



TRANSPARENT Capital

Philips India Limited

PHILIPS

Business Overview:

Philips India Limited is a subsidiary of Royal Philips of the Netherlands (KNPV), a leading health technology company focused on improving people's health and enabling better outcomes across the health continuum from healthy living and prevention, to diagnosis, treatment, and home care. KNPV Holds 96.13% shares in Philips India Limited and remaining shares are held by minority shareholders.

Philips India is a leading hi-tech company doing business in the field of Healthcare system, and Personal Healthcare. The company also has a Healthcare innovation centre at Pune and Innovation campus at Bangalore.

i. **Healthcare System:**

It imports machines from Philips globally for Diagnostic Imaging (MRIs, CT Scan, Digital X-Ray), Ultra Sound, Image-Guided Therapy, Patient Care, and monitoring Systems.

ii. **Personal Healthcare:**

It includes Domestic appliances, Personal Care, Health, and Wellness products.

iii. **Healthcare Innovation Centre:**

It is the R&D centre of Philips India which also assembles machines as discussed above under the Healthcare System.

iv. **Philips Innovation Campus (PIC):**

Based at Bangalore, initially started as a software centre in 1996, is now recognized as one of the key innovation hubs for Philips globally.

The focus of the innovation hub is to help accelerate Philips's leadership as a Health Technology company through meaningful innovations for local and for global markets. Enabled by highly qualified, passionate and motivated professionals over the last 23 years, this centre has evolved rapidly to become a strategic innovation hub for Philips.

PIC builds software products and solutions across the health continuum starting with healthy living, disease prevention to diagnosis, treatment, and home-based care. The software and product innovations enable global advancements in common platforms for various imaging products like MRI, CT, Diagnostic X-Ray, and Ultrasound. PIC has extensive expertise in cutting-edge technologies such as AI, Cloud, Data Analytics, IoT, etc.

Subsidiaries of Philips India:

As of March 31, 2019, the Company had two wholly-owned subsidiaries, Preethi Kitchen Appliances Private Limited ("Preethi") and Philips Home Care Services India Private Limited ("Philips Home Care") and a Joint Venture Company, Healthmap

Diagnostics Private Limited ("Healthmap"), where the Company held 35% shareholding.

However, in the meeting of the Board of Directors of the Company held on May 1, 2019, the approval was accorded to dispose of the shareholding of the Company in Healthmap, by way of sale to Manipal Health Enterprises Pvt. Ltd. (Manipal), at the present fair market value at that time i.e. 23.65 per share. The Company held 1.48 Crore shares in Healthmap and based on the said price, the aggregate share sale consideration amounted to 35.00 Crores.

Preethi Kitchen Appliances is the leading manufacturer of kitchen appliances in the south India market. It sells mixer grinder, glass top, stainless-steel, gas stoves, coffee maker, induction cooker, rice cookers, Kettles, electric iron box, electric pressure cooker, and vessels for Induction cooker.

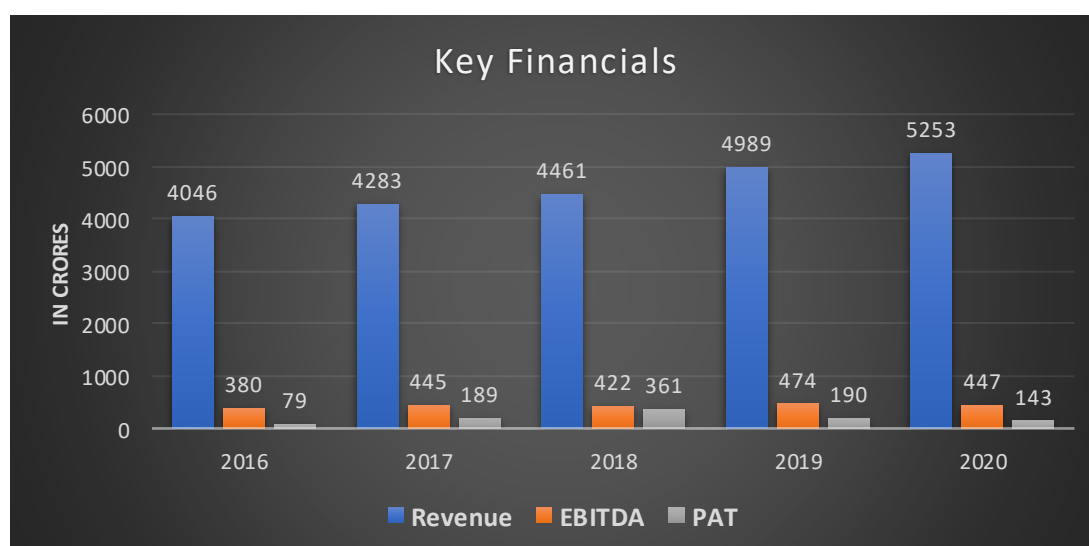
Philips Home Care had launched its Critical care segment in 2017, wherein the step-down version of an ICU is set up in the patient's home with 24×7 presence of a nurse, along with wide range of equipment and services, as required, like BIPAP, Multipara Monitor/pulse oximeter, DVT pump, infusion pump, hospital bed, physiotherapist's visit, and respiratory therapist's visit.

Financials:

(Fig. in Crores)

Year	Revenue	EBITDA	OPM	PAT	NPM	Shares	EPS
2016	4046	380	9%	79	2%	5.75	13.7
2017	4283	445	10%	189	4%	5.75	32.9
2018	4461	422	9%	*361	8%	5.75	62.8
2019	4989	474	10%	190	4%	5.75	33.0
2020	5253	447	9%	143	3%	5.75	25

* The unusual high profit is coming due to deferred tax credit

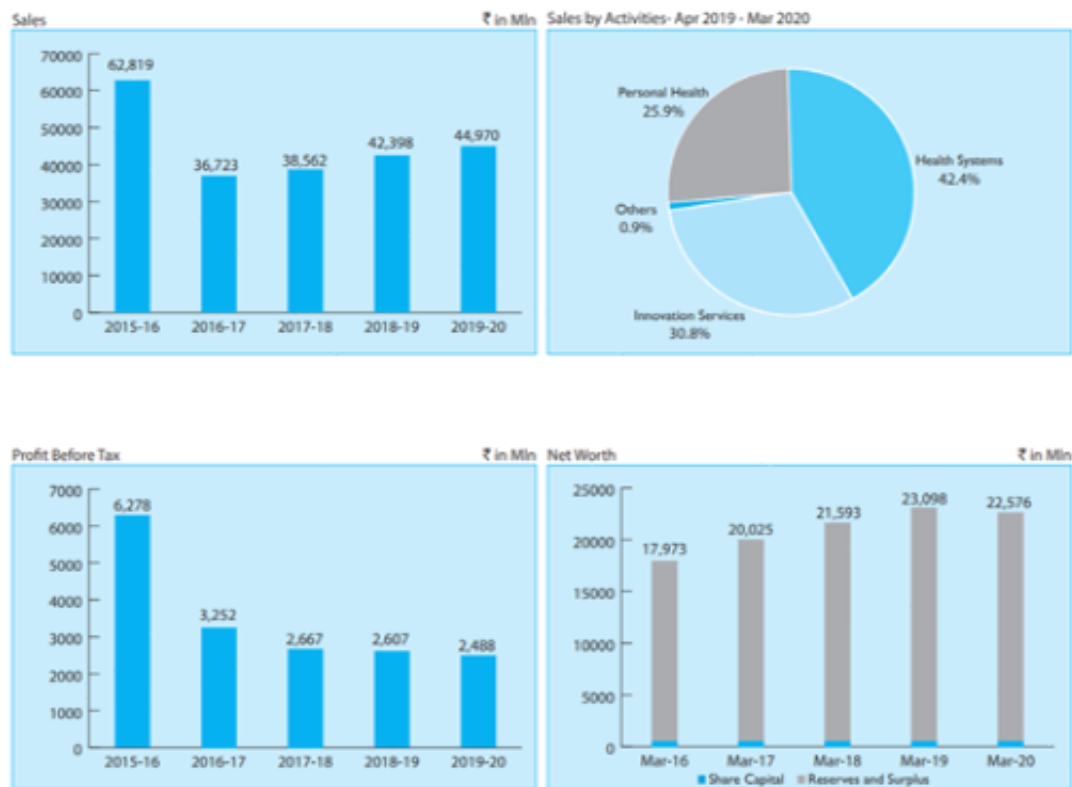


Shareholding Pattern:

Shareholders Name	Number of Shares	% of share
Koninklijke Philips N.V.	5,52,90,182	96.13

Business Analysis For FY18-19:

- (i) During the year 2018-19, the Health Systems business suffered a revenue de-growth of 3.4% year-on-year, primarily due to the credit squeeze in the financial market attributable to the crisis in the non-banking financial companies (NBFC) sector. The overall Health Systems market de-grew by 3.6% in the fourth quarter of 2018 Moving Annual Turnover (MAT) level, led by the de-growth in Precision diagnostics and Image-Guided Therapy (IGT) equipment by 3.5% and 21.7%, respectively.
- (ii) The Personal Health business registered sales growth of 14.6%, over the previous financial year. The growth was driven in all the categories especially with strong growth in Personal Care, Home Care, erstwhile Air, and Floor Care and Beauty Products. The growth of Air Purifiers was driven by public awareness around air quality, especially in the northern part of the country.
- (iii) In FY 2018-19, Preethi, a subsidiary, registered significant progress and delivered a 19.5% sales growth over last year with improved profitability. During the year, the focus of the Preethi business was on the cooking appliances segment. Gas Stove category has achieved a sizable share in FY 2018-19 and contributed 13% of the revenue.
- (iv) During the year, Philips Home Care, a subsidiary, the business segment didn't expand to the expected levels due to various challenges in the marketplace.
- (v) For brand improving, the Company has enhanced presence across various social media platforms to target youth of the Country. Further, the Company has also engaged famous cricketers, Mr. Virat Kohli and Mr. Rahul Dravid in order to attract the young consumers of the country.



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