

Lockdown hits performance amid pandemic...

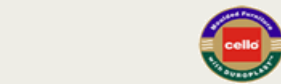
Wim Plast (WPL) reported a sluggish Q1FY21 performance. However, this was perceived to be due to nationwide lockdown. We believe the company would have lost almost 40 days of sales amid lockdown. As a result, revenue in Q1FY21 fell 75% YoY to ₹ 23 crore. Plastic segment (~87% of revenue) revenue fell 73% YoY while other segment (includes extrusion sheet, moulds, air cooler) revenue fell 83% YoY. On the margin front, gross margin declined ~600 bps YoY mainly due to adverse product mix. However significant saving in other expenditure, employee cost that were down 66%, 46% YoY respectively, helped restrict losses at EBITDA level at ₹ 12 lakh only. Finally, WPL reported bottomline loss of ₹ 1.5 crore in Q1FY21. We believe a sales recovery post ease in lockdown restrictions coupled with market share gains from unorganised pie would be key monitorables for WPL, going forward. Despite stiff competition, it has maintained its value market share of ~20% (in FY20). Further, a sharp increase of revenue contribution from value added products (VAP) categories from 11% to ~17% in the last four years, made a huge impact on gross margin front (up ~500 bps YoY in FY20). We believe at the CMP WPL is available at compelling valuation given its strong retail brand, debt free status and capability of throwing positive cashflows.

Gradual demand recovery post ease in lockdown restrictions

While the Q1FY21 performance was largely hit by lockdowns, dealers also shied away from building inventory in the wake of various uncertainties. However, according to market leader in the plastic furniture space, July-August saw ~85% demand recovery post ease in lockdown restrictions. We believe demand was largely driven by tier II, tier III cities where impact of pandemic was limited. We also believe, backed by strong supply chain management, organised players like WPL would have gained market share from regional/unorganised players as latter's business activities were sharply hit by intermediary lockdowns. We believe opening up of economy with market share gain would help drive WPL's performance, going forward.

Valuation & Outlook

WPL is the third largest players in the plastic furniture industry with ~14,000 touch points across India. In the last five years, it has focused on increasing share of value added product category (currently ~17%) in its revenue. This has helped the company to maintain its EBITDA margin at elevated levels despite muted sales growth. Strong EBITDA margin, debt free status and prudent working capital management helped the company to generate strong CFO of ₹ 80 crore in FY20. As a result, WPL also increased its dividend payout to ~45% in FY20 vs. 26% in FY19. We believe that at the CMP, WPL is available at compelling valuations given its strong fundamentals. We revise our rating from HOLD to **BUY** with a target price of ₹ 490/share (12x FY22E earnings).



Wim Plast Ltd.

Particulars

Particular	Amount
Market Capitalization (₹Crore)	476.4
Total Debt (FY 20) (₹Crore)	0.0
Cash and Inv (FY 20) (₹Crore)	86.0
EV (₹Crore)	390.4
52 week H/L (₹)	459/211
Equity capital (₹Crore)	12.0
Face value (₹)	10.0

Key Highlights

- The performance was hit by revenue loss of almost 40 days amid lockdown. The gross margin was also impacted by adverse product mix
- However company has increased revenue contribution from premium products has led to increase in gross margins in FY20
- We believe organised players would gain market share from unorganised/regional players as business activities of latter have been hit by intermediary lockdowns
- Revise our rating from HOLD to BUY and value stock at 12x FY22E earnings with revised target price of ₹ 490/share

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Key Financial Summary

(₹Crore)	FY18	FY19	FY20E	FY21E	FY22E	CAGR (20-22E)
Net Sales	387.7	372.6	321.6	284.6	382.4	9.0
EBITDA	80.8	74.4	66.6	54.5	79.5	9.3
EBITDA Margin (%)	20.8	20.0	20.7	19.2	20.8	
Net Profit	44.5	39.3	45.1	31.9	49.2	4.5
EPS (₹)	37.1	32.7	37.6	26.6	41.0	
P/E (x)	10.7	12.1	10.6	14.9	9.7	
Price/Book (x)	1.6	1.5	1.4	1.3	1.2	
RoE (%)	15.0	12.0	12.9	8.7	12.5	
RoCE (%)	21.8	17.6	15.6	11.4	16.3	

Source: ICICI Direct Research, Company

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	Comments
Revenue	23.3	92.0	-74.7	75.9	-69.3	Revenue impacted by lower volume offtake amid lockdown
Other Income	2.5	1.0	164.9	4.3	-41	
Raw Material Exp	13.6	48.6	-71.9	40.0	-65.9	Adverse impact of gross margin (down by 600 bps YoY) mainly due to change in product mix
Employee cost	3.8	6.9	-45.6	6.0	-37.5	
Other Expenditure	6.0	17.6	-66.0	14.8	-59.6	
Total Expenditure	23.4	73.1	-68.0	60.8	-61.5	
EBITDA	-0.1	18.8	-100.6	15.1	-100.8	
EBITDA Margin (%)	-0.5	20.5	-2101 bps	19.9	-2039 bps	Lower gross margin partially offset by significant saving in fixed cost components, restricting fall in overall EBITDA during the period
Depreciation	4.6	4.6	-1.2	4.5	1.6	
Interest	0.0	0.1	-51.8	0.0	-0.2	
PBT	-2.2	15.1	-114.5	14.9	-114.7	
Total Tax	-0.6	2.1	-128.1	3.9	-114.8	
PAT	-1.5	13.0	-111.8	11.1	-113.8	The sharp decline in revenue and EBITDA led to sharp fall in net profit during the period
Key Metrics						
Plastics	20.4	75.3	-72.9	62.8	-67.4	Sales loss for the almost 40 days in Q1FY21 dragged the sales of plastic goods
Others	2.8	16.6	-82.9	13.2	-78.4	Lower offtake of air coolers during the peak period impacted the segment sales

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ crore)	FY21E			FY22E			Comments
	Old	New	% Chg	Old	New	% Chg	
Revenue	284.6	284.6	0.0	329.9	382.4	15.9	We increase our FY22E revenue estimate considering faster recovery in the sales of industry post ease in lockdown restrictions. We continue to believe that organised players would gain market share from unorganised pie due to former's strong supply chain management and strong distribution reach
EBITDA	54.5	54.5	0.0	70.2	79.5	13.3	
EBITDA Margin (%)	19.2	19.2	-5bps	21.3	20.8	-50bps	Change in mix coupled with various cost rationalisation measures would help fast recovery in margin

Source: Company, ICICI Direct Research

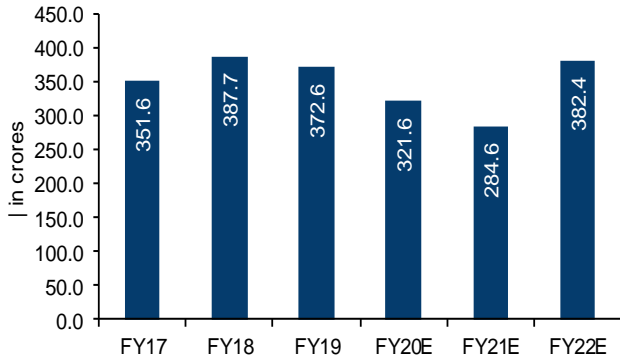
Exhibit 3: Assumptions

	Current				Comments
	FY19	FY20	FY21E	FY22E	
Plastic	-12.1	-12.2	-11.7	35.0	Though the contribution of value added products increased from ~11% to ~17% in the last five years, stiff competition in its key operating markets from unorganised players dented topline growth. We believe the unorganised industry has suffered significantly due to lockdown and rising tax compliances, which would in term help Wimplast to gain market share, going forward
Others	57.1	-22.0	-10.0	30.1	Low base coupled with addition of new dealers would help drive growth in air cooler, moulds and extrusion sheets

Source: Company, ICICI Direct Research

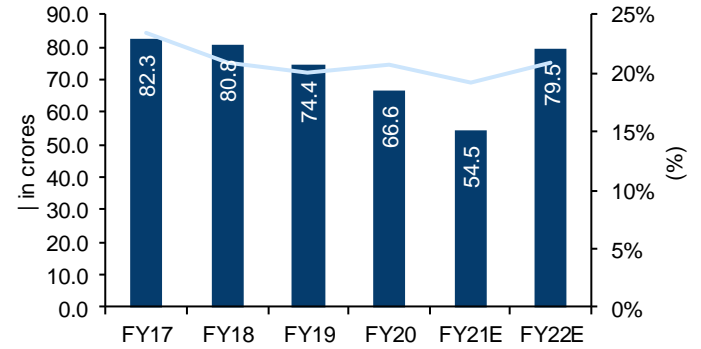
Financial story in charts

Exhibit 4: Revenue growth trend



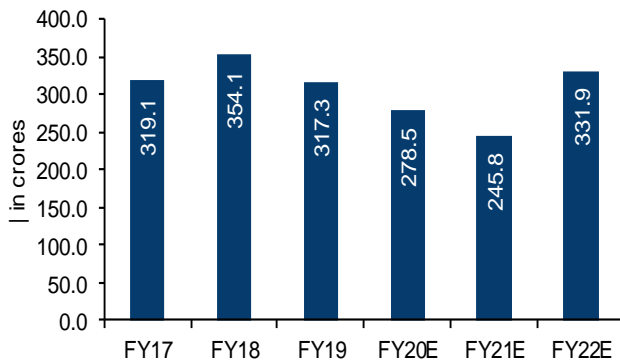
Source: ICICI Direct Research, Company

Exhibit 5: EBITDA margin movement



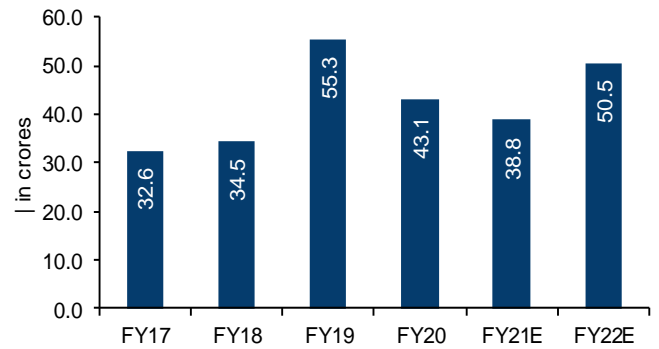
Source: ICICI Direct Research, Company

Exhibit 6: Revenue from plastic segment



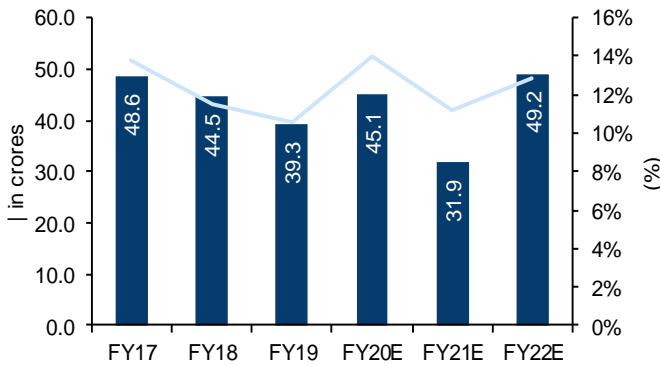
Source: ICICI Direct Research, Company

Exhibit 7: Revenue from other segment



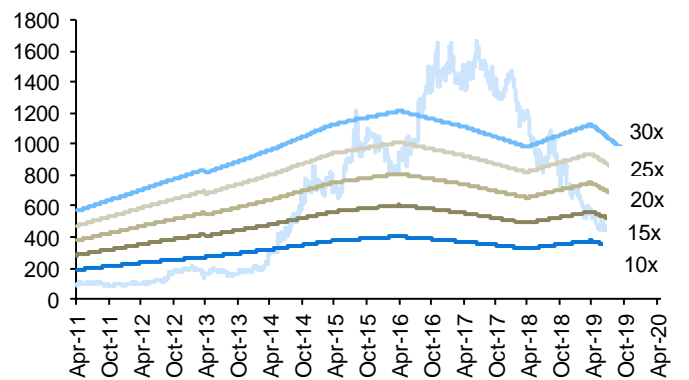
Source: ICICI Direct Research, Company

Exhibit 8: PAT and PAT margin movement



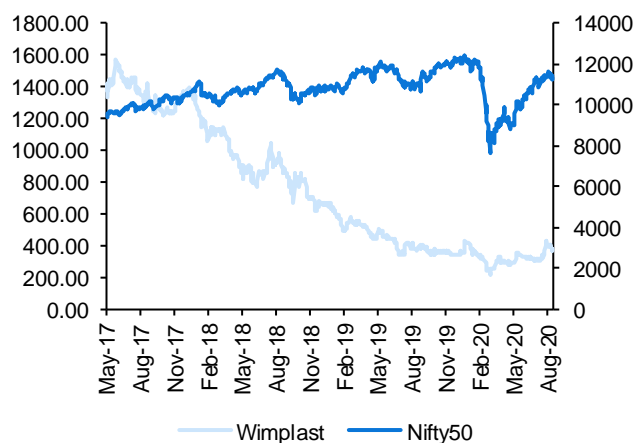
Source: ICICI Direct Research, Company

Exhibit 9: PE chart



Source: ICICI Direct Research, Company

Exhibit 11: Historical price trend



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 12: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoter	69.9	69.9	69.9	69.9	69.9
FII	4.0	4.0	4.0	3.6	3.6
DII	6.3	6.5	6.5	6.5	6.5
Others	19.8	19.6	19.6	20.0	20.0

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement (₹ crore)				
(Year-end March)	FY19	FY20	FY21E	FY22E
Revenue	372.6	321.6	284.6	382.4
Growth (%)	-3.9	-13.7	-11.5	34.3
Raw material expense	212.8	167.6	140.5	185.1
Employee expenses	27.5	25.9	27.0	36.3
Other expenses	57.9	61.5	62.6	81.4
Total Operating Exp	298.2	255.0	230.1	302.8
EBITDA	74.4	66.6	54.5	79.5
Growth (%)	-8.0	-10.4	-18.2	45.9
Depreciation	16.8	18.5	19.9	22.0
Interest	0.2	0.2	0.2	0.2
Other Income	2.0	7.9	8.0	8.2
PBT	59.3	55.7	42.4	65.5
Total Tax	20.1	10.8	10.6	16.4
PAT	39.3	45.1	31.9	49.2
Growth (%)	-11.9	14.8	-29.3	54.3
EPS (₹)	32.7	37.6	26.6	41.0

Source: Company, ICICI Direct Research

Exhibit 15: Balance sheet ₹ crore				
(Year-end March)	FY19	FY20	FY21E	FY22E
Liabilities				
Equity Capital	12.0	12.0	12.0	12.0
Reserve and Surplus	313.9	338.6	354.6	382.1
Total Shareholders funds	325.9	350.6	366.6	394.1
Others	12.6	8.1	8.1	8.1
Total Liabilities	338.4	358.7	374.8	402.1
Assets				
Gross Block	179.2	190.7	201.6	213.6
Less: Acc Depreciation	43.9	62.4	82.3	104.3
Total Fixed Assets	135.3	128.3	119.3	109.3
Investments	38.7	82.5	92.5	102.5
Inventory	98.2	98.4	89.7	104.8
Debtors	76.3	66.3	74.1	89.0
Loans and Advances	0.3	0.4	0.4	0.4
Other CA	6.5	8.2	7.3	9.7
Cash	3.9	3.5	4.0	4.6
Total Current Assets	185.2	176.7	175.4	208.5
Creditors	12.7	13.1	9.4	12.6
Provisions	1.5	1.9	1.1	1.5
Other CL	11.2	19.0	6.3	8.4
Total Current Liabilities	25.4	34.1	16.8	22.5
Net Current Assets	159.8	142.6	158.6	186.0
Total Assets	338.4	358.7	374.8	402.2

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement (₹ crore)				
(Year-end March)	FY19	FY20	FY21E	FY22E
Profit after Tax	39.3	45.1	31.9	49.2
Add: Depreciation	16.8	18.5	19.9	22.0
(Inc)/dec in Current Assets	5.7	8.1	1.8	-32.5
Inc/(dec) in CL and Provisions	-9.4	8.7	-17.3	5.8
CF from operating activities	52.6	80.6	36.5	44.6
(Purchase)/Sale of Fixed Ass	-27.4	-12.4	-10.0	-12.0
Others	-19.4	-47.9	-10.0	-10.1
CF from investing activities	-46.8	-60.3	-20.0	-22.1
Dividend paid & dividend tax	-10.1	-20.3	-15.9	-21.7
Others	-0.2	-0.4	-0.1	-0.2
CF from financing activities	-10.3	-20.6	-16.0	-22.0
Net Cash flow	-4.5	-0.3	0.5	0.6
Opening Cash	8.4	3.9	3.5	4.0
Closing Cash	3.9	3.5	4.0	4.6

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
EPS	32.7	37.6	26.6	41.0
Cash EPS	46.7	53.0	43.2	59.3
BV	271.6	292.1	305.5	328.4
DPS	8.4	16.9	13.3	18.1
Operating Ratios (%)				
EBITDA Margin	20.0	20.7	19.2	20.8
PAT Margin	10.5	14.0	11.2	12.9
Asset Turnover	2.1	1.7	1.4	1.8
Inventory Days	96.2	111.6	115.0	100.0
Debtor Days	74.8	75.2	95.0	85.0
Creditor Days	12.4	14.9	12.0	12.0
Return Ratios (%)				
RoE	12.0	12.9	8.7	12.5
RoCE	17.6	15.6	11.4	16.3
RoIC	17.4	13.8	9.4	14.6
Valuation Ratios (x)				
P/E	12.0	10.5	14.8	9.6
EV / EBITDA	6.3	7.0	8.6	5.9
EV / Net Sales	1.3	1.5	1.6	1.2
Market Cap / Sales	1.3	1.5	1.7	1.2
Price to Book Value	1.4	1.3	1.3	1.2
Solvency Ratios				
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	7.1	5.1	10.2	9.1
Quick Ratio	3.3	2.2	4.9	4.4

Source: Company, ICICI Direct Research

Exhibit 17: ICICI Direct Coverage Universe (Consumer Discretionary)

Sector / Company	CMP			M Cap (₹Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
Asian Paints (ASIPA)	2,017	1,900	Hold	1,93,430	29.0	21.8	32.6	69.6	92.7	61.8	38.9	45.6	32.9	27.4	19.4	26.9	30.5	22.6	31.0
Astral Polytechnik (ASTP)	1,202	1,120	Hold	18,110	16.6	15.0	23.3	72.6	80.4	51.6	36.1	39.3	27.8	20.5	17.0	23.1	16.6	13.1	17.9
Amber Enterprises (AM)	2,065	1,980	Buy	6,494	52.2	18.4	63.7	39.6	112.3	32.4	18.1	27.6	13.2	14.3	7.0	17.4	14.5	5.3	15.5
Bajaj Electricals (BAJEL)	495	495	Buy	5,628	0.0	4.1	14.8	NM	120.9	33.5	26.1	26.3	15.0	8.4	6.7	13.4	4.5	4.2	10.2
Berger Paints (BERPA)	581	580	Hold	56,427	6.8	6.1	9.7	86.0	94.8	59.7	51.7	55.0	37.8	26.6	22.0	31.3	24.7	19.7	27.1
Essel Propack (ESSPRC)	292	270	Buy	9,213	6.7	7.0	9.5	43.5	41.6	30.8	13.6	12.4	10.5	15.6	16.5	19.4	14.3	13.9	16.3
Havells India (HAVIND)	671	630	Hold	41,864	11.7	8.0	14.4	57.1	83.7	46.6	33.9	40.7	25.5	19.6	14.3	22.6	17.0	11.4	18.3
Kansai Nerolac (KANNE)	518	510	Buy	27,916	9.9	7.9	11.8	52.1	65.3	43.8	30.3	35.3	24.2	17.6	14.7	19.9	14.1	11.3	15.3
Pidilite Industries (PIDINI)	1,498	1,595	Buy	76,068	22.1	17.8	28.0	67.8	84.0	53.6	43.5	53.3	35.1	31.0	23.4	34.0	26.1	19.2	27.7
Polycab India (POLI)	897	950	Buy	13,354	51.4	42.2	55.4	17.4	21.2	16.2	10.7	13.4	9.8	26.5	16.8	22.2	20.0	13.9	17.0
Supreme Indus (SUPINC)	1,402	1,245	Hold	17,809	36.8	28.4	41.5	31.8	41.2	28.2	18.0	20.8	15.6	22.5	17.5	22.3	20.7	15.3	20.1
Symphony (SYMLIM)	865	960	Buy	6,051	26.0	20.5	32.0	33.2	42.1	27.0	26.7	33.9	21.0	28.8	23.5	37.0	29.0	23.0	35.1
Time Techno (TIMTEC)	42	47	Hold	950	7.5	3.4	9.4	5.6	12.4	4.5	3.3	4.5	3.0	12.5	7.4	13.5	9.3	4.3	11.0
V-Guard Ind (V GUARD)	176	210	Buy	7,538	4.3	3.6	5.2	40.7	49.0	33.8	27.4	32.5	22.6	24.8	19.7	24.3	18.6	14.8	18.5
Voltas Ltd (VOLTAS)	679	725	Buy	22,457	15.8	10.7	22.7	43.1	63.5	29.9	29.4	51.3	23.6	19.5	11.5	20.4	13.0	8.0	15.6
Wim Plast	397	490	Buy	476	37.6	26.6	41.0	10.6	14.9	9.7	7.1	8.7	5.9	15.6	11.4	16.3	12.9	8.7	12.5

Source: Company, ICICI Direct Research

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Hold : -5% to 15%;

Reduce : -5% to -15%;

Sell : < -15%



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