Preethi Kitchen Appliances Private Limited

Balance Sheet as at March 31, 2018

(All amounts in Million Indian rupees, except as share data or as stated)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	525	501
Investment Property	4	59	59
Goodwill	5	1,191	1,191
Other intangible assets	5	610	1,221
Financial Assets			
Other financial assets	6	31	27
Deferred tax asset (net)	13	1,931	-
Income tax asset (net)		14	6
Other non current assets	10	39	72
		4,400	**3,077**
Current assets			
Inventories	9	529	608
Financial Assets			
Trade receivables	12	194	170
Cash and cash equivalents	8	1,413	576
Others financial assets	7	14	3
Other current assets	11	63	65
		2,213	**1,422**
TOTAL ASSETS		**6,613**	**4,499**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14	613	493
Instruments entirely equity in nature	14	339	459
Other Equity	15	4,500	2,403
Total Equity		**5,452**	**3,355**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Long term Borrowings	16	7	9
Long term provisions	17	121	100
		128	**109**
Current liabilities			
Financial Liabilities			
Borrowings	18	69	191
Trade Payables	19	756	702
Other financial liabilities	19	78	53
Other Current Liabilities	20	120	74
Provisions	17	10	15
		1,033	**1,035**
Total Liabilities		**1,161**	**1,144**
TOTAL EQUITY AND LIABILITIES		**6,613**	**4,499**

Significant accounting policies 2

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date attached

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/ E300005

Manoj Kumar Gupta

Partner

Membership No.: 083906

Place: Gurgaon

Date: August 03, 2018

For and on behalf of the Board

Preethi Kitchen Appliances Private Limited

A.D.A. Ratnam
DIN: 05296020
Director

Rajiv Mathur
DIN: 06931798
Director

Nishant Nayan
Company Secretary

Place: Gurgaon

Date: August 03, 2018

Preethi Kitchen Appliances Private Limited

Statement of Profit and Loss for the year ended March 31, 2018

(All amounts in Million Indian rupees, except as share data or as stated)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	21	5,752	5,403
Other income	22	188	477
Total income		**5,940**	**5,880**
Expenses			
Cost of raw materials consumed	23	2,752	2,517
Purchases of stock-in-trade		725	769
Changes in inventories of work-in-progress, finished goods and stock-in-trade	24	50	(41)
Excise duty on sale of goods		149	615
Employee benefits expense	25	626	535
Depreciation and amortization expense	27	688	684
Finance costs	26	5	11
Other expenses	28	778	854
Total expenses		**5,773**	**5,944**
Profit/ (Loss) before tax		167	(64)
Tax expense			
Current tax	13	-	-
Deferred tax	13	1,931	-
Profit/ (Loss) for the year		**2,098**	**(64)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		(1)	(4)
Income tax effect		-	-
Total other comprehensive income		**(1)**	**(4)**
Total comprehensive income for the year		**2,097**	**(68)**
Earnings per equity share (for continuing operations)	31		
Basic earnings per equity share of Rs.10 each		42.47	(0.53)
Diluted earnings per equity share of Rs.10 each		22.04	(0.53)

Significant accounting policies 2

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date attached

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

Manoj Kumar Gupta
Partner
Membership No.: 083906

Place: Gurgaon
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Nishant Nayan
Company Secretary

Place: Gurgaon
Date: August 03, 2018

Preethi Kitchen Appliances Private Limited

Cash Flow Statement for the year ended March 31, 2018

(All amounts in Million Indian rupees, except as share data or as stated)

		Year ended 31 March 2018	Year ended 31 March 2017
A.	**Cash flow from operating activities**		
	Profit / (Loss) before tax	**167**	**(64)**
	Adjusted for		
	(Profit) / loss on disposal of fixed assets	2	2
	Depreciation and amortization expense	688	684
	Unrealized foreign exchange (gain) / loss (net)	-	(1)
	Advances written off	-	1
	Liabilities no longer required written back	-	(9)
	Interest Income	(65)	(37)
	Cash discount on supplier financing	(4)	(8)
	Finance costs	5	11
	Operating profit before working capital changes	793	579
	Changes in:		
	Trade receivables	(24)	(42)
	Other current and non current assets	9	-
	Inventories	79	(54)
	Trade payables and other liabilities	133	154
	Cash generated from operations	990	637
	Income tax paid (net of refunds)	(8)	3
	Net Cash Flow generated from Operating activities	**982**	**640**
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	(79)	(88)
	Proceeds from sale of fixed assets	2	3
	Interest income received	57	36
	Cash discount received on supplier financing	4	8
	Net Cash flow used in Investing Activities	**(16)**	**(41)**
C.	**Cash flow from financing activities**		
	Finance costs	(5)	(11)
	Availment of finance lease obligations	3	12
	Proceeds from short term borrowings	1,929	1,465
	Proceeds from issue of non-cumulative preference shares	-	2,698
	Payment on account of buy back and capital reduction	-	(3,733)
	Repayment of finance lease obligations	(5)	(3)
	Repayment of short term borrowings	(2,051)	(1,422)
	Cash flow (used in) / generated from Financing Activities	**(129)**	**(994)**
	NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	**837**	**(395)**

Preethi Kitchen Appliances Private Limited

Cash Flow Statement for the year ended March 31, 2018

(All amounts in Million Indian rupees, except as share data or as stated)

	Year ended 31 March 2018	Year ended 31 March 2017
CASH AND CASH EQUIVALENTS - OPENING BALANCE		
Cash and cash equivalents (Refer Note 8)	576	977
Overdraft facilities from banks	-	(6)
TOTAL	**576**	**971**
CASH AND CASH EQUIVALENTS - CLOSING BALANCE		
Cash and cash equivalents (Refer Note 8)	1,413	576
Overdraft facilities from banks	-	-
TOTAL	**1,413**	**576**

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date attached

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

Manoj Kumar Gupta
Partner
Membership No.: 083906

Place: Gurgaon
Date: August 03, 2018

For and on behalf of the Board
Preethi Kitchen Appliances Private Limited

A.D.A. Ratnam
DIN: 05296020
Director

Rajiv Mathur
DIN: 06931798
Director

Nishant Nayan
Company Secretary

Place: Gurgaon
Date: August 03, 2018

Preethi Kitchen Appliances Private Limited
Statement of Changes in Equity for the year ended March 31, 2018
(All amounts in Million Indian rupees, except as share data or as stated)

a. EQUITY SHARE CAPITAL

Equity shares of Rs.10 each issued, subscribed and fully paid up	Number of shares	Amount
At March 31, 2017	49,263,413	493
Changes in equity share capital during the year		
Add: Compulsorily convertible Preference shares conversion during the year (Note 14)	11,987,421	120
At March 31, 2018	**61,250,834**	**613**

b. OTHER EQUITY

	Reserves and Surplus		Other Comprehensive Income ('OCI')	
Particulars	**Securities premium reserve**	**Retained earnings**	**Remeasurement of net defined benefit liability/ asset, net**	**Total equity**
As at 1 April 2016 (A)	**9,051**	**(5,686)**	**11**	**3,376**
Profit / (loss) for the year	-	(64)	-	(64)
Items of OCI for the year, net of tax				
Remeasurement benefit of defined benefit plans	-	-	(4)	(4)
Total Comprehensive Income for the year (B)	-	(64)	(4)	(68)
Additions/ (Reductions) during the year				
Balance of securities premium relating to equity shares covered under capital reduction and buy back transferred to Retained earnings	(1,667)	1,667	-	-
Utilization of securities premium for shares bought back and capital reduction	(905)	-	-	(905)
Total (C)	(2,572)	1,667	-	(905)
At 31 March 2017 (A+B+C)	**6,479**	**(4,083)**	**7**	**2,403**
As at 1 April 2017 (D)	**6,479**	**(4,083)**	**7**	**2,403**
Profit / (loss) for the year	-	2,098	(1)	2,097
Items of OCI for the year, net of tax				
Remeasurement benefit of defined benefit plans	-	-	-	-
Total Comprehensive Income for the year (E)	-	2,098	(1)	2,097
Additions/ (Reductions) during the year **(F)**	-	-	-	-
Total (D+E+F)	**6,479**	**(1,985)**	**6**	**4,500**

The accompanying notes are an integral part of the Financial Statements.
As per our report of even date attached

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

Manoj Kumar Gupta
Partner
Membership No.: 083906

Place: Gurgaon
Date: August 03, 2018

For and on behalf of the Board
Preethi Kitchen Appliances Private Limited

A.D.A. Ratnam
DIN: 05296020
Director

Rajiv Mathur
DIN: 06931798
Director

Nishant Nayan
Company Secretary

Place: Gurgaon
Date: August 03, 2018

1 Brief Background of the Company

Preethi Kitchen Appliances Private Limited ('Preethi' / 'the Company'), a private limited Company, with its registered office at C/o Boomerang, unit no.506, 5th floor, wing B-2, Chandivali farm road, Powai, Mumbai - 400 072, was incorporated on February 21, 2011. It is a wholly owned subsidiary of Philips India Limited. The Company sells mixies, table top grinders, coffee makers, induction cookers, electric rice cookers, electric kettle, electric iron box, electric pressure cooker and vessels for induction cooker.

2 Significant accounting policies

a Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:
(i) certain financial assets are measured either at fair value or at amortised cost depending on the classification;
(ii) employee defined benefit assets/(liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation; and
(iii) long-term borrowings, comprising of obligations under finance leases, are measured at amortized cost using the effective interest rate method.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b Current versus non-current classification

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:
1) Expected to be realised or intended to be sold or consumed in normal operating cycle
2) Held primarily for the purpose of trading
3) Expected to be realised within twelve months after the reporting period, or
4) Cash or 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 current when:
1) It is expected to be settled in normal operating cycle
2) It is held primarily for the purpose of trading
3) It is due to be settled within twelve months after the reporting period, or
4) 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 liabilities are classified as non-current assets and liabilities.
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

d 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 the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. Amounts disclosed are inclusive of Excise Duty, and net of returns, trade discounts, rebates, value added taxes/ Goods and Service Tax and amount collected on behalf of third parties.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Goods:
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and sales tax. The Company provides normal warranty provisions for general repairs for two/ five years on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR) taking in to account the amounts invested and the rate of interes EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in Other income in the statement of profit and loss.

Rendering of Services:

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

e Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.Property, plant and equipment acquired as part of the business acquisition is recognized at fair value determined on the date of acquisition.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under ‘Capital work-in-progress’. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Depreciation is provided on the original cost on a straight line method at the useful life given in Part C of the Schedule II of the Companies Act, 2013 except in case of jigs and dies, where a higher depreciation rate @ 33.33% on Straight Line Method is being used based on technical evaluation. In respect of jigs and dies, the management believes that the useful lives as given above best represent the period over which the Management expects to use the assets.

f Investment properties

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

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on valuations performed by a qualified independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

g Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.
Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The period of amortization for Brands and distribution network is 8 years which represents the economic useful life of Brands and distribution network.

h Research and development expenditure

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:
(i) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
(ii) Its intention to complete and its ability and intention to use or sell the asset
(iii) How the asset will generate future economic benefits
(iv) The availability of resources to complete the asset
(v) The ability to measure reliably the expenditure during development

Revenue expenditure is charged to the Statement of profit and loss in the year in which it is incurred and expenditure of a capital nature is capitalized as property, plant and equipment .

i 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.

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 capitalised 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 recognised 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 recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

j 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. 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. When 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.

Goodwill is tested for impairment annually as at balance sheet date and when circumstances indicate that the carrying value may be impaired.

k Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:
(i) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
(ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
(iii) 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 weighted average basis.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete, defective and unserviceable stocks, if any have been duly provided for during the period.

l Foreign currency transactions

The Company's financial statements are presented in INR, which is also the Company's functional currency. Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the Statement of profit and loss of the year.

m Retirement benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. 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 expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund with LIC. This benefit is funded.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, on the basis of actuarial valuation carried out by an independent actuary at the year end. The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis. Actuarial gains and losses are recognized immediately in the Statement of profit and loss. Gain or Losses on the curtailment or settlements of any defined benefit plan are recognized when curtailment or settlement occurs. Liability with respect to the Gratuity plan, determined on the basis of actuarial valuation as described above, and any difference between the fund amount and the liabilities as per actuarial valuation is recognized as an asset or liability. Termination benefits are recognized as and when incurred.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.
Past service costs are recognised in profit or loss on the earlier of:
(i) The date of the plan amendment or curtailment, and
(ii) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
(ii) Net interest expense or income

The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

The Company's net obligation in respect of long-term employment benefits, other than gratuity, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated at the balance sheet date on the basis of an actuarial valuation done by an independent actuary using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. The discount rates used for determining the present value of the obligation under long term employment benefits, are based on the market yields on Government securities as at the balance sheet date.

n 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 capitalised 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.

o Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Replacement guarantee (Warranty) Provision:
Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

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

p Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares except where the results would be anti-dilutive. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential equity shares.

q Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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.

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expense is recognized in profit or loss.

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 recognised for all taxable temporary differences, except:
(i) 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
(ii) 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
(i) 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
(ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised 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.

r Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company’s cash management.

s Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
(i) Disclosures for valuation methods, significant estimates and assumptions (note 4, 32, 39, 40)
(ii) Quantitative disclosures of fair value measurement hierarchy (note 40)
(iii) Investment properties (note 4)
(iv) Financial instruments (including those carried at amortised cost) (note 39, 40)

t Business Combination and goodwill

In accordance with Ind AS 103 provisions related to Business Combinations, the Company has elected to apply Ind AS accounting for business combinations retrospectively from acquisition date i.e., February 21, 2011. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been taken at fair value and necessary adjustments have been made to books.

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree,
less the net recognised amount of the identifi able assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the excess is recognised in equity as capital reserve.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Any goodwill that arises on account of such business combination is tested annually for impairment.

u Government grants

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

v 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 assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

(i) Debt instruments at amortised cost

(ii) Debt instruments at fair value through other comprehensive income (FVTOCI)

(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

(iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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 financial assets that are debt instruments, and are measured at amortised cost e.g., deposits, trade receivables and bank balance and credit risk exposure:

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 recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

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, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised 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 at fair value through profit or loss

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

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

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

Loans and borrowings

This is the category most relevant to the Compamy. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to borrowings.

Derecognition

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

w Standards Issued but not yet effective

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

► Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

► Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

(All amounts in Million Indian rupees, except as share data or as stated)

3 Property, Plant and Equipment

Particulars	Buildings	Freehold Land	Plant and Machinery	Computers	Furniture	Vehicles (Owned)	Vehicles (taken on finance lease) - refer note 3a	Total
Cost or valuation								
At April 1, 2016	280	79	327	20	14	14	9	743
Additions	-	-	78	6	-	-	12	96
Disposals	-	-	(25)	-	-	(2)	-	(27)
At March 31, 2017	280	79	380	26	14	12	21	812
Additions	-	-	93	9	-	-	3	105
Disposals	-	-	(17)	-	-	-	(3)	(20)
At March 31, 2018	280	79	456	35	14	12	21	897
Depreciation and impairment								
At April 1, 2016	29	-	202	10	9	8	2	260
Depreciation	10	-	53	5	1	2	2	73
Disposals	-	-	(21)	-	-	(1)	-	(22)
At March 31, 2017	39	-	234	15	10	9	4	311
Depreciation	10	-	55	7	1	1	3	77
Disposals	-	-	(15)	-	-	-	(1)	(16)
At March 31, 2018	49	-	274	22	11	10	6	372
Net book value								
At 31 March 2017	241	79	146	11	4	3	17	501
At 31 March 2018	231	79	182	13	3	2	15	525

3(a) Leased assets are pledged as security for the related finance lease.

(All amounts in Million Indian rupees, except as share data or as stated)

4 Investment Property

Particulars	Amount	Fair value: Land (refer Note 4(b))
Cost or valuation		
At April 1, 2016	**59**	**102**
Fair Value Differences	-	-
At March 31, 2017	**59**	**102**
Fair Value Differences	-	35
At March 31, 2018	**59**	**137**
Depreciation and impairment		
At April 1, 2016	-	-
Depreciation	-	-
At March 31, 2017	-	-
Depreciation	-	-
At March 31, 2018	-	-
Net Block		
At March 31, 2017	59	102
At March 31, 2018	**59**	**137**

Notes

4 (a) The investment property consist of freehold land held by the Company, which was fair valued at the acquisition date.

4 (b) Investment property comprises of land parcel owned by the Company. The fair value of the property as at March 31, 2018 was Rs.137 million (March 31, 2017 - Rs.102 Million) The fair values are based on valuations performed by a qualified independent valuer.

4 (c) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

4 (d) Fair value hierarchy disclosures for investment properties have been provided in Note 39.

(All amounts in Million Indian rupees, except as share data or as stated)

5 Intangible assets

		Other Intangible assets			
Particulars	**Goodwill**	**Distribution Network**	**Brands**	**Total of other intangible assets**	**Total**
Cost or valuation					
At April 1, 2016	**1,191**	**1,654**	**2,913**	**4,567**	**5,758**
Additions	-	-	-	-	-
Disposals and adjustments	-	-	-	-	-
At 31 March 2017	**1,191**	**1,654**	**2,913**	**4,567**	**5,758**
Additions	-	-	-	-	-
Disposals and adjustments	-	-	-	-	-
At 31 March 2018	**1,191**	**1,654**	**2,913**	**4,567**	**5,758**
Amortization and impairment					-
At April 1, 2016	**-**	**945**	**1,790**	**2,735**	**2,735**
Amortization for the year	-	236	375	611	611
Disposals and adjustments	-	-	-	-	-
At 31 March 2017	**-**	**1,181**	**2,165**	**3,346**	**3,346**
Amortization for the year	-	236	375	611	611
Disposals and adjustments	-	-	-	-	-
At 31 March 2018	**-**	**1,417**	**2,540**	**3,957**	**3,957**
Net book value					
At 31 March 2017	1,191	473	748	1,221	2,412
At 31 March 2018	**1,191**	**237**	**373**	**610**	**1,801**

(All amounts in Million Indian rupees, except as share data or as stated)

6 Financial assets - Others

Particulars	March 31, 2018	March 31, 2017
Non-current		
Security Deposits		
- Considered good	30	27
- Considered doubtful	-	-
Less: Provision for doubtful deposits	-	-
Advances to employees	1	-
Total	**31**	**27**

7 Financial assets - Others

Particulars	March 31, 2018	March 31, 2017
Current		
Insurance Claim Receivable	1	3
Advances to employees	5	-
Accrued Interest but not due	8	-
Total	**14**	**3**

8 Cash and cash equivalents

Particulars	March 31, 2018	March 31, 2017
Balances with banks:		
– On current accounts	146	62
– Deposits with original maturity of less than three months	1,267	509
Cheques/ drafts on hand	-	4
Cash on hand	-	1
	1,413	**576**
Other Bank Balances		
Bank deposits (due to mature within 12 months from the reporting date)	-	-
	1,413	**576**

<u>Changes in Liabilities arising from financing activties</u>

Particulars	1-Apr-17	Cash Flows	Others	31-Mar-18
Current borrowings	191	(122)	-	69
Current obligations under finance leases and hire purchase contracts	14	(2)	-	12
Total liabilities from financing activities	**205**	**(124)**	-	**81**

Particulars	1-Apr-16	Cash Flows	Others	31-Mar-17
Current borrowings	148	43	-	191
Current obligations under finance leases and hire purchase contracts	5	9	-	14
Total liabilities from financing activities	**153**	**52**	**-**	**205**

(All amounts in Million Indian rupees, except as share data or as stated)

9 Inventories

Particulars	March 31, 2018	March 31, 2017
Raw materials (at cost) (includes goods-in-transit Rs.7 (March 31, 2017 Rs.7)	193	222
Finished Goods (at lower of cost and net realizable value) (includes goods-in-transit Rs.39 (March 31, 2017 Rs.36)	257	281
Stock-in-Trade (goods purchased for resale) (includes goods-in-transit Rs.21 (March 31, 2017 Rs.11)	79	105
Closing Stock includes excise duty value amounting to Rs.NIL (March 31, 2017 : Rs.4)	**529**	**608**

10 Other non-current assets

Particulars	March 31, 2018	March 31, 2017
Unsecured, considered good		
Advance Rentals	3	2
Capital Advances	6	25
VAT credit receivable	30	45
Unsecured considered doubtful		
VAT credit receivable	16	-
Less: Provision for doubtful advances	(16)	-
Total	**39**	**72**

11 Other current assets

Particulars	March 31, 2018	March 31, 2017
Unsecured, considered good		
Accrued Interest but not due	-	1
Advance to suppliers	14	45
CENVAT credit receivable	-	5
GST Receivable	30	-
Balances with customs and port trust	17	9
Prepaid expenses	2	2
Advances to employees	-	3
Unsecured considered doubtful		
Advance to suppliers	3	-
Less: Provision for doubtful advances	(3)	-
Total	**63**	**65**

(All amounts in Million Indian rupees, except as share data or as stated)

12 Trade Receivables

Particulars	March 31, 2018	March 31, 2017
Current assets		
Unsecured debt		
Considered good	151	112
Considered doubtful	-	-
Receivables from related parties (Note 36)	43	58
Total	**194**	**170**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 36
Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days.

(All amounts in Million Indian rupees, except as share data or as stated)

13 Deferred tax assets (net)

Income tax expenses recognized in the statement of profit and loss, consist of the following:

Statement of Profit or Loss	**For year ended March 31, 2018**	**For year ended March 31, 2017**
Current income tax	-	-
Deferred tax expense / (benefit)	(1,931)	-
Total	**(1,931)**	**-**

Tax on Other Comprehensive Income	**For year ended March 31, 2018**	**For year ended March 31, 2017**
Deferred tax expense / (benefit) on remeasurement of defined benefit plans	-	-
Total	**-**	**-**

Reconciliation of effective tax rate

Particulars	**For year ended March 31, 2018**	**For year ended March 31, 2017**
Reconciliation		
Accounting profit / (loss) before income tax	167	(64)
Applicable Tax rate	34.61%	34.61%
Computed expected tax expense / (credit)	**58**	**(22)**
Effects of:		
Deferred tax asset on tax losses not recognized	-	22
Deferred tax asset on tax losses recognized	(58)	
Income tax expense	-	-
Effective tax rate	-	-

Income tax expense reported in the statement of profit and loss

Deferred tax relates to the following:	**Balance Sheet**		**Recognized in Statement of profit and loss - Charge/ (Credit)**	
	As at March 31, 2018	**As at March 31, 2017 (Refer note 13(a))**	**For year ended March 31, 2018**	**For year ended March 31, 2017 (Refer note 13(a))**
Losses available for offsetting against future taxable income	2,226	269	(1,957)	(269)
Gratuity	12	9	(3)	(9)
Compensated absences	8	8	-	(8)
Perfomance Incentive	18	13	(5)	(13)
Others	23	1	(22)	(1)
Total Deferred tax asset (A)	2,287	300	(1,987)	(300)
Property, plant and equipment	(356)	(298)	58	298
Others	-	(2)	(2)	2
Total Deferred tax liabilities (B)	(356)	(300)	56	300
Net deferred tax assets/(liabilities) - (A)+(B)	**1,931**	**-**	**(1,931)**	**-**

13 (a) Deferred tax asset restricted to Deferred tax liabilities

13 (b) Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realise the benefits of those recognised deductible differences and tax loss carry forwards. Accordingly, Deferred tax asset has been recognised on carried forward tax losses

Preethi Kitchen Appliances Private Limited
Notes to the Financial Statements for the year ended March 31, 2018
(All amounts in Million Indian rupees, except as share data or as stated)

14 Share Capital

Authorised

Particulars	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount
Equity shares of Rs.10 each	85,000,000	850	109,100,000	1,091
Increase/(decrease) during the year	-	-	(24,100,000)	(241)
	85,000,000	**850**	**85,000,000**	**850**
8% Compulsorily Convertible Non-cumulative preference share of Rs.10 each	46,050,000	461	12,100,000	121
Increase/(decrease) during the year	-	-	33,950,000	340
	46,050,000	**461**	**46,050,000**	**461**
Total	**131,050,000**	**1,311**	**131,050,000**	**1,311**

Issued, subscribed and paid-up

Particulars	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount
Equity share capital				
Equity shares of Rs.10 each issued, subscribed and fully paid	61,250,834	613	49,263,413	493
Instruments entirely equity in nature				
8% Compulsorily Convertible Non-cumulative preference share of Rs.10 each, fully paid up	33,937,106	339	45,924,527	459
Total	**95,187,940**	**952**	**95,187,940**	**952**

(A) Reconciliation of Equity share capital

Particulars	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount
At the beginning and at the end of the reporting year	49,263,413	493	96,219,935	963
Add: Compulsorily convertible Preference shares conversion during the year	11,987,421	120		
Less : Shares bought back during the year	-	-	(11,874,213)	(119)
Less : Capital reduction made during the year	-	-	(35,082,309)	(351)
At the end of the year	**61,250,834**	**613**	**49,263,413**	**493**

(All amounts in Million Indian rupees, except as share data or as stated)

Rights, preferences and restrictions attached to the equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(B) Reconciliation of 8% Compulsorily convertible non-cumulative preference shares ('CCPS')

Particulars	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount
At the beginning and at the end of the reporting period	45,924,527	459	11,987,421	120
Add: Shares Issued during the year	-	-	33,937,106	339
Less: Compulsorily convertible Preference shares conversion during the year	(11,987,421)	(120)	-	-
At the end of the period	**33,937,106**	**339**	**45,924,527**	**459**

Rights, preferences and restrictions attached to the 8% Compulsorily convertible non-cumulative Preference shares ('CCPS')

CCPS were issued at face value of Rs.10/- in March 2016 and each share is convertible into one fully paid equity share of face value Rs.10/- at any time after six months from the date of issuance and in any event, not later than a period of two years from issuance by the preference shareholders. The holders of these shares entitled to a non-cumulative dividend of 8%. Preference share shall carry only such other rights as available under the Companies Act, 2013 to the preference shares. The preference shares rank ahead of the equity shares in the event of a liquidation.

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

	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount
Philips India Limited (includes beneficial ownership)	61,250,834	613	49,263,413	493
Koninklijke Philips N.V (KPNV)	-	-	-	-

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

	No. of shares	% holding	No. of shares	% holding
Philips India Limited (includes beneficial ownership)	61,250,834	100%	49,263,413	100%

(All amounts in Million Indian rupees, except as share data or as stated)

15 Other Equity

Particulars	Reserves and Surplus		Other Comprehensive Income ('OCI')	
	Securities premium reserve	Retained earnings	Remeasurement of net defined benefit liability/ asset, net	Total equity
As at 1 April 2016 (A)	**9,051**	**(5,686)**	**11**	**3,376**
Profit / (loss) for the year	-	(64)	-	(64)
Items of OCI for the year, net of tax				
Remeasurement benefit of defined benefit plans	-	-	(4)	(4)
Total Comprehensive Income for the year (B)	-	(64)	(4)	(68)
Additions/ (Reductions) during the year				
Balance of securities premium relating to equity shares covered under capital reduction and buy back transferred to Retained earnings	(1,667)	1,667	-	-
Utilization of securities premium for shares bought back and capital reduction	(905)	-	-	(905)
Total (C)	(2,572)	1,667	-	(905)
At 31 March 2017 (A+B+C)	**6,479**	**(4,083)**	**7**	**2,403**
As at 1 April 2017 (D)	**6,479**	**(4,083)**	**7**	**2,403**
Profit / (loss) for the year	-	2,098	(1)	2,097
Items of OCI for the year, net of tax				
Remeasurement benefit of defined benefit plans	-	-	-	-
Total Comprehensive Income for the year (E)	-	2,098	(1)	2,097
Additions/ (Reductions) during the year **(F)**	-	-	-	-
At 31 March 2018 (D+E+F)	**6,479**	**(1,985)**	**6**	**4,500**

Nature and Purpose of reserves

15 (a) **Securities Premium account**

Securities premium account is created when shares were issued at premium. The Company may issue fully paid-up bonus shares to its members out of the securities premium account, and the Company can use this reserve for buy-back of shares.

(All amounts in Million Indian rupees, except as share data or as stated)

16 Long Term Borrowings

Particulars	March 31, 2018	March 31, 2017
Finance lease obligations (secured) (refer note 16 (a))	12	14
Less: Reclass current maturities of finance lease obligations (refer note 19)	(5)	(5)
Total	**7**	**9**

Notes

16 (a) 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 3-4 years with a range of EIR of 11.75% to 14.50%. The maturity profile of finance lease obligations is as follows:

	As at March 31, 2018		**As at March 31, 2017**	
Particulars	Minimum Lease payments	Present value	Minimum Lease payments	Present value
Payable within 1 year	6	5	6	5
Payable between 1-5 years	8	7	10	9
Total minimum lease payments	14	12	16	14
Less: Interest	(2)	-	(2)	-
Present value of minimum lease payments	**12**	**12**	**14**	**14**

(All amounts in Million Indian rupees, except as share data or as stated)

17 Provisions

	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits				
Gratuity (refer note 33)	34	22	-	5
Compensated absences	19	18	4	5
Others				
Replacement guarantee	68	60	6	5
	121	**100**	**10**	**15**

Additional disclosure relating to provisions:

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 12 months to 60 months.

Movement in provisions:

Replacement guarantee

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	65	44
Add: Accruals	46	50
Less: Utilisation	(37)	(29)
Closing balance	**74**	**65**

(All amounts in Million Indian rupees, except as share data or as stated)

	As at March 31, 2018	As at March 31, 2017
18 Current Financial Liabilities - Borrowings		
Other facilities from Bank of America (Unsecured)	69	191
	69	**191**

Other facilities from Bank of America represents supplier financing. Supplier financing is repayable over next two months from the end of the financial year and no interest is charged for the facility from the Company.

	As at March 31, 2018	As at March 31, 2017
19 Current Financial Liabilities - Trade Payables		
Trade Payables	717	685
(refer note 35 for dues to micro, small and medium enterprises)		
Trade Payables to related parties (Refer note 36)	39	17
	756	**702**

	As at March 31, 2018	As at March 31, 2017
Current Financial Liabilities - Others		
Current maturities of finance lease obligations (refer note 16)	5	5
Other payables:		
Payables for purchase of fixed assets	8	1
Employee related payables	63	44
Security deposits	2	3
	78	**53**

Terms and conditions of the above financial liabilities:
(i) Trade payables are non-interest bearing and are normally settled on 60-day terms.
(ii) Other payables are non-interest bearing and have an average term of six months.
(iii) For terms and conditions with related parties, refer to Note 36.
For explanations on the Company’s credit risk management processes, refer to Note 40.

20 Other Current Liabilities	As at March 31, 2018	As at March 31, 2017
Advance received from customers	12	13
Statutory dues	108	61
	120	**74**

(All amounts in Million Indian rupees, except as share data or as stated)

		Year ended March 31, 2018	Year ended March 31, 2017
21	**Revenue from operations**		
	Sale of products	5,743	5,366
	Sale of services	7	27
	Other operating revenues	2	10
	Revenue from operations	**5,752**	**5,403**

Sale of goods includes excise duty collected from customers of INR 46 (31 March 2017: INR 202). Sale of goods net of excise duty is INR 5,697 (31 March 2017: INR 5,164). 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 group 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 with 31 March 2017.

Breakup of revenue from sale of services		
Revenue from Research and development recharge	7	27
	7	**27**
Breakup of other operating revenues		
Liabilities no longer required written back	-	9
Insurance claim	2	1
	2	**10**

22 Other income

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on fixed deposits	65	37
Cash discount received on supplier financing	4	8
Net gain on account of foreign exchange fluctuations	4	6
Interest on Income Tax Refund	-	1
Interest Income on Security Deposits	2	2
Government grants	113	423
	188	**477**

		Year ended March 31, 2018	Year ended March 31, 2017
23	**Cost of raw materials consumed**		
	Inventory of raw materials at the beginning of the year	222	209
	Add: Purchases	2,723	2,530
	Less: Inventory of raw materials at the end of the year	193	222
		2,752	**2,517**

		Year ended March 31, 2018	Year ended March 31, 2017
24	**Changes in inventories of finished goods, stock-in-trade and work-in-progress**		
	Stock at the beginning of the year		
	Finished Goods	281	262
	Stock-in-trade (goods purchased for resale)	105	83
	Total	**386**	**345**
	Stock at the end of the year		
	Finished Goods	257	281
	Stock-in-trade (goods purchased for resale)	79	105
	Total	**336**	**386**
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	**50**	**(41)**

Preethi Kitchen Appliances Private Limited

Notes to the Financial Statements for the year ended March 31, 2018

(All amounts in Million Indian rupees, except as share data or as stated)

	Year ended March 31, 2018	Year ended March 31, 2017
25 Employee benefits expense		
Salaries and wages	526	445
Contribution to provident and other funds	36	31
Gratuity expense	13	10
Staff welfare	51	49
	626	**535**
26 Finance costs		
Interest expense	5	11
	5	**11**
27 Depreciation and amortization expense		
Depreciation on tangible assets	77	73
Amortisation of intangible assets	611	611
	688	**684**
28 Other expenses		
Support services (Refer note 28 (a))	3	7
Contract labour expenses	49	59
Packing, freight and transport	181	190
Replacement guarantee	46	50
Travelling and conveyance	49	59
Rent	46	46
Rates and taxes	3	6
Repairs and maintenance		
Plant and machinery	20	16
Buildings	8	8
Business support services (Refer note 28 (b))	47	62
Marketing & Selling expenses	225	231
Power and fuel	21	21
Research & Development Costs	27	26
Legal and professional	13	17
Payment to auditors (Refer note 28 (c))	2	1
Security charges	11	13
Communication and IT costs	12	12
Insurance expense	9	10
Printing & Stationery	2	3
Loss on sale of fixed assets	2	2
Excise duty on increase / (decrease) in inventory	(4)	2

Miscellaneous expenses	6	13
	778	**854**

(All amounts in Million Indian rupees, except as share data or as stated)

28 (a) Pursuant to the agreement entered into by the Company with Philips Electronics Netherland BV, the Company has incurred Rs.3 (March 31, 2017 - Rs.7) towards the IT support services provided.

28 (b) Based on the arrangement with Philips India Limited, the Company has incurred Rs.47 (March 31, 2017 - Rs.62) towards business support services (Staff cost sharing).

28 (c) Payments to auditors:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As auditor:		
Statutory audit fee	2	1
Tax audit fee	-	-
In other capacity:		
Reimbursement of expenses	-	-
Total	**2**	**1**

29 Research and development costs

The Company's electronics business research and development concentrates on the development of Kitchen appliances. Research and development costs that are not eligible for capitalisation have been expensed in the period incurred (during the year ended March 31, 2018 this was an amount of Rs. 27 (March 31, 2017: Rs. 26), and they are recognised in other expenses.

30 Components of Other Comprehensive Income (OCI)

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

During the year ended 31 March 2018

Particulars	Amount
Re-measurement gains / (losses) on defined benefit plans	(1)
	(1)

During the year ended 31 March 2017

Particulars	Amount
Re-measurement gains / (losses) on defined benefit plans	(4)
	(4)

(All amounts in Million Indian rupees, except as share data or as stated)

31 Earning per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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

	Year ended 31 March 2018	**Year ended 31 March 2017**
Profit attributable to equity holders:		
Continuing operations	2,098	(64)
Discontinued operations	-	-
Profit / (loss) attributable to equity holders for basic earnings	2,098	(64)
Weighted average number of Equity shares for basic EPS	49,394,782	74,386,676
Effect of dilution:		
Convertible preference shares	33,937,106	45,924,527
Weighted average number of Equity shares adjusted for the effect of dilution (Refer note 31(a))	**83,331,888**	**120,311,203**
Profit/ (Loss) per share - Basic (Rs.)	42.47	(0.53)
Profit/ (Loss) per share - Diluted (Rs.)	22.04	(0.53)
Par value per share (Rs.)	10.00	10.00

31 (a) As potential equity shares are anti-dilutive in nature, the same have been ignored in computing diluted earnings per share for the year ended March 31, 2017

32 Significant accounting judgements, estimates and assumptions

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

Judgements

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

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 that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has Rs.7,039 (PY March 31, 2017 Rs. 7,260) of accumulated tax losses carried forward. The management based on the business plan of the company, believes that it is probable that taxable profit will be available against which these losses can be utilised and accordingly, has recognised deferred tax asset on these losses.

Defined benefit plans (gratuity benefits)

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, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for the plan, the management considers the interest rates of government bonds consistent with the post-employment benefit obligation.

The mortality rate is based on Indian Assured Lives Mortality (2006-08) in India. 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 33.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 39 for further disclosures.

(All amounts in Million Indian rupees, except as share data or as stated)

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

Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employees salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligation other than to make the specified contributions. The contributions are charged to the Statement of profit and loss as they accrue. The amount charged to Statement of profit and loss for the year ended March 31, 2018 is Rs.27 (Year ended March 31, 2017: Rs.24).

Defined benefit plans:

The Company has a defined benefit gratuity plan (funded) managed by the Life Insurance Corporation of India (LIC) which is a defined benefit plan. The plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The present value of obligation is determined by the LIC based on actuarial valuation. The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation. Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the balance sheet.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	**Gratuity**	
	March 31, 2018	**March 31, 2017**
Current service cost	12	9
Past service cost	-	-
Interest cost on benefit obligation	4	3
Expected return on plan assets	(2)	(2)
Curtailment Cost	-	-
Settlement cost	-	-
Remeasurement (gain)/ loss recognised in the year	1	4
Expenses recognized in the statement of profit & loss	15	14

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

Particulars	**Gratuity**	
	March 31, 2018	**March 31, 2017**
A. Present value of obligations as at beginning of the year	58	46
(1) Current service cost	12	9
(2) Interest cost	4	3
(3) Benefits settled	(2)	(4)
(4) Actuarial (gain) / loss (including remeasurement cost gain / (loss)	1	4
Present value of obligations as at end of the year	**73**	**58**

(All amounts in Million Indian rupees, except as share data or as stated)

Changes in the defined benefit obligation and fair value of plan assets as at 31March 2018:

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

Particulars	Gratuity	
	March 31, 2018	**March 31, 2017**
B. Change in Plan Assets		
Plan assets as at beginning of the year	32	28
(1) Expected return on plan assets	2	2
(2) Contributions	7	5
(3) Benefits settled	(2)	(4)
(4) Acturial gain / (loss)	-	-
Plan assets as at end of the year	**39**	**32**
C. Actual return on plan assets	2	2
D. Reconciliation of present value of the obligation and the fair value of the plan assets:		
(1) Present value of obligations at end of the year	(73)	(58)
(2) Fair value of Plan assets	39	32
Liability recognised in Balance Sheet	(34)	(26)
E. Components of Employer Expense:		
(1) Current service cost	12	9
(2) Interest cost	4	3
(3) Expected return on plan assets(estimated)	(2)	(2)
(4) Actuarial (gain) / loss	1	4
Total expense recognised in Statement of Profit and Loss	15	14

F. Experience Adjustments					
Description	**Gratuity (Funded)**				
	Year ended 31 March 2018	**Year ended 31 March 2017**	**Year ended 31 March 2016**	**Year ended 31 March 2015**	**Year ended 31 March 2014**
Defined Benefit Obligations	73	58	46	46	29
Plan Assets	39	32	28	24	17
Surplus/(Deficit)	34	26	18	22	12
Experience adjustments on Plan assets/liabilities (gain) / loss	-	-	-	1	-

G. Assumptions	**Gratuity - Funded**	
	March 31, 2018	**March 31, 2017**
(1) Discount factor	7.60%	7.10%
(2) Estimated rate of return on plan assets	9.00%	9.00%
(3) Mortality	IALM (2006-08)	IALM (2006-08)
(4) Disability	None	None
(5) Salary Increase	12%	12%
(6) Attrition rate	Corporate Group - 12% Staff - 20% Workers - 8%	Corporate Group - 12% Staff - 20% Workers - 8%
(7) Retirement age	58 Years	58 Years

(All amounts in Million Indian rupees, except as share data or as stated)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Defined Benfit Obligation	**31-Mar-18**	**31-Mar-17**
Discount rate		
Discount rate - 100 basis points	80	64
Discount rate + 100 basis points	67	54
Salary increase rate		
Rate - 100 basis points	67	54
Rate + 100 basis points	79	64

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

	31-Mar-18	**31-Mar-17**
Within the next 12 months (next annual reporting period)	6	5
Between 2 and 5 years	21	20
Thereafter	31	23
Total expected payments	**58**	**48**

34 Commitments and contingencies

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs.13 (March 31, 2017 - Rs.39).

b. Contingent liabilities

Claims against the Company not acknowledged as debts Rs. NIL (March 31, 2017 : Rs. 1)

35 Micro, small and medium enterprises disclosure

The Company has identified enterprises which have provided goods and services and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Such determination / identification has been done on the basis of information received and available with the Company and relied upon by the auditors. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2018 has been made in the financial statements based on information received and available with the Company.

	Description	As at 31 March 2018	As at 31 March 2017
(i)	a) Principal amount remaining unpaid to any supplier as at the end of the year	105	84
	b) Interest due on the above amount	-	-
(ii)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	-	-
(iii)	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	-	-
(iv)	Amount of interest accrued and remaining unpaid at the end of the year.	-	-
(v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

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

(a) Names of companies where control exists:

Holding company - Philips India Limited

Ultimate holding company - Koninklijke Philips N.V (KPNV)

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

(i) Fellow subsidiary companies

Philips Electronics Singapore Pte Limited

Philips Electronics Middle East & Africa BV

Philips Electronics Netherland BV

(ii) Key Management Personnel

(1) Non-Executive Directors:

(i) Mr. A.D.A. Ratnam

(ii) Mr. Rajiv Mathur

(2) Company Secretary:

Mr. Nishant Nayan

Preethi Kitchen Appliances Private Limited

Notes to the Financial Statements for the year ended March 31, 2018

(All amounts in Million Indian rupees, except as share data or as stated)

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

(c) Transactions during the year

	Year ended March 31, 2018				Year ended March 31, 2017			
Particulars	**Ultimate Holding Company**	**Holding Company**	**Fellow Subsidiary Companies**	**Key Managerial Personnel**	**Ultimate Holding Company**	**Holding Company**	**Fellow Subsidiary Companies**	**Key Managerial Personnel**
PURCHASES								
Services	-	54	5	-	6	63	1	-
SALES								
Goods	-	490	106	-	-	367	139	-
Services	-	7	-	-	-	27	-	-
Reimbursements	-	9	-	-	-	4	-	-
FINANCE								
Face value of 8% Compulsorily convertible Non-cumulative preference share ('CCPS') issued	-	-	-	-	-	339	-	-
Securities premium received on issue of CCPS	-	-	-	-	-	2,359	-	-
Face value of equity shares on buy back and capital reduction	-	-	-	-	470	-	-	-
Securities premium on buy back and capital reduction	-	-	-	-	3,263	-	-	-
Salary - Mr. Nishant Nayan	-	-	-	2	-	-	-	2
Outstanding at the year end								
Receivable	-	43	-	-	-	58	-	-
Payable	-	38	1	-	-	17	-	-

(All amounts in Million Indian rupees, except as share data or as stated)

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

Relationship / Name of the related party	Description of the nature of transaction	Value of the transactions	
		Year ended 31 March 2018 (Refer note 36 (a))	Year ended 31 March 2017 (Refer note 36 (a))
(i) Holding Company:			
Philips India Limited	Sale of products	490	367
	Revenue from research and development recharge	7	27
	Business support services	47	62
	Packaging and Design Services	7	1
	Reimbursement of expenses	9	4
	Face value of 8% compulsorily convertible non-cumulative preference share (CCPS) issued	-	339
	Securities premium received on issue of CCPS	-	2,359
(ii) Ultimate Holding Company:			
Koninklijke Philips N.V (KPNV)	IT Support services	-	6
	Face value of equity shares on buy back and capital reduction	-	470
	Securities premium on buy back and capital reduction	-	3,263
(iii) Overseas Fellow subsidiary Companies:			
Philips Electronics Middle East & Africa BV	Sale of products	105	137
Philips Electronics Singapore Pte Limited	Accounting and internal control support services	-	1
Philips Electronics Nederland B. V.	IT Support Services	3	-
Philips Electronics Nederland B. V.	Packaging and Design Services	2	-
(iv) Key Managerial Personnel			
Mr. Nishant Nayan	Salary	2	2

Note:

36 (a) Represents transactions with parties which comprise more than 10% of aggregate value of transactions.

Transactions with related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

(All amounts in Million Indian rupees, except as share data or as stated)

37 Segment Information (As per Ind AS 108 Operating Segments)

PRIMARY SEGMENT INFORMATION:

The Company considers its business segment as its primary segment. It is engaged in the business of manufacturing and sale of domestic appliances. The manufacturing activities are not distinguishable on the basis of risk and return, the methods of distribution and regulatory environment, accordingly, the Company views the entire business as one segment.

Therefore the disclosure requirements of Ind AS 108, “Operating Segment”, prescribed by the Companies (Accounting Standard) Rules 2006 in relation to primary segment are not applicable.

(B) SECONDARY SEGMENT INFORMATION:

Description	Year ended March 31, 2018	Year ended March 31, 2017
REVENUE		
a. Within India	5,496	5,098
b. Outside India	256	305
TOTAL	**5,752**	**5,403**

Description	Year ended March 31, 2018	Year ended March 31, 2017
ASSETS		
a. Within India	6,609	4,499
b. Outside India	4	-
TOTAL	**6,613**	**4,499**

Description	Year ended March 31, 2018	Year ended March 31, 2017
CAPITAL EXPENDITURE		
a. Within India	105	96
b. Outside India	-	-
TOTAL	**105**	**96**

38 Capital Management

For the purposes of the Company’s capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company’s capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

37 Segment Information (As per Ind AS 108 Operating Segments)

The capital gearing ratio as on March 31, 2018 and March 31, 2017 was 1% and 6%, respectively.

(All amounts in Million Indian rupees, except as share data or as stated)

39 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:

			Fair value measurement using		
Particulars	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at Fair Value					
Security Deposits	March 31, 2018	20	-	20	-
Assets for which fair values are disclosed:					
Investment properties (Note 4):					
Land	March 31, 2018	137	-	137	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

			Fair value measurement using		
Particulars	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at Fair Value					
Security Deposits	March 31, 2017	16	-	16	-
Assets for which fair values are disclosed:					
Investment properties (Note 4):					
Land	March 31, 2017	102	-	102	-

Note :

Value of the investment property has been assessed through 'Direct Comparison Approach'. The value of the investment property has been assessed based on comparison with similar properties that have actually been sold in an arm-length transaction or are offered for sale in the subject micro-market. The valuation has been made considering the interactions by the valuer undertaken with market players in the relevant micro-market considering parameters like location, size, development potential, frontage, shape, visibility, accessibility, development profile of surrounding area and zoning/approvals.

40 Financial risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management support and advise on financial risks and the appropriate financial risk governance framework for the Company. They provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing obligations (finance lease).

The Company manages its interest rate risk by having a portfolio of fixed rate finance lease. The Company's policy is to keep majority of its borrowings at fixed rates of interest.

Interest rate sensitivity
As the interest rate is fixed, sensitivity analysis is deemed not required. Accordingly, no disclosure has been made in this respect.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by lowering the credit period in terms of collecting and repaying customers and vendors respectively. The Company has maintained a policy to not enter into hedging transactions for speculation or non-speculation purposes.

Foreign currency sensitivity
The Company's exposure to foreign currency changes in USD, GBP and for all other currencies is not material, hence no sensitivity analysis has been prepared.

Commodity price risk
The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of Kitchen Appliances parts and therefore require a continuous supply of copper. Due to the significantly increased volatility of the price of the copper, the Company also entered into various purchase contracts for brass and chrome (for which there is an active market).

The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Equity price risk
The Company does not have any listed or non-listed equity securities and accordingly, there is no equity price risk.

Credit risk

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

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security, but has collected security deposit in the past from the customers. This amount is not material. The Company evaluates the concentration of risk with respect to trade receivables as low.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's senior management on an annual basis and may be updated throughout the year subject to approval of the Board of directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and March 31, 2017 is the carrying amounts.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Collateral

The Company has pledged part of its property plant and equipment (vehicles under finance lease) in order to fulfil the collateral requirements for the finance lease. The Company has an obligation to repay the deposit to the counterparties upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have suffi cient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at March 31, 2018						
Borrowings	-	69	-	7	-	76
Other financial liabilities	65	8	5	-	-	78
Trade and other payables	-	756	-	-	-	756
	65	**833**	**5**	**7**	**-**	**910**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at March 31, 2017						
Borrowings	-	191	-	9	-	200
Other financial liabilities	47	1	5	-	-	53
Trade and other payables	-	702	-	-	-	702
	47	**894**	**5**	**9**	**-**	**955**

41 Transfer pricing

The Company has entered into international transactions with related parties. The Company has a policy of maintaining documents as prescribed by the Income-tax Act, 1961 to prove that these international transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation for periods up to March 31, 2018.

42 All amounts are in Rs. Millions, figures in this financial statements below Rs.1 million, are shown as blank.

As per our report of even date attached

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

Manoj Kumar Gupta
Partner

Place: Gurgaon
Date: August 03, 2018

For and on behalf of the Board
Preethi Kitchen Appliances Private Limited

A.D.A. Ratnam
DIN: 05296020
Director

Rajiv Mathur
DIN: 06931798
Director

Nishant Nayan
Company Secretary

Place: Gurgaon
Date: August 03, 2018