Lighting 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 Lighting business.

In line with the global initiative, on April 27, 2015, the Board of Directors of your Company approved the Scheme of Arrangement for Demerger of the Lighting business, into a wholly owned subsidiary of your Company, Philips Lighting India Limited, specifically set up for this purpose. In terms of the Orders of the Hon'ble Calcutta High Court, a meeting of the shareholders of your Company was held on July 06, 2015 at Kolkata, where the proposal for demerger of Lighting business into Philips Lighting India Limited was approved. The Demerger Petition for approval of the Scheme of Arrangement for Demerger is pending with Hon'ble Calcutta High Court for its approval.

Further, for growth and expansion of Healthcare business of your Company, a special purpose company, under the name Healthmap Diagnostics Private Limited ("Healthmap") was incorporated, on April 6, 2015, in partnership with Manipal Hospitals Group for the purpose of setting up and operation of radiology centres in Harayana under Public Private Partnership (PPP) Model. Your Company holds 35% stake in Healthmap and the balance 65% stake is held by Manipal.

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

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

8. DETAILS OF SUBSIDIARY/ JOINT VENTURES/ ASSOCIATE COMPANIES

As of March 31, 2015, your Company had one subsidiary, Preethi Kitchen Appliances Private Limited ("Preethi"). The Company has no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

There has been no material change in the nature of the business of the subsidiary company, Preethi.

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiary in Form AOC-1, is attached as an Annexure 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 subsidiary, are available on the website of the Company.

9. PERFORMANCE OF THE SUBSIDARY

PREETHI KITCHEN APPLIANCES PRIVATE LIMITED ("PREETHI"):

The launch of new products including Glass Top Stoves, conventional Gas Stoves, Juicers and Choppers during the financial year by Preethi, contributed to its growth. Preethi also launched new models of Induction Cooktops and Mixer Grinders to boost sales. The new mixer grinder models launched by Preethi to cater to the growing needs of the consumers, came from Preethi's Global Innovation and Development Centre at Chennai.

The market environment continued to be challenging with the continued distribution of free mixers by the State Government in Tamil Nadu. Despite the above, Preethi continued to sustain its market share in the Mixer Grinder category and also increased its turnover.

Preethi identified geographies to expand its footprint to other regions of the country, and commenced business in the States of Gujarat and Odisha. Preethi has also begun the move from being a kitchen appliances company to a domestic appliances company by launching products like Glass top gas stoves, Conventional Gas Stoves etc. Preethi has also initiated steps to expand Pan-India in the Large Format Retailer Category.

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

Preethi completed the expansion of the Nalagarh unit to handle higher capacities and manufacture other products apart from mixer grinders.

10. BUSINESS RESTRUCTURING

During the year, the Lumileds and Automotive business of your Company was divested to Lumileds India Private Limited, a company incorporated in India and which is an indirect subsidiary of Koninklijke Philips N.V., the parent company. The divestment was carried out through slump sale for a total consideration, being the fair value of the business, of Rs. 378 million.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2014-15, the Board of Directors, in their meeting held on July 19, 2014, recommended to the shareholders the re- appointment Mr. S.M. Datta and appointment of Mr. Vikram Mukund Limaye and Mr. Vivek Gambhir as Non- Executive Independent Directors. In accordance with the recommendation of the Board, the shareholders of the Company, at the Annual General Meeting of the Company, held on September 25, 2014, appointed, for a term of five years w.e.f. July 19, 2014, Mr. S. M. Datta, Mr. Vikram Mukund Limaye and Mr. Vivek Gambhir as Independent Directors in terms of the provisions of Section 149 of the Companies Act, 2013.

Mr. Jan Hendrik Gerardus Louwman stepped down from the Board with effect from December 23, 2014, after serving on the Board for over five years as Whole Time Director and CFO. Your Directors wish to record their appreciation of the valuable contributions made by Mr. Louwman to the Board's deliberations and proceedings during his term on the Board.

Further, Mr. Rajiv Mathur was appointed on the Board, as an Additional Director, with effect from December 08, 2014 and as a Wholetime Director, liable to retire by rotation, with effect from August 18, 2015.

Mr. Hariharan Madhavan, was appointed as the Chief Financial Officer and Key Managerial Person with effect from April 1, 2015. Mr. Hariharan Madhavan was also appointed as a Wholetime Director, liable to retire by rotation, with effect from from August 18, 2015.

The appointment of Mr. Rajiv Mathur and Mr. Hariharan Madhavan is required to be regularised and your Directors recommend their appointment for your approval.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Meetings of the Board were held five times during the financial year, on June 25, 2014, July 19, 2014, September 25, 2014, December 8, 2014 and February 20, 2015.

13. BOARD EVALUATION

The Nomination and Remuneration Committee of the Company approved a Performance Evaluation Policy, which was adopted by the Board of Directors. The key features of this Policy have also been included in the report. The Policy provides for evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board and Independent Directors.

During the year, the first Evaluation cycle was completed as per the Policy and the provisions of the Act. The performance of the Board as a whole, its Committees and the individual directors was carried out 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.

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

14. COMMITTEES OF THE BOARD

14.1 AUDIT COMMITTEE

The Audit Committee of the Board was re-constituted on February 20, 2015 after cessation of Mr. Jan Hendrik Gerardus Louwman, as a Director and later again on August 18, 2015, subsequent to re-constitution of the Board. The Audit Committee presently comprises of the following members:

• Mr. S. M. Datta, Non-Executive Director	Chairman
• Mr. Vivek Gambhir, Non-Executive Director	Member
• Mr. Hariharan Madhavan, Director	Member
• Mr. Rajiv Mathur, Director	Member

During the year, the Committee met thrice i.e. on July 19, 2014, September 24, 2014 and February 20, 2015. The Chairman of Audit Committee, Mr. S M Datta, attended the Annual General Meeting of the Company held on September 25, 2014 to Chair the Meeting and to respond to the shareholders' queries.

14.2 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Board was re-constituted on February 20, 2015. The Corporate Social Responsibility Committee presently comprises of the following members:

• Mr. Vivek Gambhir, Non-Executive Director	Chairman
• Mr. Krishna Kumar Ananthasubramanian, Managing Director	Member
• Mr. Rajiv Mathur, Director	Member

During the year, the Committee met four times i.e. on June 25, 2014, September 25, 2014, December 08, 2014 and February 20, 2015.

Your Company was engaged in Corporate Social Responsibility (CSR) initiatives in various fields, during the year 2014-15, the details of which are set out in Annual Corporate Social Responsibility report attached as **Annexure II** to the Board's report.

14.3 STAKEHOLDERS' RELATIONSHIP COMMITTEE

Section 178 of the Companies Act, 2013, with respect to Stakeholders' Relationship Committee, was notified, along with Rules thereunder to the Act, to take effect from April 1, 2014.

Your Company is covered under the provisions of the said section and has taken necessary steps in this regard. A Committee of the Board of Directors, titled Philips India Limited Stakeholders' Relationship Committee, was constituted by the Board in its meeting held on June 25, 2014. The Committee was re- constituted on February 20, 2015 and later on August 18, 2015 and presently consists of the following members:-

1.	Mr. S. M. Datta, Non-Executive Director	Chairman
2.	Mr. Krishna Kumar Ananthasubramanian, Managing Director	Member
4.	Mr, Hariharan Madhavan, Director	Member
3.	Mr. Rajiv Mathur, Director	Member

The first meeting of Stakeholders' Relationship Committee during the period under reference was held on February 20, 2015.

14.4 NOMINATION AND REMUNERATION COMMITTEE

Section 178 of the Companies Act, 2013, with respect to Nomination and Remuneration Committee, was notified, along with Rules thereunder to the Act, to take effect April 1, 2014.

Your Company is covered under the provisions of the said section and has taken necessary steps in this regard. A Committee of the Board of Directors, titled Philips India Limited Nomination and Remuneration Committee, has been Constituted by the Board in its meeting held on February 20, 2015, consisting of the following Members:

1.	Mr. Vivek Gambhir, Non-Executive Director	Chairman
2.	Mr. S. M. Datta, Non-Executive Director	Member
3.	Mr. Vikram Mukund Limaye, Non-Executive Director	Member
4.	Mr. Rajiv Mathur, Director	Member

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.

  The first meeting of Nomination and Remuneration Committee was held on August 18, 2015.

15. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received a declaration from each of the independent Directors under Section 149 (7) of the Companies Act, 2013, that they meet the Criteria of Independence laid down in Section 149(6) of the Companies Act 2013

16. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

17. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

18. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The four core pillars of HR namely- Talent Acquisition, Learning & Talent Development, Total Rewards and Industrial & Employee relations have focused on offering innovative programs and solutions to employees in the year 2014-15.

In the Talent Acquisition space your Company rolled out new initiatives to strengthen our Employer brand on campus and in the job market. The Leadership Programs for New Hires – BLP/ CLP/ TLP offer job opportunities to right talent from Premiere B-Schools and Technical Institutions, help source good talent into the organization at entry levels. Your Company's presence at the premier management campuses has been strengthened with activities like Campus Journos, Talks by IMT etc. Special mention of Back In the Game (BIG) program – an opportunity to provide a second chance to women on sabbatical to come back to the mainstream work. Blueprint - case study competition in Tier I B- schools - has been running successfully year on year. To give ample opportunities to internal talent, all job openings are shared through a mailer 'Opportunity Knocks' with internal employees first.

There is a continued focus on the learning and development of all employees from the management side, towards this your Company has launched many new programs and revamped certain existing ones. Few of the notable ones are mentioned below, Learning Fiesta, designed like a Learning Supermarket to provide everyone exposure to a variety of powerful learning experiences to choose from. It is aimed at enabling employees to own and drive their development and thereby promote a culture of self-development and learning across the organization. Insights, is a unique platform for our talent to interact and engage with senior leaders & India Management Team members. Business Accelerator is a 6 month learning journey, aimed at building & strengthening Strategic Thinking and Commercial Acumen and is led by senior leaders in the organization. People Investor Award is an initiative launched in 2014, which was continued this year as well, to recognize people leaders who have been investing considerable time in developing people beyond their normal scope of work. Some of the great programs continuing from earlier years are Performance Plus, ALTIUS and BBM.

Total Rewards, this year has focused on designing and offering better benefits for the employee, and promoting our recognition platform i.e. Recognition@Philips. A special Thank You month was organized, where employees were encouraged to recognize and thank their peers, subordinates, superiors and even support staff. Your Company also took the opportunity to reward and recognize its top talents across the business verticals at Pan-India level through CEO Awards. A new team has been formed that focuses only on Diversity and Inclusion initiatives, they have set up talks in office that have seen enthusiastic participation of employees. Salary review cycles continue as usual.

HR workday that was launched in 2013, has moved to Phase 2 to include PPM evaluation and goal settings. Going forward this will be the single source of all employee related data.

Industrial Relations were cordial. The Industrial Talent Council for Talent Management of all Industrial Units in Philips, formed in 2013, has enthusiastic participation and meets up regularly.

Information under Section 197 (12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personal)Rules, 2014, forms part of the Board's Report.

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

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

20. ENVIRONMENT, ENERGY, OCCUPATIONAL HEALTH & SAFETY

The Company's Mohali Light Factory (MLF) is actively involved in implementing Philips Eco Vision program V (2010-2015). 100% of waste generated was being recycled. Various energy saving initiates were undertaken in the year 2014-15 to reduce energy consumption. Safety of employees is the foremost concern at MLF and working towards providing a safe and accident free working environment is a culture here. Regular trainings and awareness sessions are carried out on Behaviour Based Safety (BBS) , Machine Safety for the employees to achieve zero accidents in the factory.

The Company's Vadodara Light Factory (VLF) with its focus on the environment and safety issues which has been very well appreciated during various audits done in the year. National Safety and World Environment day are celebrated every year in the plant to spread awareness and culture within the factory. VLF had switched over from liquid mercury to solid mercury in Fluorescent Lamps manufacturing which resulted in drastic reduction of mercury consumption and its emission. Regular training and seminars are conducted on Behaviour Based Safety and Machine safety to motivate and inculcate behaviour change amongst its employees in pursuit of our aim of zero accidents at the site. VLF is also actively involved in implementing the Philips Eco-Vision V (2010-2015) program. During 2014-15, 100 per cent of the waste generated at VLF was recycled. E-waste also was disposed through Proper and authorised TSDF-Treatment, Storage and Disposal Facilities.

21. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

22. RELATED PARTY TRANSCATIONS

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

23. STATEMENT OF RISK MANAGEMENT

Risk management forms an integral part of the business planning and review cycle. The company's risk management initiatives are designed to provide reasonable assurance that objectives are met by integrating management control into the daily operations, by ensuring compliance with legal requirements and by safeguarding the integrity of the company's financial reporting and its related disclosures. It makes management responsible for identifying the critical business risks and for the implementation of fit-for-purpose risk responses. Your Company's risk management approach is embedded in the areas of corporate governance, Philips Business Control Framework and Philips General Business Principles.

24. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2015 and of the profit of the Company for the year ended March 31, 2015;

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

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

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

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

25. AUDITORS

M/s. B S R & Co. LLP, the Statutory Auditors of the Company were appointed for five years in last Annual General Meeting held on September 25, 2014, subject to ratification by the members at every Annual General meeting.

In terms of provisions of Section 139 and 141 of the Companies Act, 2013, your Directors recommend their ratification for a term starting from the conclusion of the ensuing Annual General Meeting of the Company till the conclusion of the next Annual General Meeting. The Auditors have forwarded their certificate stating that their ratification, if made will be in accordance with the criteria specified under Section 141 of the Companies Act, 2013.

26. COST AUDITORS

The Central Government has directed your Company to carry out an audit of the Company's cost accounts in respect of healthcare equipment. Pursuant to the provisions of Section 148 of the Companies Act, 2013, your Directors have approved the appointment of M/s Nanabhoy & Company, a firm of cost accountants, to conduct the Cost Audit for the year ending March 31, 2016, at a remuneration of Rs. 5,00,000 (Rupees Five Lacs only) plus service tax and out of pocket expenses, subject to the ratification of such remuneration by the Members of the Company at its Annual General Meeting.

27. SECRETARIAL AUDITORS' QUALIFICATION

The Secretarial Auditors' in their Report, attached as **Annexure V** to this report, have given one qualification, as below:

"The Company has not appointed the Women Director as per the provisions of Section 149 of the Companies Act, 2013, the Company and its Managing Director have also received a Show Cause Notice (SCN) dated June 23, 2015 from the Office of Registrar of Companies, Kolkata. However, the Company has given the following reasons in reply to the said SCN vide its letter dated July 09,2015;

The Company has been in the process of identifying a suitable candidate for the aforesaid appointment and has held discussions with some of them. However, as has been recognized and reported widely, there is severe shortage of women professionals with requisite qualifications and relevant experience, for the appointment on the Board of Directors of various companies in compliance with the requirements of Section 149 of the Companies Act, 2013.

No further action has been initiated by the office of Registrar of Companies, Kolkata."

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

"The process for appointment of a Woman Director has been underway and discussions with respect to the status of the said appointment have been part of agenda at the meetings of the Board held during the year.

The Company had received a Show-cause (reference number ROC/SCN/149/ WD/006663/520) on June 26, 2015, from the office of Registrar of Companies, Kolkata with respect to the aforesaid appointment, which was required to be made on or before March 31, 2015. The Company submitted its response with the ROC's office vide its letter dated July 09, 2015, citing the difficulties it had faced with respect to identifying a suitable woman candidate for appointment in compliance with the requirements of Section 149 of the Companies Act, 2013. An update on the progress made by the Company has been shared with the Registrar of Companies, including extracts of some of the discussions held at the meetings of the Board in this regard and a request has been made to allow the Company time until September 30, 2015 to formalize the said appointment."

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)

New Delhi
August 18, 2015

Annexure - I

Form No. MGT 9
Extract of Annual Return
As on financial year ended on 31.03.2015 [Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.]

I. REGISTRATION & OTHER DETAILS:

i	CIN	U31902WB1930PLC006663
ii	Registration Date	31/01/1930
iii	Name of the Company	PHILIPS INDIA LIMITED
iv	Category/Sub-category of the Company	Public Company / Subsidiary of Foreign Company limited by shares
v	Address of the Registered office & contact details	7, Justice Chandra Madhab Road, Kolkata, West Bengal, 700020
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any	Sharepro Services (India) Pvt. Ltd. 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072, Tel.: 91-22-6772 0300

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Lamps	2740	31
2	Fittings	2740	15
3	Diagnostic imaging equipments	2660	12
4	Domestic appliances	2750	14
5	Software development	5820	10

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	Koninklijke Philips N.V (KPNV) High Tech Campus 5, 5656 AE Eindhoven, the Netherlands	N.A	Holding	96.13	2(46)
2.	Preethi Kitchen Appliances Private Limited. Technopolis Knowledge Park, 2nd Floor,Mahakali Caves Road, Chakala, Andheri (East),Mumbai, Maharashtra,400093	U36993MH2011PTC213827	Subsidiary	100	2(87)

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

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% 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.	13,028,754	42,261,488	55,290,242	96.13	13,028,754	42,261,488	55,290,242	96.13	0
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL : (A) (2)	13,028,754	42,261,488	55,290,242	96.13	13,028,754	42,261,488	55,290,242	96.13	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	13,028,754	42,261,488	55,290,242	96.13	13,028,754	42,261,488	55,290,242	96.13	0
B. PUBLIC SHARE HOLDING									
1. Institutions									
a) Mutual Funds	4	1,173	1,177	0.00	4	1,173	1,177	0.00	0
b) Banks/FI	2,306	8,623	10,929	0.02	2,300	8,623	10,923	0.02	0
c) Cenntral govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	**2,310**	**9,796**	**12,106**	**0.02**	**2,304**	**9,796**	**12,100**	**0.02**	**0**
(2) Non Institutions									
a) Bodies corporates									
i) Indian	29,921	13,489	43,410	0.08	36,800	13,769	50,569	0.09	0
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	729,444	1,276,538	2,005,982	3.49	722,588	1,261,766	1,984,354	3.45	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	117,236	10,780	128,016	0.22	129,598	10,780	140,378	0.24	0

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c) Others (specify) -Trust	1,991	-	1,991	0.00	408	-	408	0.00	0
NRI (REP)	5,903	11,751	17,654	0.03	7,080	12,434	19,514	0.03	0
NRI (NON REP)	17,510	331	17,841	0.03	19,301	376	19,677	0.03	0
SUB TOTAL (B)(2):	**902,005**	**1,312,889**	**2,214,894**	**3.85**	**915,775**	**1,299,125**	**2,214,900**	**3.85**	**0**
Total Public Share-holding (B)= (B)(1)+(B)(2)	**904,315**	**1,322,685**	**2,227,000**	**3.87**	**918,079**	**1,308,921**	**2,227,000**	**3.87**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**13,933,069**	**43,584,173**	**57,517,242**	**100.00**	**13,946,833**	**43,570,409**	**57,517,242**	**100.00**	**-**

ii. SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encum bered to total shares	
1.	Koninklijke Philips N.V.	55,290,182	96.13	-	55,290,182	96.13	-	-
2	Philips Radio B.V.	60	0.00	-	60	0.00	-	-
	Total	55,290,242	96.13	-	55,290,242	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	55,290,242	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 01.04.2014 to 31.03.2015*			
	At the end of the year	55,290,242	96.13		

iv) **Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) – as on 31st March 2015 :**

Sl No.	Name of Shareholers	Shareholding		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
1	**PAYAL BHANSHALI**				
	At the beginning of the year	82,050	0.14	82,050	0.14
	Bought during the year	-	-	82,050	0.14
	Sold during the year (13/03/2015)	27,350	0.05	54,700	0.10
	At the end of the year	54,700	0.10	54,700	0.10
2	**SURESH GUPTA**				
	At the beginning of the year	13,600	0.02	13,600	0.02
	Bought during the year	-	-	13,600	0.02
	Sold during the year	-	-	13,600	0.02
	At the end of the year	13,600	0.02	13,600	0.02
3	**YOGESH RASIKLAL DOSHI**				
	At the beginning of the year	7,706	0.01	7,706	0.01
	Bought during the year *	4,345	0.01	12,051	0.02
	Sold during the year	-	-	12,051	0.02
	At the end of the year	12,051	0.02	12,051	0.02
	* During the Year Mr.Yogesh Rasiklal Doshi bought 150 Shares on 23/05/2014, 200 Shares on 13/06/2014, 690 Shares on 20/06/2014, 150 Shares on 30/06/2014, 200 Shares on 15/08/2014, 100 Shares on 29/08/2014, 55 Shares on 19/09/2014 and 2800 Shares on 30/09/2014.				
4	**PUNIT KUMAR**				
	At the beginning of the year	11,310	0.02	11,310	0.02
	Bought during the year **	311	0.00	11,621	0.02
	Sold during the year	-	-	11,621	0.02
	At the end of the year	11,621	0.02	11,621	0.02
	** During the Year Mr. Punit Kumar bought 111 Shares on 22/08/2014 and 200 Shares on 31/12/2014				
5	**RASILA SHANTILAL MEHTA**				
	At the beginning of the year	10,780	0.02	10,780	0.02
	Bought during the year	-	-	10,780	0.02
	Sold during the year	-	-	10,780	0.02
	At the end of the year	10,780	0.02	10,780	0.02
6	**AMISH NARENDRA SHAH**				
	At the beginning of the year	10,276	0.02	10,276	0.02
	Bought during the year	-	-	10,276	0.02
	Sold during the year	-	-	10,276	0.02
	At the end of the year	10,276	0.02	10,276	0.02
7	**HITESH SHANTILAL MEHTA**				
	At the beginning of the year	10,000	0.02	10,000	0.02
	Bought during the year	-	-	10,000	0.02
	Sold during the year	-	-	10,000	0.02
	At the end of the year	10,000	0.02	10,000	0.02
8	**HINA KIRTI DOSHI**				
	At the beginning of the year	10,000	0.02	10,000	0.02
	Bought during the year	-	-	10,000	0.02
	Sold during the year	-	-	10,000	0.02
	At the end of the year	10,000	0.02	10,000	0.02

Sl No.	Name of Shareholers	Shareholding		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
9	**SUSHILA NAYAR**				
	At the beginning of the year	9,300	0.02	9,300	0.02
	Bought during the year	-	-	9,300	0.02
	Sold during the year	-	-	9,300	0.02
	At the end of the year	9,300	0.02	9,300	0.02
10	**CENTBANK FINANCIAL SERVICES LTD**				
	At the beginning of the year	6,537	0.01	6,537	0.01
	Bought during the year	-	-	6,537	0.01
	Sold during the year	-	-	6,537	0.01
	At the end of the year	130,491	0.23	6,537	0.01

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**				
	Krishna Kumar Ananthasubramanian	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 has been no change in the Director's Shareholding between 01.04.2014 to 31.03.2015*			
3	**At the end of the year**				
	Krishna Kumar Ananthasubramanian	6	-		

None of the other Directors or Key Managerial Persons hold any shares in the Company.

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	301	1197	-	1,498
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**301**	**1197**	**-**	**1,498**
Change in Indebtedness during the financial year				
Additions	211	287	-	498
Reduction	163	1197	-	1,360
Net Change	48	(910)	-	(862)
Indebtedness at the end of the financial year				
i) Principal Amount	349	287	-	636
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**349**	**287**	**-**	**636**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amounts in ₹ Million)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Krishna Kumar Ananthasubramanian	Jan Hendrik Gerardus Louwman	
1	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	33.90	32.41	66.31
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	5.51	4.12	9.63
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	4.90	35.42	40.32
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total (A)	**44.31**	**71.95**	**116.26**
	Ceiling as per the Act	₹ 423.5 Million		

B. Remuneration to other directors:

(Amounts in ₹ Million)

Sl. No	Particulars of Remuneration	Name of the Directors			Total Amount
1	**Independent Directors**	**S. M. Datta**	**Vivek Gambhir**	**Vikram Mukund Limaye**	
	(a) Fee for attending board committee meetings	0.18	0.24	0.08	0.50
	(b) Commission	1.00	0.80	0.80	2.60
	(c) Others, please specify				
	Total (1)	**1.18**	**1.04**	**0.88**	**3.10**
2	Other Non Executive Directors	-	-	-	-
	(a) Fee for attending board committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify.	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	**1.18**	**1.04**	**0.88**	**3.10**
	Total Managerial Remuneration				**3.10**
	Overall Ceiling as per the Act	₹ 42.35 Million			

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

(Amounts in ₹ Million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
1	**Gross Salary**	**Rajiv Mathur Company Secretary**	**Total**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	11.99	11.99
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	3.17	3.17
	(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	**15.16**	**15.16**

VII PENALTIES/PUNISHMENT/COMPPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2015.

For and on behalf of the Board

S .M. DATTA
Chairman
(DIN: 00032812)

New Delhi
August 18, 2015

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.

   In terms of the mandate of the CSR Committee, the Company focused on the cause of eradication / reduction of avoidable blindness. The Company has had a practice of CSR activities, which have been carried on for over last ten years on a voluntary basis, which were continued during the year under reference. These activities included activities like contributing to various small educational institutions to help in providing education to the underprivileged children, at Bangalore, Karnataka, being the locality where the Philips Innovation Campus, is situated. Further, the Company as well as the employees of the Company, in their individual capacity, contributed to the PM Relief Fund for the relief and rehabilitation of the victims of natural calamity at J&K last year in the month of September. The Company, being a leading player in the Healthcare industry, decided to take up cause of increasing awareness about Breast Cancer, the presence and impact of which is being noted increasingly in India, through HIM campaign.

   The CSR Policy of the Company is accessible on its website by following the link
   http://www.india.philips.com/philips4/shared/assets/in/investors/CSR_policy_and_terms_and_conditions.pdf

2. The Composition of the CSR Committee:

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

1.	**Mr. Vivek Gambhir, Non-Executive Director**	**Chairman**
2.	**Mr. Krishna Kumar Ananthasubramanian, Managing Director**	**Member**
3.	**Mr. Rajiv Mathur, Director**	**Member**

3. Average net profit of the company for last three financial years: ₹ **2300 Million**

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): ₹ **46.01 Million**

5. Details of CSR spent during the financial year:

   (a) Total amount to be spent for the financial year : ₹ **46.01 Million**

   (b) Amount unspent, if any : **During the Year, total amount of ₹ 27.61 Million was spent on the CSR Activities. Therefore, an amount of ₹ 18.40 Million remained unspent.**

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

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Campaign for eradication / reduction of avoidable blindness in partnership with Dr.Shorff's Charity Eye Hospital	Health care and medical facilities	The programmes were undertaken in the following cities, through the branches of Dr. Shroff's Charity Eye Hospital: Delhi, Alwar(Rajasthan), Saharanpur (UP), LakhimpurKheri (UP),Vrindavan (UP), Meerut (UP) and Gurgaon(Haryana)	₹ 3.66 Million for period upto March 31, 2015	₹ 3.66 Million was spent directly on the activities forming part of the Project. No overhead expenses are included in the aforesaid amount.	₹ 3.66 Million	The payments were made to Dr. Shroff's Eye Hospital, who carried out the activity.
2	Campaign for eradication / reduction of avoidable blindness in partnership with Sankara Eyecare Institutions India (Sri Kanchi Kamakoti Medical trust)	Health care and medical facilities	The programmes were undertaken in the areas cities as listed below, through the network of hospitals operated by Sankara Eyecare Institutions India: Coimbatore (Tamil Nadu), Krishnankoil (Tamil Nadu), Bangalore (Karnataka), Shimoga (Karnataka), Guntur (Andhra Pradesh), Vijaywada (Andhra Pradesh)	₹ 3.68 Million for period upto March 31, 2015	₹ 3.68 Million was spent directly on the activities forming part of the Project. No overhead expenses are included in the aforesaid amount.	₹ 3.68 Million	The payments were made to Sankara Eyecare Institutions India (Sri Kanchi Kamakoti Medical Tust) who carried out the activity on behalf of the Company.
3	Campaigns for education of under privileged children in Bangalore	Promotion of education	Activity undertaken in Bangalore, Karnataka being the location where the Philips Innovation Campus of the Company is situated.	₹ 2.26 Million	₹ 2.26 Million was spent directly on the activities forming part of the Project. No overhead expenses are included in the aforesaid amount.	₹ 2.26 Million	The expenses on these activities were spent directly by the Company

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
4	HIM Campaign for raising awareness with respect to Breast Cancer	Health care and medical facilities	This campaign, part of overall project, has been carried out on ground at places like Gurgaon and Mumbai. Extensive circulation of awareness material produced by the Company has been carried out in print media, television broadcasts and through social media channels including YouTube.	₹ 16.89 Million	₹ 16.89 Million was spent directly on the activities forming part of the Project. No overhead expenses are included in the aforesaid amount.	₹ 16.89 Million	The expenses on this campaign have been spent directly by the Company.
5.	Contribution to the Prime Minister's Relief Fund for relief and rehabilitation of victims of natural calamity in J&K during the month of September, 2014	Contribution to Prime Minister's Relief Fund	Not Applicable	₹ 1.12 Million	Not Applicable	₹ 1.12 Million	The amount was spent directly by the Company

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

The Company was required to spend an amount of ₹ 46.01 Million towards CSR activities, in terms of the provisions of Section 135 of the Companies Act, 2013. The Company spent an amount of ₹ 27.61 Million on the Projects and related activities, as detailed above. Therefore, an amount of ₹ 18.40 Million remained Unspent during the year.

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

- **This was the first year in which the provisions with respect to CSR programmes were applicable on the Company. In order to ensure implementation of the CSR programmes in conformity with its CSR Policy and the provisions of the Act, the Company faced challenges initially in identifying the causes for which the CSR programmes would be carried out and later, faced execution challenges, which were not anticipated earlier.**

- **Further, the Company was required to develop in-house capabilities for managing the execution of identified CSR projects in an efficient and fast paced manner.**
- **The Company expects to further enhance the capabilities developed this year, to implement the CSR programmes in a more efficient manner during FY 2015-16. This is likely to result in enhanced spending on CSR programmes in the next financial year.**

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

For and on behalf of the Board

	Vivek Gambhir	Rajiv Mathur
	Non-Executive Director	Director and Company Secretary
New Delhi	Chairman, CSR Committee	Member, CSR Committee
August 18, 2015	(DIN : 06527810)	(DIN : 06931798)

Annexure - III

Information in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the year ended 31st March 2015.

A. ENERGY CONSERVATION

The following measures were implented during the Financial Year 2014-15 :

1. Energy cost reduction

a.) In-house generation of electricity at VLF has been stopped due to non availability of natural gas and its soaring prices.

b.) Reduction of molten glass cost by 2%.

c.) Replacement of connection of outdoor lights to RAW Power with direct solar supply.

2. Energy Conservation

a) Replacement of 20 years old annealing lehr with new designed energy efficient burners to reduce gas consumption.

b) Upgrade of comppressors to reduce electricity consumption.

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

d) Replacement of conventional lighting in plant with LED lights.

e) Modification of shell hopper brush machine with one motor instead of two.

f) Replacement of higher wattage heater with lower wattage heater in group A and B.

g) Installation of Variable Frequency Drive in the blower to reduce the air consumption when the production volume is low.

h) Installation of waste heat process recovery at CFL bending machine.

i) Reduction in electricity consumption by replacing old inefficient air conditioner with new one.

j) Replacement of conventional lights with energy efficient LED lights for TMD machines.

k) Reduction of energy consumption by using motion and occupancy sensors for lighting in office and meeting rooms, washrooms, passage areas & cafeteria at Chakan Factory.

l) Replacement of CFL/FL type luminaires with LED luminaires.

m) Tracking on unoccupied areas to switch off the lighting for energy conservation, HVAC etc.

n) Reduction in number of air conditioners by providing enough sealing to the panel and office area to maintain the required temperature.

o) Reduction in the pump size based on the actual load on the motor.

p) Reduction in power consumption by replacing electromagnetic ballast with electronic ballast .

3. Optimization / improvement of process

a) Reduction in ribbon machine glass draw thereby leading to lower consumption of energy and raw material.

b) Replacement of the old melter burner blocks with new one to optimise energy use.

c) Reduction in blower pressure in VTL-1 Sintering furnace.

d) Only spinning motion is continued instead of liner motion thereby minimizing heat loss in atmosphere.

e) Automation in the machine which is required to operate only when there is a rejection (optimization of Idle Hrs.).

f) Reduction of compressed air consumption by 10%

g) Fixing of timers on the motors to prevent extra running of motors.

h) Replacement of danner 3 chiller with VAHP chilled water.

i) Installation of Variable Frequency Drive in air washer to control air flow during winter season.

j) Replacement of 3rd 10 fold pumps with CFL trivac pumps.

k) Installation of Energy management / online energy data capturing system for better monitoring.

l) Usage of energy efficient LED lights at new R&D office area.

4. Conservation of water

1) Reduction of water consumption by running awareness campaign, arresting leakages in the system at Chakan factory.

B. RESEARCH & DEVELOPMENT (R & D)

Your Company believes that continuous effort to establish a strong performance in the fields of R & D vis-a-vis product and process development and import substitution are of paramount importance to preserve and strengthen the competitive position the Company holds in various product segments. The Company's R & D laboratories have been instrumental in providing the Company with a sustainable competitive advantage through application of Science and Technology.

<u>Specific areas in which R & D has been carried out</u>

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

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

<u>Benefits derived as a result of above efforts</u>

1) More energy saving (Higher Lumen /watt on an average from 80 lum/watt in streetlights to >100 Lumen/watt, for Retail and Office segment a similar increase in lumineous efficacy by 20 percentile points. Significant growth in LED market with enhanced affordability (lower cost) and reliability (enhanced useful life) imparted to the new products.

2) A new C Arm and Digital X Ray product was completely designed and developed in HIC Pune. The product was rolled out for commercial deliveries for both Indian & International markets.

<u>Future plan of action</u>

1) Adding controllability, interactivity and connectivity across range to make luminaires as a part of a system which will be offered as a solution to customer's requirement/problem.

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

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. <u>Efforts made towards technology absorption, adaptation and innovation</u>

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

   2) Excelling in Optics and Thermal control of Luminaire for more compact and cost competitive solution

2. <u>Benefits derived as a result of above efforts</u>

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

   2) Enhancement of product USP and improvement in Market share of LED.

   3) Improvement of Cost competitiveness for growth and better profitability.

3. Expenditure incurred on R&D

₹ in Million

Particulars	2014-15	2013-14
A Capital Expenditure	19.87	26.00
B Net Revenue Expenditure	190.56	176.00
TOTAL	210.43	202.00

D. FOREIGN EXCHANGE EARNINGS & OUTGO (CASH BASIS)

During the year, total inflows (on cash basis) in foreign exchange was ₹14,523.17 million and total outflows (on cash basis) in foreign exchange was ₹16,053.73 million.

Annexure IV

Form No. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2015, which were not at 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:	Date(s) of approval by the Board, if any:	Salient terms of the contracts or arrangements or transactions including the value, if any:	Amount paid as advances, if any:	Value of Transactions during the year ended March 31, 2015 (₹ Million)
Philips Electronics Hong Kong Limited, Fellow Subsidiary company	Purchase of goods	Yearly	Not Applicable, since the contract was entered into in the ordinary course of business and on arms' length basis	Based on transfer pricing guidelines	Not Applicable	1902
Philips Medical Systems Nederland B.V., Fellow Subsidiary company	Purchase of goods	Yearly	Not Applicable, since the contract was entered into in the ordinary course of business and on arms' length basis	Based on transfer pricing guidelines	Not Applicable	1619
Philips Consumer Lifestyle B.V., Fellow Subsidiary company	Purchase of goods	Yearly	Not Applicable, since the contract was entered into in the ordinary course of business and on arms' length basis	Based on transfer pricing guidelines	Not Applicable	2935
Philips Electronics Nederland B.V., Fellow Subsidiary company	Sale of Services	Yearly	Not Applicable, since the contract was entered into in the ordinary course of business and on arms' length basis	Based on transfer pricing guidelines	Not Applicable	5320

For and on behalf of the Board

S. M. Datta
Chairman
(DIN : 00032812)

New Delhi
August 18, 2015

Annexure - V

Form No. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel Rules), 2014]

To,
The Members,
Philips India Limited
(CIN:U31902WB1930PLC006663)
7, Justice Chandra Madhab Road,
Kolkata-700020.
West Bengal

SECRETARIAL AUDIT REPORT

I have conducted the Secretarial Audit of the compliances for the financial year ended March 31, 2015 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, 2015, 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, 2015 according to the provisions of:

- The Companies Act, 1956 / the Companies Act, 2013 and Rules made under that Act("the Act");
- The Memorandum and Articles of Association of the Company;
- The Negotiable Instrument Act, 1881;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The Central Sales Tax Act, 1956 & Local Sales Tax Acts;
- The Customs Act, 1962;
- The Industries (Development & Regulation) Act, 1951;
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Air (Prevention and Control of Pollution) Act, 1981;
- The Environment (Protection) Act, 1986;
- The Employees State Insurance Act, 1948;
- The Employees Provident Fund and Misc. Provisions Act, 1952;

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

Based on our examination and verification of records produced to us and according to the information and explanations given to us by the Company, in our opinion, the Company has complied with the provisions of the Companies Act, 1956 as well as Companies Act, 2013, wherever applicable (the Act) and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard to:

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

(b) Contracts, Common Seal, Registered Office and publication of the Name of the Company;

(c) Filing of the requisite forms and returns with the Registrar of Companies and Central Government within the time prescribed or within the extended time with additional fee as prescribed under the Act and rules made thereunder;

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

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

(f) Convening and holding of the 84th Annual General Meeting of the Company on September 25, 2014;

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

(h) Appointment and Remuneration of Auditors;

(i) Composition and terms of Reference of Audit Committee;

(j) Declaration and Payment of Dividend;

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

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

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

(n) Constituting the Corporate Social Responsibility Committee, formulating and adopting Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company;

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

(p) Appointment of the following as Key Managerial Personnel as per the provisions of Section 203 of the Companies Act, 2013;

   (i) Mr. Krishnakumar Ananthasubramanian, Managing Director;

   (ii) Mr. Jan-Hein Louwman, CFO

   (iii) Mr. Rajiv Mathur, Company Secretary;

(q) Appointment of the following as Independent Director as per the provisions of the Companies Act, 2013;

   (i) Mr. S. M. Datta

   (ii) Mr. Vikram Mukund Limaye

   (iii) Mr. Vivek Gambhir

I further report that

(1) The Board of Directors of the Company is duly constituted except the appointment of Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

(4) The Directors have disclosed their interest and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities as and when required and their disclosures have been noted and recorded by the Board;

(5) The Company has obtained all the necessary approvals under the various provisions of the Act.

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above. However, it was observed that:

The Company has not appointed the Women Director as per the provisions of Section 149 of the Companies Act, 2013, the Company and its Managing Director have also received a Show Cause Notice (SCN) dated June 23, 2015 from the Office of Registrar of Companies, Kolkata. However, the Company has given the following reasons in reply to the said SCN vide its letter dated July 09,2015;

"The Company has been in the process of identifying a suitable candidate for the aforesaid appointment and has held discussions with some of them. However, as has been recognized and reported widely, there is severe shortage of women professionals with requisite qualifications and relevant experience, for the appointment on the Board of Directors of various companies in compliance with the requirements of Section 149 of the Companies Act, 2013."

No further action has been initiated by the office of Registrar of Companies, Kolkata.

I further report that during the Audit Period:

(1) The Company has transferred the automotive lighting and Lumileds business to Lumileds India Private Limited, a related party in terms of provisions of Section 180 (1) (a) of the Act, 2013. The process of transfer was completed on March 31, 2015.

(2) The Company has, during the period following the closing of the Financial Year 2014-15, initiated the process of separation of its Lighting business into a separate company, Philips Lighting India Limited, a 100% subsidiary of the Company, through a Scheme of Arrangement filed by the Company before the Hon'ble High Court of Kolkata under Sections 391 to 394 of the Companies Act, 1956.

Mr. Ashok Tyagi

Company Secretaries

FCS No: 2968
C P No: 7322

Place: New Delhi
Date: August 18, 2015

Independent Auditor's Report

To the members of **Philips India Limited**

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Philips India Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (or 'the financial statements').

2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

(i) As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

(ii) As required by Section 143(3) of the Act, we report that:

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

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

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

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

(e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act.

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

   i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 41(a) to the financial statements;

   ii) The Company did not have any long term contracts including derivative contracts in respect of which there were any material foreseeable losses; and

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

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

Vikram Advani
Partner
Membership No.: 091765

Place: New Delhi
Date: 18 August 2015

Annexure referred to in paragraph 5 (i) of the Independent Auditor's Report to the Members of Philips India Limited on the financial statements for the year ended 31 March 2015

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

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

(ii) (a) The inventories, except goods-in-transit, have been physically verified by management during the year. Inventories lying with the third parties have been physically verified by management. In our opinion, the frequency of such verification is reasonable.

(b) In our opinion and according to the information and explanation given to us, the procedures for physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion, the Company has maintained proper records of inventory. As informed to us, discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.

(iii) The Company has granted unsecured loan to Preethi Kitchen Appliances Private Limited ("subsidiary company"), covered in the register maintained under section 189 of the Companies Act, 2013. The year-end balance of such loan is Rs. 2,425,000,000.

(a) The subsidiary company is regular in repayment of principal and interest due on such loan;

and

(b) There are no overdue amounts in respect of the aforesaid loan as at 31 March 2015.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of inventories and fixed assets are for the Company's specialized requirements and similarly certain goods and services sold are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods and services. In our opinion and according to the information and explanation given to us, there is no continuing failure to correct major weaknesses in the internal control system.

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

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

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.

(viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current year and in the immediately preceding financial year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institution. The Company did not have any outstanding dues to any debentures holders during the year.

(x) In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

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

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

Vikram Advani
Partner
Membership No.: 091765

Place: New Delhi
Date: 18 August 2015

Annexure to the Independent Auditors' report (Contd.)

Appendix 1 to annexure to the audit report

₹ in Mln

Name of the statute / period to which the amount relates	Nature of dues	Forum where dispute is pending				
		Appellate authority upto Commissioner (Appeals)	Tribunal	Honourable High court	Amount paid under protest	Net total
Central Excise Act, 1944						
2014-15	Excise duty including interest and penalty where applicable	10.66	-	-	(0.80)	9.86
2013-14		-	-	-	-	-
3 - 7 years		257.79	373.51		(168.43)	462.87
Above 7 years		31.20	202.05	20.23	(60.98)	192.50
Service tax, Finance Act, 1994						
2014-15	Service tax including interest and penalty where applicable	16.16	-	-	-	16.16
2013-14		-	-	-	-	-
3 - 7 years		-	81.44	-	-	81.44
Above 7 years		-	80.04	-	-	80.04
Central Sales Tax Act, 1956 and Individual State Sales Tax Act						
2014-15	Sales Tax including Interest and penalty where applicable	5.05	-	-	(1.26)	3.79
2013-14		10.24	-	-	(3.12)	7.12
3 to 7 years		488.17	-	-	(83.99)	404.18
More than 7 years		320.50	237.76	25.17	(148.17)	435.26
Income Tax Act , 1961						
3 - 7 years	Income tax Including interest and Penalty where Applicable	2,513.12	1,245.40	-	(293.43)	3,465.09
Above 7 years		674.99	226.94	104.80	(775.03)	231.69

Balance Sheet as at 31 March 2015

Amounts in ₹ Mln

	Note	As at 31 March 2015		As at 31 March 2014	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	2	575		575	
Reserves and surplus	3	16,486		12,459	
			17,061		13,034
Non-current liabilities					
Long-term borrowings	4	218		189	
Other long term liabilities	5	598		586	
Long-term provisions	6	843		662	
			1,659		1,437
Current liabilities					
Short-term borrowings	7	287		1,197	
Trade payables	8	9,129		8,433	
Other current liabilities	9	4,013		3,573	
Short-term provisions	6	2,126		2,135	
			15,555		15,338
			34,275		29,809
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	10	3,834		4,112	
Intangible assets	11	-		-	
Capital work-in-progress		103		183	
Non-current investments	12	1,000		1,000	
Deferred tax assets (net)	13	809		496	
Long-term loans and advances	14	3,401		2,924	
Other non-current assets	15	2,263		2,246	
			11,410		10,961
Current assets					
Inventories	16	6,504		6,293	
Trade receivables	17	8,679		7,721	
Cash and bank balances	18	3,705		1,407	
Short-term loans and advances	14	3,797		3,329	
Other current assets	19	180		98	
			22,865		18,848
			34,275		29,809
Significant accounting policies	1				

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

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

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 18 August 2015

For and on behalf of the board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — A.KRISHNAKUMAR (DIN: 06764395)

Director & CFO — HARIHARAN MADHAVAN (DIN: 07217072)

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

New Delhi
Date: 18 August 2015

Statement of Profit and Loss for the year ended 31 March 2015

Amounts in ₹ Mln

	Note	Year ended 31 March 2015		Year ended 31 March 2014	
Income					
Revenue from operations (gross)	20	**64,203**		58,898	
Less: Excise duty recovered		**745**		763	
Revenue from operations (net)		**63,458**		58,135	
Other income	21	**419**		235	
Total revenue			**63,877**		58,370
Expenses					
Cost of raw materials consumed	22	**4,271**		3,991	
Purchases of stock-in-trade	23	**31,115**		29,151	
Changes in inventories of work-in-progress, finished goods and stock-in-trade	24	**(350)**		(435)	
Employee benefits expense	25	**10,169**		8,314	
Finance costs	26	**88**		99	
Depreciation and amortisation expense	27	**1,058**		816	
Other expenses	28	**11,926**		13,338	
Total expenses			**58,277**		55,274
Profit / (loss) before exceptional items and tax			**5,600**		3,096
Exceptional items	33		**675**		74
Profit / (loss) before tax			**6,275**		3,170
Profit / (loss) from continuing operations		**2,772**		575	
Tax expense					
Current tax		**(932)**		(268)	
Deferred tax - release / (charge)		**23**		70	
Profit / (loss) after tax from continuing operations			**1,863**		377
Profit / (loss) from discontinuing operations	37	**3,503**		2,595	
Tax expense					
Current tax		**(1,421)**		(862)	
Deferred tax - release / (charge)		**290**		(11)	
Profit / (loss) after tax from discontinuing operations	37		**2,372**		1,722
Profit / (loss) for the year			**4,235**		2,099
Basic and diluted earnings per equity share of ₹10 each (in ₹)	40		**73.63**		36.49
Significant accounting policies	1				

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

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

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 18 August 2015

For and on behalf of the board

Chairman — S.M.DATTA (DIN: 00032812)
Managing Director — A.KRISHNAKUMAR (DIN: 06764395)
Director & CFO — HARIHARAN MADHAVAN (DIN: 07217072)
Director & Company Secretary — RAJIV MATHUR (DIN: 06931798)

New Delhi
Date: 18 August 2015

Cash Flow Statement for the year ended 31 March 2015

Amounts in ₹ Mln

	Year ended 31 March 2015		Year ended 31 March 2014	
A. Cash flow from operating activities				
Profit before tax		**6,275**		3,170
Exceptional items		**(675)**		(74)
Net profit before tax and exceptional items		**5,600**		3,096
Adjusted for				
(Profit) / loss on disposal of fixed assets	**(8)**		(17)	
Write off and other adjustment of fixed assets	**7**		13	
Depreciation and amortisation	**1,058**		816	
Unrealized foreign exchange (gain) and loss (net)	**6**		(65)	
Provision for doubtful trade receivables and loans and advances	**35**		118	
Liabilities no longer required written back	**(81)**		(116)	
Interest received	**(617)**		(493)	
Finance costs	**88**	**488**	99	355
Operating profit before working capital changes		**6,088**		3,451
Changes in:				
Trade receivables and other loans & advances	**(1,503)**		(1,934)	
Inventories	**(488)**		(1,075)	
Trade payables and other liabilities	**1,261**		883	
		(730)		(2,126)
Cash generated from operations		**5,358**		1,325
Income tax paid (net of refunds)		(2,484)		(1,121)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**2,874**		204
B. Cash flow from investing activities				
Purchase of fixed assets		**(774)**		(1,004)
Proceeds from sale of fixed assets		**916**		36
Proceeds from divestment (refer note 33)				
a. Consideration received (net of expenses)	**378**		971	
b. Capital gain tax	**(78)**	**300**	(16)	955
Movement in other bank balances		**-**		6
Interest received		**592**		500
NET CASH USED IN INVESTING ACTIVITIES		**1,034**		493
C. Cash flow from financing activities				
Finance costs		**(89)**		(95)
Proceeds / (repayments) of short term borrowings		**(910)**		735
Dividend paid (including tax thereon)		**(134)**		(135)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**(1,133)**		505
(DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		**2,775**		1,202
CASH AND CASH EQUIVALENTS - OPENING BALANCE				
Cash and cash equivalents (refer note 18)		**1,395**		1,203
Inter corporate deposits		**1,950**		940
TOTAL		**3,345**		2,143
CASH AND CASH EQUIVALENTS - CLOSING BALANCE				
Cash and cash equivalents (refer note 18)		**1,435**		1,395
Inter corporate deposits		**2,425**		1,950
Deposits with Banks		**2,260**		-
TOTAL		**6,120**		3,345

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

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 18 August 2015

For and on behalf of the board

Chairman S.M.DATTA (DIN: 00032812)

Managing Director A.KRISHNAKUMAR (DIN: 06764395)

Director & CFO HARIHARAN MADHAVAN (DIN: 07217072)

Director & Company Secretary RAJIV MATHUR (DIN: 06931798)

New Delhi
Date: 18 August 2015

STATEMENT OF ACCOUNTING POLICIES (Note 1)

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention, on accrual basis and presented in accordance with Indian Generally Accepted Accounting Principles ('Indian GAAP'). Indian GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting pronouncements of the Institute of Chartered Accountants of India.

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

1. REVENUE RECOGNITION

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

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

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

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

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

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

2. INTANGIBLE ASSETS

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

3. FIXED ASSETS AND DEPRECIATION

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

Assets costing less than ₹5000 are fully depreciated in the year of purchase.

4. LEASES:

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

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

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

5. IMPAIRMENT OF ASSETS

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

6. INVENTORIES

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

7. INVESTMENTS

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

8. RESEARCH AND DEVELOPMENT

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

9. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

10. REPLACEMENT GUARANTEE

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

11. RETIREMENT BENEFITS

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

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

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

12. BORROWING COST

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

13. PROVISIONS AND CONTINGENCIES

A provision is recognised when:

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

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

14. TAXATION

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

For and on behalf of the Board

	Chairman	S.M.DATTA (DIN: 00032812)
	Managing Director	A.KRISHNAKUMAR (DIN: 06764395)
	Director and CFO	HARIHARAN MADHAVAN (DIN: 07217072)
Place: New Delhi	Director and Company Secretary	RAJIV MATHUR (DIN: 06931798)
Date: 18 August 2015		

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

2 Share capital	As at 31 March 2015 No. of shares	As at 31 March 2015 Amount	As at 31 March 2014 No. of shares	As at 31 March 2014 Amount
Authorised				
Equity shares of ₹10 each	**92,000,000**	**920**	92,000,000	920
Non convertible cumulative redeemable preference shares of ₹10 each	**20,000,000**	**200**	20,000,000	200
		1,120		1,120
Issued, subscribed and paid-up				
Equity shares of ₹10 each, fully paid up	**57,517,242**	**575**	57,517,242	575
Add: Forfeited shares (amount paid up)				
		575		575
2.1. Reconciliation of the number of equity shares outstanding				
At the beginning and at the end of the reporting period	**57,517,242**	**575**	57,517,242	575
2.2. Rights, preferences and restrictions attached to the equity shares				
The Company has one class of equity shares. Accordingly all the equity shares rank equally with regard to voting rights, dividends and shares in the Company's residual assets.				
2.3. Details of equity shares held by the holding and the ultimate holding Company				
Koninklijke Philips N.V (KPNV)	**55,290,182**	**553**	55,290,182	553
2.4. Details of shareholders holding more than 5% shares of the Company		**% holding**		% holding
Koninklijke Philips N.V (KPNV)	**55,290,182**	**96.13%**	55,290,182	96.13%
2.5. Aggregate number of equity shares bought back during a period of five years immediately preceding the reporting date	**-**		5,883,479	

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

	As at 31 March 2015		As at 31 March 2014	
3 Reserves and surplus				
Capital reserve				
At the beginning and at the end of the year (includes ₹168 (Previous year - ₹168) created on account of amalgamation in earlier years)		**169**		169
Capital redemption reserve				
At the beginning and at the end of the year		**228**		228
Securities premium account				
At the beginning and at the end of the year		**1,153**		1,153
General reserve				
At the beginning of the year	**2,789**		2,579	
Add: Transfer from Statement of Profit and Loss	**424**		210	
At the end of the year		**3,213**		2,789
Other reserves				
Capital subsidy *				
At the beginning and at the end of the year		**9**		9
Surplus/Deficit in the Statement of Profit and Loss				
At the beginning of the year	**8,111**		6,357	
Add: Profit for the year	**4,235**		2,099	
Less: Appropriations				
Proposed dividend [₹ **3** per share (Previous year - ₹2 per share)]	**173**		115	
Tax on proposed dividend	**35**		20	
Transfer to General reserve	**424**		210	
At the end of the year		**11,714**		8,111
		16,486		12,459

* Pertains to land subsidy - ₹**6** (Previous year - ₹6) and investment incentive - ₹**3** (Previous year - ₹3) received from Punjab State Government in earlier years.

	As at 31 March 2015	As at 31 March 2014
4 Long-term borrowings		
Long term maturities of finance lease obligations (secured)	**218**	189
	218	189

Additional disclosure relating to long-term borrowings

The finance lease obligations are secured by underlying assets (leased vehicles) [refer note 10(a)]. The legal title of the vehicles vests with the lessors and the lease term varies between 3-5 years, the total minimum lease liability for assets obtained on finance lease is ₹**426** (Previous year - ₹368) which includes interest of ₹ **77** (Previous year - ₹67). The maturity profile of finance lease obligations is as follows:

Minimum lease payments		
Payable within 1 year	**169**	145
Payable between 1-5 years	**257**	223
Present value		
Payable within 1 year	**131**	112
Payable between 1-5 years	**218**	189
5 Other long term liabilities		
Others		
Income received in advance	**451**	447
Employee related payables	**140**	123
Advance received from customers	**-**	9
Security deposits	**7**	7
	598	586

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

6 Provisions

	Long-term		Short-term	
	As at 31 March 2015	As at 31 March 2014	**As at 31 March 2015**	As at 31 March 2014
Provision for employee benefits				
Gratuity (refer note 36)	**494**	**363**	33	21
Compensated absences (refer note 36)	**334**	**276**	33	28
Post-employment medical benefits	-	-	23	22
Retention and performance pay (refer note 6.1)	**15**	**23**	95	106
Others				
Replacement guarantee (refer note 6.1)	-	-	527	515
Legal and regulatory (refer note 6.1)	-	-	683	715
Miscellaneous risks (refer note 6.1)	-	-	82	86
Provision for taxation (net of advances)	-	-	442	507
Proposed dividend	-	-	173	115
Tax on proposed dividend	-	-	35	20
	843	**662**	2,126	2,135

Additional disclosure relating to provisions:

6.1. Movement in provisions:

Particulars of disclosure	Class of provisions				
	Replacement guarantee	**Legal and regulatory**	**Personnel related**	**Miscellaneous risks**	**Total**
Opening balance	**515**	**715**	**129**	**86**	**1,445**
	(692)	(635)	(117)	(79)	(1,523)
Add: Accruals	**1,022**	**39**	**154**	**4**	**1,219**
	(1,021)	(147)	(147)	(7)	(1,322)
Less: Utilisation	**1,010**	**-**	**173**	**-**	**1,183**
	(1,198)	(8)	(135)	-	(1,341)
Less: Write back	**-**	**71**	**-**	**8**	**79**
	-	(59)	-	-	(59)
Closing balance	**527**	**683**	**110**	**82**	**1,402**
	(515)	(715)	(129)	(86)	(1,445)

Figures given in (brackets) relate to previous year.

6.2. Nature of provisions:

(a) Replacement guarantee

The Company provides for the estimated liability on guarantees given on sale of its products based on past performance of such products. The provision represents the expected cost of replacement and free of charge services and it is expected that the expenditure will be incurred over the guarantee period which usually ranges from 6 months to 24 months.

(b) Legal and regulatory

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

(c) Personnel related

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

(d) Miscellaneous risks

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

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

		As at 31 March 2015	As at 31 March 2014
7	**Short-term borrowings**		
	Loans repayable on demand		
	From banks		
	Pre-shipment Export Credit (unsecured)	**-**	430
	Bank overdraft (unsecured)	**287**	117
	Working capital demand loan (unsecured)	**-**	650
		287	1,197
8	**Trade payables**		
	Trade payables	9,129	8,433
	(For dues to micro and small enterprises, refer note 38)		
		9,129	8,433
9	**Other current liabilities**		
	Current maturities of finance lease obligations (refer note 4)	**131**	112
	Income received in advance	**609**	591
	Unpaid dividend	**10**	9
	Book overdraft	**37**	73
	Other payables:		
	Payables for purchase of fixed assets (other than micro and small enterprises)	**61**	35
	Advance received from customers	**1,304**	1,175
	Employee related payables	**1,031**	796
	Security deposits	**10**	81
	Statutory dues	**820**	701
		4,013	3,573

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

10(a) Tangible fixed assets

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

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

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

11(a) Intangible fixed assets

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

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

Amounts in ₹ Mln

10(b) Tangible fixed assets (Previous Year)

	Gross block at cost				Accumulated depreciation				Net block
	As at 1 April 2013	Additions	Disposals and adjustments	As at 31 March 2014	As at 1 April 2013	Depreciation for the year	On disposals and adjustments	As at 31 March 2014	As at 31 March 2014
				(1+2-3)				(5+6+7)	(4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Land									
Freehold	32	-	-	32	-	-	-	-	32
Leasehold	168	-	-	168	4	2	-	6	162
Buildings	1,020	23	-	1,043	289	33	-	322	721
Plant and equipment									
Owned	6,052	632	(132)	6,552	3,939	506	(105)	4,340	2,212
Given on lease (refer note 39)	167	-	-	167	21	17	-	38	129
Furniture and fixtures	662	31	(6)	687	387	22	(4)	405	282
Vehicles									
Owned	7	-	-	7	3	-	-	3	4
Held under finance lease	341	196	(67)	470	139	105	(53)	191	279
Office equipment	485	22	(21)	486	320	26	(20)	326	160
Others									
Leasehold Improvements	599	49	-	648	482	35	-	517	131
Total	9,533	953	(226)	10,260	5,584	746	(182)	6,148	4,112

11(b) Intangible fixed assets (Previous Year)

	Gross block at cost				Accumulated amortisation				Net block
	As at 1 April 2013	Additions	Disposals and adjustments	As at 31 March 2014	As at 1 April 2013	Amortisation for the year	On disposals and adjustments	As at 31 March 2014	As at 31 March 2014
				(1+2-3)				(5+6+7)	(4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Goodwill	165	-	-	165	136	29	-	165	-
Brands	230	-	-	230	189	41	-	230	-
Software	22	-	-	22	22	-	-	22	-
Non-compete fees	150	-	-	150	150	-	-	150	-
Product development cost	66	-	(66)	-	1	-	(1)	-	-
Total	633	-	(66)	567	498	70	(1)	567	-

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

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

		As at 31 March 2015	As at 31 March 2014
12	**Non-current investments**		
	(Valued at cost, unless stated otherwise)		
	Trade investments		
	Investment in equity instruments - unquoted		
	14,294,860 (Previous year - 14,294,860) equity shares of ₹10/- each fully paid up in Preethi Kitchen Appliances Private Limited - wholly owned subsidiary	**1,000**	1,000
		1,000	1,000
13	**Deferred tax assets (net)**		
	Deferred tax assets		
	Provision for employee benefits	**310**	234
	Doubtful trade receivables and loans and advances	**115**	145
	Difference between book and tax depreciation	**203**	75
	Other timing differences	**530**	358
		1,158	812
	Deferred tax liabilities		
	Assets given on finance lease	**349**	316
		349	316
		809	496

14 Loans and advances

(Unsecured, unless otherwise stated)	Long-term As at 31 March 2015	Long-term As at 31 March 2014	Short-term As at 31 March 2015	Short-term As at 31 March 2014
Capital advances (considered good)	**56**	67	**-**	-
	56	67	**-**	-
Security deposits				
Considered good	**375**	348	**245**	244
Considered doubtful	**-**	-	**51**	55
Less: Provision for doubtful deposits	**-**	-	**(51)**	(55)
	375	348	**245**	244
Loans and advances to related parties (considered good)				
Inter-corporate deposits to wholly owned subsidiary	**-**	-	**2,425**	1,950
Other advances to fellow subsidiaries	**-**	-	**175**	210
	-	-	**2,600**	2,160
Other loans and advances				
Considered good				
Advance to suppliers	**-**	-	**310**	165
CENVAT credit receivable	**676**	466	**196**	345
VAT credit receivable	**83**	85	**23**	26
Deposits against legal cases	**401**	292	**-**	-
Special additional duty receivables and drawback claims	**56**	56	**140**	180
Balances with customs and port trust	**12**	12	**70**	4
Prepaid expenses	**-**	-	**168**	151
Claims receivables	**-**	-	**34**	31
Advances to employees	**-**	-	**11**	23
Advance income tax (net of provision)	**1,742**	1,598	**-**	-
Considered doubtful				
Advance to suppliers	**-**	-	**21**	32
Deposits against legal cases	**4**	4	**-**	-
Claims receivables	**54**	54	**-**	-
Less: Provision for doubtful other loans and advances				
Advance to suppliers	**-**	-	**(21)**	(32)
Deposits against legal cases	**(4)**	(4)	**-**	-
Claims receivables	**(54)**	(54)	**-**	-
	2,970	2,509	**952**	925
	3,401	2,924	**3,797**	3,329

Amounts in ₹ Mln

		As at 31 March 2015	As at 31 March 2014
15	**Other non-current assets**		
	Long term trade receivables		
	Secured, considered good (refer note 17.1)	**2,064**	2,244
	Unsecured, considered good	**193**	-
		2,257	2,244
	Bank deposits (due to mature after 12 months from the reporting date)	**6**	2
		2,263	2,246
16	**Inventories**		
	(At lower of cost and net realisable value)		
	Raw materials	**862**	732
	[including goods-in-transit - ₹ **333** (Previous year - ₹ 174)]		
	Work-in-progress	**540**	458
	Finished goods	**308**	324
	[including goods-in-transit - ₹ **27** (Previous year - ₹ 32)]		
	Stock-in-trade (goods purchased for resale)	**4,695**	4,683
	[including goods-in-transit - ₹ **458** (Previous year - ₹ 725)]		
	Stores and spares	**99**	96
		6,504	6,293
17	**Trade receivables**		
	Receivables outstanding for a period exceeding six months from the date they are due for payment		
	Secured, considered good (refer note 17.1)	**6**	19
	Unsecured, considered good	**462**	412
	Doubtful	**204**	279
		672	710
	Less: Provision for doubtful receivables	**(204)**	(279)
		468	431
	Other receivables		
	Secured, considered good (refer note 17.1)	**405**	520
	Unsecured, considered good	**7,806**	6,770
	Doubtful	**-**	-
		8,211	7,290
	Less: Provision for doubtful receivables	**-**	
		8,211	7,290
		8,679	7,721

Additional disclosure relating to finance lease receivables:

17.1 Secured trade receivables includes finance lease receivables amounting to ₹ **716** (Previous year - ₹ 753) relating to medical equipments leased out by the Healthcare division of the Company. The lease term varies between 5-7 years. The total minimum lease payments for assets given on finance lease is ₹ **929** (Previous year - ₹ 991) which includes unearned interest of ₹ **213** (Previous year - ₹238). The maturity profile of finance lease obligation is as follows:

	As at 31 March 2015	As at 31 March 2014
Minimum lease payments		
Receivable within 1 year	**238**	224
Receivable between 1-5 years	**634**	689
Receivable after 5 years	**57**	78
Total	**929**	991
Present value		
Receivable within 1 year	**164**	144
Receivable between 1-5 years	**499**	537
Receivable after 5 years	**53**	72
Total	**716**	753
Unearned interest	**213**	238

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

		As at 31 March 2015		As at 31 March 2014	
18	**Cash and bank balances**				
	Cash and cash equivalents				
	Cash on hand				
	Cheques and drafts on hand	**1,027**		603	
	Balances with banks				
	On current accounts	**408**		792	
	On deposit accounts (with original maturity of 3 months or less)	**2,260**		-	
			3,695		1,395
	Other bank balances				
	Bank deposits (due to mature within 12 months from the reporting date)	**-**		3	
	Unpaid dividend accounts	**10**		9	
			10		12
			3,705		1,407
19	**Other current assets**				
	(Unsecured, considered good unless otherwise stated)				
	Unbilled revenue		**142**		74
	Interest accrued on deposits with banks		**24**		-
	Interest accrued on Inter-corporate deposits		**14**		13
	Assets held for sale		**-**		11
			180		98

Amounts in ₹ Mln

20 Revenue from operations

	Year ended 31 March 2015	Year ended 31 March 2014
Sale of products (gross)	**53,541**	49,642
Sale of services	**10,214**	8,745
Other operating revenues	**448**	511
Revenue from operations (gross)	**64,203**	58,898
Breakup of revenue from sale of products		
Lamps	**19,711**	18,978
Fittings	**9,718**	9,707
Diagnostic imaging equipments	**7,445**	6,552
Domestic appliances	**9,206**	6,541
Portable systems	**-**	1,627
Accessories for fittings	**2,042**	1,425
Patient monitoring equipments	**1,781**	1,556
Electronic HF ballasts	**2,321**	1,621
Home cinema systems	**-**	337
Accessories for portable systems	**-**	166
Modular switches	**452**	309
Operation theatre lights	**646**	603
Filaments	**208**	217
Glass shells	**11**	3
	53,541	49,642
Breakup of revenue from sale of services		
Software development	**6,567**	5,306
Product maintenance	**2,359**	2,169
Service income	**877**	997
Others	**411**	273
	10,214	8,745
Breakup of other operating revenues		
Liabilities no longer required written back	**81**	116
Export incentives	**6**	5
Finance income - leases	**227**	293
Scrap sales	**76**	43
Miscellaneous	**58**	54
	448	511

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

21 Other income

	Year ended 31 March 2015	Year ended 31 March 2014
Interest income (other than on investments)	**390**	162
Interest on income-tax refund	**-**	38
Insurance and other claims	**11**	10
Surplus on disposal of fixed assets	**8**	17
Other non-operating income	**10**	8
	419	235

22 Cost of raw materials consumed

Inventory of raw materials at the beginning of the year	**558**	446
Add: Purchases	**4,242**	4,103
Less: Inventory of raw materials at the end of the year	**529**	558
	4,271	3,991
Cost of raw materials consumed		
Circuits	**29**	44
Caps	**596**	550
Lamps consumables	**2,384**	2,311
Medical equipment components	**1,262**	1,086
	4,271	3,991
Breakup of inventory of raw materials at the end of the year		
Circuits	**1**	5
Caps	**15**	11
Lamp consumables	**292**	335
Medical equipment components	**221**	207
	529	558

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

Lamps	**9,249**	8,151
Fittings	**5,469**	6,795
Diagnostic imaging equipments	**2,710**	3,242
Domestic appliances	**6,679**	4,302
Portable systems	**-**	1,246
Accessories for fittings	**1,657**	1,038
Patient monitoring equipments	**928**	1,048
Electronic HF ballasts	**1,680**	1,171
Service consumables	**1,871**	1,056
Home cinema systems	**-**	281
Accessories for portable systems	**-**	174
Modular switches	**477**	201
Operation theatre lights	**395**	446
	31,115	29,151

Amounts in ₹ Mln

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

	Year ended 31 March 2015			Year ended 31 March 2014		
	Opening inventory	**Closing inventory**	**(Increase)/ decrease in inventory**	Opening inventory	Closing inventory	(Increase)/ decrease in inventory
Finished goods						
Lamps	**292**	**281**	**11**	478	292	186
Diagnostic imaging equipments	**-**	**-**	**-**	31	-	31
	292	**281**	**11**	509	292	217
Stock-in-trade (goods purchased for resale)						
Lamps	**859**	**826**	**33**	660	859	(199)
Fittings	**673**	**546**	**127**	493	673	(180)
Diagnostic imaging equipments	**557**	**451**	**106**	169	557	(388)
Domestic appliances	**636**	**1,144**	**(508)**	327	636	(309)
Portable systems	**-**	**-**	**-**	330	-	330
Accessories for fittings	**163**	**235**	**(72)**	109	163	(54)
Patient monitoring equipments	**139**	**260**	**(121)**	70	139	(69)
Electronic HF ballasts	**123**	**160**	**(37)**	180	123	57
Service consumables	**700**	**488**	**212**	578	700	(122)
Home cinema systems	**-**	**-**	**-**	153	-	153
Accessories for portable systems	**-**	**-**	**-**	25	-	25
Modular switches	**36**	**50**	**(14)**	18	36	(18)
Operation theatre lights	**72**	**77**	**(5)**	13	72	(59)
	3,958	**4,237**	**(279)**	3,125	3,958	(833)
Work-in-progress						
Diagnostic imaging equipments	**458**	**540**	**(82)**	639	458	181
Total	**4,708**	**5,058**	**(350)**	4,273	4,708	(435)

	Year ended 31 March 2015	Year ended 31 March 2014
25 Employee benefits expense		
Salaries, wages and bonus	**9,072**	7,411
Contribution to provident and other funds	**345**	290
Expense on Employee Stock Option Schemes	**106**	100
Staff welfare expenses	**646**	513
	10,169	8,314
26 Finance costs		
Interest expense	**88**	95
Other borrowing costs	**-**	4
	88	99
27 Depreciation and amortisation expense		
Depreciation of tangible fixed assets	**1,058**	746
Amortisation of intangible fixed assets	**-**	70
	1,058	816

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

28 Other expenses

	Year ended 31 March 2015	Year ended 31 March 2014
Consumption of stores and spare parts	**96**	156
Excise duty	**9**	33
Power and fuel	**655**	698
Packing, freight and transport	**895**	759
Rent	**719**	648
Repairs to buildings	**208**	251
Repairs to machinery	**82**	60
Insurance	**120**	98
Rates and taxes	**160**	158
Travelling and conveyance	**1,302**	1,233
Legal and professional	**452**	395
Publicity	**2,238**	1,617
IT and Communication	**1,408**	668
Provision for doubtful trade receivables and loans and advances	**35**	118
Replacement guarantee	**1,022**	1,021
Management support services	**384**	3,337
Research and development services	**48**	511
Net loss on foreign currency transaction and translation	**339**	637
Miscellaneous	**1,754**	940
	11,926	13,338

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

(b) Legal and professional includes payments to auditors as given below: As Auditor - statutory audit fees ₹ **8.3** (Previous year - ₹ 7), tax audit fees ₹ **2** (Previous year - ₹ 2); in other capacity - taxation matters ₹ **0.3** (Previous year - ₹ 0.7), certification ₹ **0.4** (Previous year - ₹ 0.4) and reimbursement of expenses ₹ **1** (Previous year - ₹ 1).

(c) Pursuant to the agreement entered into by the Company with Koninklijke Philips N.V.(KPNV), the Company has incurred ₹ **384** (Previous year - ₹ 3,377) towards the support services provided by KPNV and ₹ **48** (Previous year - ₹511) for accessing the benefit resulting from common research and development programmes.

(d) Miscellaneous include - (i) undepreciated value of fixed assets written off / provided for - ₹ 7 (Previous year - ₹13), (ii) handling charges - ₹ **284** (Previous year - ₹ 158), (iii) royalty - ₹ **242** (Previous year - ₹ 43), (iv) commission - ₹ **101** (Previous year - ₹109), (v) donation - ₹ **2** (Previous year - ₹ 5) and (vi) Corporate Social Responsibility expenditure - Gross amount required to be spent ₹ **46**, amount spent towards various schemes as prescribed under Section 135 of the Companies Act, 2013 ₹ **27**.

Amounts in ₹ Mln

29 Related party transactions

(a) Names of companies where control exists:

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

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

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

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

(ii) **Employee Trusts**

Philips India Ltd Management Staff Provident Fund Trust

(iii) **Key Management Personnel**

(1) **Executive Directors:**

(i) Mr.Jan Hendrik Gerardus Louwman - Ceased to be a director w.e.f. 23 December 2014

(ii) Mr.A.Krishnakumar

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

(i) Mr.S.M.Datta

(ii) Mr.S.Venkataramani - Ceased to be a Non-Executive Director w.e.f. 26 September 2013

(iii) Mr.Vikram Mukund Limaye

(iv) Mr.Vivek Gambhir

(3) **Company Secretary:**

Mr.Rajiv Mathur

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

(c) **Nature of transactions**

	Year ended 31 March 2015					Year ended 31 March 2014				
	Ultimate Holding Company	**Subsidiary Company**	**Fellow Subsidiary Companies**	**Key Managerial Personnel**	**Employee Trusts**	Ultimate Holding Company	Subsidiary Company	Fellow Subsidiary Companies	Key Managerial Personnel	Employee Trusts
PURCHASES										
Goods	**-**	**297**	**11,422**	**-**	**-**	-	217	10,787	-	-
Fixed assets	**-**	**-**	**61**	**-**	**-**	-	-	77	-	-
Services	**521**	**82**	**1,071**	**-**	**-**	3,531	-	326	-	-
Reimbursements	**-**	**-**	**227**	**-**	**-**	-	-	112	-	-
Others	**106**	**-**	**-**	**-**	**-**	100	-	6	-	-
SALES										
Goods	**-**	**2**	**2,362**	**-**	**-**	-	6	1,944	-	-
Fixed assets	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Services	**877**	**52**	**6,934**	**-**	**-**	997	2	5,633	-	-
Reimbursements	**-**	**3**	**130**	**-**	**-**	-	-	469	-	-
DEPUTATION OF PERSONNEL										
Charge	**-**	**-**	**1**	**-**	**-**	-	-	3	-	-
Recovery	**-**	**-**	**7**	**-**	**-**	-	-	60	-	-
MANAGERIAL REMUNERATION										
Mr.A.Krishnakumar	**-**	**-**	**-**	**44**	**-**	-	-	-	17	-
Mr.Jan Hendrik Gerardus Louwman	**-**	**-**	**-**	**72**	**-**	-	-	-	45	-
Mr.Rajeev Chopra	**-**	**-**	**-**	**-**	**-**	-	-	-	24	-
Mr.S.M.Datta	**-**	**-**	**-**	**1**	**-**	-	-	-	1	-
Mr.S.Venkataramani	**-**	**-**	**-**	**-**	**-**	-	-	-	1	-
Mr.Vikram Mukund Limaye	**-**	**-**	**-**	**1**	**-**	-	-	-	-	-
Mr.Vivek Gambhir	**-**	**-**	**-**	**1**	**-**	-	-	-	-	-
Mr.Rajiv Mathur	**-**	**-**	**-**	**15**	**-**	-	-	-	12	-
FINANCE										
Dividend Paid	**111**	**-**		**-**	**-**	111	-		-	-
Interest income	**-**	**202**	**-**	**-**	**-**	-	151	-	-	-
Inter corporate deposits given	**-**	**1,958**	**-**	**-**	**-**	-	3,785	-	-	-
Inter corporate deposits repaid	**-**	**1,483**	**-**	**-**	**-**	-	2,775	-	-	-
Others - Proceeds from divestment	**-**	**-**	**378**	**-**	**-**	-	-	1,006	-	-
Contributions to Employees' Benefit Plans	**-**	**-**	**-**	**-**	**543**	-	-	-	-	483
OUTSTANDINGS										
Payable	**140**	**34**	**2,673**	**-**	**46**	79	74	3,136	-	41
Receivable	**43**	**2,469**	**2,073**	**-**	**-**	417	1,964	757	-	-

Amounts in ₹ Mln

	Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions Year ended 31 March 2015*	Value of the transactions Year ended 31 March 2014
(i)	**Fellow subsidiary Companies:**			
	Philips Electronics Hong Kong Limited	Purchase of goods	1,902	2,664
	Philips Medical Systems Nederland B.V.	Purchase of goods	1,619	1,717
	Philips Consumer Lifestyle B.V.	Purchase of goods	2,935	1,503
	Philips Electronics Singapore Pte Ltd	Purchase of fixed assets	25	19
	Philips Medical Systems Nederland B.V.	Purchase of fixed assets	9	14
	Philips Lighting Maseru Pty. Ltd.	Purchase of fixed assets	9	-
	PT. Philips Indonesia	Purchase of fixed assets	7	-
	Philips Electronics Nederland B.V.	Purchase of fixed assets	-	8
	Philips Electronics Technology (Shanghai) Co., Ltd.	Purchase of fixed assets	-	24
	Philips Lighting Poland S.A.	Purchase of fixed assets	-	11
	Philips Electronics Nederland B.V.	Purchase of services	860	211
	Philips Electronics Singapore Pte Ltd	Purchase of services	-	58
	Philips Electronics Nederland B.V.	Reimbursements paid	200	74
	Philips International B.V.	Reimbursements paid	-	13
	Philips Medical Systems Nederland B.V.	Reimbursements paid	-	13
	Philips Medical Systems Nederland B.V.	Sale of goods	555	525
	Philips Electronique Maroc	Sale of goods	532	-
	Philips Mexicana, S.A. de C.V.	Sale of goods	-	330
	Philips Electronics Nederland B.V.	Sale of services	5,320	5,306
	Lumileds India Private Limited	Proceeds from divestment	378	-
	Philips Lighting B.V.	Reimbursements received	22	54
	Philips Electronics Nederland B.V.	Reimbursements received	61	-
	Philips (China) Investment Company Ltd.	Reimbursements received	19	
	Philips Medical Systems Nederland B.V.	Reimbursements received	-	108
	Philips Electronics Hong Kong Limited	Reimbursements received	-	226
	Philips Electronics Nederland B.V.	Deputation charge	1	3
	Philips Electronics Hong Kong Limited	Deputation recovery	2	-
	Philips South Africa (Proprietary) Limited	Deputation recovery	2	-
	Philips International B.V.	Deputation recovery	2	31
	Philips Consumer Lifestyle B.V.	Deputation recovery	-	8
	Woox Innovations India Private Limited	Proceeds from divestment	-	1,006
	Philips Electronics Hong Kong Limited	Payable	405	423
	Philips Medical Systems Nederland B.V.	Payable	547	599
	Philips Consumer Lifestyle B.V.	Payable	512	353
	Philips Electronics Nederland B.V.	Payable	-	486
	Philips Medical Systems Nederland B.V.	Receivable	587	134
	Philips Electronics Hong Kong Limited	Receivable	-	181
	Philips Mexicana, S.A. de C.V.	Receivable	-	91
(ii)	**Employee Trusts:**			
	Philips India Ltd Management Staff Provident Fund Trust	Contributions	543	483
	Philips India Ltd Management Staff Provident Fund Trust	Payable	46	41

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

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

30 INFORMATION ABOUT BUSINESS SEGMENTS

Description	Year ended 31 March 2015	Year ended 31 March 2014
(A) PRIMARY SEGMENT INFORMATION:		
(1) SEGMENT REVENUE		
a. Lighting	**33,916**	31,847
b. Consumer Lifestyle	**9,259**	8,754
c. Software development services	**6,567**	5,314
d. Healthcare	**13,190**	12,008
e. Other segments	**96**	38
TOTAL	**63,028**	57,961
(2) INTER SEGMENT REVENUE		
a. Lighting	**-**	-
b. Consumer Lifestyle	**-**	-
c. Software development services	**-**	-
d. Healthcare	**-**	-
e. Other segments	**-**	-
TOTAL	**-**	-
(3) OTHER UNALLOCABLE INCOME	**430**	174
REVENUE FROM OPERATIONS (NET) (1+3)	**63,458**	58,135
(4) SEGMENT RESULT		
a. Lighting	**3,463**	2,515
b. Consumer Lifestyle	**199**	(181)
c. Software development services	**560**	566
d. Healthcare	**1,244**	596
e. Other segments	**10**	15
TOTAL	**5,476**	3,511
(5) FINANCE COST	**(88)**	(99)
(6) OTHER UNALLOCABLE EXPENDITURE NET OF INCOME	**212**	(316)
(7) PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (4+5+6)	**5,600**	3,096
(8) EXCEPTIONAL ITEMS		
a. Lighting	**40**	-
b. Consumer Lifestyle	**-**	74
c. Software development services	**-**	-
d. Healthcare	**-**	-
e. Other segments	**-**	-
f. Other unallocable	**635**	-
TOTAL	**675**	74
(9) PROFIT BEFORE TAX	**6,275**	3,170
(10) TAX EXPENSE		
a. Current tax	**(2,353)**	(1,130)
b. Deferred tax - release / (charge)	**313**	59
TOTAL	**(2,040)**	(1,071)
(11) PROFIT FOR THE YEAR	**4,235**	2,099
(B) SECONDARY SEGMENT INFORMATION:		
REVENUE		
a. Within India	**52,576**	48,962
b. Outside India	**10,882**	9,173
TOTAL	**63,458**	58,135
CAPITAL EXPENDITURE		
a. Within India	**859**	1,016
b. Outside India	**-**	-
TOTAL	**859**	1,016

Description	Year ended 31 March 2015	Year ended 31 March 2014
OTHER INFORMATION		
(12) SEGMENT ASSETS		
a. Lighting	**10,029**	10,774
b. Consumer Lifestyle	**3,057**	2,004
c. Software development services	**2,165**	773
d. Healthcare	**8,954**	9,379
e. Other segments	**4**	7
f. Other unallocable	**10,066**	6,872
TOTAL	**34,275**	29,809
(13) SEGMENT LIABILITIES		
a. Lighting	**6,050**	5,886
b. Consumer Lifestyle	**2,130**	1,376
c. Software development services	**1,547**	1,244
d. Healthcare	**5,734**	5,322
e. Other segments	**15**	14
f. Other unallocable	**1,738**	2,933
TOTAL	**17,214**	16,775
(14) CAPITAL EXPENDITURE		
a. Lighting	**265**	431
b. Consumer Lifestyle	**114**	76
c. Software development services	**242**	230
d. Healthcare	**195**	70
e. Other segments	**1**	1
f. Other unallocable	**42**	208
TOTAL	**859**	1,016
(15) DEPRECIATION AND AMORTISATION EXPENSE		
a. Lighting	**(671)**	(380)
b. Consumer Lifestyle	**(39)**	(48)
c. Software development services	**(180)**	(109)
d. Healthcare	**(96)**	(124)
e. Other segments	**(1)**	-
f. Other unallocable	**(196)**	(155)
TOTAL	**(1,183)**	(816)
(16) NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION EXPENSE		
a. Lighting	**(52)**	(34)
b. Consumer Lifestyle	**(10)**	-
c. Software development services	**-**	-
d. Healthcare	**-**	(47)
e. Other segments	**-**	-
f. Other unallocable	**-**	(3)
TOTAL	**(62)**	(82)
ASSETS		
a. Within India	**32,104**	28,491
b. Outside India	**2,171**	1,318
TOTAL	**34,275**	29,809

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.

30 Information about business segments (Contd.)

(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 Company level.

Types of products and services in each business segment:

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

Amounts in ₹ Mln

31 Consumption of raw materials and spares	**Year ended 31 March 2015** % of total consumption	**₹**	Year ended 31 March 2014 % of total consumption	₹
Raw materials:				
Imported	**40.0**	**1,707**	34.1	1,359
Indigenous	**60.0**	**2,564**	65.9	2,632
Spares:				
Imported	**14.0**	**13**	6.0	9
Indigenous	**86.0**	**83**	94.0	147

32 Earnings, expenditure and dividend remittance in foreign currency

	Year ended 31 March 2015	Year ended 31 March 2014
Earnings		
Exports on F.O.B. basis including ₹ **27** (Previous year - ₹49) through rupee trade arrangements	**3,068**	2,541
Service revenue	**7,814**	6,632
Expenditure		
Management support services	**342**	3,039
Research and development services	**43**	458
Royalty	**215**	43
Legal and Professional	**21**	21
IT and Communication	**924**	350
Employee related	**106**	104
Training	**21**	20
Travel	**318**	168
Others	**150**	262
Dividend remittance		
Number of equity shares held on which dividend was remitted	**55,290,242**	55,290,242
Period to which dividend relates to	**April 2013 to March 2014**	April 2012 to March 2013
Number of non-resident shareholders	**2**	2
Amount remitted	**111**	111
Value of imports on C.I.F. basis		
Traded goods	**12,455**	10,409
Raw materials	**1,655**	1,590
Spares	**33**	36
Capital goods	**186**	189

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

33 Exceptional items include:

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

(b) ₹ **388** Net surplus on divestment of Lumileds LED Component and Automotive Lighting Business and Tax thereon ₹ **78** included in current tax. (Previous year - ₹ 74 Net Surplus on Divestment of Lifestyle Entertainment Business and Tax thereon ₹16 included in current tax).

(c) Restructuring costs incurred at Mohali Light Factory:

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

(d) Settlement of erstwhile Mumbai Employees' VRS claim ₹ **125** (Previous year - ₹ NIL), which was earlier disclosed as claims not acknowledged as debts ₹ **221** under note 41.

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 2015		As at 31 March 2014		**As at 31 March 2015**		As at 31 March 2014	
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	-	-	-	-	-	-	-	-
Payables	2,397.83	38,500.00	2,606.30	43,496.37	-	-	148.14	1,800.00

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

Details	**As at 31 March 2015**		As at 31 March 2014		**As at 31 March 2015**		As at 31 March 2014	
	USD Exposure				Euro Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**1,780.34**	**28,585.48**	572.15	9,548.64	**404.12**	**6,047.17**	702.52	8,536.05
Payables	**113.98**	**1,830.05**	-	-	**336.50**	**5,035.28**	625.79	7,603.77

Details	SGD Exposure				HKD Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**-**	**-**	-	-
Payables	**3.83**	**84.47**	2.93	61.55	**-**	**-**	0.19	24.93

Details	AUD Exposure				GBP Exposure			
	INR	**FC (in 000s)**	INR	FC (in 000s)	**INR**	**FC (in 000s)**	INR	FC (in 000s)
Receivables	**-**	**-**	-	-	**1.38**	**15.00**	-	-
Payables	**8.56**	**180.79**	5.01	90.49	**0.92**	**9.99**	0.85	8.48

Amounts in ₹ Mln

35 Employees' Share-based Payments:

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

(a) Method adopted for valuation

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

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

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

(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 2014	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2015	Exercisable
April 13, 2004	24.13	1,026	-	(1,026)	-	-	**-**	-
April 18, 2005	19.41	3,654	-	-	711	(3,114)	**1,251**	1,251
April 18, 2006	26.28	5,895	-	-	(603)	(630)	**4,662**	4,662
April 16, 2007	30.96	8,748	-	-	(999)	-	**7,749**	7,749
April 14, 2008	23.11	4,014	-	-	603	(1,215)	**3,402**	3,402
July 14, 2008	20.67	1,800	-	-	-	-	**1,800**	1,800
April 14, 2009	12.63	8,850	-	-	2,625	(8,175)	**3,300**	3,300
April 19, 2010	24.90	8,944	-	(1,080)	2,160	(3,120)	**6,904**	6,904
July 19, 2010	24.01	7,125	-	-	-	-	**7,125**	7,125
April 18, 2011	20.90	27,864	-	(2,700)	1,350	(14,850)	**11,664**	11,664
July 18, 2011	17.20	5,100	-	-	(1,500)	-	**3,600**	3,600
October 17, 2011	14.52	6,078	-	-	-	(2,700)	**3,378**	3,378
January 30, 2012	15.24	30,000	-	-	(5,000)	(20,000)	**5,000**	5,000
April 23, 2012	14.82	58,125	-	(9,966)	(3,600)	-	**44,559**	-
		177,223	-	(14,772)	(4,253)	(53,804)	**104,394**	59,835
Previous Year		221,987	-	(4,554)	(26,033)	(14,177)	177,223	50,056

(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 2014	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2015	Exercisable
April 18, 2005	25.28	504	-	-	-	-	**504**	504
April 16, 2007	41.95	333	-	(333)	-	-	**-**	-
April 14, 2008	36.63	306	-	-	-	-	**306**	306
April 19, 2010	33.51	480	-	-	-	-	**480**	480
		1,623	-	(333)	-	-	**1,290**	1,290
Previous Year		333	-	-	1,290	-	1,623	1,623

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

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

(e) Number and weighted average grant date fair value of Restricted Shares (EUR)

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2014	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2015
April 18, 2011	19.45	2,487	-	-	-	(2,487)	**-**
July 18, 2011	15.74	518	-	-	-	(518)	**-**
October 17, 2011	13.04	632	-	-	-	(632)	**-**
April 23, 2012	14.07	10,356	-	(1,247)	(963)	(4,176)	**3,970**
July 25, 2014	22.80		4,248	-	-	-	**4,248**
October 24, 2014	20.43		1,415	-	-	-	**1,415**
February 2, 2015	23.89		4,027	-	-	-	**4,027**
		13,993	9,690	(1,247)	(963)	(7,813)	**13,660**
Previous Year		63,465	-	(240)	(9,220)	(40,012)	13,993

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

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

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

(g) Details and Key Assumptions of Options Pricing Model used for Fair Valuation of Options granted during the year:

1. Average Life time	6.5 Years
2. Expected Volatility	25% (Determined on the basis of 5 year historical stock price)
3. Risk free interest rate	0.35%
4. Yield factor	0.039

(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 2014	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2015
May 3, 2013	23.45	65,173	-	(10,116)	(4,739)	-	**50,318**
October 25, 2013	30.38	967	-	-	-	-	**967**
April 28, 2014	22.92	-	78,974	(7,063)	-	-	**71,911**
July 25, 2014	22.80	-	4,992	-	-	-	**4,992**
October 24, 2014	20.43	-	1,180	(472)	-	-	**708**
		66,140	85,146	(17,651)	(4,739)	-	**128,896**
Previous Year		67,562	-	(1,422)			66,140

(i) 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	0.35%
2. Expected dividend yield	3.90%
3. Expected share price volatility	25%

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

(k) Expense recognised on account of "Employee Share-Based Payment" is ₹ **106** (Previous year - ₹ 100) and carrying liability as at 31 March 2015 is ₹ **317** (Previous year - ₹ 235).

Amounts in ₹ Mln

36 Disclosure relating to Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuation as on 31 March 2015 and recognised in the financial statements in respect of Retirement Benefits:

Particulars	Gratuity				Compensated absences		Provident Fund	
	Year ended 31 March 2015		Year ended 31 March 2014		**Year ended 31 March 2015**	Year ended 31 March 2014	**Year ended 31 March 2015**	Year ended 31 March 2014
	Funded	**Unfunded**	**Funded**	**Unfunded**				
A. Present value of obligations as at beginning of the year	**377**	**263**	329	264	**304**	280	**2,649**	2,149
(1) Current service cost	**62**	**41**	55	38	**100**	70	**227**	206
(2) Interest cost	**32**	**23**	30	24	**25**	26	**269**	191
(3) Benefits settled	**(50)**	**(20)**	(22)	(24)	**(73)**	(69)	**(312)**	(198)
(4) Settlements	**-**	**-**	-	-	**-**	-	**-**	(39)
(5) Actuarial (gain) / loss	**83**	**9**	(15)	(22)	**15**	6	**-**	-
(6) Actuarial (gain) / loss due to Interest rate guarantee	**-**	**-**	-	-	**-**	-	**90**	(39)
(7) Employees' contribution	**-**	**-**	-	-	**-**	-	**311**	271
(8) Acquisition/Business Combination/Divestiture	**-**	**(5)**	-	(17)	**(4)**	(9)	**-**	-
(9) Change in reserves	**-**	**-**	-	-	**-**	-	**-**	(9)
(10) Transfer in	**-**	**-**	-	-	**-**	-	**239**	117
Present value of obligations as at end of the year	**504**	**311**	377	263	**367**	304	**3,473**	2,649
B. Change in Plan Assets								
Plan assets as at beginning of the year	**256**	**-**	203	-	**-**	-	**2,671**	2,176
(1) Expected return on plan assets	**24**	**-**	20	-	**-**	-	**271**	207
(2) Contributions	**62**	**-**	54	-	**-**	-	**-**	-
(3) Benefits settled	**(50)**	**-**	(22)	-	**-**	-	**-**	-
(4) Employer and Employee contribution	**-**	**-**	-	-	**-**	-	**537**	477
(5) Transfer in	**-**	**-**	-	-	**-**	-	**239**	117
(6) Benefit payments	**-**	**-**	-	-	**-**	-	**(312)**	(198)
(7) Asset gain / (loss)	**(4)**	**-**	1	-	**-**	-	**158**	(69)
(8) Settlements	**-**	**-**	-	-	**-**	-	**-**	(39)
(9) Acquisition/Business Combination/Divestiture	**-**	**-**	-	-	**-**	-	**-**	-
Plan assets as at end of the year	**288**	**-**	256	-	**-**	-	**3,564**	2,671
Surplus	**-**	**-**	-	-		-	**91**	22

The above surplus of ₹ **91** (Previous year - ₹ 22) has not been recognised in the financial statements in accordance with Paragraph 59 of Accounting Standard (AS15), Employee Benefits, since the surplus is not available to the Company either in form of refunds or as reduction of future contributions.

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

Particulars	Gratuity				Compensated absences		Provident Fund	
	Year ended 31 March 2015		Year ended 31 March 2014		**Year ended 31 March 2015**	Year ended 31 March 2014	**Year ended 31 March 2015**	Year ended 31 March 2014
	Funded	**Unfunded**	Funded	Unfunded				
C. Actual return on plan assets	**20**	**-**	21	-	**-**	-		
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	**(504)**	**(311)**	(377)	(263)	**(367)**	(304)	-	-
(2) Fair value of Plan assets	**288**	**-**	256	-	**-**	-	-	-
Liability recognised in Balance Sheet	**(216)**	**(311)**	(121)	(263)	**(367)**	(304)	-	-
E. Components of Employer Expense:								
(1) Current service cost	**62**	**41**	55	38	**100**	70	-	-
(2) Interest cost	**32**	**23**	30	24	**24**	26	-	-
(3) Expected return on plan assets(estimated)	**(24)**	**-**	(20)	-	**-**	-	-	-
(4) Actuarial (gain) / loss	**87**	**9**	(16)	(22)	**15**	6	-	-
Total expense recognised in Statement of Profit and Loss	**157**	**73**	49	40	**139**	102	-	-
The gratuity and compensated absences expenses have been recognised in "Employee benefits expenses" under note 25 to the Financial Statements.								
F. Assumptions								
(1) Discount factor	**7.80%**		9.20%		**7.80%**	9.20%		
(2) Estimated rate of return on plan assets	**9.00%**		9.00%					
(3) Mortality	**IALM (2006-08) Ultimate**		IALM (2006-08) Ultimate					
(4) Disability	**None**		None					
(5) Salary Increase	**Management, PMS and PIC - 11%, DMC factory - 12%, MLF factory - 11%, VLF factory - 11%**		Management, PMS and PIC - 11%, DMC factory - 12%, MLF factory - 11%, VLF factory - 11%					
(6) Attrition rate	**Management, PMS and PIC - 10%, DMC factory - 5%, MLF factory - 4.5%, VLF factory - 8%**		Management, PMS and PIC -10%, DMC factory - 5%, MLF factory - 4.5%, VLF factory - 8%					
(7) Retirement age	**Management and PIC - 60 years, Others - 58 years**		Management, PMS and PIC - 60 years, Others - 58 years					

G. Experience Adjustments

Amounts in ₹ Mln

Description	Gratuity (Funded)				
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012	Year ended 31 Dec 2010
Defined Benefit Obligations	**504**	377	329	180	141
Plan Assets	**288**	256	203	142	78
Surplus/(Deficit)	**(216)**	(121)	(126)	(38)	(63)
Experience adjustments on Plan assets/liabilities (gain) / loss	**306**	65	80	17	5

Description	Gratuity (Unfunded)				
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012	Year ended 31 Dec 2010
Defined Benefit Obligations	**311**	263	264	150	156
Plan Assets	**-**	-	-	-	-
Surplus/(Deficit)	**(311)**	(263)	(264)	(150)	(156)
Experience adjustments on Plan assets/liabilities (gain) / loss	**(22)**	(44)	13	25	8

Description	Provident Fund				
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012	Year ended 31 Dec 2010
Defined Benefit Obligations	**3,473**	2,649	2,149	1,650	1,302
Plan Assets	**3,564**	2,671	2,176	1,703	1,314
Surplus/(Deficit)	**91**	22	27	53	12
Experience adjustments on Plan assets/liabilities (gain) / loss	**(158)**	69	(13)	42	4

Notes:

1. Plan assets comprise of contribution to Group Gratuity Schemes of Life Insurance Corporation of India in case of gratuity and investments under Philips India Limited Employees' Provident Fund Plan in case of Provident Fund.
2. Actuarial (gain) / loss is due to change in actuarial assumptions as stated in 36 F above.
3. The company provides retirement benefits in the form of Provident Fund, Gratuity, Compensated absences, Superannuation and other benefits. Provident fund contributions made to "Government Administered Provident Fund" are treated as defined contribution plan since the Company has no further obligations beyond it's monthly contributions. Provident Fund contributions made to "Trust" administered by the Company are treated as Defined Benefit Plan. As per actuarial valuation, the trust has surplus fund to cover shortfall, if any, on account of guaranteed interest benefit obligation.
4. The actuarial valuation in respect of gratuity and compensated absences has been done as at end 31 March 2015. In case of Mohali Light factory, Healthcare and Software Centre the gratuity liabilities are provided as per the actuarial valuation and are funded through Group Gratuity Schemes of Life Insurance Corporation of India (LIC) to the extent requested by LIC.

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

37 Discontinuing Operations:

(a) As part of global restructuring exercise announced in September 2014, ultimate holding company Koninklijke Philips N.V (KPNV) has proposed to segregate the lighting business of the Philips group into a separate and independent company owned by the Philips group, thereby providing increased flexibility in capturing growth opportunities, accordingly the proposal for divestment of Lighting business was moved and has been subsequently approved by Board of directors on 27th April 2015 and by shareholders in the Extra Ordinary General Meeting held on 06 July 2015 in India. The discontinuance is expected to be completed by 1st of February 2016.

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

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

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

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

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

Break-up of aggregate amounts in respect of revenue and expenses along with pre-tax profit or loss of Lighting operations are as follows:	**Discontinuing Operations**	
Particulars	**Year ended 31 Mar 2015**	Year ended 31 Mar 2014
Revenue from operations (net)	**33,916**	31,847
Operating expenses	**(30,413)**	(29,332)
Profit / (loss) before tax	**3,503**	2,515
Income tax expense	**(1,131)**	(855)
Profit / (loss) after tax	**2,372**	1,660

The carrying amounts of the assets and liabilities of Lighting operations to be disposed off / settled are as follows:	**As at 31 Mar 2015**	As at 31 Mar 2014
Total assets	**10,029**	10,774
Total liabilities	**6,050**	5,886
Net assets	**3,979**	4,888

The net cash flows attributable to the Lighting operations is as follows:	**Year ended 31 Mar 2015**	Year ended 31 Mar 2014
Net cash inflow / (outflow) from operating activities	**1,611**	1,226
Net cash inflow / (outflow) from investing activities	**203**	(450)
Net cash inflow / (outflow) from financing activities	**(14)**	(3)
Net cash inflow / (outflow)	**1,800**	773

Above disclosure includes discontinuation of Lumileds LED Component and Automotive Lighting Business which has been discontinued on 31 March 2015 and was not a separate major line of business (refer note 33 (b)) within Lighting.

(b) Previous year:

Pursuant to the global agreement dated 29 January 2013, between Koninklijke Philips N.V (KPNV) and Funai Electric Co. Limited for divestment of "Lifestyle Entertainment" business, the proposal for divestment of Lifestyle Entertainment was moved and subsequently approved by Board of directors on 24 April 2013 and by shareholders in the Extra Ordinary General Meeting held on 31 May 2013 in India. The discontinuance was expected to be completed by 30 September 2013, however the agreement with Funai Electric Co. Limited was terminated on October 25, 2013. Subsequently, the Lifestyle Entertainment business was transferred on a slump sale basis to Woox Innovations India Private Limited effective 03 November 2013,for a sale consideration of ₹ 1,006.

Notes to the Financial Statements for the year ended 31 March 2015

Business segment "Consumer Lifestyle" as reported in note # 30 consists of Domestic Appliances, Lifestyle Entertainment (LE) and Personal Care business.

Lifestyle Entertainment (LE) business primarily involves local purchase, import and sales of the following PHILIPS brand products in India:

(i) Audio and Video Multimedia Systems - Home Audio, Video related products, Portable Audio, Portable Video and Home Media etc.

(ii) Accessories for Multimedia Systems - Headphones, Speakers etc. and

(iii) Imported Spares

Break-up of aggregate amounts in respect of revenue and expenses along with pre-tax profit or loss of Lifestyle Entertainment operations are as follows :	**Discontinued Operations**	
Particulars	**Year ended 31 Mar 2015**	Period ended 3 Nov 2013
Revenue from operations (net)	-	2,100
Operating expenses	-	(2,094)
Profit / (loss) before tax	-	6
Income tax expense	-	(2)
Profit / (loss) after tax	-	4
The carrying amounts of the assets and liabilities of Lifestyle Entertainment division to be disposed off / settled are as follows:	**As at 31 Mar 2015**	As at 3 Nov 2013
Total assets	-	1,124
Total liabilities	-	227
Net assets	-	897
The net cash flows attributable to the Lifestyle Entertainment operations is as follows:	**Year ended 31 Mar 2015**	Period ended 3 Nov 2013
Net cash inflow / (outflow) from operating activities	-	(372)
Net cash inflow / (outflow) from investing activities	-	(4)
Net cash inflow / (outflow) from financing activities	-	-
Net cash inflow / (outflow)	-	(376)

For divestment related details, refer note 33(b).

Notes to the Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

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

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

	As at 31 March 2015	As at 31 March 2014
a) Principal amount remaining unpaid to any supplier as at the end of the year	**91**	33
b) Interest due on the above amount		
Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	**-**	-
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	**-**	-
Amount of interest accrued and remaining unpaid at the end of the year.		
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	**-**	-

39 **Disclosure relating to assets given on operating lease:**

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

	As at 31 March 2015	As at 31 March 2014
a) Total of future minimum lease payments receivable under non-cancellable operating lease	**26**	34
Receivable within 1 year	**7**	8
Receivable between 1-5 years	**19**	26
Receivable after 5 years	**-**	-
b) Total contingent rent recognised as income in the Statement of Profit and Loss for the year	**20**	16

40 **Following heads of Expenses and Income includes prior period items.**

Description	**Year ended 31 March 2015**	Year ended 31 March 2014
Expenses		
Cost of raw materials consumed	**-**	106
Salaries, wages and bonus	**-**	39
Miscellaneous expenses	**-**	19
Legal and professional	**-**	6
Income		
Service Income	**-**	155
Net	**-**	15

Amounts in ₹ Mln

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

(a) Contingent liabilities

(i) Claims not acknowledged as debts by the Company - ₹ **48** (Previous year - ₹ 269).

(ii) In respect of disputed excise demands - ₹ **359** (Previous year - ₹ 314), income tax demands - ₹ **4765** (Previous year - ₹ 3194) and service tax demands - ₹ **82** (Previous year - ₹ 82)

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

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

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ **87** (Previous year - ₹71).

42 Earnings per share

Calculation of earnings per share	**Year ended 31 March 2015**	Year ended 31 March 2014
Number of shares at the beginning of the year	**57,517,242**	57,517,242
Total number of equity shares outstanding at the end of the year	**57,517,242**	57,517,242
Weighted average number of equity shares outstanding during the year	**57,517,242**	57,517,242
Profit after tax attributable to equity share holders	**4,235**	2,099
Basic and diluted earnings per share (in ₹)	**73.63**	36.49

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

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

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

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 18 August 2015

For and on behalf of the board

Chairman — S.M.DATTA (DIN: 00032812)

Managing Director — A.KRISHNAKUMAR (DIN: 06764395)

Director & CFO — HARIHARAN MADHAVAN (DIN: 07217072)

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

New Delhi
Date: 18 August 2015

TEN YEAR REVIEW

Amounts in ₹ Mln

PARTICULARS	2005	2006	2007	2008	2009	2010	2011-12 (15 M)	2012-13	2013-14	**2014-15**
Income and Dividends										
Sales	28,389	26,486	28,906	31,356	32,656	37,249	55,793	53,674	58,387	**63,755**
Operating profit	1,057	1,485	2,456	1,900	1,688	1,451	1,813	1,752	3,096	**5,600**
As percentage of sales	3.7	5.6	8.5	6.1	5.2	3.9	3.2	3.3	5.3	**8.8**
Profit before tax	983	3,029	2,894	2,106	1,850	1,433	1,854	1,858	3,170	**6,275**
As percentage of sales	3.5	11.4	10.0	6.7	5.7	3.8	3.3	3.5	5.4	**9.8**
Profit after tax	807	2,130	1,903	1,351	1,175	889	1,338	1,228	2,099	**4,235**
As percentage of sales	2.8	8.0	6.6	4.3	3.6	2.4	2.4	2.3	3.6	**6.6**
As percentage of net worth	14.1	27.7	20.2	15.3	14.6	10.1	13.4	11.1	16.1	**24.8**
Earnings per share (₹)	11.49	30.32	27.08	19.71	18.97	15.46	23.26	21.35	36.49	**73.63**
Dividend per equity share (₹)	1.5	2.0	2.0	2.0	2.0	2.0	2.5	2.0	2.0	**3.0**
Assets and Liabilities										
Net fixed assets	2,871	2,661	2,694	2,825	3,463	3,524	3,972	4,280	4,295	**3,937**
Investments	11	11	16	442	5	-	1,000	1,000	1,000	**1,000**
Deferred tax assets - net	268	254	240	296	352	363	462	437	496	**809**
Inventories	2,243	1,902	2,255	2,849	3,608	4,131	5,362	5,637	6,293	**6,504**
Debtors, loans & advances and cash & bank balances	6,417	9,264	11,297	10,072	10,258	11,580	14,069	15,142	17,725	**22,025**
Current liabilities & provisions	5,983	6,307	6,951	7,493	9,485	10,690	12,585	14,737	15,277	**16,578**
Net current assets	2,677	4,859	6,601	5,428	4,381	5,021	6,846	6,042	8,741	**11,951**
Net Investment	5,827	7,785	9,551	8,991	8,201	8,908	12,280	11,759	14,532	**17,697**
Represented by										
Equity share capital	703	703	703	634	575	575	575	575	575	**575**
Other reserves	4,974	6,957	8,709	8,197	7,476	8,231	9,402	10,495	12,459	**16,486**
Shareholders' interest (net worth)	5,708	7,677	9,412	8,831	8,051	8,806	9,977	11,070	13,034	**17,061**
Loans	119	108	139	160	150	102	2,303	689	1,498	**636**
Total	5,827	7,785	9,551	8,991	8,201	8,908	12,280	11,759	14,532	**17,697**
General										
Exports (F.O.B)	1,011	454	330	418	482	1,033	1,839	1,933	2,541	**3,068**
Salaries, bonus & staff welfare (excluding V.R.S)	3,016	3,268	2,635	3,019	3,311	4,075	7,174	7,427	8,314	**10,169**
Debt : Equity Ratio	2:98	1:99	1:99	2:98	2:98	1:99	19:81	6:94	10:90	**4:96**
Number of employees at year end	3,952	3,440	3,135	3,317	3,775	4,762	5,658	5,617	5,830	**5,507**

Independent Auditor's Report

To the members of **Philips India Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Philips India Limited (hereinafter referred to as 'the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising the consolidated Balance Sheet as at 31 March 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21 - Consolidated Financial Statements). 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 the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under sub section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company's has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31 March 2015;

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, based on the comments in the auditor's reports of the Holding Company and subsidiary company incorporated/ registered in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by sub-sections 3 of Section 143 of the Act, based on our audit, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

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

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

   (e) On the basis of written representation received from the directors of the Holding Company and its subsidiary company incorporated in India as on 31 March 2015, taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the Directors of the Holding Company and its subsidiary company incorporated in India are disqualified as on 31 March 2015 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.

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

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 38(a) to the consolidated financial statements;

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

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India.

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

Vikram Advani
Partner
Membership No.: 091765

Place: New Delhi
Date: 18 August 2015

Annexure to the Independent Auditor's Report

As stated in Para 1 of 'Report on Other Legal and Regulatory Requirements' in our Auditor's Report of even date, the following statement is based on the comments in the auditor's reports on the standalone financial statements of the Holding Company and its subsidiary company incorporated in India.

(i) (a) According to the information and explanation given to us, the Holding Company and its subsidiary company incorporated in India have maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As informed to us, the Holding Company and its subsidiary company incorporated in India have a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years, except for certain assets which are verified on the basis of third party confirmations. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Group and the nature of its assets. The Holding Company had carried out the physical verification of the certain fixed assets in the previous year; however, no physical verification has been carried out during the current year by the Holding Company. No material discrepancies were noticed on such verification. The subsidiary company incorporated in India has carried out a physical verification for certain assets in the current year and no material discrepancies were noted on such verification.

(ii) (a) The inventories, except goods-in-transit, have been physically verified by the respective management of the Holding Company and its subsidiary company incorporated in India during the year. Inventories lying with the third parties have been physically verified by the Holding Company. The subsidiary company has obtained written confirmations for inventories lying with the third parties. In our opinion, the frequency of such verification is reasonable.

(b) In our opinion and according to the information and explanation given to us, the procedures for the physical verification of inventories followed by the management of the Holding Company and its subsidiary company incorporated in India are reasonable and adequate in relation to the size of the Group and the nature of its business.

(c) In our opinion, the Holding Company and its subsidiary company incorporated in India are maintaining proper records of inventory. As informed to us, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.

(iii) The Holding Company has granted unsecured, loan to its subsidiary company, covered in the register maintained under section 189 of the Companies Act, 2013. The year-end balance of such loan is Rs. 2,425,000,000.

(a) The subsidiary company is regular in repayment of principal and interest due on such loan; and

(b) There are no overdue amounts in respect of the aforesaid loan as at 31 March 2015.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of inventories and fixed assets are for the Group specialized requirements and similarly certain goods and services sold are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Group and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods and services. In our opinion and according to the information and explanation given to us, there is no continuing failure to correct major weaknesses in the internal control system.

(v) The Holding Company and its subsidiary company incorporated in India have not accepted any deposits from the public during the year.

(vi) We have broadly reviewed the records maintained by the Holding Company and its subsidiary company incorporated in India pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-Section 1 of Section 148 of the Act in respect of product manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of these records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Holding Company and its subsidiary company incorporated in India, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues, have been regularly deposited during the year by each of these companies with the appropriate authorities, though there has been a slight delay in few cases. The subsidiary company incorporated in India did not have any dues on account of Wealth tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there were no dues of Wealth tax and Duty of customs which have not been deposited on account of any dispute. The dues of Income tax, Sales tax, Service tax and Duty of excise as disclosed in Appendix I have not been deposited by the Holding Company and its subsidiary company incorporated in India on account of disputes.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Holding Company, the amount to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time. The subsidiary company incorporated in India did not have any dues on account of Investor Education and Protection Fund.

(viii) The Holding Company does not have any accumulated losses at the end of the year and have not incurred cash losses, during the year and in the immediately preceding financial year. The subsidiary company incorporated in India has been registered for a period of less than 5 years and accordingly, the provisions of Paragraph 3(viii) of the Order are not applicable.

(ix) In our opinion and according to the information and explanations given to us, the Holding Company and its subsidiary company incorporated in India, have not defaulted in repayment of their respective dues to their bankers, financial institutions and debenture holders. The Holding Company did not have any outstanding dues to any debenture holder during the year.

(x) In our opinion and according to the information and explanation given to us, the Holding Company and its subsidiary company incorporated in India have not given any guarantee for loans taken by others from banks or financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Holding Company and its subsidiary company incorporated in India have been applied for the purpose for which they were raised.

(xii) According to the information and explanations given to us, no instances of material fraud on or by each company has been noticed or reported during the course of audit of the Holding Company and its subsidiary company incorporated in India.

For **B S R & Co. LLP**

Chartered Accountants

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

Vikram Advani

Place: New Delhi

Partner

Date: 18 August 2015

Membership No.: 091765

Annexure to the Independent Auditors' report (Contd.)

Annexure I to the audit report

(Amount in INR million)

Name of the Company	Relation ship	Name of the statute / period to which the amount relates	Nature of dues	Forum where dispute is pending				
				Appellate authority upto Commissioner (Appeals)	Tribunal	Honourable High court	Amount paid under protest	Net total
Philips India Limited	Holding Company	Central Excise Act, 1944						
		2014-15	Excise duty including interest and penalty where applicable	10.66			(0.80)	9.86
		2013-14						-
		3 - 7 years		257.79	373.51		(168.43)	462.87
		Above 7 years		31.20	202.05	20.23	(60.98)	192.50
Philips India Limited	Holding Company	Service tax, Finance Act, 1994						
		2014-15	Service tax including interest and penalty where applicable	16.16	-	-	-	16.16
		2013-14		-	-	-	-	-
		3 - 7 years		-	81.44	-	-	81.44
		Above 7 years		-	80.04	-		80.04
Philips India Limited	Holding Company	Central Sales Tax Act, 1956 and Individual State Sales Tax Act						
		2014-15	Sales Tax including Interest and penalty where applicable	5.05	-	-	(1.26)	3.79
		2013-14		10.24	-	-	(3.12)	7.12
		3 to 7 years		488.17			(83.99)	404.18
		More than 7 years		320.50	237.76	25.17	(148.17)	435.26
Preethi Kitchen Appliances Private Limited	Subsidiary Company	2014-15	Sales Tax including Interest and penalty where applicable	-	-	-	-	-
		2013-14		-	-	-	-	-
		3 to 7 years		0.3	-	-	-	0.3
		More than 7 years		-	-	-	-	-
Philips India Limited	Holding Company	Income Tax Act , 1961						
		3 - 7 years	Income tax Including interest and Penalty where Applicable	2,513.12	1,245.40		(293.43)	3,465.09
		Above 7 years		674.99	226.94	104.80	(775.03)	231.69

Consolidated Balance Sheet as at 31 March 2015

Amounts in ₹ Mln

	Note	As at 31 March 2015	
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**575**	
Reserves and surplus	4	**11,330**	
			11,905
Non-current liabilities			
Long-term borrowings	5	**5,622**	
Other long term liabilities	6	**598**	
Long-term provisions	7	**887**	
			7,107
Current liabilities			
Short-term borrowings	8	**402**	
Trade payables	9	**9,550**	
Other current liabilities	10	**4,255**	
Short-term provisions	7	**2,160**	
			16,367
			35,379
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	**4,431**	
Intangible assets	12	**3,124**	
Capital work-in-progress		**103**	
Deferred tax assets (net)	13	**809**	
Long-term loans and advances	14	**3,484**	
Other non-current assets	15	**2,263**	
			14,214
Current assets			
Inventories	16	**7,134**	
Trade receivables	17	**8,700**	
Cash and bank balances	18	**3,728**	
Short-term loans and advances	14	**1,437**	
Other current assets	19	**166**	
			21,165
			35,379
Group Information	1		
Significant accounting policies	2		

The notes referred to above 1-41 form an integral part of the Consolidated Financial Statements

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

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 18 August 2015

For and on behalf of the board

Chairman S.M.DATTA (DIN: 00032812)

Managing Director A.KRISHNAKUMAR (DIN: 06764395)

Director & CFO HARIHARAN MADHAVAN (DIN: 07217072)

Director & Company Secretary RAJIV MATHUR (DIN: 06931798)

New Delhi
Date: 18 August 2015

Consolidated Statement of Profit and Loss for the year ended 31 March 2015

Amounts in ₹ Mln

	Note	Year ended 31 March 2015	
Income			
Revenue from operations (gross)	20	**68,106**	
Less: Excise duty recovered		**871**	
Revenue from operations (net)		**67,235**	
Other income	21	**222**	
Total revenue			**67,457**
Expenses			
Cost of raw materials consumed	22	**6,192**	
Purchases of stock-in-trade	23	**31,509**	
Changes in inventories of work-in-progress, finished goods and stock-in-trade	24	**(376)**	
Employee benefits expense	25	**10,510**	
Finance costs	26	**643**	
Depreciation and amortisation expense	27	**1,899**	
Other expenses	28	**12,651**	
Total expenses			**63,028**
Profit / (loss) before exceptional items and tax			**4,429**
Exceptional items	31		**675**
Profit / (loss) before tax			**5,104**
Profit / (loss) from continuing operations		**1,601**	
Tax expense			
Current tax		**(932)**	
Deferred tax - release / (charge)		**23**	
Profit / (loss) after tax from continuing operations			**692**
Profit / (loss) from discontinuing operations	35	**3,503**	
Tax expense			
Current tax		**(1,421)**	
Deferred tax - release / (charge)		**290**	
Profit / (loss) after tax from discontinuing operations	35		**2,372**
Profit / (loss) for the year			**3,064**
Basic earnings per equity share of ₹10 each (in ₹)	39		**53.27**
Diluted earnings per equity share of ₹10 each (in ₹)	39		**34.49**
Group Information	1		
Significant accounting policies	2		

The notes referred to above 1-41 form an integral part of the Consolidated Financial Statements

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

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 18 August 2015

For and on behalf of the board

Chairman	S.M.DATTA (DIN: 00032812)
Managing Director	A.KRISHNAKUMAR (DIN: 06764395)
Director & CFO	HARIHARAN MADHAVAN (DIN: 07217072)
Director & Company Secretary	RAJIV MATHUR (DIN: 06931798)

New Delhi
Date: 18 August 2015

Consolidated Cash Flow Statement for the year ended 31 March 2015

Amounts in ₹ Mln

		Year ended 31 March 2015	
A.	**Cash flow from operating activities**		
	Profit before tax		**5,104**
	Exceptional items		**(675)**
	Net profit / (loss) before tax and exceptional items		**4,429**
	Adjusted for		
	(Profit) / loss on disposal of fixed assets	**(8)**	
	Write off and other adjustment of fixed assets	**7**	
	Depreciation and amortisation	**1,899**	
	Unrealized foreign exchange (gain) and loss (net)	**6**	
	Provision for doubtful trade receivables and loans and advances	**37**	
	Liabilities no longer required written back	**(133)**	
	Interest received	**(419)**	
	Finance costs	**643**	**2,032**
	Operating profit before working capital changes		**6,461**
	Changes in:		
	Trade receivables and other loans & advances	**(1,419)**	
	Inventories	**(479)**	
	Trade payables and other liabilities	**1,395**	
			(503)
	Cash generated from operations		**5,958**
	Income tax paid (net of refunds)		**(2,490)**
	NET CASH GENERATED FROM OPERATING ACTIVITIES		**3,468**
B.	**Cash flow from investing activities**		
	Purchase of fixed assets		**(893)**
	Proceeds from sale of fixed assets		**916**
	Proceeds from divestment (refer note 31)		
	a. Consideration received (net of expenses)	**378**	
	b. Capital gain tax	**(78)**	**300**
	Interest received		**394**
	NET CASH USED IN INVESTING ACTIVITIES		**717**
C.	**Cash flow from financing activities**		
	Finance costs		**(643)**
	Proceeds / (repayments) of short term borrowings		**(1,121)**
	Dividend paid (including tax thereon)		**(134)**
	NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**(1,898)**
	(DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		**2,287**
	CASH AND CASH EQUIVALENTS - OPENING BALANCE		
			1,431
	TOTAL		**1,431**
	CASH AND CASH EQUIVALENTS - CLOSING BALANCE		
	Cash and cash equivalents (refer note 18)		**1,458**
	Deposits with Banks		**2,260**
	TOTAL		**3,718**

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

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 18 August 2015

For and on behalf of the board

Chairman	S.M.DATTA (DIN: 00032812)
Managing Director	A.KRISHNAKUMAR (DIN: 06764395)
Director & CFO	HARIHARAN MADHAVAN (DIN: 07217072)
Director & Company Secretary	RAJIV MATHUR (DIN: 06931798)

New Delhi
Date: 18 August 2015

GROUP INFORMATION (Note 1)

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

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

a) Subsidiary:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2015
Preethi Kitchen Appliances Private Limited	India	100

b)	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent Company				
Philips India Limited	143%	17,061	138%	4,235
Subsidiary Company				
Preethi Kitchen Appliances Private Limited	(35%)	(4,153)	(38%)	(1,169)
Total eliminations	(8%)	(1,003)	-	(2)
Total	100%	11,905	100%	3,064

STATEMENT OF ACCOUNTING POLICIES (Note 2)

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The financial statements of the Company and its Subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra company balances and intra company transactions and resulting unrealised profits are eliminated in full. Unrealised profits or losses resulting from intra company transactions are also eliminated unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

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

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

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

1. REVENUE RECOGNITION

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

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

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

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

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

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

2. INTANGIBLE ASSETS

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

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

3. FIXED ASSETS AND DEPRECIATION

Fixed assets are valued at cost. Depreciation is provided on the original cost on a straight line method as per the useful lives of the assets as estimated by the management which are equal to the useful lives prescribed under Schedule II of the Companies Act, 2013. Depreciation on medical equipments given on operating leases and leasehold improvements is provided on a straight-line basis over the period of the lease or their estimated useful life, whichever is shorter. In case of wholly owned Subsidiary, jigs & dies which are depreciated @33.33% on straight line basis being used based on technical evaluation.

Assets costing less than ₹5000 are fully depreciated in the year of purchase.

4. LEASES:

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

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

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

5. IMPAIRMENT OF ASSETS

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

6. INVENTORIES

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

7. INVESTMENTS

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

8. RESEARCH AND DEVELOPMENT

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

9. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

10. REPLACEMENT GUARANTEE

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

11. RETIREMENT BENEFITS

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

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

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

12. BORROWING COST

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

13. PROVISIONS AND CONTINGENCIES

A provision is recognised when:

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

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

14. TAXATION

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

For and on behalf of the Board

Chairman	S.M.DATTA (DIN: 00032812)
Managing Director	A.KRISHNAKUMAR (DIN: 06764395)
Director and CFO	HARIHARAN MADHAVAN (DIN: 07217072)
Director and Company Secretary	RAJIV MATHUR (DIN: 06931798)

Place: New Delhi
Date: 18th August 2015

Amounts in ₹ Mln

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

Notes to Consolidated Financial Statements for the year ended 31 March 2015

		Amounts in ₹ Mln **As at 31 March 2015**
4 Reserves and surplus		
Capital reserve		
At the beginning and at the end of the year		**169**
(includes ₹168 created on account of amalgamation in earlier years)		
Capital redemption reserve		
At the beginning and at the end of the year		**228**
Securities premium account		
At the beginning and at the end of the year		**1,153**
General reserve		
At the beginning of the year	**2,789**	
Add: Transfer from Statement of Profit and Loss	**424**	
At the end of the year		**3,213**
Other reserves		
Capital subsidy *		
At the beginning and at the end of the year		**9**
Surplus/Deficit in the Statement of Profit and Loss		
At the beginning of the year	**4,126**	
Add: Profit for the year	**3,064**	
Less: Appropriations		
Proposed dividend [₹ 3 per share]	**173**	
Tax on proposed dividend	**35**	
Transfer to General reserve	**424**	
At the end of the year		**6,558**
		11,330

* Pertains to land subsidy - ₹6 and investment incentive - ₹3 received from Punjab State Government in earlier years.

5 Long-term borrowings	
Long term maturities of finance lease obligations (secured)	**222**
Compulsorily convertible debentures	**5,400**
	5,622

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

Additional disclosure relating to long-term borrowings

The finance lease obligations are secured by underlying assets (leased vehicles) [refer note 11]. The legal title of the vehicles vests with the lessors and the lease term varies between 3-5 years, the total minimum lease liability for assets obtained on finance lease is ₹433 which includes interest of ₹ 78. The maturity profile of finance lease obligations is as follows:

Minimum lease payments	
Payable within 1 year	**172**
Payable between 1-5 years	**261**
Present value	
Payable within 1 year	**133**
Payable between 1-5 years	**222**

6 Other long term liabilities	
Others	
Income received in advance	**451**
Employee related payables	**140**
Security deposits	**7**
	598

Amounts in ₹ Mln

7 Provisions	Long Term	Short Term
	As at 31 March 2015	
Provision for employee benefits		
Gratuity (refer note 34)	516	33
Compensated absences (refer note 34)	348	35
Post-employment medical benefits	-	23
Retention and performance pay (refer note 7.1)	15	95
Others		
Replacement guarantee (refer note 7.1)	8	559
Legal and regulatory (refer note 7.1)	-	683
Miscellaneous risks (refer note 7.1)	-	82
Provision for taxation (net of advances)	-	442
Proposed dividend	-	173
Tax on proposed dividend	-	35
	887	2,160

Additional disclosure relating to provisions:

7.1. Movement in provisions:	Class of provisions				
	Replacement guarantee	Legal and regulatory	Personnel related	Miscellaneous risks	Total
Opening balance	548	715	129	86	1,478
Add: Accruals	1,079	39	154	4	1,276
Less: Utilisation	1,060	-	173	-	1,233
Less: Write back	-	71	-	8	79
Closing balance	567	683	110	82	1,442

7.2. Nature of provisions:

(a) Replacement guarantee

The Company provides for the estimated liability on guarantees given on sale of its products based on past performance of such products. The provision represents the expected cost of replacement and free of charge services and it is expected that the expenditure will be incurred over the guarantee period which usually ranges from 6 months to 24 months.

(b) Legal and regulatory

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

(c) Personnel related

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

(d) Miscellaneous risks

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

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

		As at 31 March 2015
8	**Short-term borrowings**	
	Loans repayable on demand	
	From banks	
	Bank overdraft (unsecured)	**302**
	Other facilities from Bank of America (Unsecured)	**100**
		402
9	**Trade payables**	
	Trade payables	**9,550**
	(For dues to micro and small enterprises, refer note 36)	
		9,550
10	**Other current liabilities**	
	Current maturities of finance lease obligations (refer note 5)	**133**
	Income received in advance	**609**
	Unpaid dividend	**10**
	Book overdraft	**37**
	Other payables:	
	Interest accured but not due	**121**
	Payables for purchase of fixed assets (other than micro and small enterprises)	**69**
	Advance received from customers	**1,322**
	Employee related payables	**1,070**
	Security deposits	**15**
	Statutory dues	**869**
		4,255

Amounts in ₹ Mln

11 Tangible fixed assets

	Gross block at cost				Accumulated depreciation				Net block
	As at 1 April 2014	Additions	Disposals and adjustments	As at 31 March 2015 (1+2-3)	As at 1 April 2014	Depreciation for the year	On disposals and adjustments	As at 31 March 2015 (5+6+7)	As at 31 March 2015 (4-8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Land									
Freehold	170	-	-	170	-	-	-	-	170
Leasehold	168	-	-	168	6	2	-	8	160
Buildings	1,178	144	(21)	1,301	336	55	(9)	382	919
Plant and equipment									
Owned	6,860	671	(381)	7,150	4,479	888	(376)	4,991	2,159
Given on lease (refer note 37)	167	-	-	167	38	16	-	54	113
Furniture and fixtures	701	23	(8)	716	409	52	(6)	455	261
Vehicles									
Owned	22	2	(1)	23	8	2		10	13
Held under finance lease	476	213	(130)	559	191	143	(115)	219	340
Office equipment	486	44	(3)	527	326	43	(3)	366	161
Others									
Leasehold Improvements	648	46	-	694	517	42	-	559	135
Total	10,876	1,143	(544)	11,475	6,310	1,243	(509)	7,044	4,431

(i) Pursuant to enactment of the Companies Act, 2013 (the 'Act') being effective from 1 April 2014, the Company has revised depreciation rates of fixed assets as per the useful life specified in Schedule II of the Act. Consequently, the depreciation charge for the year is higher by ₹ 270.

(ii) Depreciation includes ₹ 125 on account of additional depreciation for writing down the value of certain Plant and equipment no longer in active use (refer note 31 c).

12 Intangible fixed assets

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

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

* For the subsidiary Company, the remaining amortisation period of Brands and Goodwill is 4 years.

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

	As at 31 March 2015
13 Deferred tax assets (net)	
Deferred tax assets	
Provision for employee benefits	310
Doubtful trade receivables and loans and advances	115
Difference between book and tax depreciation	203
Other timing differences	530
	1,158
Deferred tax liabilities	
Assets given on finance lease	349
	349
	809

14 Loans and advances

(Unsecured, unless otherwise stated)

	Long Term	Short Term
	As at 31 March 2015	
Capital advances (considered good)	60	-
	60	-
Security deposits		
Considered good	375	268
Considered doubtful	-	51
Less: Provision for doubtful deposits	-	(51)
	375	268
Loans and advances to related parties (considered good)		
Other advances to fellow subsidiaries	-	175
	-	175
Other loans and advances		
Considered good		
Advance to suppliers	-	325
CENVAT credit receivable	676	209
VAT credit receivable	155	23
Deposits against legal cases	401	-
Special additional duty receivables and drawback claims	56	140
Balances with customs and port trust	12	78
Prepaid expenses	-	171
Claims receivables	-	34
Advances to employees	-	14
Advance income tax (net of provision)	1,749	-
Considered doubtful		
Advance to suppliers	-	22
Deposits against legal cases	4	-
Claims receivables	54	-
Less: Provision for doubtful other loans and advances	-	-
Advance to suppliers	-	(22)
Deposits against legal cases	(4)	-
Claims receivables	(54)	-
	3,049	994
	3,484	1,437

		Amounts in ₹ Mln As at 31 March 2015
15	**Other non-current assets**	
	Long term trade receivables	
	Secured, considered good (refer note 17.1)	**2,064**
	Unsecured, considered good	**193**
		2,257
	Bank deposits (due to mature after 12 months from the reporting date)	**6**
		2,263
16	**Inventories**	
	(At lower of cost and net realisable value)	
	Raw materials	**1,068**
	[including goods-in-transit - ₹ **333**]	
	Work-in-progress	**540**
	Finished goods	**586**
	[including goods-in-transit - ₹ **27**]	
	Stock-in-trade (goods purchased for resale)	**4,841**
	[including goods-in-transit - ₹ **458**]	
	Stores and Spares	**99**
		7,134
17	**Trade receivables**	
	Receivables outstanding for a period exceeding six months from the date they are due for payment	
	Secured, considered good (refer note 17.1)	**6**
	Unsecured, considered good	**462**
	Doubtful	**205**
		673
	Less: Provision for doubtful receivables	**(205)**
		468
	Other receivables	
	Secured, considered good (refer note 17.1)	**405**
	Unsecured, considered good	**7,827**
	Doubtful	**-**
		8,232
	Less: Provision for doubtful receivables	**-**
		8,232
		8,700

Additional disclosure relating to finance lease receivables:

17.1 Secured trade receivables includes finance lease receivables amounting to ₹ **716** relating to medical equipments leased out by the Healthcare division of the Company. The lease term varies between 5-7 years. The total minimum lease payments for assets given on finance lease is ₹ **929** which includes unearned interest of ₹ **213**. The maturity profile of finance lease obligation is as follows:

Minimum lease payments	
Receivable within 1 year	**238**
Receivable between 1-5 years	**634**
Receivable after 5 years	**57**
Total	**929**
Present value	
Receivable within 1 year	**164**
Receivable between 1-5 years	**499**
Receivable after 5 years	**53**
Total	**716**
Unearned interest	**213**

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

		As at 31 March 2015	
18	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	2	
	Cheques and drafts on hand	1,043	
	Balances with banks		
	On current accounts	413	
	On deposit accounts (with original maturity of 3 months or less)	2,260	
			3,718
	Other bank balances		
	Unpaid dividend accounts	10	
			10
			3,728
19	**Other current assets**		
	(Unsecured, considered good unless otherwise stated)		
	Unbilled revenue		142
	Interest accrued on deposits with banks		24
			166

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

20 Revenue from operations

	Year ended 31 March 2015
Sale of products (gross)	**57,431**
Sale of services	**10,167**
Other operating revenues	**508**
Revenue from operations (gross)	**68,106**
Breakup of revenue from sale of products	
Lamps	**19,711**
Fittings	**9,718**
Diagnostic imaging equipments	**7,445**
Domestic appliances	**13,096**
Accessories for fittings	**2,042**
Patient monitoring equipments	**1,781**
Electronic HF ballasts	**2,321**
Modular switches	**452**
Operation theatre lights	**646**
Filaments	**208**
Glass shells	**11**
	57,431
Breakup of revenue from sale of services	
Software development	**6,567**
Product maintenance	**2,359**
Service income	**888**
Others	**353**
	10,167
Breakup of other operating revenues	
Liabilities no longer required written back	**133**
Export incentives	**11**
Finance income - leases	**227**
Scrap sales	**76**
Miscellaneous	**61**
	508

21 Other income

Interest income (other than on investments)	**188**
Insurance and other claims	**11**
Surplus on disposal of fixed assets	**8**
Other non-operating income	**15**
	222

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

22 Cost of raw materials consumed

	Year ended 31 March 2015
Inventory of raw materials at the beginning of the year	**802**
Add: Purchases	**6,125**
Less: Inventory of raw materials at the end of the year	**735**
	6,192
Cost of raw materials consumed	
Circuits	**29**
Caps	**596**
Lamps consumables	**2,384**
Medical equipment components	**1,262**
Domestic appliances components	**1,921**
	6,192
Breakup of inventory of raw materials at the end of the year	
Circuits	**1**
Caps	**15**
Lamp consumables	**292**
Medical equipment components	**221**
Domestic appliances components	**206**
	735

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

Lamps	**9,249**
Fittings	**5,469**
Diagnostic imaging equipments	**2,710**
Domestic appliances	**7,073**
Accessories for fittings	**1,657**
Patient monitoring equipments	**928**
Electronic HF ballasts	**1,680**
Service consumables	**1,871**
Modular switches	**477**
Operation theatre lights	**395**
	31,509

Amounts in ₹ Mln

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

	Year ended 31 March 2015 Opening inventory	Closing inventory	(Increase)/ decrease in inventory
Finished goods			
Lamps	292	281	11
Domestic appliances	346	278	68
	638	559	79
Stock-in-trade (goods purchased for resale)			
Lamps	859	826	33
Fittings	673	546	127
Diagnostic imaging equipments	557	451	106
Domestic appliances	672	1,290	(618)
Accessories for fittings	163	235	(72)
Patient monitoring equipments	139	260	(121)
Electronic HF ballasts	123	160	(37)
Service consumables	700	488	212
Modular switches	36	50	(14)
Operation theatre lights	72	77	(5)
	3,994	4,383	(389)
Work-in-progress			
Domestic appliances	16		16
Diagnostic imaging equipments	458	540	(82)
	474	540	(66)
Total	5,106	5,482	(376)

25 Employee benefits expense

Salaries, wages and bonus	9,343
Contribution to provident and other funds	380
Expense on Employee Stock Option Schemes	106
Staff welfare expenses	681
	10,510

26 Finance costs

Interest expense	643
	643

27 Depreciation and amortisation expense

Depreciation of tangible fixed assets	1,118
Amortisation of intangible fixed assets	781
	1,899

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

28 Other expenses

	Year ended 31 March 2015
Consumption of stores and spare parts	**96**
Excise duty	**13**
Power and fuel	**673**
Packing, freight and transport	**1,042**
Rent	**756**
Repairs to buildings	**215**
Repairs to machinery	**93**
Insurance	**126**
Rates and taxes	**162**
Travelling and conveyance	**1,352**
Legal and professional	**467**
Publicity	**2,478**
IT and Communication	**1,430**
Provision for doubtful trade receivables and loans and advances	**37**
Replacement guarantee	**1,079**
Management support services	**384**
Research and development services	**48**
Net loss on foreign currency transaction and translation	**339**
Miscellaneous	**1,861**
	12,651

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

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

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

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

Amounts in ₹ Mln

29 Related party transactions

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

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

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

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

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

(ii) **Employee Trusts**

Philips India Ltd Management Staff Provident Fund Trust

(iii) **Key Management Personnel**

(1) **Executive Directors:**

(i) Mr.Jan Hendrik Gerardus Louwman - Ceased to be a director w.e.f. 23 December 2014
(ii) Mr.A.Krishnakumar - Executive Director
(iii) Mr. Nandakishore - CEO and Managing Director of PKAPL - Ceased to be a director w.e.f. 1 April 2014
(iv) Mr.A.D.Aditya Ratnam - Chairman of PKAPL

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

(i) Mr.S.M.Datta
(ii) Mr.S.Venkataramani - Ceased to be a Non-Executive Director w.e.f. 26 September 2013
(iii) Mr.Vikram Mukund Limaye
(iv) Mr.Vivek Gambhir

(3) **Company Secretary:**

Mr.Rajiv Mathur

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

(c) Nature of transactions	Consolidated			
	Ultimate Holding Company	Fellow Subsidiary Companies	Key Managerial Personnel	Employee Trusts
PURCHASES				
Goods	-	11,422	-	-
Fixed assets	-	61	-	-
Services	521	1,071	-	-
Reimbursements	-	227	-	-
Others	116	1	-	-
SALES				
Goods	-	2,494	-	-
Services	891	6,934	-	-
Reimbursements	-	130	-	-
DEPUTATION OF PERSONNEL				
Charge	-	1	-	-
Recovery	-	7	-	-
MANAGERIAL REMUNERATION				
Mr.A.Krishnakumar	-	-	44	-
Mr.Jan Hendrik Gerardus Louwman	-	-	72	-
Mr.S.M.Datta	-	-	1	-
Mr.Vikram Mukund Limaye	-	-	1	-
Mr.Vivek Gambhir	-	-	1	-
Mr.Rajiv Mathur	-	-	15	-
FINANCE				
Dividend Paid	111		-	-
Others - Proceeds from divestment	-	378	-	-
Debenture interest expenses	540	-	-	-
Compulsorily convertible debentures	5,400	-	-	-
Debentures interest payable	122	-	-	-
Contributions to Employees' Benefit Plans	-	-	-	543
OUTSTANDINGS				
Payable	151	2,673	-	46
Receivable	43	2,083	-	-

			Amounts in ₹ Mln
	Relationship / Name of the related party		
(i)	**Fellow subsidiary Companies:**	**Description of the nature of transaction**	**Year ended 31 March 2015***
	Philips Electronics Hong Kong Limited	Purchase of goods	**1,902**
	Philips Medical Systems Nederland B.V.	Purchase of goods	**1,619**
	Philips Consumer Lifestyle B.V.	Purchase of goods	**2,935**
	Philips Electronics Singapore Pte Ltd	Purchase of fixed assets	**25**
	Philips Medical Systems Nederland B.V.	Purchase of fixed assets	**9**
	Philips Lighting Maseru Pty. Ltd.	Purchase of fixed assets	**9**
	PT. Philips Indonesia	Purchase of fixed assets	**7**
	Philips Electronics Nederland B.V.	Purchase of services	**860**
	Philips Electronics Nederland B.V.	Reimbursements paid	**200**
	Philips Medical Systems Nederland B.V.	Sale of goods	**555**
	Philips Electronique Maroc	Sale of goods	**532**
	Philips Electronics Nederland B.V.	Sale of services	**5,320**
	Lumileds India Private Limited	Proceeds from divestment	**378**
	Philips Lighting B.V.	Reimbursements received	**22**
	Philips Electronics Nederland B.V.	Reimbursements received	**61**
	Philips (China) Investment Company, Ltd.	Reimbursements received	**19**
	Philips Electronics Nederland B.V.	Deputation charge	**1**
	Philips Electronics Hong Kong Limited	Deputation recovery	**2**
	Philips South Africa (Proprietary) Limited	Deputation recovery	**2**
	Philips International B.V.	Deputation recovery	**2**
	Philips Electronics Hong Kong Limited	Payable	**405**
	Philips Medical Systems Nederland B.V.	Payable	**547**
	Philips Consumer Lifestyle B.V.	Payable	**512**
	Philips Medical Systems Nederland B.V.	Receivable	**587**
(ii)	**Employee Trusts:**		
	Philips India Ltd Management Staff Provident Fund Trust	Contributions	**543**
	Philips India Ltd Management Staff Provident Fund Trust	Payable	**46**

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

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

30 INFORMATION ABOUT BUSINESS SEGMENTS

Description	Year ended 31 March 2015
(A) PRIMARY SEGMENT INFORMATION:	
(1) SEGMENT REVENUE	
a.Lighting	33,916
b.Consumer Lifestyle	13,036
c.Software development services	6,567
d.Healthcare	13,190
e.Other segments	96
TOTAL	66,805
(2) INTER SEGMENT REVENUE	
a.Lighting	-
b.Consumer Lifestyle	-
c.Software development services	-
d.Healthcare	-
e.Other segments	-
TOTAL	-
(3) OTHER UNALLOCABLE INCOME	430
REVENUE FROM OPERATIONS (NET) (1+3)	67,235
(4) SEGMENT RESULT	
a.Lighting	3,463
b.Consumer Lifestyle	(215)
c.Software development services	560
d.Healthcare	1,244
e.Other segments	9
TOTAL	5,061
(5) FINANCE COST	(643)
(6) OTHER UNALLOCABLE EXPENDITURE NET OF INCOME	11
(7) PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (4+5+6)	4,429
(8) EXCEPTIONAL ITEMS	
a.Lighting	40
b.Consumer Lifestyle	-
c.Software development services	-
d.Healthcare	-
e.Other segments	-
f.Other unallocable	635
TOTAL	675
(9) PROFIT BEFORE TAX	5,104
(10) TAX EXPENSE	
a.Current tax	(2,353)
b.Deferred tax - release / (charge)	313
TOTAL	(2,040)
(11) PROFIT FOR THE YEAR	3,064
(B) SECONDARY SEGMENT INFORMATION:	
REVENUE	
a.Within India	56,101
b. Outside India	11,134
TOTAL	67,235
CAPITAL EXPENDITURE	
a.Within India	989
b. Outside India	-
TOTAL	989

Description	As at Mar'15
OTHER INFORMATION	
(12) SEGMENT ASSETS	
a.Lighting	10,029
b.Consumer Lifestyle	4,162
c.Software development services	2,165
d.Healthcare	8,954
e.Other segments	4
f.Other unallocable	10,065
TOTAL	35,379
(13) SEGMENT LIABILITIES	
a.Lighting	6,050
b.Consumer Lifestyle	8,390
c.Software development services	1,547
d.Healthcare	5,734
e.Other segments	15
f.Other unallocable	1,738
TOTAL	23,474
(14) CAPITAL EXPENDITURE	
a.Lighting	265
b.Consumer Lifestyle	244
c.Software development services	242
d.Healthcare	195
e.Other segments	1
f.Other unallocable	42
TOTAL	989
(15) DEPRECIATION AND AMORTISATION EXPENSE	
a.Lighting	(671)
b.Consumer Lifestyle	(880)
c.Software development services	(180)
d.Healthcare	(96)
e.Other segments	(1)
f.Other unallocable	(196)
TOTAL	(2,024)
(16) NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION EXPENSE	
a.Lighting	(52)
b.Consumer Lifestyle	(10)
c.Software development services	-
d.Healthcare	-
e.Other segments	-
f.Other unallocable	-
TOTAL	(62)
ASSETS	
a.Within India	33,198
b. Outside India	2,181
TOTAL	35,379

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

(1) Revenue and assets within India.

(2) Revenue and assets outside India.

Amounts in ₹ Mln

30 **Information about business segments (Contd.)**

(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 Company level.

Types of products and services in each business segment:

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

31 **Exceptional items include:**

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

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

(c) Restructuring costs incurred at Mohali Light Factory:
- Compensation for Employees' Voluntary Separation ₹ **223**.
- Additional depreciation ₹ **125** provided for writing down certain plant and equipment no longer in active use.

(d) Settlement of erstwhile Mumbai Employees' VRS claim ₹ **125**.

32 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 2015		As at 31 March 2015	
	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-
Payables	2,397.83	38,500.00	-	-

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

Details	As at 31 March 2015		As at 31 March 2015	
	USD Exposure		Euro Exposure	
	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	1,790.73	28,751.28	404.12	6,047.17
Payables	132.70	2,128.16	336.51	5,035.34

Details	SGD Exposure		HKD Exposure	
	INR	FC (in 000s)	INR	FC (in 000s)
Receivables	-	-	-	-
Payables	3.83	84.47	-	-

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

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

33 Employees' Share-based Payments:

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

(a) Method adopted for valuation

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

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

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

(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 2014	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2015	Exercisable
April 13, 2004	24.13	1,026	-	(1,026)	-	-	-	-
April 18, 2005	19.41	3,654	-	-	711	(3,114)	1,251	1,251
April 18, 2006	26.28	5,895	-	-	(603)	(630)	4,662	4,662
April 16, 2007	30.96	8,748	-	-	(999)	-	7,749	7,749
April 14, 2008	23.11	4,014	-	-	603	(1,215)	3,402	3,402
July 14, 2008	20.67	1,800	-	-	-	-	1,800	1,800
April 14, 2009	12.63	8,850	-	-	2,625	(8,175)	3,300	3,300
April 19, 2010	24.90	8,944	-	(1,080)	2,160	(3,120)	6,904	6,904
July 19, 2010	24.01	7,125	-	-	-	-	7,125	7,125
April 18, 2011	20.90	27,864	-	(2,700)	1,350	(14,850)	11,664	11,664
July 18, 2011	17.20	5,100	-	-	(1,500)	-	3,600	3,600
October 17, 2011	14.52	6,078	-	-	-	(2,700)	3,378	3,378
January 30, 2012	15.24	30,000	-	-	(5,000)	(20,000)	5,000	5,000
April 23, 2012	14.82	58,125	-	(9,966)	(3,600)	-	44,559	-
		177,223	**-**	**(14,772)**	**(4,253)**	**(53,804)**	**104,394**	**59,835**

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

Grant Date	Weighted average grant-date fair value of the share (in USD)	Outstanding as at 1 April 2014	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2015	Exercisable
April 18, 2005	25.28	504	-	-	-	-	504	504
April 16, 2007	41.95	333	-	(333)	-	-	-	-
April 14, 2008	36.63	306	-	-	-	-	306	306
April 19, 2010	33.51	480	-	-	-	-	480	480
		1,623	**-**	**(333)**	**-**	**-**	**1,290**	**1,290**

33 Employees' Share-based Payments : (Contd)

(e) Number and weighted average grant date fair value of Restricted Shares (EUR)

Grant Date	Weighted average grant-date fair value of the share (in Euro)	Outstanding as at 1 April 2014	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2015
April 18, 2011	19.45	2,487	-	-	-	(2,487)	**-**
July 18, 2011	15.74	518	-	-	-	(518)	**-**
October 17, 2011	13.04	632	-	-	-	(632)	**-**
April 23, 2012	14.07	10,356	-	(1,247)	(963)	(4,176)	**3,970**
July 25, 2014	22.80		4,248	-	-	-	**4,248**
October 24, 2014	20.43		1,415	-	-	-	**1,415**
February 2, 2015	23.89		4,027	-	-	-	**4,027**
		13,993	**9,690**	**(1,247)**	**(963)**	**(7,813)**	**13,660**

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

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

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

(g) Details and Key Assumptions of Options Pricing Model used for Fair Valuation of Options granted during the year:

1. Average Life time	6.5 Years
2. Expected Volatility	25% (Determined on the basis of 5 year historical stock price)
3. Risk free interest rate	0.35%
4. Yield factor	0.039

(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 2014	Grants	Cancellation	Transfer in / (out)	Delivered	Outstanding as at 31 March 2015
May 3, 2013	23.45	65,173	-	(10,116)	(4,739)	-	**50,318**
October 25, 2013	30.38	967	-	-	-	-	**967**
April 28, 2014	22.92	-	78,974	(7,063)	-	-	**71,911**
July 25, 2014	22.80	-	4,992	-	-	-	**4,992**
October 24, 2014	20.43	-	1,180	(472)	-	-	**708**
		66,140	**85,146**	**(17,651)**	**(4,739)**	**-**	**128,896**

(i) 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	0.35%
2. Expected dividend yield	3.90%
3. Expected share price volatility	25%

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

(k) Expense recognised on account of "Employee Share-Based Payment" is ₹ **106** and carrying liability as at 31 March 2015 is ₹ **317**.

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

34 **Disclosure relating to Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuation as on 31 March 2015 and recognised in the financial statements in respect of Retirement Benefits:**

Particulars	Gratuity		Compensated absences	Provident Fund
	Year ended 31 March 2015		Year ended 31 March 2015	Year ended 31 March 2015
	Funded	Unfunded		
A. Present value of obligations as at beginning of the year	**406**	**263**	**313**	**2,649**
(1) Current service cost	**68**	**41**	**104**	**227**
(2) Interest cost	**35**	**23**	**25**	**269**
(3) Benefits settled	**(52)**	**(20)**	**(75)**	**(312)**
(4) Settlements	-	-	-	-
(5) Actuarial (gain) / loss	**93**	**9**	**19**	-
(6) Actuarial (gain) / loss due to Interest rate guarantee	-	-	-	**90**
(7) Employees' contribution	-	-	-	**311**
(8) Acquisition/Business Combination/Divestiture	-	**(5)**	**(4)**	-
(9) Change in reserves	-	-	-	-
(10) Transfer in	-	-	-	**239**
	-	-		
Present value of obligations as at end of the year	**550**	**311**	**383**	**3,473**
B. Change in Plan Assets				
Plan assets as at beginning of the year	**274**	-	-	**2,671**
(1) Expected return on plan assets	**25**	-	-	**271**
(2) Contributions	**68**	-	-	-
(3) Benefits settled	**(52)**	-	-	-
(4) Employer and Employee contribution	-	-	-	**538**
(5) Transfer in	-	-	-	**239**
(6) Benefit payments	-	-	-	**(312)**
(7) Asset gain / (loss)	**(3)**	-	-	**158**
(8) Settlements	-	-	-	-
(9) Acquisition/Business Combination/Divestiture	-	-	-	-
Plan assets as at end of the year	**312**	-	-	**3,565**
Surplus	**(22)**	-	-	**91**

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

Particulars	Gratuity		Compensated absences
	Year ended 31 March 2015		Year ended 31 March 2015
	Funded	Unfunded	
C. Actual return on plan assets	22	-	-

D. Reconciliation of present value of the obligation and the fair value of the plan assets:			
(1) Present value of obligations at end of the year	(550)	(311)	(383)
(2) Fair value of Plan assets	312	-	-
Liability recognised in Balance Sheet	(238)	(311)	(383)
E. Components of Employer Expense:			
(1) Current service cost	68	41	104
(2) Interest cost	35	23	25
(3) Expected return on plan assets(estimated)	(25)	-	-
(4) Actuarial (gain) / loss	97	9	19
Total expense recognised in Statement of Profit and Loss	175	73	148
The gratuity and compensated absences expenses have been recognised in "Employee benefits expenses" under note 25 to the Financial Statements.			

F. Assumptions

(1) Discount factor	PIL 7.8% and PKAPL 7.8%		7.80%
(2) Estimated rate of return on plan assets	PIL 9.0% and PKAPL 8.75%		
(3) Mortality	IALM (2006-08) Ultimate		
(4) Disability	None		
(5) Salary Increase	Management, PMS and PIC - 11%, DMC factory - 12%, MLF factory - 11%, VLF factory - 11% PKAPL- 12%		
(6) Attrition rate	Management, PMS and PIC - 10%, DMC factory - 5%, MLF factory - 4.5%, VLF factory - 8% PKAPL CG- 10% PKAPL Staff-18% PKAPL Workers-3%		
(7) Retirement age	Management and PIC - 60 years, Others - 58 years PKAPL- 58 years		

Notes to Consolidated Financial Statements for the year ended 31 March 2015

G. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012	Year ended 31 Dec 2010
Defined Benefit Obligations	**550**	406	368	204	141
Plan Assets	**312**	273	220	155	78
Surplus/(Deficit)	**(238)**	(133)	(148)	(49)	(63)
Experience adjustments on Plan assets/ liabilities (gain) / loss	**316**	78	89	30	5

Description	Gratuity (UnFunded)				
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012	Year ended 31 Dec 2010
Defined Benefit Obligations	**311**	263	264	150	156
Plan Assets	**-**	-	-	-	-
Surplus/(Deficit)	**(311)**	(263)	(264)	(150)	(156)
Experience adjustments on Plan assets/ liabilities (gain) / loss	**(22)**	(44)	13	25	8

Description	Provident Fund				
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2012	Year ended 31 Dec 2010
Defined Benefit Obligations	**3,473**	2,649	2,149	1,650	1,302
Plan Assets	**3,564**	2,671	2,176	1,703	1,314
Surplus/(Deficit)	**91**	22	27	53	12
Experience adjustments on Plan assets/ liabilities (gain) / loss	**(158)**	69	(13)	42	4

Notes:

1. Plan assets comprise of contribution to Group Gratuity Schemes of Life Insurance Corporation of India in case of gratuity and investments under Philips India Limited Employees' Provident Fund Plan in case of Provident Fund.
2. Actuarial (gain) / loss is due to change in actuarial assumptions as stated in 34 F above.
3. The company provides retirement benefits in the form of Provident Fund, Gratuity, Compensated absences, Superannuation and other benefits. Provident fund contributions made to "Government Administered Provident Fund" are treated as defined contribution plan since the Company has no further obligations beyond it's monthly contributions. Provident Fund contributions made to "Trust" administered by the Company are treated as Defined Benefit Plan. As per actuarial valuation, the trust has surplus fund to cover shortfall, if any, on account of guaranteed interest benefit obligation.
4. The actuarial valuation in respect of gratuity and compensated absences has been done as at end 31 March 2015. In case of Mohali Light factory, Healthcare and Software Centre the gratuity liabilities are provided as per the actuarial valuation and are funded through Group Gratuity Schemes of Life Insurance Corporation of India (LIC) to the extent requested by LIC.

Amounts in ₹ Mln

35 Discontinuing Operations:

As part of global restructuring exercise announced in September 2014, ultimate holding company Koninklijke Philips N.V (KPNV) has proposed to segregate the lighting business of the Philips group into a separate and independent company owned by the Philips group, thereby providing increased flexibility in capturing growth opportunities, accordingly the proposal for divestment of Lighting business was moved and has been subsequently approved by Board of directors on 27th April 2015 and by shareholders in the Extra Ordinary General Meeting held on 06 July 2015 in India. The discontinuance is expected to be completed by 1st of February 2016.

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

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

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

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

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

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

The carrying amounts of the assets and liabilities of Lighting operations to be disposed off / settled are as follows:	**As at** **31 Mar 2015**
Total assets	**10,029**
Total liabilities	**6,050**
Net assets	**3,979**

The net cash flows attributable to the Lighting operations is as follows:	**Year ended** **31 Mar 2015**
Net cash inflow / (outflow) from operating activities	**1,611**
Net cash inflow / (outflow) from investing activities	**203**
Net cash inflow / (outflow) from financing activities	**(14)**
Net cash inflow / (outflow)	**1,800**

Above disclosure includes discontinuation of Lumileds LED Component and Automotive Lighting Business which has been discontinued on 31 March 2015 and was not a separate major line of business (refer note 31 (b)) within Lighting.

Notes to Consolidated Financial Statements for the year ended 31 March 2015

Amounts in ₹ Mln

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

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

	Year ended 31 March 2015
a) Principal amount remaining unpaid to any supplier as at the end of the year b) Interest due on the above amount	205
Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	-
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	-
Amount of interest accrued and remaining unpaid at the end of the year.	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-

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

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

Amounts in ₹ Mln

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

(a) Contingent liabilities

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

(ii) In respect of disputed excise demands - ₹362 , income tax demands - ₹4765 and service tax demands - ₹ 82.

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

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

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹87.

39 Earnings per share

(a) Basic Earnings per share

Calculation of basic earnings per share	Year ended 31 March 2015
Number of shares at the beginning of the year	57,517,242
Total number of equity shares outstanding at the end of the year	57,517,242
Weighted average number of equity shares outstanding during the year	57,517,242
Profit after tax attributable to equity share holders	3,064
Basic earnings per share (in ₹)	53.27

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

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

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

41 Since, this is the first year of preparation of consolidated financial statements in terms of the requirements of the Companies Act, 2013, no comparative figures are disclosed.

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

VIKRAM ADVANI
Partner
Membership No.: 091765

New Delhi
Date: 18 August 2015

For and on behalf of the board

Chairman	S.M.DATTA (DIN: 00032812)
Managing Director	A.KRISHNAKUMAR (DIN: 06764395)
Director & CFO	HARIHARAN MADHAVAN (DIN: 07217072)
Director & Company Secretary	RAJIV MATHUR (DIN: 06931798)

New Delhi
Date: 18 August 2015

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1. Sl. No. : **1**
2. Name of the subsidiary: **Preethi Kitchen Appliances Private Limited**
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **Same as the Holding Company**
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. **NA**
5. Share capital : ₹ **143 Millions**
6. Reserves & surplus : ₹ **(4,296) Millions**
7. Total assets : ₹ **(4,610) Millions**
8. Total Liabilities : ₹ **(4,610) Millions**
9. Investments: **NIL**
10. Turnover : ₹ **4305 Millions**
11. Profit before taxation : ₹ **(1,170) Millions**
12. Provision for taxation: **NIL**
13. Profit after taxation: ₹ **(1,170) Millions**
14. Proposed Dividend : **NIL**
15. % of shareholding: **100 %**

Part "B" Associates and Joint Ventures

(Statement Pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.)

(The Company had no associate Company(ies) or Joint Ventures till March 31, 2015, thus Part B is not applicable on the Company.)

For and on behalf of the Board

Chairman	S.M.DATTA (DIN: 00032812)
Managing Director	A.KRISHNAKUMAR (DIN: 06764395)
Director & CFO	HARIHARAN MADHAVAN (DIN: 07217072)
Director & Company Secretary	RAJIV MATHUR (DIN: 06931798)

New Delhi
Date: 18 August 2015

NOTES

NOTES

Registered Office
Philips India Limited
7, Justice Chandra Madhab Road, Kolkata - 700 020
Tel.: 91-33-4402 4000, Fax : 91-33-2486 7839

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

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

Eastern Region
Philips India Limited
7, Justice Chandra Madhab Road, Kolkata - 700 020
Tel.: 91-33-4402 4000, Fax : 91-33-2486 7839

Western Region
Philips India Limited
Technopolis Knowledge Park, Mahakali Caves Road,
Chakala, Andheri (East) Mumbai- 400 093
Tel.: 91-22-6691 2000, Fax : 91-22-6691 2499

Southern Region
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