



**TRANSPARENT CAPITAL**

**Signify Innovations India Ltd**

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## **Business Overview:**

For over 120 years, Signify Innovations (Previously Philips Lighting) has been at the forefront of innovation. They use the transformative power of light to make people more comfortable and productive— providing high-quality light in public places, professional spaces, and at home. They use light to make people feel happier and safer – light that entertains, inspires, and informs, makes cities more liveable, and satisfies people’s daily needs.

Philips is taking lighting beyond illumination with connected lighting innovations for the home, retail environments, offices, cities, and more.

Philips pioneered the development of high-quality, energy-efficient LED lighting. They are now taking lighting into a fully digital world that connects people, places, and devices. They foresee a day, in the near future, when all their lamps, luminaires, and system devices will be digital and network-ready. Using a combination of patented technologies and open standards, their lighting innovations will connect seamlessly to benefit the customers and the environment.

## **Philips Products**

i. Hue Personal Wireless Lighting System:

This is an innovative product designed by Phillips in which you can control the light in the room with the beat of your music.

ii. Led Lights:

The Phillips is Leader in when it comes to LED Lighting.

iii. Luminary and Bulbs:

## **Promoters And Management:**

1. Mr. Murali Sivaraman – Chairman & Director
2. Mr. Harshavardhan M. Chitale - Vice-Chairman & Managing Director
3. Mr. Sumit Padmakar Joshi - Vice-Chairman & Managing Director
4. Mr. Bidhu Bhusan Mohanty - Whole-time Director.
5. Mr. Rothin Bhattacharyya - Whole-time Director.
6. Mr. Sukanto Aich - Whole-time Director.

## **Shareholding Pattern:**

- Signify Holding B.V. (Formerly Philips Lighting Holding B.V.) holds 55,290,242 Equity shares in the company, which is 96.13% of the total shares outstanding
- Famous investor Mr. Vallabh Roopchand Bhanshali holds 0.05% stakes in the company.

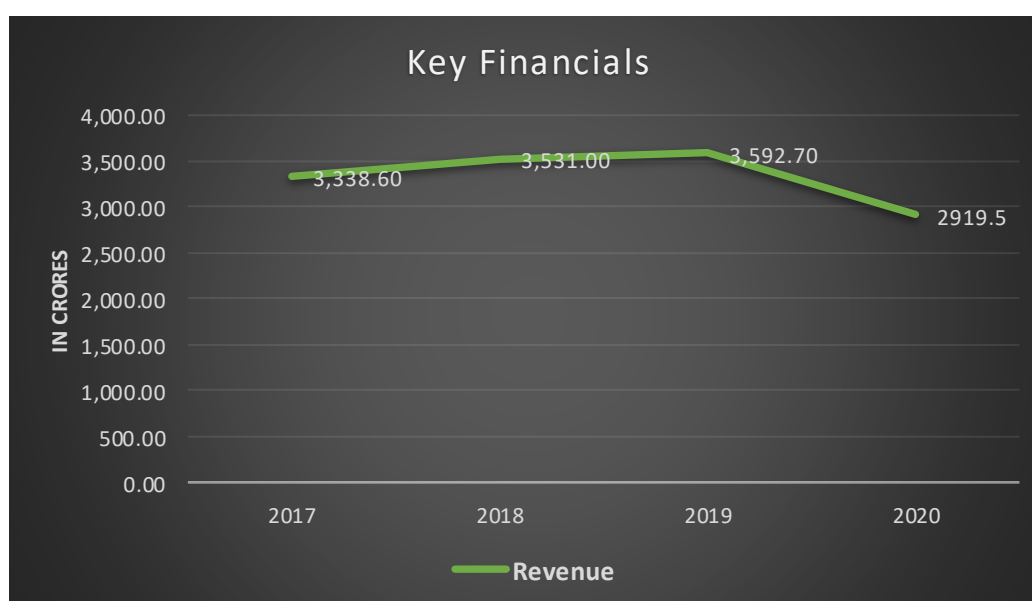
## Financials:

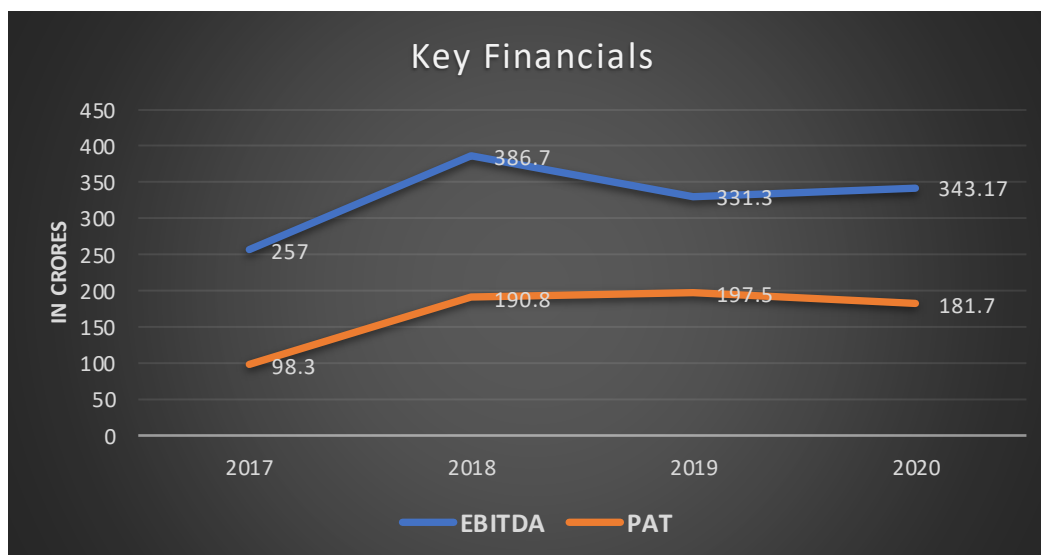
(Figures in Crores) 1. Revenue, PAT and EPS Analysis

Year	Revenue	EBITDA	OPM	PAT	NPM	Shares	EPS
2017	3,338.6	257.0	8%	98.3	3%	5.75	17.10
2018	3,531.0	386.7	11%	190.8	5%	5.75	33.18
2019	3,592.7	331.3	9%	197.5	5%	5.75	34.35
2020	2919.50	343.17	12%	181.7	6%	5.75	31.6

Year	Long-Term Debt	Short-Term Debt	Total Debt	NW	Debt/NW	RONW
2017	4.0	0	4.0	427.52	0.01	23%
2018	5.9	0	5.9	481.92	0.01	40%
2019	4.8	0	4.8	540.02	0.01	37%
2020	0	0	0	499.8	0	36%

Year	Current Assets	Current Liabilities	CFO	Capital Exp.	FCF
2017	1,022.10	801.88	376.8	27.8	349.0
2018	1,237.20	959.08	187.7	21.9	165.8
2019	1,368.60	1,011.83	253.5	17.7	235.8
2020	980.2	721.80	41.8	27.5	14.3





### **FY19-20 Performance**

1. Signify India has registered de-growth of 19% (Previous year growth of 1.8%). In FY19-20, the company has generated the revenue of 2901 Crores as compared to 3592 Crores last year. The decline was mainly contributed due to the following reasons.
  - a. Due to decline in professional lighting and Government business, slowdown in infrastructure spending, liquidity crunch in Indian markets due to defaults by few NBFCs, price erosions due to competitiveness in market.
  - b. Due to COVID-19, the consumer markets and supply chains got disrupted badly. And the demands for products were also severely affected on account of lockdown. Therefore, the Month of March-20 has not contributed much in the company.
2. In FY19-20, Signify India has generated an EBIT of 261 Crores as compared to 281 Crores last year.
3. Despite decline of revenue, the EBITDA Margins have improved from 9% in FY18-19 to 11.7% in FY20.
4. Signify India has clocked an EPS of 32 in the FY19-20. excellent ROE of 36% and ROCE of 46%, issued dividend of Rs 7.5 per share.
5. Acquisition of Cooper Lightning  
This year Signify India has acquired "Cooper Lighting", from "Eaton India", by way of a slump sale, for a lump sum consideration of 93.9 Crores.

### **Business Highlights**

- 1) In FY19-20, the LED products have generated 83% of the revenue under lighting business which is almost same as that of last year.
- 2) In FY19-20, Signify India has launched 70 new exclusive Philips Smart light hubs with increasing urbanization & focus towards Home connected lighting solutions.
- 3) About 92% of what company sell in India is made in India and this de-risk the production from external factors.


- 4) Signify India has manufacturing unit in Vadodara which exports conventional and LED lamps to 29 countries across the world, and is also one of the most cost competitive conventional lamp manufacturing facilities in the world for Signify.
- 5) Signify India has R&D lab in Noida. In FY19-20, the company has designed products such as – Philips T-beamer, Philips T-bulb to name few.
- 6) The Professional lighting solutions witnessed a de-growth of 28%, owing to reduced EESL tenders, limited government projects post the general elections in 2019, & economic slowdown especially in Infrastructure category. However, despite this, company got prestigious projects such as;
  - a) Motera stadium in Ahmedabad, the world's largest cricket stadium.
  - b) Illuminating the iconic Qutub Minar in the capital city New Delhi
  - c) Illuminating the Howrah Bridge in Kolkata.

### **Valuation of Signify India**

1. No. of shares outstanding = 5.75 Crores
2. Valuation = ~3700 Crores (at CMP Rs.650 per share)
3. MCap/Revenue = 1.26x
4. P/E = 20x

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Corporate Office: 6th floor, 91 Springboard, ATC, B wing, Bhim nagar road, Kondivita Andheri East, Mumbai, Maharashtra 400093, India, +91 83198 69295. Website: [www.transparentcapital.co.in](http://www.transparentcapital.co.in)

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Prepared by: Harshalsingh Dixit