Philips Lighting India Limited

Annual Report 2017-18

Lighting up the Nation's Pride

PHILIPS Lighting

Lighting Lives

As a socially conscious organization, we contribute towards the society through our Corporate Social Responsibility initiative called Lighting Lives. Under this initiative, we train electricians to enhance their employability through our training partners spread across India under our Ujjwal Jeevan program. Our employees also participate in our CSR program Philips Light Up A Smile and donate lighting products to underprivileged school children.

Chairman's Message

Dear Stakeholder,

This was a landmark year for Philips Lighting, marked by the continuous transformation of the company and the achievement of all the commitments we made. The company made good progress on its purpose – to unlock the extraordinary potential of light for Brighter Lives and a Better World.

2017 was a good year and among the many important milestones, we completed one year as a standalone company and strengthened our leadership as the global leader in lighting.

The lighting industry in India continued to grow this year as well, as the LEDification drive sustained across Consumer, Professional and Public Lighting. The Indian economy witnessed a major regulatory and taxation reform with the introduction of Goods and Services Tax (GST) regime in July. The transition to GST created a lot of uncertainty in the Indian business environment. Despite these hurdles, your company executed its strategy relentlessly and managed to grow across its different business categories.

Our Strategy Delivers Results

We executed our strategy with a lot of rigor in 2017, in what was still a challenging local economic environment. We saw the growth of our LED and Systems & Services businesses more than offset the de-growth in our conventional lighting businesses.

Our total LED-based sales grew 17.7% comparably over last year to represent almost three quarters of our overall sales in the current financial year, there was price erosion in LED segment, but it was compensated by significant increase in volume. Our focus on innovation enabled us to accelerate our time to market and introduce innovative products like Philips TBulb, Philips SunStay integrated solar street lights and Philips Lifelight Indoor solar lamps.

Our professional lighting business delivered exceptionally strong results in the year and it was moment of great pride for our company when we illuminated Rashtrapati Bhavan, North and South Block of Central Secretariat and India Gate in New Delhi with our Philips Color Kinetics dynamic façade lighting solutions. We also implemented several large street lighting installations in Nagpur, Hyderabad, Vizag Smart City and New Delhi Municipal Corporation (NDMC) making these cities safer and energy efficient with our LED street lighting solutions.

We also maintained our leadership in the Home lighting business and expanded our retail presence in the country with the opening of new Philips Light Lounges, taking their overall count to 180. Owing to the growing penetration of LED lighting across homes, public and professional lighting, the conventional lamps business witnessed an expected de-growth.

In line with our efforts to service our customers better, we inaugurated our Global Customer Remote Operations Center in Bengaluru to cater to our connected lighting installations across the globe.

As a socially conscious organization, we also introduced our Corporate Social Responsibility initiative called **Lighting Lives** during the year to give back to the society. Under this initiative, we have a program called Ujjwal Jeevan, wherein we train electricians to enhance their employability, through our training partners spread across India. Sustainability is an intrinsic part of our strategy. We were honored with the Industry Leader position in the Electrical Components and Equipment category of the Dow Jones Sustainability Index, which recognizes the achievements of our Brighter Lives, Better World sustainability program.

We also announced our new company name Signify across the globe, following the amendment of the company's articles of association changing its name from Philips Lighting N.V. to Signify N.V. in The Netherlands. Signify will continue to use the Philips brand for its products, the most trusted lighting brand in the world, under the existing licensing agreement with Royal Philips. We will also propose the name change in India to our shareholders.

On behalf of the Board of Directors and the leadership team, I want to thank our talented employees who worked hard to ensure we delivered on our promises in 2017. It is important to be able to count on teams that believe in our purpose and live by our values. I would also like to thank our customers for their continued trust, which motivates us on a daily basis. 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

Total Income
₹3,531 Crores

Profit Before Tax
₹282.6 Crores

Earnings per share
₹33.18

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

Mr. Sumit Padmakar Joshi
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

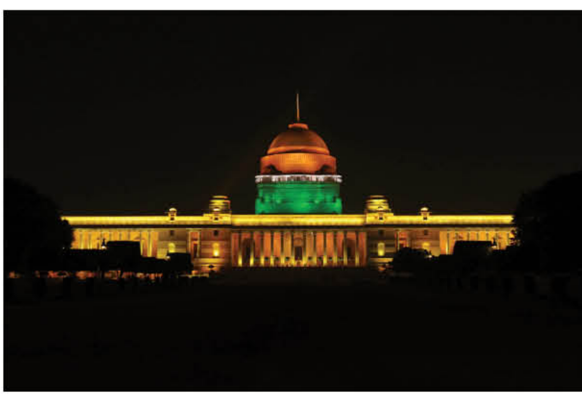
Ms. Vibha Paul Rishi
Independent and Non-executive Director
Chairperson of Nomination and Remuneration, CSR Committee

Mr. Sukanto Aich
Whole-time Director & Head of Marketing
Member of Banking and other Operations Committee and CSR Committee

2017 – A Spectacular Performance

We are implementing street lighting installations in Nagpur and New Delhi Municipal Corporation (NDMC). In Hyderabad city, we executed two projects, including the prestigious Necklace road street lighting and P V Narsimha Rao flyover lighting powered by Philips Amplight connected street lighting solutions. We also illuminated the prestigious beach road in Vizag Smart City with our state-of-the-art Philips UrbanSpark integrated solar lighting solutions.

In November, we completed the illumination of North and South Block of the Central Secretariat building in New Delhi using Philips Color Kinetics dynamic façade lighting. These iconic buildings house the Cabinet Secretariat, which administers the Government of India and are an integral part of India's historical and political heritage.



We also had the honour to illuminate Rashtrapati Bhavan in New Delhi with our Philips Color Kinetics dynamic façade lighting solutions. This iconic building is the official home of the President of India and is located at the Western end of Rajpath in New Delhi, India.

In June, we launched our Philips Hue White Ambiance range in Gurgaon in the presence of our Brand ambassador and leading film actress Shruti Hassan.

We inaugurated our Global Customer Remote Operations Center in Bengaluru to serve our customers across the globe. Equipped with the latest network monitoring technology and data analytics software, the new center will enable us to provide our professional connected lighting customers located anywhere across the globe with a range of services from predictive fault monitoring to in-depth consultancy services based on data insights, serviced by our team in Bengaluru.

We expanded our retail presence in the country with the opening of new Philips Light Lounges in Kolkata, Thrissur and Bengaluru. Philips Light Lounges are exclusive showrooms displaying a wide range of home decorative products and solutions. We now have more than 180 stores across all major cities in India.

We launched our innovative and first-of-its-kind Philips T Bulb in India this year. It is a unique T-shaped LED bulb that can be installed in existing LED bulb sockets and has a wider light spread, as compared to a regular LED bulb.

We accelerated our strategic push into solar-powered lighting with new products and systems and large-scale street lighting projects in India. These include an innovative all-in-one solar street light, Philips SunStay, which combines solar panel, battery and light in one housing, and Philips LifeLight, a solar lantern which comes with a replaceable battery.

PHILIPS LIGHTING INDIA LIMITED

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Annual General Meeting on Wednesday, 26th September, 2018 at 10.00 a.m.
At Vidya Mandir, 1, Moira Street, Kolkata 700017
For route map to the venue, please refer the AGM Notice that 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
Sumit Padmakar Joshi

Whole-time Director & Head – Marketing
Sukanto Aich

Chief Financial Officer
Dibyendu Raychaudhury

Head - Legal & Company Secretary
Nitin Mittal

Head- Consumer Sales
Arun C Kumar

Head – Professional Sales
Vikas Malhotra

Head - HR
Anusha Suryanarayan

Head- Supply Chain
Tankeswar Baishya

Head- OEM Sales
Girish Chawla

Head - Professional Business Group
Lalit Puri

Head - LED Lamps
Sameer Sodhi

Head – Service
Nitin Agarwal

Head – Procurement
Atul Srivastava

GENERAL INFORMATION

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
Yes Bank Limited
Deutsche Bank AG
Standard Chartered Bank
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 3rd Annual General Meeting of PHILIPS LIGHTING INDIA LIMITED will be held at Vidya Mandir, 1, Moira Street, Kolkata – 700 017 on Wednesday, the 26th day of September, 2018 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, 2018, including the audited Balance Sheet as at 31st March, 2018, 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, 2018, including the audited Balance Sheet as at 31st March, 2018, 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, 2018:

   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 29th June, 2018, 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. Sukanto Aich (DIN: 02175058), who retires by rotation and being eligible offers himself for re-appointment:

   RESOLVED THAT Mr. Sukanto Aich (DIN: 02175058), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution for change in name of the Company:

   RESOLVED THAT pursuant to provisions of Section 13(2) of the Companies Act, 2013 (hereinafter known as “the Act”) (including any statutory modification or re-enactment thereof, for the time being in force) (‘the Act’) and all other applicable provisions, if any, of the Act and the Companies (Incorporation) Rules, 2014 and subject to approval of the Central Government/Registrar of Companies, Kolkata, the consent of the members of Philips Lighting India Limited (‘the Company’) be and is hereby accorded to change the name of the Company from “PHILIPS LIGHTING INDIA LIMITED” to “SIGNIFY INNOVATIONS INDIA LIMITED” or any other similar name starting with "SIGNIFY" as may be approved by the Central Government/ Registrar of Companies, Kolkata (West Bengal) under the Act or any other rules and regulations as may be applicable to the Company.

FURTHER RESOLVED THAT Clause I of the Memorandum of Association of the Company be substituted by the following.

1. The name of the Company is “SIGNIFY INNOVATIONS INDIA LIMITED”

FURTHER RESOLVED THAT in terms of Section 14 of the Act, the Articles of Association of the Company be altered by deleting the existing name of the Company wherever appearing and substituting it with the new name of the Company.

FURTHER RESOLVED THAT the Board of Directors or any Committee thereof be and is hereby authorized to accept any other name approved by the relevant Regulatory Authorities and seek approval for the change in the name of the Company accordingly without making any further reference to the members for their approval.

FURTHER RESOLVED THAT Director and/or Company Secretary and/or KMPs of the Company be and are hereby severally authorized, on behalf of the Company, to do all such acts, deeds, matters and things as deem necessary to give effect to the aforesaid resolution.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution for appointment of Mr. Sumit Padmakar Joshi (DIN-07018906) as Vice-Chairman, Managing Director & Chief Executive Officer of the Company:

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. Sumit Padmakar Joshi (DIN:7018906), 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 14th September, 2017, who holds office upto the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, approval of the members of the Company be and is hereby granted to appoint Mr. Sumit Padmakar Joshi 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, pursuant to the recommendation made by the Nomination and Remuneration Committee, duly approved by the Board of Directors of the Company at its meetings held on 14th September, 2017 as per the Nomination and Remuneration Policy of the Company and subject to the requisite approval of the Central Government, approval of the members of the Company be and is hereby also accorded to appoint Mr. Sumit Padmakar Joshi (DIN:7018906) as Managing Director of the Company to hold office for an aggregate term of 5 (five) consecutive years from 14th September, 2017 to 13th September, 2022 as well as the payment of salary, commission and perquisites (hereinafter referred to as “remuneration), and 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. Joshi.

RESOLVED FURTHER THAT Mr. Joshi shall also serve as the Vice-Chairman of the Board.

RESOLVED FURTHER THAT Mr. Joshi shall also serve as the CEO (KMP) of the Company during the term of his appointment on such remuneration as approved above.

RESOLVED FURTHER THATMr. Joshi shall not be liable to retire by rotation.

RESOLVED FURTHER THAT Mr. Joshi 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. Joshi’s office as Vice-Chairman, Managing Director & CEO, the remuneration and perquisites as set out in the Explanatory Statement annexed to this notice, be paid or granted to Mr. Joshi 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 revision in remuneration of Mr. Rothin Bhattacharyya (DIN-01934922):

   RESOLVED THAT in partial modification of the resolution passed earlier by the shareholders at the Annual General Meeting of the Company held on 14th September, 2017, 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, and 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. Rothin Bhattacharyya (DIN-01934922) as Whole-time Director, to take effect from 1st April, 2018, for the balance term of his appointment on the Board, and who has resigned from the office of Director, being WTD (KMP), with effect from 3rd April, 2018 (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. Bhattacharyya.

   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's office as Whole-time Director, the remuneration and perquisites set out in the Explanatory Statement annexed hereto, 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."

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. Sukanto Aich (DIN- 02175058):

   RESOLVED THAT in partial modification of the resolution passed earlier by the shareholders at the Annual General Meeting of the Company held on 14th September, 2017, 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. Sukanto Aich (DIN- 02175058), Whole-time Director, to take effect from 1st April, 2018, 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. Aich.

   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's office as Whole-time Director, the remuneration and perquisites set out in the Explanatory Statement annexed hereto, 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."

8. 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/- (₹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 2017-18, 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."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution for approval of increase of secured and unsecured borrowings limit of the Company:

   RESOLVED THAT in supersession of the resolution passed at the General Meeting of the Company held on 20th December, 2016 and pursuant to the provisions of the Section 180 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof) for borrowing from time to time in one or more tranches, any secured or unsecured sum or sums of monies, whether fund based or non-fund based, as it may consider fit for the business of the Company, on such terms and conditions as it may deem fit and borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) which may exceed the aggregate of the paid-up capital of the Company and its free reserves, provided that the maximum amount of monies so borrowed by the Company shall, apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business and outstanding at any given point of time, not at any time exceed the sum of ₹ 1,000/- Crores (₹ One Thousand Crore only).

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

10. 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/- (₹ 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, 2019.

    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: Gurugram
Date: 29th June, 2018

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. 4, 5, 6, 7, 8, 9 &10 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 20th September, 2018 to 26th September, 2018 (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 26th September, 2018. 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 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. Pursuant toSections 124, 125 and any other relevant provisions of the Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends which are not encashed / claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The IEPF Rules mandate the Companies to transfer the shares of shareholders whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority:

    Pursuant to Sections 123, 124 and 125 of the Companies Act 2013, the unpaid dividend that are due for transfer to the Investor Education and Protection Fund (IEPF) are as follows

Dividend Number	Date of Declaration	For the year ended	Tentative date for transfer to IEPF
01	14.09.2017	31.03.2017	22.10.2024

12. 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

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

14. 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 3rd 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 22nd September, 2018 (9:00 a.m.) and ends on 25th September, 2018 (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 19th September, 2018, 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 19th September, 2018.

X. Any person, who acquires shares of the Company and becomes member of the Company after 17th August, 2018 i.e. the date considered for dispatch of the notice and holding shares as on the cut-off date i.e. 19th September, 2018, 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

XI. 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.

XII. 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.

XIII. 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.

XIV. 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.

XV. 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.

XVI. 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.

XVII. 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. 26th September, 2018.

EXPLANATORY STATEMENT

Under Section 102 of the Companies Act, 2013

ITEM NO. 4

Philips Lighting India Limited, a company incorporated under the provisions of the Companies Act, 2013 on 22nd April, 2015, is one of the subsidiaries of Philips Lighting Holding B.V., a company incorporated under the laws of the Netherlands (hereinafter know as 'the "Holding Company") and the Holding Company holds 96.13% of equity paid-up share capital of the Company.

The Holding Company has proposed and announced to change its Corporate name to the new name starting with 'SIGNIFY' at the globally on 16th March, 2018. Accordingly, it was also proposed to change the names of all its subsidiaries in each country including Philips Lighting India Limited to align with the proposed name of the Holding Company and to reflect the common brand of the group companies at global level.

Further, the new name 'SIGNIFY' has been carefully chosen, which reaffirms the powerful purpose of the Company to unlock the extraordinary potential of light for brighter lives and a better world. The choice of new Company name originates from the way light has become an intelligent language, which connects and conveys meaning. It celebrates and highlights the Company's ambitions for the future in terms of innovation and sustainability. It also communicates the difference the Company makes as the world leader in lighting and the lighting company for the Internet of Things.

A real word related to conveying meaning and to the idea of something 'significant'. This word is supportive of leadership, creativity and imagination. A very strong combination. Expressive, dynamic and confident were the top three associations with this name. It is also a verb, an uncommon and thus distinct word-type for a company name.

The word 'SIGNIFY' is a real and powerful word, full of positive connotations: 'to be a sign of', 'to convey meaning' and 'to be of importance'. As a proposed Company name, it is a reference to light as a universal sign for safety, for well-being, for innovation. It is a reference to the way light signals, transmits, data and communicates to create more value. It reflects the Company's great purpose and commitment to sustainability and Corporate Social Responsibility.

The Company is the part of world leading business, which has a global reach with commercial activities that cover approximately 180 countries; has operational manufacturing plants in 22 countries in all major regions of the world; established more than 70 sales offices worldwide; employs over 32,000 employees globally; acquired sales amounted Euro 7 billion. Hence, the name was also carefully chosen by the Holding Company keeping in view of the aaccessibility of name, based on a comprehensive research conducted with customers and linguistic experts in different geographical areas across the globe i.e. the word 'SIGNIFY' is easy to process and pronounce across key global languages. The role of research was to measure the potential of a word to serve as an effective brand name.

The Company, being a part of multination corporate (MNC) group, derives its brand image and strategic value from its Holding and group Companies spread across the world. Like other MNCs, the Company is and will be valued and known by its Holding Company's name and will carry the shared legacy. Not only this, the Company will leverage the use of well-known and competitively powerful common brand name at global level. Mostly, all the group companies across the world have secured the name starting with 'SIGNIFY', as proposed by the Holding Company.

In view of the same, the Board of Directors approved the change of name of the Company starting with "SIGNIFY". The Company had applied for reservation of new name with the Ministry of Corporate Affairs (MCA). The name"SIGNIFY INNOVATIONS INDIA LIMITED" has been duly approved and made available for changing the name by the MCA. The proposed change of name will not affect any of the rights of the Company or of the shareholders/stakeholders of the Company. All existing share certificates bearing the current name of the Company will, after the change of name, continue to be valid for all purposes. As per the provisions of Sections 13 of the Companies Act, 2014, approval of the shareholders is required to be accorded for changing the name of the Company & consequent alteration in the Memorandum of

Association and Articles of Association by way of passing a Special Resolution. Hence, the resolution is put up for members' approval.

However, we will continue to use "Philips" brand on all our products and services as per global agreement with Royal Philips for next ten years and with option of extension for another ten years.

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. 4 of the accompanying notice.

The Board recommends the Special Resolution set out at item no. 4 of the notice for the approval by the members of the Company.

ITEM NO. 5

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Sumit Padmakar Joshi (DIN-07018906) was appointed as an Additional Director of the Company with effect from 14th September, 2017, by the Board of Directors on recommendation made by the Nomination and Remuneration Committee in its meeting to be held on 14th September, 2017. Thereafter, the Board of Directors at the same meeting, on the basis of recommendation made by the N&R Committee, appointed Mr. Joshi as Managing Director and Chief Executive Officer (being KMP) 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 14th September, 2017 to 13th September, 2022, not liable to retire by rotation, subject to the approval of the members in the ensuing Annual General Meeting. Further, pursuant to article 95 of the AOA of the Company, Mr. Joshi was also appointed Vice-Chairman of the Board by the Board of Directors in its meeting held on 14th September, 2017. 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. Joshi has been Global Vice President, Head-Marketing Excellence, Philips Lighting, the Netherlands, before joining the Company as a CEO. He joined Philips Electronics ("Demerged Company") as Head of Marketing in September 2011 and then moved to global role in Philips Lighting as Global Vice President, Head-Marketing Excellence in October, 2015.

Prior to Philips, he had successful stints with Britannia, Marico, Boots Healthcare International and Whirlpool Corporation.

Mr. Joshi, in his 20 years of work experience, managed large and small businesses & teams, established global businesses with leadership position, turnaround businesses, established new businesses in challenging existing order. Mr. Joshi also led global multimillion dollar CAPEX projects with multicultural teams. He also led Sales Teams, Product Marketing, Product Development, Brand Marketing, Marcom, PR, Channel development at market level. He also has experience of managing businesses across B2C (Mass Distribution & Branded Retail), B2B & B2G domains. He also worked extensively with Manufacturing, Consumer Design and Consumer service teams.

Mr. Joshi is a Mechanical Engineer and Post Graduate in Management from Symbiosis Institute of Business management from India.

The appointment of Mr. Joshi as the Vice-Chairman, Managing Director & CEO is appropriate and in the best interests of the Company.

The said appointment is subject to the approval of the Central Government as Mr. Sumit Padmakar Joshi is considered to be a non-resident since he was not staying in India for a continuous period of twelve months immediately preceding the date of his appointment as Managing Director of the Company, in terms of Part I of Schedule V of the Companies Act, 2013. Accordingly, the Company had applied along with necessary documents with the Ministry of Corporate Affairs for the approval of his appointment as the Managing Director of the Company. The Ministry of Corporate Affairs vide its letter dated 30th May, 2018, without prejudice to the existing application and document made, has sought from the Company to submit Shareholder's resolution along with explanatory statement.

The approval of the members is being sought with respect to the terms and conditions for the appointment of Mr. Joshi as the Vice-Chairman, Managing Director& CEO (KMP) and the remuneration payable to him. The terms and conditions proposed for the appointment of Mr. Joshi, being appointed as Managing Director & CEO are fixed by the Board of Directors at their meeting held on 14th September, 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 Managing Director and CEO. Additionally, revision in remuneration payable to Mr. Joshi was also proposed with effect from 1st April, 2018. The matter regarding revision in the remuneration of Mr. Joshi was discussed in the Nomination and Remuneration Committee of the Board and the meeting of the Board of Directors held on 6th March, 2018, based on which the approval of the members is also requested for revision in the remuneration of Mr. Joshi for the balance term of his appointment on the Board.

An abstract of the terms & conditions of appointment of Mr. Joshi, Managing Director & CEO including remuneration, is given hereunder:

Terms and Conditions including remuneration duly approved by the Board at the time of appointing Mr. Joshi on 14th September, 2017		The revised remuneration payable with effect from 1st April, 2018, duly approved by the Board on 6th March, 2018.	
1. Mr. Joshi shall be entitled to receive remuneration for his services by way of Salary, Variables Performance Linked Bonus and Perquisites. Remuneration:		1. Mr. Joshi shall be entitled to receive remuneration for his services by way of Salary, Variables Performance Linked Bonus and Perquisites Remuneration:	
Salary	₹ 2,10,00,000/- per annum 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: ₹ 73,50,000/- 2. House Rent Allowance: ₹ 36,75,000/- 3. Flexible Benefit Plan: ₹ 87,39,465/- 4. Retrial Benefit: ₹ 8,82,000/- (as set out in Part B)	Salary	₹ 2,10,00,000/- per annum or such higher amount as may be approved by the Board of Directors or anyz Committee thereof from time to time. The amount includes: 1. Basic Salary: ₹ 73,50,000/- 2. House Rent Allowance: ₹ 36,75,000/- 3. Flexible Benefit Plan: ₹ 87,39,465/- 4. Retrial Benefit: ₹ 12,35,535/- (as set out in Part B)
Variable Performance Linked Bonus	₹ 63,00,000/- payable annually at 100% of achievement of targets, as may be approved by the Board of Directors or any Committee thereof.	Variable Performance Linked Bonus	₹ 84,00,000/- payable annually at 100% of achievement of targets, as may be approved by the Board of Directors or any Committee thereof
Perquisites	Perquisites shall be payable as set out in Part A, as applicable.	Perquisites	Perquisites shall be payable as set out in Part A, as applicable

Part- A	Part- A
i. Mr. Joshi 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 65,000 which is granted in a mix of restricted and performance shares. The final value may be greater than or less than the initial grant amount depending on Company performance but payable maximum upto 200%, Company's car for official duties as per his grade level and such other perquisites and allowances in accordance with the Rules of the Company as amended from time to time. To recognize his new role with the company he will receive an additional grant with a value of 65,000 EUR. This will be granted to him immediately and will vest 3 years later providing he is still employed with Philips Lighting. Should he leave Philips Lighting for any reason this LTI award will lapse.	i. Mr. Joshi 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 150,000 which is granted in a mix of restricted and performance shares. The final value may be greater than or less than the initial grant amount depending on Company performance but payable maximum upto 200%, Company's car for official duties as per his grade level 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	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	**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.	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.	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.	2. All the above perquisites and benefits would be subject to the applicable Company policy.
3. Mr. Joshi shall perform the duties which may be performed by a Managing Director under the Act, and any other duties assigned to him by the Board from time to time.	3. All other terms and conditions of Mr. Joshi, as approved earlier by the Board, shall remain unchanged.

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 Special Resolution set out at item no. 5 of the accompanying Notice for the approval of the members.

Except Mr. Joshi, 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 196, 197 & 203 of the Companies Act, 2013 (hereinafter known as "the Act") read with Schedule V of the Act and rules made thereunder, the Board of Directors, on the basis of recommendation made by the Nomination and Remuneration Committee, appointed Mr. Bhattacharyya as Whole-time Director, being Key Managerial Personnel, of the Company for a period of five (5) years from 1st July, 2017 to 30th June, 2022, liable to retire by rotation, duly approved by the members at their Annual General Meeting held on 14th September, 2017. 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-billiondollar 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. Mr. Bhattacharyya 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.

In view of the above, revision in remuneration payable to Mr. Bhattacharyya was proposed, with effect from 1st April, 2018. The matter regarding revision in the remuneration of Mr. Bhattacharyya was discussed in the Nomination and Remuneration Committee of the Board and the meeting of the Board of Directors held on 6th March, 2018, based on which the approval of the members is requested for revision in the remuneration of Mr. Bhattacharyya for the balance term of his appointment on the Board. However, Mr. Bhattacharyya has resigned from the office of the directorship with effect from the close of business hours on 3rd April, 2018 due to his moving into a global role of Business Transformation for Growth Markets within Philips Lighting.

The revised remuneration payable to him, are detailed hereunder:

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

Remuneration:

Salary	₹ 1,49,44,500/- 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: ₹ 52,30,575/- 2. House Rent Allowance: ₹ 26,15,288/- 3. Flexible Benefit Plan: ₹ 62,19,378/- 4. Retrial Benefit: ₹ 8,79,260/- (as set out in Part B)
Annual Incentive (Performance Linked)	₹ 37,36,125/- (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. 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 30,000 (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. Bhattacharyya, as approved earlier by the Board and further approved by the shareholders, shall remain unchanged.

Except Mr. Bhattacharyya, 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 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, the Board of Directors, on the basis of recommendation made by the Nomination and Remuneration Committee, appointed Mr. Aich as Whole-time Director, being Key Managerial Personnel, of the Company for a period of five (5) years from 1st July, 2017 to 30th June, 2022, liable to retire by rotation, duly approved by the Members at their Annual General Meeting held on 14th September, 2017. He is also member of the Corporate Social Responsibility Committee and the Banking and Other Operations Committee of the Board of the Company.

Mr. Sukanto Aich is an accomplished Enterprise Business leader with 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.

Mr. 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.

In view of the above, revision in remuneration payable to Mr. Aich was proposed, with effect from 1st April, 2018. The matter regarding revision in the remuneration of Mr. Aich was discussed in the Nomination and Remuneration Committee of the Board and the meeting of the Board of Directors held on 6th March, 2018, based on which the approval of the members is requested for revision in the remuneration of Mr. Bhattacharyya for the balance term of his appointment on the Board.

The revised remuneration payable to him, are detailed hereunder:

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

   Remuneration:

Salary	₹ 1,25,98,597/- 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: ₹ 44,09,509/- 2. House Rent Allowance: ₹ 22,04,754/- 3. Flexible Benefit Plan: ₹ 52,43,095/- 4. Retrial Benefit: ₹ 7,41,238/- (as set out in Part B)
Annual Incentive (Performance Linked)	₹ 31,49,649/- (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. 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 45,000 (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. Aich, as approved earlier by the Board and further approved by the shareholders, shall remain unchanged.

Except Mr. Aich, 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

The Board of Directors in its meeting held on 29th June, 2018, 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 payment and distribution of an amount of ₹ 42,00,000/- (₹ 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, 2018, 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 2017-18, 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. 8 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, 2018.

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. 8 of the accompanying notice.

The Board recommends the Ordinary Resolution set out at item no. 8 of the notice for the approval by the Members.

ITEM NO. 9

As per Section 180 of the Companies Act, 2013 (the Act), the Board of Directors of a company cannot, except with the consent of the Company in general meeting by a special resolution, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company.

At the General Meeting held on 20th December, 2016, borrowing limit upto ₹ 750/- crores (₹ Seven Hundred Fifty Crores only) was approved by the Members of the Company. But keeping in view your Company's growth and its needs for sufficient funds, there is requirement to increase the said limit of borrowings for its operations and the consent of the

Members is sought in accordance with the provisions of Section 180 of the Act to enable the Board to borrow from time to time, in one or more tranches, any secured or unsecured sum or sums of monies, whether fund based or non-fund based, as it may consider fit and expedient in the interests of the Company, provided that the total amount so borrowed by the Board shall not at any time exceed ₹ 1000/- Crores (₹ One Thousand Crores only).

The Special Resolution under Item No. 9 is to obtain the consent of the Members for this purpose. The proposed borrowings of the Company may, if necessary, be secured or unsecured.

The Board recommends passing of the Resolution at Item No. 9 of the Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution at Item No. 9.

ITEM NO. 10

The Company is required to conduct the audit of its cost records 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, 2019.

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

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out at item no. 10 of the notice for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

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.

By Order of the Board of Directors
For PHILIPS LIGHTING INDIA LIMITED

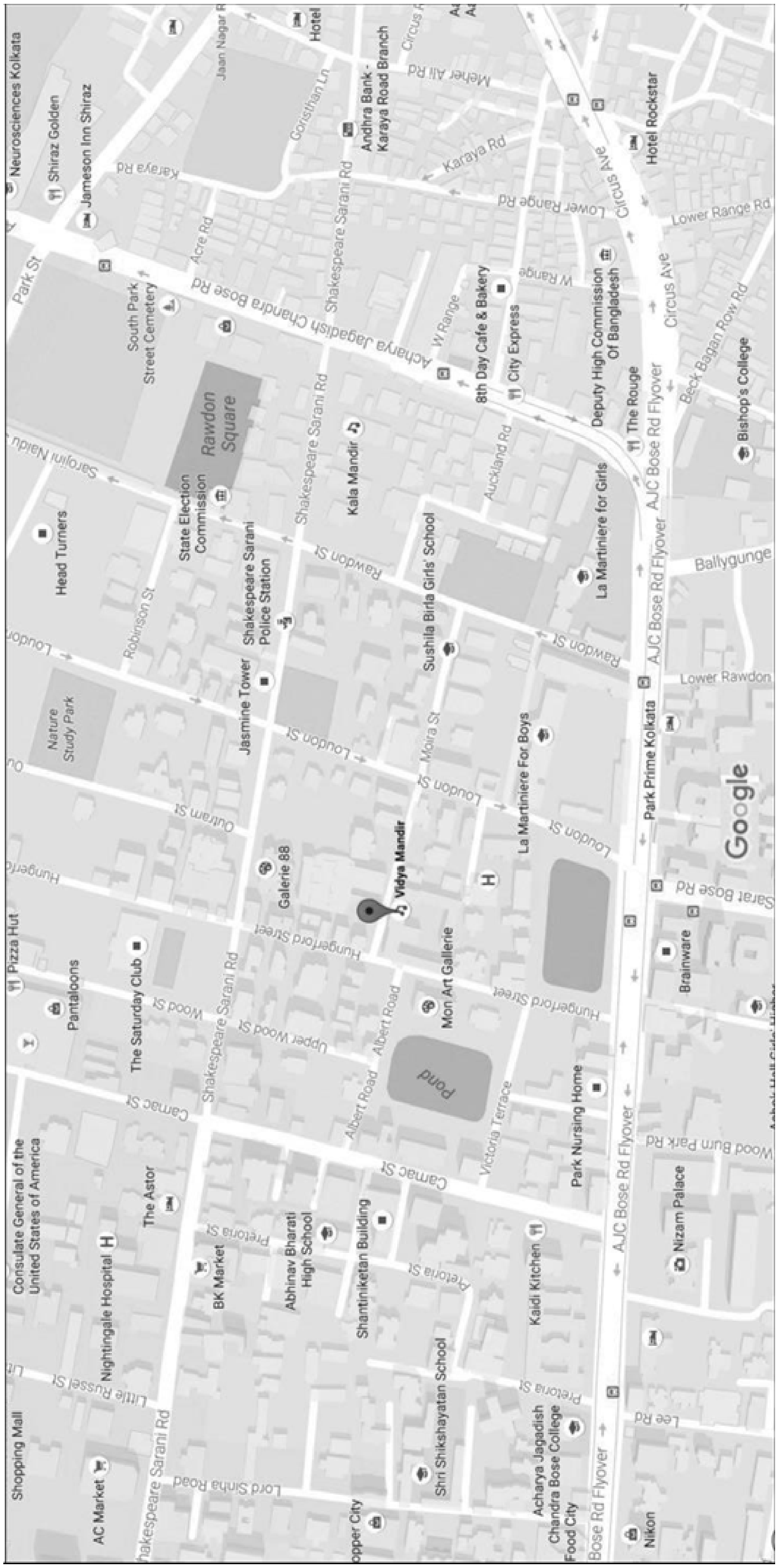
Place: Gurugram
Date: 29th June, 2018

Nitin Mittal
Head of Legal & Company Secretary

ROUTE MAP TO THE VENUE OF THE 3RD ANNUAL GENERAL MEETING

TO BE HELD ON 26TH SEPTEMBER, 2018 AT 10:00 A.M. AT

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



DIRECTORS' REPORT

For the financial year ended 31st March, 2018

Dear Members,

Your Company's Directors are pleased to present the 3rd Annual Report of the Company, along with the Audited Annual Accounts for the financial year ended 31st March, 2018.

1. FINANCIAL PERFORMANCE:

I.I RESULTS

₹ in Millions

	2017-18	2016-17
Revenue from operations (a)	35,128	33,270
Other Income (b)	182	116
Gross Income	35,310	33,386
Profit before tax (PBT) and exceptional items	3,432	1946
PBT and exceptional items (%)	9.8%	5.9%
Exceptional Items	(606)	(559)
Profit before tax	2,826	1387
Provision for current tax	(1,075)	(617)
Deferred tax–Release/(Charge)	157	213
Profit after tax (PAT)	1,908	983
PAT(%)	5.4%	3.0%
Transfer to General Reserve	-	-

1.2 FINANCE & ACCOUNTS

This year your company has achieved growth of 5.6% (Previous year 2.9%). Your Company generated an EBIT of ₹ 2,880 Million (Previous year ₹1,414 Million) and a net cash of ₹ 368 Million (Previous year ₹ 3,555 Million). The Company has not made any major fund based borrowings in this year and has managed working capital requirements from internal cash generation.

Capital expenditure during the year was ₹ 244 Million (Previous Year ₹ 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/- (200%) per share as dividend on the fully paid equity shares for the financial year ended 31st March, 2018. This will absorb ₹ 1,150 million as dividend and ₹ 237 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 to grow this year as well, as the LEDification drivesustained across Consumer, Professional and Public Lighting, resulting in a decline in Conventional Lighting. The Indian economy witnessed a major regulatory and taxation reform with the introduction of Goods and Services Tax (GST) regime in July, 2017. The transition to GST created a lot of uncertainty in the Indian business environment and negatively impacted the lighting industry for some months, post its introduction. Despite these hurdles, your company managed to grow across itsdifferent business 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 previous years. However, your Company continued to increase market share in this declining category.

LEDification gathered significant momentum, especially across professional and public segments, as awareness about the benefits of using LED's increased amongst users. Increased consciousness about the environment prompted several government and public infrastructure buildings to switch to LED lighting. As a result, the LED business share of the overall lighting business increased to 73% from 55.3% in the previous year.

Professional Lighting Solutions witnessed a spectacular growth of 38.8%, driven by several large orders from public and private establishments. Your company won projects to light up prestigious government buildings including the Rashtrapati Bhavan, North and South Block buildings of Central Secretariat and India Gate, amongst many others. The company's LED contribution in Professional Lighting Solutions business now stands at 93.3% compared to 74.0% for the similar period in previous financial year, reflecting the increasing preference for LED lighting.

The Home lighting business recorded a growth of 5.4% during the financial year 2017-18. The continuous expansion of the company's product portfolio in the LED downlighter segment made this growth possible, as the category continued to grow across homes and small commercial establishments in India.

Focused marketing activities and investments in advertising and promotions have aided the company's growth. Your Company's advertising campaigns during the year focused on the LED portfolio and enabled an increase in both market share and brand recall.

7. 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.

8. 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.

9. 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.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the financial year under review, Mr. Bidhu Bhusan Mohanty, Whole-time Director & Chief Financial Officer and Mr. Harshavardhan Madhav Chitale, Vice-Chairman, Managing Director & Chief Executive Officer, have resigned from the Board with effect from 30th June, 2017 and 31st August, 2017 respectively. Your Directors also recorded their appreciation of the valuable contributions made by Mr. Chitale and Mr. Mohanty to the Board's deliberations and proceedings during their terms on the Board.

Further, Mr. Mohanty also resigned from the position of Chief Financial Officer with effect from 31st July, 2017 and Mr. Chitale resigned from the position of Chief Executive Office with effect from 31st August, 2017.

Mr. Sumit Padmarkar Joshi, Vice-Chairman, Managing Director and Chief Executive Officer of the Company was appointed as Additional Director of the Company in the Board meeting held on 14th September, 2017. He was also appointed as Managing Director and Chief Executive Officer of the Company, in place of Mr. Chitale, with effect from 14th September, 2017. He also assumed the office of Vice-Chairman of the Company, as approved by the Board, pursuant to provisions of the Articles of Association of the Company. Appointment of Mr. Joshi as Director as well as the Managing Director is subject to the Shareholders' approval at the ensuing Third Annual General Meeting.

Mr. Dibyendu Raychaudhury, during the year under review, was 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.

The Independent Directors on the Board of the Company, namely, Mr. Vinayak K. Deshpande, Mr. P. Uma Shankar and Ms. Vibha Paul Rishi were appointed at the First Annual General Meeting ofthe Company 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, who was appointed as a Director at the First Annual General Meeting of the Company held on 20th December, 2016, is the Chairman and Non-Executive Director on the Board of the Company. Mr. Sivaraman has recently stepped down from Philips Lighting (S) Pte. Ltd, one of the Philips Lighting Global Group Companies, from the position of President- Growth Markets with effect from 1st July, 2018.However, Mr. Sivaraman being a Non-Executive Director will continue as the Chairman of the Board of Directors.

During the financial year under review, Mr. Rothin Bhattacharyya and Mr. Sukanto Aich were appointed as Whole-time Directors, being Key Managerial Personnel at the Second Annual General Meeting held on 14th September, 2017 pursuant to relevant provisions of the Companies Act, 2013 and rules made thereunder.

Pursuant to the Articles of Association of the Company, Mr. Aich retires by rotation and being eligible,offers himself for re-appointment.

In current financial year 2018-19, Mr. Rothin Bhattacharyya has tendered his resignation to the Board with effect from 3rd April, 2018, due to his moving into a global role of Business Transformation for Growth Markets within Philips Lighting, which was duly noted by the Board. Your Directors also recorded their appreciation of the valuable contributions made by Mr. Bhattacharyya to the Board's deliberations and proceedings during his term on the Board.

Structure of the Board of Directors:

- Mr. Murali Sivaraman – Chairman & Director
- Mr. Harshavardhan M. Chitale - Vice-Chairman & Managing Director (till 31st August, 2017)
- Mr. Sumit Padmakar Joshi - Vice-Chairman & Managing Director (w.e.f. 14th September, 2017)
- Mr. Bidhu Bhusan Mohanty - Whole-time Director (till 30th June, 2017)
- Mr. Rothin Bhattacharyya - Whole-time Director (w.e.f. 1st July, 2017 till 3rd April, 2018)
- 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 (till 31st August, 2017)
- Mr. Sumit Padmakar Joshi - Chief Executive Officer (w.e.f. 14th September, 2017)
- Mr. Rothin Bhattacharyya - Whole-time Director ((w.e.f. 1st July, 2017 till 3rd April, 2018)
- 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

11. 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.

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

Meetings of the Board were held five (5) times during the financial year 2017-18. For further details of the number and dates of meetings of the Board and Committees thereof held during the financial year 2017-18 indicating the number of Meetings attended by each Director, please refer to the Annexure II, which forms part of this Report.

13. BOARD EVALUATION:

In terms of the Nomination and Remuneration Policy 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 2017-18 on the basis of a structured questionnaire survey.

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.

14. COMMITTEES OF THE BOARD:

14.1. AUDIT COMMITTEE:

The Board had 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 the 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.

14.2. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Your Company had 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.

During the year under review, the Committee was re-constituted on 14th September, 2017, on appointment of Mr. Sumit Padmakar Joshi in place of Mr. Harshavardhan M. Chitale. Further in the current financial year 2018-19, the Committee was again reconstituted by inducting Mr. Sukanto Aich as a new member on 29th June, 2018. Presently the Committee consists of the following members:

1	Ms. Vibha P. Rishi	Independent Director	Chairman
2	Mr. P. Uma Shankar	Independent Director	Member
3	Mr. Sukanto Aich	Whole-time Director	Member
4	Mr. Sumit Padmakar Joshi	Managing 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 Committee. 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 is also available on your Company's website (www.lighting.philips.co.in).

Your Company was engaged in Corporate Social Responsibility (CSR) initiatives in various fields, during the year 2017-18, the details of which are set out in the 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.

14.3.STAKEHOLDERS RELATIONSHIP COMMITTEE:

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.

During the financial year under review, the Committee was re-constituted on 21stJune, 2017, on appointment of Mr. Rothin Bhattacharyya in place of Mr. Bidhu Bhusan Mohanty. It was further re-constituted again on 14th September, 2017, on appointment of Mr. Sumit Padmakar Joshi in place of Mr. Harshavardhan M. Chitale. In the current financial year 2018-19, Mr.Bhattacharya resigned from the Board w.e.f. 3rd April, 2018 and accordingly he ceased to be member of the Committee. Presently, the Committee consists of the following members:

1	Mr. Vinayak K. Deshpande	Independent Director	Chairman
2	Mr. Murali Sivaraman	Director	Member
3	Mr. Sumit Padmakar Joshi	Managing Director	Member

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.

14.4.NOMINATION AND REMUNERATION COMMITTEE:

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.

During the year under review, the Committee was re-constituted on 14thSeptember, 2017, on appointment of Mr. Sumit Padmakar Joshi in place of Mr. Harshavardhan M. Chitale and presently it consists of the following members:

1	Ms. Vibha Paul Rishi	Independent Director	Chairman
2	Mr. Murali Sivaraman	Director	Member
3	Mr. Sumit Padmakar Joshi	Managing 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 Policy, duly 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 Policy 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 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.

The Nomination and Remuneration Policy of the Company is also available on your Company's website (www.lighting.philips.co.in).

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.

14.5.BANKING AND OTHER OPERATIONS COMMITTEE:

Your Company had constituted the Banking and Other Operations Committee with effect from 27th April, 2016, for taking certain decisions on behalf of the Board during the intervening period between two Board Meetings on routine matters including those which have been delegated by Board under the provisions of the Companies Act, 2013 and also the matters on which decisions were required to be made urgently 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 financial year under review, the Committee was re-constituted on 21st June, 2017, on appointment of Mr. Rothin Bhattacharyya and Mr. Sukanto Aich in place of Mr. Bidhu Bhusan Mohanty. Further it was re-constituted again on 14th September, 2017, on appointment of Mr. Sumit Padmakar Joshi in place of Mr. Harshavardhan M. Chitale. In the current financial year 2018-19, Mr. Rothin Bhattacharya resigned from the Board w.e.f. 3rd April, 2018 and accordingly he ceased to be member of the Committee as well. Presently, the Committee consists of the following members:

1	Mr. Sumit Padmakar Joshi	Managing Director	Chairman
2	Mr. Sukanto Aich	Whole-time Director	Member

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.

15. 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).

16. 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, 2018, 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.

17. 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.

18. HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

As we transition and grow as a standalone company, we took the next step forward to show our intention towards changing the company name to Signify. The choice of your new company name originates from the way light has become an intelligent language, which connects and conveys meaning. It is a clear expression of the strategic vision and purpose to unlock the extraordinary potential of light for brighter lives and a better world.

The renaming of your company is the next logical step in the transformation journey since we became a standalone company in 2016 and will mark another milestone in our rich history extending back more than 125 years. With the company name change, we have the opportunity to introduce a new corporate look and feel that is unique and will serve to further unite the 32,000 global employees and distinguish them from the competition. Importantly, we will continue to use the Philips brand, the most trusted lighting brand in the world, under a brand licensing agreement with Royal Philips.

The word 'Signify' is a real and powerful word, full of positive connotations: 'to be a sign-off', 'to convey meaning' and 'to be of importance'. It underlines that light is our signature as the world leader in lighting and lighting for the Internet of Things. As we transition as a standalone company, we had the distinct opportunity to define who we are and what makes us special and differentiates us from our competitors. Your company, therefore launched the Employer Value Proposition statement highlighting what differentiates us as an organization. The objective of the Employer Value Proposition statement is to provide all employees with a common guiding principle about what it means to 'Be More' at the organization. The EVP as defined in the statement is:

a) Be on a Mission: This Value proposition caters to the need of an individual to do meaningful things, to be execution focused and have a winning spirit

b) Be What's Next: Covers growth and development. The need to be better than earlier. To create a new version of themselves.

c) Be New: The desire to innovate and bring in a change. To do something that lasts

d) Be Yourself: Increasingly, people want to work the way they live. This provides flexibility, autonomy and an embracing culture

The EVP statement underpins HR practices and processes across that 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 EVP pillars.

Talent Acquisition

To build high brand recall amongst critical talent segments 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 Leadership Programs for New Hires – Business Leadership Program (BLP). We continued with the Back in the Game (BIG) program – an opportunity to provide a second chance to women on sabbatical to come back to the mainstream work. We also encouraged internal talent to take on diverse and bigger roles in both domestic and international markets through internal marketplace called "Opportunity Knocks". The most effective and efficient way to hire the right talent externally has been through Employee Referrals.

As part of talent pipelining initiatives, we reformed the entry level sales trainee pipeline program and reinvigorated talent at the frontlines of the organization. While we scouted for talent at the frontline we also initiated internship program for Bangalore Innovation Centre which acts as a breeding ground for good technical talent who are absorbed into the company through the mode of internship opportunities.

For new members in the Philips Lighting family we introduced 'First Impressions' program. This program enables to induct the new joiners in both the Lighting business environment as well as helps them transition to their new role smoothly by providing the right tools to accelerate at our organization. Subject matter experts run various sessions during the induction program which enable the new joiners to start understanding the business and give their best at their professional roles.

Learning & Talent Development

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 hundreds of participants, path breaking ideas and best of which will be sponsored by the management team. Sales Leadership Development Centre (SLDC) was yet another example which helped identify high potential and performing talent amongst sales specialist to grow into managerial roles in the organization in sales. This has led to increased investment by your organization in the development of top talent and identifying people in succession for people in larger roles. An initiative for this was the Sales Excellence program for professional sales employees and LEAD, LEAD+ programs for senior high performing employees. These programs help build their financial acumens by bringing a wider sense of the business and making them future ready for excellent career opportunities within the organization. Also, your company has been a great exporter of talent with increasing number of global movements across Human Resources, Sales & Marketing, Supply Chain, and Business Transformation.

In addition to be 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 competition it is imperative that we continue to focus on building winning capabilities and strong leadership pipeline which is also the mainstay of 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%). Several 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.

Building people manager capability continued to be a focus this year 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 Change Leaders program to buildfuture 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, the mPower app which was till now used to enhance the sales team's product knowledge has evolved to include new features to make it easier for sales people to be abreast with the current market scenarios and their personal growth in the sales environment. The tool has also been extended to Channel Partners and their Sales teams.

Total Rewards

Sustaining a culture of recognition continued to be the focus area to engage and motivate employees. Your company continued to strengthen 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. This Rewards and Recognition program is one of a kind in India amongst other Philips Lighting global markets. The program was recognized as the ‘Best HR project’ across all HR verticals through the Philips Lighting Excellence 2017-18 competition which is held every year globally. It emerged as the winner amongst hundreds of entries which were sent for the best HR project category form across the global markets. Your Company also continued 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.

‘Healthy moves’ was a new intervention aimed to provide better options of health and wellbeing for the employees. We launched the platform through a fitness app and collaboration with a market leading vendor to provide fitness activities and health interventions for the employees. Healthy moves program aims to be a proactive mode to be healthy for employees and keep them fit and running both in their personal lives and in the professional environment. Various options to be physically fit and mentally healthy are provided. Guidance on eating healthy and reducing stress to be better at what they do are provided under this program.

Industrial and Employee Relations

We continued to strengthen HR services model by creating a simple yet strong platform for employees to access in terms of their HR needs and queries. With the new HR Service Now portal it has become easier for employees to access their data and benefits at a one stop solution and get queries resolved in a shorter time frame. New functionalities are being developed and piloted before deployment to reduce manual interventions thereby transforming the face and functionality of HR processes across the organization in India market. The journey in digitalization of the HR function continues to be on track and HR workday aims to 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.

19. 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.

20. 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 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.

21. 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.

22. 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.

23. STATEMENT OF RISK MANAGEMENT:

Risk management forms an integral part of the business planning and review cycle. The Company's risk management initiatives are designed to 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.

24. 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.

25. 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 First Annual General Meeting upto the conclusion of the Sixth Annual General Meeting to be held after the First Annual General Meeting.

26. 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 31st March, 2019, at a remuneration of ₹ 4,15,000/- (₹ 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.

27. SECRETARIAL AUDITORS' QUALIFICATION:

The Secretarial Audit was carried out by M/s PI & Associates, Company Secretaries for the financial year ended on 31stMarch, 2018. 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.

28. 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.

29. 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 Gurugram 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, following activities were conducted under Prevention, Prohibition and Redressal against Sexual Harassment of Women Employees at Workplace Policy:

- First, no Sexual harassment complaint was reported to any of the internal Complaint Redressal Committee during the financial year 2017-18;
- A workshop conducted for all members of Internal Complaint Redressal Committee.
- Awareness Posters placed in all conspicuous placed including notice board in all offices and factories.
- Awareness messages sent to all employees.
- A clause added in the employee joining kit to adhere to Company Anti-Sexual Harassment workplace.

During the financial year under review no case of any sexual harassment complaint 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 State Governments, 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

	SUMIT PADMAKAR JOSHI	**SUKANTO AICH**
Place: Gurugram	Vice-Chairman, Managing Director & CEO	Whole-time Director
Date: 29th June, 2018	(DIN: 07018906)	(DIN: 02175058)

ANNEXURE - I

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2018

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

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 Campus 45, 5656 AE Eindhoven, the Netherlands	N.A.	Holding	96.13	2(46)

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, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% 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	-	2,293	2,293	0.00	0	2,293	2,293	0.00	0.00
b) Banks / FI	2,274	8,695	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):-	**2,274**	**10,988**	**13,262**	**0.02**	**2,274**	**10,988**	**13,262**	**0.02**	**0.00**
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	36,258	13,605	49,863	0.09	37,556	13,157	50,713	0.09	0.00
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	738,291	1,231,417	1,969,708	3.42	744,073	1,200,742	1,944,815	3.38	(0.04)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	132,723	-	132,723	0.23	158,316	-	158,316	0.28	0.04
c) Others (specify)- Trust+NBFC	17,808	-	17,808	0.03	15,846	-	15,846	0.03	0.00
Foreign Nationals	21	-	21	0.00	21	-	21	0.00	0.00
NRI (REP)	14,165	11,884	26,049	0.05	6,553	11,884	18,437	0,03	(0,01)
NRI (NON-REP)	16,464	1,102	17,566	0.03	24,533	1,057	25,590	0.04	0,01
Sub-total (B)(2):-	**955,730**	**1,258,008**	**2,213,738**	**3.85**	**986,898**	**1,226,840**	**2,213,738**	**3.85**	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**958,004**	**1,268,996**	**2,227,000**	**3.87**	**989,172**	**1,238,828**	**2,227,000**	**3.87**	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**958,004**	**56,559,238**	**57,517,242**	**100**	**989,172**	**56,528,070**	**57,517,242**	**100**	-

ii) Shareholding Of Promoters-

SN	Shareholder's Name	Shareholding at the beginning of the year [As on 1st April, 2017]			Shareholding at the end of the year [As on 31st March, 2018]			% 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	
3	Philips Lighting Holding B.V.	55,290,242	96.13	-	55,290,242	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 at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Philips Lighting Holding B.V.				
	At the beginning of the year	55,290,242	96.13	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.):	There is no change in the shareholding pattern of the Promoter during the financial year 2017-18.			
	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 at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**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

S.N.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
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	14,797	0.03	14,797	0.03
	Bought during the year	3,828	0.00	18,625	0.03
	Sold during the year	-	-	18,625	0.03
	At the end of the year	18,625	0.03	18,625	0.03
4	**YOGESH RASIKLAL DOSHI**				
	At the beginning of the year	9,599	0.02	9,599	0.02
	Bought during the year	8,448	0.01	18,047	0.03
	Sold during the year	885	0.00	17,162	0.03
	At the end of the year	17,162	0.03	17,162	003
5	**PUNIT KUMAR**				
	At the beginning of the year	12,000	0.02	12,000	0.02
	Bought during the year	4,603	0.01	16,603	0.03
	Sold during the year	-	-	16,603	0.03
	At the end of the year	16,603	0.03	16,603	0.03
6	**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

S.N.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	**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
8	**HINA KIRTI DOSHI**				
	At the beginning of the year	10,000	0.02	10,000	0.02
	Bought during the year	-	-	10,000	0.02
	Sold during the year	-	-	10,000	0.02
	At the end of the year	10,000	0.02	10,000	0.02
9	**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
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 at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	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	69.51	-	-	69.51
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**69.51**	**-**	**-**	**69.51**
Change in Indebtedness during the financial year				
* Addition	70.79	-	-	70.79
* Reduction	42.51	-	-	42.51
Net Change	28.28	-	-	28.28
Indebtedness at the end of the financial year				
i) Principal Amount	97.80	-	-	97.80
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**97.80**	**-**	**-**	**97.80**

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
		Harsha-vardhan M. Chitale (MD)**	Bidhu B. Mohanty (WTD)**	Sumit P. Joshi (MD)*	Rothin Bhatta-charyya (WTD)*	Sukanto Aich (WTD)*	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27.33	8.50	20.07	17.34	15.33	88.57
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7.09	3.40	1.65	0.06	2.71	14.92
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	
2	Stock Option	-	-	-	-	-	
3	Sweat Equity	-	-	-	-	-	
4	Commission - as % of profit - others, specify...	-	-	-	-	-	
5	**Others, please specify**	-	-	-	-	-	
	Total (A)	**34.42**	**11.90**	**21.72**	**17.40**	**18.04**	**103.48**
	Ceiling as per the Act (10%)						**416.61**

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	0.50	-	1.47
	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	1.90	-	5.67
	Total Managerial Remuneration (A+B)					109.15
	Overall Ceiling as per the Act(10% as per above + 1%)					458.27

Note: 'ID' refers to Independent Director.

Sitting fees pertaining to Board/Committee meetings held on 6th March, 2018 was paid to Mr. Vinayak K. Deshpande after 31st March, 2018.

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

(Amount in ₹ Million)

SN	Particulars of Remuneration	Key Managerial Personnel							
		Harsha-vardhan M. Chitale (CEO)**	Bidhu Bhusan Mohanty (CFO)**	Sumit Padmakar Joshi (CEO)*	Rothin Bhatta-charyya (WTD)*	Sukanto Aich (WTD)*	Dibyendu Raychau-dhury (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						7.62	6.37	13.99
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961						0.45	0.03	0.48
	(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						8.07	6.40	14.47

*Mr. Bhattacharyya and Mr. Aich were appointed w.e.f. 1st July, 2017 and Mr. Joshi was appointed w.e.f. 14th September, 2017, during the financial year 2017-18. Mr. Raychaudhury was appointed w.e.f. 1st August, 2017.

**Mr. Mohanty has resigned w.e.f. 30th June, 2017 and Mr. Chitale has resigned w.e.f. 31st August, 2017, during the financial year 2017-18.

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: Gurugram
Date: 29th June, 2018

SUMIT PADMAKAR JOSHI
Vice-Chairman, Managing Director & CEO
(DIN: 07018906)

SUKANTO AICH
Whole-time Director
(DIN: 02175058)

Annexure - II

Number and dates of Meetings of the Board and Committees held during the financial year 2017-18 indicating the number of Meetings attended by each Director.

Board of Directors:

During the financial year 2017-18, 5 (five) meetings of the Board of Directors were held on 21stJune, 2017, 17th August, 2017, 14th September, 2017, 7th December, 2017 and 6th March, 2018.

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	5	5	Yes
Mr. Sumit Padmakar Joshi*	3	3	NA
Mr. Harshavardhan Madhav Chitale**	2	1	NA
Mr. BidhuBhusan Mohanty**	1	Nil	NA
Mr. P. Uma Shankar	5	5	Yes
Ms. Vibha Rishi Paul	5	5	No
Mr. Vinayak K. Deshpande	5	5	Yes
Mr. Rothin Bhattacharyya*	4	2	No
Mr. Sukanto Aich*	4	3	Yes

Audit Committee:

During the financial year 2017-18, 4 (four) meetings of the Audit Committee were held on 21stJune, 2017, 14th September, 2017, 7th December, 2017 and 6th March, 2018.

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	4	4
Mr. Murali Sivaraman	Member	4	4
Mr. Vinayak K. Deshpande	Member	4	4

Nomination and Remuneration Committee:

During the financial year 2017-18, 5 (five) meetings of the Nomination and Remuneration Committee were held on 21stJune, 2017, 20th July, 2017, 17th August, 2017, 14th September, 2017 and 6th March, 2018.

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	4
Mr. Sumit Padmakar Joshi*	Member	2	2
Mr. Harshavardhan Madhav Chitale**	Member	3	2
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 2017-18, 3 (three) meetings of the Corporate Social Responsibility Committee were held on 21stJune, 2017, 7th December, 2017 and 6th March, 2018.

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	3	3
Mr. Harshavardhan Madhav Chitale**	Member	1	1
Mr. P. Uma Shankar	Member	3	3
Mr. Sumit Padmakar Joshi*	Member	2	2

Stakeholders Relationship Committee:

During the financial year 2017-18, 1 (one) meetings of the Stakeholders Relationship Committee was held on 7th December, 2017.

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. BidhuBhusan Mohanty**	Member	NA	NA
Mr. Harshavardhan Madhav Chitale**	Member	NA	NA
Mr. Murali Sivaraman	Member	1	1
Mr. Rothin Bhattacharyya*	Member	1	Nil
Mr. Sumit Padmakar Joshi*	Member	1	1

Banking and Other Operations Committee:

During the financial year 2017-18, 24 (twenty four) meetings of the Banking and Other Operations Committee were held on 13th April, 2017, 28th April, 2017, 12th May, 2017, 31st May, 2017, 13th June, 2017, 30th June, 2017, 14th July, 2017, 31st July, 2017, 11th August, 2017, 31st August, 2017, 20th September, 2017, 29th September, 2017, 16th October, 2017, 31st October, 2017, 17th November, 2017, 28th November, 2017, 14th December, 2017, 29th December, 2017, 15th January, 2018, 31st January, 2018, 14th February, 2018, 23rd February, 2018, 12th March, 2018 and 27th March, 2018.

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	10	9
Mr. Sumit Padmakar Joshi*	Chairman	14	14
Mr. BidhuBhusan Mohanty**	Member	6	6
Mr. Rothin Bhattacharyya*	Member	18	18
Mr. Sukanto Aich*	Member	18	14

*Mr. Bhattacharyya and Mr. Aich were appointed w.e.f. 1stJuly, 2017 and Mr. Joshi was appointed w.e.f. 14thSeptember, 2017, during the financial year 2017-18.

** Mr. Mohanty has resigned w.e.f. 30thJune, 2017 and Mr. Chitale has resigned w.e.f. 31st August, 2017, during the financial year 2017-18.

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]

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

The Board of Directors approved 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 your Company's website (www.lighting.philips.co.in).

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. In this financial year, the company focused on scaling up the NSDC certified vocational training program, launched last year, that focused on upgrading skills of 1,584 students from Helper to assistant electricians in the current financial year. The program was conducted in 2 formats, with 100 hours and 16 hours training modules, spread across 47centres in 17 states in India.

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. P. Uma Shankar	Member
3	Mr. Sumit Padmakar Joshi	Member

Mr. Sukanto Aich was appointed as a new member of the Committee with effect from 29th June, 2018.

During the year, the Committee met three 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	Average Net Profit Before Tax as per section 198 of the Act.
2015-16 & 2016-2017	1,013

The Company being newly incorporated on 22nd April, 2015, is having only two previous years as financial years. Accordingly, the Company can consider only two years 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 – ₹ 20.30 Million

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)- ₹ 20.30 Million

(b) Amount unspent , if any- ₹ 13.15 Million

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Projects or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Program with Don Bosco Tech Society for Skill Development of 1,584 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 47 centers of Don Bosco Tech Society spread across 17 states.	₹ 7.15 Million for period April 1, 2017 to March 31, 2018	₹ 7.15 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.	₹ 7.15 Million	The payment of a total amount of ₹ 7.15 Million were made by the Company to Don Bosco Tech Society for conducting the trainings for students.

*Give details of implementing agency: 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 ₹ 20.30 Million towards CSR activities. The Company spent an amount of ₹ 7.15 Million on the Projects and related activities, as detailed above. Therefore, an amount of ₹ 13.15 Million remained unspent during the year.

As this is only the third year of our company's incorporation and second year of our CSR activities, the company is still in the process of identifying appropriate projects and partners that would be suitable for our long-term vision for our CSR program. The long term planning of the company's CSR vision and related projects is currently underway and therefore the company decided to spend only on one focused project this year to enable optimal utilization of funds and hence the whole amount could not be spent in the current year.

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

SUMIT PADMAKAR JOSHI
Managing Director & CEO
Member- CSR Committee
(DIN: 07018906)

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

Place: Gurugram
Date: 29th June, 2018

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 2018.

A. ENERGY CONSERVATION

The following measures were implemented during the Financial Year ending on 31st March, 2018:

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

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

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

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

i) 6 HD flyer modified from induction to synchronous mode (30000 RPM) to save electricity.

j) Electricity saving by achieving close looped speed control with encoder installation.

k) Costly oxygen gas replaced with low cost blower air at enclosed pickling.

l) Flare Machine burner sizes optimized as per product size to save fuel gas.

m) CFL pump oven electricity saved by insulating/sealing openings to restrict air draft.

n) Contract Demand reduction to save fixed component in electricity cost at MLF.

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

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

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 ₹ 7.1 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**

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 2017-18 and 2016-17, the Company has incurred following expenditure on in-house research and development in the said R&D facility:

(₹ in Million)

Particulars	2017-18	2016-17
A Capital Expenditure	37	23
B Net Revenue Expenditure	359	320
TOTAL	**396**	**343**

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 ₹ 2,546.49 Million and total outflows in foreign exchange was ₹ 6,769.97 Million.

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

I. 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, 2018, which were not on an arm`s length basis.

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

S. No.	Name(s) of the related party & Nature of Relationship	Nature of contracts/ arrangements/ transactions:	Duration of the contracts/ arrangements/ transactions:	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board:	Amount Paid as Advances, if Any	Value of Transactions during the Year Ended March 31, 2018 (₹ Million)
1.	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	N.A.	347
2	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	N.A.	592
3	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	N.A.	325
4	Philips Lighting Luminaires (Shanghai) 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	N.A.	123
5	Philips Lighting North America Corporation 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	N.A.	144
6	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	N.A.	204

7	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	N.A.	189
8	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	N.A.	251
9	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	N.A.	865
10	Philips Lighting Holding B.V. Holding 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	N.A.	131
11	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	N.A.	1,015
12	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	N.A.	1,448
13	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	N.A.	454
14	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	N.A.	560

*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: Gurugram
Date: 29th June, 2018

SUMIT PADMAKAR JOSHI
Vice-Chairman, Managing Director & CEO
(DIN: 07018906)

SUKANTO AICH
Whole-time Director
(DIN: 02175058)

Annexure - VI

FORM MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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 our 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 March 31, 2018, 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 March 31, 2018, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015,(**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 further report that with respect to the Compliance of the below mentioned laws, we have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for compliances under general laws (incl. Labour Laws, , Environment Laws, Tax Laws, etc.) and the following Specific Laws applicable to the Company:-

- The Legal Metrology Act, 2009 and
- The Competition Act, 2002

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

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

(ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) and The Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015; (**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, if any 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 no material events took place inthe Company that has major bearing on the Company's affairs.

For PI & Associates,
Company Secretaries

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

Date: 20th June, 2018
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

Nitesh Latwal

Partner

ACS No.: 32109

C P No.: 16276

Date: 20th June, 2018
Place: New Delhi

Independent Auditor's Report

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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Philips Lighting India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 Ind AS Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 41 to the Ind AS financial statements;

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

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

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: Gurugram, Haryana
Date: June 29, 2018

Annexure - 1 to the Auditor's Report

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 Ltd. ("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 having net block of ₹156.85 million (Gross block of ₹ 295.25 million) & Vadodara having net block of ₹ 296.43 million (Gross block of ₹ 597.51 million) have been transferred to and vested in the name of resulting company. However, conveyance of said immovable property in the name of Philips Lighting India Limited is pending.

(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.

(vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, 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.

(vii) (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 INR Million)
The Central Excise Act, 1944	High Court	Excise Related Matter	1991-1997	2.5
	CESTAT	Excise Related Matter	1990-94, 1991-1997,1996-1998, 1996-2001, 2000-2003, 2006-2012, 2009-2014, 2014-2015	75.5
		Cenvat Related Matter	2005-2006, 2005-2010, 2006-2007, 2007-2010, 2007-2011, 2009-2010, 2010-2011	151.8
	Additional Commissioner of Central Excise	Excise Related Matter	2005-2006, 2008-2010, 2015-2016	8.6
	Commissioner of Central Excise	Excise Related Matter	2011-16	7.9
		Cenvat Related Matter	2005-2010, 2009-2013, 2011-2014, 2016-2017	255.7
		Search and Seizure Related	2011-2016	177.1
Income Tax Act 1961*	Income Tax Appellate Tribunal, New Delhi	Disallowance of Management support service charges.	A.Y. 2010-11, 2011-12, 2012-13, 2013-14..	1,868

* 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 41 (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: Gurugram, Haryana
Date: June 29, 2018

Annexure – 2 to the Auditor's Report

Annexure 2 to the Independent Auditor's Report of even date on the financial statement of Philips Lighting India Limited

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

We have audited the internal financial controls over financial reporting of Philips Lighting India Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2018, [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: Gurugram, Haryana
Date: June 29, 2018

Balance sheet as at 31 March 2018

(₹ in million)

	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,175	1,508
Capital work-in-progress	4	68	75
Financial assets			
(i) Trade receivable	5	443	139
(ii) Other non-current financial assets	6	163	170
Deferred tax assets (net)	7	857	711
Other non-current assets	8	212	227
Total non-current assets		**2,918**	**2,830**
Current assets			
Inventories	9	2,565	2,227
Financial assets			
(i) Trade receivables	10	4,571	3,859
(ii) Cash and cash equivalents	11	3,935	3,567
(iii) Other bank balances	12	14	-
(iv) Other current financial assets	13	17	29
Current tax assets (net)	14	80	80
Other current assets	15	1,190	459
Assets classified as held for sale	46	184	-
Total current assets		**12,556**	**10,221**
Total assets		**15,474**	**13,051**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	575	575
Other equity	17	4,244	3,700
Total equity		**4,819**	**4,275**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18	59	40
(ii) Other non-current financial liabilities	19	150	34
Non-current provisions	20	522	517
Other non-current liabilities	21	333	166
Total non-current liabilities		**1,064**	**757**
Current liabilities			
Financial liabilities			
(i) Trade payables	22	6,735	5,917
(ii) Other current financial liabilities	23	536	449
Other current liabilities	24	1,141	889
Current provisions	25	859	764
Current tax liabilities (net)	26	320	-
Total current liabilities		**9,591**	**8,019**
Total liabilities		**10,655**	**8,776**
Total equity and liabilities		**15,474**	**13,051**

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. 083906

Place : Gurugram
Date : 29 June 2018

For and on behalf of Philips Lighting India Limited

Sumit Padmakar Joshi
Vice-Chairman, Managing Director and CEO
(DIN: 07018906)

Sukanto Aich
Whole Time Director
(DIN: 02175058)

Dibyendu Raychaudhury
Chief Financial Officer

Nitin Mittal
Head of Legal and Company Secretary
(Membership No. - 7044)

Place : Gurugram
Date : 29 June 2018

Statement of profit and loss for the year ended 31 March 2018

(₹ in million)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue			
Revenue from operations	27	35,128	33,270
Other income	28	182	116
Total income		**35,310**	**33,386**
Expenses			
Cost of materials consumed	29	1,976	1,999
Purchases of stock-in-trade		19,459	18,081
Changes in inventories of finished goods and stock-in-trade	30	(704)	637
Employee benefits expense	31	3,685	3,493
Finance costs	32	54	27
Depreciation, amortization and impairment	33	381	597
Other expenses	34	7,027	6,606
Total expenses		**31,878**	**31,440**
Profit before exceptional items and tax		**3,432**	**1,946**
Less: Exceptional items	40	606	559
Profit before tax		**2,826**	**1,387**
Tax expense	7		
- Current tax		1,075	617
- Deferred tax		(157)	(213)
Total tax expense		**918**	**404**
Profit for the year (A)		**1,908**	**983**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement (gain)/loss of defined benefit plans	7	(31)	(57)
Income tax relating to remeasurement of defined benefit plans		11	20
Total other comprehensive income for the year (B), Net of tax		**(20)**	**(37)**
Total comprehensive income for the year (A + B)		**1,928**	**1,020**
Earnings per equity share (face value of ₹ 10 each)			
Basic (in ₹)		33.18	17.09
Diluted (in ₹)		33.18	17.09

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. 083906

Place : Gurugram
Date : 29 June 2018

For and on behalf of Philips Lighting India Limited

Sumit Padmakar Joshi
Vice-Chairman, Managing Director and CEO
(DIN: 07018906)

Sukanto Aich
Whole Time Director
(DIN: 02175058)

Dibyendu Raychaudhury
Chief Financial Officer

Nitin Mittal
Head of Legal and Company Secretary
(Membership No. - 7044)

Place : Gurugram
Date : 29 June 2018

Statement of changes in equity for the year ended 31 March 2018

(a) Equity share capital

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount (₹ in million)	No. of Shares	Amount (₹ in million)
Balance at the beginning of the year	5,75,17,242	575	5,75,17,242	575
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting year	5,75,17,242	575	5,75,17,242	575

(b) Other equity

	Reserves and surplus		Remeasurement of defined benefit plans (₹ in million)	Total (₹ in million)
	Capital Reserve (₹ in million) (Refer Note 43)	Retained earnings (₹ in million)		
Balance as at 1 April 2016	**2,109**	**570**	**1**	**2,680**
Profit for the year	-	983	-	983
Other comprehensive income for the year (refer note 17)	-	-	37	37
Total comprehensive income for the year	**-**	**983**	**37**	**1,020**
Balance at 31 March 2017	**2,109**	**1,553**	**38**	**3,700**
Profit for the year	-	1,908	-	1,908
Other comprehensive income for the year (refer note 17)	-	-	20	20
Dividends paid	-	(1,150)	-	(1,150)
Dividend distribution tax	-	(234)	-	(234)
Total comprehensive income for the year	**-**	**524**	**20**	**544**
Balance at 31 March 2018	**2,109**	**2,077**	**58**	**4,244**

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. 083906

Place : Gurugram
Date : 29 June 2018

For and on behalf of Philips Lighting India Limited

Sumit Padmakar Joshi
Vice-Chairman, Managing Director and CEO
(DIN: 07018906)

Sukanto Aich
Whole Time Director
(DIN: 02175058)

Dibyendu Raychaudhury
Chief Financial Officer

Nitin Mittal
Head of Legal and Company Secretary
(Membership No. - 7044)

Place : Gurugram
Date : 29 June 2018

Statement of cash flows for the year ended 31 March 2018

(₹ in million)

		For the year ended 31 March 2018	For the year ended 31 March 2017
A.	**Cash flow from operating activities**		
	Net profit before tax	2,826	1,387
	Adjustment for :		
	Depreciation, amortization and impairment	381	597
	Interest expense	54	27
	Interest income	(162)	(74)
	Unrealized forex exchange (gain)/loss	17	(45)
	Impairment loss on trade receivable	42	30
	Operating profit before working capital changes	**3,158**	**1,922**
	Movements in working capital :		
	Increase in provisions	74	36
	Increase in trade payables	853	1,760
	Increase in other liabilities	419	293
	Increase / (decrease) in other financial liabilities	193	(647)
	(Increase)/ (decrease) in inventories	(337)	628
	(Increase)/ (decrease) in trade receivables	(1,009)	646
	(Increase)/ (decrease) in other financial assets	18	(43)
	(Increase) in other assets	(737)	(159)
	Cash generated from operations	**2,632**	**4,436**
	Less : Income tax paid (net of refunds)	(755)	(668)
	Net cash flows from operating activities	**1,877**	**3,768**
B.	**Cash flow from investment activities**		
	Purchase of property, plant and equipment	(219)	(278)
	Proceeds from sale of property, plant and equipment	17	18
	Interest income	117	74
	Net cash flow (used in) investing activities	**(85)**	**(186)**
C.	**Cash Flow from Financing Activities**		
	Interest paid	(54)	(27)
	Dividends paid to equity shareholders	(1,370)	-
	Net cash flow (used in) financing activities	**(1,424)**	**(27)**
	Net Increase in Cash and Cash Equivalents	**368**	**3,555**
	Cash and Cash Equivalents at the beginning of the year	3,567	12
	Cash and Cash Equivalents at the end of the year	**3,935**	**3,567**
	Reconciliation of cash and cash equivalents as per the cash flow statement		
	Cash and cash equivalents as per above comprise of the following		
	Balance with banks:		
	- In current account	328	425
	- Cheques in hand	945	602
	- Deposits with original maturity of less than three months	2,662	2,540
	Cash on hand	0	0
		3,935	**3,567**

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.

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

Per Manoj Kumar Gupta
Partner
Membership No. 083906

Place : Gurugram
Date : 29 June 2018

For and on behalf of Philips Lighting India Limited

Sumit Padmakar Joshi
Vice-Chairman, Managing Director and CEO
(DIN: 07018906)

Sukanto Aich
Whole Time Director
(DIN: 02175058)

Dibyendu Raychaudhury
Chief Financial Officer

Nitin Mittal
Head of Legal and Company Secretary
(Membership No. - 7044)

Place : Gurugram
Date : 29 June 2018

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.

2. Significant Accounting Policies

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

a). Basis of preparation and measurement

The Ind ASfinancial statements of the Company have been prepared in accordance with Indian Accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015(as amended from time to time).

The financial statements have been prepared on a historical cost basis except the following items, which are measured on fair value basis on each reporting date:

- Certain financial assets and liabilities that is measured at fair value (Refer Note 38)
- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation(Refer Note 37)

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

These financial statements were authorised for issue by the Board of Directors on 29 June 2018.

b). 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.

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 39. 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 37.

Useful life of Property, plant and equipment

For the useful life of Property, plant and equipment's refer note no 3 on Property, plant and equipment

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 38

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

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 as Debt instruments at amortized cost:

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.

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., 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:

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:

Financial Liabilities measured at amortized cost

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

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

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or 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.

Reclassification of financial assets

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

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:** TThe 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.
- **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. **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.

9. **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obliger in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. Based on the education material on Ind AS 18 issued by the ICAI, the Company 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.

However, sales tax/value added tax (VAT) and goods and service tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from the revenue. The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of goods

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 Goods and service tax, 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.

(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.

10. 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.

11. Employee benefits

Gratuity

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by trust maintained with Life Insurance Corporation for workersat Mohali factory.For the rest of the locations, gratuity scheme in unfunded. 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.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currenciesconsistent 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 37.

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 is 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.

Long term incentive plan

Philips Lighting group company (Philips Lighting N.V.)introduced the Long-term Incentive Plan (LTI Plan) during the current financial year. Under the Philips Lighting LTI Plan, which is equity settled, eligible employees are granted both conditional shares and performance shares. Vesting of performance shares is conditional on the achievement of performance conditions measured over a period of three years. Also, vesting is conditional to the grantee still being employed with Philips Lighting at the vesting date. In addition to shares awarded under the Philips Lighting LTI Plan, Philips Lighting may in individual cases, such as in the hiring process of members of senior-management, also grant restricted shares.

During the vesting period, the costs of the LTI planis calculated and accounted by the Company as an employee benefit expense with corresponding increase in payable to the holding company in accordance with the recognition and measurement principles as prescribed in Ind As 102 Share Based Payments.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

Employee stock purchase plan (ESPP)

ESPP is a company-run program in which company contributes an additional 15% on top of employee's voluntary share purchase contribution. Employees pay in to the plan through payroll deductions, which areused to buy shares of the Group company (Philips Lighting N.V.), which is listed on the Euronext Amsterdam Stock Exchange. The company uses the funds to purchaseshareson behalf of the participating employees. The Company contribution is recognized as an expense in the month of contribution.

12. 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 INR, 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.

13. 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.

14. 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.

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.

15. 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.

16. Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

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'), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM').

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.

17. 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.

18. 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.

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.

19. 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.

20. Non -current assets held for sale

The company classifies non -current assets and (or disposal groups) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate ale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned.

21. Exceptional item.

Items of income or expense of non-routine are presented separately when their nature and amount of such significance and is relevant to an understanding of the entity's financial performance.

Notes to the financial statements for the year ended 31 March 2018

3 Property, plant and equipment

(₹ in million)

Particulars	Gross block					Depreciation						Net block
	As at 31 March 2017 (₹ in million)	Additions (₹ in million)	Deletions (₹ in million)	Assets held for Sale#	As at 31 March 2018 (₹ in million)	As at 31 March 2017 (₹ in million)	Additions (₹ in million)	Impairment*** (₹ in million)	Deletions (₹ in million)	Assets held for Sale#	As at 31 March 2018 (₹ in million)	As at 31 March 2018 (₹ in million)
Tangible assets												
Freehold land*	42	-	-	38	4	-	-	-	-	-	-	4
Buildings	846	4	-	257	593	409	28	3		138	302	291
Plant and equipments	5,526	146	160	1,250	4,262	4,687	217	51	156	1,231	3,568	694
Office equipments	82	1	4	9	70	55	6		4	6	51	19
Furniture and fixtures	178	4	1	32	149	120	16	0	1	26	109	40
Leasehold improvements	109	18	-	-	127	73	17	-	-	-	90	37
Assets taken on finance lease**												
Vehicles	130	50	54	-	126	61	39	-	47	-	53	73
Computers	-	21	-	-	21	-	4	-	-	-	4	17
Total	**6,913**	**244**	**219**	**1,586**	**5,352**	**5,405**	**327**	**54**	**208**	**1,402**	**4,177**	**1,175**

(₹ in million)

Particulars	Gross block				Depreciation					Net block
	As at 31 March 2016 (₹ in million)	Additions (₹ in million)	Deletions (₹ in million)	As at 31 March 2017 (₹ in million)	As at 31 March 2016 (₹ in million)	Additions (₹ in million)	Impairment*** (₹ in million)	Deletions (₹ in million)	As at 31 March 2017 (₹ in million)	As at 31 March 2017 (₹ in million)
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**

Notes to the financial statements for the year ended 31 March 2018

Notes:

Refer note no. 46 on Assets held for Sale

*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. The Company is in process of getting the respective title deeds transferred in it's name.

** Refer note 18 for the lease obligations in relation to the vehicles pledged as securities.

"***During the current year, the Company has recognized the impairment of ₹. 54 million (as at March 31, 2017 - 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	As at 31 March 2016 (₹ in million)	Additions (₹ in million)	Capitalization during the year (₹ in million)	As at 31 March 2017 (₹ in million)	As at 31 March 2017 (₹ in million)	Additions (₹ in million)	Capitalization during the year (₹ in million)	As at 31 March 2018 (₹ in million)
Capital work-in-progress	90	203	218	75	75	267	274	68
Total	**90**	**203**	**218**	**75**	**75**	**267**	**274**	**68**

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
5. Trade receivables		
Unsecured and considered good	443	139
	443	**139**
6. Other non-current financial assets		
Security deposits		
Unsecured and considered good	163	170
Doubtful	40	40
Less: Impairment allowance	(40)	(40)
	163	**170**

7. Deferred tax assets (net)/ Tax expense

A. Amounts recognized in profit or loss

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax expense		
Current year	1,075	617
	1,075	**617**
Deferred tax expense		
Origination and reversal of temporary differences	(157)	(213)
	(157)	**(213)**
Tax expense	**918**	**404**
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	(31)	(57)
Income tax relating to remeasurement of defined benefit plans	11	20
Income tax related to items recognized in OCI during the year	11	20
Total tax expense	**929**	**424**

Notes to the financial statements for the year ended 31 March 2018

C. Reconciliation of effective tax rate

(₹ in million)

	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operations		**2,826**		**1,387**
Tax using the Company's domestic tax rate	34.61%	978	34.61%	480
Tax effect of:				
Non-deductible expenses	0.44%	12	0.34%	5
Tax incentives	-1.84%	(52)	-4.79%	(66)
Impact of change in rate	-0.30%	(8)	-	-
Others	-0.03%	(1)	0.38%	5
	32.88%	**929**	**30.55%**	**424**

D. Movement in deferred tax balances

(₹ in million)

	As at 31 March 2017	Recognized in P&L	MAT Utilized	Recognized in OCI	As at 31 March 2018
Deferred tax assets					
Property, plant and equipment	66	67	-	-	133
Employee benefits	430	115	-	(11)	534
Financial assets	178	30	-	-	208
Other assets	37	(24)	-	-	13
Sub- total (a)	**711**	**188**	-	**(11)**	**888**
Deferred tax liabilities					
Property, plant and equipment	0	31	-	-	31
Sub- total (b)	**0**	**31**	-	-	**31**
Net deferred tax assets (a)-(b)	**711**	**157**	-	**(11)**	**857**

Notes to the financial statements for the year ended 31 March 2018

(₹ 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
Minimum alternative tax credit entitlement	10	-	(10)	-	-
Sub- Total (a)	**537**	**204**	**(10)**	**(20)**	**711**
Deferred tax liabilities					
Property, plant and equipment	10	(10)	-	-	0
Sub- Total (b)	**10**	**(10)**	-	-	**0**
Net deferred tax assets (a)-(b)	**527**	**214**	**(10)**	**(20)**	**711**

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
8. Other non-current assets		
(Unsecured considered good unless otherwise stated)		
Capital advances	-	22
Deposits against legal cases	175	174
Prepaid expenses	37	31
	212	**227**
9. Inventories		
(At lower of cost and net realizable value)		
Raw materials*	421	448
Work-in-progress	82	70
Finished goods	100	179
Stock-in-trade **	1,938	1,488
Stores and spares	24	42
	2,565	**2,227**

* Raw materials includes goods-in-transit - ₹ 34 million (as at 31 March 2017 - ₹.37 million)

**Stock-in-trade includes goods-in-transit - ₹ 197 million (as at 31 March 2017 - ₹ 120 million)

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
10. Trade receivables		
Unsecured		
From customers		
Considered good	4,491	3,688
Considered doubtful	151	148
Less: Impairment of trade receivables	(151)	(148)
From related parties (Refer note 35)		
Considered good	80	171
	4,571	**3,859**

Trade receivables are non-interest bearing and are normally settled between 7 to 30 days

	As at 31 March 2018	As at 31 March 2017
11. Cash and cash equivalents		
Balance with banks:		
- In current account	328	425
-Deposits with original maturity of less than three months	2,662	2,540
Cheques on hand	945	602
Cash on hand	0	0
	3,935	**3,567**

Cash at banks earns interest at fixed rates based on bank deposit rates. Short-term deposits are made for period varying between seven days to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

	As at 31 March 2018	As at 31 March 2017
12. Other bank balances		
Earmarked bank balance#	14	-
	14	**-**

Bank balance is earmarked against the unpaid dividend

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
13. Other current financial assets		
(Unsecured considered good unless otherwise stated)		
Security deposits		
Considered Good	8	12
Considered doubtful	27	21
Less: Impairment of doubtful deposits	(27)	(21)
	8	12
Interest accrued but not due	9	2
Insurance claims and other receivables	-	15
	17	**29**
14. Current tax assets (net)		
Advance income tax (net of provision for tax current year Nil - (Previous year ₹. 617 million))	80	80
	80	**80**
15. Other current assets		
(Unsecured considered good unless otherwise stated)		
Balances with Statutory/Government authorities	997	294
Special additional duty receivables and drawback claims (Government grant)	42	55
Advance to suppliers	54	45
Prepaid expenses	94	60
Advances to employees	3	5
	1,190	**459**

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
16. 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**

Notes to the financial statements for the year ended 31 March 2018

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
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**
Equity Shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2018	**57,517,242**	**575**

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

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Percentage	No. of Shares	Percentage
Philips Lighting Holding BV	55,290,242	96.13%	55,290,242	96.13%

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

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Percentage	No. of Shares	Percentage
Holding Company				
Philips Lighting Holding BV	55,290,242	96.13%	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).

*During FY 2017-18 Ultimate Holding company- Koninklijke Philips N.V. (KPNV) has reduced its shareholding in Philips Lighting N.V. to 18% . As on 31st March, 2018, Philips Lighting N.V. is the Ultimate Holding Compay which holds 100% in Philips Lighitng Holding B.V.

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

		As at 31 March 2018	As at 31 March 2017
17.	**Other equity**		
a.	**Capital reserve** (Refer Note 43)		
	Balance at the beginning of the year	2,109	2,109
	At the end of the year	**2,109**	**2,109**
b	**Retained earnings**		
	Balance at the beginning of the year	1,591	571
	Add: Profit for the year after taxation as per statement of profit and loss	1,908	983
	Less: Dividends paid	(1,150)	-
	Less: Dividend distribution tax	(234)	-
	Items of other comprehensive income recognized directly in retained earnings		
	Remeasurement of post employment benefit obligation, net of tax (Item of OCI)	20	37
	At the end of the year	**2,135**	**1,591**
		4,244	**3,700**

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.

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).

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
18. Non current financial liabilities		
Borrowings		
Secured		
Finance lease obligations	59	40
	59	**40**

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 ₹ 117 million (year ended 31 March 2017 - ₹ 83 million) which includes interest of ₹ 19 million (year ended 31 March 2017 - ₹ 14 million). The maturity profile of finance lease obligations is as follows:

	As at 31 March 2018	As at 31 March 2017
Minimum lease payments		
less than one year	50	37
Between one and five years	67	46
Interest expense		
less than one year	11	8
Between one and five years	8	7
Present value		
less than one year	39	30
Between one and five years	59	40
19. Other non-current financial liabilities		
(Unsecured considered good unless otherwise stated)		
Employee related payables* (Refer Note 39)	23	24
Unearned interest	127	10
	150	**34**

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

	As at 31 March 2018	As at 31 March 2017
20. Non-current provisions		
Provision for employee benefits		
Gratuity (Refer note 37(ii))	246	263
Compensated absences (Refer note 37(iii))	110	122
Provision for Environmental restoration liability (Refer note 25.1)	166	132
	522	**517**

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
21. Other non-current liabilities		
Deferred revenue	333	166
	333	**166**
22. Current Financial Liabilities		
Trade payables		
Dues to Micro, Small and Medium Enterprises	132	91
Dues to others*	6,603	5,826
	6,735	**5,917**

Trade payables are non-interest bearing and are normally settled between 0 to 120 days

* Trade payables includes payable to director's amounting to ₹ 7.50 million (Previous year - ₹ 4 million)

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 2018	As at 31 March 2017
- Principal amount due to micro and small enterprises	132	91
- interest due on The above amount	1	-
- 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	1	-
- 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	-	-

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
23. Other current financial liability		
Unpaid dividend	14	-
Current maturities of finance lease obligations (Refer note 18)	39	30
Payables for purchase of property, plant and equipment	-	4
Employee related payables	449	403
Unearned interest	34	12
	536	**449**
24. Other current liabilities		
Deferred revenue	490	297
Advance received from customers	133	57
Statutory dues	518	535
	1,141	**889**
25. Current provisions		
Provision for employee benefits (Refer note 37)		
Gratuity	32	29
Compensated absences	18	14
Others (Refer note 25.1)		
Provision for environmental liability	25	-
Replacement guarantee	324	308
Legal and regulatory	456	391
Employee related provisions	-	11
Contingencies	4	11
	859	**764**

Notes to the financial statements for the year ended 31 March 2018

Additional disclosure relating to provisions:

25.1. Movement in provisions:

(₹ in million)

Particulars	Environmental restoration liability	Replacement guarantee	Legal and regulatory	Employee related	Contingencies
As at 31 March 2016	115	307	400	10	13
Add: Accruals during the year	23	498	2	18	-
Less: Utilization during the year	0	(497)	(11)	(17)	(2)
Less: Write back during the year	(6)	-	-	-	-
As at 31 March 2017	**132**	**308**	**391**	**11**	**11**
Add: Accruals during the year	144	504	86	-	11
Less: Utilization during the year	(85)	(488)	(21)	(11)	(18)
Less: Write back during the year	-	-	-	-	-
As at 31 March 2018	**191**	**324**	**456**	**-**	**4**

25.2. Nature of provisions:

(a) Environmental restoration liability

The Environmental restoration liability 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.

(e) Contingencies

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

	As at 31 March 2018	As at 31 March 2017
26. Current tax liabilities		
Provision for Income Tax (Net of advance tax of ₹755 million)	320	
	320	-

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
27. Revenue from operations		
Sale of products (including excise duty)	33,957	32,069
Sale of services	1,115	1,146
Other operating revenues		
- Export incentives	5	4
- Scrap sales	40	41
- Miscellaneous income	11	10
	35,128	33,270

Sale of products includes excise duty collected from customers of ₹ 120 million (31 March 2017: ₹ 601 million). Sale of goods net of excise duty is ₹ 33,837 million (31 March 2017: ₹ 31,468 million). Revenue from operations for periods up to 30 June 2017 includes excise duty. From 1 July 2017 onwards the excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations year ended 31 March 2018 is not comparable 31 March 2017.

	For the year ended 31 March 2018	For the year ended 31 March 2017
28. Other Income		
Foreign exchange gain (net)	-	9
Net gain on disposal of Property, Plant & Equipment	6	3
Insurance claims	14	8
Interest Income		
- Bank and other Deposits	124	74
- Financial assets at amortized cost	38	22
	182	**116**
29. Cost of materials consumed (inclusive of excise duty on Sales)		
Inventory of raw materials	448	318
Add: Purchases	1,949	2,129
Less: Closing stock	421	448
	1,976	**1,999**
Purchases of stock-in-trade	**19,459**	**18,081**

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
30. Changes in inventories of finished goods, traded goods and work-in-progress		
Opening inventory		
- Finished goods	179	274
- Work-in-progress	70	-
- Stock-in-trade	1,488	2,100
	1,737	**2,374**
Closing inventory		
- Finished goods	421	179
- Work-in-progress	82	70
- Stock-in-trade	1,938	1,488
	2,441	**1,737**
(Increase)/ decrease in inventory	**(704)**	**637**
31. Employee benefits expense		
Salaries and wages	3,316	3,128
Contribution to provident fund	131	127
Expense on share based incentives	52	35
Staff welfare expenses	186	203
	3,685	**3,493**
32. Finance cost		
Interest expense	54	27
	54	**27**
33. Depreciation, amortization and impairment		
Depreciation on property, plant and equipment (Refer note 3)	381	597
	381	**597**

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
34. Other expenses		
Consumption of stores and spares	71	105
Excise duty (Refer note "a" below)	-	16
Power and fuel	439	461
Packing, freight and transport	490	497
Rent	364	377
Repairs to		
- buildings	50	22
- plant and machinery	92	25
- others	5	26
Insurance	66	63
Rates and taxes	21	67
Travelling and conveyance	325	410
Legal and professional (Refer note "b" below)	136	106
Advertisement and Publicity	738	620
Information technology and communication	559	469
Impairment loss on trade receivables	42	30
Replacement guarantee	525	499
Technical royalty	1,014	907
Management support services	1,448	1,437
Corporate Social Responsibility (CSR) expense (Refer note "c" below)	7	9
Foreign exchange loss (net)	64	-
Miscellaneous expense	571	460
	7,027	**6,606**
(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 ₹3.80 million (previous year ₹3.75 million), tax audit fees ₹ 1.20 million (previous year ₹ 1.20 million).		
(c) Details of CSR expenditure:	**(₹ in million)**	**(₹ in million)**
(I) Gross amount required to be spent by the Company during the year	-	-
(II) Amount spent during the year on:		
(i) Construction/ Acquisition of any asset	-	-
(ii) On purposes other than (i) above	5	4
	5	**4**
Amount yet to be paid	2	5

Notes to the financial statements for the year ended 31 March 2018

35 Related party transactions

(a) Names of companies where control exists:

(i) Ultimate holding company*	Koninklijke Philips N.V. (KPNV) (till 28th Nov 2017) Philips Lighting N.V. (From 29th of Nov 2017)"
(ii) Holding Company	Philips Lighting Holding B.V.

*During FY 2017-18 Ultimate Holding company- Koninklijke Philips N.V. (KPNV) has reduced its shareholding in Philips Lighting N.V. to 18%. As on 31st March, 2018, Philips Lighting N.V. is the Ultimate Holding Compay which holds 100% in Philips Lighitng Holding B.V.

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

(i) Fellow Subsidiary Companies	Lightolier Philips Electronics & Lighting, Inc Philips Electronics Vietnam Limited Philips Indal S.L. Philips India Limited Philips International B.V. Philips Lighitng Belgium NV Philips Lighting (China) Investment Co., Ltd. Philips Lighting Australia Limited Philips Lighting B.V. Philips Lighting Bangladesh Ltd Philips Lighting Bielsko Sp.z.o.o. Philips Lighting Egypt Llc Philips Lighting Gmb Philips Lighting Hong Kong Ltd Philips Lighting Industry (China) Co., Ltd. Philips Lighting Lanka P Ltd Philips Lighting Luminaires (Shanghai) Co., Ltd. Philips Lighting North America Corporation Philips Lighting Poland Sp. Z O. O. Philips Lighting Poland Sp. z o.o. Philips Lighting Singapore Pte Ltd Philips Lighting Taiwan Limited Philips Lighting Ukraine LLC Philips Luminaires (Chengdu) Co., Ltd. Philips Mexicana SA Philips Nederland B.V. Philips New Zealand Ltd Philips South Africa (Pty) Ltd Pits NV - Modular Lighting Instruments PT. Philips Indonesia WMGD Pty Ltd T/A Philips Dynalite Philips Lighting Commercial Malaysia Sdn. Bhd Philips Lighting Hungary Kft. Philips Lighting Electronics Company

Notes to the financial statements for the year ended 31 March 2018

Philips France
Philips Electronics (Thailand) Ltd
Philips Lighting Canada Ltd.
Philips Lighting GmbH
Philips Electronique Maroc Lighting
Philips Lighting Aydinlatma Ticaret
Philips Lighting Eurasia LLC

(ii) Key Management Personnel

(i) Mr. Sumit Padmakar Joshi (Managing Director & Vice-Chairman w.e.f 14th Sep 2017)
(ii) Mr. Dibyendu Raychaudhury (Chief Financial Officer w.e.f 1st August 2017)
(iii) Mr. Nitin Mittal (Company Secretary)
(iv) Mr. Sukanto Aich (Whole-time Director w.e.f 1st July 2017)
(v) Mr. Rothin Bhattacharyya (Whole-time Director w.e.f 1st July 2017 to 3rd April 2018)
(vi) Mr. Harshavardhan Madhav Chitale (Vice Chairman, Managing Director and Chief Executive Officer w.e.f 22nd April 2015 to 31st August 2017)
(vii) Mr. Bidhu Bhusan Mohanty (Whole time Director and Chief Financial Officer w.e.f 22nd April 2015 to 31st July 2017)

(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

(₹ in million)

	Year ended 31 March 2018			Year ended 31 March 2017		
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	-	1,741	-	-	2,695	-
Technical Royalty paid	-	1,014	-	-	843	-
Management support services charge	1,448	0	-	1,337	-	-
Purchase of IT Services	-	369	-	-	401	-
Reimbursements paid	-	6	-	-	14	-
Expense on share based incentives	52	-	-	35	-	-
Purchase of Fixed assets	-	11	-	-	9	-
Sale of Fixed assets	-	2	-	-	-	-
Sale of products	-	1,370	-	-	1,308	-
Sale of Services	131	1,059	-	21	1,066	-
Reimbursement received	-	7	-	62	82	-

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	Year ended 31 March 2018			Year ended 31 March 2017		
Description	**Holding Company**	**Fellow Subsidiary Companies**	**Key Managerial Personnel**	**Holding Company**	**Fellow Subsidiary Companies**	**Key Managerial Personnel**
Managerial Remuneration						
Mr. Sumit Padmakar Joshi	-	-	22	-	-	-
Mr. Dibyendu Raychaudhury	-	-	8	-	-	-
Mr. Nitin Mittal	-	-	6	-	-	5
Mr. Sukanto Aich	-	-	16	-	-	-
Mr. Rothin Bhattacharyya	-	-	18	-	-	-
Mr. Harshavardhan Madhav Chitale	-	-	30	-	-	45
Mr. Bidhu Bhusan Mohanty	-	-	9	-	-	13
Commission to Non-executive directors						
Mr. Parthasarathi Uma Shankar	-	-	1	-	-	1
Ms. Vibha Paul Rishi	-	-	1	-	-	1
Mr. Vinayak Kashinath Deshpande	-	-	1	-	-	1
Sitting fees to Non-executive directors						
Mr. Parthasarathi Uma Shankar	-	-	1	-	-	1
Ms. Vibha Paul Rishi	-	-	1	-	-	1
Mr. Vinayak Kashinath Deshpande	-	-	1	-	-	1
Outstandings						
Payable	126	912	-	166	1,885	-
Receivable	-	80	-	-	171	-
Key managerial personnel compensation						
(a) short-term employee benefits	-	-	98	-	-	52
(b) post-employment benefits	-	-	-	-	-	-
(c) other long-term benefits	-	-	12	-	-	11
(d) termination benefits	-	-	-	-	-	-
Other short term benefits						
- Commission to Non executive directors	-	-	4	-	-	4
- Sitting fees to Non executive directors	-	-	3	-	-	3

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 2018

(d) Nature of transactions happended during the year

Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions	
		Year ended 31 March 2018 (₹ in million)	Year ended 31 March 2017 (₹ in million)
(i) Holding Company			
Philips Lighting Holding B.V.	Management support services charge	1,448	1,337
	Reimbursement received	-	62
	Sale of Services	131	21
	Expense on share based incentives	52	35
(ii) Fellow Subsidiary Companies			
Philips Lighting Hong Kong Ltd, China	Purchase of Raw Material and Stock-in -trade	325	1,267
Philips Lighting B.V.	Purchase of Raw Material and Stock-in -trade	592	407
Lumileds LLC	Purchase of Raw Material and Stock-in -trade	-	292
Philips Lighting Poland Sp. z o.o.	Purchase of Raw Material and Stock-in -trade	204	-
Philips Luminaires (Chengdu) Co., Ltd.	Purchase of Raw Material and Stock-in -trade	189	-
Philips Lighting B.V.	Purchase of IT Services	347	349
Philips India Limited	Purchase of IT Services	-	44
Philips Lighting B.V.	Technical Royalty paid	454	397
Philips Lighting Hong Kong Ltd	Technical Royalty paid	560	447
WMGD Pty Ltd T/A Philips Dynalite	Reimbursements paid	-	7
Philips India Limited	Reimbursements paid	4	2
Philips Lighting Singapore Pte Ltd	Reimbursements paid	-	3
Philips Lighting B.V.	Reimbursements paid	1	-
Philips Lighting B.V.	Reimbursement received	5	9
Philips India Limited	Reimbursement received	2	54
Lumileds India Private Limited	Reimbursement received	-	20
Philips Lighting B.V.	Sale of Services	-	10
Philips Lighting Hong Kong Ltd	Sale of products	865	887
Philips Lighting B.V.	Sale of products	251	202
Philips Lighting B.V.	Sale of Services	1,015	1,034
Philips Lighting Industry (China) Co., Ltd.	Purchase of Fixed assets	11	7
Philips India Limited	Purchase of Fixed assets	-	2
Philips Lighting Poland Sp. z o.o.	Sale of Fixed assets	2	-

* 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 2018

Outstanding balances at year end**	Payable / Receivable	Year ended 31 March 2018 (₹ in million)	Year ended 31 March 2017 (₹ in million)
(i) Holding Company			
Philips Lighting Holding B.V.	Payable	126	166
(ii) Fellow Subsidiary Companies			
Philips Lighting Hong Kong Ltd	Payable	240	922
Philips Lighting B.V.	Payable	399	656
Philips Lighting Hong Kong Ltd	Receivable	37	46
Philips Electronique Maroc Lighting	Receivable	-	22
Philips Lighting B.V.	Receivable	-	35
Philips Lighting Lanka Private Ltd	Receivable	26	36
Philips Lighting Bangladesh Ltd	Receivable	45	-

** Balances with parties which comprises more than 10% of aggregate value of related party balances

36. 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'), 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.

Notes to the financial statements for the year ended 31 March 2018

Entity wide disclosures

(₹ in million)

Segment Revenue	Year ended 31 March 2018	Period ended 31 March 2017
Within India	32,582	30,875
Outside India	2,546	2,395
Segment Assets		
Within India	15,394	12,880
Outside India	80	171

Information about major customers (from external customers)

During the current year, sales to one customer 'Energy Efficiency and services limited' (EESL) constituted more than 10% of the entity's revenue amounting to ₹ 4,215 million

37. 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 2018	For the year ended 31 March 2017
Contribution to Statutory Provident Fund	131	127

(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 2018. 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.

Notes to the financial statements for the year ended 31 March 2018

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, 2018	March 31, 2017
Present value of defined benefit obligation	302	337
Fair value of plan assets	23	45
Plan assets / (liability)	**279**	**292**

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 2018			31 March 2017		
	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	337	45	292	398	84	314
Acquisition / Divestiture	-	-	-	-	-	-
Included in profit or loss						
Current service cost	45	-	45	52	-	52
Past service credit	-	-	-	-	-	-
Interest cost (income)	23	3	20	29	6	23
	68	3	65	81	6	75
Included in OCI						
Remeasurements loss (gain)	-	-	-	-	-	-
- Actuarial loss (gain) arising from:						-
- demographic assumptions	(3)	-	(3)	11	-	11
- financial assumptions	(17)	-	(17)	(55)	2	(53)
- experience adjustment	(12)	-	(12)	(15)	-	(15)
	(32)	-	(32)	(59)	2	(57)
Other						
Contributions paid by the employer	-	3	(3)	-	4	(4)
Benefits paid	(71)	(28)	(43)	(83)	(47)	(36)
	(71)	(24)	(46)	(83)	(43)	(40)
Balance as at 31 March	302	23	279	337	45	292

Notes to the financial statements for the year ended 31 March 2018

C. Plan assets

(₹ in million)

	March 31, 2018	March 31, 2017
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, 2018	March 31, 2017
Discount rate	8.00%	7.30%
Expected rate of future salary increase	9.00%	9.00%
Mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal Rate	Management, PIC, MLF CG, VLF CG - 12%, MLF and VLF Non CG - 2%	Management, PIC - 12% ,MLF - 3%, VLF - 2%
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 2018, the weighted-average duration of the defined benefit obligation was 13.3 years (as at 31 March 2017 : 14 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 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	278	325	308	366
Expected rate of future salary increase (1% movement)	325	278	365	308

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.

Notes to the financial statements for the year ended 31 March 2018

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

(₹ in million)

	March 31, 2018	March 31, 2017
Within the next 12 months (next annual reporting period)	37	32
Between 2 and 5 years	121	122
Beyond 5 years	123	129
	281	283

(iii) Other long-term employee benefits:

During the year ended 31 March 2018, the Company has incurred an expense on compensated absences amounting to ₹ 46 million (previous period ₹ 9 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.

38. 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 2018		As at 31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Non current trade receivable	443	443	139	139
Other non-current financial assets	163	163	170	170
Current Trade Receivables	4,571	4,571	3,859	3,859
Cash and Cash equivalants	3,935	3,935	3,567	3,567
Other current financial assets	17	17	29	29
	9,129	9,129	7,764	7,764
Financial liabilities				
Non current Borrowings	59	59	40	40
Other non current financial liabilities	150	150	34	34
Current Trade Payables (including derivatives)	6,735	6,735	5,917	5,917
Other current financial liabilities	536	536	449	449
	7,480	7,480	6,440	6,440

The carrying amounts of current trade receivables,cash and cash equivalents, other 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.

Notes to the financial statements for the year ended 31 March 2018

The fair values for non current trade receivables and other non-current financial assets 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, 2018 was assessed to be insignificant.

Description of significant unobservable inputs to valuation:

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, 2018: 10.00% March 31, 2017: 12.00%	**March 31, 2018:** Change in discount rate by 1%: Increase in the discount rate would result in decrease in fair value by ₹ 16 million and decrease in discount rate would result in increase in fair value by ₹ 16 million **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
Other non-current financial assets	DCF Method	Discount for counter party credit risk	March 31, 2018: 8.00% March 31, 2017: 10.00%	**March 31, 2018:** 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 **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

Notes to the financial statements for the year ended 31 March 2018

Borrowings	DCF Method	Incremental rate on borrowings	March 31, 2018: 11.75% March 31, 2017: 11.75%	**March 31, 2018:** Change in discount rate by 0.50%: Increase in the WACC would result in decrease in fair value by ₹ 0.5 million and decrease in WACC would result in increase in fair value by ₹ 0.5 million **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

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Non current trade receivable	-	-	443	443
Other non-current financial assets	-	-	163	163
Current Trade Receivables	-	-	4,571	4,571
Cash and Cash equivalants	-	-	3,935	3,935
Other non-current financial assets	-	-	17	17
Total financial assets	**-**	**-**	**9,129**	**9,129**

Notes to the financial statements for the year ended 31 March 2018

Financial liabilities				
Non current Borrowings	-	-	59	59
Other non current financial liabilities	-	-	150	150
Current Trade Payables (including derivatives)	-	-	6,735	6,735
Other current financial liabilities	-	-	536	536
Total financial liabilities	**-**	**-**	**7,480**	**7,480**

	As at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Non current trade receivable	-	-	139	139
Other non-current financial assets	-	-	170	170
Current Trade Receivables	-	-	3,859	3,859
Cash and Cash equivalants	-	-	3,567	3,567
Other current financial assets	-	-	29	29
Total financial assets	**-**	**-**	**7,764**	**7,764**
Financial liabilities				
Non current Borrowings	-	-	40	40
Other non current financial liabilities	-	-	34	34
Current Trade Payables	-	-	5,917	5,917
Other current financial liabilities	-	-	449	449
Financial liabilities	**-**	**-**	**6,440**	**6,440**

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.

Notes to the financial statements for the year ended 31 March 2018

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.

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, 2018							
Gross carrying amount (A)	4,345	138	41	7	3	32	172	4,738
Expected credit losses (B)	14	8	5	1	1	10	112	151
Net Carrying amount (A-B)	**4,331**	**130**	**36**	**6**	**2**	**22**	**60**	**4,587**

Notes to the financial statements for the year ended 31 March 2018

(₹ 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**

Movement in expected credit loss allowance of financial assets:

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	148	146
Add: Provided during the year	3	2
Less: Reversal of provision	-	-
Balance at the end of the year	**151**	**148**

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 2018

(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 2018	As at 31 March 2017
Floating rate		
Expiring within one year (bank overdraft and other facilities)	6,580	4,745
Expiring beyond one year (bank loans)	-	-
	6,580	**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 2018	Contractual cash flows			
		0–6 months	6–12 months	1–5 years	More than 5 years
Non-derivative financial liabilities					
Non current borrowings	59	-	-	59	-
Other non current financial liabilities	150	-		150	-
Trade payables	6,735	6,735	-	-	-
Other current financial liabilities	536	499	37	-	-
Total non-derivative liabilities	**7,480**	**7,234**	**37**	**209**	**-**

(₹ 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					
Non current borrowings	40	-	-	40	-
Other non current financial liabilities	34		34		
Trade payables	5,917	5,917			-
Other current financial liabilities	449	429	20	-	-
Total Non-derivative financial liabilities	**6,440**	**6,346**	**54**	**40**	**-**

Notes to the financial statements for the year ended 31 March 2018

Market risk

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 (INR). 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 2018			As at 31 March 2017		
	USD	EUR	Others	USD	EUR	Others
Non derivative						
Trade receivables	144	62	1	132	43	-
Trade payables	1,124	219	13	1,850	316	13
Derivative						
Derivative forward contract	2	-	-	20	-	-
Net statement of financial position exposure	**1,270**	**281**	**14**	**2,002**	**359**	**13**

The following significant exchange rates have been applied.

(₹ in million)

	Year end spot rates	
	31 March 2018	31 March 2017
USD 1	65.18	64.85
EUR 1	80.81	69.29

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR 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.

Notes to the financial statements for the year ended 31 March 2018

(₹ in million)

	Profit or loss	
	Strengthening	Weakening
31 March 2018		
USD (10% movement)	98	(98)
EUR (10% movement)	28	(28)
Others	1	(1)
31 March 2017		
USD (10% movement)	172	(172)
EUR (10% movement)	27	(27)
Others	1	(1)

Sensitivity analysis for fair value risk of forward contracts

(₹ in million)

	Profit or loss	
	Strengthening	Weakening
31 March 2018		
Derivative forward contract (10% movement in USD)	(0)	0
31 March 2017		
Derivative forward contract (10% movement in USD)	2	(2)

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 2018	31 March 2017	31 March 2016
Borrowings	98	70	74
Net debt	98	70	74
Equity	4,819	4,275	3,255
Total capital	4,917	4,345	3,329
Gearing ratio	**2%**	**2%**	**2%**

39. Employees' Share-based Payments:

Philips Lighting Long-term Incentive Plan

During the current year Philips Lighting introduced the Long-term Incentive Plan (LTI Plan). Under the Philips Lighting LTI Plan, which is equity settled, eligible employees are granted both conditional shares and performance shares. Conditional shares have a three-year cliff vesting period and will vest if a grantee is still employed with Philips Lighting at the vesting date.

Notes to the financial statements for the year ended 31 March 2018

Vesting of performance shares is conditional on the achievement of performance conditions measured over a period of three years. The performance condition measurement is based on three measures, Relative Total Shareholder Return (TSR) (40% of the shares), Free Cash Flow (FCF) (40% of the shares) and Sustainability (20% of the shares). In addition, vesting is conditional to the grantee still being employed with Philips Lighting at the vesting date.

For the Board of Management and certain members of senior management, the LTI Plan consists of performance shares only. Shares are conditionally granted annually.

In addition to shares awarded under the Philips Lighting LTI Plan, Philips Lighting may in individual cases, such as in the hiring process of members of (senior-) management, also grant restricted shares. Restricted shares have either three-year cliff vesting period or vest gradually over the vesting period of one, two or three years.

Under the terms of the employee stock purchase plan (ESPP) established by Philips Lighting in the FY 2017-18 , employees are eligible to purchase a limited number of Philips Lighting shares at discounted prices through payroll withholdings. Since the introduction of the Philips Lighting ESPP, employees of Philips Lighting could no longer participate in the Royal Philips ESPP.

Philips Lighting performance shares

TSR performance measurement is a market performance condition.

The fair value of shares granted under TSR is measured based on Monte Carlo simulation. The closing share price at grant date is adjusted for the present value of expected dividends during the vesting period, as participants are not compensated for Philips Lighting dividend payouts. Monte Carlo simulation takes into account market conditions expected to impact relative Total Shareholders' Return performance in relation to selected peers.

Assumptions used in Monte Carlo Simulation

for valuation in %

	FY 2017-18
Risk-free interest rate	(0.6%)
Expected share price volatility	31%

The assumptions were used for these calculations only and do not necessarily represent an indication of Philips Lighting management's expectation of future developments for other purposes. Historic volatility was measured over the same timeframe as the simulation period (weighted average 2.6 years).

The amount calculated as an expense for TSR shares is not adjusted for actual performance.

FCF and Sustainability measurements are non-market performance conditions. Fair value of shares granted under FCF and Sustainability conditions equals the closing share price on the grant date, again adjusted for the present value of expected dividends during the vesting period.

The amount calculated as an expense for FCF and Sustainability shares is adjusted for actual performance.

A summary of Philips Lighting performance shares movements as of 31 March, 2018, is presented below:

Particulars	Performance Shares
Balance as of 1 April 2017	-
Granted	17,988
Vested	(445)
Forfeited	(1,768)
Transfer in / (out)	(3,889)
Balance as of 31 March 2018	**11,886**

Notes to the financial statements for the year ended 31 March 2018

Particulars	Weighted average grant - date fair value	
	10-May-17	25-Oct-17
Performance Shares	36.11	34.55

Philips Lighting conditional shares

Fair value of conditional shares is determined by subtracting the present value of expected dividends from the closing share price on the grant date as participants are not compensated for Philips Lighting dividend payouts.

A summary of Philips Lighting conditional shares movements as of 31 March, 2018, is presented below:

Particulars	Performance Shares
Balance as of 1 April 2017	-
Granted	8,973
Vested	(159)
Forfeited	(945)
Transfer in / (out)	(1,943)
Balance as of 31 March 2018	**5,926**

Particulars	Weighted average grant - date fair value	
	10-May-17	25-Oct-17
Conditional Shares	29.23	28.79

Philips Lighting restricted shares

The fair value of restricted shares is equal to the share price on the grant date, as participants are compensated for Philips Lighting dividend payouts during the vesting period.

A summary of Philips Lighting conditional shares movements as of 31 March, 2018, is presented below:

Particulars	Performance Shares
Balance as of 1 April 2017	-
Granted	1,997
Vested	-
Forfeited	-
Transfer in / (out)	-
Balance as of 31 March 2018	**1,997**

Particulars	Weighted average grant - date fair value
	25-Oct-17
Restricted Shares	31.35

Notes to the financial statements for the year ended 31 March 2018

Royal Philips Long-term Incentive Plan

Until the settlement of the IPO of Philips Lighting in 2016, eligible employees of Philips Lighting as well as members of the Board of Management participated in grants made under the Royal Philips Long-term Incentive Plan. Those employees remain to participate in the Royal Philips LTI Plan, which is equity settled, until the shares from the last grant in 2016 will vest in 2019. The expense for Philips Lighting India Limited is calculated and accounted for in accordance with IndAS 102.

Royal Philips has the following plans:

Performance shares - rights to receive common shares in the future based on performance and service conditions.

Restricted shares - rights to receive common shares in the future based on a service condition.

Options on its common shares, including the 2012 and 2013 Accelerate! grant. All options granted have vested, and no expense is recorded in Philips Lighting, nor does exercise of the options lead to any expense for Philips Lighting

Royal Philips performance shares

The performance is measured over a three-year performance period. The performance shares have two performance conditions, relative Total Shareholders' Return of Royal Philips compared to a peer group of 21 companies and adjusted EPS growth of Royal Philips. The performance shares vest three years after the grant date.

The number of performance shares that will vest is dependent on achieving the two performance conditions, which are equally weighted, and provided that the grantee is still employed with Royal Philips, which for this purpose includes Philips Lighting, on the respective delivery dates.

The amount recognized as an expense is adjusted for actual performance of adjusted EPS growth since this is a non-market performance condition. It is not adjusted for non-vesting or extra vesting of performance shares due to a relative Total Shareholders' Return performance that differs from the performance anticipated at the grant date, since this is a market-based performance condition

Royal Philips restricted shares

The fair value of restricted shares is equal to the share price at grant date.

Royal Philips issues restricted shares that, in general, have a 3-year cliff vesting period. For grants up to and including January 2013, Royal Philips granted 20% additional (premium) shares, provided the grantee still holds the shares after three years from the delivery date and the grantee is still with Royal Philips, which for this purpose includes Philips Lighting, on the respective delivery dates.

(i) Number and movement of Restricted Shares (EUR)

Outstanding as at 31 March 2017	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2018
11,679	-	(1,063)	(4,445)	(48)	6,123

Outstanding as at 31 March 2016	Grants	Cancellation	Transfer in / (out)	Exercised	Outstanding as at 31 March 2017
9,900	9,296	(784)	(828)	(5,905)	11,679

Notes to the financial statements for the year ended 31 March 2018

(ii) Number and movement of Performance Shares (EUR)

Outstanding as at 31 March 2017*	Performance adjustments	Grants	Cancellation	Transfer in / (out)	Exercise	Outstanding as at 31 March 2018
54,054	3,268	-	(5,107)	(6,020)	(15,365)	30,830

* Opening balances were revised to reflect performance adjustments in prior year

Outstanding as at 31 March 2016	Grants	Cancellation	Transfer in / (out)	Exercised	Outstanding as at 31 March 2017
40,957	18,584	(6,641)	6,804	(6,611)	53,093

Expense recognized on account of "Employee Share-Based Payment" for the period ended 31 March'18 is ₹ 52 million (Previous period ₹ 35 million) and corresponding liability is ₹ 23 million (Previous period ₹ 24 million).

40. 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 current year, a charge of ₹ 606 million (previous year - ₹ 559 million) is recognized in the Statement of Profit and Loss against the Scheme under the head exceptional items.

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

(a) Contingent liabilities

(i) In respect of disputed excise demands - ₹ 363 million (As at 31 March 2017 - ₹ 364 million)

(ii) The Contingent Liability on account of Income Tax cases relating to erstwhile Lighting Business of Philips India Limited (PIL) is estimated at ₹ 1,868 million (Previous year – ₹ 3,197 million) out of Common estimated Income Tax Liability of lighting business and other businesses of Philips India Limited amounting to ₹ 3,832 million (Previous year – ₹ 5,918 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.

(ii) 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 - ₹ 8 million (As at 31 March 2017 - ₹45 million).

Notes to the financial statements for the year ended 31 March 2018

Operating lease commitments — Company as lessee

The Company has entered into operating leases on various offices, warehouses under Non cancellable operating leases with lease terms between three and five years. The Comapany has the option, under some of its leases, to lease the assets for additional terms of three to five years. Future minimum lease payments under non-cancellable operating leases are as under:

	As at 31 March 2018	As at 31 March 2017
Within one year	118	126
After one year but not more than five years	92	207
More than five years	4	7

(c) Contingent assets

There are no contingent assets of the Company as at the year ended 31 March 2018 (As at 31 March 2017 - Nil).

42. Earnings per share

Calculation of earnings per share	For the year ended 31 March 2018	For the year ended 31 March 2017
Number of shares at the beginning of the year	57,517,242	57,517,242
Total number of equity shares outstanding at the end of the year	57,517,242	57,517,242
Weighted average number of equity shares outstanding during the year	57,517,242	57,517,242
Profit after tax attributable to equity share holders (₹ in million)	1,908	983
Basic and diluted earnings per share (in ₹)	**33.18**	**17.09**

43. "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.

Notes to the financial statements for the year ended 31 March 2018

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**

44. 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 2017-18 and 2016-17, 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 2018	Period ended 31 March 2017
Research and development expenditure		
- Capital expenditure	37	23
- Revenue expenditure	359	320
Total	**396**	**343**

45. Dividend proposed

After the reporting date i.e. on 29 June 2018 (21 June 2017), the following dividends were proposed by directors at the board meeting

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
₹ 20 per share on 57,517,242 equity shares of face value ₹ 10 each	1,150,344,840	1,150,344,840
Dividend distribution tax @ 20.56% (Previous year @ 20.3576%) on dividend to equity shareholders	236,510,899	234,182,601

Notes to the financial statements for the year ended 31 March 2018

46. Assets classified as held for sale :

The management is under the process of close down mohali CFL plant in a one-year time frame due to the phase out of CFL-I lamps in the Indian market and rapid shift to LED. Accordingly, assets pertaining to mohali plant mentioned below, has been classified as 'held for sale'and has been recorded at lower of carrying value and fair value less cost to sell as per the requirement of IND AS 105. Sale of these assets are expected to be completed within next 12 months.

Particulars	Net Block (rupees million)
Buildings	119
Land	38
Plant & Machinery and other assets	27
Total	**184**

47. Standards issued but not yet effective :

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

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

(a) Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company plans to adopt the new standard on the required effective date using the modified retrospective method.

The Company is in the business of manufacturing, trading and distribution of all kinds of lighting and allied products and lighting system solution. The lighting and allied products are sold both on their own in separate identified contracts with customers and through distribution channel of dealers and distributors.

(a) Sale of goods

For contracts with customers in which the sale of lighting and allied products is generally expected to be the only performance obligation, adoption of Ind AS 115 is not expected to have any material impact on the Company's revenue and profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, which is generally on delivery of the goods. In preparing to adopt Ind AS 115, the Company is considering the following:"

(i) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Company recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Company defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under Ind AS 115, and will be required to be estimated at contract inception and updated thereafter. Ind AS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Company does not expects that application of the constraint will result in material revenue being deferred than under current Ind AS.

Notes to the financial statements for the year ended 31 March 2018

(ii) Multiple Element Contracts

The Company provides multiple element contracts which includes Sale of goods, installation, warranty repair services and others. These services are sold either on their own in contracts with the customers or bundled together with the sale of goods to a customer. Currently, the Company accounts for the sales of goods and service as separate deliverables of bundled sales and allocates consideration between these deliverables using the relative fair value approach. The Company recognises revenue by reference to the stage of completion. Under Ind AS 115, allocation will be made based on relative stand-alone selling prices. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales may be impacted. The Company is evaluating the impact and it will account for it when it adopts Ind AS 115 during the year ending March 31, 2019.

(b) Presentation and disclosure requirements

The presentation and disclosure requirements in Ind AS 115 are more detailed than under current Ind AS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Company's financial statements. Many of the disclosure requirements in Ind AS 115 are new and the Company has assessed that the impact of these disclosures requirements will not be significant. In particular, the Company does not expect that the notes to the financial statements will be expanded because of the disclosure of significant judgements made. In addition, as required by Ind AS 115, the Company will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for reportable segment.

(c) Other adjustments

The recognition and measurement requirements in Ind AS 115 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property, plant and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Company.

The Company believes that the impact of IND AS 115 will not be significant. However, management is in the process of evaluating the impact on the financial statements and same will be concluded once the implementation project has been completed. "

For S.R. Batliboi & Co. LLP	For and on behalf of Philips Lighting India Limited	
Chartered Accountants		
ICAI Firm Registration No. 301003E/E300005	**Sumit Padmakar Joshi**	**Sukanto Aich**
	Vice-Chairman, Managing Director and CEO	Whole Time Director
	(DIN: 07018906)	(DIN: 02175058)
Per Manoj Kumar Gupta		
Partner	**Dibyendu Raychaudhury**	**Nitin Mittal**
Membership No. 083906	Chief Financial Officer	Head of Legal and Company Secretary
		(Membership No. - 7044)
Place : Gurugram	Place : Gurugram	
Date : 29 June 2018	Date : 29 June 2018	

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Registered Office
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Gujarat

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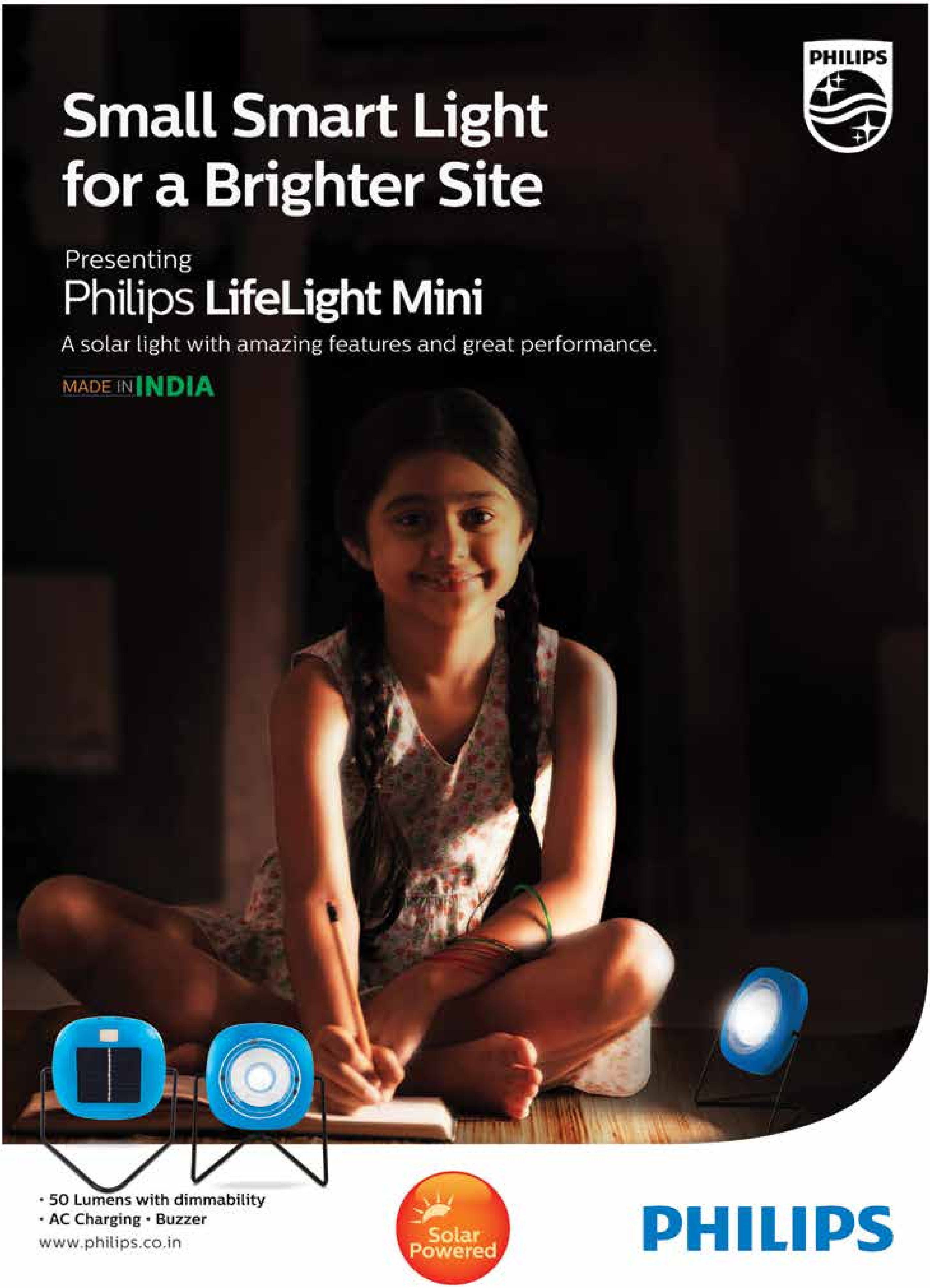

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