

May 17, 2023

RESULT REPORT Q4 FY23 | Sector: Consumer Durables

Whirlpool of India Ltd

**Weak summer leads to muted demand;
maintain BUY**

Result Synopsis

Whirlpool's consolidated revenue came in below ours and consensus estimates with, revenue declining 2.0% yoy. This decline is attributed to muted market growth in Q4 especially in refrigerators and air conditioners driven by a weak summer and concomitant declining entry segment markets. Margins were lower than expected on back of lower sales due to subdued market conditions and calibrated price correction action. We had already flagged off in our channel checks that company has taken price correction to win back the market share. Gross margins on standalone basis were stable despite lower pricing is a key positive. We expect WHIRL to post strong revenue growth once industry stabilizes. Our channel checks have also suggested WHIRL has launched new products which can be corroborated from its press release. Management is confident of the strong leverage of recent product launches in in mid and premium ranges combined with a renewed drive on all aspects of in-market excellence and accelerated cost reduction programs will help WHIRL grow profitably. On the ELICA front recent portfolio expansion actions in the cooking category are yielding good results with Elica India revenue growing at double digits with healthy margins. Despite near term demand headwinds, we continue to believe WHIRL's strong parentage, and recent action of launching new products across the range, taking calibrated price correction in refrigerators and double-digit growth in ELICA will bode well for company going forward. We have built in moderate estimates for FY24 and maintain our BUY rating with PT of Rs1,690 valuing the stock at 40x. Prolonged demand slowdown in key categories of refrigerators could post risk to our estimates.

Result Highlights

- **Quarter summary** – WHIRL missed ours and consensus revenue estimates with its consolidated revenue declining 2% on yoy basis. Gross margin contracted 105bps yoy to 31.6% largely on lower gross margins for ELICA.
- **Margins** – EBITDA margin contracted by 233bps yoy contraction was largely on account of on account negative operating leverage on back of weak summer resulting in muted demand.
- **New product launches** – Our channel checks have indicated that WHIRL have been aggressive in new product launches and expect the intensity of new products launches to continue going forward as well.
- **Management Commentary** – Management in their press release have said that the strong leverage of its recent product launches especially in mid and premium ranges combined with a renewed drive on all aspects of in-market excellence and accelerated cost reduction programs will help them grow profitably.

Exhibit 1: Actual vs estimates

Rsmn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	16,727	16,691	17,860	0.2	-6.3	Lower than expected revenue growth was on account of subdued demand
EBITDA	1,056	1,308	1,410	-19.3	-25.1	
EBITDA Margin (%)	6.3	7.8	7.9	-150 bps	-160 bps	
Adjusted PAT	637	831	970	-23.4	-34.3	

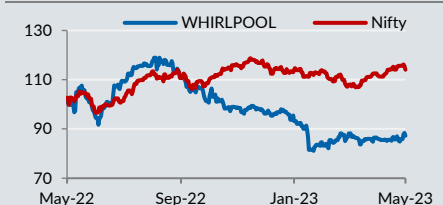
Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 1,348
Target Price	: Rs 1,690
Potential Return	: +25.4%

Stock data (as on May 17, 2022)

Nifty	18,181
52 Week h/l (Rs)	1905/1217
Market cap (Rs/USD mn)	173377/2121
Outstanding Shares (mn)	127
6m Avg t/o (Rs mn):	172
Div yield (%):	0.4
Bloomberg code:	WHIRL IN
NSE code:	WHIRLPOOL

Stock performance



	1M	3M	1Y
Absolute return	-1.4%	4.8%	-13.5%

Shareholding pattern (As of March'22 end)

Promoter	75.0%
FII+DII	15.6%
Others	9.4%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1,690	1,707

Δ in earnings estimates

	FY24e	FY25e
EPS (New)	30.2	42.2
EPS (Old)	38.9	46.5
% change	-22.4%	-9.2%

Financial Summary

(Rs mn)	FY23E	FY24E	FY25E
Revenue	66,677	74,186	84,763
YoY Growth	7.6%	11.3%	14.3%
EBITDA	3,703	5,935	8,053
YoY Growth	-10.9	60.3	35.7
PAT	2,240	3,847	5,360
YoY Growth	-3.7%	71.7%	39.3%
ROE	6.7	10.1	13.0
EPS	17.7	30.3	42.2
P/E	76.3	44.5	31.9
BV	289.1	310.8	341.1
EV/EBITDA	41.6	25.3	18.3

AAKASH FADIA

Analyst

aakash.fadia@ysil.in

+91 22 6885 0521



ARSHIA KHOSLA, Associate

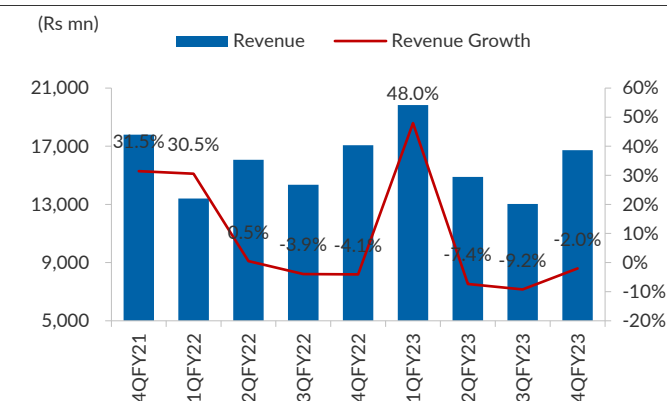
Exhibit 2: Quarterly snapshot (Standalone)

Particulars (Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	y/y %	q/q %	FY23	FY22	y/y %
Sales	17,069	19,837	14,889	13,025	16,727	(2.0)	28.4	64,478	60,897	5.9
EBITDA	1476	1174	722	440	1056	(28.4)	139.8	3,393	4,068	(16.6)
EBITDA Margin %	8.6	5.9	4.8	3.4	6.3			5.3	6.7	
Depreciation	435	412	358	449	523	20.2	16.5	1,742	1,420	22.7
EBIT	1040	762	364	-9	533	(48.7)	(6,301.2)	1,651	2,648	(37.7)
EBIT Margin %	6.1	3.8	2.4	-0.1	3.2			2.6	4.3	
Interest charges	46	21	21	40	56	21.1	38.2	138	153	(10.0)
Other Income	134	309	213	410	323	140.8	(21.2)	1,255	625	100.8
PBT	1129	1050	556	361	801	(29.1)	121.9	2,768	3120	(11.3)
Tax	284	271	150	94	163	(42.4)	74.4	678	821	(17.4)
Effective Tax Rate (%)	25.1	25.8	27.0	26.0	20.4			24.5	26.3	
PAT	845	779	406	267	637	(24.6)	138.5	2089	2299	(9.1)
PAT Margin %	4.9	3.9	2.7	2.1	3.8			3.2	3.8	
EPS (Rs)	6.7	6.1	3.2	2.1	5.0	(24.6)	138.5	16	18	(9.1)

Source: Company, YES Sec

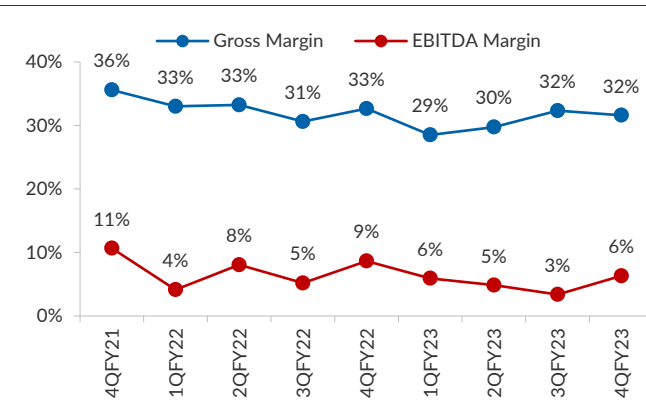
CHARTS

Exhibit 3: Revenue decline is on account of subdued demand on back of weak summer



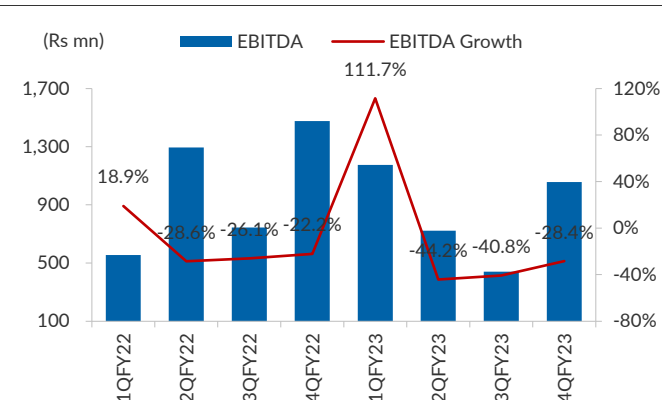
Source: Company, YES Sec

Exhibit 4: Negative operating leverage has impacted EBITDA margins



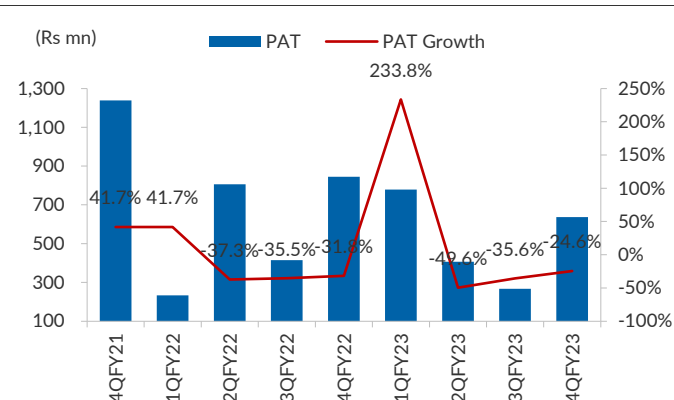
Source: Company, YES Sec

Exhibit 5: EBITDA decline is on account of negative operating leverage



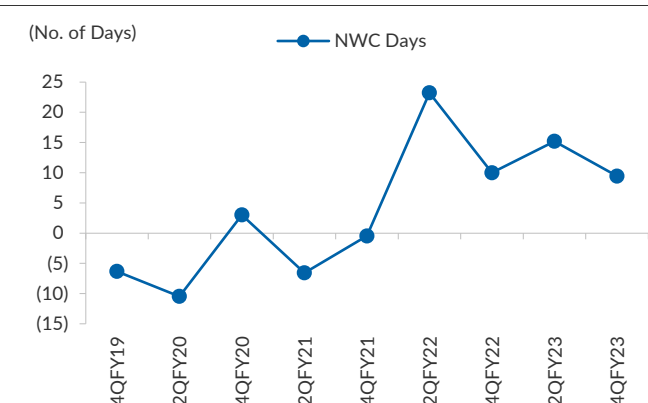
Source: Company, YES Sec

Exhibit 6: PAT decline is line with EBITDA decline



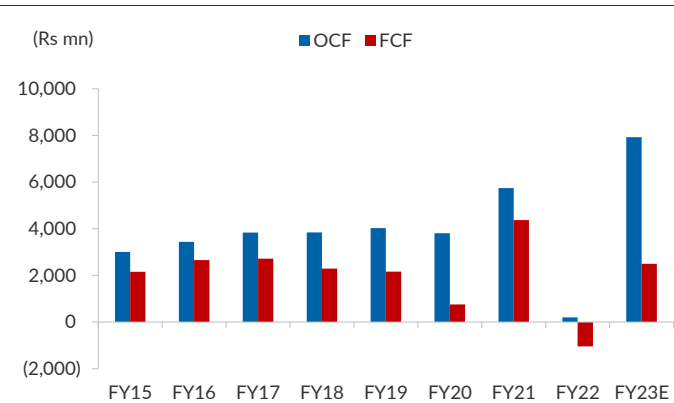
Source: Company, YES Sec

Exhibit 7: NWC continues to remain steady



Source: Company, YES Sec

Exhibit 8: OCF continues to remain strong



Source: Company, YES Sec

FINANCIALS

Exhibit 9: Balance Sheet

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Equity capital	1,269	1,269	1,269	1,269	1,269
Reserves	27,314	28,621	35,411	38,169	42,011
Net worth	28,583	29,890	36,680	39,437	43,280
Debt	0	0	0	0	0
Deferred tax liab (net)	(417)	(449)	(28)	(28)	(28)
Other non current liabilities	2,976	3,498	3,346	3,924	4,463
Total liabilities	31,142	32,939	39,997	43,333	47,714
Fixed Asset	7,483	7,251	10,818	12,291	13,357
Investments	2,074	5,971	7,478	7,478	7,478
Other Non-current Assets	1,049	2,890	1,944	2,163	2,471
Net Working Capital	(68)	1,360	2,979	633	723
Inventories	12,738	12,187	15,082	14,898	17,022
Sundry debtors	3,790	3,872	4,334	4,248	4,854
Loans and Advances	2,330	2,237	2,539	2,820	3,217
Sundry creditors	16,571	14,171	16,100	18,109	20,692
Other current liabilities	1,914	2,338	2,340	2,630	3,004
Cash & equivalents	20,605	15,467	16,778	20,767	23,685
Total Assets	31,142	32,939	39,997	43,333	47,714

Source: Company, YES Sec

Exhibit 10: Income statement

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Revenue	58,999	61,966	66,677	74,186	84,763
Operating profit	5,190	4,157	3,703	5,935	8,053
Depreciation	1,421	1,475	1,854	2,010	2,417
Interest expense	153	159	150	165	182
Other income	896	633	1,273	1,381	1,709
Profit before tax	4,511	3,156	2,972	5,141	7,163
Taxes	1,179	830	732	1,294	1,803
Minorities and other	-	-	-	-	-
Adj. profit	3,333	2,326	2,240	3,847	5,360
Exceptional items	58,999	61,966	66,677	74,186	84,763
Net profit	5,190	4,157	3,703	5,935	8,053

Source: Company, YES Sec

Exhibit 11: Cashflow Statement

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Profit before tax	4,665	3,315	3,122	5,306	7,345
Depreciation	1,421	1,475	1,854	2,010	2,417
Tax paid	(1,179)	(830)	(732)	(1,294)	(1,803)
Working capital Δ	4,467	(1,427)	(1,620)	2,346	(90)
Other operating items					
Operating cashflow	9,374	2,532	2,625	8,368	7,869
Capital expenditure	(1,374)	(1,244)	(5,421)	(3,483)	(3,483)
Free cash flow	8,000	1,289	(2,796)	4,885	4,386
Equity raised	416	(385)	5,184	(0)	-
Investments	(352)	(3,897)	(1,507)	-	-
Debt financing/disposal	-	-	-	-	-
Interest paid	(153)	(159)	(150)	(165)	(182)
Dividends paid	(634)	(634)	(634)	(1,089)	(1,518)
Net Δ in cash	7,863	(5,138)	1,311	3,989	2,918

Source: Company, YES Sec

Exhibit 12: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Tax burden (x)	0.74	0.74	0.75	0.75	0.75
Interest burden (x)	0.97	0.95	0.95	0.97	0.98
EBIT margin (x)	0.08	0.05	0.05	0.07	0.09
Asset turnover (x)	1.27	1.24	1.23	1.20	1.24
Financial leverage (x)	1.72	1.71	1.64	1.62	1.65
RoE (%)	12.3	8.0	6.7	10.1	13.0

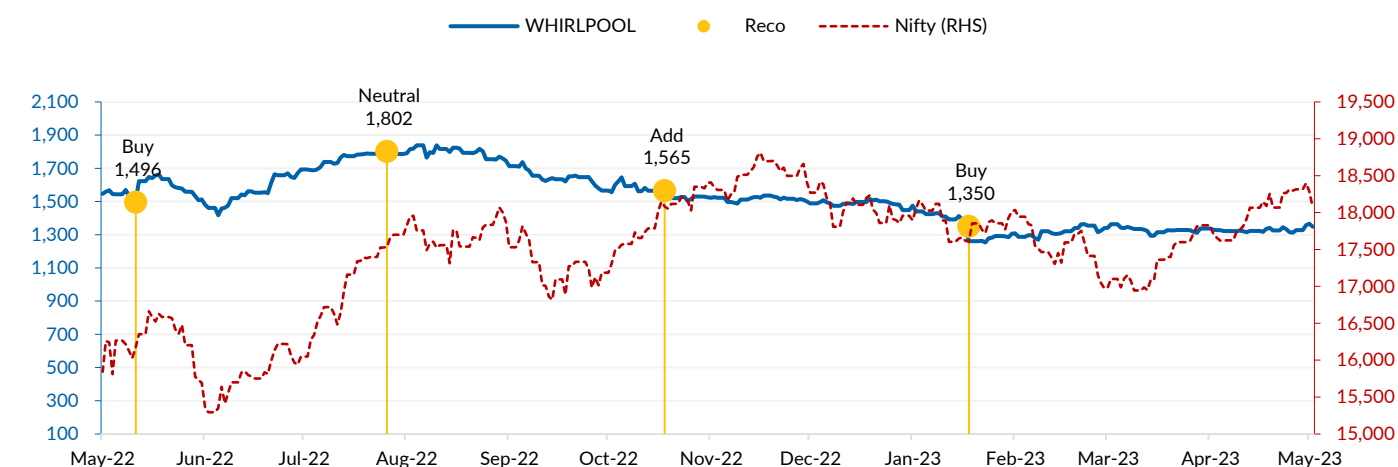
Exhibit 13: Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24E	FY25E
Growth matrix (%)					
Revenue growth	(1.5)	5.0	7.6	11.3	14.3
Op profit growth	(22.9)	(19.9)	(10.9)	60.3	35.7
EBIT growth	(30.7)	(28.9)	(5.8)	69.9	38.4
Net profit growth	(30.0)	(30.2)	(3.7)	71.7	39.3
Profitability ratios (%)					
OPM	8.8	6.7	5.6	8.0	9.5
EBIT margin	7.9	5.3	4.7	7.2	8.7
Net profit margin	5.6	3.8	3.4	5.2	6.3
RoCE	17.3	11.3	9.4	13.9	17.8
RoNW	12.3	8.0	6.7	10.1	13.0

Whirlpool of India Ltd

Y/e 31 Mar	FY21	FY22	FY23	FY24E	FY25E
RoA	7.2	4.7	4.1	6.2	7.8
Per share ratios					
EPS	26.3	18.3	17.7	30.3	42.2
Dividend per share	5.0	5.0	5.0	8.6	12.0
Cash EPS	37.5	30.0	32.3	46.2	61.3
Book value per share	225.3	235.6	289.1	310.8	341.1
Valuation ratios					
P/E	51.3	73.5	76.3	44.5	31.9
P/CEPS	36.0	45.0	41.8	29.2	22.0
P/B	6.0	5.7	4.7	4.3	4.0
EV/EBIDTA	29.0	37.4	41.6	25.3	18.3
Payout (%)					
Dividend payout	19.0	27.3	28.3	28.3	28.3
Tax payout	26.1	26.3	24.6	25.2	25.2
Liquidity ratios					
Debtor days	23.4	22.8	23.7	20.9	20.9
Inventory days	78.8	71.8	82.6	73.3	73.3
Creditor days	102.5	83.5	88.1	89.1	89.1

Recommendation Tracker



DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that each security's price or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections.

Technical Analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all

jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through SEC 15a-6 rules and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This Research Report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s) who has prepared the research report. YES Securities (India) Limited is the employer of the YES Securities (India) Limited Representative who is responsible for the report, are responsible for the content of the YES Securities (India) Limited Research Report; any material conflicts of interest of YES Securities (India) Limited in relation to the issuer(s) or securities discussed in the YES Securities (India) Limited Research Report. This YES Securities (India) Limited Research Report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution by YES Securities (India) Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

YES Securities (India) Limited

Registered Address: 2nd Floor, North Side, YES BANK House,
Off Western Express Highway, Santacruz East,
Mumbai - 400 055, Maharashtra, India.

Correspondence Address: 4th Floor, AFL House,
Lok Bharti Complex, Marol Maroshi Road, Andheri East,
Mumbai - 400059, Maharashtra, India.

☎ +91 22 68850521 | ✉ research@ysil.in
Website: www.yesinvest.in

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Single
Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member
Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL &
NSDL: IN-DP-653-2021 | MERCHANT BANKER: INM000012227 |
RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER:
INA000007331 | Sponsor and Investment Manager to YSL Alternates
Alpha Plus Fund (CAT III AIF) SEBI Registration No.: IN/AIF3/20-21/0818 |
AMFI ARN Code - 94338.

Details of Compliance Officer: Name: Aditya Goenka,
Email id: compliance@ysil.in, **Contact No:** 022- 65078127 (Extn: 718127)

DISCLOSURE OF INTEREST

Name of the Research Analyst : Aakash Fadia, Arshia Khosla

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3	Research Analyst or his/her relative or YSL has any other material conflict of interest at the time of publication of the Research Report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSL has received any compensation from the subject company in the past twelve months	No
6	YSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSL has been engaged in market making activity for the subject company(ies)	No

Since YSL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

BUY: Upside greater than 20% over 12 months

ADD: Upside between 10% to 20% over 12 months

NEUTRAL: Upside between 0% to 10% over 12 months

REDUCE: Downside between 0% to -10% over 12 months

SELL: Downside greater than -10% over 12 months

NOT RATED / UNDER REVIEW

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSL") is a wholly owned subsidiary of YES BANK LIMITED. YSL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSL by SEBI/Stock Exchanges.