Whirlpool of India Ltd.

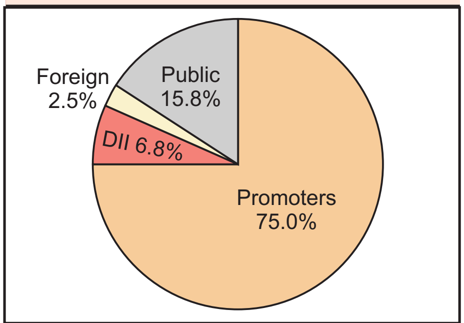
Q3FY11 Results Update

February 10, 2011

Key Stock Data	
Sector	Consumer Durables
CMP	₹200.9
52-wk High / Low	₹338.50 / 138.7
Market Cap	₹25.48bn ($560mn)
Avg 6m daily vol.	82546
BSE Sensex	17592.77
Reco:	Buy
Target Price:	₹304

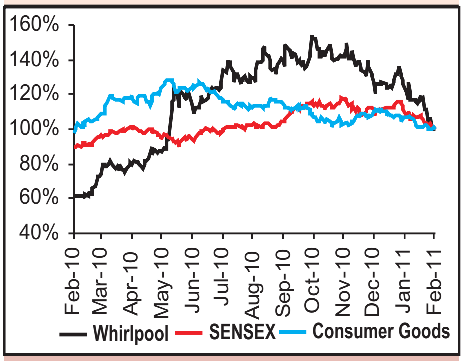
Stock Codes	
Bloomberg Code	KELV IN
Reuters Code	WHIR.BO
BSE Code	500238
NSE Code	WHIRLPOOL
Face Value	₹10per share

Shareholding Pattern (31st Dec, 2010)



Price Performance			**(%)**
1 Mth	**3 Mths**	**6 Mths**	**1 Yr**
-20.7%	-29.6%	-22.6%	63.2%

Stock Price Movement:



Ashwin Chavan, Analyst
(ashwin@keynoteindia.net)
(+9122-30266059)

Whirlpool of India Ltd. has reported net profit of ₹24.10cr for the quarter ended 31st Dec10 as against ₹16.16cr for the corresponding quarter last year gained by 49.1% on y-o-y basis. Sales increased by 19.1% to ₹600.27cr as against ₹504.15cr on y-o-y basis. On nine months, the turnover has registered a growth of 27.7% to ₹2018.41Cr from ₹1640.03cr, while PAT grew by 36.1% to ₹118.84cr from ₹87.30cr.

Margin Expansion

The EBDITA margin increased to 7.6% as against 6.3% on y-o-y basis due to lower raw material and employee costs. The company has also increased its prices on its appliances in last quarter which has resulted in margin expansion.

Future Plans

Being a debt free company, it has plans to invest in logistics infrastructure. Going forward, the company is likely to increase the number of warehouses with the support of higher volumes.

Concerns

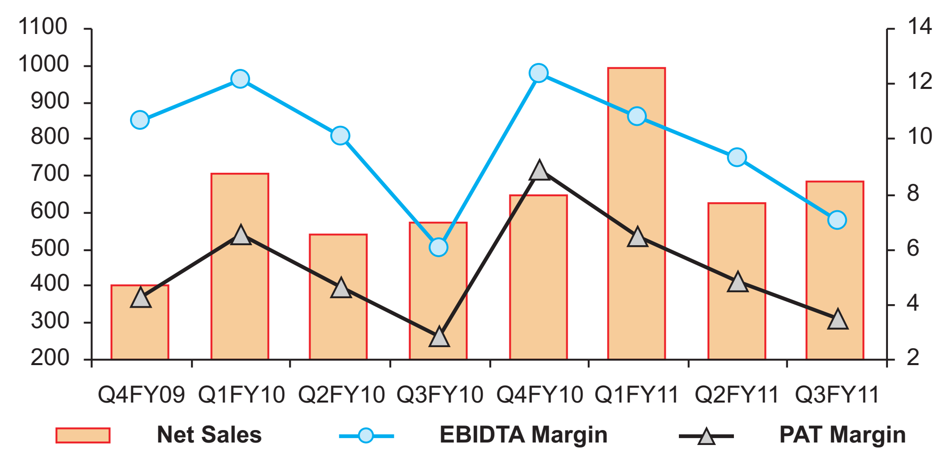
Stiff Competition from peers will be a threat to maintain market share of consumer durable industry. There will be a margin pressure due to higher cost of raw materials. Interest hike will reduce consumer spending on home appliances.

Outlook & Valuation

At CMP ₹200.90 stock trades at 13.82x FY11E EPS and 9.91x FY12E EPS, and P/BV of 6.15x and 5.50x for FY11E and FY12E respectively. We have a positive outlook on the company and recommend' buy' revising target price of ₹304 assigning PE of 15x FY12E.

Chart 1

Revenue & Margin



(Souce: Company, Keynote Capitals Institutional Research)

Consolidated Quaterly Income Statement (₹Cr)

Particulars	Q3 FY11	Q3 FY10	Q2 FY11	Y-o-Y	Q-o-Q	9M FY11	9M FY10	Y-o-Y
Gross Sales	734.62	602.35	670.95	22.0%	9.5%	2462.17	1917.83	28.4%
Trade Discounts	85.98	66.67	67.04	29.0%	28.3%	289.62	236.57	22.4%
Excise Duty	48.37	31.53	42.84	53.4%	12.9%	154.14	100.07	54.0%
Net Sales	**600.27**	**504.15**	**561.07**	**19.1%**	**7.0%**	**2018.41**	**1581.19**	**27.7%**
Other Operating Income	22.41	19.28	29.25	16.2%	-23.4%	74.07	58.84	25.9%
Total Income	**622.68**	**523.43**	**590.32**	**19.0%**	**5.5%**	**2092.48**	**1640.03**	**27.6%**
Raw Material Cost	397.49	332.26	354.13	19.6%	12.2%	1325.24	1017.75	30.2%
Employee Expenses	47.58	42.38	53.36	12.3%	-10.8%	149.82	116.18	29.0%
Other Expenses	132.27	116.81	127.90	13.2%	3.4%	414.72	335.28	23.7%
TOTAL EXPENDITURE	**577.34**	**491.45**	**535.39**	**17.5%**	**7.8%**	**1889.78**	**1469.21**	**28.6%**
EBITDA	45.34	31.98	54.93	41.8%	-17.5%	202.70	170.82	18.7%
Other Income	2.89	4.81	3.61	-39.9%	-19.9%	11.79	10.93	7.9%
Depreciation	10.86	9.05	10.62	20.0%	2.3%	32.38	30.12	7.5%
EBIT	37.37	27.74	47.92	34.7%	-22.0%	182.11	151.63	20.1%
Interest	1.17	0.84	0.68	39.3%	72.1%	2.64	7.07	-62.7%
Profit Before Tax	36.20	26.90	47.24	34.6%	-23.4%	179.47	144.56	24.1%
Exceptional Items		2.35					7.05	
Tax	12.10	8.39	16.69	44.2%	-27.5%	60.63	50.21	20.8%
Profit After Tax	**24.10**	**16.16**	**30.55**	**49.1%**	**-21.1%**	**118.84**	**87.30**	**36.1%**
Calculated EPS (Unit Curr.)	**1.90**	**1.27**	**2.41**			**9.37**	**6.88**	**36.1%**
EBIDTA Margins	7.6%	6.3%	9.8%			10.0%	10.8%	
PAT Margin	4.0%	3.2%	5.4%			5.9%	5.5%	

Source: The company & Keynote Capitals Institutional Research

Financials

Profit & Loss Statements (₹Cr)

Particulars	FY09	FY10	FY11E	FY12E
Gross Sales	2022.12	2602.91	3190.46	3920.77
Excise Duty	160.66	136.20	191.43	235.25
Net Sales	1861.46	2466.71	2999.03	3685.52
Other Operating Income	78.00	82.00	120.00	184.00
Total Income	**1939.75**	**2548.46**	**3119.00**	**3870.00**
Raw Material Consumed	856.49	1076.07	1452.69	1961.14
Stock Adjustment	25.91	-113.53	-113.53	-113.53
Purchase of Finished Goods	220.95	397.88	441.65	490.23
Employee Expenses	135.94	160.36	170.78	181.88
Selling & Administrative Exp.	214.81	329.22	365.43	405.63
Provisions & Write Offs	9.43	9.40	9.40	9.19
Other Expenses	340.75	452.92	505.00	563.10
TOTAL EXPENDITURE	**1804.28**	**2312.32**	**2831.00**	**3498.00**
EBDITA	135.47	236.14	287.51	371.87
EBDITA %	**7.3%**	**9.6%**	**9.6%**	**10.1%**
Other Income	5.37	19.02	23.10	28.40
Interest	15.64	8.27	0.00	0.00
Depreciation	39.01	39.68	40.49	42.38
PBT	86.19	207.21	270.12	357.87
Tax	15.67	62.19	81.03	107.36
PAT	70.52	145.02	184.30	257.15
PAT Margin	**3.8%**	**5.9%**	**6.3%**	**6.8%**
Calculated EPS	**5.56**	**11.44**	**14.53**	**20.28**

E: Keynote Capitals Institutional Research Estimates

Consolidated Balance Sheets (₹Cr)

Particulars	FY09	FY10	FY11E	FY12E
SOURCES OF FUNDS :				
Share Capital	279.21	279.21	279.21	279.21
Reserves Total	24.87	87.49	142.21	204.65
Total Networth	**304.08**	**366.70**	**421.42**	**483.86**
Unsecured Loans	110.24	0.15	0.00	0.00
Total Debt	**110.24**	**0.15**	**0.00**	**0.00**
Total Liabilities	**414.32**	**366.85**	**421.42**	**483.86**
APPLICATION OF FUNDS :				
Gross Block	700.79	723.52	774.17	828.36
Less : Accumulated Depreciation	394.35	433.68	476.34	523.41
Net Block	306.44	289.84	297.82	304.95
Capital Work in Progress	2.02	13.27	15.80	20.46
Total Current Assets	534.21	823.58	1076.30	1410.20
Total Current Liabilities	511.00	771.00	984.00	1272.00
Net Current Assets	23.21	52.26	92.51	138.02
Total Assets	**414.32**	**366.85**	**421.90**	**483.90**

E: Keynote Capitals Institutional Research Estimates

Consolidated Cash Flow Statements

Particulars	FY09	FY10	FY11E	FY12E
Net profit before Taxation and extra-ordinary items	28.80	86.19	207.21	272.07
Operating Profit Before Working Capital Change	91.00	125.00	193.00	244.00
Change in Working Capital	32.00	-40.00	7.00	7.00
Net Cash Flow from Operating Activites(I)	184.00	189.00	200.00	252.00
Net Cashflow from investing activites(II)	-25.00	-39.00	-51.00	-54.00
Net Cash Flow from Financing Activites(III)	-119.00	-165.00	-8.00	-11.00
Cash generated	40.00	-16.00	141.00	186.00
Opening cash & cash Equivalents	33.00	73.00	62.00	109.00
Closing Cash & Cash Equivalents	73.00	62.00	109.00	162.00

E: Keynote Capitals Institutional Research Estimates

Ratio Analysis- Whirlpool

Particulars	FY09	FY10	FY11E	FY12E
Profitabilty Margins				
EBIDTA Margin	7.3%	9.6%	9.6%	10.1%
EBIT Margin	5.5%	8.7%	9.0%	9.7%
PAT Margin	3.8%	5.9%	6.3%	6.8%
Profitability Ratios				
ROE	23.0%	40.0%	46.0%	54.0%
ROCE	25.0%	59.0%	65.0%	77.0%
Efficiency Ratios				
Inventory Turnover Days	59	68	67	66
Debtors Days	16	21	21	21
Creditor Days	218	262	235	214
Valuation Ratios				
P/E	36.12	16.74	13.82	9.91
P/BV	8.38	6.95	6.15	5.50
EV/EBIDTA	7.11	10.12	8.21	6.25
EPS	5.56	12.00	14.53	20.28

Institutional Equity Team

Subramanyam Ravisankar Director - Equities	sravisankar@keynotecapitals.net	+91 22 3026 6018
Analysts / Associates		
Krishna Mahale	krishna@keynoteindia.net	+91 22 3026 6059
Denil Savla	denil@keynoteindia.net	+91 22 3026 6043
Hetal Shah	hetal@keynoteindia.net	+91 22 2269 4325
Ashwin Chavan	ashwin@keynoteindia.net	+91 22 3026 6059
Rohan Admane	rohan@keynoteindia.net	+91 22 2269 4322
Rajesh Sinha	rajesh@keynotecapitals.net	+91 22 2269 4322
Mamta Singh	mamta.singh@keynotecapitals.net	+91 22 3026 6057
Technical Analyst		
Sanjay Bhatia	sanjay@keynotecapitals.net	+91 22 3026 6065
Dealing / Sales		
Nilesh Dhruv	nilesh@keynoteindia.net	+91 22 3026 6040
Puja Shah	puja.shah@keynoteindia.net	+91 22 3026 6057
Farha Shaikh	farha@keynoteindia.net	+91 22 3026 6057

KEYNOTE CAPITALS LTD.

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4th Floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, Mumbai 400 001. INDIA
Tel. : 9122-2269 4322 / 24 / 25 • www.keynoteindia.net