S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Preethi Kitchen Appliances Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

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

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

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibility of Management for the Ind AS Financial Statements

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

   (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;

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

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

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

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

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

per Manoj Kumar Gupta
Partner
Membership Number: 083906
UDIN: 20083906AAAAAY9262
Place of Signature: Gurugram
Date: July 29, 2020

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF THE SECTION "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: **Preethi Kitchen Appliances Private Limited** ('the Company')

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

(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

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

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

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

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

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

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

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delays in a few instances of remittances of professional tax.

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

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(c) According to the information and explanation given to us, dues outstanding of income tax, sales tax, service tax, duty of excise, duty of customs, value added tax and goods, service tax and cess on which have not been deposited on account of any dispute, are as follows:

Statute	Nature of dues	Gross Demand (INR)	Amount paid under protest (INR)	Net Payable (INR)	Period to which the amount relates	Forum where the dispute is pending
Central Sales tax Act, 1956/Relevant sales Tax Act	Sales Tax	803,479	404,670	398,809	2013-14	Telangana VAT Appellate Tribunal, Hyderabad
Central Sales tax Act, 1956/Relevant sales Tax Act	Sales Tax	795,894	295,950	499,944	2011-12	Appellate Deputy Commissioner, VAT

(viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institution. There are no dues to banks or debenture holders or government during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause 3(ix) is not applicable to the Company and hence not commented upon.

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

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

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

(xiii) According to the information and explanations given by the management, transactions with the related parties follow section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly, reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not commented upon.

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

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

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

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

per Manoj Kumar Gupta
Partner
Membership No.: 083906
UDIN: 20083906AAAAAY9262
Place: Gurugram, Haryana
Date: July 29, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PREETHI KITCHEN APPLIANCES PRIVATE LIMITED

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

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

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

per Manoj Kumar Gupta
Partner
Membership Number: 083906
UDIN: 20083906AAAAAY9262
Place of Signature: Gurugram
Date: July 29, 2020

Preethi Kitchen Appliances Private Limited

Balance Sheet as at 31 March 2020

Amounts in INR Mln

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	508	275
Intangibles	4	1,191	1,191
Investment Property	3	59	59
Financial Assets			
Loans	5	31	30
Deferred tax assets (net)	6	1,134	1,855
Income tax asset (net)		32	21
Other non current assets	7	26	40
		2,981	3,471
Current assets			
Inventories	8	645	571
Financial Assets			
a. Trade receivables	9(a)	109	250
b. Cash and cash equivalents	9(b)	2,992	2,323
c. Other Financial Assets	9(c)	14	14
Other current assets	10	155	104
		3,915	3,262
TOTAL ASSETS		6,896	6,733
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	952	952
Instruments entirely equity in nature	11	-	-
Other Equity	12	4,452	4,517
Equity attributable to equity shareholders		5,404	5,469
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Lease liabilities	13	162	3
Provisions	14	77	125
		239	128
Current liabilities			
Financial Liabilities			
a. Lease liabilities	15	27	4
b. Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	15	95	130
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	15	790	787
c. Other financial liabilities	15	9	2
Other current liabilities	16	249	188
Contract Liabilities	17	9	16
Provisions	14	74	9
		1,253	1,136
TOTAL EQUITY AND LIABILITIES		6,896	6,733
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming 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: Gurugram
Date: July 29, 2020

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

Subramanian Srinivasan
DIN: 08274554
Managing Director
Place: Chennai
Date: July 29, 2020

Sudeep Agrawal
DIN: 08056132
Director
Place: Gurugram
Date: July 29, 2020

Aruna Aruisingh
Company Secretary
Place: Chennai
Date: July 29, 2020

Preethi Kitchen Appliances Private Limited

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

Amounts in INR Mln

Particulars	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	18	**6,695**	6,873
Other income	19	**181**	176
Total Income		**6,876**	7,049
Expenses			
Cost of raw materials consumed	20	**2,258**	3,106
Purchases of stock-in-trade	21	**1,841**	1,312
Changes in inventories of work-in-progress, finished goods and stock-in-trade	22	**(82)**	(98)
Employee benefits expense	23	**621**	664
Finance costs	24	**22**	5
Depreciation and amortization expense	25	**96**	742
Other expenses	26	**1,474**	999
Total expenses		**6,230**	6,730
Profit before exceptional items and tax		**646**	319
Exceptional items (net) Loss / (Profit)	37	**-**	235
Profit before tax		**646**	84
Tax expense			
Current tax		**-**	-
Deferred tax expenses - credit / (charge)	6(a)	**(719)**	(73)
Profit/ (Loss) for the year (A)		**(73)**	11
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or Loss			
Re-measurement gains / (losses) on defined benefit plans	27	**14**	9
Income tax effect on defined benefit plans	6(a)	**(3)**	(3)
Other Comprehensive Income for the year (B)		**11**	6
Total Comprehensive income for the year (A+B)		**(62)**	17
Earnings per equity share			
Basic earnings per equity share of Rs.10 each	28	**(0.77)**	0.14
Diluted earnings per equity share of Rs.10 each		**(0.77)**	0.14
Basis of preparation, measurement and significant accounting policies	1		

Refer accompanying notes forming 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: Gurugram
Date: July 29, 2020

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

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DIN: 08056132
Director
Place: Gurugram
Date: July 29, 2020

Aruna Arulsingh
Company Secretary
Place: Chennai
Date: July 29, 2020

Preethi Kitchen Appliances Private Limited

Statement of Changes in Equity for the year ended 31 March 2020 — **Amounts in INR Mln**

A. EQUITY SHARE CAPITAL

Equity shares of Rs.10 each issued, subscribed and fully paid up	Number of shares	Amount
As at 1 April 2018	61,250,834	613
Changes in equity share capital during the year		
Add: Compulsorily convertible Preference shares conversion during the year	33,937,106	339
As at 31 March 2019	95,187,940	952
Changes in equity share capital during the year	-	-
As at 31 March 2020	**95,187,940**	**952**

B. OTHER EQUITY

Particulars	Reserves and Surplus		Items of OCI Remeasure-ment*	Total
	Securities Premium Reserve	Retained earnings*		
As at 1 April 2018	6,479	(1,985)	6	4,500
Profit for the year	-	11	-	11
Remeasurement benefit of defined benefit plans	-	-	6	6
Total Comprehensive Income for the year	-	11	6	17
Additions/Reductions during the year				-
As at 31 March 2019	6,479	(1,974)	12	4,517
Transition impact of Ind AS 116, net of tax (refer Note 2)	-	(3)	-	(3)
Profit/(loss) for the year	-	(73)	-	(73)
Remeasurement benefit of defined benefit plans	-	-	11	11
Total Comprehensive Income for the year	-	(76)	11	(65)
As at 31 March 2020	**6,479**	**(2,050)**	**23**	**4,452**

* Refer note 12

Refer accompanying notes forming 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: Gurugram
Date: July 29, 2020

S.R. BATLIBOI & CO. LLP * GURUGRAM *

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

Subramanian Srinivasan
DIN: 08274554
Managing Director
Place: Chennai
Date: July 29, 2020

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Director
Place: Gurugram
Date: July 29, 2020

Aruna Arulsingh
Company Secretary
Place: Chennai
Date: July 29, 2020

PREETHI KITCHEN APPLIANCES PVT LTD

Preethi Kitchen Appliances Private Limited

Cash Flow Statement for the year ended 31 March 2020 — **Amounts in INR Mln**

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
A. Cash flow from operating activities				
Profit before tax		646		319
Exceptional items		-		235
Profit before tax and exceptional items		646		84
Adjusted for				
(Profit) / loss on disposal of Property, Plant and Equipment	1		4	
Write off and other adjustment of Property, Plant and Equipment	-		172	
Depreciation and amortization	96		742	
Interest income	(174)		(122)	
Provision created for doubtful advances	1		-	
Finance costs	22	(56)	5	801
Operating profit before working capital changes		590		885
Changes in:				
Trade receivables and other loans and advances	141		(65)	
Other current and non current assets	(53)		(16)	
Inventories	(73)		(84)	
Trade payables and other liabilities	54		234	
		69		69
Cash generated from operations		659		954
Income tax paid (net of refunds)		(11)		(7)
Net cash generated from operating activities		648		947
B. Cash flow from investing activities				
Purchase of Property, Plant and Equipment		(101)		(158)
Proceeds from sale of Property, Plant and Equipment		2		4
Proceeds from slump sale		-		80
Interest income received		174		116
Net cash used in investing activities		75		42
C. Cash flow from financing activities				
Finance costs		(22)		(5)
Payment of lease liabilities		(32)		(5)
Repayment of short term borrowings		-		(69)
Net cash used in financing activities		(54)		(79)
Increase / (Decrease) in cash and cash equivalents (A+B+C)		669		910

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PREETHI KITCHEN APPLIANCES PVT. LTD.

Preethi Kitchen Appliances Private Limited

Cash Flow Statement for the year ended 31 March 2020 — **Amounts in INR Mln**

D. Cash and cash equivalents - Opening Balance		
Cash and cash equivalents ((refer Note 9 (b))	46	1,413
Deposits with Banks ((refer Note 9 (b))	2,277	-
TOTAL	2,323	1,413
E. Cash and cash equivalents - Closing Balance		
Cash and cash equivalents ((refer Note 9 (b))	12	46
Deposits with Banks ((refer Note 9 (b))	2,980	2,277
TOTAL	2,992	2,323
Net increase/(decrease) in cash and cash equivalents (E-D)	669	910

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

Refer accompanying notes forming part of the 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: Gurugram
Date: July 29, 2020

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

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Managing Director

Place: Chennai
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Place: Gurugram
Date: July 29, 2020

Aruna Arulsingh
Company Secretary

Place: Chennai
Date: July 29, 2020

1 **Brief Background of the Company and Significant accounting policies:**

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, chimney, induction cookers, electric rice cookers, electric kettle, electric iron box, electric pressure cooker and vessels for induction cooker.

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) Borrowings, comprising of lease obligations 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 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

d **Revenue recognition**

Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 32.

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Sale of Products
Revenue from sale of product is recognised, net of returns and discounts, at the point in time when control of the asset is transferred to the customer, except goods sold on consignment basis mentioned below. Generally on delivery of the equipment. The normal credit term is 30 to 45 days upon delivery.
Good sold on consignment basis are recognised as revenue only upon transfer of control to the ultimate customer, goods unsold at the end of year with the agencies are recorded as inventory in the Company's books.

Variable Consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of products provide customers with a volume rebates. The volume rebates give rise to variable consideration.

(i) Volume Rebates
The Company provides prospective and retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

Warranty Obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. The Company does not provide separate warranty other than those sold along with the product. Refer to the accounting policy on warranty provisions in section (o) Provisions.

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.

Export Benefits
Income from export incentives such as served from Merchandise Export from India Scheme (MEIS) are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Export Benefits are recognised on export of products on availment of any such benefits, as applicable.

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 interest 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.

Contract balances

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (v) Financial instruments – initial recognition and subsequent measurement.

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

Cost to obtain a contract
The Company pays sales incentive to its employees for each contract that they obtain for sales of product. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales incentive (included under employee benefits) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

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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 @ 20% 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 .

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i Leases

Policy prior to April 01, 2019

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.

Policy post April 01, 2019

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as provided in Note 1(j) "Impairment of non-financial assets".

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Lease liabilities (see Note 13).

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment and premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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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.

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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.

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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.

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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 3, 32, 34, 35)
(ii) Quantitative disclosures of fair value measurement hierarchy (Note 35)
(iii) Investment properties (Note 3)
(iv) Financial instruments (including those carried at amortised cost) (Note 34, 35)

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 identifiable 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.

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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 Company. 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.

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w. **Changes in accounting policies and disclosures**

New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

A. Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The effect of adoption Ind AS 116 as at 1 April 2019 (increase/(decrease)) is, as follows:

Particulars	Increase/(Decrease)
Assets	
Right-of-use assets	210
Deferred Tax Asset	1
Total Assets	211
Liabilities	
Lease Liability	214
Deferred Tax Liability	
Total Liabilities	214
Total adjustment on equity:	
Retained earnings	(3)

The Company has lease contracts for leasehold premises. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note Leases for the accounting policy prior to 1 April 2019.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note Leases for the accounting policy beginning 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

- *Leases previously classified as finance leases*

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from 1 April 2019.

- *Leases previously accounted for as operating leases*

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

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The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 was 8.26%.

Based on the above, as at 1 April 2019

- Right-of -use assets of INR 210 were recognised and presented separately in the balance sheet. This doesn't include the lease assets recognised previously under finance leases that were reclassified from Property, plant and equipment.
- Additional lease liabilities of INR 1 were recognised during the year.
- Deferred tax asset decreased by INR 1 because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings (INR 3).

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Assets	Amount
Operating lease commitments as at 31 March 2019	307
Weighted average incremental borrowing rate as at 1 April 2019	8.26%
Discounted operating lease commitments as at 1 April 2019	214
Less: Commitments relating to short-term leases and low-value assets	-
Add: Commitments relating to leases previously classified as finance leases	7
Lease liabilities as at 1 April 2019	221

The following are the amounts recognised in profit or loss:

	March 31, 2020
Depreciation expense of right-of-use assets	40
Interest expense on lease liabilities	17
Expense relating to short-term leases (included in rent expenses)	1
Expense relating to leases of low-value assets (included in rent expenses)	-
Variable lease payments (included in other expenses)	-
Total amount recognised in profit or loss	**58**

B. Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a multinational environment, it assessed whether the Appendix had an impact on its standalone financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities.

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2 Property, Plant and Equipment

Particulars	Freehold Land	Buildings	Plant and Equipment (Owned)	Computers	Furniture	Vehicles (Owned)	Leased Assets: Vehicles (taken on finance lease) - refer Note 2.1	Leased Assets: Buildings (Right-of-Use (ROU) Asset) (Refer Note 2.3)	Lease hold improvements	Total
Gross carrying value										
As at 1 April 2018	79	280	456	35	14	12	21	-	-	897
Additions	-	-	74	5	1	6	2	-	43	131
Disposals	(2)	(3)	(51)	-	(5)	(3)	(5)	-	-	(69)
Slump sale (Refer Note 37)	(27)	(206)	(84)	(3)	(3)	(1)	(1)	-	-	(325)
As at 31 March 2019	50	71	395	37	7	14	17	-	43	634
Transition as at Apr 1, 2019								210		210
Additions	-	-	104	9	-	4	3	1	1	122
Disposals			(13)	-	-	(2)	(5)	-	-	(20)
As at 31 March 2020	50	71	486	46	7	16	15	211	44	946
Accumulated Depreciation										
As at 1 April 2018	-	49	274	22	11	10	6	-	-	372
Depreciation charge for the year (Refer Note 2.2)	-	58	59	8	1	1	3	-	2	132
Disposals	-	(1)	(50)	0	(5)	(3)	(2)	-	-	(61)
Slump sale (Refer Note 37)	-	(38)	(39)	(3)	(2)	(1)	(1)	-	-	(84)
As at 31 March 2019	-	68	244	27	5	7	6	-	2	359
Depreciation charge for the year (Refer Note 2.2)	-	-	38	7	1	1	2	40	7	96
Disposals	-	-	(13)	-	-	(2)	(2)	-	-	(17)
As at 31 March 2020	-	68	269	34	6	6	6	40	9	438
Net book value										
As at 31 March 2019	50	3	151	10	2	7	11	-	41	275
As at 31 March 2020	50	3	217	12	1	10	9	171	35	508

Comments:

2.1 Leased assets are pledged as security for the related finance lease .

2.2 Depreciation charge for the year for buildings includes impairment INR NIL (Previous Year INR 49)

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2.3 Right-of-Use (ROU) Asset:

(a) The Company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact of INR 3 (net of tax INR 1) recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.
This has resulted in recognising a right-of-use asset of INR 210 and a corresponding lease liability of INR 214. The difference of INR 3 has been adjusted to retained earnings as at 1st April 2019.

In the statement of profit and loss for the current year, operating lease expenses which were recognised as "Rent" expense in previous years is now recognised as "depreciation" for the right-of-use asset and finance cost for interest accrued on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share. The weighted average incremental borrowing rate of 8.26% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

(b) The Company incurred INR 1 for the year ended 31st March, 2020 towards expenses relating to short-term leases and leases of low-value assets.

(c) The Company's leases mainly comprise of lease buildings.

2.4 Lease Liability

The following are the changes in the carrying value of lease liability for the year ended March 31, 2020:

Particulars	Lease Liability-Building	Lease Liability-Other assets	Total
At April 1, 2019	**214**	**7**	**221**
Additions	1	3	4
Finance Costs accrued during the period	17	-	17
Deletions	-	-	-
Payment of Lease Liabilities	(49)	(4)	(53)
At March 31, 2020	**183**	**6**	**189**
Non Current	159	162	321
Current	24	3	27
Total	**183**	**165**	**348**

3 Investment Property

Particulars	Amount	Land (refer Note 3(b))
Cost or valuation		
At April 1, 2018	59	137
Fair Value Differences	-	4
At March 31, 2019	59	141
Fair Value Differences	-	(25)
At March 31, 2020	**59**	**116**
Depreciation and impairment		
At April 1, 2018	-	-
Depreciation	-	-
At March 31, 2019	-	-
Depreciation	-	-
At March 31, 2020	-	-
Net Block		
At March 31, 2019	59	141
At March 31, 2020	**59**	**116**

Notes

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

3 (b) Investment property comprises land parcel owned by the Company. The fair value of the property as at March 31, 2020 was INR 116 (March 31, 2019 - INR 141) The fair values are based on valuations performed by a qualified independent valuer.

3 (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.

3 (d) Fair value hierarchy disclosures for investment properties have been provided in Note 34.

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4 Intangible assets

Particulars	Goodwill	Other Intangible assets			Total
		Distribution Network	Brands	Total of other intangible assets	
Cost or valuation					
At April 1, 2018	1,191	1,654	2,913	4,567	5,758
Additions	-	-	-	-	-
Disposals and adjustments	-	-	-	-	-
At 31 March 2019	1,191	1,654	2,913	4,567	5,758
Additions	-	-	-	-	-
Disposals and adjustments	-	-	-	-	-
At 31 March 2020	**1,191**	**1,654**	**2,913**	**4,567**	**5,758**
Amortization and impairment					
At April 1, 2018	-	1,417	2,540	3,957	3,957
Amortization for the year	-	237	373	610	610
Disposals and adjustments	-	-	-	-	-
At 31 March 2019	-	1,654	2,913	4,567	4,567
Amortization for the year	-	-	-	-	-
Disposals and adjustments	-	-	-	-	-
At 31 March 2020	-	**1,654**	**2,913**	**4,567**	**4,567**
Net book value					
At 31 March 2019	1,191	-	-	-	1,191
At 31 March 2020	**1,191**	-	-	-	**1,191**

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5 Non-current financial assets

Loans (Unsecured considered good unless otherwise stated)

Particulars	31-Mar-2020	31-Mar-2019
Security Deposits		
- Security Deposits Considered good	31	30
	31	30

6 Deferred Tax Assets (Net)

a. Components of Income Tax Expense

(i) Tax expense recognised in Statement of Profit and Loss	31-Mar-2020	31-Mar-2019
- Current Tax	-	-
Deferred tax expenses - credit / (charge)		
- Relating to origination and reversal of temporary differences	719	73
	719	73

(ii) Tax on Other Comprehensive Income	31-Mar-2020	31-Mar-2019
Deferred tax		
- Gain / (Loss) on measurement of net defined benefit plans	3	3
Total	3	3

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

Particulars	31-Mar-2020	31-Mar-2019
Profit before tax	646	84
Income tax rate	25.17%	34.94%
Income tax charged to Statement of Profit and Loss at effective tax rate of 25.17% (Previous year - 34.94%)	163	29
Effects of:		
Due to change in tax rate	597	-
Others	(38)	47
Tax expense reported in statement of Profit and Loss including OCI	722	76

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

Particulars	Balance Sheet		Profit and Loss	
Net deferred tax assets/(liabilities)	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Losses available for offsetting against future taxable income	1,267	1,960	693	266
Deferred tax on IND AS 116 transition impact	1	-	-	-
Provision for employee benefits	18	24	6	14
Difference between book and tax depreciation	(156)	(166)	(10)	(190)
Other timing differences	4	37	30	(17)
Total	1,134	1,855	719	73

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

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	(1,855)	(1,931)
Tax income (expense) during the year recognised in profit and loss	719	73
Tax income (expense) during the year recognised in OCI	3	3
Deferred tax on IND AS 116 transition impact	(1)	-
Closing balance	(1,134)	(1,855)

6.1 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.

6.2 The Company has decided to opt in for the lower income tax rate of 25.17% from financial year ended March 31, 2020 as per Taxation Laws (Amendment) Ordinance, 2019 passed by the Government of India. Consequent to this change in income tax rate, the Company has recognised the carrying value of deferred tax asset at the revised rate of 25.17% as at March 31, 2020.

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7 Other non-current assets

(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance Rentals	10	10
Capital Advances	13	27
VAT credit receivable	3	3
Considered doubtful		
VAT credit receivable	25	25
Less: Allowances for doubtful other loans and advances		
VAT credit receivable	(25)	(25)
	26	40

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

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials (includes goods-in-transit INR 3 (March 31, 2019 INR 4)	129	137
Finished Goods (includes goods-in-transit INR 16 (March 31, 2019 INR 21)	342	248
Traded goods (goods purchased for resale) (includes goods-in-transit INR 22 (March 31, 2019 INR 21)	174	186
	645	571

9(a) Current Financial assets - Trade Receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables	108	189
Trade Receivables from related parties (Note 31)	1	61
Total	109	250

Break up for security details

Trade receivables	As at 31 March 2020	As at 31 March 2019
Trade receivables -Secured, considered good	109	189
Trade receivables - Unsecured, considered good	-	-
Trade Receivables which have significant increase in Credit Risk	-	-
Trade Receivables - credit impaired	-	-
	109	189
Unsecured, considered good	-	-
Allowances for Trade Receivables - credit impaired	-	-
	109	189

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 31.

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

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks:		
– On current accounts	11	45
– Deposits with original maturity of less than three months	2,980	2,277
Cash on hand	1	1
	2,992	2,323

Changes in Liabilities arising from financing activities

Particulars	As at 1 April 2019	Cash Flows	As at 31 March 2020
Lease liabilities	221	(32)	189
	221	(32)	189

Particulars	As at 1 April 2018	Cash Flows	As at 31 March 2019
Current borrowings	69	(69)	-
Lease liabilities	12	(5)	7
	81	(74)	7

9(c) **Current Financial assets - Others**

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Interest accrued on deposits with banks	14	14
	14	14

10 **Other current assets**
(Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance to suppliers	41	46
GST Input tax credit receivable	101	21
Balances with customs and port trust	7	30
Prepaid expenses	2	3
Advances to employees	4	4
Considered doubtful		
GST Receivable	-	1
Advance to suppliers	1	-
Allowances for doubtful other loans and advances		
Advance to suppliers	(1)	-
GST Receivable	-	(1)
	155	104

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Amounts in INR Mln

11 Equity Share Capital

Authorised	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs10 each	**96,987,421**	**970**	85,000,000	850
Increase/(decrease) during the year	-	-	11,987,421	120
	96,987,421	**970**	96,987,421	970
8% Compulsorily Convertible Non-cumulative preference share of Rs.10 each	**34,062,579**	**341**	46,050,000	461
Increase/(decrease) during the year	-	-	(11,987,421)	(120)
	34,062,579	**341**	34,062,579	341
Total	**131,050,000**	**1,311**	131,050,000	1,311

Issued, subscribed and paid-up	No. of shares	Amount	No. of shares	Amount
Equity share capital				
Equity shares of Rs.10 each issued, subscribed and fully paid	**95,187,940**	**952**	95,187,940	952
Instruments entirely equity in nature				
8% Compulsorily Convertible Non-cumulative preference share of Rs.10 each, fully paid up	-	-	-	-
Total	**95,187,940**	**952**	95,187,940	952

(i) Reconciliation of the number of equity shares outstanding

	As at 31 March 2020		As at 31 March 2019	
At the beginning and at the end of the reporting period	**95,187,940**	**952**	61,250,834	613
Add: Compulsorily convertible Preference shares conversion during the year	-	-	33,937,106	339
At the end of the year	**95,187,940**	**952**	95,187,940	952

(ii) 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.

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

	As at 31 March 2020		As at 31 March 2019	
At the beginning and at the end of the reporting period	-	-	33,937,106	339
Add: Shares Issued during the year	-	-	-	-
Less: Compulsorily convertible Preference shares conversion	-	-	(33,937,106)	(339)
At the end of the period	-	-	-	-

(iv) 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.

(v) Shares held by holding and the ultimate holding company	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Philips India Limited (includes beneficial ownership)	**95,187,940**	**952**	95,187,940	952

(vi) Details of shareholders holding more than 5% shares of the company	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% holding	No. of shares	% holding
Philips India Limited (includes beneficial ownership)	**95,187,940**	**100%**	95,187,940	100%

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PREETHI KITCHEN APPLIANCES PVT. LTD.

Amounts in INR Mln

12 Other Equity	As at 31 March 2020		As at 31 March 2019	
Other reserves				
Securities Premium Reserve				
As at the beginning of the year	6,479		6,479	
As at the end of the year		6,479		6,479
Retained Earnings				
As at the beginning of the year	(1,974)		(1,985)	
Add: Profit/(Loss) for the year	(73)		11	
Transition impact of Ind AS 116, net of tax (refer Note 1 (w))	(3)		-	
As at the end of the year		(2,050)		(1,974.00)
Remeasurement of net defined benefit liability/ asset, net				
As at the beginning of the year	12		6	
Items of Other Comprehensive Income (OCI) recognised directly in retained earnings				
Re-measurement gains/ (losses) on defined benefit plans (net of tax)	11		6	
		23		12
Total		4,452		4,517

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

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Re-measurement gains / (losses) on defined benefit plans	14	9
Income Tax effect	(3)	(3)
	11	6

A. Summary of Other Equity

Particulars	**As at 31 March 2020**	As at 31 March 2019
Securities Premium Reserve	6,479	6,479
Retained Earnings	(2,050)	(1,974)
Items of OCI	23	12
Total other Equity	4,452	4,517

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PREETHI KITCHEN APPLIANCES PVT. LTD.

13 Non-current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Lease liabilities (Note 13.1)	162	3
Total	162	3

The lease obligations of INR 6 (31 Mar 2019 - INR 7) are secured by underlying assets (leased Vehicles). The legal title of the underlying assets vests with the lessors and the lease term varies between 3-5 years, with a range of EIR of 11.75% to 14.50%.

13.1 The maturity profile of lease obligations is as follows:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Minimum Lease payments	Present value	Minimum Lease payments	Present value
Payable within 1 year	42	27	4	3
Payable between 1-5 years	223	162	4	4
Total minimum lease payments	265	189	8	7
Less: Interest	(76)	-	(1)	-
Present value of minimum lease payments	189	189	7	7

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14 Provisions

	Long-term		Short-term	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits				
Gratuity (refer Note 29)	18	20	-	-
Compensated absences	16	18	4	3
Others				
Warranty	43	87	70	3
Legal and regulatory	-	-	-	3
	77	125	74	9

Additional disclosure relating to provisions:

14.1. Movement in provisions:

	Warranty		Legal and regulatory	
Particulars	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Opening balance	90	74	3	-
Add: Accruals	70	54	-	3
Less: Utilisation	(47)	(38)	(3)	-
Closing balance	113	90	-	3

14.2 Nature of provisions:

(a) Warranty

The Company provides for the estimated liability on warranty given on sale of its products based on past performance of such products. The provision represents the expected cost of warranty and free of charge services and it is expected that the expenditure will be incurred over the warranty period which usually ranges from 12 months to 120 months.

(b) Legal and regulatory

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

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PREETHI KITCHEN APPLIANCES PVT. LTD.

15 Current Financial Liabilities

	As at 31 March 2020	As at 31 March 2019
(a) Lease liabilities		
Lease liabilities (refer Note 13)	27	4
	27	4

(b) Trade Payables	As at 31 March 2020	As at 31 March 2019
Dues to others	678	773
Dues to related parties	112	14
Dues to Micro and Small Enterprises		
a. Principal amount remaining unpaid to any supplier as at end of the year	95	130
b. Interest due on the above amount	-	-
c. Amount of interest paid in terms of Section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year	-	-
d. Amount of interest due and payable for the period of delay in making the payment but without adding the interest specified under this Act	-	-
e. Amount of interest accrued and remaining unpaid at the end of the year	-	-
f. Amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprises	-	-
	885	917

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

15.2 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 2020 and 31 March 2019 has been made in the financial statements based on information received and available with the Company.

15.3 Trade payable include INR 18 (March 31, 2019 – INR Nil) representing additional provident fund contribution to be paid to contractors on submission of proof of payment of provident fund contribution by contractors with provident fund authorities.

(c) Other financial liabilities	As at 31 March 2020	As at 31 March 2019
Payables for purchase of property, plant and equipment	8	2
Security deposits	1	-
	9	2

16 Other current liabilities

Other payables:	As at 31 March 2020	As at 31 March 2019
Employee related payables	75	72
Statutory dues	174	116
	249	188

17 Contract balances

	As at 31 March 2020	As at 31 March 2019
Contract liabilities	9	16
	9	16

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Amounts in INR Mln

18 Revenue from operations	Year ended 31 March 2020	Year ended 31 March 2019
Sale of goods*	6,666	6,851
Sale of services	29	22
	6,695	6,873

* Sale of goods net of GST is INR 6,666 (31 March 2019: INR 6,851). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations.

18 (a) Disaggregated revenue information

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

	Year ended 31 March 2020	Year ended 31 March 2019
Type of goods or service		
Sale of Goods	6,666	6,851
Sale of Services	29	22
Revenue from contracts with customers	6,695	6,873
Within India	6,484	6,617
Outside India	211	256
Revenue from contracts with customers	6,695	6,873
Timing of revenue recognition		
Goods transferred at a point in time	6,666	6,851
Services transferred over time	29	22
Revenue from contracts with customers	6,695	6,873
Breakup of revenue from sale of services		
Revenue from Research and development recharge	26	20
Income from Preventive Maintenance Contract and Travel	3	2
	29	22

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Revenue as per contracted price	7,614	7,723
Adjustments		
Sales returns	(45)	(26)
Rebates	(874)	(824)
Revenue from contracts with customers	6,695	6,873

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Amounts in INR Mln

18 (c) Contract Balances	Year ended 31 March 2020	Year ended 31 March 2019
Trade Receivables	109	250
Contract Liabilities	9	16

* Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days.
** Contract Liabilities represents advances received from customers

Set out below is the amount of revenue recognised from:	Year ended March 31, 2020	Year ended March 31, 2019
Amount included in contract liabilities at the beginning of the year	16	12
	16	12

19 Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income (other than on investments)	174	122
Interest on income-tax refund	1	1
Interest income on Security Deposits	2	2
Government grants	4	50
Net loss on foreign currency transaction and translation	-	1
	181	176

20 Cost of raw materials consumed	Year ended 31 March 2020	Year ended 31 March 2019
Inventory of raw materials at the beginning of the year	137	193
Add: Purchases	2,250	3,050
Less: Inventory of raw materials at the end of the year	129	137
Cost of raw materials consumed	2,258	3,106

21 Purchases of stock-in-trade (goods purchased for resale)	1,841	1,312

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

Stock at the beginning of the year	Year ended 31 March 2020	Year ended 31 March 2019
Finished goods	248	257
Stock-in-trade (goods purchased for resale)	186	79
Total	434	336
Stock at the end of the year		
Finished goods	342	248
Stock-in-trade (goods purchased for resale)	174	186
	516	434
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(82)	(98)

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PREETHI KITCHEN APPLIANCES PVT. LTD.

Amounts in INR Mln

23 Employee benefits expense

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	527	549
Contribution to provident and other funds (Refer Note 23(a))	26	34
Defined benefit plan expense	11	15
Staff welfare expenses	57	66
	621	664

23 (a) The company has availed Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) scheme during the year and the above amount includes INR 1 (March 31, 2019 INR 1) government grant benefited by the Company and same has been reduced from contribution to provident fund.

24 Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest Expense	22	5
(Includes interest on Lease Liabilities INR 17 (Previous year INR Nil))		
Total Finance costs	22	5

25 Depreciation and amortization expense

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on tangible assets	96	132
(includes amortization on ROU assets of INR 40 (Previous year INR NIL)		
Amortization of intangible fixed assets	-	610
	96	742

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26 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Management Support services (Note 26(a))	496	3
Contract labour expenses	63	60
Business support services (Refer Note 26(b))	42	58
Security charges	12	14
Power and fuel	16	21
Packing, freight and transport	179	193
Rent	35	58
Repairs to buildings	14	29
Repairs to plant and machinery	17	18
Insurance	7	8
Rates and taxes	10	7
Travelling and conveyance	51	54
Legal and professional (Refer Note 26(c))	13	19
Publicity	347	346
IT and Communication	11	11
Allowance for doubtful trade receivables and advances	1	-
Warranty	70	54
Research and development services (Refer Note 26(d))	51	31
Net loss on foreign currency transaction and translation	24	-
Loss on sale of fixed assets	1	4
Miscellaneous (Refer Note 26(e))	14	11
	1,474	999

26 (a) Pursuant to the agreement entered into by the Company with Philips Electronics Netherland BV, the Company has incurred INR 0.5 (March 31, 2019 - INR 3) towards the IT support services provided. As per agreement with Philips International BV the Company has incurred INR 496 (March 31, 2019 - INR NIL) towards management support services.

26 (b) Based on the arrangement with Philips India Limited, the Company has incurred INR 42 (March 31, 2019 - INR 58) towards business support services (Staff cost sharing).

26 (c) Legal and professional includes payments to auditors as given below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
As auditor:		
Statutory audit fee	2	2
Tax audit fee	-	-
Total	2	2

26 (d) Research and development costs

The Company's 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, 2020 this was an amount of INR 51 (March 31, 2019: INR 31)), and they are recognised in other expenses.

26 (e) Miscellaneous include

	Year ended 31 March 2020	Year ended 31 March 2019
Printing & Stationery	2	3
Miscellaneous expenses	12	8
	14	11

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Details of CSR Expenditure:	Year Ended 31st March 2020	Year Ended 31st March 2019
Gross amount required to be spent by the Company during the year	2	-

In terms of the provisions of Section 135 of the Companies Act, 2013, for the financial year 2019-20, the Company was required to spend an amount of INR 2 (previous year INR NIL) towards CSR activities and the Company has spent INR NIL (previous year INR NIL) against the same.

27 Components of Other Comprehensive Income (OCI)

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

Particulars	31-Mar-20	31-Mar-19
Re-measurement gains / (losses) on defined benefit plans	14	9
Income tax effect	(3)	(3)
	11	6

28 Earnings 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:

Calculation of earnings per share	Year ended March 31, 2020	Year ended March 31, 2019
Number of equity shares at the beginning of the year	**95,187,940**	61,250,834
Total number of equity shares outstanding at the end of the year	**95,187,940**	95,187,940
Weighted average number of equity shares outstanding during the year (Refer Note 28.1)	**95,187,940**	73,616,958
Effect of dilution:		
Convertible preference shares	-	-
Weighted average number of Equity shares adjusted for the effect of dilution	**95,187,940**	**73,616,958**
Profit/(loss) after tax attributable to equity share holders	**(73)**	11
Basic earnings per equity share (in Rs.)	**(0.77)**	0.14
Diluted earnings per equity share (in Rs.)	**(0.77)**	0.14

28.1 The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

29 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, 2020 is INR 22 (Year ended March 31, 2019: INR 26).

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.

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

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity	
	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	10	13
Past service cost	-	-
Interest cost on benefit obligation	4	5
Expected return on plan assets	(3)	(3)
Curtailment Cost	-	-
Settlement cost	-	-
Remeasurement gains/(losses) in other comprehensive income	(14)	(9)
Expenses recognized in the statement of profit & loss	11	15

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

Particulars	Gratuity	
	Year ended 31 March 2020	Year ended 31 March 2019
	Funded	Funded
A. Present value of obligations as at beginning of the year	60	73
(1) Current service cost	10	13
(2) Interest cost	4	5
(3) Benefits settled	(2)	(22)
(4) Settlements	-	-
(5) Actuarial (gain) / loss	(14)	(9)
(6) Actuarial (gain) / loss due to Interest rate guarantee	-	-
(7) Employees' contribution	-	-
(8) Acquisition/Business Combination/Divestiture	-	-
(9) Change in reserves	-	-
(10) Transfer in	-	-
(11) Past service cost	-	
Present value of obligations as at end of the year	58	60

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

Changes in the defined benefit obligation and fair value of plan assets

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

Particulars	Gratuity	
	Year ended 31 March 2020	Year ended 31 March 2019
	Funded	Funded
B. Change in Plan Assets		
Plan assets as at beginning of the year	40	39
(1) Expected return on plan assets	3	3
(2) Contributions	-	18
(3) Benefits settled	(3)	(19)
(4) Employer and Employee contribution	-	-
(5) Transfer in	-	-
(6) Benefit payments	-	-
(7) Actuarial gain / (loss)	-	(1)
(8) Settlements	-	-
(9) Acquisition/Business Combination/Divestiture	-	-
Plan assets as at end of the year	40	40
Surplus	18	20

C. Actual return on plan assets	3	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	(58)	(60)
(2) Fair value of Plan assets	40	40
Liability recognised in Balance Sheet	(18)	(20)
E. Components of Employer Expense:		
(1) Current service cost	10	13
(2) Interest cost	4	5
(3) Expected return on plan assets(estimated)	(3)	(3)
(4) Curtailments	-	-
(5) Past service cost	-	
(6) Actuarial (gain) / loss	(14)	(9)
Total expense recognised in Statement of Profit and Loss	11	15

The gratuity expense has been recognised in "Employee benefits expenses" under Note 23 to the Financial Statements.

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Amounts in INR Mln

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

F. Experience Adjustments

Description	Gratuity (Funded)				
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
Defined Benefit Obligations	58	60	73	58	46
Plan Assets	40	40	39	32	28
Surplus/(Deficit)	(18)	(20)	(34)	(26)	(18)
Experience adjustments on Plan assets/liabilities (gain) / loss	-	(1)	-	-	-

G. Assumptions

Gratuity	Financial Assumptions			Demographic Assumptions		
	Discount factor	Estimated rate of return on Plan Assets	Salary Increase	Mortality	Attrition rate	Retirement age
Year ended 31 March 2020	6.30%	9.00%	9.00%	IALM (2012-14)	Corporate Group - 12% Staff - 20% Workers - 8%	58 Years
Year ended 31 March 2019	7.35%	9.00%	12.00%	IALM (2006-08)	Corporate Group - 12% Staff - 20% Workers - 8%	58 Years

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.

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

H. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Defined benefit obligation	As at 31 March 2020	As at 31 March 2019
Discount rate		
a. Discount rate - 100 basis points	60	64
b. Discount rate + 100 basis points	53	55
Salary increase rate		
a. Rate - 100 basis points	54	56
b. Rate + 100 basis points	60	64

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

Particulars	As at 31 March 2020	As at 31 March 2019
Within the next 12 months (next annual reporting period)	7	6
Between 1 and 5 years	26	25
Thereafter	24	27
Total expected payments	57	58

30 Commitments and contingencies

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - INR 20 (March 31, 2019 - INR 22).

b. Contingent liabilities

Particulars	31-Mar-20	31-Mar-19
Income Tax	20	-
Indirect Tax (Sales Tax/VAT, check post case)	1	1
	21	1

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

(A) Enterprises exercising control:

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:

(1) Fellow Subsidiary Companies (as per list given below)

Philips Electronics Singapore Pte Limited

Philips Electronics Middle East & Africa BV

Philips Electronics Netherland BV

Philips International BV

(2) Key Management Personnel

Managing Director

(i) Mr. Subramanian Srinivasan (Managing Director w.e.f November 13, 2018)

Non-Executive Directors:

(i) Mr. A.D.A. Ratnam (Resigned w.e.f April 18, 2019)

(ii) Mr. Rajiv Mathur

(iii) Mr. Sudeep Agrawal

Company Secretary:

Mr. Nishant Nayan (Resigned w.e.f February 28, 2019)

Ms. Aruna Arulsingh (Appointed w.e.f May 31, 2019)

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

(C) Nature of transactions during the year

Particulars	Year ended 31 March 2020			Year ended 31 March 2019		
	Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Holding Company	Fellow Subsidiary Companies	Key Management Personnel
PURCHASES						
Goods	2	-	-	-	-	-
Services	61	496	-	71	2	-
SALES						
Goods	5	43	-	493	107	-
Services	26	-	-	20	-	-
Reimbursements	2	-	-	7	-	-
EXPENSE						
Salary	-	-	2	-	-	2
OUTSTANDINGS						
Payable	26	86	-	14	-	-
Receivable	1	-	-	46	15	-

Note: Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and will be settled in cash.

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

Relationship / Name of the related party	Description of the nature of transaction	31 March 2020 (Refer note 31 (a))	31 March 2019 (Refer note 31 (a))
(i) Holding Company:			
Philips India Limited	Sale of products	5	493
	Purchase of Fixed assets	2	-
	Revenue from research and development charges	26	20
	Business support services	56	64
	Packaging and Design Services	4	7
	Reimbursement of expenses	2	7
(ii) Overseas Fellow subsidiary Companies:			
Philips Electronics Middle East & Africa BV	Sale of products	43	106
Philips Electronics Nederland B. V.	IT Support Services	-	2
Philips International B.V	Management Support Services	496	-
(iii) Key Managerial Personnel			
Mr. Nishant Nayan	Salary	-	2
Mrs. Aruna ArulSingh	Salary	2	-
Outstanding at the year end			
Receivable			
Philips India Limited		1	46
Philips Electronics Middle East & Africa BV		-	15
Payable			
Philips India Limited		26	14
Philips International B.V		86	-

Note:

31 (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.

31 (b) Philips India Limited, the holding company has deputed Mr. Subramanian Srinivasan as the Managing Director of Preethi Kitchen Appliances Private Limited. In this connection Philips India Limited has recharged the salary cost of Mr. Subramanian Srinivasan to the company and the same has been disclosed as related party transaction with Philips India Limited. In the above related party disclosure note, the same has not been disclosed again as remuneration to Managing Director in Note 31.

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:

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

• Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of products include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company determined that in estimating the variable consideration for the sale of product with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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.

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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 INR 5,558 (March 31, 2019 INR 6,431) 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 (2012-14) 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 29.

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 34 for further disclosures.

33 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.

	Year ended March 31, 2020	Year ended March 31, 2019
Earnings Before Interest And Tax	668	89
Capital Employed	5,404	5,469
Return on Capital Employed (ROCE)	12.4%	1.6%

34 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

	Date of Valuation	Total	Level 1	Level 2	Level 3
Assets measured at Fair Value					
Security Deposits	March 31, 2020	21	-	21	-
Assets for which fair values are disclosed:					
Investment properties (Note 3):					
Land	March 31, 2020	116	-	116	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Date of Valuation	Total	Level 1	Level 2	Level 3
Assets measured at Fair Value					
Security Deposits	March 31, 2019	21	-	21	-
Assets for which fair values are disclosed:					
Investment properties (Note 3):					
Land	March 31, 2019	141	-	141	-

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.

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35 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.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market 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.

(b) 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 lease 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 risk sensitivity

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

(c) 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.

(d) Equity price risk

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

(e) Credit risk

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

(i) Trade receivables

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.

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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.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. 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, 2020 and March 31, 2019 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.

(f) 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 sufficient 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 provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2020						
Lease liabilities (Non-Current)	-	-	-	66	157	223
Lease liabilities (Current)	-	-	42	-	-	42
Trade Payables(Current)	-	885	-	-	-	885
Other Financial Liabilities(Current)	-	9	-	-	-	9
	-	894	42	66	157	1,159

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2019						
Lease liabilities (Non-Current)	-	-	-	3	-	3
Lease liabilities (Current)	-	-	4	-	-	4
Trade Payables(Current)	-	917	-	-	-	917
Other Financial Liabilities(Current)	-	2	-	-	-	2
	-	919	4	3	-	926

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

(A) 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, 2020	Year ended March 31, 2019
REVENUE		
a. Within India	6,484	6,617
b. Outside India	211	256
TOTAL	6,695	6,873

Description	As at March 31, 2020	As at March 31, 2019
ASSETS		
a. Within India	6,895	6,712
b. Outside India	1	21
TOTAL	6,896	6,733

Description	Year ended March 31, 2020	Year ended March 31, 2019
CAPITAL EXPENDITURE		
a. Within India	122	131
b. Outside India	-	-
TOTAL	122	131

37 Exceptional items:

During FY 2018-19, the Company has entered into a business transfer agreement dated February 28, 2019 with M/s. Penguin Electronics Limited to transfer the manufacturing unit located at Nalagarh, Himachal Pradesh on a "going concern basis" under a Slump Sale arrangement . The results of such business operations have been recorded in the financial statements with effect from this date. The consideration in respect of such transfer amounts to INR 80.

Details of assets and liabilities transferred in slump sale is provided below

Particulars	31-Mar-19
Non current assets (Property, Plant and Equipment)	241
Working Capital on the date of transfer	11
Net worth	252
Less : Sale consideration received	80
Loss on transfer of business recognised in statement of profit and loss	172
Exceptional items	
Loss on transfer of business through slump sale	172
Retrenchment compensation incurred in connection with slump sale	63
	235

38 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, 2020.

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39 Covid-19 outbreak

The outbreak of Covid-19 pandemic is causing disturbance and slowdown of economic activities globally. The nationwide lockdown ordered by the Government of India has resulted in reduction in economic activities and operations of the Company. The Management based on its business plans and liquidity position believes that the Company has adequate liquidity to settle its obligations for a foreseeable future. The Company has considered internal and external information up to the date of approval of these financial statements to assess the possible effects that may result from the pandemic on the recoverability/carrying value of the assets. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of its assets including receivable and inventories. The eventual outcome of impact of the global health pandemic may or may not be different from those estimated as on the date of approval of these financial statements.

40 Subsequent Event

As part of Koninklijke Philips N.V.'s ('Royal Philips'), ultimate holding company, plans to sell its domestic appliances arm, Philips India Limited, the Company's parent company has decided to incorporate a new company to carve out and transfer the domestic appliances business from Philips India Limited into the new company. As part of this strategy, it is also planned to merge Preethi Kitchen Appliances Private Limited with the new company through a scheme of amalgamation to be approved by National Company Law Tribunal ('NCLT') under the relevant provisions of Companies Act 2013. The Company is the process taking necessary steps in this regard and expects to file the scheme with NCLT during financial year ending March 31, 2021.

41 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
Membership No.: 083906

Place: Gurugram
Date: July 29, 2020

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

Subramanian Srinivasan
DIN: 08274554
Managing Director
Place: Chennai
Date: July 29, 2020

Sudeep Agrawal
DIN: 08056132
Director
Place: Gurugram
Date: July 29, 2020

Aruna Arulsingh
Company Secretary
Place: Chennai
Date: July 29, 2020