



WHIRLPOOL OF INDIA LIMITED
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August 06, 2024

<p>The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai, Maharashtra - 400001</p> <p>Scrip Code: 500238</p>	<p>The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra - 400051</p> <p>Symbol: WHIRLPOOL</p>
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Dear Sir/Madam,

Subject: Transcript of the Earnings Conference Call

This is further to our intimation letter dated 26th July, 2024 wherein we had informed the schedule of the Earnings Conference Call, please find enclosed herewith a copy of the transcript of the Earnings Conference Call of the Company for the quarter and three months ended 30th June, 2024 held on 01st August, 2024.

The same will also be uploaded on the Company's website at www.whirlpoolindia.com.

Yours faithfully,

For Whirlpool of India Limited

Roopali Singh
VP-Legal and Company Secretary

Plot No. 40, Sector 44,
Gurugram, Haryana

Whirlpool of India Limited
Q1 FY25 Earnings Conference Call
August 01, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Earnings Conference Call of Whirlpool of India Limited.

We wish to inform you that all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Roopali Singh, Company Secretary. Thank you and over to you ma'am.

Roopali Singh: Thank you. Good evening, ladies and gentlemen, a very warm welcome to the Company's Financial Year 24-25 Quarter One First Earning Call.

Today, I have with me Mr. Narasimhan Eswar – our Managing Director, Mr. Aditya Jain – the Chief Financial Officer. A Presentation on the business as well as financials has been updated on the company and the Stock Exchange website, you may please refer to the same during the presentation.

Before we move forward, I would like to inform you that there is a cautionary statement in the presentation, kindly take note of the contents of the same.

With that, I would now hand it over to Mr. Narasimhan Eswar for an update on the business.

Narasimhan Eswar: Thank you, Roopali. And a very warm welcome to all of you, ladies and gentlemen. I am Narasimhan and I will take the first 20- 25 minutes to walk through the business overview and our strategic imperatives and our progress on that. And then hand it over to my colleague Aditya Jain, who is the CFO to talk about the financial performance, after which we will take questions of course.

Next slide please. We are now on Slide no. 6, which is the business overview. If you can move to Slide no. 6 basically, India we have called out the four as a strategic focus for the Whirlpool Corporation globally. A couple of things basically, the value creation opportunity for Whirlpool and for all other appliance manufacturers in India is huge. And the reason is obviously the market GDP growth that we are seeing. Also combined with the fact that appliance penetration is quite low. So, you are talking about refrigerators, mid 30s washers, mid-teens, air conditioners less than 10%. And you have got a growing affluent

demographic, which as we know the booming upper middle class and the middle class in India. So, therefore, the opportunity for the durables business itself is very significant. Then the question comes as to whether Whirlpool has the right to succeed well, Whirlpool has got a track record of value creation in this country and talks about four very critical things that it has. As I have said before, a Whirlpool is played a pioneering role in the Indian durables industry and has been associated with several industry first. I will cover these later. Whirlpool is a very well reputed brand with great integrity, on quality and performance, straddling geographies. So, for example, North, East, West, South, all regions Whirlpool is strong and economic strata. So, Whirlpool has got products and consumers in not just the premium end, but the popular end as well, the mass market as well, where it's got its strengths. And as India comes back, stronger in the mass market, as it is in the premium market today, Whirlpool will be very much there to reap the benefits of that across strata.

Whirlpool has also got a diverse product portfolio as you know, we continue to innovate on premium product segments across categories. This is particularly important because we are not just innovating on premium segments and frost free or on top loaders or front loaders, you will see later in the presentation we are innovating very much on semi-automatic washing machines premium, as well as premium segment in the DC, the direct cool refrigerators as well. And we have got a very strong manufacturing footprint, refrigerators and washers being made in multiple factories in Faridabad and Pune and in Puducherry in India.

And last but not the least, we have got a powerful pan India sales, distribution and service network and we have also got excellent relations with our customers, combined with strong investments in building retail and creating demand. So, those are the reasons why India is a great market we wish you very well know and why Whirlpool we believe has got a tremendous reason to succeed in India and therefore India is a big strategic focus to the Whirlpool Corporation.

Moving on, let's take a look at the growth and profitability record of Whirlpool:

So, very simply, I would like to call it out as a set of two big kind of intervals and then latest year. So, from 2008-09 to 2019-20 Whirlpool had a revenue CAGR of 12% and a PBT CAGR of 20%. Those numbers, I would take any day of the week, on a quick basis, but then from 19-20 onwards, we had a tougher time where the results, the revenues were not really growing significantly. And the profits came down as well. What actually happened was, obviously COVID was a major factor, we also had significant competitive intensity coming in and you had significant regulatory changes. Now all of these, with the regulatory changes came commodity cost increases. So, all of these basically hit the revenue as well as the profits. Now what happened in '23-24, in the year that just finished, very simply in '23-24 the revenue grew by about 2% and our profits basically stayed at about close to 4%, 3.9%, as opposed to 4% of last year.

So, that would look on the face of it like not a lot of progress. But, if I walk you to the next slide, Slide no. 8, really this '23-24 Financial Year was basically a tale of two halves. In the first half of the year, as you can see, on the left-hand side, the revenue growth year-on-year was 10% and in the first half of the year, we were down (-4%). And this is basically driven by price adjustments that we needed to make strategically in the January to April period. And regulatory costs are going up, which hit the profit. The second half of the year, we have actually grown revenue by 10%. So, we have grown double digits in the second half of the year, leading to yearly results of about 2%. So, it is actually a tale of two halves from a revenue point of view. How does it look from a gross margin point of view, gross margin in the first part of the year grew by about 60 basis points from 27.5% to 28.1%. And then the second half of the year went from 27.8% to 30.0%, which is 220 basis points.

Now, that was driven by a lot of cost productivity actions, we call this P4G, a "Profitability for Growth", really coming into action in a significant way, a very, very deliberate strategy and plan that we do now and we will keep doing into the future. As a result, our profit which in the first half of the year was 3.4% of sales, which was actually (-29) versus the previous year, same time period. In the second half the profits grew by 58% versus the previous year, with the PBT percent going up to 4.5%. So, the full year revenue growth and profits actually benefited from the positive momentum in the second half of 2024.

Now all that's well and good, but how are we doing in April to June. So, really, if you go to Slide no. 9, we are happy that we are sustaining the momentum through April and June. Revenue growth of standalone business is 24% versus last year. PBT growth is 128% versus last year, so we are very happy that our strategy of profitable market share growth is clearly working. What I think makes us happiest is that we have had strong share gains in triple digits basis points versus last year, in both refrigerators, and washers. So, it's not one or the other, both refrigerators and washers, we have had very strong share gains in triple digits basis points. We were also helped by not just the market share growth, but also a strong growth in the refrigerator industry. So, after a long period, April, May, June has been a period in which the refrigerator industry actually grew strong double digits, washers didn't. But that's fair because both the refrigerators and the AC market really grew massively. And we are much, much more present in refrigerators and with a much smaller share in air conditioners. So, our benefit really was from the ref market growth. Washers market growth not really. So, a combination of share gain in refs and washers and strong growth in ref and AC is what actually got us those results.

Basically see, we were able to grow the market share profitably, which as I explained to you last time, is always the impact. The results have actually come based on a very, very disciplined ROI-based investment strategy. So, we are calculating what we do, what we couldn't, and what we get out of things basically, quite rigorously. And that is the basis on which we invest, and we have called out very clearly, we have identified for ourselves, what are the growth levers, what is the magnitude of the

growth lever, what is the momentum of that growth lever, how much runway does the growth lever have and therefore how long can we keep focusing on it. Where we are confident about the growth lever for all these factors mentioned, we invest fearlessly, where we are not very sure we make sure that we learn, and we assess the ROI before we roll it out. So, that is basically the strategy that we are following. Excuse Me!

If you look at the profitability, it's not just coming from our top line growth, but it's also coming from significant gross margin and bottom-line improvement, which comes from the "Productivity of Growth" program, which is the cost take out program that leads to this gross margin improvement. We are also quite happy that not only the sales and the profits are going in the right direction, but operationally we have also been able to make sure that we focus on inventory receivables and payables as well. With the result in our cash position is at about 485 crores that we have generated. So, we are quite happy about that as well. So, these are the numbers presented for you, revenue is at 2384 crores year-on-year change 24%. Driven by strong market share improvements in ref and washers versus last year, and a strong double-digit growth in refs, as well as in air conditioner industry. Both the refrigerators and the washers business have grown by high double digits for us, which is the other notable part. So, we are not counting only on market growth as I said many times before, we are counting on growing to share.

EBITDA and PBT improvement is being driven by the volume growth, which obviously helps our industry a lot, but also by a lot of cost productivity actions across every line of the P&L in this P4G program that leads to better margins and improved mix. We have also focused on driving the mix a lot, whether it be through our marketing strategies or it be through incentivization of the sale force incentives. And that seems to be working well as well. So, though we have had the price impacts and the regulatory impacts, these things are helping us, you know, get to a better position. And cash flow obviously derives from a strong EBITDA, but also a significant improvement in the working capital that we have been able to drive.

Next slide, please. I go to Slide #11, this is the one that I am, as a team we are happiest about. And we really hope we can keep this up. So, this is going to be the cornerstone. If we can keep this up this will be a wonderful story for us. Just walk you through October '22, to March '23. So, there's a chronological timeline that explains what has happened to our business, October '22 to March '23, the market was growing mid-single digits, we had a significant problem, because the volume market share was declining quite substantially, triple digit bps. It was impacted a lot by several issues, competition, etcetera a but the biggest one was price Index challenges. So, we corrected this price index challenge around Jan to April of 2024 , oh sorry, of 2023. And we also introduced the new direct cool ranges in Jan to March of 2023. Despite that the volume market share though improve it was still declining versus a year ago, if you go to April to September, which is the next time period, the market was actually flat, what we were able to do is, really step up our focus on execution of marketing, execution of supply chain,

execution of sales. And we also introduced the frost-free ranges fully in our stores. And these incredible ranges where we have between the 265 liters and the 360 liters, we have got claims like converse from freeze to fridge in just 22 minutes, which is best in class claim in the market. So, completely new technology that we brought in and there was an improvement in the market share versus the previous trend. But we were still kind of slightly declining versus a year ago. October '23 to December '23 that quarter, the market itself grew by very low single digits. But we had deployed some incremental retail executives in the field. They had come of age, in a matter of speaking in terms of their experience, and so on and so forth. And we started the mix drive and right earnest, along with some tests that we were doing in certain areas. And we started seeing the market share grow versus the year ago.

Jan to March '24, was a period of significant consolidation of market share growth. Continuing on the growth momentum, though the market was flat, we had a significant impact of all our ROI based investments, our new products, but also our execution of step ups. And therefore, you can see that volume market share increasing year-on-year quite significantly. And now we are talking both refrigerators and washers. And lastly April to May 24 the market itself finally grew double digits, which was very welcome. But at the same time, the full effect of our retail executives that we have added across time, the new products that we have brought in, the clear focus on mixed drive, the change of the sales force incentive plan, and many, many other changes that we have done including major programs with the customers and so on and so forth, has led to that triple digit growth in basis points in market share for both refs and for washers.

So, if I then move on very quickly to Elica. Elica continues to do well, we have increased our ownership in Elica, as you know from 49% to 87%, in 2021, very strong capabilities and local manufacturing. And Elica, I would call as a pioneer or an innovator in this space in terms of coming up with real quality products, great technology, good distribution, good brand awareness, but still opportunities to grow in both distribution and brand awareness, which augurs well because this market is also a very low penetration market. And we believe that Elica is going to be a great long-term player. We have also established Whirlpool as a mass premium cooking brand along with Elica. If you look at our revenues and margins, the growth has been pretty significant across the last three years, double digit CAGR with strong margins. Obviously, the margins operate between 13.5 to about 17.5%, 17.5 being the peak in '23-24 but I would expect ongoing basis, the margins to be more between the 15% to 16% kind of range, as we seek to invest to drive this wonderful business.

Next, please. So, I move on now to the strategic imperatives that we have. So, what are the strategies that we are following as an imperative to drive our business and there are five basically, and I have spoken to you about this, inspiring consumers and generations of consumers with our brands. Second is winning with product leadership. The third is building a competitive and resilient supply chain, the fourth, my favorite excellence

in execution, and the fifth is growing a consumer direct business. So, let's take a look at it one by one.

So, if you look at our next slide, please. Slide no. 15. Inspiring with our brands we look at our history inspiring consumers with our brands. Whirlpool as you know was the first introduced pedestals in DC in this country, which is now a significant proportion of the entire DC business, not just Whirlpool's business. Whirlpool was the first to bring in auto defrost technology, and still remains the largest by far player of auto defrost in the country. Whirlpool was one of the early pioneers in CFM and colors and finishes basically. But it's not just DC, Whirlpool was the first to bring in the three-door refrigerator into India with the protton series which continues to do very well. It also brought in the Platina range, which is dark interiors, and in washers Whirlpool introduced not just the incredible Bloom Wash 360, which is our top, let's say most premium top loader but also the first top loading heater in the country, which we now have across quite a bit of our top load range. So, in essence, this is what I told you about earlier, Whirlpool is a pioneer in India's durables industry, in inspiring trust for consumers with our brands.

Now, how are we actually bringing it to life now, going to the next slide. We are very, very proud and happy to work with one of the great Indian company, a company that I have always admired, Unilever. We have announced a strategic collaboration on the 12th of June that we do with Unilever. So, Whirlpool and HUL have decided to collaborate to enhance the Indian consumer's laundry experience. And the whole logic is a very, very simple logic, which is, penetration is a massive opportunity for washing machines in this country. And penetration is also a massive opportunity for liquid detergents and washing machines in this country. That is, in essence the opportunity that we see, this opportunity can take several forms. At this point in time, we made a grand start with a joint media campaign, a TV and digital, which is a co-branded campaign between Whirlpool and Surf Excel. I apologize, I am not able to play this for you because it's an audio call. But the link has been sent along with the video which you can look at leisure. It's an advert that we really love. And I am sure the Unilever guys like it as well. My father, who lives in Chennai, has reported seeing it several times. He is my people leader, you know literally he monitors and then lets me know every time he sees the ad, and I believe that he's seen it a reasonable number of times.

We also are doing, sorry, please go back please, we are also doing sampling and OnPack endorsements on both the machines as well as the products of Unilever Surf Excel, which is the brands of Excel Matic, which is a brand that we are working with. So, at this point in time, it's media, it's sampling, it's OnPack endorsement, and plenty of opportunity to do much more in this area to drive penetration in washing machines and liquid detergents.

Next slide, please. But that's not all, we are taking inspiring trust to the next level, because we just said we have got amazing products on both semi-automatic as well as front load. And we have got opportunities to

improve our market share in both these places. We took a look at these products and said, we are so confident of these products, let's put our money where our mouth is. So, we have moved first from offering two years of comprehensive warranty on semi-automatic machines from two years to four years in January this year. So, on every semi-automatic washing machine that we make and sell in India, we basically give four years warranty on Whirlpool. And following the success of that program, we have offered a five-year comprehensive warranty on our front load fully automatic washers. This is the new line that we set up in 2022, which is doing really well and the products are fantastic. So, we said alright, so let's offer, you know, that trust to the consumers to say this is how confident we are in our product that we are willing to give you five years of comprehensive warranty. And that is something that we did from April this year. So, those two are in the market and we look forward to significant and continued growth from these.

If I move on to the next one, which is product leadership. We have done some new product launches we are very, very proud of. Now both these product launches have been done in the space of the last 12 to 14 months, basically. So, that's been great work by the team to bring commercial innovation to market so quickly. The first one is the DC glass door, the direct cool refrigerators, the single door refrigerators, the glass door range, as you can see, a fantastic new designs, they look stunning in the store. And right now we are not able to produce enough to meet the demand. And so, I hope that continues and we hope to continue gaining the benefits from this, but also able to provide the products wherever it's needed by the consumers. So, this is the first one and then moving on. This is something that we are inordinately proud of semi-automatic washing machines is one thing that everybody would think the only way to kind of grow this business is just bring in more capacity, 7 kg to 8 kg, to 9 kg, to 10 kg, to 11 kg, yes that's one way and we will follow that as well. But what we have done is, we have brought in a premium offering into semi-automatic washing machines by looking at the single biggest pain point for semi-automatic washing machine users, which is detergent patches if you see the left side of the screen, on the blue shirt, you see those patches, it says without dynamics. That's the kind of patch that you can get as a consumer when detergent and water don't mix properly in semi-automatic washing machines. But what we have been able to do is come up with a technology called the dynamics technology where hydrodynamic fins in a compartment, mix the detergent with water ensuring no detergent coagulation and offering an incredible experience, right, zero detergent patches, zero, okay. We are incredibly proud of this initiative that we brought to market and this has just hit the market a couple of months ago and we look forward to driving this really hard.

Move on please. The next slide, Slide no.20. Elica continues to dazzle with its innovative ranges. The one on the left is a particular favorite of mine. The auto sense chimneys that we have brought in with the brushless DC motors. See the insight here, again the consumer insight here inspiring trust we talked about. Consumer insight here is that, when you get a chimney, you often and I am sure you have experienced with yourself at home, you often forget to turn on the chimney when you are cooking.

And so you end up having this, smoke in the room for about 15 minutes, and then you switch it on, but by then your eyes are watering. Look at these incredible auto sense chimneys, what they do is this, there's a thermal sensor, that as soon as the flame comes on, it detects the flame, and it comes on automatically. Now that's a great consumer benefit and on the right-hand side, you see the Hexa Ind Lotus series of hobs, there are triple burners here. And these have heat shields. So, if you see those heat shields that you can see on the screen, that avoids your knobs from heating, just imagine such thoughtfulness that's gone into the design of these products, heavy duty burners, and obviously looking incredibly good, world class design. So, that's on that.

Move on to the next Slide no. 21. We talk about excellence in execution like I said, you can do a lot of strategy but if your execution is not brilliant, then the consumer doesn't get to see your strategy. We are focusing on it is with respect to sales and service winning every day in every store with every consumer, how do we do that? We have brought in much stronger visibility, which we track of the premium lines and our new ranges that we bring into the market, focusing more on premium. Second, we make sure that we get our pricing strategy right, especially on the premium lines, where there is an opportunity for us to grow much, much more, we have got great products, maybe not enough market share as compared to our popular ranges, and therefore a great opportunity. We have really got much stronger sales and service execution, including like I mentioned incentive plans that drive premiumization, that drives the right mix, that drives value at the consumer level, basically at the market level.

And then we also leverage our great customer relationships that we built up over three decades, round after round of management has basically engaged with our customer partners to develop great relationships and we leverage that as well. And of course, we continue to drive e-commerce marketing. If I look at the service part, it's a very good story, you can see from that graph there, the NPS or the net promoter score that we get, which is basically consumer score rating us on how they felt about the installation or the servicing. The scores continue to go up quite strongly. And we do that through a variety of things, we have got differentiated call centers, we have got dedicated desks for premium customers, for the top 20 cities, we have got escalation desks, we use technology like WhatsApp, API's, video calling, etcetera to service the consumer. And we have also got in-house service centers that we set up in 2022, that not only drive an excellent service experience, but actually are financially viable. So, all in all, from our service and a sales point of view, we are happy with the progress that we are making, we need to do much more of this. But we are happy with the progress that we are making.

Next slide, please. Slide no.22, we are coming to the end of my piece, is basically two big things to highlight on the supplier excellence program. First of all, we are very, very proud that all our three manufacturing sites Puducherry, Pune and Faridabad have achieved the bronze in world class manufacturing, which as you know is not a very easy thing to do, very, very proud of that. And the other thing is that, I mentioned probably about six or seven times in this call the P4G cost leadership program that

we do across all lines with the P&L, productivity to grow. So, the whole idea is to save money across all lines of the P&L, put some into the bottom line, put some back into the business, to drive marketing and sales so that you can drive the volume. And there is a significant step up that we have done on that. I would say that is very, very important, especially given that going forward, there are going to be commodity headwinds that we know, there are going to be ocean freight headwinds that are already happening which the whole industry is suffering from. And these challenges are going to be ahead of us from a cost point of view. But we continue to drive our P4G program because that's in a way for us a little bit of an antidote to these kinds of issues. So, with that, I am going to hand over to Aditya, the CFO for the financial performance.

Aditya Jain:

Thank you, Mr. Eswar. Again, a warm welcome to everybody on the call. I am on Slide #24. And I will talk about the financial performance of Whirlpool of India. This slide talks about the standalone results for full year '23-24. We delivered a top line of 6333 crores, our full year revenue was up 2% this was despite the industry was soft, weak summers, especially on the ref side of the business. And in the second half, our revenue was up by 10%, which was driven by market share led growth, which was in turn driven by stronger execution, and effects of product upgrades and innovation. This was in contrast to our first half decline in revenue of 4%. If you just look at from two core categories for ourselves, the refrigerators grew in low single digits and the washers for a full year point of view grew in double digits.

Coming to profits, the EBITDA, we delivered an EBITDA of 312 crores at 4.9%. EBITDA grew by 4.6% on a Y-o-Y basis and on profit before tax before exceptional items we delivered a profit of 250 crores at 3.9%. Actually, we arrested the three-year decline in profits. So, over the last three years because of COVID competition and costs, we saw a decline in profit. But this was the year we saw that arrest, we arrested the decline, and the profits grew marginally by 1% year-over-year. Just to give a little bit of color on the profits, the profits in the first half were impacted by the price adjustments which were forced to take to correct our competitiveness in the marketplace. And the significant impact of the regulatory cost changes which happened which impacted our cost. However, in the second half, because of the significant volume growth and the cost productivity actions which we took also held by the softening of the commodity prices and all the actions which is the ROI based investment which Mr. Eswar spoke about, and the focus on driving mix had led to a 58% growth in profit in the back half of the year, ultimately leading to a full year profit growth of 1.4%.

On the cash side, we generated 535 crores of cash in full year '23-24. Cash was driven by obviously EBITDA as well as the improvement in working capital. Improvement in working capital was led predominantly by the inventory management, there was an organization-wide effort to improve the quality of inventories and reduce slow moving, non-moving and obsolete stock, which was basically a paid inventory for us and as a result of which we saw an improvement in working capital and hence the cash generation.

On Slide #25, this is the, this slide talks about the financials on a consolidated basis. The difference versus the last slide and this slide is about the Elica performance. On a full year basis, we delivered a revenue of 6830 crores, our revenue was up 2.4%. We already spoke about standalone business. On the cooking side Elica grew revenue in high single digits, so Elica revenue grew by about 8%. On profit side, on a consolidated basis the highlight is that, we grew profits in high single digits. Both EBITDA and PBT grew by about 8.8% and 9.8% and Elica continues its good strength and profitability and profit for Elica business grew 40% Y-o-Y and on a consolidated basis, we generated 610 crores of cash again driven by EBITDA and strong working capital improvement versus last year.

Moving to Slide #26. This talks about the quarter one financial performance while Mr. Eswar spoke about the standalone performance, so hence I am covering the consolidated performance which includes Elica. From a top line point of view, we delivered revenue of 2497 crores. I am happy to state that this is the highest ever revenue we have clocked in any quarter in the financial year. And this is a growth of 22.5% versus last year. This revenue growth was driven by strong market share improvement on the back of various actions. We have taken around the strategic imperatives also held by the double-digit growth in refrigerators as well as air con industry. A point worth highlighting both refrigerators and washers grew in high double digits for us. EBITDA, we delivered a consolidated EBITDA of 211 crores at 8.4%. EBITDA grew by 71% last year and there was an improvement of 230 basis points and profit came in at 196 crores that was almost double versus last year, and PBT percentage was 7.8% and an improvement of 300 basis points versus last year.

A bit color on profitability. So, both EBITDA and profit improvement were driven (A) by the strong volume growth. We saw 22.5% growth in top line which automatically translates to a significant improvement in DCM, fixed cost remaining flat everything flows into the bottom line, plus a significant improvement also came from the cost productivity actions. A lot of work happened on the commercial negotiation and technical productivity, so the market forces of commodities were flattish versus last year. But all internal efforts on cost and the P4G action led to the margins improvement coupled with the entire focus on driving mix of high DCM and premium portfolio to business and this has helped us offset the pricing challenges and the regulatory cost impacts which we had.

On the cash side on a consolidated basis that remains a good story. The efforts on managing working capital inventory and the accounts receivable remains and in this quarter we generated a healthy on a consolidated basis a cash of 491 crores, which is significantly higher than last year. With this, I have covered the financial performance and I will pass it back to Ms. Roopali.

Roopali Singh:

Thank you Aditya. I would take an opportunity to thank both Mr. Eswar and Mr. Jain for such a detailed presentation. I would now hand the proceedings back to the moderator to open up the Q&A session.

Moderator: Thank you Roopali. We will now start the question-and-answer session. Participants present on the audio bridge who wish to ask questions may press * and 1 on their touch tone telephone. If you wish to remove yourself from the question queue, you may press * and 2. For clarity of questions and better audio experience, participants are requested to ensure that while asking questions, they are using headphones to avoid the background noise. In the interest of time, we sincerely request the participants to limit their questions to two. We will now begin the question and answer session. The first question comes from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Sir, two questions from my side, in the previous conference call you had indicated the revenue guidance in high single digits. But now we have seen a very strong performance in quarter one. So, will there be any change in the guidance and if you can indicate the revised guidance that you are looking at, that is question number one. And then question number two is, while the company has gain market share is there any strategy with which the company is working in terms of gaining market share, for example 1% market share gain each year or market share gains in premium end of the market or anything that you would like to elaborate and what will be the key triggers to drive the market share growth, is it the distribution in your regions or gaining market share in the existing regions itself or launch of new products or in a way price cuts or aggressive ad spend. So, just wanted more clarification and data on this from you. That's it from my side, thank you. And congrats for great set of numbers.

Narasimhan Eswar: Thank you Aniruddha, much appreciate I kind of knew this question would come. Well, I would say that we are not giving any guidance, etcetera for the full year. What I can assure you is that, investors with us, I can assure you that we are putting in every effort to make sure that we try to meet your expectations and that's about the maximum guidance I can give. As you know we are a listed company here, a listed company in the US. I don't want to talk too much about guidance that we have not given elsewhere. So, we have done, I think we have had a very good first quarter. You know, everything depends on the growth actually for the year depends on a couple of things with respect to the revenue, right. First, it depends on the market, which is very difficult to predict what happens to the market. Second is your market share, so those are the two things that basically help to go towards your inorganic business growth. While market is very difficult to predict what will happen or not happen, our focus will be to try to keep our market share strong. Because at the end of the day, profitable market share growth is actually what as I said last time, is what we want to focus on. So, growing market share but growing profits at the same time, the intent is not to grow the market share and drop the profits, because that's not a sustainable model in our view.

Now, the second part of the question I can answer in a little bit more detail, which is how do we look at gaining market share. What are the triggers driving the market share? So, firstly, the key for me would be to drive market share profitably, which basically means if I grow revenue,

ideally, I should be growing profits ahead of revenue. That is the intent, there could be quarters in which we are not able to do that. But the intent would be to do that all the time. right. That is what I would say a good company does. There are many triggers, you know much better than me. The obviously new products and innovation is obviously one great trigger. The right pricing for the right product is another trigger. All of the sales fundamentals and execution you called about distribution being available in more stores, but you can also imagine extraction which is basically taking out more volume from the same store, from the same number of displays that you have in the store. So, your display share is also a driver. Your different categories can be drivers, some categories growing faster than the others, the lower penetrated categories which have momentum growing faster than the other can also be something that grows. Within this obviously we try to drive our premium market share harder than our let's say popular for lack of a better word market share the entry level products, but of course sometimes the season is great, the entry level market share will go up so that's okay. So, long as your premium market shares are going in the right direction that you want it to, there are times given the Indian market where the entry level segment really grows very well and being a leading player, your market share grows faster, you will end up with an entry market share growth faster than your premium market share. we are okay with that, so long as we are growing in premium. So, our strategy would be exactly what you called out, which is driving all these levers having a very clear idea of which lever to use when, having a very clear focus on return on investment in each of these levers, because as you can imagine, I only detail some of the sales and marketing levers, there are many of them, right. So, we are trying our level best to do this in a scientific and rational way. So, that we can always try to get to our goal of profitable market share. I hope, I answered your question.

Aniruddha Joshi: Yes, many thanks for that. Just the last question and then I will come back in the queue. We are seeing, e-commerce is becoming a way major force in the entire consumption basket, especially in white goods and durables also, now with ONDC platform also becoming a bit bigger. So, in next 10 years this will be likely to be a major driving force in the entire distribution. So, what are the strategies of Whirlpool, in this entire thing and what are the market shares in e-commerce platform, compared to let's say, GT or MT, I don't want the exact number, but are they higher or materially higher or lower or materially lower, anything directionally would be very helpful. That's it and thanks from my side.

Narasimhan Eswar: No, thanks a lot Aniruddha. So, to answer your question on e-commerce, well we obviously we are present on all the things that you mentioned, we are present on the key e-commerce platforms, we are also present on ONDC since end of last year, like you rightly say it is growing, and it will continue to grow on an ongoing basis. I think, the way we look at this is that, we don't want to favor any one segment or platform at all. These are just different ways of reaching our consumer. Right! And we also include in this our own D2C business as you recall, we have called that out also as a strategic focus going forward. And that's something that we will continue to introduce going forward as well. We already have a D2C

website and a platform. So, to answer your question, yes, very much e-commerce is part of the plan. We have no, let's say aim to grossly drive one channel versus the other absolutely not. We plan to basically drive all the channels with respect to the financial return that we get out of the channel, and also the long term ability for that channel to kind of contribute to the industry and contribute to our growth, right. So, that is the basis on which we make our investments. And we continue to make investments in both e-commerce and in D2C, including ONDC. Now that's the first part of your question.

In the second part of the question, the market shares are kind of pretty much, much of a much less, it's very difficult for me to give you an exact idea. The reason is because the numbers are slightly different across different, but I would say it's more or less in the same ballpark. So, it's not like we are massively below in one versus the other. It's more or less in the same ballpark between e-commerce and traditional trade, which also shows that like I told you before, this brand straddles geographic strata, it straddles premium and popular, it straddles different channels, it does pretty well across the board.

Aniruddha Joshi: Okay, Thank You, Thanks Alot.

Narasimhan Eswar: Thank You.

Moderator: Thank you. The next question comes from the line of Priyank Chheda from Vallam Capital. Please go ahead.

Priyank Chheda: Ya, Hi Team, Congratulations for great set of numbers. Sir, my question is on the gross margin, particularly for the June quarter which we saw, it is seasonally strong for refrigerator, but we are seeing seasonally slightly lower than what we see for the rest of the nine months. So, is refrigerator a lower margin business versus washer on a relative basis, if yes then why. (B), how should we think when it comes to the full year gross margins after all the price corrections that we have taken, vendor negotiations are getting initiated. So, where should we end gross margins for the full year and on the P4G program, if you can talk, if there are additional savings left below gross margin, which is freight, employment, employee cost or advertisements, is there anything that we should think, we should approve in this year below gross margin as a savings. That's on my side first question?

Aditya Jain: Thanks Priyank, this is Aditya and I will pick up this question. A, first thing I just want to say that because we are a listed company and we are not giving short term guidances so I won't exactly be able to tell you like how will my full year gross margin will look like etcetera, etcetera. Having said that, to the question on whether ref versus washers, are the margins are significantly different. So, not significantly different, both of them are ballpark in the same range. So, it is not that one is significantly better than the others. In this quarter, we have seen a year-over-year improvement in gross margins predominantly coming from the benefit of the productivity actions. And hence, you see roughly one and a half to two percentage points improvement coming from the material cost line.

So, as we have explained, we have a very structured P4G program, there are teams both on commercial negotiation sides and, and the technical side who work on driving those productivity initiatives for us to deliver those cost savings apart from whatever happens on the commodity side in the market. To your points on line items below material cost which is your employee cost and all other expenses. We also have a P4G program in which we capture the indirect cost, while the material cost is a direct cost. But we also capture indirect cost, and the teams are working on it. The idea is not here to cut the cost, but open cost optimization as a principle that how can we get more from the same level of costs or how can we do the same level of work at a lower cost principle. So, there are teams working on each of the line items, but then material cost being a significant part of the P&L and roughly 70% of the cost is material cost is the entire P&L. Hence, that's where you will see the biggest amount of productivity, which is reflected in the P&L.

Priyank Chheda: Perfect-Perfect. Coming to the season, which is for the washers. If you can elaborate overall strategy for the season, which has already started, how do you see industry growth panning out, given the strong monsoons and we are slightly weak on the front load side as far as the old category goes. So, how are we bridging the overall portfolio, making the overall portfolio ready to gain the maximum out of the current ongoing season and if you can also elaborate on this washer as a category which has seen a solid competition coming up from the entry level peers like Voltas, Beko, how is the overall competitive intensity panning out for you, particularly for the washers. Thank you.

Narasimhan Eswar: That's a great question. I will try to answer it as best as I can without revealing too much because as you can imagine, we are a listed company and some of our competitors are not. So, I would be absolutely loath to give out any information that would prejudice us in the marketplace. How do I see the washer season coming through, very frankly like I said, right at the beginning very difficult to predict. I wish I could predict it and I would share that with you because it would be helpful for me as well. But it's very, very difficult to predict how the washer season could be. The summer season was better than what anybody expected. The best of the best did not expect that this good summer season, especially for air conditioners. And so, I am only hoping that the washer season is good, but to be honest, like I said what we focus on is trying to focus on market share, so, that we can be sure, if your market share grows, you can be sure of at least some of your growth. If you are counting on market growth, that can be in the short run a little bit of a misleading thing because if it doesn't come then you are in a soup. So, everything that we do is based on trying to drive market share, like I said profitably. So, we basically got three businesses, which is front load business, our top load business and our semi-automatic washing machine business. So I think , you have talked about competition, not going to go into which brands and so on and so forth. But yes it is quite competitive and that's great, because it's good for the consumers when it's competitive. We welcome the competition, it's very inspiring for us. So, we have special plans for the washer season, you will see it in the market. We have already taken some actions actually, to be honest, I don't want to say on the call. But if you

actually make some inquiries in the market, you will already know the actions we have taken on semi-automatic, you will know the actions. For example, I already spoke to you about one thing on front loading that you asked about, that we have actually gone to a five year comprehensive warranty on the front load washing machines. So, fantastic new products with a five year front load washing machine. If you look at our top load business, which is basically the top load vertical axis machines, we have just got advertising on after many years with the Unilever Whirlpool ad. If you see that ad, you will see that what is featured in the ad is the bloomwash series, which is our flagship product in top loaders. And in semi-automatic washing machines, which is historically been a big success for us, but of late has been something in which we have had some challenges in share, we have taken a couple of steps, we have taken some corrections in pricing that should help us through the season. And the second thing that we have done is, we have launched the dynamic detergent dispenser in the semi-automatic machines, which is a premium end of semi-automatic machine. So, all in all more to come, but I think we have a decent plan for the washer season. For us, the critical thing is, we are not so bothered about other people, we just want to do what we need to do, which is grow our market share profitably. And that's basically our focus.

Priyank Chheda: Perfect, sounds great. Just a last question on the market share gains, the three levers which you have alluded to which is additional brand promoters. Second, is new product launches. And third is mix, would it be by any chance possible to break down the contribution from the each of the three levers which are contributing to the market share gains, and a result in most likely the Koreans would have lost markets given the last share that they would have, any reason would you like to address why such that is happening in your industry. That will be my last question. Thank you.

Narasimhan Eswar: Sure. I think to be honest, we can't really give that break up because, like I said that would literally serve the answers up to everybody on a platter. And it's taken us a lot of hard work to figure this out. Unfortunately, I can't give more color on what contributes how much. Needless to say, it's not just these three, there's a lot more actually, which I haven't detailed out, there is a huge amount of work. If you remember, I also talked about the sales incentive structure. It's not just stuff that costs money, it's also how we use the stuff like what Aditya was saying. The incentive structures is another big thing, there are several- several things that we have done, whether display shares, whether distribution, whether it's extraction. So, there's a lot of work that's gone in, it's not only these three levers, these were three of the levers, which are a little prominent, but there are many others that have led to this. So, the combination of these things done the right way with the right investment behind each is. That's what we need to get right to get profitable market share growth basically.

And as far as other players are concerned, I think, look let's be honest, it's not a one way street for anybody. I think we have seen years in which our market share has gone down, I think those numbers are shared with you in the beginning. That was the same company and does it mean, it

can never happen again, yes it can happen again. We are paranoid about making sure that it doesn't happen again. But, this is a competitive market and people take competitive actions, all we can do is focus on what we need to do. We are not desperately focused on others, we look at competition, what they do in the market to understand what they are doing and to understand the impact of what they are doing surely, through the market shares. But we spend a lot more time making sure that we are running the race we need to run, if that makes sense. That way, we can be sure of ourselves, rather than looking over a shoulder at somebody or looking ahead at somebody and saying, how do I catch up. I think we just need to pace ourselves and just do it right. That's all.

Priyank Chheda: Wonderful, Congratulations and All the Best.

Narasimhan Eswar: Thank You so much Priyank.

Moderator: Thank you. The next question comes from the line of Ravi Swaminathan from Avendus. Please go ahead.

Ravi Swaminathan: Hi Sir and thanks alot for taking my question and congratulations on good set of numbers. I know this quarter had been good because of the strong summer season. But in general, the demand environment, especially post COVID had been slightly soft. If you could give some commentary on the demand scenario on a normalized basis. How it is on a pan India level. Probably you can give a commentary on how good rural is, urban is, that will be great.

Narasimhan Eswar: That's a great question. So I think this is actually the, I would say one of the trickier questions to answer. What has actually happened that we can see post COVID is that, there was a big bump post COVID basically, when people came back to the market, there was a maximum, I would say significant market growth, we are talking about 20% odd growth basically, unfortunately, we couldn't participate in that growth for various reasons at that point in time. But then what's happened post COVID is we see on an ongoing basis is, outside of these big spikes the market growth has been a little subdued okay, to be honest. And the reason that's happening is because what we can see for sure is that the premium segment of the market has certainly been growing really fast. But the belly of the market, the entry level of the market, that has not been doing massively in the last few years, right. Now, I do believe that, of course, I am not an economist at all, by any stretch of imagination. But I do believe that, kind of having the GDP growth that we have, the trickle down should happen. I do believe that post COVID consumers were spending on a lot of things that they didn't spend on during COVID. If you look at house prices, they went up so much basically, extraordinarily, rentals went up extraordinarily, travel we all know how brilliant travel was, people only get a certain amount of money every year. Say you get Rs.100 last year, next year, you get Rs.110 or Rs.109 salary increase. You choose where you put the extra Rs.9 because the Rs.100 is already accounted for. Now, I do believe that a lot of people in the last few years put their money in a lot more travel, wanting to see the world, wanting to look at different places, you know, almost catch up on all the stuff that they didn't do. So,

there was a significant increase in travel, as you know from the reported figures. Hotel costs went up because of the travel. So, all of these were inflationary in nature. And I think durables really didn't get the full benefit of this growth. Now, I am hoping being an optimist, that at some point in time, and hopefully that is from next year onwards, but we never know that this growth comes back, and we start growing at least at the rate at which normally the country would be expected to grow, a country like India with this kind of growth would be expected to grow. So, I think that is the one thing, and the second thing is, you know, the other thing that usually drives growth is inflation. So, the inflation in this industry typically has not been very good at all, in the last few years, driven by intense competition, and I am sure by decisions that different companies are making on their own. So, there are two components to it. Therefore, one is the volume growth and the second is the value growth on top of the volume growth. The value growth has been very muted, only driven by premiumization, more or less, predominantly and the volume growth has not been that great in the entry and the mid-level basically, it's been much more on the premium segment. But I do believe that in a country like India, with the kind of population that it has, rate at which the middle class is growing, some of the lovely announcements that have been made with respect to the number of houses that will be built, going forward, etcetera when you build a house, the house will hopefully need a refrigerator, had a minimum maybe it needs a washing machine, some of the houses, maybe some of them need air conditioners surely. So, I am hoping that these things are actually going to start contributing to the growth, not just at the top end of the market, but in the belly of the market as well.

Ravi Swaminathan: Understood sir. And my second question is with respect to pricing, we know it's a very competitive market, it had been competitive, it is competitive and likely to be competitive. But some factor like pricing probably would be at the margin. So, at the margin, has things improved over the probably past couple of years, or is it at the same level, or 100%, so the elbow room for you to increase prices in your products, has it improved?

Narasimhan Eswar: I would say, what we are very clear about is that it's a very competitive market like you said. In this category, because the cost of the product is very high, the price impact is quite significant. I think we openly discussed that basically, and talked about how that affected when we were at a price premium versus a competition, how it affected our market share and so on and so forth. So, I would say it is market determined. If there are opportunities in the market to take pricing, I think the companies will take them and everybody takes it independently. In the absence of any companies taking up pricing, obviously the value of the market would continue to be depressed. So, it's a very difficult one to predict or plan for. Obviously, the one variable in this is commodity prices, ocean freight, all these costs going up. So, just common sense, say, that at some point in time, that should be something that we look at, basically. And I am sure everybody will do their own mathematics on the topic.

Ravi Swaminathan: Understood. And my last question is with respect to the premium products. You had mentioned that the premium products have grown faster than the entry level products. So, the percentage of share would have obviously gone up over the past few years. I mean if you can share the number of what is the premium product share say double door refrigerator, in the overall mix and automatic washing machine and the overall mix, and how it can read over a three, four years period?

Narasimhan Eswar: Ya sure, we don't give out the share data, by segment or so on and so forth. This is something that we don't do, but I can kind of tell you that, typically our shares are higher than the entry level historically than they are in the premium level. And therefore, I would say the room for us to grow in premium is more. And so what we try to do is make sure that we get a certain amount of growth in the premium segment. Like I said before, there are sometimes when the entry level actually grows faster because the market is faster and we are quite strong in entry. So, we end up getting a higher growth there. But strategically we would like to see the premium shares growing ahead of entry on a going basis, on an absolute a percentage basis point growth year-on-year. So, for example, I am just making up numbers, if your premium share is 12% and your regular share is, entry level share is say 15%, you would like the higher percentage of growth on your premium shares or on your entry share. So, that your financials work out better, your mix is better. Obviously the more premium products that you have, the more you can drive them the better off you are as a company from many points of view. And so that's what we really try to focus on. Unfortunately, numbers, percentages, etcetera we are not able to give out.

Ravi Swaminathan: Understood Sir, Thanks Alot.

Narasimhan Eswar: Thank You, Thank You Ravi.

Moderator: Thank you. The next question is from the line of Amit Mahavar from UBS. Please go ahead.

Amit Mahavar: Thank You, Eswar Sir, first of all congratulations on achieving a lot of operational turnaround if I can call it since you joined, very difficult time and reflecting also in the cash flows, not only in the P&L. My first question is more on, if you see what you have done in last couple of quarters, a lot of representation which was missing for Whirlpool in the trade channels, you have more people on floor, shop floor market Whirlpool products, you have actually expanded the SKUs both in ref and washing machine across four, five categories. Can you just help us understand what is the, which are the segments where you gain more market share in ref, it seems it's more in DC versus FF, can you just help us qualitatively understand the change in market share across categories in both the key categories of ref and washing machine?

Narasimhan Eswar: Ya, Thank you Amit, looks you know more than me. So, you are right, its pretty much everything you said is right. We have done a lot to be honest Amit on a lot of areas, because execution was something that we were very keen to get right. And like I said before, strategies are great, but if

you can't execute them in the market, then they are meaningless to the consumer. We have invested a lot in trade channels basically, as you talked about people on the shop floor explaining our products to the consumer, which we see actually as a way of marketing. So, we have done that, we have done a huge amount of training for them, we have made sure that they are kind of comfortable with not just the products, but they are proud ambassadors of the products, we have brought in new products, just to give you a couple of examples, the DC, we brought in five star after a couple of years, basically we brought in the five star industry very well, we brought in the frost free range we brought in the three star after quite some time. So, that's been doing very well as well. Like, we just talk to you now, we brought in the glass doors into DC that we never had before, which is quite a cool thing because a brand like Whirlpool bring in glass doors, it's wonderful. It's like, I pop across sometime the market to Bangladesh to basically see in and pretty much the whole market there is a glass door. So, glass door is a wonderful thing that we brought in here as well. So, we brought in a lot of new products but that's not all we have done a lot of executional change in a lot of areas. And therefore I think, focusing on that and driving that is what we really are clear about. And like I said, we put down so many different things, basically. And we say okay, which ones, what are the kinds of bullets that we have for each of these. So, obviously a direct, I mean I am sure you know about this, but our direct cool performance has been very good, we are very happy with that. And frankly, our interest will be to make sure we continue with that kind of growth. I don't want to say too much. But if you see the shares, you will figure out what I am talking about. The direct cool refrigerators business, we have had some very good success, we started seeing the turnaround on frost free as well. But, for us to kind of even think that whatever share increase we have got is ours to keep that would be folly. It is a very, very hard-fought battle and it's got great respective competitors, who I genuinely respect and therefore I think we have got to be on our toes all the time. And in washers, for example, we had some very, very good success in our top loading washer business. But I am pretty sure that we will try to bring that success to bear in our front loading washers business as well, where our share opportunity as you know, we have been active for the last two years, others have been active for more than a decade. So, in front loaders, we have a tremendous opportunity to grow the business. And we will absolutely focus on trying to do that. So, for me there is a lot of opportunity that we have basically, obviously the key is to invest in areas that can give you a return, so that we can focus on profitable market share growth, but I must say that you pretty much answered your question.

Amit Mahavar:

Thanks. The second question is, you know, a lot of low hanging fruit is what you seemingly have achieved or in the course of broadly achieving it. But you also have some of the tough competition now in Beko, which was non-existent when the last big management change had happened and I am not worried about competition for Whirlpool, maybe Whirlpool and Beko as a strong players will lift the category and cut down the tail. Do you think for you in the next three years, say by 26-27, the SKUs that you track and then you plan in the market for these two categories, will

you be able to cut down the gap vis-à-vis say if you compare with LG, Samsung, particularly if I can name them, do you think that's a very strong and important target for you and in that category. When you do that, it needs a lot of innovation, which anyways you are trying to drive. So, any color about how the SKUs across the categories will move in the next two, three years. I understand the limitation with which you can answer this but anything incremental is helpful plus, the factory setup you have now, we have much and much less imports now. So, something around that, thanks Eswar.

Narasimhan Eswar: Sure. It's a very good question, actually. And I was expecting this question. It's a very good comment that you make and it's a very fair thing to say that there are low hanging fruits. But, to be honest with you, what we have tried to do Amit is, we have tried to figure out all the fruits, some of them are low hanging, some of them are medium hanging, and some of them are high hanging. So, the critical thing that we tried to do is figure out where are these fruits, how big are the fruits, what is the momentum of these fruits, how big is the runway for these fruits. That's what I was trying to explain at the beginning. So, what we have tried to do is, come up with a menu of things that we could potentially invest in, and what returns could that get. And so in a way, while this is a bit theoretical, but you have to invest money according to a certain theory. So, we work that piece out. Obviously, it's not an exact science, but we work that piece out to say what we should be doing at what point in time. So, I think we are not counting on any low hanging fruits, obviously if they are there we will pluck them. But we are not counting on low hanging fruits to basically drive success going forward. Now I think the question that you were asking me, basically if I can reframe it as to say, what is the ambition that we have, I will not state a specific number or something. But to be honest, you play games or you play in arenas, or battles with only one intent is to win. So, that's what we want to do, we want to win and we know that it's a long hard road to win eventually and we got to win year-after-year, quarter-after-quarter, month-after-month, week-after-week, day-after-day. That's how you will in the long run. In the battle sometimes you lose, sometimes you win. But if you win much more often than you lose, that's how you get to your goal. So, our intent is, like I said, very simply to drive profitable market growth through identified levers, which we are fairly clear on which we track and measure with discipline financially, that we try to execute as a team. And what I am happy about is that the entire team is basically thinking that way. Whether you talk to the leadership team here, or you talk to people who are executing in the field, we are all kind of trying to think in the same way. We are not perfect at all, nowhere near that. But we are trying really hard. And I think the intent will be only one which is, profitable market growth, sensible market growth, but market share growth, but continuously. And so whatever market growth comes on top of the market share growth for me is like wow, that's a bonus basically, but your salary is market share, your bonus is market growth, that's the way we like to look at it. And we like to invest it in sensible ways. If you have an open mind and if the organization is harnessed properly, there are so many opportunities that can be leveraged. In fact, just to give you a small example of how the organization is working now. The idea to do a consumer promo on the

front load washer machine actually came from a sales team in Hyderabad, they do not come from the central office. So, doesn't mean the central office doesn't give ideas. They give a lot of ideas which are implemented. But we are very proud of the fact that ideas are coming from the ground up basically. And we are implementing those, and we implement them fast and if we see the proof, then we go really quickly. So I think we have a lot of stuff to do, a lot of battles to overcome. But it's a very interesting fight and we are happy to be in this fight.

Amit Mahavar: Thanks Eswar and good luck to the entire team.

Narasimhan Eswar: Thank You.

Moderator: Thank you. The next question is from the line of Umang Mehta from Kotak Securities. Please go ahead.

Umang Mehta: Ya, Thank You for the opportunity, Sir, just wanted to understand for this low double digit growth that market did in the first quarter, what would have been the growth for economy end, so basically the direct cool range, any sense around that?

Narasimhan Eswar: Ya I think, Most of the growth and I am sure you know, most of the growth actually in the first quarter, actually came from refrigerators. So, not most of the growth, all of the growth between refrigerators and washers came from refrigerators. So, refrigerators had a very strong growth pattern, both the direct cool range and the frost-free range actually grew quite significantly, strong double digits.

Umang Mehta: Understood. And the second question was again on gross margin. So, while I understand on Y-o-Y basis, the reasons that you explained. On a Q-o-Q basis, is there a mix element that play for the contraction? That was my last question.

Aditya Jain: Not a significant one, which will impact the Q-on-Q margin mix. So, as I explained earlier, the margin between ref and washers are not significantly different. So, that is something which has an impact on the margins, than the mix not a significant impact on margins.

Umang Mehta: Then what was the main, there's a substantial contraction on Q-o-Q basis. So, just wasn't able to understand the reason behind that?

Aditya Jain: So, what really happens in April to June quarter is, (A) your mix of the product, for example AC becomes significantly higher, which has a relatively lower margin compared to a core T2 product so that is one factor, which impacts quarter-on-quarter margin. And the second factor is about the summer, for example there are a lot of promotional schemes which are run in summer, which are not there in your Jan to March quarter. So, because of these two reasons, you will see that sequentially, you will see your gross margins could be a little lower in quarter two versus quarter one. So, those are the two big reasons which impact your sequential margins.

Umang Mehta: Understood, That's it from my side, Thank You Sir and Good Luck.

Narasimhan Eswar: Thank You.

Moderator: Thank you. The next question comes from the line of Rahul Agarwal from Ikigai Asset Managers. Please go ahead.

Rahul Agarwal: Hi, Thank You, Good Evening and compliments on not only 1Q but the achievement you achieved in the last 12 months is wonderful. It was really commendable. Sir first question essentially was on the input content, my sense is just wanted to know, how much are we importing right now from a material perspective, both for Whirlpool or Elica and where are we right now and what kind of changes, should we expect any changes over there, that's the first question.

Narasimhan Eswar: Okay. So, you are talking about finished goods, right. So, almost all of our business is basically made locally, refrigerators, washers, air conditioners, everything is made locally. There is very small, extremely small proportion of business that's imported. I think over time, the intent will be to make everything in India, that's the intent very frankly that the country has overall as a country and that's the intent that we would have as well, touched on a lot of supply chain, and inefficiencies and complexities and so on, and so forth. But obviously, all of that localization, whether it be on finished goods, or on components is going to depend a lot on (A) readiness of the local market, which is very, very, very, depending on what the situation is, depends on the regulatory kind of rules and regulations that come in, about what should be done by when. And also depends a lot on the competitive environment with respect to cost and quality between local producers and international producers. So, there's a lot of factors that go into this, without going into the details, because I cannot share with you unfortunately again, because we are a public listed company, I cannot share that information in detail. But what I can do is tell you that, as a team we have put down all of the stuff, and then we prioritized what should be done by when, that piece of work has been done. And we are working on it, all of them as you can imagine fairly complex projects. And we are working on those projects to make those come through. I think it will take a few years, because there's a lot of, let's say, a lot of things to be done before everything can be done locally. As you can imagine, in every industry it's the same story. And certainly, we are no exception as an industry. So, we also closely work with industry bodies to make sure that the opportunity of making here versus the cost of making here, as well as the regulatory requirements, all of those are basically managed in such a way that it has become viable for the industry, and not unviable, I think that's the key.

Rahul Agarwal: Just a follow up on this, so in terms of, I was actually referring to competence and so, like how much are we importing right now, what's our import content?

Narasimhan Eswar: Yes, so that is something that we will not be able to speak about, to be honest with you because we don't share that information publicly. We haven't shared it, and we don't plan to share publicly as well. But it's

something that, to be honest pretty much if you know the industry number it's pretty much in the same range. More or less, there will be one or two players who are more localized, there will be one or two players who are less localized, but quite a few of the players will be right in the middle.

Rahul Agarwal: Got it. The second question was, of course we have done enough to recover, back to what positions we are right now. But in terms of your team, where will you be spending your time on over the next 12 months in terms of the top three, four challenges in your mind which are still a gap or a challenge you see and will spend time on?

Narasimhan Eswar: Ya, I think, Basically, if I look at what us, what do we as a team, basically spend time on, the first thing that we spend time on is very frankly, profitable market shares. How do we basically secure market share and continue to grow market share but how do we do that profitably, right. So, that's the first big one, because it's a very competitive marketplace. Very, very good competition, very tough competition, people nobody wants to take a step backward in this game. So, the first thing that we look at is profitable market share, then we basically look at working on our own cost programs, basically which is absolutely crucial. So, first, is to drive the revenue. Second is to make sure that we are working on cost, we are always conscious that there are headwinds that come, sometimes the headwinds are very, very strong. I would say right now with all of the stuff that's happening on ocean freight and commodities, etcetera, it is harder headwind than has been done in the past and it's true not only for us, it's true for entire India, it's actually true for the whole world as well. So, commodity headwinds are quite significant. Competition, I think, is the other one, but like I said, what we do is we understand what they are doing in the marketplace based on their actions in the marketplace. And we figure out if we need to adjust our strategies or not. The other thing that really is very critical for us is to make sure that we have a very clear vision, we are very clear strategic imperatives. All the people in our organization are aligned to the strategic imperatives, and we march to the same drumbeat. So, making sure that the organization is marching to the same drumbeat and everybody singing the same song is an extremely important thing for the leadership team, which is what we focus on.

Rahul Agarwal: Got it, thanks very much for answering my questions. And really appreciate to hold this call, I think as a shareholder, just request that if we have these periodical discussions, it really helps to understand the numbers better. So, hope to meet on future calls as well. Thank you so much and all the best.

Narasimhan Eswar: Thank You Rahul, Thank You very much.

Moderator: Thank you. The next question is from the line of Shrinidhi Karlekar from HSBC. Please go ahead.

Shrinidhi Karlekar: Ya, Hi, Thank you for the opportunity and congratulations on the good set of numbers. So, just couple of clarifications. So, did you mention that both economy raise as well as premium range of product did excellent for

the refrigerator category in Q1 and you have had a gains in both direct cool as well as frost free subcategories?

Narasimhan Eswar: Yes, please. So, when you say economy and premium you are talking about direct cool and frost free I presume, because the way we kind of look at it is within direct cool, we look at entry, middle and high, kind of thing. So, if you are asking, did the direct cool business as well as the frost-free business do well, in the first quarter, the answer is yes. Both did well, from an industry point of view.

Shrinidhi Karlekar: Okay. And within the DC as well, did entry also did well?

Narasimhan Eswar: Yah-yah. Yes, because I mean It was a very hot summer as you can imagine. So, entry from a market point of view also did reasonably well. What I think is also, so all the segments actually grew and as far as refrigerators are concerned entry, mid and premium across DC, direct cool as well as frost free. So, all of those segments grew.

Shrinidhi Karlekar: And sir share gains, you have in both DC as well as frost free?

Narasimhan Eswar: Yes, we will not be able to share the details. But yes, we have had, obviously they are differential. Our share gains and DC have been more than frost free, but both have grown. We have had some very good success in DC.

Shrinidhi Karlekar: Great. And sir second question I had is, so we are seeing is that, channel mix is shifting in India, it is moving more from general trade to e-commerce and modern format retailers. So, how do you see it as a headwind to the profitability of industry and therefore the company like Whirlpool and create lot of channel or do you think it doesn't really change much from the profitability of the industry perspective?

Narasimhan Eswar: That's a fantastic question actually, honestly. You are right, there is that kind of a shift. But, I think first based on all the experiences that we have seen across the world, not only in this industry, but also in FMCG that I worked for many years. It's not going to be a complete shift with nothing happening in traditional trade. That's never going to be the case in a country like India, you are always going to have a traditional trade business, purely because of scale and a lot of other reasons. So, you will always have the traditional trade business in India, and it will always be a reasonable chunk of the total business firstly. So, I think, one of the one hand margins can be affected by shifting to more organized trade for obvious reasons. The other advantage that we have is because you are displaying and you are driving the visibility, and you are providing a nicer environment to shop in, etcetera, etcetera, propensity you increase, your basket also increases. So, to be honest, the way I look at it is, India's an amazing story going forward. Because if you grow at a GDP growth of what 7% to 8% a year, hopefully even more going forward. With the real rate of growth being that nominal, you add on top of that, you are looking at a business that is going to, a country that is going to grow GDP significantly, it's hopefully going to double its per capita by 2030. And then you are talking about a lot of people coming into the purchasing

space. So, the belly of the market, if I can call it, is going to become bigger and bigger. And when the belly becomes bigger and bigger, there is more and more opportunity. So, imagine today, so it's not a zero-sum game. That's the point I am trying to make. It is not a zero-sum game. That is the beauty of India. So, I am super happy that e-commerce grows, and modern trade grows and traditional trade grows because all of them will grow. And the reason I am saying that is because again, I want to re-emphasize India is not a zero-sum game. It is not a, I will only grow by 3% so, if you grow, I have got a de-grow not at all, there's space for everybody to grow in this amazing place. And it is not the case for the next five years. In my view, it's the next case for the next 30 years, probably. So, at least in my lifetime and I am sure you are much younger than I am. But in both of our lifetimes, we don't have to worry about lack of growth. So, I think the propensity where refrigerators are selling mid-30s, in penetration, refrigerators can go up to mid-60s, mid-70s. Washing machines are mid-teens, washing machines can comfortably go up to mid-30s without a doubt. ACs are less than 10%, why can't they go up to 50%. So, the point I am trying to make is, in modern trade, or e-commerce or whatever, you have a basket, a bigger basket, because you have more space, you have more people, blah, blah, blah. And so therefore whatever you lose in a percentage you might make up in an absolute. So, I think, the beauty of India is that, one doesn't have to worry so much about it, of course year-on-year you have to manage your P&L, absolutely. But in the long run, this is going to be a great story for the durables industry.

Shrinidhi Karlekar: One more if I may ask sir. So, look at your margins have improved quite sharply, but they continue to be a good 5%, 6% lower than what we used to do before COVID. So, just wondering, do you think that margins are structurally gone down? Some of the players in the air conditioning industry do call it out that sectorial margins in India probably have gone down. So, I want to share your perspectives. Is there a possibility wherein you can go back to the margins you have had before COVID, which in first quarter was typically 14% to 18%?

Narasimhan Eswar: Ya, so, to be honest, it's very difficult to predict. But what I can tell you is that the market is much more competitive than it was pre COVID. Much more competitive, somebody on the call else has mentioned about very strong pricing action being taken by different people, et cetera. From our point of view, we are very clear that the long-term guidance that we have given is high single digit profit margins. That's what we have given, and we absolutely stick only with that and that's the long term guidance that's not tomorrow morning's guidance. It's a long term guidance and the reason we are saying that is because we recognize that the market is a lot more competitive than it was in 2018. 2018 - 2019, you had people exiting the market, today you have people entering the market, everybody wants to come into India and grow the business in India, every global CEO, has declared India as their most important growth market. So, this is just the reality; this is the fact of our great country. And so everybody will want to come in, everybody will have market share. That means there will be pressure on profits and margins and so on and so forth. And therefore, having massive margins probably is not very likely. At some point in time,

I can tell you that when all the regulatory pressures as well have gone, because keep in mind that when you have regulatory changes every two to three years, three to four years, that also brings in a significant amount of cost into all players. Nobody is an exception to this. So, you have got competitive pressures, you have got regulatory pressures, all of these will impact people's margins. And therefore, I think steady progress year-on-year is the best thing to look forward to. We have called our high single digit in the long term and that's what I think, we can aspire to.

Shrinidhi Karlekar: Thank You for answering my questions sir and all the very best.

Narasimhan Eswar: Thank You Very Much Shrinidhi.

Roopali Singh: Thank you. Moderator, we will take, if we are already overtime. We will take one last question before concluding the call today please.

Moderator: Certainly, ma'am. We have the last question from the line of Nirransh Jain from BNP Paribas. Please go ahead.

Nirransh Jain: Ya. Hi Sir, Thank You for the opportunity and congratulations on good set of numbers. Sir, firstly wanted to check on the working capital. So, if I am not wrong we are a company that is already operating at close to nil working capital days, for over the years, but what we have seen in this result also like we are able to generate a very strong cash flow because of continued improvement. So, I just wanted to check, do we have scope of further improvement in the working capital and directionally is there any target for how much working capital days can go to. And secondly, I have a question on the discounting part. So, we have seen consistent, like increase in the discounting over the past few years, but now considering that we have taken a significant price correction, realigned a strategy in line with our competitors, so, can we expect some moderation in the part of the discounting. So, those were my two questions. Thank you.

Aditya Jain: I will take the question on working capital, so our improvement in the working capital right now has been driven more by inventories. What we have done as I said in my earlier part of my performance and results is that as an organization we have been working on improving the quality of the inventories, and hence a significant effort went behind liquidity slow moving non-moving inventories. Now, given the levels, we are currently at inventories, is there a further optimization possible? Yes, you can always look at opportunities but are the big opportunities available, probably no, unless you significantly improve your capacities, for example, and then you say that you have significantly increased capacity, then you can work on anything, you can lower inventory so that's one. On the receivable side, again it's a published number, the days you operate at, we operate at pretty healthy days. And the third lever on the working capital is accounts payable, so have we reached the end of it, obviously, no. We will keep looking at opportunities to improve working capital across all the three levers between APAR and inventory. What are we targeting again, it's a matter of guidance again, and we don't disclose the exact numbers, but then opportunities will always be there in the various areas as we look at each and every nook and corner of our business. On the

discounting side, just want to give your perspective the numbers if you look at published numbers on the balance sheet, year-over-year not seen an increase in discounting percentage. It's more or less, the flattish. If you look at the discount for the TPI, as percentage of revenue, we have not seen any change on those numbers. Pricing is a factor of more consumer in competition led, so that we will keep calibrating between what's happening in the market and what's market can absorb. But the intent would be to hold the discounts flat to where we are, largely.

Nirransh Jain: Sure Sir, That's Very Helpful. Thank You and all the best.

Narasimhan Eswar: Thank You.

Roopali Singh: Thank you. Thank you Mr. Eswar and Mr. Jain for today's session. And thank you, ladies and gentlemen, for joining us today. With that, I hand it over to the moderator to close out the session.

Moderator: Thank you. On behalf of Whirlpool of India Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.