

For Your Better Tomorrow



Vikas WSP

"The individual investor should act consistently as an investor and not as a speculator." - Ben Graham.

Date – 20th February, 2018

BSE Code : 519307

CMP 16.7

Under Coverage

Face Value 1

Market Cap 321 cr

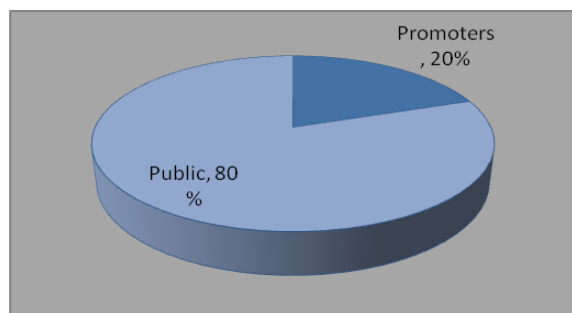
Equity Shares 19.44 cr

52 Week H 18.1 (05/01/2018)

52 Week L 6.51 (17/02/2017)

PER (TTM) 13.73

Shareholding Pattern



Other Shareholders

Hanuman Prasad Goyal 8.74%

Munni Devi Goyal 8.74%

Bodies Corporate 5.04%

Management

BD Agarwal CMD

Mahesh Batra Director

Bimla Devi Director

Jindal

Kamini Jindal Director

Vikas WSP – Under Coverage

We are closely watching the development taking place in Vikas WSP.

Company has posted profit in last 4 Quarters after 5 Quarters of loss.

With the crash of crude price in 2014-2015, fortune of the company dwindled. Company is into Guar Gum which was extensively used in Shale Gas production for fracturing.

Once bitten twice shy, company embarked the journey of transformation.

Earlier it relied on single big revenue stream of Guar Gum powder Export to Shale Gas Producers. Now company is developing different grades of Guar Gum which has varied application in different fields.

Here are the Key Takeaways of Management Meet

Management Meet

1. At Present Company is supplying Guar Gum powder to Nestle and HUL. It is being used variety of Food Product like Noodle, Ice Cream, and Health Supplements etc.
2. Vikas WSP has put R&D team for developing different types of Guar Powder Product suiting the needs of Food and Beverage Industries.
3. Company is having 4 Plants in Shriganganagar, Rajasthan with total installed capacity of 66000 tons per annum. At present Plant 1, having capacity of 20000 ton per annum is operating at 90-95% capacity utilization.

Management Meet

4. From Plant -1, Food Grade Guar powder is being produced.
5. Plant -2 is partially operational, producing 5000-6000 ton per annum of Guar Powder.
6. Plant-2 production is for non-Food items.
7. Plant-3 and Plant-4 is idle. As there is lower demand from Shale Gas producers.
8. Vikas WSP is planning to convert Plant-3 and 4 for Food Grade Guar Powder. Leaving one plant for shale gas demand.
9. Company has developed Protein from Guar Gum for which they have applied for process patent. They are looking to put up small plant in the RIICO Industrial Area, Shriganganagar. Company sees good demand in Protein supplement as India is net Importer of Protein Supplement. Protein Supplements are high value and high margin business.
10. Management has also indicated of launching 'Ozonised Atta' soon. Company will launch this Ozonised Atta under the Brand name of 'Vikas'.
11. They have Surplus Land of 73 Acre in RIICO Industrial Area, Shriganganagar, where Atta Plant would come up with 5MW Solar Park. Captive solar energy will meet their requirement and hence reducing the power cost.
12. Also Management is expecting Rs 250 crore from Economy Mud Product Company, USA. Dispute over the product supplied is expected to be settled soon. Court case is pending in US. Management is confident of receiving the amount.

Company Profile

The Company Vikas WSP Limited was established in 1988. The Hindi word "Vikas" means "Development" WSP Stands for "Water Soluble Polymers"

The Company is one of India's foremost guar gum powder (GGP) manufacturer, supplying to all sectors of the food industry with an extensive range of quality products. Besides food, the company also offers guar gum for technical applications such as pet food, oil drilling, textile printing, mining paper, etc.

Recent Orders

- | | |
|-----------|--|
| 19/2/2018 | Received orders worth Rs.106.23 Crore total of newly developed Guar Gum Thermogel-30 for ultra fermented and sausage roll and dairy applications from its MNC customers replacing high priced Locust Bean Gum. |
| 29/1/2018 | Received an export order worth Rs. 92.37 Crore of newly developed Guar Gum Thermogel-25 for ultra-fermented and sausage roll applications from MNC customers replacing high priced Locust Bean Gum. |
| 9/1/2018 | Received a trial export order worth Rs.1.04 Cr of newly developed Guar Gum Thermogel-25 for ultra- fermented and sausage roll applications from MNC customers replacing high priced Locust Bean Gum. |

Yearly Financials

(Fig in Rs Cr)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17
Sales	2906	1036.51	786	572.94	193.5
Other Income	5.65	5.36	480.31	20.48	4.85
Total Income	2911.65	1041.87	1266.31	593.42	198.35
Expenses	-2322.6	-958.06	-1188.55	-758.24	-213.07
EBDITA	589.05	83.81	77.76	-164.82	-14.72
Depreciation	-45.44	-45.83	-34.66	-35.02	-34.7
EBIT	543.61	37.98	43.1	-199.84	-49.42
Interest	-26.82	-33.03	-33.34	-26.32	-45.56
PBT	516.79	4.95	9.76	-226.16	-94.98
Tax	-172.63	-1.9	-3.33	-133.42	-10.91
PAT	344.16	3.05	6.43	-359.58	-105.89

Quarterly Result

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	
Sales	19.19	116.77	138.7	164.4	178.25	Company posted profit in Q4FY17 after 5 Quarters of consecutive Losses.
Other Income	2.42	0.2	0	1.64	0	
Total Income	21.61	116.97	138.7	166.04	178.25	Turnaround in the company happened after it shifted focus from Shale Gas to Food grade Guar Gum Powder.
Expenses	-28.32	-102.07	-115.58	-140.83	-153.29	
EBDITA	-6.71	14.9	23.12	25.21	24.96	
Depreciation	-8.74	-8.55	-8.65	-8.74	-8.74	
EBIT	-15.45	6.35	14.47	16.47	16.22	
Interest	-10.96	-13.75	-10.35	-11.13	-10.08	
PBT	-26.41	-7.4	4.12	5.34	6.14	
Tax	0.26	10.06	1.22	1.73	1.82	
PAT	-26.15	2.66	5.34	7.07	7.96	

Valuation

Vikas WSP is under our coverage now. We are tracking the development in the company. At present we are not putting any target price on the stock.

After meeting the management we are confident that company will ride on higher trajectory. **New product launches, good orders from FMCG players will multiply the sales and profitability.**

Safe Harbor Statement

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