



EQUITY RESEARCH REPORT

WIM PLAST LTD.

BSE CODE: 526586

Industry: Plastic Products

Market Cap: 123 (Crores)

Date: August 30, 2011

CMP: Rs. 204.65 (30/08/2011)

Target Price: Rs. 430

Time Period: 12 – 18 months



Saral Gyan Capital Services

www.saralgyan.in

An Independent Equity Research Firm

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1. Company Background



Wim Plast Ltd.

Wim Plast Limited is one of the group company of 'cello' group.

Wim Plast Limited incorporated on 7th October, 1988, and listed in the year 1994 at the Bombay Stock Exchange Ltd. (BSE) and the Ahmedabad Stock Exchange Ltd. (ASE).

In the year 1994 company setup manufacturing unit of plastic moulded furniture at Daman in which company got grand success in the business. In the process of diversification in 2005 company has setup plants at Baddi, Himachal Pradesh for processing of bubbleguard extrusion sheets and also moulded furniture which a new innovation in India in the field of extrusion technology.

Presently the company has manufacturing units at Daman, Baddi and Chennai also have Depots in Gujrat, Rajasthan, Andhra Pradesh, Haryana and Punjab and have strong consumer base through out the country.

Cello is the undisputed leader in plastic finished goods. Since 1975, the group has been shaping plastics into high quality convenience products for homes and industries making life better & easier. Ceaselessly endeavoring to set new bench marks in quality and constantly innovating to blaze new trails in the marketplace. Today Cello offers larger range of products than any other manufacturer in India.

All surpassing the highest international standards in quality Cell's R&D, manufacturing technology, production processes, materials, quality standards and the high skilled workforce of 5000 people are among the best in the world making Cello the no. 1 brand of plastic products in India.

Products:

1. Plastic molded furniture



Comfort Series



Premium & High Back Range



Utility Products, Tables & Stools



Material Handling



2. Cello Bubble Guard Board



False Ceilings stronger and Lifelong Revolutionary False Ceiling Panels

Products
False Ceiling
Wall Panel
Door Panel / Partition
Wood Protector
Floor Protector
Wall Facing Board
Packaging
Printing

False Ceiling

Stronger and Lifelong Revolutionary False Ceiling Panels (first time in Asia), a perfect product to fulfill all your needs of false ceiling

- Light Weight
- Sturdy
- Elegant
- Pre-finished
- Durable
- Long Lasting

Ideal for Offices, Warehouses, Stores, Industrial sheds, Textile Industries, Chemical Industries, Pharma Companies, Hospitals, Hotels, Docks, Ports & Commercial Complexes.

Inherent Advantage

- Light Weight Strong & Durable
- Moisture & Water Proof
- Termite, Insect & Bacteria Proof

Wall Panels

Cello Bubble Guard Wall Panel has various advantages over other material namely, moisture & termite proof, Fire retardant, Economical, Maintenance free. Available in various designs.

Wall Panels can be directly pasted on the solid surface with the adhesive recommended (SG 1000 of 3 M / SP5 of Pidilite) and joints can be finished with sealants, tapes or decorative beadings.

The panels offers high tensile strength, resists stress cracking, retains stiffness & flex. These wall panels are also available in seamless appearance, clad with tongue & groove system offer permanent utility / decorative paneling designed to provide flexibility, durability & beauty.

Door Panel/Partition

Cello Bubble Guard Part ions / Door Panels are versatile to use available in various attractive designs, which don't need paint or polish.

They are easy to install and easy to cut, can be fixed by any unskilled laborer. The panels are light weight, water proof, termite proof & non-toxic. The panel offers high tensile strength, resists stress cracking, retain stiffness & flex. These panels are used as filler of aluminium, PVC, Wood & other frame. They are non-staining. The panels are insured of better durability, longer functional life & also effective cost.

Floor Protector

In the under construction sites, the floor tiles are laid prior to the finishing of the buildings. All the electrical and other fittings are done after the flooring is completed. Portable scaffoldings, tools and other equipments move on the floor, to complete the remaining work.

To avoid the damage to the tiles, Plaster of Paris (POP) is laid on the Flooring and removed after the completion of the job. POP has many disadvantage as it is cumbersome to lay & remove, Skilled labour is required, Time Consuming , Disposition of debris after completion is the major problem, while removing / scrapping operation chances of getting scratches to the tiles. Construction site becomes shabby, uncomfortable, dusty, and unhygienic.

Cello Floor Protector is the alternative available now, it can be easily laid and removed by any person / layman, thus preventing damage to the tiles, maintains the site clean and hygienic. Sheets are reusable at another site, thus solving the problem of disposition – an additional benefit to the customer.

2. Recent Developments

Business Expansion Plans, 24 August 2011

Wim Plast Ltd has informed BSE that the Company has initiated following expansion projects:

1. The Company has acquired land of 8092 sqmt. at Haridwar, for setting up of manufacturing unit of Plastic Moulded Products. The commercial production of the Unit will start by the end of last quarter of current financial year.
2. The Company is in the process of setting up of new extrusion plant at Daman for manufacturing of Fluted & S-fluted polypropylene sheets. The sheets will mainly used for packaging and advertisement. The Commercial production of the unit will start by the end of the second quarter of current financial year.

Total cost of the above projects will be funded by internal accruals of the Company.

Outcome of AGM, 20 August 2011

Wim Plast Ltd has informed BSE that the members at the 23rd Annual General Meeting (AGM) of the Company held on August 20, 2011, have transacted the following:

1. Audited Accounts for the financial year ended on March 31, 2011 along with Report of Auditors and Directors thereon were consider and adopted.
2. Final Dividend of Rs. 4.50 per share (45%) on equity shares was approved.
3. Mr. Pankaj G. Rathod the Director liable, to retire by rotation was re-appointed.
4. Mr. S. M. Khinvesra the Director liable to retire by rotation was re-appointed.
5. Mr. Mahendra F. Sundesha the Director liable to retire by rotation was re-appointed.
6. M/s. Bharat P. Shah & Co., Chartered Accountants was re-appointed as Statutory Auditors of the Company for the financial year 2011-12 and Board of Directors were authorized to fix the remuneration of Auditors.

3. Financial Performance

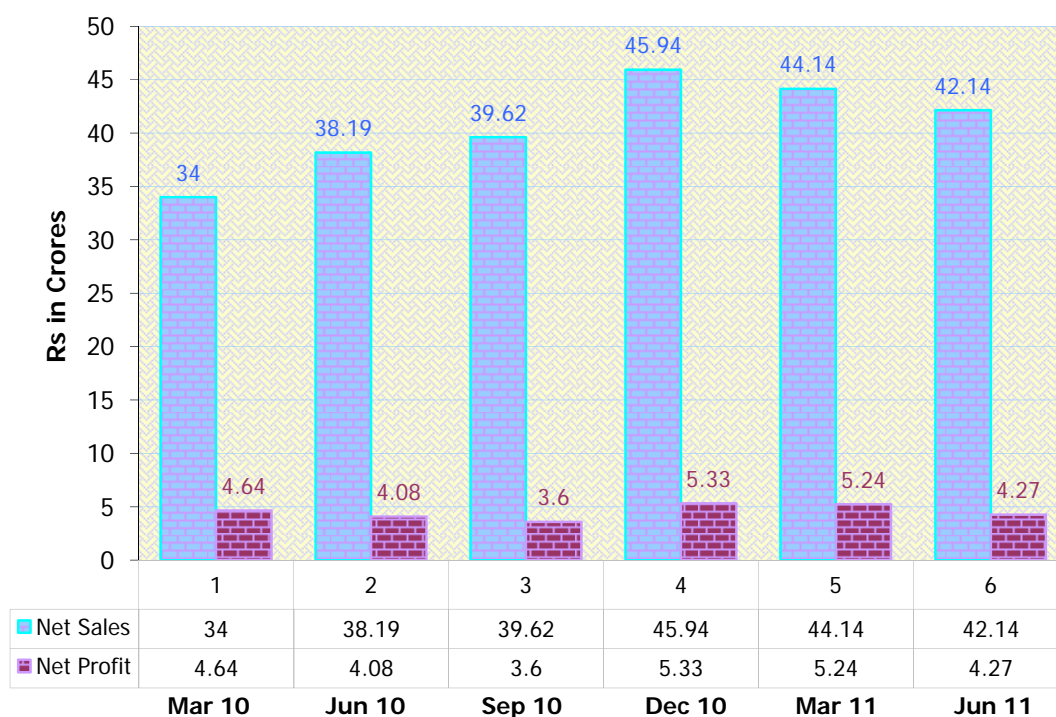
Wim Plast net profit rises 4.66% in the June 2011 quarter

Wim Plast net profit rose 4.66% to Rs 4.27 crore in the quarter ended June 2011 as against Rs 4.08 crore during the previous quarter ended June 2010. Sales rose 9.64% to Rs 41.87 crore in the quarter ended June 2011 as against Rs 38.19 crore during the previous quarter ended June 2010

Wim Plast net profit rises 7.29% in the year ended March 2011

Net profit of Wim Plast rose 7.29% to Rs 18.25 crore in the year ended March 2011 as against Rs 17.01 crore during the previous year ended March 2010. Sales rose 24.92% to Rs 167.48 crore in the year ended March 2011 as against Rs 134.07 crore during the previous year ended March 2010.

Last 6 Quarters Net Sales & Profit



Current & Expected Earnings:

Particulars (Rs. In Crores)	Sep '10	Dec '10	Mar '11	Jun '11	Sep '11 E	Dec '11 E
Audited / Unaudited	UA	UA	UA	UA	UA	UA
Sales Turnover	39.62	45.94	44.14	42.14	45.94	53.78
Other Income	0.27	0.53	0.45	0.33	0.35	0.53
Total Income	39.89	46.47	44.59	42.47	46.29	54.31
Total Expenses	33.53	37.85	35.78	35.28	39.23	44.01
Operating Profit	6.09	8.09	8.36	6.86	6.71	9.77
Total Extraordinary Inc/Exp	--	--	--	--	--	--
Tax On Extraordinary Items	--	--	--	--	--	--
Net Extra Ordinary Inc/Exp	--	--	--	--	--	--
Gross Profit	6.36	8.62	8.81	7.19	7.06	10.30
Interest	0.02	0.02	0.02	0.02	0.02	0.02
PBDT	6.34	8.60	8.79	7.17	7.04	10.28
Depreciation	1.09	1.1	1.16	1.22	1.25	1.31
Depreciation On Assets	--	--	--	--	--	--
PBT	5.25	7.5	7.63	5.95	5.81	8.97
Tax	1.65	2.17	2.39	1.68	1.67	2.81
Net Profit	3.6	5.33	5.24	4.27	4.14	6.16
Prior Years Income/Expenses	--	--	--	--	--	--
Earnings Per Share	5.99	8.88	8.73	7.11	6.90	10.27
Equity	6	6	6	6	6	6
Reserves	--	--	--	--	--	--
Face Value	10	10	10	10	10	10
% of Public Share Holdings	27.38	27.15	27.04	27.04	--	--

Expected Earnings for 2nd and 3rd Qtr FY 2011-12:

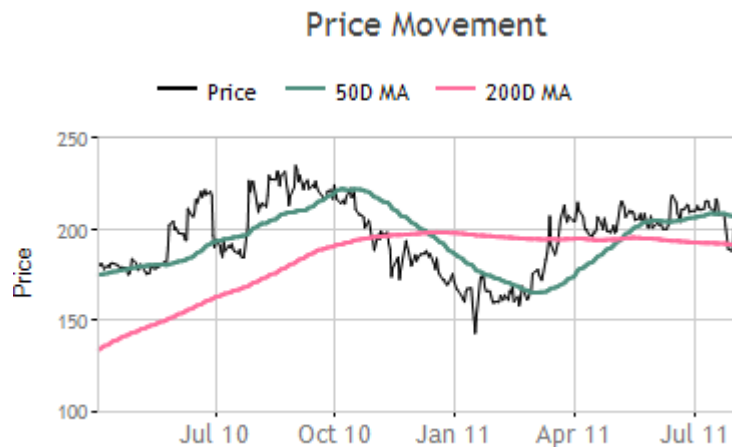
Wim Plast revenues are expected to improve significantly on the basis of manufacturing unit at Daman getting operational by the end of 2nd quarter of current financial year.

Management is more focusing on innovative products like Cello Bubble guard board offering unique benefits to its consumers. Company has the advantage of early entrant in this segment with minimum competition and wide distribution network across the country.

4. Charts & Graphs

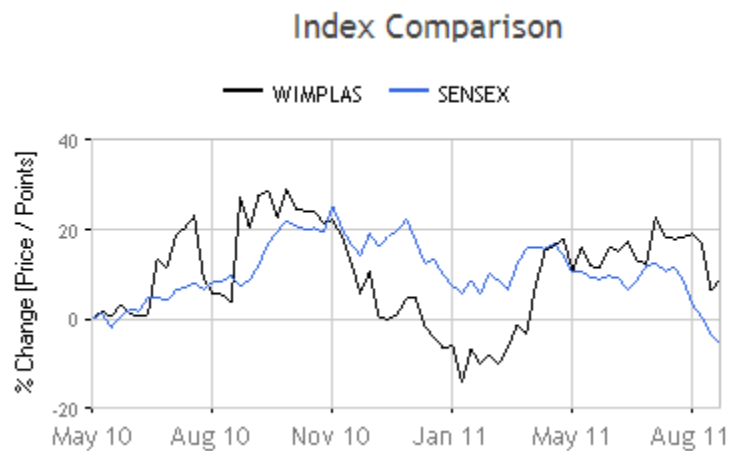
i) Share Price Moving Average:

Wim Plast Ltd is currently trading above its 200 days price moving average and is having strong support at 180 Rs levels.

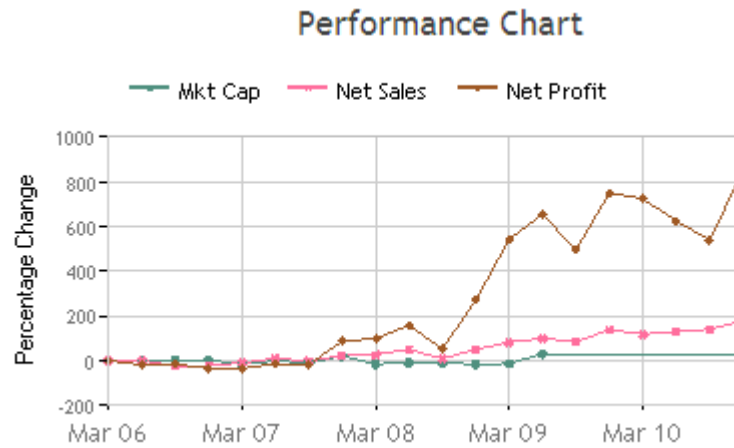


ii) Comparative Graph:

Wim Plast Ltd has outperformed Sensex giving returns of 261.89% in last three year. In last one year, Wim Plast has given returns of -4.41% against Sensex returns of -9%.

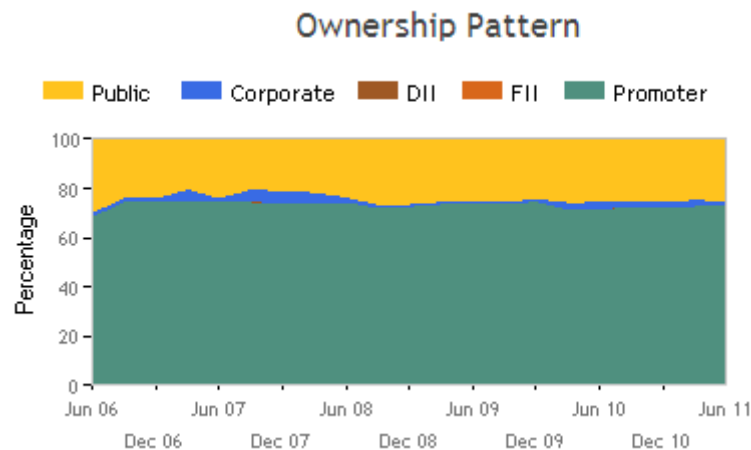


iii) Performance Chart:



iv) Share holding Pattern:

Promoters share holding is 72.96%. Promoters have been continuously making open market purchase since last one year. During last one year, promoters have increased their stake by almost 1%.



5. Peer Group Comparison

PEER GROUP	Wim Plast	Fenoplast	Nilkamal	Prima Plastics	Supreme Inds
CMP	204.65	29.30	243.05	13.75	211
52 W H/L	242/141.85	64/28.05	441.65/233.80	30.70/11.05	838/136.15
Market Cap	122.82	13.48	365.45	15.13	2672
Results (in Crores)	Jun-2011	Dec-2010	Jun-2011	Mar-2011	Jun-2011
Sales	40.11	46.00	321.31	15.61	747.96
PAT	4.27	0.29	12.26	0.32	53.99
Equity	6.00	4.60	14.92	11	25.41
EPS	30.72	5.70	34.53	1.44	13.77
P/E	6.66	5.14	7.09	9.55	15.28

6. Key Concerns / Risks

- Inflation and Interest rate hike may slowdown the growth in Industry. Competitors in the Industry may not pass down inflation affect to consumers which will impact margins of the company.
- Any unexpected environmental regulation or government policy may affect Industry as a whole.
- Rise in crude prices can hamper the margins of the company as it is one of the major constituents of raw material.

7. Saral Gyan Recommendation

i) Management has been conservative in past but now with new developments with expansion plans for their existing facilities and set up of new plants at new locations give visibility for revenue growth in coming years. New facilities at new location will also give opportunities to company to move into new regions expanding their customer reach.

ii) The Management holds 72.96% equity in the company and has been continuously increasing its stake at current valuations (increased holding by 1% during last one year) which gives confidence of growth prospects in coming quarters.

iii) The stock is available at low valuations, existing P/E ratio of 6.5 make the stock valuations attractive while comparing it with peer stocks like Nilkamal and Supreme Industries.

iv) The operating margins and net profit has grown significantly. Since last 2 years, company has improved its margin and profit margins of 11-13% seems sustainable even after expansion due to less dependence on debt, currently cash balance is in excess of total debt of the company. No equity dilution since last many years is another positive.

v) At current market price of Rs 204.55, dividend yield works out to be more than 2% (Company has announced Rs. 4.50 dividend per share). On equity of Rs. 6 crore the estimated annualized EPS for FY 2011-12 works out to Rs. 38 and the Book value per share is Rs. 139.16. At a CMP of Rs. 204.55, stock price to book value is 1.47. Currently, the scrip is trading at 6X FY 2011-12 estimated earnings which make it an attractive buy at a price range of 175-180.

Saral Gyan Team recommends “BUY” for Wim Plast Ltd for a target price of Rs. 430 over a period of 12-18 months.

Buying Strategy:

- 20% at current market price of 204.65
- 80% at price range of 175-180

8. Disclaimer

Important Notice: Saral Gyan Capital Services is an Independent Equity Research Company.

Disclosure: The author of this article does not hold shares in the recommended company.

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