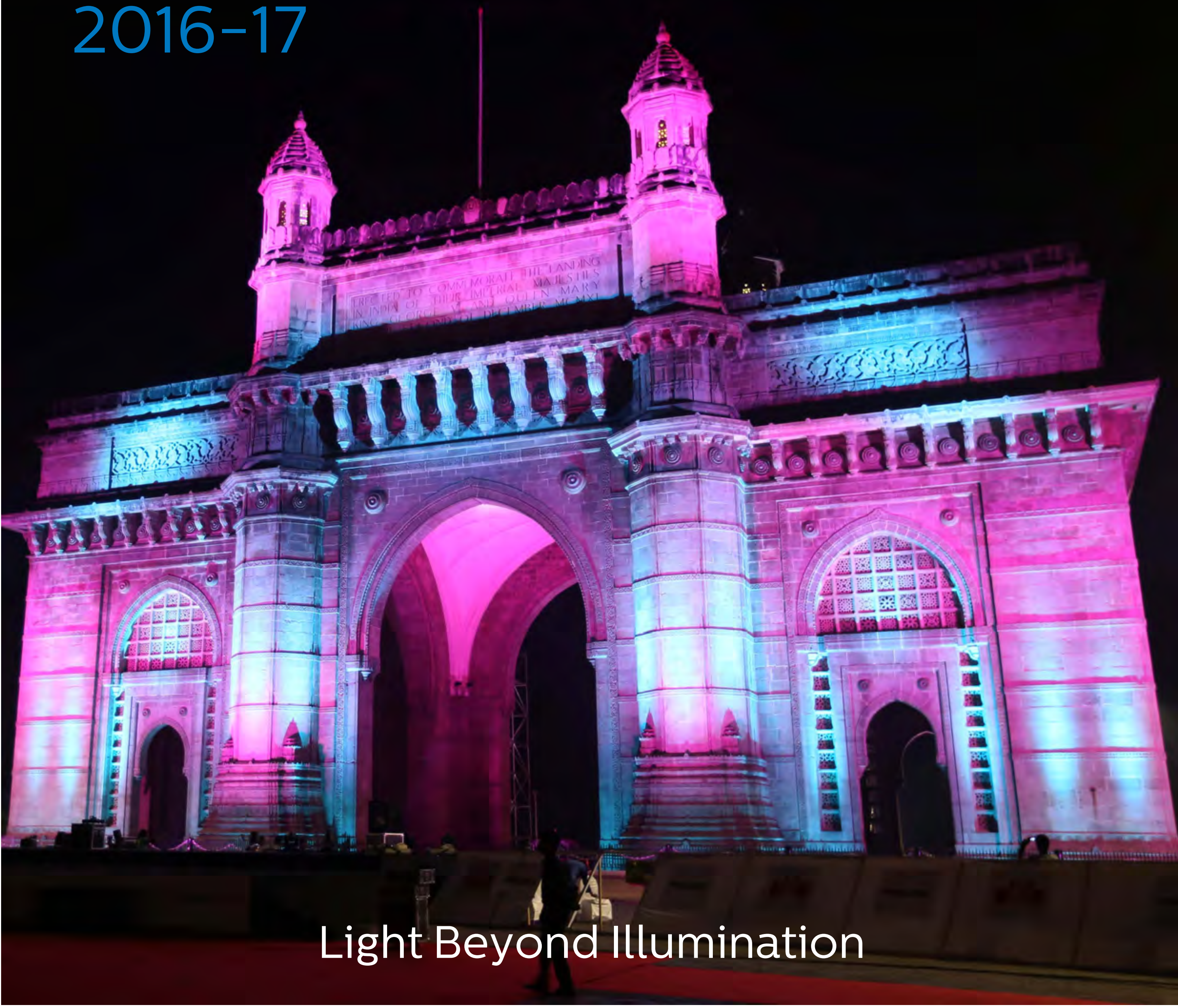
PHILIPS
Lighting

Philips Lighting India Limited
Annual Report 2016-17



Light Beyond Illumination

PHILIPS Lighting

Our Purpose

To unlock the extraordinary potential of light for brighter lives and a better world

Customer first

Game **changer**

Greater **together**

Passion for results

Always act with integrity

PHILIPS Lighting

Board of Directors

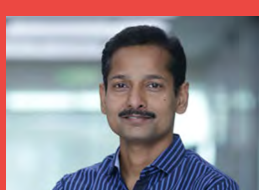
Mr. Murali Sivaraman
Chairman of the Board
Member of Audit, Nomination and Remuneration,
Stakeholders Relationship Committee

Mr. Harshavardhan Chitale
Vice Chairman, Managing Director and CEO
Member of Nomination and Remuneration, Stakeholders Relationship,
Banking and other operations, CSR Committee

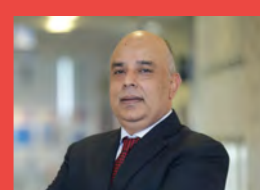
Mr. P. Uma Shankar
Independent and Non-executive Director
Chairman of Audit Committee
Member of Nomination and Remuneration, CSR Committee

Mr. Vinayak Deshpande
Independent and Non-executive Director
Chairman of Stakeholders Relationship Committee
Member of Audit, Nomination and Remuneration Committee

Ms. Vibha Paul Rishi
Independent and Non-executive Director
Chairperson of Nomination and Remuneration,
CSR Committee



Mr. Bidhu Bhusan Mohanty
Whole-time Director and CFO
Member of Stakeholders Relationship,
Banking and other operations Committee



Mr. Rothin Bhattacharyya
Whole-time Director & Head of Marketing
Member of Stakeholders Relationship, Banking and
other operations Committees

Mr. Sukanto Aich
Whole-time Director & Head of Professional Sale
Member of Banking and
other operations Committee

Mr. Nitin Mittal
Head of Legal and Company Secretary

Chairman's Message

Dear Stakeholder,

Looking back at 2016, I am energized by how we worked together as a team to unlock the extraordinary potential of light for Brighter Lives and a Better World. This is the powerful purpose which drives everything we do at Philips Lighting.

2016 was a historic year, with several notable developments taking place at Philips Lighting. Globally, Philips Lighting became a standalone company and got listed on the Euronext stock exchange in Amsterdam, marking a new chapter in a long history of innovation and market leadership that started over 125 years ago.

We started the year as a brand new company in India - Philips Lighting India Limited. We also welcomed three new Independent Directors on our board - Ms. Vibha Paul Rishi, Mr. Vinayak Deshpande and Mr. P. Uma Shankar, eminent professionals who will guide us through our next phase of growth.

The lighting industry in India continued its upward trajectory owing to the Government's ongoing "Prakash Path Program" that has now spread across more states. LEDification gathered a phenomenal pace across Consumer, Professional and Public Lighting, resulting in a decline in Conventional Lighting. Connected Lighting also reached more homes and professional spaces.

Despite a challenging economic environment in the country, we executed our strategy relentlessly, shaping our industry through our innovative products and services.

Our Strategy Delivers Results

Our total LED-based sales grew comparably over 17.9% to represent more than half of our sales in the financial year. Our focus on innovation enabled us to accelerate our time to market and introduce innovative products like Stellar Bright 2-1 LED bulb, Linear LED Bulb and Astrasleek LED batten, while achieving cost savings and improved profitability.

Our professional lighting business delivered strong results, owing to several large orders from public and private establishments and continuous focus on new and differentiated product offerings. In this market segment there has been large scale migration to LED, as end users are becoming more aware about its advantages such as durability, higher energy efficiency and better light output. With our connected lighting solutions, we also contributed to the smart city growth in India with a street lighting project in Pune, executed together with Tata Projects Limited.

We maintained our stronghold in the Home lighting business with an impressive double digit growth, driven by strong LED penetration, continuous expansion of locally relevant portfolio and significant growth in sales of low cost downlighter category across homes and small commercial establishments in India. We also introduced a new range of Philips Hue White Ambiance, our personalized smart lighting system for homes, enabling users to select the right light level and color temperature of white for each of their daily tasks and routines.

Owing to the growing penetration of LED lighting across homes, public and professional lighting, the conventional lamps business witnessed an expected decline.

Our success is directly linked to the satisfaction of our customers, as measured by our Net Promoter Score. By optimizing the quality of our service and lead times and continuously innovating, we significantly improved this score in 2016. Our established R&D facilities in Noida and Bangalore introduced breakthrough innovations in products and systems, positioning us for new market opportunities. This will enable us to further strengthen our market share and drive long-term growth.

At the beginning of our journey as a standalone company, we defined Philips Lighting's four values, which now constitute essential pillars in our new identity: Customer First, Game Changer, Passion for results and Greater Together.

During the course of the year, we worked hard to lead change in the lighting sector and to ensure that we are uniquely positioned to capture the potential value and opportunities offered by our industry.

On behalf of the Board of Directors, I extend our sincere thanks to our leadership team and our employees for their commitment and dedication that enabled us to achieve our great results in 2016. I would also like to thank our customers for their continued trust in our company and products. Finally, I would like to thank our shareholders for their confidence in our business and their ongoing support for our strategy.

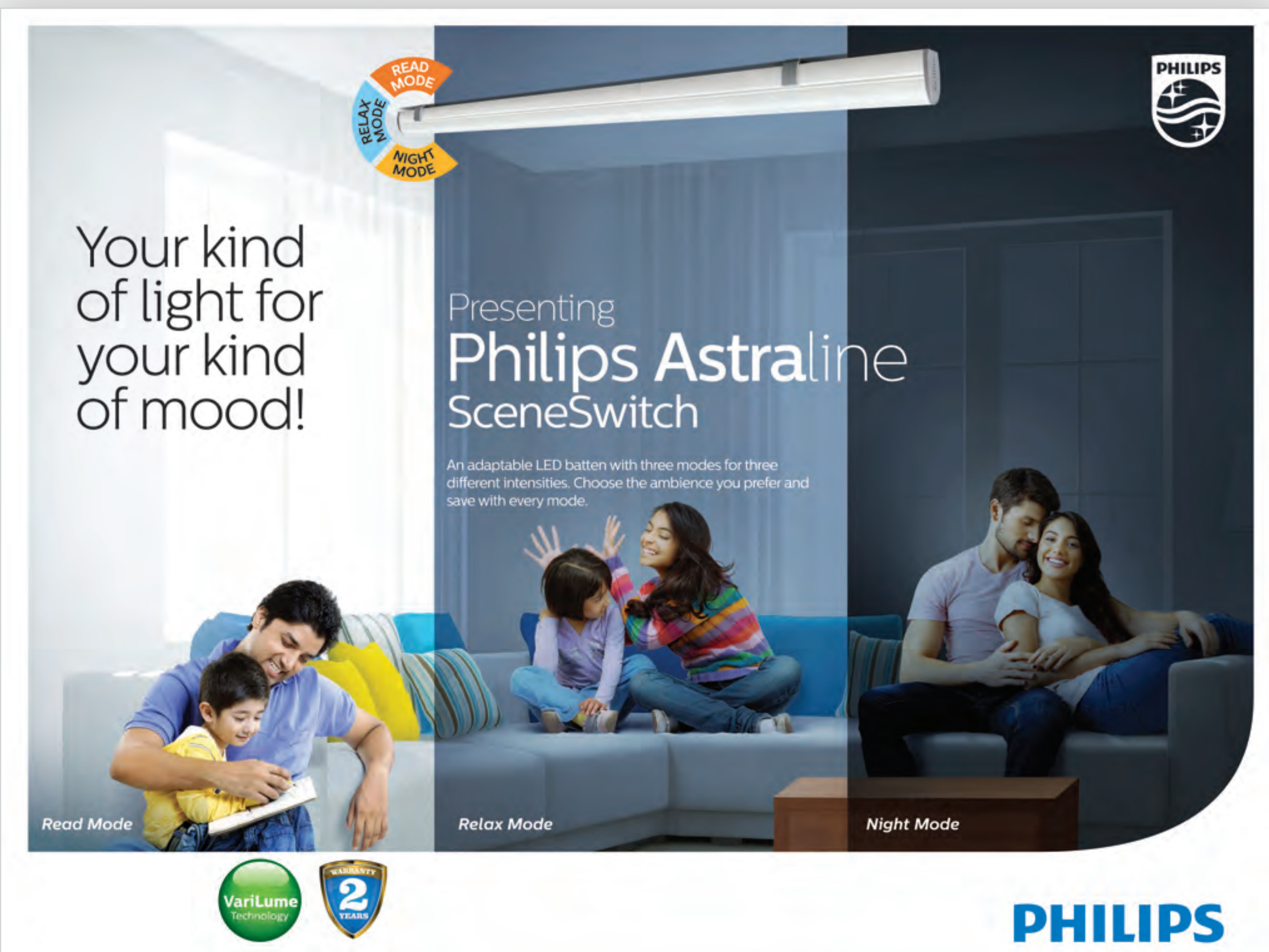
Murali Sivaraman
Chairman of the Board
Philips Lighting India Limited

Financial Highlights

₹ 3,338.6 Crore
Total Income

₹ 138.7 Crore
Profit Before Tax

₹ 17.09
Earnings per share



Light beyond illumination

Creating brighter lives and a better world

As a responsible company, we aim to use our expertise and knowledge of lighting to give back to the communities in which we operate. The Lighting CSR strategy uses our ability to innovate, and fulfill lighting needs, in the various humanitarian and developmental environments we work in. By enabling access to education, security and livelihood, the value we add through our non-commercial activities is proof of our delivery of Light beyond illumination. **Philips Lighting has identified 3 strategic pillars to bring focus to its CSR program** across the country.

Lighting Lives

The Lighting Lives pillar aims to bring light to communities that are not connected to the grid or are underserved by the grid. Currently there are significant number of people in India without access to electric light at night. The only light they have after sunset is from smoky fuels, candles, kerosene, wood or coal. All of these are expensive, some are unhealthy and some are even dangerous. Inadequate access to light is also restricting economic growth and progress in these communities, they also affect safety and security of residents, especially after sunset. The costs are incalculable, and the impact is felt across the board – economically, socially and culturally. In short, the overall quality of people's lives can be enhanced, often significantly, by enabling consistent access to light. Through our portfolio of energy efficient and solar powered LED lighting this pillar focuses on community lighting needs.

Skill Development

This pillar helps provide the necessary training and support for the development of technical skills for youth across both urban and rural communities. By working with National Skill Development Council (NSDC) certified partners, we focus on training electricians to enhance their employability and enable them to build sustainable livelihoods. With these trainings, they are able to get access to job opportunities in various organizations or apply for loans to open their own ventures.

As part of our CSR program in 2016-17, we trained 1300 electricians across India in association with our training partner – Don Bosco Tech (DB Tech) Society, one of India's most reputable NSDC certified skill development enterprises. As part of this program, these electricians attended an intensive 120 hours plus training course at DB Tech's centers to enhance their skills from a Helper electrician to an Assistant electrician (as per NSDC guidelines and curriculum). As a result of this training program, more than 120 students have been successfully placed so far with leading organizations across India.

Environment Sustainability

As a leading lighting company, we are conscious of our responsibility towards the environment and hence we have a strong focus on responsible management of lighting waste. Lighting waste needs to be managed in a special process to protect our environment and ensure that materials contained in these products don't pollute our surroundings. We aim to educate customers about the need for responsible management of lighting waste and strive to initiate behavioural changes amongst end consumers in this regard. The company has focused on creating awareness about responsible lighting waste management by reaching out to schools, colleges and Resident Welfare Associations across India and placing specially designed bags available at Philips Lighting retailers across India.

PHILIPS LIGHTING INDIA LIMITED

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Annual General Meeting on Thursday, the 14th day of September, 2017 at 10.00 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.

MANAGEMENT TEAM

Managing Director & Chief Executive Officer
Harshavardhan Madhav Chitale

Whole-time Director & Chief Financial Officer
Bidhu Bhusan Mohanty

Whole-time Director & Head – Marketing
Rothin Bhattacharyya

Whole-time Director & Head – Professional Sales
Sukanto Aich

Chief Financial Officer
Dibyendu Raychaudhury

Head - Legal & Company Secretary
Nitin Mittal

Head- Consumer Sales
Arun C Kumar

Chief Human Resource Officer
Anusha Suryanarayan

Head- Supply Chain
Tankeswar Baishya

Head- OEM Sales
Girish Chawla

Head - Professional Business Group
Lalit Puri

Head - Home Business Group
Sameer Sodhi

Head – Service
Tirthankar Rakshit

Head – Procurement
Atul Srivastava

STATUTORY AUDITORS
S.R. Batliboi & Co. LLP
Chartered Accountants

SECRETARIAL AUDITORS
PI & Associates
Companies Secretaries

COST AUDITORS
Ravi Sahni & Co.
Cost Accountants

BANKERS
Citibank N.A.
Bank of America
State Bank of India
Deutsche Bank AG
Standard Chartered Bank
JP Morgan Chase
BNP Paribas
Rabobank AU

REGISTRAR AND SHARE TRANSFER AGENT
Karvy Computershare Private Limited
Unit: Philips Lighting India Limited
"Karvy Selenium" Tower-B, Plot no.31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad-500 032.
Toll Free number: 18 00 3454 001,
Telephone number: +91 040-67162222,
Fax number:+91 040-23001153,
Email: *einward.ris@karvy.com*
Website: *www.karvycomputershare.com*

REGISTERED OFFICE
Mangalam Business Center, Block B, 6th Floor,
22, Camac Street, Kolkata – 700016, West Bengal
Registered Office Phone: +91 33 66297000
Corporate Office Phone: +91124 4606000
Website: www.lighting.philips.co.in

PHILIPS LIGHTING INDIA LIMITED

(CIN: U74900WB2015PLC206100)

Registered Office: Mangalam Business Center, Block B, 6th Floor, 22, Camac Street, Kolkata – 700016

Phone: +91 33 66297000, Website: www.lighting.philips.co.in

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 2nd Annual General Meeting of PHILIPS LIGHTING INDIA LIMITED will be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 017 on Thursday, the 14th day of September, 2017 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution to receive, consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2017, including the audited Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss for the year ended on that date and the reports of the Auditors and Directors thereon:

   RESOLVED THAT the Financial Statements of the Company for the financial year ended 31st March, 2017, including the audited Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss for the year ended on that date and the reports of the Auditors and Directors thereon, be and are hereby received, considered and adopted.

   RESOLVED FURTHER THAT all the Directors and the Company Secretary, of the Company, be and are hereby severally authorized to do all such acts, things or deeds which may be necessary, proper or expedient to give effect to this resolution.

2. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution to declare dividend for the financial year ended 31st March, 2017:

   RESOLVED THAT a dividend of ₹ 20/- (200%) per equity share on the paid up equity shares of ₹ 10/- each of the Company, as recommended by the Board of Directors of the Company at its meeting held on 21st June, 2017, be and is hereby declared.

   RESOLVED FURTHER THAT all the Directors and the Company Secretary, of the Company, be and are hereby severally authorized to do all such acts, things or deeds which may be necessary, proper or expedient to give effect to this resolution.

3. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution to appoint a Director in place of Mr. Murali Sivaraman (DIN: 01461231), who retires by rotation and being eligible offers himself for re-appointment:

   RESOLVED THAT Mr. Murali Sivaraman (DIN: 01461231), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution for the ratification of appointment of M/s S.R. Batliboi & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company and fix their remuneration:

   RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules framed thereunder, as amended from time to time, and as recommended by the Audit Committee of the Board of Directors, the Company hereby ratifies the appointment of M/s S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration Number 301003E /E300005), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 3rd AGM of the Company to be held in the year 2018 at such remuneration plus applicable tax, out-of-pocket expenses, etc. for the financial year ending 31st March, 2018, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

   RESOLVED FURTHER THAT all the Directors and the Company Secretary, of the Company, be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for Regularization of Mr. Rothin Bhattacharyya (DIN-01934922) as a Director of the Company in capacity of Whole-time Director:

   RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rothin Bhattacharyya (DIN-01934922), who was appointed as an Additional Director of the Company under Section 149 & 161 of the Companies Act, 2013, by the Board of Directors with effect from 1st July, 2017, who holds office upto the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of the Director, approval of the members of the Company be and is hereby granted to appoint Mr. Rothin Bhattacharyya as Director of the Company in Executive capacity.

   RESOLVED FURTHER THAT pursuant 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 Managerial 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, approval of the members of the Company be and is hereby also accorded to appoint Mr. Rothin Bhattacharyya (DIN-01934922) as Whole-time Director of the Company, being Key Managerial Personnel, to hold office for an aggregate term of 5 (five) consecutive years from 1st July, 2017 to 30th June, 2022 as well as the payment of salary, commission and perquisites (hereinafter referred to as remuneration), upon the terms and conditions as detailed in the Explanatory Statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Bhattacharyya.

   RESOLVED FURTHER THAT Mr. Bhattacharyya shall be liable to retire by rotation.

   RESOLVED FURTHER THAT Mr. Bhattacharyya shall be entitled of increase in annual remuneration payable to him, being the Executive, as per the Policy of the Company, for the balance term of his appointment on the Board, but subject to the provisions of sections 196, 197, Schedule V and other applicable provisions, if any, of the Act.

   RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the Company in any financial year during the term of Mr. Bhattacharyya as Whole-time Director, the remuneration and perquisites as set out in the Explanatory Statement annexed to this notice, be paid or granted to Mr. Bhattacharyya 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 any of the Directors or the Company Secretary, of the Company, be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for Regularization of Mr. Sukanto Aich (DIN- 02175058) as a Director of the Company in capacity of Whole-time Director:

   RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sukanto Aich (DIN- 02175058), who was appointed as an Additional Director of the Company under Section 149 & 161 of the Companies Act, 2013, by the Board of Directors with effect from 1st July, 2017, who holds office upto the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of the Director, approval of the members of the Company be and is hereby granted to appoint Mr. Sukanto Aich as Director of the Company in Executive capacity.

   RESOLVED FURTHER THAT pursuant 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 Managerial 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, approval of the members of the Company be and is hereby also accorded to appoint Mr. Sukanto Aich (DIN- 02175058) as Whole-time Director of the Company, being Key Managerial Personnel, to hold office for an aggregate term of 5 (five) consecutive years from 1st July, 2017 to 30th June, 2022 as well as the payment of salary, commission and perquisites (hereinafter referred to as remuneration), upon the terms and conditions as detailed in the Explanatory Statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Aich.

RESOLVED FURTHER THAT Mr. Aich shall be liable to retire by rotation.

RESOLVED FURTHER THAT Mr. Aich shall be entitled of increase in annual remuneration payable to him, being the Executive, as per the Policy of the Company, for the balance term of his appointment on the Board, but subject to the provisions of sections 196, 197, Schedule V and other applicable provisions, if any, of the Act.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the Company in any financial year during the term of Mr. Aich as Whole-time Director, the remuneration and perquisites as set out in the Explanatory Statement annexed to this notice, be paid or granted to Mr. Aich 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 any of the Directors or the Company Secretary, of the Company, be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for revision in remuneration of Mr. Harshavardhan Madhav Chitale (DIN: 00040221):

   RESOLVED THAT in partial modification of the resolution passed earlier by the shareholders at the Annual General Meeting of the Company held on 20th December, 2016, pursuant to the recommendation made by the Nomination and Committee, duly approved by the Board of Directors of the Company and, the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, subject to such consents, approvals or permissions as may be necessary, including an approval from the Central Government, if required, the approval of the Members of the Company be and is hereby accorded for the revision in remuneration payable to Mr. Harshavardhan Madhav Chitale (DIN: 00040221), Vice-Chairman, Managing Director & Chief Executive Officer, to take effect from 1st April, 2017, for the balance term of his appointment on the Board, on the terms and conditions as detailed in the Explanatory Statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Chitale.

   RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the Company in any financial year during the term of Mr. Harshavardhan Madhav Chitale's office as Managing Director, the remuneration and perquisites set out in the Explanatory Statement annexed hereto, be paid or granted to Mr. Chitale 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 any of the Directors or the Company Secretary, of the Company, be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for revision in remuneration of Mr. Bidhu Bhusan Mohanty (DIN: 07017960):

   RESOLVED THAT in partial modification of the resolution passed earlier by the shareholders at the Annual General Meeting of the Company held on 20th December, 2016, pursuant to the recommendation made by the Nomination and Remuneration Committee, duly approved by the Board of Directors of the Company and, the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, subject to such consents, approvals or permissions as may be necessary, including an approval from the Central Government, if required, the approval of the Members of the Company be and is hereby accorded for the revision in remuneration payable to Mr. Bidhu Bhusan Mohanty (DIN: 07017960) as Whole-time Director and Chief Financial Officer, to take effect from 1st April, 2017, for the balance term of his appointment on the Board, who has resigned from the office of Director with effect from 30th June, 2017 (close of business hours) as well as from the post of Chief Financial Officer (KMP) with effect from 31st July, 2017 (close of business hours), on the terms and conditions as detailed in the Explanatory Statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Mohanty.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in the Company in any financial year during the term of Mr. Bidhu Bhusan Mohanty's office as Whole-time Director, the remuneration and perquisites set out in the Explanatory Statement annexed hereto, be paid or granted to Mr. Mohanty 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 any of the Directors or the Company Secretary, of the Company, be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Mr. Murali Sivaraman (DIN: 01461231) as a Non- Executive Director:

   RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Murali Sivaraman (DIN: 01461231), Executive Director of the Company , who retires by rotation and whose resolution for re-appointment is proposed to the Members of the Company at this Annual General Meeting, be and is hereby appointed as a Non-Executive Director of the Company, on such other terms and condition as duly approved earlier.

   RESOLVED FURTHER THAT any of the Directors or the Company Secretary, of the Company, be and is hereby authorized to file the required e-form with the Registrar of Companies and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for Commission to the Non-Executive Independent Directors of the Company:

    RESOLVED THAT pursuant to the provisions of Section 197 and other applicable sections of the Companies Act, 2013 (hereinafter known as 'the Act') (including any statutory modification or re-enactment thereof) and on the basis of recommendation made by the Board of Directors of the Company, the approval of the Members of the Company be and is hereby accorded to pay and distribute an amount of ₹ 42,00,000/- (Rupees Forty Two Lakhs only), which is within the limits of one percent. as computed in the manner laid down in section 198 of the Act, as annual commission amongst the Non-Executive Independent Directors for the financial year 2016-17, in the manner as detailed in the Explanatory Statement attached hereto.

    RESOLVED FURTHER THAT all Directors and the Company Secretary, of the Company, be and are hereby severally authorized to take such steps and to do all such acts, deeds, matters and things as may be required to give effect to the above resolution.

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for approval of Remuneration of Cost Auditors:

    RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (''Act'') and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby approves the remuneration of ₹ 4,15,000/- (Rupees Four Lakhs Fifteen Thousand Only) plus applicable tax and out of pocket expenses payable to M/s Ravi Sahni & Co., Cost Accountants, having FRN 100193, who are appointed by the Board of Directors as Cost Auditors of the Company, as recommended by the Audit Committee, to conduct cost audit relating to cost records of the Company for the year ending 31st March, 2018.

    RESOLVED FURTHER THAT all Directors and the Company Secretary, of the Company, be and are hereby severally 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 of Directors
For PHILIPS LIGHTING INDIA LIMITED

Place: Gurgaon
Date: 21st June, 2017

Nitin Mittal
Head of Legal & Company Secretary

NOTES:

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

2. A person can act as a proxy on behalf of not exceeding 50 members and holding in aggregate not more than 10% of the total share capital of the Company.

3. Members / Proxies / authorised representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.

5. The relevant Explanatory Statement pursuant in Section 102 of the Companies Act, 2013 in respect of the Special Business at Item nos. 5, 6, 7, 8, 9, 10 & 11 of the Notice, is annexed hereto.

6. The Statutory registers of the Company maintained as per the provisions of the Companies Act 2013, will be available for inspection by the members at the AGM.

7. The Share Transfer Books and the Register of Members of the Company will remain closed from 8th September, 2017 to 14th September, 2017 (both days inclusive).

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

9. Subject to provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared, at the meeting, will be paid within 30 days from the date of declaration, to those members whose names appear on the Company's Register of Members as on 14th September, 2017. In respect of demat shares, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the Depositories for this purpose.

10. **Members may be aware that the Company has changed its Registrar and Share Transfer Agent (RTA) and M/s Karvy Computershare Pvt. Ltd. has been appointed as RTA w.e.f. 1st July, 2016. An intimation in this regard was sent individually to each member at their address available in the Company's records.** Members are requested to contact the Registrar and Share Transfer Agent, M/s Karvy Computershare Pvt. Ltd. for all matters connected with Company's shares at:

    Karvy Computershare Pvt. Ltd.,
    Karvy Selenium, Tower-B, Plot no.31-32, Gachibowli,
    Financial District, Nanakramguda, Hyderabad-500 032.
    Toll Free no. 18 00 3454 001, Tel. +91 040 67162222
    Fax no.+91 040 23420814
    Email id: einward.ris@karvy.com

    Karvy Computershare Private Limited
    Apeejay House, Block B, 3rd Floor,
    15, Park Street, Kolkata 700 016, West Bengal,
    Tel. +91 033 66285900

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

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

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

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

13. **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 2nd 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 Karvy Computershare Private Limited (Karvy).

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 11th September, 2017 (9:00 a.m.) and ends on 13th September, 2017 (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 7th September, 2017, may cast their vote by remote e-voting. The remote e-voting facility shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently. A person who is not a member as on cut-off date should treat this Notice for information purpose only.

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

A. Member whose email IDs are registered with the Company/DPs will receive an email from Karvy informing them of their User-ID and Password. Once the Members receives the email, he or she will need to go through the following steps to complete the e-voting process:

(i) Launch internet browser by typing the URL: https://evoting.karvy.com

(ii) Enter the login credentials (i.e. User ID and password) which will be sent separately. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800-3454-001 for your existing password.

(iii) After entering these details appropriately, click on LOGIN.

(iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric (0-9) and a special character (@,#,$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

(v) You need to login again with the new credentials.

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

(vii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under FOR/AGAINST or alternatively, you may partially enter any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option ABSTAIN and the shares held will not be counted under either head.

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

(ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

(x) You may then cast your vote by selecting an appropriate option and click on Submit.

(xi) A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).

(xii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer Dr. Asim Kumar Chattopadhyay, on his e-mail id: asimsecy@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format E-voting – Philips Lighting India Limited_ EVENT NO.

B. **In case a member receives physical copy of the Notice of AGM [for members whose email IDs are not registered or have requested the physical copy]:**

a) Initial password is provided in below format at the bottom of the Attendance Slip for the AGM :

EVENT NO.	USER ID	PASSWORD
-	-	-

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

VI. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website https://evoting.karvy.com.

VII. If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

VIII. 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.

IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 7th September, 2017.

X. Any person, who acquires shares of the Company and becomes member of the Company after 4th August, 2017 i.e. the date considered for dispatch of the notice and holding shares as on the cut-off date i.e. 7th September, 2017, may obtain the User ID and password in the manner as mentioned below:

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

b) Member may send an e-mail request to evoting@karvy.com. If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

c) Member may call Karvy's toll free number 1-800-3454-001.

d) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> E-Voting Event Number + Folio No. or DP ID Client ID to 9212993399

Example for NSDL: MYEPWD <SPACE> IN12345612345678

Example for CDSL : MYEPWD <SPACE> 1402345612345678

Example for Physical : MYEPWD <SPACE> XXXX1234567890

VI. 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.

VII. 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.

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

IX. 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.

X. 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.

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

XII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM i.e. 14th September, 2017.

EXPLANATORY STATEMENT

Under Section 102 of the Companies Act, 2013

ITEM NO. 5

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Rothin Bhattacharyya, having DIN-01934922, Head – Marketing of the Company, was appointed as an Additional Director of the Company with effect from 1st July, 2017, as recommended by the Nomination and Remuneration Committee (hereinafter known as N&R Committee) in its meeting held on 21st June, 2017. Thereafter, the Board of Directors at the same meeting, on the basis of recommendation made by the N&R Committee, appointed Mr. Bhattacharyya as Whole-time Director, being Key Managerial Personnel, of the Company pursuant to the provisions of Section 196, 197 & 203 of the Companies Act, 2013 (hereinafter known as the Act) read with Schedule V of the Act and rules made thereunder, for a period of five (5) years from 1st July, 2017 to 30th June, 2022, liable to retire by rotation, subject to the approval of the members in the ensuing Annual General Meeting. He is also member of the Banking and Other Operations Committee and the Stakeholders Relationship Committee of the Board of the Company.

Mr. Rothin Bhattacharyya is a global business executive with over 30 years of leadership experience in startups, turnarounds, and driving exponential growth. He has a track record of building organizations and transforming them into multi-billion dollar businesses. He has held P/L positions with global organizations like KPMG, Siemens & HCL. He has been responsible for sales and delivery of products & services both in the consumer and enterprise space; directly led and managed diverse, multi-cultural global teams of 13000 + people; including startups, corporate turn arounds, performance improvement initiatives, mergers, divestures & acquisitions. He has worked globally and led teams in Europe, US, Middle East, South Asia and Asia Pacific.

He has extensive relationships with Boards, Government, Regulators, and Partners and has held CXO positions from the age of 29 in prestigious organizations. Mr. Bhattacharyya is also a lecturer on operational strategy at the UCLA Anderson Business School, reputed to be among the top 3 MBA programs in the world. He has been featured by KellyOSG among the top 25 business leaders in Asia. He joined Philips Lighting in November 2015 as the Chief Marketing Officer from CK Birla Healthcare Ltd, where he was the Founder Chief Executive Officer. Prior to this, he was Chief Strategy Officer of HCL Infosystems Ltd, and also a board member on multiple subsidiary companies.

Mr. Bhattacharyya graduated with honors in Economics from Hindu College, Delhi University. He has an PGDM from IMI, Delhi in Management.

Mr. Bhattacharyya is also eligible for appointment to the office of the Director at the ensuing Annual General Meeting under the provisions of the Companies Act, 2013 and a notice, as required under Section 160 of the Act, signifying his intention to propose his candidature for the office of Director, has been received from a Member.

The appointment of Mr. Bhattacharyya as Whole-time Director is appropriate and in the best interests of the Company.

The approval of the members is being sought with respect to the terms and conditions for the appointment of Mr. Bhattacharyya as Whole-time Director and the remuneration payable to him. The terms and conditions proposed for the appointment of Mr. Bhattacharyya, as fixed by the Board of Directors at their meeting held on 21st June, 2017, are keeping in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to assume important positions in the Company, as that of the Whole-time Director.

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

1. Remuneration:

Salary	₹ 1,45,80,000/- per year or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The amount includes: 1. Basic Salary: ₹ 51,03,000/- 2. House Rent Allowance: ₹25,51,500/- 3. Flexible Benefit Plan: ₹60,67,686/- 4. Retrial Benefit: ₹8,57,814/- (as set out in Part B)
Annual Incentive (Performance Linked)	₹ 36,45,000/- (on 100% target achievement) and maximum payable upto 200%.
Perquisites	Perquisites shall be payable as set out in Part A, as applicable.

Part- A

i) Mr. Rothin Bhattacharyya 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) of value EUR 33000 (on 100% target achievement) and maximum payable upto 200%, 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

iii) 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.

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

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

3. Mr. Bhattacharyya shall perform the duties which may be performed by a Whole-time Director under the Act, and any other duties assigned to him by the Board from time to time.

In view of the provisions of Sections 149, 152, 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V of the Act and rules made thereunder, the Board recommends the Ordinary Resolution set out at item no. 5 of the accompanying Notice for the approval of the Members.

Except Mr. Bhattacharyya, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

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

ITEM NO. 6

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Sukanto Aich having DIN- 02175058, Head – Professional Sales of the Company, was appointed as an Additional Director of the Company with effect from 1st July, 2017, as recommended by the Nomination and Remuneration Committee (hereinafter known as "N&R Committee") in its meeting held on 21st June, 2017. Thereafter, the Board of Directors at the same meeting, on the basis of recommendation made by the N&R Committee, appointed Mr. Aich as Whole-time Director, being Key Managerial Personnel, of the Company pursuant to the provisions of Section 196, 197 & 203 of the Companies Act, 2013 (hereinafter known as "the Act") read with Schedule V of the Act and rules made thereunder, for a period of five (5) years from 1st July, 2017 to 30th June, 2022, liable to retire by rotation, subject to the approval of the members at the ensuing Annual General Meeting. He is also member of the Banking and Other Operations Committee of the Board of the Company.

Mr. Sukanto Aich is an accomplished Enterprise Business leader with over 23 years of experience of working with Market Leaders in the field of Information Technology, Telecom, Office Automation and Lighting. His last corporate assignment before joining Philips Lighting was as President – Enterprise Business, Tata Teleservices.

Mr. Aich's core experience and competencies include managing P&L responsibility across different business segments, Enterprise (B2B/B2G) sales management, product management, managing pre-sales consulting teams as well as managing a portfolio of equity invested medium and small portfolio companies. Across his various assignments, Mr. Aich has been responsible for Business Transformation and turnaround, creating strategic vision and plans while ensuring sustainable business processes. He has successfully groomed senior leadership talents who have gone on to manage important assignments in their respective careers.

Mr. Aich has worked with Bharti Airtel Limited, HCL Infosystems Limited, the Tata Group and Bennett, Coleman and Company Limited in various senior management assignments. He has also been associated with the Association for People with Disability (APD), Bangalore in order to lend support to the cause of disability.

Ms. Aich has done his management from IIM – Calcutta and his graduation in engineering from Jadavpur University. His continued learning has seen him successfully complete Executive Leadership Programs at INSEAD Singapore, ISB Hyderabad, IIM Ahmedabad and Bangalore.

Mr. Aich is also eligible for appointment to the office of the Director at the ensuing Annual General Meeting under the provisions of the Companies Act, 2013 and a notice, as required under Section 160 of the Act, signifying his intention to propose his candidature for the office of Director, has been received from a Member.

The appointment of Mr. Aich as Whole-time Director is appropriate and in the best interests of the Company.

The approval of the Members is being sought with respect to the terms and conditions for the appointment of Mr. Aich as Whole-time Director and the remuneration payable to him. The terms and conditions proposed for the appointment of Mr. Aich, as fixed by the Board of Directors at their meeting held on 21st June, 2017, are keeping in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to assume important positions in the Company, as that of the Whole-time Director.

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

1. Remuneration:

Salary	₹ 1,22,31,648/- per year or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The amount includes: 1. Basic Salary: ₹ 42,81,077/- 2. House Rent Allowance: ₹ 21,40,538/- 3. Flexible Benefit Plan: ₹ 50,90,384/- 4. Retrial Benefit: ₹ 7,19,649/- (as set out in Part B)
Annual Incentive (Performance Linked)	₹ 30,57,912/- (on 100% target achievement) and maximum payable upto 200%.
Perquisites	Perquisites shall be payable as set out in Part A, as applicable.

Part- A

i. Mr. Sukanto Aich 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) of value EUR 33000 (on 100% target achievement) and maximum payable upto 200%, 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

iii. 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.

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

2. All the above perquisites and benefits would be subject to the applicable Company policy.
3. Mr. Aich shall perform the duties which may be performed by a Whole-time Director under the Act, and any other duties assigned to him by the Board from time to time.

In view of the provisions of Sections 149, 152, 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V of the Act and rules made thereunder, the Board recommends the Ordinary Resolution set out at item no. 6 of the accompanying Notice for the approval of the Members.

Except Mr. Aich, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

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

ITEM NO. 7

Pursuant to section 152(1) of the Companies Act, 2013 read with Clause 75 the Article of Association (AOA) of the Company, Mr. Harshavardhan Madhav Chitale was appointed as a First Director of the Company. Thereafter, the Board of Directors at its meeting held on 31st March, 2016 appointed Mr. Harshavardhan Madhav Chitale as Managing Director and Chief Executive Officer & KMP of the Company pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the Companies Act, 2013, for a period of five (5) years from 31st March, 2016 to 30th March, 2021, not liable to retire by rotation, duly approved by the Members at their Annual General Meeting held on 20th December, 2017. Mr. Chitale was also appointed Vice-Chairman of the Board by the Board of Directors in its meeting held on 27th April, 2016 pursuant to article 95 of the AOA of the Company. He is also member of the Banking and Other Operations Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and the Corporate Social Responsibility Committee of the Board of the Company.

Mr. Chitale has extensive experience in leading organizations and driving business results, having worked in various leadership roles in Strategy, Marketing, Product Management and Business Development. He joined Philips Lighting from HCL Infosystems where he was MD and CEO, leading their multiple businesses including IT Products, Systems and Services and distribution of IT, telecom and Consumer Electronics products. Mr. Chitale has also spent several years at Honeywell holding different positions globally. He held the role of MD and CEO at Honeywell Automation India before moving to Honeywell International, USA to globally lead Strategy, Marketing, Product Management and Business Development for Honeywell process Solutions and ultimately leading the same business for North America and LATAM.

He is a B. Tech graduate from IIT-Delhi and was awarded the Director's Gold Medal at the Institute. He is also an avid angel investor focusing on technology start-ups in India.

In view of the above, revision in remuneration payable to Mr. Chitale was proposed, with effect from 1st April, 2017. The matter regarding revision in the remuneration of Mr. Chitale was discussed in the Nomination and Remuneration Committee of the Board and the meeting of the Board of Directors held on 7th March, 2017, based on which the approval of the members is requested for revision in the remuneration of Mr. Chitale for the balance term of his appointment on the Board.

The revised remuneration payable to him, are detailed hereunder

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

Remuneration:

Salary	₹ 2,75,96,800/- per year or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The amount includes: 1. Basic Salary: ₹ 96,58,880/- 2. House Rent Allowance: ₹ 48,29,440/- 3. Flexible Benefit Plan: ₹ 1,14,84,822/- 4. Retrial Benefit: ₹16,23,658 /- (as set out in Part B)
Annual Incentive (Performance Linked)	₹ 1,10,38,720/- (on 100% target achievement) and maximum payable upto 200%.
Perquisites	Perquisites shall be payable as set out in Part A, as applicable.

Part- A

i. Mr. Chitale 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) of value EUR 180000 (on 100% target achievement) and maximum payable upto 200%, 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

iii. 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.

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

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

3. All other terms and conditions of Mr. Chitale, as approved earlier by the Board and further approved by the shareholders, shall remain unchanged.

Except Mr. Chitale, none of the Directors and Key Managerial Personnel of the Company and their relatives, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

The Board recommends the resolution set forth in Item no. 7 for approval of the Members.

ITEM NO. 8

Pursuant to section 152(1) of the Companies Act, 2013 read with Clause 75 the Article of Association (AOA) of the Company, Mr. Bidhu Bhusan Mohanty was appointed as a First Director of the Company. Thereafter, the Board of Directors at its meeting held on 31st March, 2016 appointed Mr. Bidhu Bhusan Mohanty as Whole-time Director with immediate effect and as CFO & KMP with effect from 1st April, 2016, for a period of five (5) years commencing from the respective appointment, pursuant 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 Managerial Personnel) Rules, 2014 read with Schedule V to the Companies Act, 2013, liable to retire by rotation, duly approved by the Members at their Annual General Meeting held on 20th December, 2017. He is also member of the Banking and Other Operations Committee and the Stakeholders Relationship Committee of the Board of the Company.

Mr. Mohanty has been with Philips since 1999 serving in various positions in India such as the Financial Controller for Professional Lighting and Commercial operations, Factory Controller amongst others. He has extensive experience in partnering with business teams to strengthen their commercial processes, improving working capital and supporting profitable growth through several cost reduction initiatives. He has strong domain knowledge in Financial Planning and Analysis, Business Control, Credit Management, Financial Reporting, Industrial restructuring and ERP implementation.

He is a Chartered Accountant from Kolkata and prior to Philips he has worked at the Emami Group for 2 years.

In view of the above, revision in remuneration payable to Mr. Mohanty was proposed, with effect from 1st April, 2017. The matter regarding revision in the remuneration of Mr. Mohanty was discussed in the Nomination and Remuneration Committee of the Board and the meeting of the Board of Directors held on 7th March, 2017, based on which the approval of the members is requested for revision in the remuneration of Mr. Mohanty for the balance term of his appointment on the Board. However, Mr. Mohanty has resigned from the office of the directorship with effect from the close of business hours on 30th June, 2017 and from the position of the Chief Financial Officer with effect from the close of business hours on 31st July, 2017, since he is moving to a new leadership role within Philips Lighting to Philips Middle East.

The revised remuneration payable to him, are detailed hereunder:

1. Mr. Bidhu Mohanty shall be entitled to receive remuneration for his services by way of Salary, Annual Incentive and Perquisites as mentioned hereunder:

   Remuneration:

Salary	₹ 91,55,110/- per year or such higher amount as may be approved by the Board of Directors or any Committee thereof from time to time. The amount includes: 1. Basic Salary: ₹ 32,04,289/- 2. House Rent Allowance: ₹ 16,02,144/- 3. Flexible Benefit Plan: ₹ 33,29,393/- 4. Retrial Benefit: ₹ 10,19,284/- (as set out in Part B)
Annual Incentive (Performance Linked)	₹ 22,88,778/- (on 100% target achievement) and maximum payable upto 200%
Perquisites	Perquisites shall be payable as set out in Part A, as applicable.

Part- A

i) Mr. Bidhu Bhusan Mohanty 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) of Euro 33,500 (on 100% target achievement) and maximum payable upto 200%, 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

iii) 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.

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

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

3. All other terms and conditions of Mr. Mohanty, as approved earlier by the Board and further approved by the shareholders, shall remain unchanged.

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

The Board recommends the resolution set forth in Item no. 8 for approval of the Members.

ITEM NO. 9

The Board of Director in its meeting held on 27th April, 2016 appointed Mr. Murali Sivaraman as an Additional Director in Executive capacity of the Company, pursuant to the provisions of Section 161 of the Companies Act, 2013, with immediate effect. Accordingly, he was appointed as an Executive Director on the Board of Directors of the Company, liable to retire by rotation, subject to the approval of the members of the Company, with effect from 27th April, 2016 for a period of 5 years on such terms and conditions, as approved by the Board and shareholder at their meeting held on 20th December, 2016. He is also member of the Audit Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee of the Board of the Company.

Mr. Murali Sivaraman is the President of Philips Lighting Growth Markets and is responsible for driving the business across ASEAN Pacific, Japan, Korea, Australia, New Zealand, Russia and Central Asia, Middle East and Turkey, India, Pakistan and Africa. He is deputed to Philips Lighting (S) Pte. Ltd., Singapore and continues to be in their full time employment and is accordingly not involved in the day to day operations of the Company.

Mr. Murali, formerly Chief Executive Officer Domestic Appliances in Consumer Lifestyle, has been appointed to the position of MG Leader Growth Markets for Lighting, effective 1st February, 2015.

He has been with Philips since 2007, first as Vice Chairman and Managing Director for Philips India and more recently in Consumer Lifestyle. Under his leadership – Business Group Domestic Appliances has consistently delivered double digit growth with a significant step up in profitability, successfully closed two acquisitions – India and China, stepped up market shares in all key BMC's with locally relevant innovations, built the Air purifier Category and more than tripled the Domestic Appliances footprint in Greater China.

That prior to Philips, Mr. Murali, spent 19 years in ICI (now Akzo) – building Decorative Architectural Paints (Dulux/Glidden Brand – B2C, B2B and B2G) in India, ASEAN, Greater China and North America.

He is a qualified Chartered Accountant, MBA and has also completed Advanced Management Program from Harvard.

Mr. Sivaraman is proposed to be re-appointed as Non-Executive Director of the Company pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

Except Mr. Sivaraman, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 9.

Your Directors recommend the Ordinary Resolution set forth in Item No. 9 for the approval of the Members.

ITEM NO. 10

The Board of Directors in its meeting held on 21st June, 2017, on the basis of the recommendation made by the Nomination and Remuneration Committee, has further recommended to the members of the Company to approve to pay and distribute an amount of ₹ 42,00,000/- (Rupees Forty Two Lakhs only) as profit related commission amongst Mr. P. Uma Shankar, Ms. Vibha Paul Rishi and Mr. Vinayak K. Deshpande, the Non-Executive Independent Directors of the Company for the financial year ended on 31st March, 2017, pursuant to the provisions of Section 197 of the Companies Act, 2013, in the following manner:

S. No.	Names	Amount (In ₹)
1	Mr. P. Uma Shankar	14,00,000/-
2	Ms. Vibha Paul Rishi	14,00,000/-
3	Mr. Vinayak K. Deshpande,	14,00,000/-
	Total	**42,00,000/-**

As per the evaluation carried out by the Nomination and Remuneration Committee for the previous financial year 2016-17, the above mentioned Independent Directors have actively participated in the Board meetings, contributing to the business strategies of the Company, improving Corporate governance in the area of financial and internal controls, advising on enterprise risk management and ultimately to the growth and profitability of the Company.

The above mentioned amount of commission is within the limits, as stipulated under section 197 of the Act, available for the payment to the Non-Executive Directors of the Company.

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out at item no. 10 of the notice for approval of the payment and distribution of the annual commission amongst the Non-Executive Independent Directors of the Company for the financial year ended 31st March, 2017.

Except for Mr. P. Uma Shankar, Ms. Vibha Paul Rishi and Mr. Vinayak K. Deshpande, the Non-Executive Independent Directors of the Company, none of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution set out at item no. 10 of the accompanying notice.

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

ITEM NO. 11

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 Ravi Sahni & Co., Cost Accountants, having FRN 100193, as the Cost Auditors, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018.

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

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out at item no. 11 of the notice for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

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. 11 of the accompanying notice.

The Board recommends the Ordinary Resolution set out at item no. 11 of the notice for the approval by the Members.

By Order of the Board of Directors

For PHILIPS LIGHTING INDIA LIMITED

Place: Gurgaon

Date: 21st June, 2017

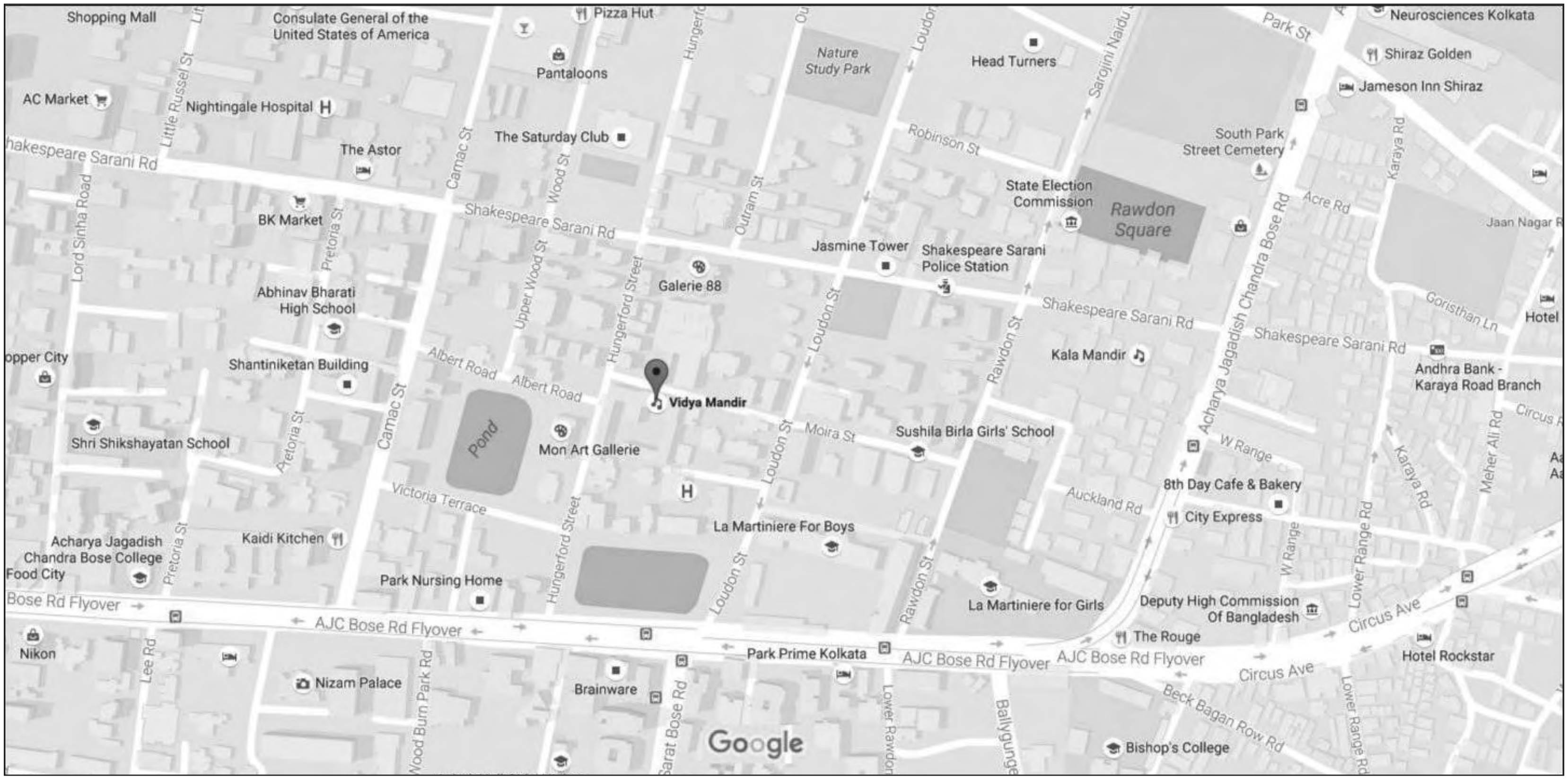
Nitin Mittal

Head of Legal & Company Secretary

ROUTE MAP TO THE VENUE OF THE 2ND ANNUAL GENERAL MEETING

TO BE HELD ON 14TH SEPTEMBER, 2017 AT 10:00 A.M. AT

VIDYA MANDIR, 1, MOIRA STREET, KOLKATA – 700 017



DIRECTORS' REPORT

For the financial year ended 31st March, 2017

Dear Members,

Your Company's Directors are pleased to present the 2nd Annual Report of the Company, along with the Audited Annual Accounts for the financial year ended 31st March, 2017.

1. FINANCIAL PERFORMANCE:

1.1 RESULTS

₹ in Millions

	2016-17	2015-16*
Revenue from operations (a)	33,270	5,551
Other Income (b)	116	10
Total Income (a+b)	33,386	5,561
Profit before tax (PBT) and exceptional items	1946	631
PBT and exceptional items (%)	5.9%	11.4%
Exceptional Items	(559)	(6)
Profit before tax	1387	625
Provision for current tax	(617)	(139)
Deferred tax–Release/(Charge)	213	84
Profit after tax (PAT)	983	570
PAT(%)	3.0%	10.3%
Transfer to General Reserve	-	-

*(*Figures for F.Y. 2015-16 have been reclassified due to adoption of IND-AS w.e.f 1st April, 2016 and are only for the two months period from 1st February 2016 to 31st March 2016 due to demerger effective from 1st February, 2016)*

1.2 FINANCE & ACCOUNTS

This year your company has achieved growth of 2.9 % over comparable period (which includes two months period post demerger from 1st February 2016 to 31st March 2016 and ten months period prior to demerger from 1st April 2015 to 31st January 2016). During the FY 2016-17, Your Company generated an EBIT of ₹1,414 Million and a net cash of ₹ 3,555 Million. The Company has not made any major borrowings in this year and has managed working capital requirements from internal cash generation.

The Board had also approved the adoption of IND-AS from 1st April, 2016 even though it was mandatory from 1st April, 2017 as a proactive measure to bring greater transparency and compliance.

Capital expenditure during the year was ₹ 270 Million and this expense was incurred towards new plant and machinery and office equipment's etc.

2. ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in Annexure –I and is attached to this Report.

3. DIVIDEND:

Your Directors recommend payment of ₹ 20/- per share as dividend on the fully paid equity shares for the financial year ended 31st March, 2017. This will absorb ₹ 1,150.34/- million as dividend and ₹ 234.18/- million as dividend distribution tax.

4. TRANSFER TO RESERVES:

During the year under review no amount has been transferred to General Reserve.

5. DEPOSITS:

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

6. BUSINESS PERFORMANCE:

The lighting industry in India continued its upward trajectory this year owing to the Government's ongoing Prakash Path Program that has now spread across more states. LEDification gathered a phenomenal pace across Consumer, Professional and Public Lighting, resulting in a decline in Conventional Lighting. Despite strong headwinds in the Indian economy such as the demonetization of ₹500 and ₹1,000 notes last year, which adversely impacted the entire economy including the lighting industry, your company managed to grow across categories.

Conventional lighting is still a large market segment in India, however it is facing a steep decline owing to the growing penetration of LED lighting that is now available at much lower prices compared to last year owing to the substantial increase in demand.

With the introduction of LEDs, lighting has become digital resulting in the growth of connected lighting for homes and professional users. We at Philips lighting have been at the center of each of these transformations and can be proud of leading most of these transformations in the lighting industry.

The LED business share of the overall lighting business increased to 55.3% from 37.4% in the previous year.

Professional Lighting Solutions witnessed a growth of 14.3% driven by strong growth in LED across segments, owing to several large orders from public and private establishments and continuous focus on new and differentiated product offerings. Your company's LED contribution in Professional Lighting Solutions business now stands at 74.0% compared to 68.8% for the similar period in previous financial year. In this market segment there has been large scale migration to LED, as end users are becoming more aware about its advantages such as durability, higher energy efficiency and better light output.

The Home lighting business continued the growth momentum during the financial year 2016-17 with 15.3% growth. This impressive growth was driven by strong LED penetration, continuous expansion of locally relevant portfolio, strong growth in sales of low cost downlight category, which continues to exponentially grow across homes and small commercial establishments in India. This was further supplemented by the addition of 19 new branded 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 focused on our LED portfolio and have helped in improving its brand health. The conventional lamps business has witnessed an expected de-growth of 29.1% that was offset by a strong growth in LED lamps and drivers by 94.8%.

7. REPOSITIONING FOR FUTURE:

Due to shift in lighting market from conventional to LED and in fact to Internet of Things IoT and connected lighting, your Company started investment in new technologies, people and enhanced R&D investment and also licensing from its parent company- Philips Lighting Holding BV for new lighting technologies. We have also initiated restructuring our conventional business.

- **HR:**

  In order to meet the market shift, and to stay ahead of our competition it is imperative that we continue to focus on building winning capabilities and strong leadership pipeline which is also the mainstay of our learning and talent management strategy. The HR department has focused on four core pillars of HR namely - Talent Acquisition, Learning & Talent Development, Total Rewards and Industrial & Employee relations. This year, there has been a continued focus on offering innovative programs and solutions to employees across the four core pillars. The talent acquisition strategy has focused on attracting the best talent across critical job families, Professional Sales, Marketing, Supply chain and Innovation & Development, as well as to build a strong succession pipeline. Further, your company launched the 'Fit for Future' initiative to focus on building winning capabilities (both technical and behavioral) across the key job families.

- **Factory lines restructuring and impairments:**

  We have currently two factories at Vadodara and Mohali which are manufacturing Tube lights, GLS and CFLi respectively. Due to fast shift to LED, restructuring exercise has been undertaken to rationalize the operations in terms of equipment and people.

  On plant and machinery and equipment, the impairment charge of ₹ 223 Million arose due to faster than expected technological changes in lighting environment from conventional lamps (bulb / tubelights and CFL) to LED driven by strong government intervention through large scale distribution of LED bulbs at a subsidized price. This accelerated the decline in conventional lamps & triggered impairment of the CFL & TL machines

  On the people side- declining demand at our Conventional lighting industrial units has led to reduction in demand of Workforce which triggered a need to issue a scheme of Voluntary early retirement scheme for Workman at our Industrial Units at Mohali and Vadodara during FY 2016-17, a charge of ₹559 Million is recognized in the Statement of Profit and Loss against the Scheme

  Both the impairment and VRS together accounted for 2.4% of revenue impacting profits.

- **Investments in R&D and licensing of technology from Philips Lighting Holding BV:**

  The Company is licensing IP technology from its parent Company- Philips Lighting Holding BV in order to manufacture its products in the Country and undertake sale, distribution and marketing of such manufactured products and of services rendered by it;

  - Technology is a key competitive success factor and profit driver for the combined Philips organization (Philips Lighting). In this respect, Philips group is continuously focused on developing new technologies that enhance the efficiency, quality and uniqueness of its products. Philips group develops its technology both on its own, and in cooperation with other Research & Development ('R&D') parties, such as university hospitals, knowledge institutes, large and small companies or government bodies.
  - The parent Company Philips Lighting Holding BV undertakes R&D in respect of the products offered by the group, which is adopted by its Group companies in different countries. The R&D cost is borne by the respective owners of IP for which they are expected to be compensated by the other Philips businesses. In respect to the technology developed by Philips group and utilized by Philips Lighting India, the Indian entity is making payment of royalty on its sale of products.
  - The Company accordingly pays technical royalty and Brand charges of 2.9 % of revenue to its parent company.
  - Locally also, the Company invests in R&D at our Noida facility for development of LED and Home segment products including luminaires.

  The Company also avails management services from its parent companies in the functions of IT, HR, Finance, Accounting, Legal, Compliance and overall group strategy in order to drive research, synergy and growth across all companies worldwide. On account of the same, the company pays 3.6% as ISA charges to its parent company.

8. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and as on the date of this report.

9. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

During the year under review, there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

10. DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

Your Company does not have any Subsidiary/ Joint Venture/Associate Company hence details of financial performance of Subsidiary/ Joint Venture/Associate Company is not required to be attached to this report.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Harshavardhan Madhav Chitale, Vice-Chairman, Managing Director & Chief Executive Officer, was appointed as first Director of the Company in the year 2015 and further appointed as Managing Director & Chief Executive Officer (KMP) at the Board meeting held on 31st March, 2016, duly approved by the members at the first Annual General Meeting held on 20th December, 2016. He was also appointed as Vice-Chairman of the Company pursuant to provisions of the Article of Association of the Company.

Mr. Bidhu Bhusan Mohanty, Whole-time Director and Chief Financial Officer, who was appointed as first Director of the Company in the year 2015 and further appointed as Whole-time Director and Chief Financial Officer (KMP) at the Board meeting held on 31st March, 2016, duly approved by the members at the first Annual General Meeting held on 20th December, 2016, has stepped down from the Board with effect from 30th June, 2017, since he is moving to a new leadership role within Philips Lighting - Middle East. Your Directors thank Mr. Mohanty for his immense contribution to the growth and profitability of the Company and record their appreciation on the valuable contributions made by him to the Board's deliberations and proceedings during his term on the Board.

During the year under review, your Board of Directors appointed Mr. Vinayak K. Deshpande, Mr. P. Uma Shankar and Ms. Vibha Paul Rishi as Independent Directors, which were further approved by the members at the first Annual General Meeting held on 20th December, 2016. All the Independent Directors have given declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Rules made thereunder and they are independent of the management.

Mr. Murali Sivaraman was also appointed as a Director, during the year under review, in its meeting held on 27th April, 2016. Further, he was also appointed as the Chairman of the Board pursuant to provisions of the Article of Association of the Company. Pursuant to Article 85 of the Articles of Association of the Company, Mr. Sivaraman retires by rotation and being eligible, offers himself for re-appointment as a Director.

Mr. Rajiv Mathur, who was appointed as first Director of the Company, tendered his resignation to the Board due to the separation of lighting business from Philips India Limited in the Board meeting held on 27th April, 2016, which was approved by the Board. Your Directors also recorded their appreciation of the valuable contributions made by Mr. Mathur to the Board's deliberations and proceedings during his term on the Board.

Your Board had appointed Mr. Nitin Mittal as the Company Secretary (KMP) of the Company in the same Board meeting held on 27th April, 2016.

In the current financial year FY17-18, Mr. Rothin Bhattacharyya and Mr. Sukanto Aich are appointed as Additional Directors under section 161 of the Companies Act, 2013 and further recommended by your Board at its held on 21st June, 2017, to the members of the Company to appoint them as Directors of the Company. At the same meeting, Mr. Bhattacharyya and Mr. Aich are also appointed as Whole-time Directors, being Key Managerial Personnel, subject to the approval of the members at the ensuing general meeting. Mr. Bhattacharyya and Mr. Aich fulfill the criteria as set under the relevant provisions of the Companies Act, 2013 and rules made thereunder.

Further, Mr. Dibyendu Raychaudhury is appointed as Chief Financial Officer, being Key Managerial Personnel, at the Board meeting held on 21st June, 2017, with effect from 1st August, 2017, in place of Mr. Mohanty, who has also resigned from the position of the Chief Financial Officer with effect from 31st July, 2017, due to above cited reasons.

STRUCTURE OF THE BOARD OF DIRECTORS:

- Mr. Murali Sivaraman – Chairman & Director
- Mr. Harshavardhan Madhav Chitale - Vice-Chairman & Managing Director
- Mr. Bidhu Bhusan Mohanty - Whole-time Director (till 30th June, 2017)
- Mr. Rothin Bhattacharyya - Whole-time Director (w.e.f. 1st July, 2017)
- Mr. Sukanto Aich - Whole-time Director (w.e.f. 1st July, 2017)
- Mr. P. Uma Shankar - Independent Director
- Ms. Vibha Paul Rishi - Independent Director
- Mr. Vinayak K. Deshpande - Independent Director

STRUCTURE OF THE KEY MANAGERIAL PERSONNEL:

- Mr. Harshavardhan Madhav Chitale – Chief Executive Officer
- Mr. Rothin Bhattacharyya - Whole-time Director (w.e.f. 1st July, 2017)
- Mr. Sukanto Aich - Whole-time Director (w.e.f. 1st July, 2017)
- Mr. Bidhu Bhusan Mohanty - Chief Financial Officer (till 31st July, 2017)
- Mr. Dibyendu Raychaudhury - Chief Financial Officer (w.e.f. 1st August, 2017)
- Mr. Nitin Mittal – Company Secretary

12. DECLARATION BY INDEPENDENT DIRECTORS:

Your Company has received declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013, confirming that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 read with the Schedules and Rules issued thereunder.

13. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES:

Meetings of the Board were held seven (7) times during the financial year 2016-17. For further details of the number and dates of meetings of the Board and Committees thereof held during the financial year 2016-17 indicating the number of Meetings attended by each Director, please refer to the Annexure II, which forms part of this Report.

14. BOARD EVALUATION:

In terms of the Nomination and Remuneration Committee Charter of the Company, duly approved by the Board pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee has prepared and approved a Policy for Evaluation of the Performance of the Board of Directors, which was further adopted by the Board, to formally evaluate the effectiveness of the Board, its Committees along with performance evaluation of each Director to be carried out on an annual basis.

Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the financial year 2016-17.

The Nomination and Remuneration Committee also prepared structured questionnaires to evaluate the performance of the Board as a whole, individual performance of each Director and self – assessment carried out by the Directors.

These evaluation forms with respect to the evaluation of the performance of the Directors were based on various aspects which, inter alia, included assessment of the level of participation, understanding of the role and responsibilities, understanding of the business and competitive environment, effectiveness of the contributions made during the Board meetings, understanding of the strategic issues and challenges for your Company etc. In assessing the overall performance of the Board, the parameters included the assessment of time devoted by the Board on the Company's long term goals and strategies, Board effectiveness, quality of discussions at the meetings of the Board, time spent and quality of discussions on key subjects like risk assessment and minimization, succession planning, discharging fiduciary and governance duties and performance of specific duties.

The questionnaires for assessing the performance of the Committees of the Board included aspects like understanding of the terms of reference by the Committee members, adequacy of the composition of the Committees, effectiveness of the discussions at the Committee meetings, performance of the Committee etc.

The Chairman of the Nomination and Remuneration Committee plays a vital role in undertaking the evaluation of the Directors. The Nomination and Remuneration Committee discussed on the evaluation mechanism, outcome and the feedback received from the Directors. The Independent Directors at their meeting also discussed the performance of the Non-Independent Directors including the Chairman of the Board.

Your Board of Directors had discussed and analyzed its own performance, Board as whole, during the year, evaluated the Independent Directors pursuant provisions of Schedule IV of the Companies Act, 2013 and also reviewed the performance evaluation reports of various committees. Thereafter, the Board finally noted the overall feedback on the performance of the Directors and the Board as a whole and its Committees.

The overall outcome of this exercise to evaluate effectiveness of the Board and its Committees was positive and members of the Board expressed their satisfaction.

15. COMMITTEES OF THE BOARD:

15.1.AUDIT COMMITTEE:

During the year under the review, your Board has set up a qualified Audit Committee pursuant to section 178 of the Companies Act 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, with effect from 27th April, 2016, comprising of the following members:

1	Mr. P. Uma Shankar	Independent Director	Chairman
2	Mr. Murali Sivaraman	Director	Member
3	Mr. Vinayak K Deshpande	Independent Director	Member

Mr. Nitin Mittal acts as Secretary to the Committee.

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

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

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

The Vigil Mechanism Policy was also formulated by the Audit Committee, which details form part of this Report.

For the details of the number and dates of meetings of the Committee held during the financial year indicating the number of Meetings attended by each member thereof, please refer to the Annexure II, which forms part of this Report.

15.2.CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

During the year under the review, your Company has constituted the CSR Committee pursuant to section 135 of the Companies Act 2013, with effect from 27th April, 2016. The composition of the CSR Committee is in alignment with provisions of Section 135 of the Companies Act, 2013, as follows:

1	Ms. Vibha P. Rishi	Independent Director	Chairman
2	Mr. Harshavardhan M. Chitale	Managing Director	Member
3	Mr. P. Uma Shankar	Independent Director	Member

Mr. Nitin Mittal acts as Secretary to the Committee.

The Committee was setup to oversee the corporate social responsibility activities for the consideration and recommendation of the Committe. The Committee adopted a Corporate Social Responsibility (CSR) Policy and its Charter to discharge the role of Corporate Social Responsibility Committee as envisaged under Section 135 of the Companies Act, 2013 which includes formulating and recommending to the Board the activities to be undertaken by the Company as per Schedule VII to the Companies Act, 2013 and the amount of expenditure to be incurred on the same.

The CSR Policy along with its Charter has been placed on the website of your Company and can be accessed through the following link:

(http://images.philips.com/is/content/PhilipsConsumer/PDFDownloads/India/ODLI20160909_001-UPD-co_IN-CSR-Policy-of%20-Philips-Lighting-India-Ltd-including-its-Charter.pdf)

Your Company was engaged in Corporate Social Responsibility (CSR) initiatives in various fields, during the year 2016-17, the details of which are set out in Annual Corporate Social Responsibility report attached as Annexure III to the Board's report.

For the details of the number and dates of meetings of the Committee held during the financial year indicating the number of Meetings attended by each member thereof, please refer to the Annexure II, which forms part of this Report.

15.3.STAKEHOLDERS RELATIONSHIP COMMITTEE:

During the year under the review, the Stakeholders Relationship Committee was set by the Board of Directors in its meeting held on 27th April, 2016 under the provisions of section 178 of the Companies Act 2013.

The Committee was re-constituted on 21st June, 2017, during the current financial year, on appointment of Mr. Rothin Bhattacharyya in place of Mr. Bidhu Bhusan Mohanty and presently consists of the following members:

1	Mr. Vinayak K. Deshpande	Independent Director	Chairman
2	Mr. Bidhu Bhusan Mohanty*	Whole-time Director	Member
3	Mr. Harshavardhan M. Chitale	Managing Director	Member
4	Mr. Murali Sivaraman	Director	Member
5	Mr. Rothin Bhattacharyya**	Whole-time Director	Member

**Mr. Mohanty has resigned w.e.f. 30th June, 2017.*

***Mr. Bhattacharyya is appointed w.e.f. 1st July, 2017.*

Mr. Nitin Mittal acts as Secretary to the Committee.

The Stakeholders Relationship Committee adopted a Stakeholders Relationship Charter. The Committee oversees, inter-alia, redressal of shareholder and investor grievances related matters.

For the details of the number and dates of meetings of the Committee held during the financial year indicating the number of Meetings attended by each member thereof, please refer to the Annexure II, which forms part of this Report.

15.4.NOMINATION AND REMUNERATION COMMITTEE:

During the year under review, the Nomination and Remuneration Committee was constituted by the Board of Directors at its meeting held on 27th April, 2016 as per section 178 of the Companies Act, 2013, read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Committee comprises the following members:

1	Ms. Vibha Paul Rishi	Independent Director	Chairman
2	Mr. Harshavardhan M. Chitale	Managing Director	Member
3	Mr. Murali Sivaraman	Director	Member
4	Mr. P. Uma Shankar	Independent Director	Member
5	Mr. Vinayak K. Deshpande	Independent Director	Member

Mr. Nitin Mittal acts as Secretary to the Committee.

The Nomination and Remuneration Committee has adopted a Nomination and Remuneration Committee Charter during the year under review, which was also approved by the Board. The role of the Committee is governed by its Charter and its composition is in compliance with the provisions of Section 178 of the Companies Act, 2013.

The broad objectives of the Committee as per the Charter are as under:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.

- Formulation of criteria for evaluation of Independent Director and the Board.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To assist the Board in fulfilling responsibilities.
- To implement and monitor policies and processes regarding principles of corporate governance.

The Nomination and Remuneration Policy for appointment and removal of Director, KMP and Senior Management provides that the Committee shall identify and ascertain the ethical standards of integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment. It further provides the criteria for appointment and remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013.

A Policy for remunerating the Directors/ KMPs/ Senior Management Personnel was also set up, which provides the level and composition of remuneration to be paid to the Managing Director, Whole-Time Director(s), Non-Executive Director(s), KMP's, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMP's, Senior Management and other employees of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Nomination and Remuneration Committee has also formulated a "Policy for Evaluation of the Performance of the Board of Directors", to formally evaluate the effectiveness of the Board, its Committees along with performance evaluation of each Director to be carried out on an annual basis.

For the details of the number and dates of meetings of the Committee held during the financial year indicating the number of Meetings attended by each member thereof, please refer to the Annexure II, which forms part of this Report.

15.5.BANKING AND OTHER OPERATIONS COMMITTEE:

During the year under review, your Company has constituted the Banking and Other Operations Committee with effect from 27th April, 2016, for taking certain decisions on behalf of the Board, other than those which are specifically reserved to be approved by the Board under the Companies Act, 2013 or any other applicable law, during the intervening period between two Board Meetings on the routine matters and also matters on which decisions were required to be made urgently.

The Committee was re-constituted on 21st June, 2017, during the current financial year, on appointment of Mr. Rothin Bhattacharyya and Mr. Sukanto Aich in place of Mr. Bidhu Bhusan Mohanty and presently consists of the following members:

1	Mr. Harshavardhan M. Chitale	Managing Director	Chairman
2	Mr. Bidhu Bhusan Mohanty*	Whole-time Director	Member
3	Mr. Rothin Bhattacharyya**	Whole-time Director	Member
4	Mr. Sukanto Aich**	Whole-time Director	Member

**Mr. Mohanty has resigned w.e.f. 30th June, 2017.*

***Mr. Bhattacharyya and Mr. Aich are appointed w.e.f. 1st July, 2017.*

Mr. Nitin Mittal acts as Secretary to the Committee.

The broad terms of reference of the Banking and Other Operations Committee include opening and closure of bank account(s), issuance of instructions to the Bankers, granting and cancellation of the Power of Attorney, granting authorizations of execute any documents or appear or represent on behalf of the Company before any authority/court/tribunal under direct and indirect tax, civil, criminal laws and other applicable laws on the Company, granting authorization to execute documents pertaining to tenders, leave & license and other relevant agreements, approving the transfer, transmission of shares, dematerialization of shares, rematerialization of shares, issuance of duplicate share certificate(s), split, consolidation of share(s) and other matters related thereto and any other matter which the Committee deems fit and which is not reserved to be approved by the Board under the Companies Act, 2013 or any other applicable law.

For the details of the number and dates of meetings of the Committee held during the financial year indicating the number of Meetings attended by each member thereof, please refer to the Annexure II, which forms part of this Report.

16. VIGIL MECHANISM:

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a Vigil Mechanism/Whistle Blower Policy which is in compliance with the provisions of Section 177 of the Companies Act, 2013.

Your Company has established a proper mechanism, under the above Policy, for directors and employees to report genuine concern. A disclosure should be made in writing or can log a complaint on GBP Hotline number. Letters can be submitted by hand, courier, or by post, addressed or Email to the GBP Compliance Officer/Investigation Officer appointed by Philips Lighting. All reported violations whether actual or potential are reviewed by the Country Compliance Officer. He reports all violations to the Philips Fraud Investigation and Compliance Service Committee (FICS) team and depending upon the severity of the allegation it may be decided to engage investigator in investigating the complaint.

Any kind of complaint may also be submitted directly to the Chairperson of the Audit Committee of Philips Lighting India Limited at his email ID.

The Whistle Blower Policy is also available on your Company's website (www.lighting.philips.co.in).

17. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company's CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended 31st March, 2017, in accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as Annexure III.

18. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:

Your Company is committed to ensure that its operations are carried out within a well-defined internal control framework. Good governance, robust systems and processes, a vigilant finance function and an independent Internal Audit function are the foundations of the internal control systems. Your Company has the Audit Committee in place and the Audit Committee devises robust Internal Control System and Enterprise Risk Management for the Company.

Through our internal audit processes at all levels, both the adequacy and effectiveness of internal controls across various businesses and compliance with laid-down systems and policies are being regularly monitored. A trained internal audit team is periodically validating the major IT-enabled business applications for their integration, control and quality of functionality.

19. HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

As we establish ourselves as a standalone company, we had the distinct opportunity to define who we are as Philips Lighting - what makes us special and differentiates us from our competitors. Your company, therefore launched the Philips Lighting purpose and value statement highlighting what differentiates us as an organization. The objective of the Philips Lighting purpose and value statement is to provide all employees with a common direction about why the organization exists, what we value, and how we work. Our new purpose and values are guidelines to live by, empowering and inclusive, that will help drive our success in a fast changing, dynamic environment. The values as defined in the statement are:

a) Customer First: We partner with our external customers, they are at the center of what we do

b) Greater Together: We collaborate across teams to build on our strengths and diversity, and work towards our shared goal

c) Game Changer: We innovate to set ourselves apart and continue to lead in the market

d) Passion for Results: We work smarter and faster to deliver excellence

Our organizational values underpin all our HR practices and processes across the four core pillars of HR namely - Talent Acquisition, Learning & Talent Development, Total Rewards and Industrial & Employee relations. This year, there has been a continued focus on offering innovative programs and solutions to employees across the four core pillars.

As we marched towards becoming an independent company, your company rolled out its Employee Value Proposition highlighting what differentiates as an employer. The primary objective of this proposition is to build high brand recall amongst critical talent segments. To further our brand building initiatives, your company actively used the social and launched the Life @ Philips Lighting page on Facebook and Life @ Lighting India account on Twitter. Your company also actively engaged with Premiere B-Schools through our Leadership Programs for New Hires – Business Leadership Program (BLP). We continued with the 3rd year of Back in the Game (BIG) program – an opportunity to provide a second chance to women on sabbatical to come back to the mainstream work. We also encouraged our internal talent to take on diverse and bigger roles in both domestic and international markets through our internal marketplace called Opportunity Knocks. The most effective and efficient way to hire the right talent externally has been through Employee Referrals. Therefore, to further enhance this experience, we relaunched our referral program with a new communications campaign, Get the Glow.

Your company's talent process focuses on identifying future leaders, creating structured development journeys and ensuring the right leaders are available to deliver the business agenda. This was done through Organization Talent reviews focused on building strong succession health. The process was facilitated through cross functional 'Talent Councils' for Innovation and Operations to drive talent movements and review capability requirements, identify gaps and recommend development interventions. An example was the India Innovation Hackathon event intended to foster collaboration across Lighting Innovation teams and leverage on bottom up idea pool that resulted in close to 100 participants, 54 ideas, 11 of which will be sponsored by the management team. Also, your company has been a great exporter of talent with more than 15 global movements across Sales & Marketing, Supply Chain, and Business Transformation.

In addition to being a product champion, your company is evolving to become a leader in the space in providing lighting solutions covering products, systems and services across different industry verticals . Therefore, to stay ahead of our competition it is imperative that we continue to focus on building winning capabilities and strong leadership pipeline which is also the mainstay of our learning and talent management strategy. To build capability, your company launched the 'Fit for Future' initiative to focus on building winning capabilities (both technical and behavioral) across key job families Professional Sales, Marketing, Supply chain and Innovation & Development. The intervention maximizes learning through a robust framework comprising of learning on the job (70%), learning from others (20%) and through defined training interventions (10%). A number of leader led learning initiatives included Customer Focused Selling, Right Value Proposition and Legal & Contracting were organized to ensure that the teams are adequately equipped to perform and succeed in their roles. Your company also launched the P&L Workshop for the Sales team with the aim of building stronger business acumen.

Another major focus area this year was to build people manager capability across the organization. With inputs and discussions with Senior Leaders, Focused Group discussions with people managers like RSMs and ASMs and team members, a 5 month structured learning journey was designed known as Catalyst – Developing our Change Leaders program to building our future leaders, capable of meeting tomorrow's business challenges. The key elements of the intervention include face to face workshops, action learning projects and virtual development centers. The program has received outstanding learner engagement score.

Moreover, with changing demographics and large field salesforce, to build a stronger learning culture we have socialized learning through the introduction of platforms like learning on-the-go through Harvard Manage Mentor (on mobile) and IBM Connections - global communities of practice. Further, to enhance the sales team's product knowledge, your company introduced mPower, a mobile app based sales capability building program. With this interactive app, the sales team can now access product information and Philips Lightielling story' on the go. The tool has also been extended to Channel Partners and their Sales teams. It is a matter of great pride that the mPower mobile app was ranked amongst the Top 3 Best in Redefining Technology in Learning applications in the People Matters - Learning & Development League Awards 2016 competing against more than 270 applications from 180 unique organizations..

. Building a culture of recognition was another focus area to engage and motivate employees. Your company launched its flagship recognition policy 'Light-Up' executed through an online platform. The policy focuses on acknowledging and rewarding employees who deliver superior performance while demonstrating Philips Lighting's values and business principles in their way of working. Your Company also launched the 'Long Service Awards' policy to recognize the loyalty and commitment shown by employees over the years. Salary review cycles & benefits awareness sessions continue as usual.

Our journey in digitalization of the HR function continues on track and, HR workday is one such initiative. Workday will be the single source of all employee related data and further enhance process efficiency and cost optimization in HR.

Your company's manufacturing facilities enjoy healthy and cordial Industrial Relations across both the sites, namely Mohali Light Factory (MLF) & Vadodara Light Factory (VLF), and significant productivity improvements were achieved through the assimilation of Lean Philosophy at both the sites. This was brought about through the incorporation of continuous improvement behavior at shop-floor through planned interventions.

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

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

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

21. ENVIRONMENT, ENERGY, OCCUPATIONAL HEALTH & SAFETY:

The Company's Mohali Light Factory (MLF) has been actively involved in implementing various activities to improve environment. Total waste generated was recycled. E-waste generated is disposed through authorized TSDF. Many energy saving projects were undertaken as per energy detail sheet. 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. National safety Day and World environment day is celebrated every year to spread awareness on EHS inside the factory.

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

However, we regret to report one fatality at our VLF plant, where a contract worker died due to injuries sustained. Thorough investigation and root cause analyses was conducted. Corrective actions have since been implemented.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The particulars of loans given, investments made, guarantees given and securities provided, if any, covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements, which form part of the Company's Annual Report.

23. RELATED PARTY TRANSACTIONS:

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

24. STATEMENT OF RISK MANAGEMENT:

Risk management forms an integral part of the business planning and review cycle. The Company's risk management initiatives are designed to overview the main risks known to your Company, which could hinder it in achieving its strategic and financial business objectives. The objectives are met by integrating management control into the daily operations, by ensuring compliance with legal requirements and by safeguarding the integrity of the Company's financial reporting and its related disclosures like businesses, objectives, revenues, income, assets, liquidity or capital resources. Your Company's risk management approach is embedded in the areas of corporate governance, Philips Business Control Framework and Philips General Business Principles.

25. DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge confirm that:-

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation 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 at the end of the financial year and of the profit and loss of the company for that period;

(iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) The directors have prepared the annual accounts on a going concern basis;

(v) The directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

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

26. STATUTORY AUDITORS:

The Statutory Auditors, M/s SR Batliboi & Co LLP, Chartered Accountants (Firm Registration No. 301003E/E300005), were appointed pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013 and the Rules made thereunder from the conclusion of the 1st Annual General Meeting upto the conclusion of the Sixth Annual General Meeting to be held after the 1st Annual General Meeting. This year's notice includes a proposal for ratification of such appointment.

27. COST AUDITORS:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, your Directors have approved the re-appointment of M/s Ravi Sahni & Co., Cost Accountants, having FRN 100193, to conduct the Cost Audit for the year ending March 31, 2018, at a remuneration of ₹ 4,15,000/- (Rupees Four Fifteen Thousand Only) plus applicable tax and out of pocket expenses, subject to the approval of such remuneration by the Members of the Company at the ensuing Annual General Meeting.

28. SECRETARIAL AUDITORS' QUALIFICATION:

The Secretarial Audit was carried out by M/s PI & Associates, Company Secretaries for the financial year ended on 31st March, 2017. The Report given by the Secretarial Auditors is annexed as Annexure VI and forms integral part of this Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Secretarial Auditors had not reported any matter under section 204(3) of the Act read with section 134(3)(f) of the Act and under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) of the Act.

29. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS:

There is no qualification, reservation or adverse remarks or disclaimers made by the Auditors in their reports.

30. PREVENTION, PROHIBITION AND REDRESSAL AGAINST HARASSMENT OF WOMEN EMPLOYMENT:

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

The procedure followed by the Committee is as follows - If any incident of sexual harassment occurs, a written complaint is to be filed by the complainant with the respective Core/Internal Complaint Redressal Committee or with the Employer within 30 days from the date of incident, along with its supporting documents and details of the witnesses and evidences. The same will be reported to the Country Compliance Officer. A copy of the same is forwarded to the respondent within 7 days. The respondent is required to file his reply, along with supporting documents and details of witnesses in the next 10 days.

The Committee attempts to reconcile the written request of the victim or proceed with the inquiry, which is to be completed within 90 days. The inquiry report is issued within 10 days from completion of the inquiry and forwarded to the India Management Team. If the India Management Team is satisfied with the findings of the Committee, appropriate action is taken on the lines of issuing a warning or stern warning or even termination of service, within 60 days from the date of receipt of the inquiry report. Necessary face to face trainings and online courses are provided to all employees.

During the year under review no case of any sexual harassment complaint was received and there is no pending case.

ACKNOWLEDGMENT:

Your Directors place on record their deep appreciation of the assistance and guidance provided by the Central Government and the Governments of the States of India, its suppliers, technology providers and all other stakeholders. Your Directors also appreciate the contribution made by the employees of your Company at all levels.

Your Directors thank the financial institutions and banks associated with your Company for their support as well. Your Directors also thank the Company's dealers and its customers for their unstinted commitment and valuable inputs.

Your Directors acknowledge the support received from you as shareholders of the Company.

For and on behalf of the Board of Directors of
PHILIPS LIGHTING INDIA LIMITED

	HARSHAVARDHAN M. CHITALE	**BIDHU B. MOHANTY**
Place: Gurgaon	Managing Director & CEO	Whole-time Director & CFO
Date: 21st June, 2017	(DIN: 00040221)	(DIN: 07017960)

ANNEXURE - I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2017

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:

1.	CIN	U74900WB2015PLC206100
2.	Registration Date	22/04/2015
3.	Name of the Company	PHILIPS LIGHTING INDIA LIMITED
4.	Category/Sub-category of the Company	Public Company / Subsidiary of Foreign Company limited by shares
5.	Address of the Registered office & contact details	Mangalam Business Center, Block B, 6th Floor, 22, Camac Street, Kolkata – 700016, West Bengal Tel: 033-66297000, www.lighting.philips.co.in
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower-B, Plot no.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032. Toll Free number: 18 00 3454 001 Telephone number: +91 040-67162222, Fax number:+91 040-23420814, Email: einward.ris@karvy.com (Karvy Computershare Private Limited was appointed as RTA of the Company in place of Sharepro Services (India) Pvt. Ltd. w.e.f. 1st July, 2016)

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Lighting	2740	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/Ass.	% Share held	Applicable section
1.	Philips Lighting Holding B.V. * High Tech Compus 5, 5656 AE Eindhoven, the Netherlands	N.A.	Holding	96.13	2(46)

**Note: Koninklijke Philips N.V. had transferred all equity shares to Philips Lighting Holding B.V. on 27th April, 2016.*

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% 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	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2) Foreign									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	55,290,242	55,290,242	96.13	-	55,290,242	55,290,242	96.13	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	**-**	**55,290,242**	**55,290,242**	**96.13**	**-**	**55,290,242**	**55,290,242**	**96.13**	**0.00**
Total shareholding of Promoter (A)=(A)(1)+ (A)(2)	**-**	**55,290,242**	**55,290,242**	**96.13**	**-**	**55,290,242**	**55,290,242**	**96.13**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	3,058	3,058	0.01	-	2,293	2,293	0.00	0.00
b) Banks / FI	8,623	2,346	10,969	0.02	2,274	8,695	10,969	0.02	0.00
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-

h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**8,623**	**5,404**	**14,027**	**0.02**	**2,274**	**10,988**	**13,262**	**0.02**	**0.00**
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	36,648	12,351	48,999	0.09	36,258	13,605	49,863	0.09	0.00
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	718,920	1,239,890	1,958,810	3.41	738,291	1,231,417	1,969,708	3.42	0.02
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	144,077	-	144,077	0.25	132723	-	132,723	0.23	(0.02)
c) Others (specify)- Trust+NBFC	17,731	-	17,731	0.03	17,808	-	17,808	0.03	0.00
Foreign Nationals	-	-	-	-	21	-	21	0.00	0.00
NRI (REP)	15,672	11,884	27,556	0.05	14,165	11,884	26,049	0.05	0.00
NRI (NON-REP)	15,700	100	15,800	0.03	16,464	1,102	17,566	0.03	0.00
Sub-total (B)(2):-	**948,748**	**1,264,225**	**2,212,973**	**3.85**	**955,730**	**1,258,008**	**2,213,738**	**3.85**	**-**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**957,371**	**1,269,629**	**2,227,000**	**3.87**	**958,004**	**1,268,996**	**2,227,000**	**3.87**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**957,371**	**56,559,871**	**57,517,242**	**100**	**958,004**	**56,559,238**	**57,517,242**	**100**	**-**

ii) **Shareholding Of Promoters-**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Koninklijke Philips N.V.	55,290, 182	96.13	-	-	-	-	(96.13)
2	Philips Radio B.V.	60	0.00	-	-	-	-	(0.00)
3	Philips Lighting Holding B.V.				55,290,242	96.13	-	96.13
	TOTAL	**55,290,242**	**96.13**	**-**	**55,290,242**	**96.13**	**-**	**-**

iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	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	Koninklijke Philips N.V.				
	At the beginning of the year	55,290,182	96.13	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	55,290, 182 equity shares were transferred to Philips Lighting Holding B.V. on 27th April, 2016.			
	At the end of the year	0.00	0.00	-	-
2	Philips Radio B.V.				
	At the beginning of the year	60	0.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	60 equity shares were transferred to Philips Lighting Holding B.V. on 27th April, 2016.			
	At the end of the year	0.00	0.00	-	-
3	Philips Lighting Holding B.V.				
	At the beginning of the year	0.00	0.00	55,290,242	96.13
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Koninklijke Philips N.V. and Philips Radio B.V. have transferred 55,290,182 and 60 equity shares respectively to Philips Lighting Holding B.V. on 27th April, 2016.			
	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):**

S.N.	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**PAYAL BHANSHALI**				
	At the beginning of the year	54,700	0.10	54,700	0.10
	Bought during the year	-	-	54,700	0.10
	Sold during the year	-	-	54,700	0.10
	At the end of the year	54,700	0.10	54,700	0.10
2	**VALLABH ROOPCHAND BHANSHALI**				
	At the beginning of the year	27,350	0.05	27,350	0.05
	Bought during the year	-	-	27,350	0.05
	Sold during the year	-	-	27,350	0.05
	At the end of the year	27,350	0.05	27,350	0.05
3	**AJAY KUMAR**				
	At the beginning of the year	10,836	0.02	10,836	0.02
	Bought during the year	3,961	0.01	14,797	0.03
	Sold during the year	-	-	14,797	0.03
	At the end of the year	14,797	0.03	14,797	0.03
4	**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
5	**PUNIT KUMAR**				
	At the beginning of the year	12,000	0.02	12,000	0.02
	Bought during the year	-	-	12,000	0.02
	Sold during the year	-	-	12,000	0.02
	At the end of the year	12,000	0.02	12,000	0.02
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	**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
8	**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
9	**YOGESH RASIKLAL DOSHI**				
	At the beginning of the year	4,249	0.01	4,249	0.01
	Bought during the year	5,350	0.01	9,599	0.02
	Sold during the year	-	-	9,599	0.02
	At the end of the year	9,599	0.02	9,599	0.02
10	**SUSHILA NAYYAR**				
	At the beginning of the year	9,300	0.02	9,300	0.02
	Bought during the year	-	-	9,300	0.02
	Sold during the year	-	-	9,300	0.02
	At the end of the year	9,300	0.02	9,300	0.02

v) Shareholding of Directors and Key Managerial Personnel: Not Applicable

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding		Cumulative Shareholding 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	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

V) **INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

(Amount in ₹ Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year#				
i) Principal Amount	73.74	-	-	73.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**73.74**	**-**	**-**	**73.74**
Change in Indebtedness during the financial year				
* Addition	41.16	-	-	41.16
* Reduction	45.39	-	-	45.39
Net Change	(4.23)	-	-	(4.23)
Indebtedness at the end of the financial year				
i) Principal Amount	69.51	-	-	69.51
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**69.51**	**-**	**-**	**69.51**

VI) **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. **Remuneration to Managing Director, Whole-time Directors and/or Manager :**

(Amount in ₹Million)

SN.	Particulars of Remuneration	Name of MD /WTD/ Manager		Total Amount
		Harshavardhan M. Chitale (MD)	Bidhu B. Mohanty (WTD)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36.44	9.83	46.27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.51	0.51
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	8.34	2.47	10.81
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-
5	**Others, please specify**	**-**	**-**	**-**
	Total (A)	**44.78**	**12.81**	**57.59**
	Ceiling as per the Act (10%)			**253.42**

B. Remuneration to other directors:

(Amount in ₹Million)

SN.	Particulars of Remuneration	P. Uma Shankar (ID)	Vibha Paul Rishi (ID)	Vinayak K. Deshpande (ID)	Murali Sivaraman (Director)	Total Amount
1	**Independent Directors**					
	Fee for attending board committee meetings	0.55	0.42	0.52	-	1.50
	Commission	1.40	1.40	1.40	-	4.20
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	**Other Non-Executive Directors**					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	1.95	1,82	1.92	-	5.7
	Total Managerial Remuneration (A+B)					63.29
	Overall Ceiling as per the Act(10% as per above + 1%)					278.76

Note: 'ID' refers to Independent Director.

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

(Amount in ₹Million)

SN	Particulars of Remuneration	Key Managerial Personnel			
		Harshavardhan M. Chitale (CEO)	**Bidhu Bhusan Mohanty (CFO)**	**Nitin Mittal (Company Secretary)**	**Total**
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			5.27	5.27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			0.03	0.03
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Information is disclosed in Point A above and forms part of the same.			
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify…				
5	Others, please specify				
	Total			5.30	5.30

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors of
PHILIPS LIGHTING INDIA LIMITED

Place: Gurgaon
Date: 21st June, 2017

HARSHAVARDHAN M. CHITALE
Managing Director & CEO
(DIN: 00040221)

BIDHU B. MOHANTY
Whole-time Director & CFO
(DIN: 07017960)

Annexure - II

Number and dates of Meetings of the Board and Committees held during the financial year indicating the number of Meetings attended by each Director.

Board of Directors:

During the financial year 2016-17, 7 (seven) meetings of the Board of Directors were held on 15th April, 2016, 27th April, 2016, 20th June, 2016, 18th August, 2016, 17th October, 2016, 19th December, 2016 and 7th March, 2017.

Name of the Directors	Attendance at the Board meetings		Attendance at last AGM
	No. of Meetings which Director was entitled to attend	No. of Meetings attended	
Mr. Murali Sivaraman	6	6	Yes
Mr. Harshavardhan Madhav Chitale	7	7	Yes
Mr. Bidhu Bhusan Mohanty	7	7	Yes
Mr. P. Uma Shankar	6	5	Yes
Ms. Vibha Rishi Paul	6	5	No
Mr. Vinayak K. Deshpande	6	5	Yes
Mr. Rajiv Mathur*	2	1	N.A.

*Mr. Rajiv Mathur has resigned on 27th April, 2016.

Audit Committee:

During the financial year 2016-17, 5 (five) meetings of the Audit Committee were held on 17th August, 2016, 17th October, 2016, 19th December, 2016, 17th February, 2017 and 7th March, 2017.

Name of members	Nature of membership	Attendance at the Audit Committee meetings	
		No. of Meetings which Director was entitled to attend	No. of Meetings attended
Mr. P. Uma Shankar	Chairman	5	5
Mr. Murali Sivaraman	Member	5	5
Mr. Vinayak K. Deshpande	Member	5	5

Nomination and Remuneration Committee:

During the financial year 2016-17, 5 (five) meetings of the Nomination and Remuneration Committee were held on 27th April, 2016, 18th August, 2016, 17th October, 2016, 3rd March, 2017 and 7th March, 2017.

Name of members	Nature of membership	Attendance at the NRC meetings	
		No. of Meetings which Director was entitled to attend	No. of Meetings attended
Ms. Vibha Rishi Paul	Chairperson	5	5
Mr. Harshavardhan Madhav Chitale	Member	5	5
Mr. P. Uma Shankar	Member	5	5
Mr. Murali Sivaraman	Member	5	5
Mr. Vinayak K. Deshpande	Member	5	5

Corporate Social Responsibility Committee:

During the financial year 2016-17, 2 (two) meetings of the Corporate Social Responsibility Committee were held on 17th August, 2016 and 7th March, 2017.

Name of members	Nature of membership	Attendance at the CSR Committee meetings	
		No. of Meetings which Director was entitled to attend	No. of Meetings attended
Ms. Vibha Rishi Paul	Chairperson	2	2
Mr. P. Uma Shankar	Member	2	2
Mr. Harshavardhan Madhav Chitale	Member	2	2

Stakeholders Relationship Committee:

During the financial year 2016-17, 1 (one) meetings of the Stakeholders Relationship Committee was held on 17th August, 2016.

Name of members	Nature of membership	Attendance at the SRC meetings	
		No. of Meetings which Director was entitled to attend	No. of Meetings attended
Mr. Vinayak K. Deshpande	Chairman	1	1
Mr. Bidhu Bhusan Mohanty	Member	1	1
Mr. Harshavardhan Madhav Chitale	Member	1	1
Mr. Murali Sivaraman	Member	1	1

Banking and Other Operations Committee:

During the financial year 2016-17, 21 (twenty one) meetings of the Banking and Other Operations Committee were held on 27th April, 2016, 28th April, 2016, 27th May, 2016, 6th June, 2016, 27th June, 2016, 20th July, 2016, 16th August, 2016, 14th September, 2016, 30th September, 2016, 14th October, 2016, 28th October, 2016, 15th November, 2016, 30th November, 2016, 15th December, 2016, 29th December, 2016, 13th January, 2017, 30th January, 2017, 15th February, 2017, 28th February, 2017, 14th March, 2017 and 31st March, 2017.

Name of members	Nature of membership	Attendance at the Board meetings	
		No. of Meetings which Director was entitled to attend	No. of Meetings attended
Mr. Harshavardhan Madhav Chitale	Chairman	21	21
Mr. Bidhu Bhusan Mohanty	Member	21	21

ANNEXURE-III

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2015 read with Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

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

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

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

In terms of the mandate of the CSR Committee and being a Lighting Company, the focus of CSR programs of the Company has been to unlock the extraordinary potential of light for brighter lives and a better world, by providing underprivileged sections of the society access to renewable solar lighting and enhance employability of rural youth through skill development. The Company has started its separate CSR chapter beginning this year, being the first year for the company as an independent company focused on lighting. These activities included contribution to NSDC certified vocational training institutions that focused on upgrading skills of 1,300 students from Helper to assistant electricians. The program was conducted across 38 centres in 9 states in India.

The Company also focused on increasing awareness about energy efficiency and energy conservation amongst school students and conducted workshops across urban and rural schools reaching more than 600 students.

2. **The Composition of the CSR Committee:**

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

The Corporate Social Responsibility Committee presently comprises of the following members:

1	Ms. Vibha P. Rishi	Chairman
2	Mr. Harshavardhan M. Chitale	Member
3	Mr. P. Uma Shankar	Member

During the year, the Committee met two times, the detail of the same is provided in Annexure-II of the Directors' Report.

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

(Amount in ₹ Million)

Financial year	**Net Profit Before Tax**
2015-16	67.00

The Company being newly incorporated on 22nd April, 2015, is having only one previous year as financial year. Accordingly, the Company can consider only one year profit for expenditure purpose.

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

2% of Average Profit calculated above in item no. 3 – ₹ 13,400,000/-

Since the company has not been in existence for at least 3 financial years, the calculation of 2% of profit for last financial year has been done on voluntary basis.

5. **Details of CSR spent during the financial year.**

(a) Total amount to be spent for the financial year(on voluntary basis)- ₹13,400,000/-

(b) Amount unspent , if any- ₹5,011,100/-

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

(1) S. No.	(2) CSR Projects or activity identified	(3) Sector in which the project is covered	(4) Projects or programs Local Area or other Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub-heads: Direct Expenditure on projects or programs Overheads	(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
1	Program with Don Bosco Tech Society for Skill Development of 1,300 electricians, upgrading their skills from helper electrician to assistant electrician (as per NSDC Skill levels) through their training centers.	Skill development of youth	The project was implemented through 38 centers of Don Bosco Tech Society spread across 9 states.	₹8.39 Million for period April 1, 2016 to March 31, 2017	₹8.39 Million was spent directly on the activities forming part of the Project, which were managed by Don Bosco Tech Society, training partner which partnered the Company in the project.	₹8.39 Million	The payment of a total amount of ₹8.39 Million were made by the Company to Don Bosco Tech Society for conducting the trainings for students.

*Give details of implementing agency: Implementing agency is Don Bosco Tech Society.

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:**

Inspite of being a new company incorporated on 22nd April, 2015, the Company voluntary agreed to spend an amount of ₹13.40 Million towards CSR activities. The Company spent an amount of ₹ 8.39 Million on the Projects and related activities, as detailed above. Therefore, an amount of ₹ 5.01 Million remained unspent during the year.

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

The CSR Committee of the Company was formed only on 27th April, 2016 post the demerger of lighting business into the company from Philips India Limited w.e.f. 1st February, 2016. The CSR policy of the company was then subsequently finalized only in August, 2016 and since the process of identifying suitable projects and partners took longer lead time, the whole amount could not be spent in the remaining 7 months of the year.

The Company had also considered other options to spend the remaining funds from the CSR corpus like contribution to Prime Minister's Relief Fund. However, to enable optimal utilization of funds for the identified causes, it was decided to preserve the funds and endeavor to use the same in the next financial year for the identified causes/ programs. The Company shall endeavor to spend the unspent amount from CSR corpus for the present financial year, in later years, after the funds earmarked for the said year have been utilized.

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

For PHILIPS LIGHTING INDIA LIMITED

HARSHAVARDHAN M. CHITALE
Managing Director & CEO
Member- CSR Committee
(DIN: 00040221)

VIBHA PAUL RISHI
Independent Director
Chairperson- CSR Committee
(DIN: 05180796)

Place: Gurgaon
Date: 21st June, 2017

Annexure - IV

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 2017.

A. ENERGY CONSERVATION

The following measures were implemented during the Financial Year ending on 31st March, 2017:

1. Steps taken or impact on conservation of energy

a) Reduction of molten glass to save energy.

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

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

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

e) Replacement of conventional lights with LED at basement.

f) Reduction of compressed air consumption at VTL & Glass Plant.

g) Purchase of electricity through Short Term Open Access (STOA) from India Energy Exchange resulting in saving of electricity cost.

h) Electrical Energy saving in Vacuum pump in Engine House.

i) Energy Load reduction in phases to reduce fixed component in electricity cost.

j) Addition of insulation by 50 mm at CFL pump oven.

k) Basement area lighting automated with door.

l) Cooling tower fan & pump size optimized.

m) Combined two QA labs at one location.

n) New design strips installed on CFL Sintering m/c.

o) Insulation provided for Hot water & Caustic tank.

p) Factory area street light converted to LED (32 nos. fittings).

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

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

3. The Capital Investment on energy conservation on equipment's

The Company has invested ₹ 18.60 million during this year on Capex for energy saving equipment's.

B. RESEARCH & DEVELOPMENT (R & D)

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

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

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. **Benefits derived as a result of above efforts**

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

3. **Future plan of action**

Continue to engage in design & development of new generation Energy efficient and environment friendly lighting solution.

4. **Expenditure incurred on R&D**

(₹ in Million)

Particulars	2016-17	2015-16
A Capital Expenditure	23.36	1.51
B Net Revenue Expenditure	320.42	43.34
TOTAL	**343.78**	**44.85**

The Company is incurring substantial amount of technical royalty (around 2.5% of revenue) to its parent company, which is investing in new technologies, products, service segments which is then leveraged by the company for sale in the Indian market through its diverse new product and service offerings.

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

i) **Efforts made towards technology absorption, adoption and innovation**

Imbibing a strong capability in connected lighting/system & services, adding features related to customer interface and connectivity.

ii) **Benefits derived as a result of above efforts**

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

D. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year total inflow in foreign exchange was ₹ 2,395.05 Million and total outflows in foreign exchange was ₹ 6,057.02Million.

Annexure - V

Form No. AOC-2

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

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

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

   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2017, which were not on an arm`s length basis.

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

Name(s) of the related party & Nature of Relationship	Nature of contracts arrangement/ transactions:	Duration of the contracts/ arrangements/ transactions:	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board:	Amount Paid as Advances, if Any	Value of Transactions during the Year Ended March 31, 2017 (₹Million)
Lumileds LLC Fellow Subsidiary Company	Purchase of Raw Material and Stock-in -trade	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	291.60
Philips Lighting B.V. Fellow Subsidiary Company	Purchase of IT Services	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	348.84
Philips Lighting B.V. Fellow Subsidiary Company	Purchase of Raw Material and Stock-in -trade	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	407.25
Philips Lighting B.V. Fellow Subsidiary Company	Sale of products	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	201.88
Philips Lighting B.V. Fellow Subsidiary Company	Sale of Services	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	1,044.52
Philips Lighting B.V. Fellow Subsidiary Company	Technical Royalty	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	396.59

Philips Lighting Holding B.V. Holding Company	Management Support Services	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	1,336.77
Philips Lighting Hong Kong Ltd Fellow Subsidiary Company	Purchase of Raw Material and Stock-in -trade	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	1,267.03
Philips Lighting Hong Kong Ltd Fellow Subsidiary Company	Sale of products	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	886.94
Philips Lighting Hong Kong Ltd Fellow Subsidiary Company	Technical Royalty	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	446.87
Philips Lighting Poland Sp. z o.o. Fellow Subsidiary Company	Purchase of Raw Material and Stock-in -trade	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	208.60
Philips Luminaires (Chengdu) Co., Ltd. Fellow Subsidiary Company	Purchase of Raw Material and Stock-in –trade	Yearly	Based on Transfer Pricing Guidelines	Not Applicable since the contract was entered in the ordinary course of business and on arm's length basis	Not Applicable	113.32

*Please note that material transactions with related parties of value ₹ 100 Million or more have been taken into account while preparing this form. The complete list of related party transactions forms part of Notes to the financial statements, forming part of this Annual Report.

For and on behalf of the Board of Directors of
PHILIPS LIGHTING INDIA LIMITED

Place: Gurgaon
Date: 21st June, 2017

HARSHAVARDHAN M. CHITALE
Managing Director & CEO
(DIN: 00040221)

BIDHU B. MOHANTY
Whole-time Director & CFO
(DIN: 07017960)

Annexure - VI

FORM MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To,

The Members,

PHILIPS LIGHTING INDIA LIMITED

(U74900WB2015PLC206100)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Philips Lighting India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company, 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, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, the Company has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent based on the management representation letter/ confirmation, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (not applicable)

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.

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

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (not applicable)

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (not applicable)

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (not applicable)

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Guidelines, 2014; (not applicable)

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (not applicable)

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (not applicable)

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (not applicable)

vi. We have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for compliances under other following applicable Act, Laws & Regulations to the Company:-

- Central Excise Act 1944;
- 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;
- Employees State Insurance Act, 1948;
- The Entry Tax Act, 1976;
- The Professional Tax Act;
- The Legal Metrology Act, 2009;
- The Shops and Establishment Act, 1953;
- The Factories Act, 1948 / Applicable Rules;
- The Industrial Disputes Act, 1947;
- The Minimum Wages Act, 1948 / Applicable Rules;
- The Contract Labour (Regulation & Abolition) Act, 1970 / Applicable Rules;
- The Industrial Employment (Standing Orders) Act, 1946 / Applicable Rules;
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 / Applicable Rules;
- The Payment of Wages Act, 1936 / Applicable Rules;
- The Payment of Bonus Act, 1965 / Applicable Rules;
- The Payment of Gratuity Act, 1972 / Applicable Rules;
- The Equal Remuneration Act, 1976 / Applicable Rules;
- Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- Provisions of Employee State Insurance Act, 1948;
- Workmen's Compensation Act, 1923;
- Indian Contract Act, 1872;
- The Electronic Waste Act, 2003;
- Income Tax Act 1961;
- Finance Act 1994;
- Prevention of Money Laundering Act 2002;
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- And other applicable Acts and Rules.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and

(II) The Listing Agreements entered into by the Company with the Stock Exchange(s), if applicable; (not applicable)

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven (7) days 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the Company has following event (Give details of specific events/ actions having a major bearing on the Company's' affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above).

i. The Company has passed Special Resolution under Section 180 of the Companies Act, 2013 in the Annual General Meeting held on December 20, 2016 to borrow money which shall not at any time exceed the sum of ₹ 750 Crores.

For PI & Associates,
Company Secretaries

Partner

(Nitesh Latwal)
ACS No.: 32109
C P No.: 16276

Date: 10 June, 2017
Place: New Delhi

*This report is to be read with our letter of even date which is annexed as **"Annexure A"** and forms an integral part of this report.*

"Annexure A"

To,

The Members,

PHILIPS LIGHTING INDIA LIMITED

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For PI & Associates,
Company Secretaries

Partner
(Nitesh Latwal)
ACS No.: 32109
C P No.: 16276

Date: 10 June, 2017
Place: New Delhi

Independent Auditor's Report

To the Members of **Philips Lighting India Limited**

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note 40 to the standalone Ind AS financial statements;

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

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

iv. The Company has provided requisite disclosures in Note 11 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

Other Matter

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

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

per Manoj Kumar Gupta
Partner
Membership Number: 083906

Place of Signature: Gurgaon, Haryana
Date: June 21, 2017

Annexure 1 referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date Re: Philips Lighting India Limited ('the Company')

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

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

(c) According to the information and explanations given by the management and on the basis of opinion received from expert, Pursuant to the Scheme of Arrangement for Demerger under Sections 391 to 394 of the Companies Act, 1956 and 2013 amongst Philips India Limited ("Demerged Company") and Philips Lighting India Limited ("Resulting Company"), the ownership of all the immovable properties pertaining to Lighting business of the demerged company which included the land and building at Mohali & Vadodara have been transferred to and vested in the name of resulting company. However, stamp duties are pending to be adjudicated and paid to the authorities.

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

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

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

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

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

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

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

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

Name of Statue	Forum Where matter is pending	Nature of matter	Financial Year to which matter relates	Amount involved (in ₹ Million)
The Central Excise Act, 1944	High Court	Excise Related Matter	1991-1997, 1999-2000	2.5
	CESTAT	Excise Related Matter	1990-1994, 1991-1997, 1996-1998, 1996-2001, 2000-2003, 2006-2012, 2009-2014, 2014-2015	75.5
		Cenvat Credit Related	2005-2006, 2005-2010, 2006-2007, 2007-2010, 2007-2011, 2009-2010, 2010-2011	172.3
	Additional Commissioner of Central Excise	Cenvat Credit related Matter	2005-2006, 2008-2010	1.4

Name of Statue	Forum Where matter is pending	Nature of matter	Financial Year to which matter relates	Amount involved (in ₹ Million)
	Commissioner of Central Excise	Excise Related Matter	2015-16	6.7
		Cenvat Credit Related	2005-2010, 2009-2013, 2011-2014	238.9
		Search and Seizure Related	2011-2016	160.4
Income-Tax Act, 1961*	Income Tax Appellate Tribunal, New Delhi	Disallowance of software and management support service charges.	A.Y 2010-2011, 2011-2012, 2012-2013, 2013-2014	3,197

* Pursuant to Memorandum of Understanding (MOU) signed at the time of Demerger under Sections 391 to 394 of the Companies Act, 1956 and 2013 amongst Philips India Limited ("Demerged Company") and Philips Lighting India Ltd. ("Resulting Company"), above mentioned cases will be contested by Philips India Limited and the amount of Liability relating to Lighting Business, if any, upon conclusion of cases shall be Payable by Philips Lighting India Limited to Philips India Limited on the basis of agreed upon criteria mentioned under MOU (refer note 40(a)).

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government or debenture holders and repayment in the nature of loan to Government.

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

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

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

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

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

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

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

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

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

per Manoj Kumar Gupta
Partner
Membership Number: 083906

Place of Signature: Gurgaon, Haryana
Date: June 21, 2017

Annexure - 2 to the Auditor's Report

Report of even date on the standalone Ind AS financial statements of Philips Lighting India Limited ('the Company')

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

To the Members of Philips Lighting India Limited

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Manoj Kumar Gupta
Partner
Membership Number: 083906

Place of Signature: Gurgaon, Haryana
Date: June 21, 2017

Balance sheet as at 31 March 2017

(All amounts are in rupees million, unless otherwise stated)

(₹ in million)

	Notes	As at 31 March 2017	As at 31 March 2016
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,508	1,850
Capital work-in-progress	4	75	90
Financial assets			
(i) Trade receivable	5	139	146
(ii) Other non-current financial assets	6	170	134
Deferred tax assets (net)	7	711	527
Other non-current assets	8	227	206
Total non-current assets		**2,830**	**2,953**
Current assets			
Inventories	9	2,227	2,855
Financial assets			
(i) Trade receivables	10	4,036	4,530
(ii) Cash and cash equivalents	11	3,567	12
(iii) Other current financial assets	12	29	23
Current tax assets (net)	13	80	18
Other current assets	14	459	309
Total current assets		10,398	7,747
Total assets		**13,228**	**10,700**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	575	575
Other equity	16	3,700	2,680
Total equity		**4,275**	**3,255**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	17	40	42
(ii) Other non-current financial liabilities	18	34	18
Non-current provisions	19	517	567
Other non-current liabilities	20	166	118
Total non-current liabilities		**757**	**745**
Current liabilities			
Financial liabilities			
(i) Trade payables	21	5,943	4,205
(ii) Other current financial liabilities	22	449	1,115
Other current liabilities	23	1,066	644
Current provisions	24	738	736
Total current liabilities		**8,196**	**6,700**
Total liabilities		**8,953**	**7,445**
Total equity and liabilities		**13,228**	**10,700**

The accompanying notes are an integral part of these financial statements.
This is the balance sheet referred to in our report of even date.

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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Place : Gurgaon
Date : 21 June 2017

For and on behalf of Philips Lighting India Limited

Managing Director & CEO — **Harshavardhan Madhav Chitale** (DIN: 00040221)

Whole Time Director & CFO — **Bidhu Bhusan Mohanty** (DIN: 07017960)

Head of Legal and Company Secretary — **Nitin Mittal** (FCS- 7044)

Place : Gurgaon
Date : 21 June 2017

Statement of profit and loss for the year ended 31 March 2017

(All amounts are in rupees million, unless otherwise stated)

(₹ in million)

	Notes	For the year ended 31 March 2017	For the period ended 31 March 2016
Revenue			
Revenue from operations	25	33,270	5,551
Other income	26	116	10
Total income		**33,386**	**5,561**
Expenses			
Cost of materials consumed	27	1,999	402
Purchases of traded goods		18,081	3,311
Changes in inventories of finished goods and traded goods	28	637	(487)
Employee benefits expense	29	3,493	566
Finance costs	30	27	4
Depreciation, amortization and impairment	31	597	67
Other expenses	32	6,606	1,067
Total expenses		**31,440**	**4,930**
Profit before exceptional items and tax		**1,946**	**631**
Less: Exceptional items	39	559	6
Profit before tax		**1,387**	**625**
Tax expense	7		
- Current tax		617	149
- Mat credit entitlement		-	(10)
- Deferred tax		(213)	(84)
Profit for the year/ period (A)		**983**	**570**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement (gain)/loss of defined benefit plans	7	(57)	(2)
Income tax relating to remeasurement of defined benefit plans		20	1
Total other comprehensive income for the year/ period (B), Net of tax		**(37)**	**(1)**
Total comprehensive income for the year/ period (A + B)		**1,020**	**571**
Earnings per equity share (face value of ₹ 10 each)			
Basic		17.09	57.52
Diluted		17.09	57.52

The accompanying notes are an integral part of these financial statements.
This is the statement of profit and loss referred to in our report of even date.

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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Place : Gurgaon
Date : 21 June 2017

For and on behalf of Philips Lighting India Limited

Managing Director & CEO — **Harshavardhan Madhav Chitale** (DIN: 00040221)

Whole Time Director & CFO — **Bidhu Bhusan Mohanty** (DIN: 07017960)

Head of Legal and Company Secretary — **Nitin Mittal** (FCS- 7044)

Place : Gurgaon
Date : 21 June 2017

Statement of cash flows for the year ended 31 March 2017

(All amounts are in million Indian ₹, unless otherwise stated)

(₹ in million)

		For the year ended 31 March 2017	For the year ended 31 March 2016
A.	**Cash flow from operating activities**		
	Net Profit before tax	1,387	625
	Adjustment for :-		
	Depreciation, amortization and impairment	597	67
	Interest expense	27	4
	Interest income	(74)	1
	Unrealized forex exchange (gain)/loss	(45)	8
	Impairment loss on trade receivable	30	70
	Operating profit before working capital changes	**1,922**	**775**
	Movements in working capital :-		
	Increase / (Decrease) in provisions	10	457
	Increase / (Decrease) in trade payables	1,785	(293)
	Increase / (Decrease) in other liabilities	470	251
	Increase / (Decrease) in other financial liabilities	(647)	346
	(Increase)/ Decrease in inventories	628	(352)
	(Increase)/ Decrease in trade receivables	469	(997)
	(Increase)/ Decrease in other financial assets	(41)	89
	(Increase)/ Decrease in other assets	(159)	37
	Cash generated from operations	**4,437**	**313**
	Less : Income tax paid (net of refunds)	(669)	(167)
	Net cash generated from operating activities	**3,768**	**146**
B.	**Cash flow from investment activities**		
	Purchase of Property, plant and equipment	(278)	(133)
	Proceeds from sale of Property, plant and equipment	18	2
	Interest income	74	-
	Net cash used in investing activities	**(186)**	**(131)**
C.	**Cash Flow from Financing Activities**		
	Interest paid	(27)	(4)
	Net cash used in financing activities	(27)	(4)
	Net Increase/(Decrease) in Cash and Cash Equivalents	**3,555**	**11**
	Cash and cash equivalents (transferred as per the scheme of arrangement for demerger)	-	1
	Cash and Cash Equivalents at the beginning of the year	12	-
	Cash and Cash Equivalents at the end of the year/period	**3,567**	**12**

The accompanying notes are an integral part of these financial statements.

This is the statement of cash flows referred to in our report of even date.

Note :

1. Cash and cash equivalents includes cash in hand and bank balances.

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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Place : Gurgaon
Date : 21 June 2017

For and on behalf of Philips Lighting India Limited

Harshavardhan Madhav Chitale
Managing Director & CEO
(DIN: 00040221)

Bidhu Bhusan Mohanty
Whole Time Director & CFO
(DIN: 07017960)

Nitin Mittal
Head of Legal and Company Secretary
(FCS- 7044)

Place : Gurgaon
Date : 21 June 2017

Statement of changes in equity for the year ended 31 March 2017

(All amounts are in rupees million, unless otherwise stated)

(a) Equity share capital

(₹ in million)

	As at 31 March 2017		As at 31 March 2016	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	57,517,242	575	57,517,242	575
Changes in equity share capital during the year/period	-	-	-	-
Balance at the end of the reporting year/ period	**57,517,242**	**575**	**57,517,242**	**575**

(b) Other equity

(₹ in million)

	Reserves and surplus		Remeasurement of defined benefit plans	Total
	Capital Reserve	Retained earnings		
Pursuant to the scheme of arrangement for demerger (refer note 42)	2,190	-	-	2,190
Profit for the period	(81)	570	-	489
Other comprehensive income for the period	-	-	1	1
Total comprehensive income for the period	**(81)**	**570**	**1**	**490**
Balance at 31 March 2016	**2,109**	**570**	**1**	**2,680**
Changes in accounting policy / prior period errors	-	-	-	-
Balance as at 1 April 2016	**2,109**	**570**	**1**	**2,680**
Profit for the year	-	983	-	983
Other comprehensive income for the year	-	-	37	37
Total comprehensive income for the year	**-**	**983**	**37**	**1,020**
Balance at 31 March 2017	**2,109**	**1,553**	**38**	**3,700**

The accompanying notes are an integral part of these financial statements.
This is the statement of changes in equity referred to in our report of even date.

For S.R. Batliboi & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 301003E/
E300005

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Place : Gurgaon
Date : 21 June 2017

For and on behalf of Philips Lighting India Limited

Harshavardhan Madhav Chitale
Managing Director & CEO
(DIN: 00040221)

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Whole Time Director & CFO
(DIN: 07017960)

Nitin Mittal
Head of Legal and Company Secretary
(FCS- 7044)

Place : Gurgaon
Date : 21 June 2017

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

1. Reporting Entity

Philips Lighting India Limited ("the Company") was incorporated as a public limited company on 22 April 2015 with its registered office at Mangalam Business Center, Block B, 6th Floor, 22, Camac Street, Kolkata – 700016, West Bengal. The Company is domiciled in India and engaged in manufacturing, trading and distribution of all kinds of lighting and allied products and lighting system solution.

The Company was incorporated on 22 April 2015. Accordingly, the previous period presented is from 22 April 2015 to 31 March 2016 ("period"). The financial results presented for the previous period contains results of only two months of operation i.e. from period 1 February 2016 to 31 March 2016.

Further, as a part of global restructuring exercise announced by ultimate holding company 'Koninklijke Philips NV' (KPNV) and the scheme of arrangement of demerger approved by the Hon'ble High Court of Calcutta, vide order dated 07 January 2016, received by the Company on 29 January 2016, all the assets and liabilities pertaining to lighting business of Philips India Limited were transferred to and vested with the Company w.e.f. the appointed date 1 February 2016.

2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

1. Basis of preparation

The Financial statements of the Company have been prepared in accordance with Indian Accounting standards (Ind AS) notified under Companies (Indian Accounting standards) Rules, 2015.

For the period 22 April 2015 to 31 March 2016 ("period"), the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first the company has prepared in accordance with Ind AS. Refer note no 45 for information on how the company adopted Ind AS. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian ₹ ('Rupees') and all amounts are rounded to nearest million, except number of shares, face value of share, earning/ (loss) per share or wherever otherwise indicated.

2. Significant accounting judgments, estimates and assumptions

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

Judgments

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

Operating lease commitments — Company as lessee

The Company has taken various commercial properties on leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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

Assessment of lease contracts

Significant judgment is required to apply lease accounting rules under Appendix C to Ind AS 17: determining whether an Arrangement contains a Lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix C to Ind AS 17.

Estimates and assumptions

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

Share-based payment payments

The cost of cash-settled transactions is measured initially at fair value at the grant date using a “Black-Scholes” option pricing model, further details of which are given in Note 38. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Gratuity benefit

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

In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 35.

Fair value measurement of financial instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 36

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

Impairment of Financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-Financial assets

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

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

3. Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of the assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

4. Property, plant and equipment

Recognition and measurement

Under the previous GAAP (Indian GAAP), all items of Property, plant and equipments were stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The Company has elected to regard those values of all items of Property, plant and equipments as deemed cost at the March 31, 2016 in view of the exemption given in Ind As 101, 'First Time Adoption'.

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment. Likewise when a major inspection is performed, its cost is recognized in the carrying amount of plant & equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit & loss as incurred.

Gains or losses arising from derecognition of Property, Plant & equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent Measurement

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation on property, plant & equipments (except dies and tools and leasehold improvement) is calculated on Straight Line Method using the rates arrived at based on the estimated useful lives given in Schedule II of the Companies Act.

Dies and tools are depreciated over the estimated useful lives of 5 years, on the basis of technical assessment made by the management.

Leasehold improvements are depreciated over the shorter of lease term and their useful life. Freehold land is not depreciated.

Management believes that the useful live as given above best represent the period over which the assets are likely to be used.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

5. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts and embedded derivatives in the host contract.

Financial Assets

Initial recognition and measurement

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

Subsequent measurement

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

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

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

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

Debt instruments at amortized cost

A financial asset is measured at amortized cost only if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate ('EIR') method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance income in the profit or loss.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Impairment of financial assets

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

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as ‘contractual revenue receivables’)

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

- Trade receivables

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

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers:

All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head ‘other expenses’ in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

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

Financial assets measured as at amortized cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies to borrowings. For more information refer note 12.

De-recognition

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

Offsetting of financial instruments

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

6. Inventories

Raw materials (including packing material), stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials (including packing material) and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First In First Out method basis.
- Finished goods and work in progress: cost includes cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost of finished goods includes excise duty. Cost is determined on First In First Out method basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First In First Out method basis.

  Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

7. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

- Replacement Warranty: The Company periodically assesses and provides for the estimated liability on warranty given on sale of its products based on past performance of such products.
- Environmental Restoration: The Company periodically assess the liability for expenses to be incurred on restoration of environmental damage caused by carrying out of production activity in company manufacturing plants.
- Contingent Liability: A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.
- Extended Warranty: For certain products, customer has the option to purchase an extension of warranty. Accordingly, a provision for deferral of revenue is made at the time of sale of goods and recognition of revenue. Revenue recognition in future period occurs on straight-line basis over extended warranty contract period.

8. Revenue Recognition

(a) Revenue is recognized when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

The Company has assumed that recovery of excise duty flows to the company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the company on its own account, revenue includes excise duty.

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

(b) Revenue of transaction that have separately identifiable components are recognized separately based on their relative fair value.

Revenue from services are recognized when the Company can reliably measure the amount of revenue and the associated cost related to the stage of completion of a contract or transaction and recovery of the contract is considered probable.

(c) Revenue (other than sale) is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

(d) Interest income is recognized using the EIR method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. The EIR is computed basis the expected cash flows by considering all the contractual terms of the financial instrument. The calculation includes all fees, transaction costs, and all other premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

9. Government Grants and Subsidies

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognized as income on systematic basis over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset is recorded at fair value with corresponding credit to deferred revenue and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. i.e. By equal annual instalments.

10. Employee benefits

Gratuity

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on mortality rates from Indian Assures Lives Mortality 2006-08. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 35.

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to provident fund are made in accordance with the relevant scheme and are charged to the statement of profit and loss for the year when contribution are due. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services.

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to statement of Profit and Loss in the period in which they occur. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Loyalty Benefits

The Company provides the loyalty bonus to employees at Philips Innovation campus, Bangalore who are continuing in the Company for more than 5 years. The Company recognizes the liability on the basis of one month basic salary for all the eligible employees. The Company treats the liability as long term employee benefits and provisions are made on the basis of actuarial valuation.

11. Foreign currency transactions

The Company's financial statements are presented using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in ₹, which is the company's functional and presentation currency, being the currency in which the company's share capital is denominated.

Derivative

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income/ expense.

Transactions and balances

Foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

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

Exchange differences arising on settlement or translation of monetary items are recognized in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

12. Borrowing Cost

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

13. Income tax

Current income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

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

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the Income Tax Act, 1961, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance note on accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as deferred tax asset in the statement of financial position when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

14. Impairment of non-financial assets

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

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses are recognized in the statement of profit and loss.

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

15. Segment Reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided. With each segment representing a strategic business unit that offers different products and serves different markets. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The Company is operating under only one segment i.e. Lighting Segment. Though the Company has various range of products, all of them have been considered into lighting segment based upon their final use by end consumer.

16. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

17. Leases

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

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

For arrangements entered into prior to transition date, the Company has determined there are no arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is lessee

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

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

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

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payment to lessor is structured to increase in line with expected general inflation and compensate for the lessor's expected inflation cost increase.

18. Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

19. Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7:

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

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

3 Property, plant and equipment

(₹ in million)

Particulars	Gross block				Depreciation					Net block
	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2016	Additions	Impairment***	Deletions	As at 31 March 2017	As at 31 March 2017
Tangible assets										
Freehold land*	42	-	-	42	-	-	-	-	-	42
Buildings	837	10	1	846	371	28	11	1	409	437
Plant and equipments	5,381	208	63	5,526	4,260	275	211	59	4,687	839
Office equipments	82	-	-	82	50	5	0	-	55	27
Furniture and fixtures	167	11	-	178	105	14	1	0	120	58
Leasehold improvements	109	-	-	109	60	13	-	-	73	36
Assets taken on finance lease**										
Vehicles	130	41	41	130	52	39	0	30	61	69
Total	**6,748**	**270**	**105**	**6,913**	**4,898**	**374**	**223**	**90**	**5,405**	**1,508**

(₹ in million)

Particulars	Gross block				Depreciation					Net block
	Transfer as per Scheme of Arrangement for Demerger	Additions	Deletions	As at 31 March 2016	Transfer as per Scheme of Arrangement for Demerger	Additions	Impairment	Deletions	As at 31 March 2016	As at 31 March 2016
Tangible assets										
Freehold land*	42	-	-	42	-	-	-	-	-	42
Buildings	837	-	-	837	366	5	-	-	371	466
Plant and equipments	5,318	63	-	5,381	4,208	52	-	-	4,260	1,121
Office equipments	81	1	-	82	49	1	-	-	50	32
Furniture and fixtures	167	-	-	167	103	2	-	-	105	62
Leasehold improvements	109	-	-	109	58	2	-	-	60	49
Assets taken on finance lease**										
Vehicles	128	6	4	130	49	5	-	2	52	78
Total	**6,682**	**70**	**4**	**6,748**	**4,833**	**67**	**-**	**2**	**4,898**	**1,850**

Notes:

*Land measuring 107,711 and 331,927 square meters situated at Vadodara and Mohali respectively have been transferred to and vested in the name of the Company pursuant to the Scheme of Arrangement for Demerger (Refer note 42). The company is in process of getting the respective title deeds transferred in it's name.

** Refer note 17 for the lease obligations in relation to the vehicles pledged as securities.

"***During the year 2016-17, the Company has recognized the impairment of ₹ 223 million mainly relating to 2 CFL product lines and 1 tubelight product line, triggered by faster than expected technological changes in lighting environment from conventional lamps (bulb / tubelight / CFL) to LED bulbs. CFL lamps have the highest impact of cannibalization under conventional category, this mainly is on account of in-competitive price points vs LED lamps. The above factors led to idle capacity & manning at Philips Lighting factories making it necessary to Impair Conventional Lighting assets (CFL and Tubelight Lines).

CGUs identified are on the basis of a Product line (CFL lines / Tubelight lines) as that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The Company has considered the assets directly allocable to the manufacture of conventional lighting as a single cash-generating unit. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

The recoverable amount of the Impaired Asset is considered Nil as there is negligible expected usage of assets due to Technological changes

Considering the assets were idle and there was no production during the current year, recoverable amount of the CGU was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflect the recoverable amount based on our view of the assumptions that would be used by a market participant.

4 Capital Work-in-Progress

(₹ in million)

Particulars	Transfer as per Scheme of Arrangement for Demerger	Additions	Capitalization during the period	As at 31 March 2016	As at 31 March 2016	Additions	Capitalization during the period	As at 31 March 2017
Capital Work-in-Progress	79	81	70	90	90	203	218	75
Total	**79**	**81**	**70**	**90**	**90**	**203**	**218**	**75**

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

(₹ in million)

		As at 31 March 2017	As at 31 March 2016
5.	**Trade receivables**		
	Unsecured and considered good	139	146
		139	**146**
6.	**Other non-current financial assets**		
	Security deposits		
	Unsecured and considered good	170	134
	Doubtful	40	40
	Less: Impairment allowance	(40)	(40)
		170	**134**

7. Income Tax

A. Amounts recognized in profit or loss

(₹ in million)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current tax expense		
Current year	617	149
Mat credit entitlement	-	(10)
	617	**139**
Deferred tax expense		
Origination and reversal of temporary differences	(213)	(84)
	(213)	**(84)**
Tax expense	**404**	**55**

B. Other Comprehensive Income (OCI) section

Deferred tax related to items recognized in OCI during the year		
Re-measurement (gains)/losses on defined benefit plans	20	1
Income tax related to items recognized in OCI during the year	20	1
Total tax expense	**424**	**56**

C. Reconciliation of effective tax rate

(₹ in million)

	For the year ended 31 March 2017		For the period ended 31 March 2016	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operations		1,387		625
Tax using the Company's domestic tax rate	34.61%	480	34.61%	216
Tax effect of:				
Non-deductible expenses	0.34%	5	0.29%	2
Tax incentives	-4.79%	(66)	-2.57%	(16)
Impact of reclassification of balances transferred pursuant to demerger	-	-	-24.65%	(154)
Others	0.38%	5	1.28%	8
	30.55%	**424**	**8.89%**	**56**

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

D. Movement in deferred tax balances

(₹ in million)

	As at 31 March 2016	Recognized in P&L	MAT Utilized	Recognized in OCI	As at 31 March 2017
Deferred tax assets					
Property, plant and equipment	-	66	-	-	66
Employee benefits	309	141	-	(20)	430
Financial assets	176	2	-	-	178
Other assets	42	(5)	-	-	37
MAT credit entitlement	10	-	(10)	-	-
Sub- total (a)	**537**	**204**	**(10)**	**(20)**	**711**
Deferred tax liabilities					
Property, plant and equipment	10	(10)	-	-	-
Sub- total (b)	**10**	**(10)**	**-**	**-**	**-**
Net deferred tax assets (a)-(b)	**527**	**214**	**(10)**	**(20)**	**711**

(₹ in million)

	Transfer as per Scheme of Arrangement for Demerger (₹ in million)	Recognized in P&L	MAT Utilized	Recognized in OCI	As at 31 March 2016
Deferred tax assets					
Employee benefits	271	39	-	(1)	309
Financial assets	256	(80)	-		176
Other assets	-	42	-	-	42
MAT credit entitlement	-	10	-	-	10
Sub- Total (a)	**527**	**11**	**-**	**(1)**	**537**
Deferred tax liabilities					
Property, plant and equipment	94	(84)	-	-	10
Sub- Total (b)	**94**	**(84)**	**-**	**-**	**10**
Net deferred tax assets (a)-(b)	**433**	**95**	**-**	**(1)**	**527**

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

(₹ in million)

	As at 31 March 2017	As at 31 March 2016
8. Other non-current assets		
(Unsecured considered good unless otherwise stated)		
Capital advances	22	10
Deposits against legal cases	174	167
Prepaid expenses	31	29
	227	**206**
9. Inventories		
(At lower of cost and net realizable value)		
Raw materials*	448	348
Work-in-progress	70	-
Finished goods	179	274
Traded goods **	1,488	2,134
Stores and spares	42	99
	2,227	**2,855**

* Raw materials includes goods-in-transit - ₹37 million (as at 31 March 2016 - ₹30 million)

**Traded goods includes goods-in-transit - ₹120 million (as at 31 March 2016 - ₹34 million)

	As at 31 March 2017	As at 31 March 2016
10. Trade receivables		
Unsecured		
From customers		
Considered good	3,865	4,033
Considered doubtful	148	146
Less: Impairment of trade receivables	(148)	(146)
From related parties (Refer note 33)		
Considered good	171	497
Considered doubtful	-	-
Less: Impairment of trade receivables	-	-
	4,036	**4,530**
11. Cash and cash equivalents		
Balance with banks:		
- In current account	1,027	11
Cash on hand	0	1
Deposits with original maturity of less than three months	2,540	-
	3,567	**12**

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

Note:

As required by MCA notification number G.S.R. 308(E) dated 30 March 2017, the details of the Specified Bank Notes ('SBN') held and transacted during the period 8 November 2016 to 30 December 2016 as provided in the table below :-

Absolute amounts in ₹

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8 November 2016	645,000	43,518	688,518
(+) Permitted receipts	-	639,723	639,723
(-) Permitted payments	-	(501,915)	(501,915)
(-) Amount deposited in banks	(645,000)	-	(645,000)
Closing cash in hand as on 30 December 2016	-	181,326	181,326

(₹ in million)

	As at 31 March 2017	As at 31 March 2016
12. Other current financial assets		
(Unsecured considered good unless otherwise stated)		
Security deposits		
Considered Good	12	23
Considered doubtful	21	17
Less: Impairment of doubtful deposits	(21)	(17)
	12	23
Interest accrued but not due	2	-
Insurance claims receivable	15	-
	29	**23**
13. Current tax assets (net)		
Advance income tax	80	18
	80	**18**
14. Other current assets		
(Unsecured considered good unless otherwise stated)		
Balances with Statutory/Government authorities	294	31
Special additional duty receivables and drawback claims (Government grant)	55	33
Advance to suppliers	45	174
Prepaid expenses	60	61
Advances to employees	5	10
	459	**309**

(₹ in million)

	As at 31 March 2017	As at 31 March 2016
15. Share capital		
Authorized:		
58,000,000 (Previous Year 58,000,000) equity shares of ₹10/- each	580	580
Issued, subscribed and fully paid up:		
57,517,242 (Previous Year 57,517,242) equity shares of ₹10/- each	575	575
	575	**575**

a. **Terms and rights attached to equity shares**

The Company has one class of equity shares. Accordingly all the equity shares of face value of ₹ 10 each rank equally with regard to voting rights, dividends and shares in the Company's residual assets.

b. **Reconciliation of number of shares outstanding at the beginning and end of the year :**

	Number of Shares	Amount
Issue of shares pursuant to scheme of arrangement for Demerger during the period (note 42)	57,517,242	575
Equity Shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2016	57,517,242	575
Equity Shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2017	57,517,242	575

c. **Shareholders holding more than 5% shares in the Company***

	As at 31 March 2017		As at 31 March 2016	
	No. of Shares	Percentage	No. of Shares	Percentage
Koninklijke Philips NV	-	-	55,290,182	96.13%
Philips Lighting Holding BV	55,290,242	96.13%	-	-

d. **Details of equity shares held by the holding and the ultimate holding Company**

	As at 31 March 2017		As at 31 March 2016	
	No. of Shares	Percentage	No. of Shares	Percentage
Holding Company				
Koninklijke Philips NV	-	-	55,290,182	96.13%
Philips Lighting Holding BV	55,290,242	96.13%	-	-

e. Aggregate number of equity shares bought back during a period of five years immediately preceding the reporting date - Nil , (previous year - Nil).

*Subsequent to the period ended 31 March 2016, all the equity shares held by Koninklijke Philips NV was transferred to Philips lighting Holding BV on 27 April 2016.

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

(₹ in million)

		As at 31 March 2017	As at 31 March 2016
16.	**Other equity**		
a.	**Capital reserve**		
	Balance at the beginning of the year/period	2,109	-
	Pursuant to the scheme of arrangement for demerger (note 42)	-	2,190
	Less:- resultant Company's share of demerger expenses	-	(81)
	At the end of the year/period	2,109	2,109
b	**Retained earnings**		
	Balance at the beginning of the year/period	571	-
	Add: Profit for the year / period after taxation as per statement of profit and loss	983	570
	Items of other comprehensive income recognized directly in retained earnings		
	Remeasurement of post employment benefit obligation, net of tax (Item of OCI)	37	1
	At the end of the year/period	1,591	571
		3,700	**2,680**

Nature and purpose of other reserves/ other equity

i Capital Reserve

Capital reserves represents the excess of assets of the demerged undertaking over the liabilities of the demerged undertaking over the face value of shares issued by the Company. All costs, charges and expenses related to the scheme is adjusted against the capital reserve as part of the scheme. Refer note 42.

ii Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

(a) actuarial gains and losses

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

(₹ in million)

	As at 31 March 2017	As at 31 March 2016
17. Non current financial liabilities		
Borrowings		
Secured		
Finance lease obligations	40	42
	40	42

The finance lease obligations are secured by underlying assets (leased vehicles). The legal title of the vehicles vests with the lessors and the lease term varies between 3-5 years, the total minimum lease liability for assets obtained on finance lease is ₹ 83 million (period ended 31 March 2016 - ₹ 89 million) which includes interest of ₹ 14 million (period ended 31 March 2016 - ₹ 15 million). The maturity profile of finance lease obligations is as follows:

(₹ in million)

	As at 31 March 2017	As at 31 March 2016
Minimum lease payments		
less than one year	37	40
Between one and five years	46	49
More than five years	-	-
Interest expense		
less than one year	8	8
Between one and five years	7	7
More than five years	-	-
Present value		
less than one year	30	32
Between one and five years	40	42
More than five years	-	-

18. Other non-current financial liabilities

	As at 31 March 2017	As at 31 March 2016
(Unsecured considered good unless otherwise stated)		
Employee related payables* (Refer Note 38)	24	4
Unearned interest	10	14
	34	**18**

* Payable to Philips Lighting Holding B.V. (Holding company)

19. Non-current provisions

	As at 31 March 2017	As at 31 March 2016
Provision for employee benefits (Refer note 35)		
Gratuity	263	288
Compensated absences	122	164
Provision for Environmental restoration liability (Refer note 24.1)	132	115
	517	**567**

20. Other non-current liabilities

	As at 31 March 2017	As at 31 March 2016
Deferred revenue	166	118
	166	**118**

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

(₹ in million)

	As at 31 March 2017	As at 31 March 2016
21. Current Financial Liabilities		
Trade payables		
Dues to Micro, Small and Medium Enterprises	91	38
Dues to others*	5,852	4,167
	5,943	**4,205**

* Trade payables includes amounts payable to Director's ₹ 4 million (Previous period - ₹Nil)

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with their customers the Entrepreneurs Memorandum Number as allocated after filing of the said Memorandum. Accordingly, the disclosures below in respect of the amounts payable to such enterprises as at the reporting date had been made based on information received and available with the Company.

(₹ in million)

	As at 31 March 2017	As at 31 March 2016
- Principal amount due to micro and small enterprises	91	38
- interest due on The above amount	-	-
- The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
- The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
- The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
- The 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-
22. Other current financial liability		
Current maturities of finance lease obligations (Refer note 17)	30	32
Payables for purchase of property, plant and equipment	4	14
Due to fellow subsidiaries (Refer note 33)	-	509
Employee related payables	403	281
Book overdraft	-	259
Unearned interest	12	20
	449	**1,115**

(₹ in million)

	As at 31 March 2017	As at 31 March 2016
23. Other current liabilities		
Deferred revenue	435	403
Advance received from customers	96	150
Statutory dues	535	91
	1,066	**644**
24. Current provisions		
Provision for employee benefits (Refer note 35)		
Gratuity	29	26
Compensated absences	14	17
Others (Refer note 24.1)		
Replacement guarantee	308	307
Legal and regulatory	365	363
Employee related provisions	11	10
Contingencies	11	13
	738	**736**

Additional disclosure relating to provisions:

24.1. Movement in provisions:

(₹ in million)

Particulars	Environmental restoration liability	Replacement guarantee	Legal and regulatory	Employee related	Contingencies
Transfer as per scheme of arrangement for Demerger	114	307	365	11	32
Add: Accruals during the period	3	0	-	-	18
Less: Utilization during the period	(2)	(0)	-	-	(36)
Less: Write back during the period	-	-	(2)	(1)	(1)
As at 31 March 2016	**115**	**307**	**363**	**10**	**13**
Add: Accruals during the year	23	498	2	18	-
Less: Utilization during the year	0	(497)	-	(17)	(2)
Less: Write back during the year	(6)	-	-	-	-
As at 31 March 2017	**132**	**308**	**365**	**11**	**11**

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

24.2. Nature of provisions:

(a) Environmental restoration liability

The Environmental restoration provision relates to cost to be incurred for restoration of soil and water at Mohali and Vadodara Factory locations.

(b) 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.

(c) Legal and regulatory

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

(d) Employee 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.

(f) Contingencies

The Company has created provisions in respect of certain claims against the company in which there is probable outflow of resources.

(₹ in million)

	For the year ended 31 March 2017	For the period ended 31 March 2016
25. Revenue from operations		
Sale of products (including excise duty)	32,069	5,391
Sale of services	1,146	150
Other operating revenues		
- Export incentives	4	1
- Scrap sales	41	4
- Miscellaneous	10	5
	33,270	5,551
26. Other Income		
Foreign exchange gain / (loss) (net)	9	9
Net gain on disposal of fixed assets	3	-
Insurance claims	8	-
Interest Income		
- Bank Deposits	74	-
- Financial assets at amortized cost	22	1
	116	10

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

(₹ in million)

	For the year ended 31 March 2017	For the period ended 31 March 2016
27. Cost of materials consumed (inclusive of excise duty on Sales)		
Inventory of raw materials (Transfer as per Scheme of Arrangement for Demerger)	318	337
Add: Purchases	2,129	383
Less: Closing stock	448	318
	1,999	**402**
28. Changes in inventories of finished goods, traded goods and work-in-progress		
Transfer as per Scheme of Arrangement for Demerger		
- Finished goods	-	226
- Work-in-progress	-	-
- Traded goods	-	1,661
Opening inventory		
- Finished goods	274	-
- Work-in-progress	-	-
- Traded goods	2,100	-
	2,374	**1,887**
Closing inventory		
- Finished goods	179	274
- Work-in-progress	70	-
- Traded goods	1,488	2,100
	1,737	2,374
(Increase)/ decrease in inventory	**637**	**(487)**
29. Employee benefits expense		
Salaries and wages	3,128	511
Contribution to provident fund	127	19
Expense on share based incentives	35	4
Staff welfare expenses	203	32
	3,493	**566**
30. Finance cost		
Interest expense	27	4
	27	4

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

(₹ in million)

	For the year ended 31 March 2017	For the period ended 31 March 2016
31. Depreciation, amortization and impairment		
Depreciation on property, plant and equipment (Refer note 3)	597	67
	597	**67**
32. Other expenses		
Consumption of stores and spares	105	18
Excise duty (Refer note below)	16	11
Power and fuel	461	80
Packing, freight and transport	497	69
Rent	377	72
Repairs to		
- buildings	22	7
- plant and machinery	25	4
- others	26	5
Insurance	63	15
Rates and taxes	67	15
Travelling and conveyance	410	74
Legal and professional (Refer note below)	106	10
Publicity	620	124
Information technology and communication	469	63
Impairment loss on trade receivables	30	70
Replacement guarantee	499	101
Technical Royalty	907	-
Management support services	1,437	186
Loss on sale/ discard of property, plant and equipment (net)	-	-
Corporate Social Responsibility (CSR) expense (Refer note below)	9	-
Miscellaneous expense	460	143
	6,606	**1,067**
(a) Excise duty expense pertains to movement of closing stock		
(b) Legal and professional includes payments to auditors as given below: As auditor - statutory audit fees ₹3.75 million, tax audit fees ₹ 1.20 million		
(c) Amount spent during the year on CSR activities	9	-
- amount paid till 31 March 2017	4	-
- amount yet to be paid		
Don Bosco Tech Society for Electrician Training program	4	-
Shiv Nadar Foundation	1	-

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

33 Related party transactions

(a) Names of companies where control exists:

(i) Ultimate holding company	Koninklijke Philips N.V. (KPNV)
(ii) Holding Company	Philips Lighting Holding B.V.

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

(i) Fellow Subsidiary Companies

Chicago Magnet Wire Corp.
Dynalite Intelligent Light Pty. Limited
Genlyte Thomas Group LLC
Luceplan S.p.A
Philips (China) Investment Co. Ltd.
Philips Belgium
Philips Egypt (Limited Liability Company)
Philips Electronics (Thailand) Ltd.
Philips Electronics and Lighting, Inc.
Philips Electronics Nederland B.V.
Philips Electronics Vietnam Limited
Philips Electronique Maroc
Philips France
Philips India Limited
Philips Lighting Belgium NV
Philips Lighting NA Corporation
Philips Lighting Australia Limited
Philips Lighting Aydinlatma Ticaret
Philips Lighting B.V.
Philips Lighting Bangladesh Ltd
Philips Lighting Bielsko Sp.z.o.o.
Philips Lighting BV
Philips Lighting Canada Ltd.
Philips Lighting Commercial Malaysia Sdn
Philips Lighting Eurasia LLC
Philips Lighting Hong Kong Ltd
Philips Lighting Hungary Ltd
Philips Lighting Industry (China) Co., Ltd.
Philips Lighting Lanka P Ltd
Philips Lighting Luminaires (Shanghai) Co., Ltd.
Philips Lighting NA
Philips Lighting Poland S.A.
Philips Lighting Poland Sp. z o.o.
Philips Lighting Singapore Pte Ltd
Philips Lighting Taiwan Limited
Philips Luminaires (Chengdu) Co., Ltd.
Philips New Zealand Limited
Philips Pakistan Limited
Philips South Africa (Pty) Ltd.
Philips Technologie GmbH
PITS NV
PT. Philips Indonesia
Lumileds India Private Limited
Lumileds LLC

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

(ii) Key Management Personnel

(1) Executive Directors:

(i) Mr. Harshavardhan Madhav Chitale (Vice Chairman, Managing Director and Chief Executive Officer)

(ii) Mr. Bidhu Bhusan Mohanty (Whole time Director and Chief Financial Officer)

(2) Non- executive directors:

(i) Mr. Murali Sivaraman (Chairman and Director w.e.f 27th April 2016)

(ii) Mr. Parthasarathi Uma Shankar (Independent Director w.e.f 27th April 2016)

(iii) Ms. Vibha Paul Rishi (Independent Director w.e.f 27th April 2016)

(iv) Mr. Vinayak Kashinath Deshpande (Independent Director w.e.f 27th April 2016)

(**c) Nature of transactions happended during the year**

	Year ended 31 March 2017			Period ended 31 March 2016		
Description	**Holding Company**	**Fellow Subsidiary Companies**	**Key Managerial Personnel**	**Holding Company**	**Fellow Subsidiary Companies**	**Key Managerial Personnel**
Purchase of Raw Material and Stock-in -trade	-	2,695	-	-	396	-
Technical Royalty paid	-	843	-	-	-	-
Management support services charge	1,337	-	-	-	189	-
Purchase of IT Services	-	401	-	-	-	-
Reimbursements paid	-	14	-	-	564	-
Expense on share based incentives	35	-	-	4	-	-
Purchase of Fixed assets	-	9	-	-	-	-
Sale of products	-	1,308	-	-	211	-
Sale of Services	21	1,066	-	-	150	-
Reimbursement received	62	82	-	-	32	-
Inter corporate deposits taken	-	-	-	-	134	-
Inter corporate deposits repaid	-	-	-	-	134	-
Managerial Remuneration						
Mr. Bidhu Bhusan Mohanty	-	-	13	-	-	1
Mr. Harshavardhan Madhav Chitale	-	-	45	-	-	6
Mr. Parthasarathi Uma Shankar	-	-	1	-	-	-
Ms. Vibha Paul Rishi	-	-	1	-	-	-
Mr. Vinayak Kashinath Deshpande	-	-	1	-	-	-
Outstandings						
Payable	166	1,885	-	-	1,323	-
Receivable	-	171	-	-	497	-
Key managerial personnel compensation						
(a) short-term employee benefits	-	-	51	-	-	7
(b) post-employment benefits	-	-	-	-	-	-
(c) other long-term benefits	-	-	11	-	-	-
(d) termination benefits	-	-	-	-	-	-

The above mentioned transactions were made on normal commercial terms and conditions and at market rates.

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

Balances at the end of the year

Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions	
		Year ended 31 March 2017 (₹ in million)	Period ended 31 March 2016 (₹ in million)
(i) Holding Company			
Philips Lighting Holding B.V.	Mamagement support services charge	1,337	186
	Reimbursement received	62	-
	Sale of Services	21	-
	Expense on share based incentives	35	-
(ii) Fellow Subsidiary Companies			
Chicago Magnet Wire Corp.	Purchase of Raw Material and Stock-in -trade	-	60
Philips Lighting Hong Kong Ltd, China	Purchase of Raw Material and Stock-in -trade	1,267	166
Philips Lighting B.V.	Purchase of Raw Material and Stock-in -trade	407	103
Lumileds LLC	Purchase of Raw Material and Stock-in -trade	292	-
Philips Lighting B.V.	Purchase of IT Services	349	-
Philips India Limited	Purchase of IT Services	44	-
Philips Lighting B.V.	Technical Royalty paid	397	-
Philips Lighting Hong Kong Ltd, China	Technical Royalty paid	447	-
Philips India Limited	Reimbursements paid	-	509
Dynalite Intelligent Light Pty. Limited	Reimbursements paid	7	-
Philips India Limited	Reimbursements paid	2	-
Philips Lighting Singapore Pte Ltd	Reimbursements paid	3	-
Philips Lighting B.V.	Reimbursement received	9	-
Philips India Limited	Reimbursement received	54	-
Lumileds India Private Limited	Reimbursement received	20	-
Chicago Magnet Wire Corp.	Reimbursement received	-	23
Philips Electronics Nederland B.V.	Reimbursement received	-	7
Philips Lighting B.V.	Sale of Services	10	-
Philips Lighting Hong Kong Ltd, China	Sale of products	887	139
Philips Lighting B.V.	Sale of products	202	42
Philips Lighting B.V.	Sale of Services	1,034	-
Philips Lighting Industry (China) Co., Ltd.	Purchase of Fixed assets	7	-
Philips India Limited	Purchase of Fixed assets	2	-
Philips India Limited	Inter corporate deposits taken	-	134
Philips India Limited	Inter corporate deposits repaid	-	134

* Transactions with parties which comprises more than 10% of aggregate value of related party transactions

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

Outstanding balances at year/period end	Payable / Receivable	Year ended 31 March 2017 (₹ in million)	Period ended 31 March 2016 (₹ in million)
(i) Holding Company			
Philips Lighting Holding B.V.	Payable	166	140
(ii) Fellow Subsidiary Companies			
Philips Lighting Hong Kong Ltd, China	Payable	922	296
Philips India Limited	Payable	-	509
Philips Lighting B.V.	Payable	656	184
Philips Egypt LLP	Receivable	-	116
Philips Lighting Hong Kong Ltd, China	Receivable	46	111
Philips Electronique Maroc	Receivable	22	49
Philips Lighting B.V.	Receivable	35	157
Philips Lighting Lanka Private Ltd	Receivable	36	-

** Balances with parties which comprises more than 10% of aggregate value of related party balances

34. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

In accordance with Ind AS 108– Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

Results of the operating segments are reviewed regularly by the Company's Chief Executive Officer (CEO) who has been identified as the Chief Operating Decision Maker ('CODM') by the board of directors, to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is primarily engaged in manufacturing, trading and distribution of all kinds of lighting and allied products and lighting system solution. Given that the economic environment in which the Company operates is significantly similar and not subject to materially different risks and rewards and all of the activities whether on a stand alone basis or in aggregate do not exceed the quantitative threshold mentioned in Ind AS 108 (Operating Segments), the Company has identified and operates as a single reportable operating segment. Entity wide disclosures

Entity wide disclosures

(₹ in million)

Segment Revenue	Year ended 31 March 2017	Period ended 31 March 2016
Within India	30,875	5,190
Outside India	2,395	361
Segment Assets		
Within India	13,057	10,203
Outside India	171	497

Information about major customers (from external customers)

There are no customers which amount to 10 per cent or more of an entity's revenues:

35. Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

(₹ in million)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Contribution to Statutory Provident Fund	127	19

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The gratuity plan of the company is both funded and non funded. For the funded Gratuity scheme, the Company makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

Location	Funding Status
Mohali Light Factory	Funded
Vadodara Light Factory	Non Funded
Corporate Employees	Non Funded
Philips Innovation Campus	Funded

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2017. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at balance sheet date:

(₹ in million)

	March 31, 2017	March 31, 2016
Present value of defined benefit obligation	337	398
Fair value of plan assets	45	84
Plan assets / (liability)	**292**	**314**

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

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

(₹ in million)

	31 March 2017			31 March 2016		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 April	398	84	314	-	-	-
Acquisition / Divestiture	-	-	-	385	84	301
Included in profit or loss						
Current service cost	52	-	52	8	-	8
Past service credit	-	-	-	6	-	6
Interest cost (income)	29	6	23	5	1	4
	81	6	75	19	1	18
Included in OCI						
Remeasurements loss (gain)	-	-	-	-	-	-
–Actuarial loss (gain) arising from:			-	-	-	-
- demographic assumptions	11	-	11	-	-	-
- financial assumptions	(55)	2	(53)	8	1	9
- experience adjustment	(15)	-	(15)	(10)	-	(10)
	(59)	2	(57)	(2)	1	(1)
Other						
Contributions paid by the employer	-	4	(4)	-	3	(3)
Benefits paid	(83)	(47)	(36)	(4)	(3)	(1)
	(83)	(43)	(40)	(4)	(0)	(4)
Balance as at 31 March	337	45	292	398	84	314

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

C. Plan assets

(₹ in million)

	March 31, 2017	March 31, 2016
Funds Managed by Insurer (investment with insurer)	100%	100%

D. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

(₹ in million)

	March 31, 2017	March 31, 2016
Discount rate	7.30%	7.55%
Expected rate of future salary increase	9.00%	11.00%
Mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal Rate	Management, PIC - 10%,MLF - 4.5%,VLF - 8%	Management, PIC - 10%,MLF - 4.5%,VLF - 8%
Retirement age	Management, PMS & PIC - 60 years, Others - 58 years	Management, PMS & PIC - 60 years, Others - 58 years

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 March 2016, the weighted-average duration of the defined benefit obligation was 14 years (as at 31 March 2016: 10.03 years).

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ in million)

	31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	308	366	368	434
Expected rate of future salary increase (1% movement)	365	308	415	383

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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

(₹ in million)

	March 31, 2017	March 31, 2016
Within the next 12 months (next annual reporting period)	32	33
Between 2 and 5 years	122	137
Beyond 5 years	129	186
	283	356

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

(iii) Other long-term employee benefits:

During the year ended 31 March 2017, the Company has incurred an expense on compensated absences amounting to ₹ 9 million (previous period ₹ 11 million). The Company determines the expense for compensated absences basis the actuarial valuation of plan assets and the present value of the obligation, using the Projected Unit Credit Method.

36. Financial instruments – Fair values and risk management

I. Fair value measurements

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

(₹ in million)

	As at 31 March 2017		As at 31 March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Long term Trade receivable	139	136	146	143
Other non-current financial assets	170	170	134	134
	309	306	280	277
Financial liabilities				
Borrowings (including current portion)	70	70	74	74
Derivatives (included in trade payable)	20	20	-	-
	90	90	74	74

The carrying amounts of current trade receivables,cash and cash equivalents, other current financial assets, other non-current financial assets, trade payables, other current financial liabilities and other non-current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits and non current trade receivables have been calculated based on cash flows discounted using prevailing discount rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For all other financial assets and liabilities the carrying amounts are equal to the fair values , due to their short-term nature.

The fair values of the Company's interest-bearing borrowings and other non-current assets are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2017 was assessed to be insignificant.

Particulars	Valuation Technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Long term Trade receivable	DCF Method	Discount for counter party credit risk	March 31, 2017: 12.00% March 31, 2016: 12.00%	**March 31, 2017:** Change in discount rate by 1%: Increase in the discount rate would result in decrease in fair value by ₹ 0.4 million and decrease in discount rate would result in increase in fair value by ₹ 0.4 million **March 31, 2016:** Change in discount rate by 1%: Increase in the discount rate would result in decrease in fair value by ₹ 0.5 million and decrease in discount rate would result in increase in fair value by ₹ 0.5 million
Other non-current financial assets	DCF Method	Discount for counter party credit risk	March 31, 2017: 10.00% March 31, 2016: 10.00%	**March 31, 2017:** Change in discount rate by 1%: Increase in the discount rate would result in decrease in fair value by ₹ 3 million and decrease in discount rate would result in increase in fair value by ₹ 3 million **March 31, 2016:** Change in discount rate by 1%: Increase in the discount rate would result in decrease in fair value by ₹ 2 million and decrease in discount rate would result in increase in fair value by ₹ 2 million
Borrowings	DCF Method	Incremental rate on borrowings	March 31, 2017: 11.75% March 31, 2016: 10.50%	**March 31, 2017:** Change in discount rate by 0.50%: Increase in the WACC would result in decrease in fair value by ₹ 0.3 million and decrease in WACC would result in increase in fair value by ₹ 0.3 million **March 31, 2016:** Change in discount rate by 0.50%: Increase in the WACC would result in decrease in fair value by ₹ 0.2 million and decrease in WACC would result in increase in fair value by ₹ 0.2 million

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

Sensitivity analysis for fair value risk of forward contracts

(₹ in million)

	Profit or loss	
	Strengthening	**Weakening**
31 March 2017		
Derivative forward contract (10% movement in USD)	2	(2)
31 March 2016		
Derivative forward contract	-	-

B. Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Assets and liabilities which are measured at amortized cost for which fair values are disclosed

(₹ in million)

	As at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Long term Trade receivable	-	-	136	136
Other non-current financial assets	-	-	170	170
Total financial assets	-	-	306	306
Financial liabilities				
Borrowings (including current portion)	-	-	70	70
Derivatives (included in trade payable)	-	-	20	20
Total financial liabilities	-	-	90	90

Assets and liabilities which are measured at amortized cost for which fair values are disclosed

	As at 31 March 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Long term Trade receivable	-	-	143	143
Other non-current financial assets	-	-	134	134
Total financial assets	-	-	277	277
Financial liabilities				
Borrowings (including current portion)	-	-	74	74
Derivatives (included in trade payable)	-	-	-	-
Financial liabilities	-	-	74	74

There are no transfers between level 1 and level 2 during the year

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk framework for developing and monitoring the Company's risk management policies.

The Company's risk management framework is established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management framework is reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes periodic reviews of company processes and risks, the results of which are reported to the Audit Committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

An impairment analysis is performed on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company evaluates the concentration of risk with respect to trade receivables as low, the trade receivables are located in several jurisdictions and operate in largely independent markets

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

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Basis the evaluation, the management has determined that there are credit impairment loss on the trade and other receivables.

(₹ in million)

Ageing	Not due	0-30 days	30-60 days	60-90 days	90-120 days	120-180 days	More than 180 days	Total
	As at March 31, 2017							
Gross carrying amount (A)	3,611	105	39	43	5	28	182	4,013
Expected credit losses (B)	11	6	4	7	1	7	112	148
Net Carrying amount (A-B)	3,600	99	35	36	4	21	70	3,865

(₹ in million)

Ageing	Not due	0-30 days	30-60 days	60-90 days	90-120 days	120-180 days	More than 180 days	Total
	As at March 31, 2016							
Gross carrying amount (A)	3,779	-	97	53	18	24	208	4,179
Expected credit losses (B)	7	-	7	7	3	5	117	146
Net Carrying amount (A-B)	3,772	-	90	46	15	19	91	4,033

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

(a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in million)

	As at 31 March 2017	As at 31 March 2016
Floating rate		
Expiring within one year (bank overdraft and other facilities)	4,745	-
Expiring beyond one year (bank loans)	-	-
	4,745	-

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

(₹ in million)

	Carrying Amounts 31 March 2017	Contractual cash flows			
		0–6 months	6–12 months	1–5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings	40	-	-	40	-
Trade payables	5,943	5,943			-
Other financial liabilities	483	429	20	34	-
Total non-derivative liabilities	6,466	6,372	20	74	-

(₹ in million)

	Carrying Amounts 31 March 2017	Contractual cash flows			
		0–6 months	6–12 months	1–5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings	42	-	-	42	-
Trade payables	4,205	4,205	-	-	-
Other financial liabilities	1,133	1,089	26	18	-
Total non-derivative liabilities	5,380	5,294	26	60	-

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

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses derivatives (forward contracts) to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee.

Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, and EUR . Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows. In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

(₹ in million)

	As at 31 March 2017			As at 31 March 2016		
	USD	EUR	Others	USD	EUR	Others
Non derivative						
Trade receivables	132	43	-	248	157	1
Trade payables	1,850	316	13	532	288	11
Derivative						
Derivative forward contract	20	-	-	-	-	-
Net statement of financial position exposure	**2,002**	**359**	**13**	**780**	**445**	**12**

A reasonably possible strengthening (weakening) of the ₹ against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in million)

	Profit or loss	
	Strengthening	Weakening
31 March 2017		
USD (10% movement)	172	(172)
EUR (10% movement)	27	(27)
Others	1	(1)
31 March 2016		
USD (10% movement)	28	(28)
EUR (10% movement)	13	(13)
Others	1	(1)

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

37. Capital management

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

(₹ in million)

	31 March 2017	31 March 2016
Borrowings	70	74
Net debt	70	74
Equity	4,275	3,255
Total capital	4,345	3,329
Gearing ratio	2%	2%

38. Employees' Share-based Payments:

Certain employees of the company are eligible for stock options granted by the Holding Company (KPNV). In conformity with the IndAS 102 on Share-based Payments 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 amortized 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 movement of Stock Options (EUR)

Outstanding as at 31 March 2016	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2017	Exercisable
10,392	-	(5,811)	7,302	(3,950)	7,933	7,933
10,392	-	(5,811)	7,302	(3,950)	7,933	7,933

Transfer as per scheme of arrangement for demerger as on 1st Feb 2016	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2016	Exercisable
10,992	-	-	-	-	10,992	10,992
10,992	-	-	-	-	10,992	10,992

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

Weighted average grant-date fair value of Stock Options (EUR) at Grant dates

Grant Date	Weighted average grant-date fair value of the share (in Euros)
April 18, 2006	26.28
April 16, 2007	30.96
April 19, 2010	24.90
April 18, 2011	20.90
July 18, 2011	17.20
April 23, 2012	14.82

(d) Number and movement of Restricted Shares (EUR)

Outstanding as at 31 March 2016	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2017	Exercisable
9,900	9,296	(784)	(332)	(5,905)	12,175	2,879
9,900	**9,296**	**(784)**	**(332)**	**(5,905)**	**12,175**	**2,879**

Transfer as per scheme of arrangement for demerger as on 1st Feb 2016	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2016	Exercisable
9,900	-	-	-	-	9,900	9,900
9,900	**-**	**-**	**-**	**-**	**9,900**	**9,900**

Weighted average grant-date fair value of Restricted Shares (EUR) at Grant dates

Grant Date	Weighted average grant-date fair value of the share (in Euro)
October 24, 2014	20.43
February 2, 2015	23.89
May 5, 2015	25.19
July 31, 2015	25.32
April 29, 2016	24.00

(e) 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.

(f) Number and movement of Performance Shares (EUR)

Outstanding as at 31 March 2016	Grants	Cancellation	Transfer in / (out)	Exercised	Outstanding as at 31 March 2017	Exercisable
40,957	18,584	(6,641)	11,336	(6,611)	57,625	39,041
40,957	18,584	(6,641)	11,336	(6,611)	57,625	39,041

Transfer as per scheme of arrangement for demerger as on 1st Feb 2016	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2016	Exercisable
40,957	-	-	-	-	40,957	40,957
40,957	-	-	-	-	40,957	40,957

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.

Weighted average grant date fair value of Performance Shares (EUR) at Grant dates

Grant Date	Weighted average grant date fair value (in Euro)
May 3, 2013	23.45
April 28, 2014	22.92
July 25, 2014	22.80
October 24, 2014	20.43
May 5, 2015	25.19
April 29, 2016	24.03

(g) 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	-0.52%
2. Expected dividend yield	3.53%
3. Expected share price volatility	25.52%

(h) The closing liability for the options, restricted and performance shares lies in the books of Philips India Limited as mutually agreed as per the scheme of arrangement for demerger. Expense recognized on account of "Employee Share-Based Payment" for the period ended 31 March'17 is ₹ 35 million (Previous period ₹ 4 million) and corresponding liability is ₹ 24 million (Previous period ₹ 4 million)

(i) The shares are to be issued by the Koninklijke Philips N.V. (KPNV) (Ultimate Holding Company). Payment of shares to be made by the Company to the Philips Lighting Holding B.V (holding company) on the basis of fair value of shares using a "Black-Scholes" option pricing model and accordingly the shares-based payments scheme is a cash settled arrangement for the Company . The liability under cash settlement has to be remeasured to fair value at each reporting date up to, and including the settlement date. Impact of fair value of outstanding shares is not materially different from the carrying value as on the reporting date i.e. 31 March 2017.

39. Exceptional items:

Declining demand at our Conventional lighting industrial units has led to reduction in demand of workforce which necessiated to offer a voluntary retirement scheme for Workman at our Industrial Units at Mohali and Vadodara. During the FY 2016-17, a charge of ₹559 million (Previous Year - ₹6 million) is recognized in the Statement of Profit and Loss against the Scheme under the head exceptional items.

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

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

(a) Contingent liabilities

(i) In respect of disputed excise demands - ₹ 364 million (As at 31 March 2016 - ₹ 301 million)

(ii) The Contingent Liability on account of Income Tax cases relating to erstwhile Lighting Business of Philips India Limited (PIL) is estimated at ₹3,197 million (Previous year – ₹2,757 million) out of Common estimated Income Tax Liability of lighting business and other businesses of Philips India Limited amounting to ₹5,918 million (Previous year – ₹5,213 million) in various years.

As per the MOU (Memorandum of Understanding) dated 31 March 2016 signed between Philips India Limited and Philips Lighting India Limited at the time of demerger of lighting business, the Income Tax cases upto the effective date of demerger shall be contested by Philips India Limited and the amount of liability, if any, upon conclusion of case relating to lighting business shall be payable by Philips Lighting India Limited to Philips India Limited on the basis of respective segment turnover (agreed as part of MOU) of relevant years

(iii) In respect of suppliers' / customers' demands and certain tenancy / sales 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

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ 45 million (As at 31 March 2016 - ₹ 14 million).

(c) Contingent assets

There are no contingent assets of the Company as at the year end 2017 (As at 31 March 2016 - Nil).

41. Earnings per share

Calculation of earnings per share	For the year ended 31 March 2017	For the period ended 31 March 2016
Number of shares at the beginning of the period	57,517,242	-
Total number of equity shares outstanding at the end of the period	57,517,242	57,517,242
Weighted average number of equity shares outstanding during the period	57,517,242	9,906,300
Profit after tax attributable to equity share holders (₹ in million)	983	570
Basic and diluted earnings per share (in ₹)	**17.09**	**57.52**

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

In pursuance of the restructuring mentioned above, a Scheme of Arrangement for Demerger (Scheme) under Section 391 to 394 and other relevant provisions of the Companies Act, 1956 and Companies Act, 2013, amongst Philips India Limited (Demerged Company) and Philips Lighting India Limited (Resulting

Company, hereinafter referred to as the company) and their respective shareholders was approved by the Hon'ble High Court of Calcutta vide order dated 07 January 2016, received by the Company on 29 January 2016, which was filed with the Registrar of Companies and was approved by them on 24 February 2016.

Consequent to the demerger;

a) The assets and liabilities of the Demerged Company are recorded by the resulting company at their respective book value.

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

c) The excess of assets of the demerged undertaking over the liabilities of the demerged undertaking (as per table given below) over the face value of shares issued (Refer Point b) is credited to capital reserves by the company.

d) All costs, charges and expenses related to the scheme is adjusted against the Capital reserve as part of the scheme In accordance with the Scheme, the assets and liabilities pertaining to Lighting business of Philips India Limited were transferred to and vested with the Company with effect from the appointed date i.e. 01 February 2016.

(₹ in million)

The carrying amounts of the assets and liabilities transferred to the resulting company are as follows:	**As at 1 Feb 2016**
Total assets	9,396
Total liabilities	6,631
Net assets acquired	2,765
Less: Resultant's company share of demerger expenses	(81)
Less: Face value of shares issued	(575)
Capital reserve arising as per the Scheme	2,109

43. In-house Research and Development

The Company has obtained approval of its in-house research and development facility ('R&D facility') located at Sector 57, Noida, UP from Ministry of Science and Technology, Department of Scientific and Industrial Research ('DSIR'). The objective of in-house scientific research undertaken by the Company is to improve people's life through meaningful innovations. During the financial year 2016-17 and 2015-16, the Company has incurred following expenditure on in-house research and development in the said R&D facility:

(₹ in million)

Particulars	**Year ended 31 March 2017**	**Period ended 31 March 2016**
Research and development expenditure		
- Capital expenditure	23	2
- Revenue expenditure	320	43
Total	**343**	**45**

44. Dividend proposed

After the reporting date i.e. on 21 June 2017, the following dividends were proposed by directors at the board meeting

(₹ in million)

	As at 31 March 2017	**As at 31 March 2016**
₹20 per share on 57,517,242 equity shares of face value ₹10 each	1,150,344,840	-
Dividend distribution tax @ 20.3576% on dividend to equity shareholders	234,182,601	-

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

45. First Time Adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the period ended March 31, 2016, as described in the summary of significant accounting policies. The Company was incorporated on 22 April 2015. Accordingly, the previous period presented is from 22 April 2015 to 31 March 2016 (“period”)”

A) Exemptions and exceptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Ind AS optional exemptions		
(a)	Use of carrying value as per previous GAAP as deemed cost	"Ind AS 101 permits a first time adopter to elect to fair value on its property, plant and equipment as recognized in financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition or apply principles of Ind AS retrospectively. Ind AS 101 also permits the first time adopter to elect to continue with the carrying value for all of its property plant and equipment as recognized in the financial statements as at the date of transition to Ind AS. This exemption can be also used for intangible assets covered by Ind-AS 38. The Company has elected to consider carrying value of its property, plant and equipment as per Indian GAAP as its deemed cost on the date of transition to Ind AS."
Ind AS mandatory exemptions		
(b)	Estimates :	"An entity estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates at March 31, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP: (i) Impairment of financial assets based on expected credit loss method"
(c)	Derecognition of financial assets and financial liabilities :	The Company has elected to apply the derecognition requirement for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after date of transaction.
(d)	Classification of financial assets and liabilities	The Company has elected to apply classification requirements for financial assets and financial liabilities which requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

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

Reconciliation of equity

(₹ in million)

Particulars	Notes for reclassification	Notes to first-time adoption	Previous GAAP*	Reclassifications	Ind AS Adjustments	Ind AS
ASSETS						
Non-current assets						
Property, plant and equipment			1,850	-	-	1,850
Capital work-in-progress			90	-	-	90
Financial assets				-		-
(i) Trade Receivable			146	-	-	146
(ii) Other non-current financial assets		1	163	-	(29)	134
Deferred Tax Assets (Net)		6	364	-	163	527
Other non-current assets	a	1	217	(40)	29	206
Total non-current assets			**2,830**	**(40)**	**163**	**2,953**
Current assets						
Inventories			2,855	-	-	2,855
Financial assets						-
(i) Trade receivables	b	4	4,540	34	(44)	4,530
(ii) Cash and cash equivalents			12	-	-	12
(iii) Other current financial assets			23	-	-	23
Current tax assets (net)			18	-	-	18
Other current assets			309	-	-	309
Total current assets			**7,757**	**34**	**(44)**	**7,747**
TOTAL ASSETS			**10,587**	**(6)**	**119**	**10,700**

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

(₹ in million)

Particulars	Notes for reclassification	Notes to first-time adoption	Previous GAAP*	Reclassifications	Ind AS Adjustments	Ind AS
EQUITY AND LIABILITIES						
Equity						
Equity share capital			575	-	-	575
Other equity		7	2,561	-	119	2,680
Total equity			**3,136**	**-**	**119**	**3,255**
Liabilities						
Non-current liabilities						
Financial liabilities						
(i) Borrowings			42	-	-	42
(ii) Other non-current financial liabilities	b		4	14	-	18
Non-current provisions	c		452	115	-	567
Other non-current liabilities			118	-	-	118
Total non-current liabilities			**616**	**129**	**-**	**745**
Current liabilities						
Financial liabilities						
(i) Trade payables	c	5	4,695	(115)	(375)	4,205
(ii) Other current financial liabilities	b		1,095	20	-	1,115
Other current liabilities		5	269	-	375	644
Current provisions	a		776	(40)	-	736
Total current liabilities			**6,835**	**(135)**	**-**	**6,700**
TOTAL EQUITY AND LIABILITIES			**10,587**	**(6)**	**119**	**10,700**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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

(₹ in million)

Particulars	Notes for reclassification	Notes to first-time adoption	Previous GAAP*	Reclassifications	Ind AS Adjustments	Ind AS
Revenue						
Revenue from operations		3	5,686	-	(135)	5,551
Other income		1	9	-	1	10
Total income			**5,695**	**-**	**(134)**	**5,561**
Expenses						
Cost of materials consumed			402	-	-	402
Purchases of traded goods		3	3,446	-	(135)	3,311
Changes in inventories of finished goods and traded goods			(487)	-	-	(487)
Employee benefits expense		2	565	-	1	566
Finance costs			4	-	-	4
Depreciation, amortization and impairment			67	-	-	67
Other expenses		1 & 4	1,022	-	45	1,067
Total expenses			**5,019**	**-**	**(89)**	**4,930**
Profit before exceptional items and tax			676	-	(45)	631
Less: Exceptional items			6	-	-	6
Profit before tax			**670**	**-**	**(45)**	**625**
Tax expense						
- Current tax			149	-	-	149
- Deferred tax		6	69	-	(163)	(94)
Profit for the year/ period (A)			**452**	**-**	**118**	**570**
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurement (gain)/loss of defined benefit plans		2	-	-	(2)	(2)
Income tax relating to remeasurement of defined benefit plans		2	-	-	1	1
Total other comprehensive income for the year/ period (B), Net of tax			-	-	(1)	(1)
Total comprehensive income for the year/ period (A + B)			**452**	**-**	**119**	**571**

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

D:Notes to first-time adoption:

Explanation for Ind AS adjustments

1. **Security deposits**

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognized as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 29 million as at 31 March 2016 . The prepaid rent increased by ₹ 29 million as at 31 March 2016. The profit for the year and total equity as at 31 March 2016 decreased by ₹ 1 million due to amortization of the prepaid rent which is partially off-set by the notional interest income of ₹ 1 million recognized on security deposits.

2. **Remeasurement of post-employment benefit obligations**

Both under previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. During the year ended March 31, 2016 the employee benefit cost is increased by ₹ 1 million and re-measurement gains/ losses on defined benefit plans has been recognized in the OCI and deferred tax asset on such expenditure is ₹ 1 million

3. **Revenue from operations**

i) Under previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Therefore, sale of goods under Ind AS has increased by ₹ 109 million with a corresponding increase in cost of goods sold.

ii) Under the previous GAAP, sale of products to co makers amounting ₹ 244 million was presented as part of sale of products and purchase of material from co-makers were presented as purchase. Under Ind AS, revenue from sale of goods is netted off from sales to co-makers.

4 **Trade receivables**

Under previous GAAP, the Company has created provision for impairment of receivables which is only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to ECL model, the Company impaired its trade receivable by ₹ 44 million which has been recognized under other expenses in the statement of profit and loss.

5 **Trade payables**

The Company provides non-cash incentives to customers in form of scheme related accruals. Under previous GAAP, Scheme related accruals (₹375 million) were presented as part of trade payables, Under Ind AS same has been shown as deferred revenue as part of the other current liabilities.

6 **Deferred tax**

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax is recognized in correlation to the underlying transaction in retained earnings and during the year ended March 31, 2016. On the date of transition, the net impact on deferred tax assets is of ₹ 163 million.

7 **Other comprehensive income**

Under previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, previous GAAP profit has been reconciled to profit as per Ind AS. Further, Indian GAAP profit is reconciled to total comprehensive income as per Ind AS.

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

Reconciliation of equity as at March 31, 2016 between previous GAAP and Ind AS:-

Equity reconciliation	Note Reference (above)	March 31, 2016 (₹ in million)
Other equity as per previous GAAP		**2,561**
Add:		
Interest Income on security deposits being present valued	1	1
Impact of income tax including deferred tax	6	163
Less:		
Expense due to amortization of prepaid rent	1	(1)
Impact of credit impairment loss on the trade and other receivables.	4	(44)
Other equity as per Ind AS		**2,680**

Explanation for reclassification adjustments

a Under the previous GAAP, provision against deposit of ₹40 million was presented under provisions. Under Ind AS, same has been reclassed and netted of against the corresponding deposit in other non current asset.

b Under the previous GAAP, unearned interest of ₹34 million was presented under Trade receivables. Under Ind AS, same has been reclassified to other current financial liability (₹20 million) and other non current financial liability (₹14 million).

c Under the previous GAAP, provision for environment restoration liability (₹115 million) was presented under Trade payables. Under Ind AS, same has been reclassified from trade payable to Non current provisions.

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

Per Manoj Kumar Gupta
Partner
Membership No. 83906

Place : Gurgaon
Date : 21 June 2017

For and on behalf of Philips Lighting India Limited

Harshavardhan Madhav Chitale
Managing Director & CEO
(DIN: 00040221)

Bidhu Bhusan Mohanty
Whole Time Director & CFO
(DIN: 07017960)

Nitin Mittal
Head of Legal and Company Secretary
(FCS- 7044)

Place : Gurgaon
Date : 21 June 2017

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Gujarat

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