



Farsight

MORNING FARSIGHT

Thursday, August 16, 2018

WPIL

CMP:RS 728

TRGT:RS 870

TIME HORIZON: 1 YEAR

WPIL, (incorporated in 1952 by Johnston Pump Company Inc., USA) and manufacturing different types of pumps, spares & accessories and execution of water supply projects on a turnkey basis, for industrial units, power utilities, irrigation departments, etc., has posted stellar earnings for Q1FY19, with PBT rising to Rs 37 cr from Rs 8.4 cr YoY, a growth of over 4 times, leading to an EPS of Rs 24.76 for Q1FY19. One must recall that company has gone into different orbit altogether with huge jump in Q4FY18 earnings, with over 4.5x jump in PAT on YoY basis, and same trend has continued in Q1FY19 with over 4x jump in PAT on YoY basis. In Q4FY18, it had reported PAT of Rs 33.6 cr against Rs 5.9 cr QoQ and Rs 7.4 cr YoY, leading to an EPS of Rs 34.39 for Q4FY18 alone and Rs 48.69 for FY18. Thus, for past two quarters, company has achieved EBITDA of Rs 89 cr and EPS of Rs 59 and if we extrapolate the trend on a conservative basis, company should be able to end FY19 with an EPS of over Rs 90 and EBITDA of Rs 140 cr, which gives PE of 8x only and EV/EBITDA of 6.1x (M cap Rs 711 crores and Net Debt Rs 150 crores). One of the interesting points to note is that for last 1 year, promoters have been raising stake, having gone up from —61% as on 30th June 2017 to —69% as on 30th June 2018. Company is having more than 65 years presence in Designing, Developing, Manufacturing, Erecting, Commissioning and Servicing of Pumps & Pumping Systems, and has manufacturing operations in United Kingdom, Italy, France, Switzerland, South Africa, Zambia, Australia and Thailand through its Group companies / Subs / JVs. Share ruling at Rs 728 can move to Rs 870 in 1 year. Buy as an investor.

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Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.