

November 04, 2023

RESULT REPORT Q2 FY24 | Sector: Consumer Durables

Whirlpool of India Ltd

Market share gain continues; assign ADD rating

Result Synopsis

Whirlpool's consolidated revenue came below ours and consensus estimates. Revenue declined 5.6% yoy. This decline is attributed downward revision in prices taken to regain the lost market share. We had already highlighted in the channel check note that WHIRL has become aggressive in terms of pricing in quest to regain its lost market share. The company. The company in its press release has mentioned there was marginal volume increase in the flattish market indicating market share gains for the company. Gross margin has improved ~198bps on stable raw material prices, however it is still below its historical high that company used to enjoy, hence there is further scope for improvement. EBITDA margin has contracted on yoy basis despite expansion in gross margin on negative operating leverage. Our channel checks suggest that WHIRL is filling the product gaps at the premium end which will benefit the company going forward. We expect WHIRL to continue with its current aggressive strategy and win back the lost market share and then further build on it. Management will continue to focus on improving profitability in the medium term. On the ELICA front recent portfolio expansion actions in the cooking category are yielding good results with Elica India business trending well. Despite near term demand headwinds, we continue to believe WHIRL's strong parentage, and recent action of launching new products across the range, taking price correction in refrigerators and growth in ELICA will bode well for company going forward. We maintain however have cut or estimates for FY24 and FY25 respectively on back of aggressive pricing strategy adopted by the company. We now have ADD rating with PT of Rs1,840 valuing the stock at 45x vs 42x as company is gaining market share.

Result Highlights

- Quarter summary** – WHIRL revenue growth was lower, with its revenue declining 5.6% on yoy basis. This revenue decline was the result of down pricing action taken by the company to win back the market share.
- Margins** – EBITDA margin contracted by 71bps yoy contraction was largely on account of negative operating leverage arising out of the lower revenue resulting from aggressive pricing strategy adopted by the company.
- New product launches** – Our channel checks have indicated that WHIRL have been aggressive in new product launches and expect the intensity of new product launches to continue going forward as well.
- Management Commentary** – Management in their press release have said that their volumes has seen marginal increase vs flattish volume for the industry, while Elica India business is trending well

Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	15,216	17,127	16,970	-11.1	6.8	Downward price revision in quest to regain lost market share has led to revenue decline
EBITDA	732	1,142	1,040	-36.0	-5.1	
EBITDA Margin (%)	4.8	6.7	6.2	-190 bps	-70 bps	
Adjusted PAT	382	695	620	-45.1	-2.5	

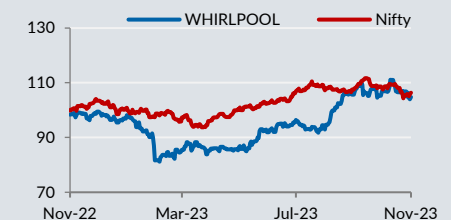
Source: Company, YES Sec

Reco	: ADD
CMP	: Rs 1,618
Target Price	: Rs 1,840
Potential Return	: +13.7%

Stock data (as on Nov 03, 2023)

Nifty	19231
52 Week h/l (Rs)	1733/1217
Market cap (Rs/USD mn)	203629/2446
Outstanding Shares (mn)	127
6m Avg t/o (Rs mn):	132
Div yield (%):	0.3
Bloomberg code:	WHIRL IN
NSE code:	WHIRLPOOL

Stock performance



	1M	3M	1Y
Absolute return	-1.9%	12.8%	6.5%

Shareholding pattern (As of Sep'23 end)

Promoter	75.0%
FII+DII	16.4%
Others	8.6%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	BUY
Target Price	1,840	1,770

Δ in earnings estimates

	FY24e	FY25e
EPS (New)	26.7	40.9
EPS (Old)	28.1	42.2
% change	-5.0%	-3.1%

Financial Summary

(Rs mn)	FY23	FY24E	FY25E
Revenue	66,677	72,891	83,588
YoY Growth	7.6%	9.3%	14.7%
EBIDTA	3,703	5,321	7,523
YoY Growth	-10.9	43.7	41.4
PAT	2,240	3,384	5,187
YoY Growth	-3.7%	51.0%	53.3%
ROE	6.5	9.3	13.1
EPS	17.7	26.7	40.9
P/E	92.4	61.2	39.9
BV	277.5	296.6	325.9
EV/EBITDA	51.4	35.0	24.1

AAKASH FADIA

Analyst

aakash.fadia@ysil.in



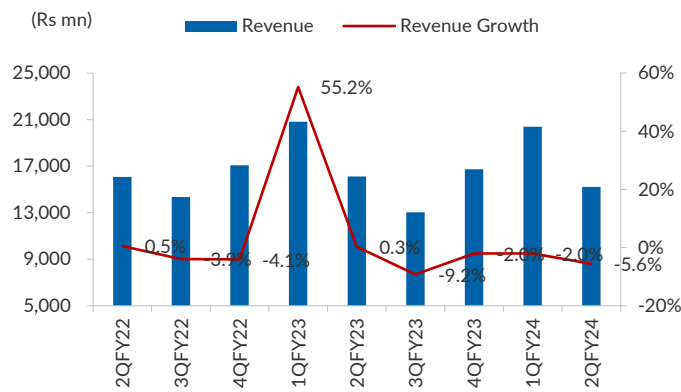
Exhibit 2: Quarterly snapshot (Consolidated)

Particulars (Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	y/y %	q/q %	1HFY24	1HFY23	y/y %
Sales	16,115	13,025	16,727	20,386	15,216	(5.6)	(25.4)	35,602	36,925	(3.6)
EBITDA	889	440	1056	1234	732	(17.7)	(40.7)	1,965	2,207	(10.9)
EBITDA Margin %	5.5	3.4	6.3	6.1	4.8			5.5	6.0	
Depreciation	415	449	523	522	492	18.4	(5.8)	1,013	882	14.9
EBIT	474	-9	533	712	240	(49.4)	(66.3)	952	1,325	(28.1)
EBIT Margin %	2.9	-0.1	3.2	3.5	1.6			2.7	3.6	
Interest charges	27	40	56	75	56	105.1	(25.2)	131	54	142.0
Other Income	223	410	323	349	339	51.7	(2.8)	688	541	27.2
PBT	670	361	801	986	523	(22.0)	(47.0)	1,509	1,811	(16.7)
Tax	180	94	163	219	141	(21.6)	(35.6)	359	475	(24.4)
Effective Tax Rate (%)	26.8	26.0	20.4	22.2	26.9			23.8	26.2	
PAT	490	267	637	767	382	(22.1)	(50.2)	1149	1336	(14.0)
PAT Margin %	3.0	2.1	3.8	3.8	2.5			3.2	3.6	
EPS (Rs)	3.9	2.1	5.0	6.0	3.0	(22.1)	(50.2)	9	11	(14.0)

Source: Company, YES Sec

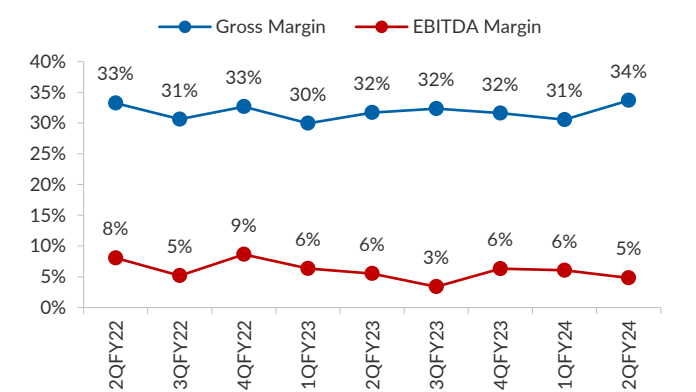
CHARTS

Exhibit 3: Downward price revision has resulted in revenue decline



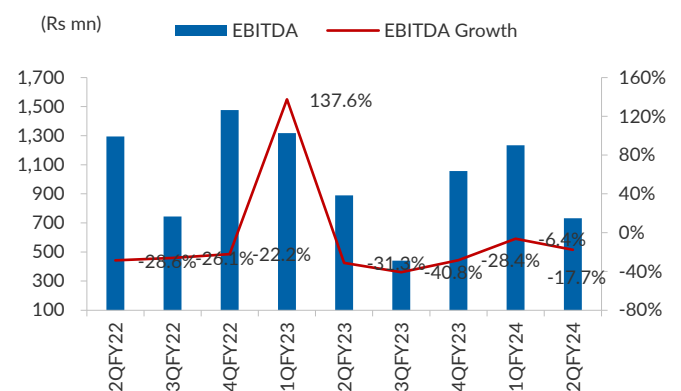
Source: Company, YES Sec

Exhibit 4: Stable RM costs have resulted in gross margin expansion



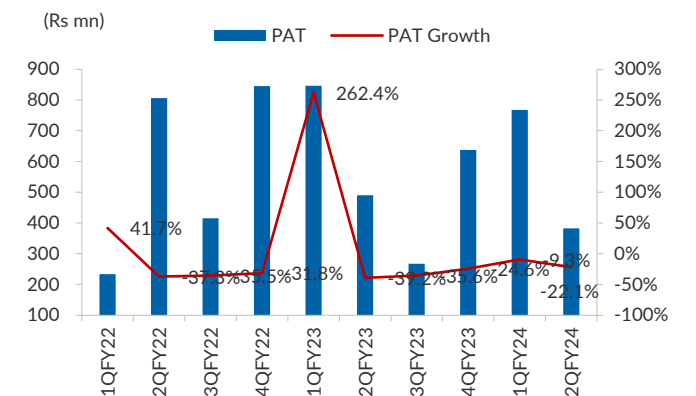
Source: Company, YES Sec

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



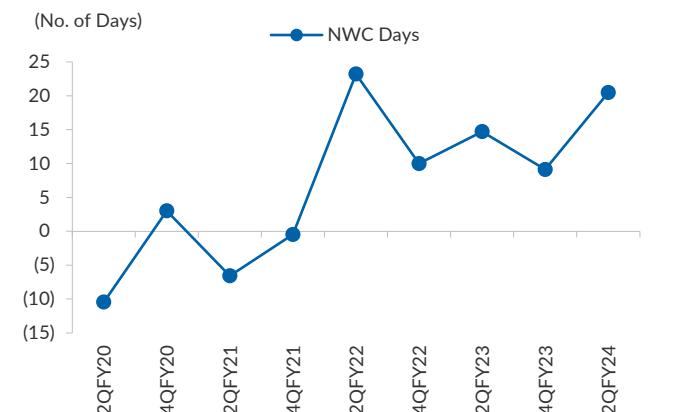
Source: Company, YES Sec

Exhibit 6: PAT decline is line with EBITDA decline



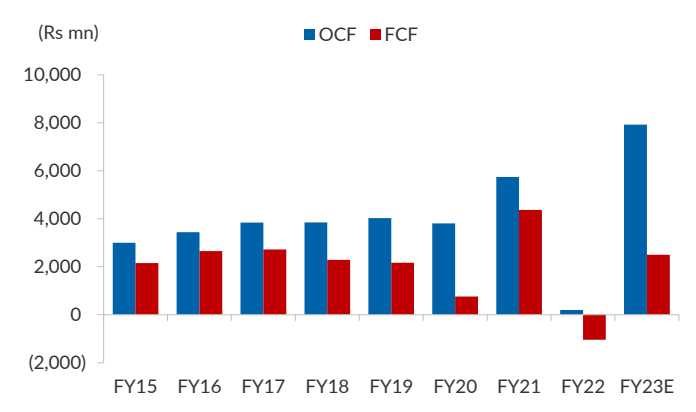
Source: Company, YES Sec

Exhibit 7: NWC has increased on higher inventory the company is carrying for festive season



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	32,312	33,935	36,360	40,079
Net worth	28,583	33,581	35,204	37,629	41,347
Debt	0	0	0	0	0
Deferred tax liab (net)	(417)	621	589	589	589
Other non current liabilities	2,976	5,108	4,822	5,052	5,443
Total liabilities	31,142	39,310	40,614	43,269	47,379
Fixed Asset	7,483	9,973	10,818	11,081	10,166
Investments	2,074	0	0	0	0
Other Non-current Assets	1,049	10,999	10,039	9,839	9,657
Net Working Capital	(68)	2,236	2,979	1,388	1,627
Inventories	12,738	13,115	15,082	14,838	17,015
Sundry debtors	3,790	4,298	4,334	4,274	4,901
Loans and Advances	2,330	2,379	2,539	3,092	3,539
Sundry creditors	16,571	14,817	16,407	18,033	20,679
Other current liabilities	1,914	2,278	2,033	2,197	2,481
Cash & equivalents	20,605	16,102	16,778	20,961	25,929
Total Assets	31,142	39,310	40,615	43,269	47,379

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	72,891	83,588
Operating profit	5,190	4,157	3,703	5,321	7,523
Depreciation	1,421	1,475	1,854	1,958	2,063
Interest expense	153	159	150	165	182
Other income	896	633	1,273	1,324	1,654
Profit before tax	4,511	3,156	2,972	4,522	6,932
Taxes	1,179	830	732	1,138	1,745
Minorities and other	-	-	-	-	-
Adj. profit	3,333	2,326	2,240	3,384	5,187
Exceptional items	-	-	-	-	-
Net profit	3,333	2,326	2,240	3,384	5,187

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	4,687	7,114
Depreciation	1,421	1,475	1,854	1,958	2,063
Tax paid	(1,179)	(830)	(732)	(1,138)	(1,745)
Working capital Δ	4,467	(2,304)	(743)	1,591	(238)
Other operating items					
Operating cashflow	9,374	1,655	3,501	7,098	7,193
Capital expenditure	(1,374)	(3,965)	(2,700)	(2,221)	(1,148)
Free cash flow	8,000	(2,310)	802	4,877	6,045
Equity raised	416	3,306	17	0	-
Investments	(352)	2,074	-	-	-
Debt financing/disposal	-	-	-	-	-
Interest paid	(153)	(159)	(150)	(165)	(182)
Dividends paid	(634)	(634)	(634)	(958)	(1,469)
Net Δ in cash	7,863	(4,503)	676	4,183	4,968

Source: Company, YES Sec

Exhibit 12: Du-pont analysis

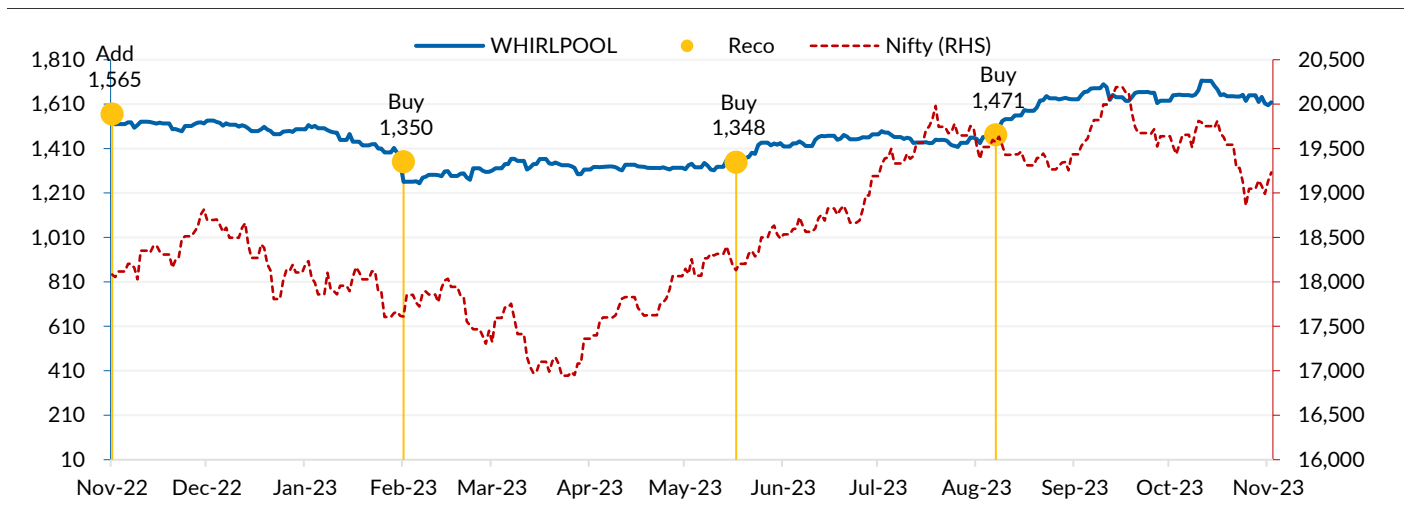
Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Tax burden (x)	0.74	0.74	0.75	0.75	0.75
Interest burden (x)	0.97	0.95	0.95	0.96	0.97
EBIT margin (x)	0.08	0.05	0.05	0.06	0.09
Asset turnover (x)	1.27	1.16	1.15	1.18	1.24
Financial leverage (x)	1.72	1.72	1.69	1.70	1.71
RoE (%)	12.3	7.5	6.5	9.3	13.1

Exhibit 13: Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24E	FY25E
Growth matrix (%)					
Revenue growth	(1.5)	5.0	7.6	9.3	14.7
Op profit growth	(22.9)	(19.9)	(10.9)	43.7	41.4
EBIT growth	(30.7)	(28.9)	(5.8)	50.1	51.8
Net profit growth	(30.0)	(30.2)	(3.7)	51.0	53.3
Profitability ratios (%)					
OPM	8.8	6.7	5.6	7.3	9.0
EBIT margin	7.9	5.3	4.7	6.4	8.5
Net profit margin	5.6	3.8	3.4	4.6	6.2
RoCE	17.3	10.7	9.1	12.9	18.0
RoNW	12.3	7.5	6.5	9.3	13.1

Y/e 31 Mar	FY21	FY22	FY23	FY24E	FY25E
RoA	7.2	4.4	3.8	5.5	7.7
Per share ratios					
EPS	26.3	18.3	17.7	26.7	40.9
Dividend per share	5.0	5.0	5.0	7.6	11.6
Cash EPS	37.5	30.0	32.3	42.1	57.1
Book value per share	225.3	264.7	277.5	296.6	325.9
Valuation ratios					
P/E	61.6	88.2	91.6	60.7	39.6
P/CEPS	43.2	54.0	50.1	38.4	28.3
P/B	7.2	6.1	5.8	5.5	5.0
EV/EBIDTA	35.6	45.5	50.9	34.6	23.8
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	25.3	23.7	21.4	21.4
Inventory days	78.8	77.2	82.6	74.3	74.3
Creditor days	102.5	87.3	89.8	90.3	90.3

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.

✉ 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)

Grievances Redressal Cell: customer.service@ysil.in/igc@ysil.in

DISCLOSURE OF INTEREST

Name of the Research Analyst : Aakash Fadia

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.