

Value Industries Ltd.

Key Stock Indicators

NSE Ticker :	VALUEIND	CMP as on 09 Jun 2011-Rs/share :	21.8	Shares outstanding (mn) :	39.2
Bloomberg Ticker :	VALI:IN	52 week range up to 09 Jun 2011 (Rs)(H/L) :	34.5/18.0	Free Float (%) :	53.2
Face value per share :	10.0	Market Cap as on 09 Jun 2011 (Rs mn) :	852	Average daily volumes (12 months) :	61,984
Div.Yield (%) :	4.6	Enterprise Value as on 09 Jun 2011 (Rs mn) :	8,959	Beta (2 year) :	0.9

Value Industries Limited (VIL) was incorporated as "Videocon Appliances Limited" in 1988 as a public limited company. The company is engaged in the business of manufacturing and trading of consumer electronics goods which includes washing machines, air conditioners, refrigerators and other home appliances. The manufacturing facility of the company is located in Aurangabad (Maharashtra). Employee strength of the company stood at ~400 as of December 2010.

KEY HIGHLIGHTS

VIL shifted focus to fully automatic and front loading washing machines

The customer trend started to shift from semi automatic washing machines to fully automatic on account of rising incomes and affordable prices. The company therefore decided to focus more on fully automatic and front loading segment machines rather than semi automatic machines in FY10. The company launched new range of front loading machines with features like aero wash technology, 8 wash programs, tilt drum washing technique etc. In fully automatic machines the company took measures for digitalization by launching a range of DIGI washing machines. These machines are equipped with "do it yourself" programs and consumer friendly specifications.

VIL introduced new range of air conditioners and refrigerators

The company launched a new range of refrigerators with features like pre coated material (PCM) door for luxurious fit and feel, transparent interiors, toughened glass shelves, transparent chiller compartment etc for the period under review consisting of 15 months starting from October 2009 and ending December 2010. The company also introduced new range in airconditioners of 1.5 ton and 2 ton with features like antibacterial filter, on/off and sleep timer, deo filter etc.

KEY RISKS

- Competition from foreign players entering the Indian market
- Technological obsolescence
- Increase in excise and duties
- Rising interest costs and input costs like steel sheets, electronic parts etc

Stock Performances vis-à-vis market

	Returns			
	YTD	1-m	3-m	12-m
VALUEIND	-17	10	17	-6
NIFTY	-10	-1	0	9

Note:

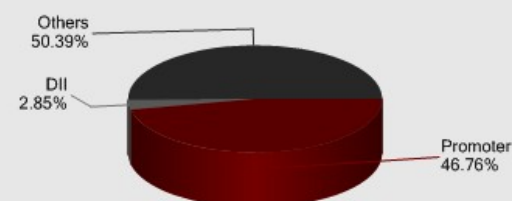
- 1) YTD returns are since Jan 3, 2011 to Jun 9, 2011.
- 2) 1-m, 3-m and 12-m returns are up to Jun 9, 2011

Key Financial Indicators

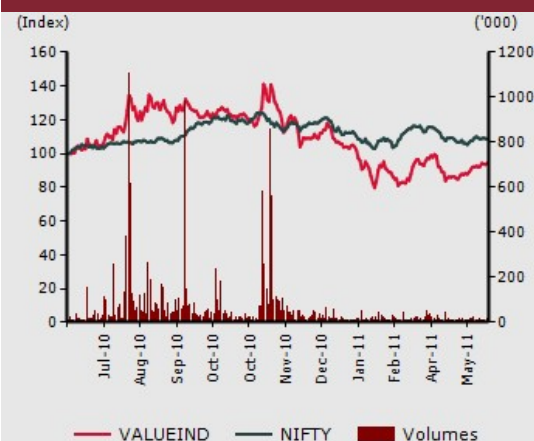
	SEP-08	SEP-09	DEC-10
Revenue (Rs mn)	12,453.3	12,047.8	17,142.2
EBITDA margins (%)	14.0	12.2	11.7
PAT (Rs mn)	77.3	48.1	144.4
PAT margins (%)	0.6	0.4	0.8
Gearing (x)	1.5	1.9	1.8
EPS (Rs/share)	2.0	1.2	2.9
PE (x)	12.0	17.2	7.4
P/BV (x)	0.2	0.2	0.2
RoCE (%)	7.0	5.4	6.3
RoE (%)	1.7	1.1	2.6
EV/EBITDA (x)	4.3	6.2	4.5

n.m. : Not meaningful

Shareholding (As on March 31, 2011)



Indexed price chart



Value Industries Ltd.

BACKGROUND

VIL was incorporated as "Videocon Appliances Limited" in 1988. The company is engaged in the business of manufacturing and trading of consumer electronics goods including washing machines, air conditioners, refrigerators and other home appliances. The company is primarily engaged in manufacturing of electrical and electronic appliances and hence its the only business segment of the company. For the period ending December 2010 ,the company sold 2, 958, 438 units of electrical and electronic appliances. The company's brand X-Lent in washing machines has features like eight wash programs, digital sensi logic, special air dry programme, memory backup in case of power failure etc. The refrigerators of the company have features like digital temperature control, digital temperature control and door alarm and humidity control crisper etc.

COMPETITIVE POSITION

Peer Comparison

	Value Industries Ltd. Dec-10	Bajaj Electricals Ltd. Mar-10	BPL Ltd. Mar-10	Whirlpool of (India) Ltd. Mar-10
Revenue (Rs mn)	17,142.2	22,282.9	844.8	25,860.5
EBITDA margins (%)	11.7	11.0	-17.9	9.2
PAT (Rs mn)	144.4	1,136.1	-21.5	1,450.2
PAT margins (%)	0.8	5.1	-2.5	5.6
Gearing (x)	1.8	0.3	n.m.	0.8
EPS (Rs/share)	2.9	11.6	-0.4	11.4
PE (x)	7.4	22.1	n.m.	21.2
P/BV (x)	0.1	5.1	n.m.	15.4
RoCE (%)	6.3	41.5	4.1	65.7
RoE (%)	2.6	31.6	-	88.9
EV/EBITDA (x)	4.5	10.6	n.m.	13.3

VALUEIND results are for 15 months ended December 2010

n.m: Not meaningful

FINANCIAL PROFILE

Margins decline marginally for the period ending December 2010

Top line increased significantly and stood at ~Rs.17.2 billion (bn) for the period under review ending December 2010 consisting of 15 months starting October 2009 and ending December 2010 as compared to previous period where it was ~Rs.12.4 bn.

Operating margins declined marginally by 50 basis points for the period under review ending December 2010 and stood at 11.7% as against 12.2% in the previous period due to marginal increase in cost of sales.

The company's net profit increased significantly and stood at ~Rs.144.4 million(mn) in the period under review ending December 2010 as compared to previous period where it was ~Rs.48.1 bn.

Key Financial Indicators

	Units	Sep-08	Sep-09	Dec-10
Revenue	Rs million	12,453.3	12,047.8	17,142.2
EBITDA margins	Per cent	14.0	12.2	11.7
PAT	Rs million	77.3	48.1	144.4
PAT margins	Per cent	0.6	0.4	0.8
Revenue growth	Per cent	-3.7	-3.3	13.8
EBITDA growth	Per cent	14.3	-15.8	8.8
PAT growth	Per cent	-47.3	-37.8	140.4
Gearing	Times	1.5	1.9	1.8
RoCE	Per cent	7.0	5.4	6.3
RoE	Per cent	1.7	1.1	2.6

Note: The period under review consists of 15 months starting from starting October 2009 and ending December 2010 while the previous period considered for comparison consists of 12 months starting from September 2008 and ending September 2009 and hence figures are not comparable.

INDUSTRY PROFILE

Household appliances

Rise in disposable incomes, boom in real estate industry and housing, stable prices of household appliances, rising distribution network and availability of financing schemes have driven growth of the household appliances industry in India, which comprises colour televisions (CTVs), refrigerators, washing machines and air conditioners.

ANNUAL RESULTS

Income statement

(Rs million)	Sep-08	Sep-09	Dec-10
Net Sales	12,446.8	12,041.8	17,136.3
Operating Income	12,453.3	12,047.8	17,142.2
EBITDA	1,747.5	1,471.2	2,001.0
EBITDA Margin	14.0	12.2	11.7
Depreciation	786.4	802.1	1,042.2
Interest	783.1	617.4	865.8
Other Income	-38.8	23.1	137.4
PBT	120.0	73.4	214.3
PAT	77.3	48.1	144.4
PAT Margin	0.6	0.4	0.8
No. of shares(Mn No.)	39.2	39.2	39.2
Earning per share(EPS)	2.0	1.2	2.9

Cash flow

(Rs million)	Sep-08	Sep-09	Dec-10
Pre-tax Profit	139.2	74.8	230.4
Total tax paid	-14.9	-13.0	-39.0
Depreciation	786.4	802.1	1,042.2
Change in working capital	488.3	-285.2	158.1
Cash flow from operating activities	1,399.0	578.7	1,391.7
Capital expenditure	526.1	-2,177.5	-1,211.5
Investments and others	-104.9	-56.7	31.1
Cash flow from investing activities	421.3	-2,234.2	-1,180.4
Equity raised/(repaid)	61.4	-0.3	0.0
Debt raised/(repaid)	-1,799.2	1,699.0	-100.1
Dividend (incl. tax)	-25.0	-47.3	-46.7
Others (incl extraordinary)	-87.0	-5.9	-21.4
Cash flow from financing activities	-1,849.8	1,645.5	-168.2
Change in cash position	-29.5	-10.0	43.1
Opening cash	138.5	109.0	99.0
Closing cash	109.0	99.0	142.1

n.m.: Not meaningful

QUARTERLY RESULTS

Profit and loss account

(Rs million)	Mar-11	% of Rev	Mar-10	% of Rev	Dec-10	% of Rev
No of Months	3		3		3	
Revenue	3,735.3	100.0	3,440.5	100.0	3,674.8	100.0
EBITDA	418.4	11.2	402.2	11.7	413.2	11.2
Interest	154.2	4.1	163.4	4.7	150.4	4.1
Depreciation	213.4	5.7	192.5	5.6	210.9	5.7
PBT	50.8	1.4	46.3	1.3	51.9	1.4
PAT	35.8	1	31.3	0.9	36.9	1

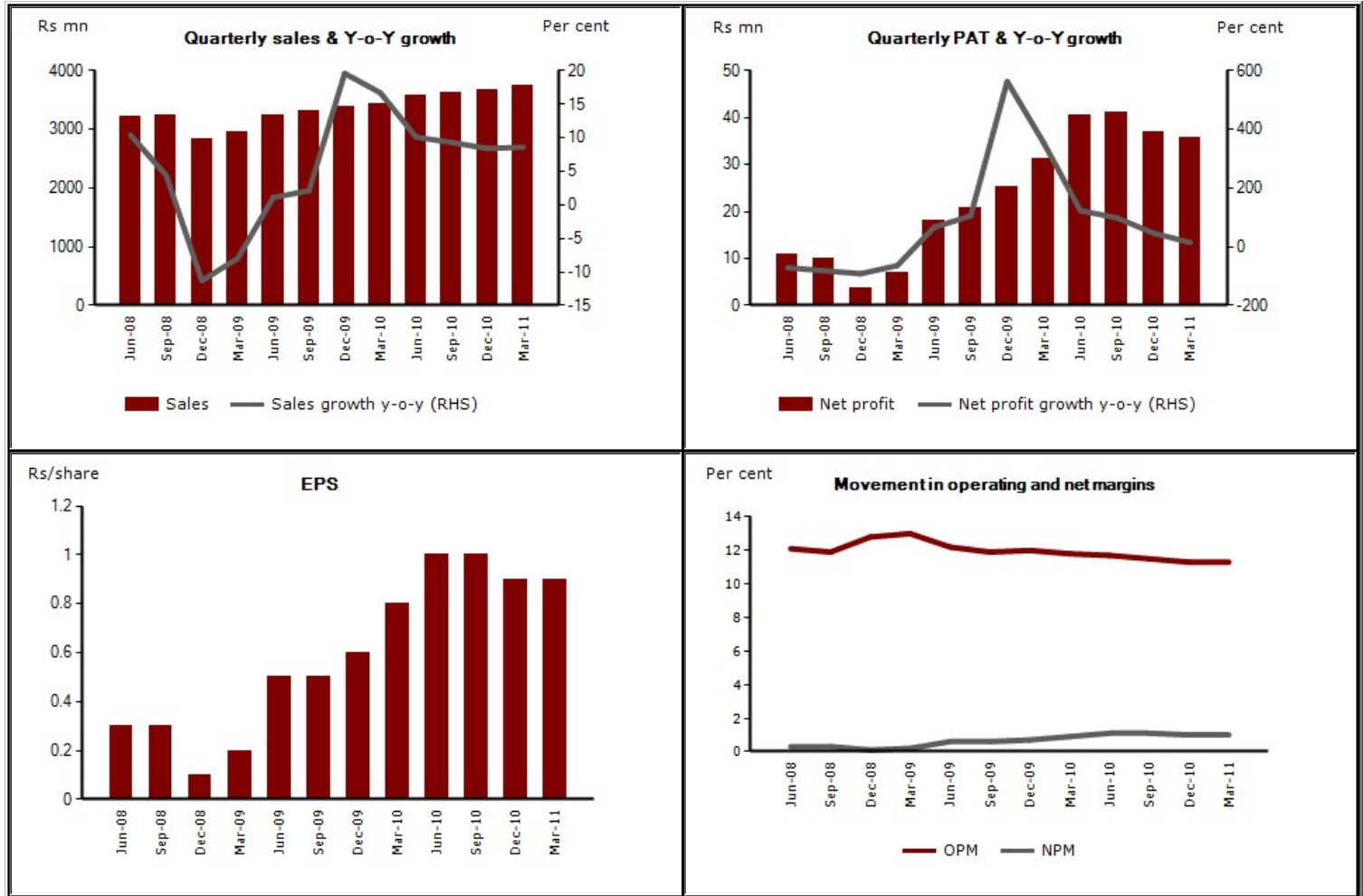
Balance Sheet

(Rs million)	Sep-08	Sep-09	Dec-10
Equity share capital	392.1	391.9	391.9
Reserves and surplus	4,083.1	4,081.5	4,176.5
Tangible net worth	4,475.2	4,473.3	4,568.4
Deferred tax liability: asset	912.5	924.9	955.8
Long-term debt	2,392.3	3,931.0	2,564.2
Short-term-debt	4,257.9	4,418.2	5,684.9
Total debt	6,650.2	8,349.2	8,249.1
Current liabilities	1,690.6	1,316.9	2,483.5
Total provisions	45.4	98.3	96.1
Total liabilities	13,773.9	15,162.6	16,352.9
Gross block	16,146.4	15,060.6	16,271.3
Net fixed assets	6,517.7	7,895.3	8,067.2
Investments	504.3	561.0	530.0
Current assets	6,751.9	6,706.3	7,755.8
Receivables	2,542.1	2,414.7	2,659.7
Inventories	3,453.0	3,629.6	3,788.4
Cash	109.0	99.0	142.1
Total assets	13,773.9	15,162.6	16,353.0

Ratios

	Sep-08	Sep-09	Dec-10
Revenue growth(%)	-3.7	-3.3	13.8
EBITDA growth(%)	14.3	-15.8	8.8
PAT growth(%)	-47.3	-37.8	140.4
EBITDA margins(%)	14.0	12.2	11.7
Tax Rate(%)	12.4	17.6	18.2
PAT margins(%)	0.6	0.4	0.8
Dividend payout(%)	25.4	81.5	27.1
Dividend per share(Rs)	0.5	1.0	1.0
BV(Rs)	114.1	114.2	116.6
Return on Equity(%)	1.7	1.1	2.6
Return on Capital employed(%)	7.0	5.4	6.3
Gearing(x)	1.5	1.9	1.8
Interest coverage(x)	2.2	2.4	2.3
Debt/EBITDA(x)	3.8	5.7	4.1
Asset turnover(x)	0.8	0.8	0.9
Current ratio(x)	1.1	1.1	0.9
Gross current assets(days)	197	203	206

FOCUS CHARTS AND TABLES



Shareholding pattern (Per cent)

	Jun 2010	Sep 2010	Dec 2010	Mar 2011
Promoters	46.8	46.8	46.8	46.8
FII	-	-	-	-
DII	2.8	2.8	2.9	2.9
Others	50.4	50.4	50.4	50.4

Board of Directors

Directors Name	Designation
Venugopal Nandlal Dhoot	Non-Executive Chairman, Promoter-Director, Non-Executive Director
Subhash Shamsunder Dayama	Non-Executive Director
Pradipkumar Nandlal Dhoot	Non-Executive Director, Promoter-Director
Avinash Hariprasad Malpani	Non-Executive Director
Naveen Bhanwarlal Mandhana	Non-Executive Director

Additional Disclosure

This report has been sponsored by NSE - Investor Protection Fund Trust (NSEIPFT).

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