

July 12, 2013

VIDEOCON INDUSTRIES LTD.

BSE Code: 511389 NSE Code: VIDEOIND Reuters Code: VEDI.NS Bloomberg Code: VCLF:IN

Videocon Industries Ltd (VIDEOCON) is India-based company, head quartered in Gurgaon, Haryana. The group has 17 manufacturing sites in India and plants in Mainland China, Poland, Italy and Mexico. It is also the third largest picture tube manufacturer in the world. The group is a US\$4 billion global conglomerate. The Company operates in four segments mainly Consumer Electronics and Home Appliances, Crude Oil and Natural Gas, Telecommunications, and Power. The company has launched range of products in consumer electronics industry including range of refrigerators, washing machines, televisions, air-conditioners, microwave ovens. It has interest in oil and gas field, in India, Mozambique, Brazil, East Timor, Indonesia and Australia.

Investor's Rationale

Topline remained flat on muted segmental performance – VIDEOCON, registered a flat growth in its topline by 0.4% YoY at ₹30.03bn in Q4FY'13 against ₹29.90bn on standalone basis due to flat growth in revenue from consumer electronics & home appliances and crude Oil & natural gas by +0.3% and +1.1% respectively. Moreover, power segment revenue grew by 26.3%.

EBITDA margin crashed 411bps on higher raw material – The EBITDA of the company decreased by 23.6% YoY at ₹3.93bn mainly due to increase in raw material consumed by 7.3% YoY at ₹10bn. Further, higher employee cost (21.8% at ₹0.71bn) and other expenses (5.5% YoY at ₹5.8bn) also pulled down the EBITDA. Thus, OPM crashed by 411bps YoY at 13.05% against 17.16%.

Incurred a loss of ₹1.99 bn on higher interest and lower other income– VIDEOCON swung to a net loss of ₹1.99bn for the quarter ended March 2013 against net profit of ₹0.50bn previous year same quarter on standalone basis dragged by gloomy EBITDA performance. Higher interest cost (49.5% YoY at ₹5.4bn) and lower other income (8.6% YoY at ₹0.4bn) further dragged the bottom-line.

Divests Mozambique Offshore Assets- Videocon Mauritius Energy, a wholly owned subsidiary of Videocon Industries executed share sale and purchase agreement with ONGC Videsh and Oil India for sale of its 100% stake in Videocon Mozambique Rovuma for consideration of USD 2.47 bn.

Market Data

Rating	BUY
CMP (₹)	196.2
Target Price	215
Stop Loss	185
Duration	Short-term
52-week High-Low (₹)	246/164.7
Rise from 52WL (%)	19.1
Correction from 52WH (%)	20.2
Beta	1.3
1 year Average Volume (mn)	0.3
	3M-
Stock Return (%)	20.9
	6M-
	(6.7)
	1Y-
	71.3
Market Cap (₹bn)	54.7
Book Value (₹)	102.7

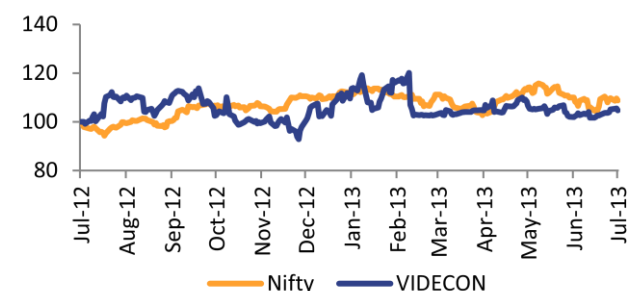
Shareholding Pattern

	Mar'13	Dec'12	Chg
Promoters (%)	69.38	67.83	1.55
FII (%)	2.09	1.72	0.37
DII (%)	8.87	8.94	(0.07)
Public & Others (%)	19.66	21.51	(1.85)

Quarterly Performance (Standalone)

(₹bn)	Q4 FY'13	Q4 FY'12	Q3 FY'13	YoY Change(%)	QoQ Change(%)
Sales	30.03	29.90	30.60	0.4	(1.9)
Op. exp	26.17	24.82	25.35	5.4	3.2
EBITDA	3.93	5.14	5.28	(23.6)	(25.7)
OPM (%)	13.05	17.16	17.25	(411bps)	(420bps)
Net profit	(1.99)	0.50	0.01	-	-
NPM (%)	(6.53)	1.66	0.03	-	-
EPS (₹)	(6.24)	1.66	0.03	(475.9)	(20900.0)

One Year Price Chart





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