Whirlpool CORPORATION

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February 10, 2025

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

Dear Sir/Madam,

Subject: Transcript of the Earnings Conference Call

This is further to our intimation letter dated 29th January, 2025 and 05th February, 2025 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 held on 07th February, 2025.

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

Yours faithfully,

For Whirlpool of India Limited

ROOPALI SINGH
Digitally signed by ROOPALI SINGH
Date: 2025.02.10 14:40:25 +05'30'

Roopali Singh
VP-Legal and Company Secretary

Plot No. 40, Sector 44,
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Encl: as above

Whirlpool India Limited
Q3 & FY25 Earnings Conference Call
February 07, 2025

Moderator: Ladies and gentlemen, good day, and welcome to 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 an moderator by pressing "*", 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, Neerav. Good evening, ladies and gentlemen. We welcome you to Whirlpool India's quarter three earnings conference call.

I will start by introducing Whirlpool India's management team. I have with me Mr. Narasimhan Eswar, Managing Director; and Mr. Aditya Jain, Chief Financial Officer. As communicated earlier, we also have with us Mr. James Peters, Executive Vice President and Chief Financial and Administrative Officer of Whirlpool Corporation. He joins us today to respond to questions on the anticipated sell-downs.

A presentation on the business and the financial reserves of Whirlpool India is available on the website of the company, as well as this stock exchange. Before we move forward, I would like to remind you of the cautionary statement that forms part of the presentation. During this call, the management will make certain forward-looking statements. These forward-looking statements are based on certain expectations, assumptions, and other factors which may affect the business results. Attention is also drawn to the cautionary statement made by Whirlpool Corporation in regard to the anticipated sell-down which is captured in the presentation. Please read the cautionary statements carefully, and the content of this call should be interpreted accordingly.

With that, I would now like to hand it over to Mr. Eswar.

Narasimhan Eswar: Thank you. Thank you, Roopali. Good evening, ladies and gentlemen. This is Narasimhan Eswar, the Managing Director for Whirlpool of India Limited. And I have with me Mr. Aditya Jain, the CFO of Whirlpool of India.

I would like to start by presenting to you the business overview and walking you through the strategic imperatives and the progress we have made against that. Following which, I will hand it over to Mr. Aditya Jain to talk about the financial performance of the company.

So, as I start with the business overview, what I wanted to say was that I will be talking about the period between April to December, as the quarterly results are with you for October to December. And I am sure you have had the opportunity to study it. We will also take any questions on it later. But I really want to talk about the momentum that we have created through the end of last year and into this year, and how we are sustaining this momentum through April to December.

What do I mean by momentum? The revenue growth in April to December for Whirlpool is 17% growth versus last year. We have not only grown the revenue, we have had a pretty good success in the cost take-out program, what we call the Productivity for Growth program. This has led to a gross margin improvement of 220 basis points versus last year.

We are quite proud that the PBT growth of the company is about 100% versus last year, and this PBT improvement is about 210 basis points versus a year ago. That means the lines in between gross margin and PBT have also been managed quite strongly. We are very happy with the fact that the share gain has been very good. The market share gains that we have had on volume market share has been in triple-digit basis points over all three quarters versus last year, in both refrigerators and washers, which make up 90% of the business that we play in.

Most of these have stemmed from strong positive results that we have got from our ROI-based investments that we have done, which we have talked to you about before. I am also pleased to report that working capital, which is an important parameter of how the company is working, we have also seen some substantial progress. Versus the 5% of sales working capital in September 2023, we have published earlier minus 3% in September 2024, and the company continues to generate healthy cash as we go along. Next slide, please.

Let us start with the revenue and the profits for a second. We would like to say that there is a clear turnaround of the business in the '24-'25 fiscal year with strong profit growth accompanying it. Let me draw your attention to the left side of the chart, where we show the standalone revenue from operations growth.

In 2021, '21-'22 and '22-'23, we were operating between minus 1.6% and plus 3.6%, so between slight decline to low-single-digits. In the first half of '23-'24, as you know, we still had a difficult time. It was minus 4.3%, but things were beginning to turn around. In the second half, which was a different story, we grew the business nearly 10% versus the previous year. And I am glad to report that in these nine months we have grown by 17.2%. That is about 15 months of continuous revenue growth, which makes us feel that we have done the job in terms of turning around the revenue situation.

But is it just revenue? If you go to the right side of the screen, you have the standalone profit before tax absolute growth percent versus last year. From between a minus 20% to a minus 30% up to the first half of '23-'24, in the second half of '23-'24, we delivered a growth of 58% on profit. And in the nine months of '24-'25, we have delivered 101% growth versus a year ago. So both revenue and profit have turned around, and that is why we said it is a turnaround.

Now, how have we done on market shares? Next slide, please. This is slide number nine I am referring to. This line at the bottom is basically the volume market share year-on-year combined for refrigerators and washers from multi-brand outlets, the offline. As you can see, the market has been growing somewhere between mid-single-digits, just once went to double-digits, low-double-digits, and then came back to about mid-single-digits or flat. That's been the kind of profile of the ref and washer market for the last, let's say, in the two calendar years.

Our Whirlpool volume market share which was down triple-digit basis points, from Jan to March '23, we were able to start moving in the right direction in April to September '23. In those six months, while the market was flattish, we had already taken in the first quarter of, when I say the first quarter, I mean Jan to March '23 of the calendar year, we had taken some price corrections and we introduced our new direct cool ranges. We then stepped up our execution, and we launched our frost-free range upgrades with great claims in April to September '23.

As you can see, the share started moving in the right direction, though it was still negative double-digit basis points. October '23 to March '24, we started turning around the share significantly. There was a lot of focus on sales execution and capability, service execution and capability. There was a lot of focus on the frontline and driving our business, driving our consumption, as well as driving premiumness through the mix.

From April '24 to December '24, every quarter we have grown triple-digits versus the year ago in terms of market share. We have done that through a combination of many things, two or three things per quarter. We have brought in new products, whether it is a glass door, or whether it is a dynamix detergent dispenser in semi-automatic washing machines, we brought in much stronger executional focus, increasing that as we go along.

We took some of our great products that we have in washers and launched extended warranty on those, offering more value to the consumer. We brought in additional retail executives to drive our consumption, did several promotions that were at the right promotions at the right time, including at the festival season. And at the end of the calendar year this year, we have also launched our new air-con ranges. All of that is resulting in share growth year-on-year.

Now, what is very interesting to see on the next slide is the question that would come then, the next question is, is it just one or two categories that are driving this growth, or is it happening as broad-based growth across categories? Let's take a look at this very, very complex chart, which is Chart Number 10. And I apologize that it is so detailed, but I did want to give a lot of color to you.

The first row is basically the direct cool refrigerators. The second row is no-frost refrigerators. The third row is SA, which is semi-automatic washing machines. The fourth is vertical-axis or top-load washing machines. And the fifth row is the front-load washing machines. These are basically the market shares in bps versus a year ago, basis points versus a year ago.

Just to take direct cool for example, we were having a triple-digit market share decline in January to March 2023. With the right pricing and with the new ranges, we started to turn that around with much better increased sales execution in April to September '23. And after that, from October '23 onwards, we have been growing triple-digits versus a year ago in the direct cool refrigerator. All of you would know that direct cool is also the strongest part of our portfolio, historically. We are very happy that we were able to turn that around and start getting that into growth as a flagship business for our company.

If you look at no-frost, we had a couple of tough quarters in the beginning. It's not just Jan to March '23, but April to September as well, which is declining. We started correcting that with our new ranges and sales execution focus and several other things. In October to March, we were still declining, starting to move the right way. As you can see, in April to June we went to double-digit basis points growth versus a year ago. July to September, the same thing. I am very happy to report that in October to December we have actually moved to triple-digits basis points growth versus a year ago, thereby showing that we are fully capable of driving the premium end of our business as well.

Semi-automatic was quite a challenge, primarily because there were a lot of competition, which was advantaged on price, on the price that they were working on in the market. It did take us longer to turn that around. But as you can see, with the right set of actions, including warranty and right pricing actions, we have been able to start growing the business from July to September, and we had a strong double-digit growth in October to December.

On the top-loading machines, similar to the DC, the direct cool refrigerators, we started growing triple-digits. From a declining business on market share, we started growing triple-digits, and we have continued to do that from October '23 right through to December '24.

And lastly on front-loading, obviously there is growth versus a year ago, pretty good growth, but that's because the base for our front-loading washing machine is quite small. And we see significant opportunities on that going forward.

So net-net, all our categories have been in strong growth, not just for the last quarter, but for the last two, three quarters. This is the same if you look across regions as well, two different extents, but all our regions, whether it's north, south, east or west, is growing as well.

For me, what this actually tells us, and this is what makes us very happy about the results that we have is that it's not just about the numbers, but the quality of the number, that it's growing in every direction. And for me, that does not mean that it's just about one or two categories, it's about consistent growth across categories, consistent growth across geographies, that augurs well for two things. One is the Whirlpool brand name, and I think Whirlpool is back. And the second thing is our organization, and absolutely our organization seems to be performing at the level that we'd love to see it perform in the future as well. Next slide, please.

Let's move on now to gross margin, Slide Number 11. In 2021, '21-'22 and 2022-'23, we were declining gross margin versus the previous year by a reasonably substantial amount. The correction started in '23-'24 in the first half of the year, with our cost productivity programs fully in place. And you can now see that over the last 15 months we have grown our margin versus last year by more than 220 basis points, which is leading us to the profit growth. Next slide, please.

We are also very happy with the work we have been able to do on inventory, on payables and receivables, because working capital is a very good indication of how operationally strong we are. We can see in March and September '22 we were operating at a positive net working capital as a percentage of net revenue. These are all published numbers. March '23 and September '23 as well, very similar. But in

March '24 and September '24, you can see the substantially lower net working capital that we have been able to bring in, which also helps us from a cash point of view. And also from a general operational point of view, it also kind of hints to you, and I can tell you that inventory is also an important part of this, it also hints to you at the work we have been able to do on demand forecasting, and being able to come up with much better operational efficiency. Next slide, please.

So that is one of the business that I wanted to give you a perspective. I will now move on to the strategic imperatives. Slide Number 14, please. Our strategic imperatives are; inspire generations with our brands, win with product leadership, excellence in execution, building a competitive and resilient supply chain, and growing a consumer direct business.

Let us take a look at it one by one.

Starting with inspiring with our brands, you are free to click on the link that is embedded in your presentations. This is our frost free television campaign that we have aired in select states. I would really request you to take a look at this campaign. We are very happy with it. We are very proud of the campaign. And we are also happy with the initial results that we are getting out of it. Next slide, please.

But it is not just refrigerators that we have been able to do some good stuff on the brand's work, it is also on washing machines. As you know, we work together with one of the great consumer companies of India, Unilever, to come up with a penetration driving campaign which drives penetration of washing machines and liquid detergents going forward. And there is joint marketing associated with it, which includes the TV campaign, sampling, and on-pack endorsement. And this has started as well. Again, the link is there in the presentation for you to have a look at. And this copy, this TV commercial communication has been on air since the middle of last year.

But that is not all we have done on inspiring with brands. Move to the next slide, please. On slide number 17, we are so confident of the products that we have that on semi-automatic washing machines we decided to give a four year comprehensive warranty on semi-automatic washing machines which gives us a good advantage over many brands in the market. We are able to do this because we strongly believe in the product quality that we deliver. On the success of the semi-automatic washing machine warranty, we were able to extend this to the front-load fully automatic washers, offering a five-year comprehensive warranty on these washers. All these inspire trust with our brands, and make the Whirlpool name even stronger in the market. Next slide, please.

Moving on to product leadership, slide number 18. We have launched new direct cool glass door range. As you can see there, there is our beautiful design, they look absolutely beautiful in the market, appreciated by consumers, appreciated by the trade. We are very proud of the fact that these ranges are fully the glass door for this was happened after the new regulatory regime was introduced. And all these glass doors are completely made in India. And this is part of our contribution to the whole Atmanirbar Bharat, Make in India, develop in India and do in India. And we are very proud of the fact that these glass doors have been developed in India and brought into the market by us. And we look forward to these glass door ranges giving us a lot of good solid ground in 2025. Next slide, please.

If you look at slide number 19, the other example of something that we have brought in which is a real innovation is the introduction of the dynamix detergent dispenser in the semi-automatic washing machines. Typically, people would look at semi-automatic washing machines and say, not much innovation can happen in this segment, it is not very high technology compared to front-load, or fully automatic top-load washing machines. Well, we have brought in some good technology into this. This dynamix technology that we have brought has hydrodynamic fins in the washing machine that mix the powder detergent that is used with water before it goes on to the clothes so efficiently that no detergent coagulation happens. And therefore, you end up with zero detergent patches, not 0.1, but zero detergent patches. And that is something we are very, very proud of. Watch out for more on this place. Next slide, please.

We move on to the third parameter, excellence in execution and creating a consumer-centric service organization. Our aim as I said before has been always to win every day in every store with every consumer. We have invested significant amounts in the front-end capability and capacity, be it service or be it sales. We have put in a lot of work to ensure great execution, driving our premiumization goals, including ensuring much stronger visibility of our premium lines and our new ranges. We have made sure that we are dynamically always looking at the right pricing strategy, especially on our premium lines; but where necessary, even on our popular mass lines. And we continue to leverage our great customer relationships built by decades of giants over the last three to four decades.

If I take your attention to the right side of the screen, we are very happy that the Net Promoter Score on service continues to see an improvement. You can see in that graph Net Promoter Score starting from middle of 2021 to literally today, and you can see that graph is going in one direction. At some point in time, I guess, this is not going to go up anymore because this looks pretty close to 100, not too far away. But we are quite happy about that, jokes apart, with the way we have been able to inspire trust in our consumers, in our trade colleagues, with our service partners, and so on and so forth. Next slide, please.

And then, of course, the Productivity for Growth program that I mentioned. This has been key to driving improvement in our margins. First, the Productivity for Growth program is a huge exercise that we do. It's a regular systematic program that covers all lines of the P&L. And we have had significant step-up in the material cost productivity actions, but also in several non-material cost productivity actions, driving overall efficiency in the P&L. We are also delighted to announce that we achieved a Silver WCM, World Class Manufacturing Standards, in our factory in Pune. And our other two sites are already at Bronze for World Class Manufacturing, which are the sites in Faridabad and in Puducherry. Next slide, please.

With that, I would like to hand over to Mr. Aditya Jain for the financial performance.

Aditya Jain: Thank you, Mr. Eswar. My name is Aditya Jain, and I will talk about the financial performance of the company. I am on Slide 23. On this slide, we will talk about what are three financials on a standalone basis.

In this quarter, our revenue grew by 12%. The double-digit growth in revenue was driven by multiple factors. The first and the foremost one was the strong market share improvement which we have witnessed in ref and washers. Mr. Eswar has already explained the factor which has driven this market share improvement, so I will not delve again into it.

The second factor is the relatively better industry growth which we have seen during the festival months of October and November. And the third factor is the segment premiumization, that is a continuous focus on driving premium side of the business and ensuring that our revenue grows ahead of the volume growth.

In this quarter, we have delivered an EBITDA of Rs. 44 crores, that's a growth of 13.5% versus a year ago. In this quarter, we had taken a provision of Rs. 15 crores on account of additional e-waste expense. This is to account for the new e-waste credit rates which have been notified by the new E-Waste Regulations. And without this additional impact of Rs. 15 crores, our operational EBITDA grew by 52% versus a year ago.

On PBT, we delivered a PBT of Rs. 36.5 crores in this quarter. That represents a handsome growth of 65% versus a year ago. The PBT improvement was driven by the strong top-line growth which adds to the DCM. The cost productivity actions across technical projects as well as commercial negotiations resulting into an improved gross-margin of 200 plus basis points, better pricing, and improved mix. I spoke about the additional provisions on account of e-waste, and without the impact of that additional provision of Rs. 15 crores, our PBT grew by 132% versus a year ago in this quarter.

On Slide 24, this slide talks about the consolidated performance for quarter three. On consolidated level, again, we saw a top-line growth of 11%, which was a double-digit top-line growth. Our EBITDA came in at Rs. 69 crores which was a growth of 11% versus a year ago. But without the additional impact of e-waste accruals, our EBITDA grew by 35% versus a year ago. And PBT came in at Rs. 59 crores which represents a growth of 40% versus a year ago. And without the additional impact of e-waste, our PBT grew by 77% versus a year ago. On Elica, the business continues to do well, and deliver a healthy double-digit profit margin.

The next two slides are Slide 25 and Slide 26, those two covers the nine months financial performance on standalone and consolidated basis. Mr. Eswar has already explained and spoken about the nine months results, so I will not repeat the same, but I will pause on the slides for a couple of minutes for you to have a look at the numbers.

With this, we have also received one question, and the question was about the increase in employee cost over the last two quarters. And the answer is that the increase in employee cost is on account of two factors. The first one is the investment in retail executives, that is the front-end capacity and capability build which we have done to augment our offtakes, and which has translated to a market share gain. This is a financial ROI-based decision and we track the productivity of these decisions on a monthly and quarterly basis. And the second reason for the increase in employee cost is the higher bonus accruals on account of the significantly improved financial performance versus last year.

With this, I will hand it over to Mr. Peters.

James Peters: Hello. This is Jim Peters, CFO of Whirlpool Corporation. And good evening, everyone. And before we open the call to questions, I just wanted to share a few comments with our investors.

We view this anticipated sell-down as a win-win for Whirlpool of India and Whirlpool Corporation. It provides Whirlpool of India with increased flexibility, enabling it to focus on accelerated growth and delivering initiatives to drive long-term sustained growth, at the same time while Whirlpool Corporation maintains its focus on margin expansion. The proposed sell-down is not expected to have any impact on Whirlpool of India's business continuity, as we intend to enter into long-term brand and tech agreements with Whirlpool of India, in addition to transition commitments.

Furthermore, Whirlpool of India can more independently utilize its well-funded business to make strategic investments that fuel its long-term growth potential, in which Whirlpool Corporation has very high confidence.

With that, I am happy to answer any questions you may have.

Roopali Singh: Thank you, Mr. Eswar, Mr. Jain, and Mr. Peters. I would now request the moderator to please open up the Q&A session.

Moderator: Thank you very much. We will now start with the Q&A session. The first question is from Naushad Chaudhary from Aditya Birla Sun Life. Please go ahead.

Naushad Chaudhary: Yes. Hi, thank you so much for the opportunity, and I congratulate the India team for what we have achieved in the last one year. Now with all the efforts we have re-energized the business, we are growing and gaining market share in India. The productivity improvement is reflecting at the gross margin expansion level. But below that, we have a concern, by when do you think the productivity initiative which you have taken should fall below gross margin as well because there are other two line items, your staff costs and other expenses. The inefficiency, if I compare it with the India peers, are meaningfully high, especially on the staff costs. So, what do you think on this and how will you improve on these two cost lines to get the margin back at EBITDA level?

Narasimhan Eswar: Thank you very much for your questions. I mean, one point I just wanted to highlight is that we have just talked about where we are investing our monies. We are investing it into things that are driving ROI within the year. So if you take a look at the financials, we have improved our gross margin by 220 basis points. At the bottom line level, the PBT has increased by 210 basis points.

While some of the costs are increased, that cost is actually reflected directly in the market share gains. The market share gains and the premiumization is being driven by those cost increases. That's what is actually leading to the market share growth. And as we get more and more scale, that should start looking better and better for us.

Naushad Chaudhary: So, by when and at what scale do you think you would come at par of India, other peers' efficiency on our, staff cost?

Narasimhan Eswar: That's a little difficult for me to judge and the reason is because as I look at other reported data of the past that has been reported, I do not see the same necessarily progression in all players over reported numbers. In some cases, the sales growth can be higher. The profit growth is lower. In some cases, the sales growth is not much higher but the profit growth can be a little higher. So we are following our strategy. We are following our strategy which is making sure that we are adding value to the top-line and making sure that the bottom line is also progressing at the same time.

If you take a look at the profit increase over the last year, like I said for the nine months ended December 31, 2024, we have grown PBT by 100% versus last year. So I would love to get, if possible, some color on exactly what the concern would be or what the expectation would be, or what is in your mind when you say peers because I am not able to follow the detail behind the question.

Naushad Chaudhary: So, typically, for most of the durable companies, if you look at their staff cost versus revenue, it falls between 6.5% to 8%. So a lot of our EBITDA margin, I think, goes into staff cost. So there is a clear cut we have inefficiency in terms of the overall staff cost load. I think I would urge you to look at how peers are operating on this cost line item. That should, I think, help us to understand where are we lacking from an inefficiency point of view, especially on the staff cost?

Narasimhan Eswar: All right, we can certainly take a look at it. I just want to reinforce the numbers for April to December. The revenue growth is 17%, and the PBT growth is 100%, with a gross margin improvement of 220 basis points versus last year. And like I said, we are using our staff costs in such a way as to drive the top-line in the market share. Please do keep in mind that we are so far concentrated on refrigerators and washing machines. This is a market that has grown in single-digits on average in these nine months. If you take the total number, it will be in single-digits. So we have grown 17%, which means we have substantially improved our market share position. I do not want to go too much into the market share, but I am sure, sir, you have access to the market shares. You can take a look at what has happened to our positions and market shares in multiple categories, direct cool refrigerators, for example, top-load washing machines. And that has come through very, I would say, efficient deployment of resources. These resources are there for us to continue our scale. This is what, part of what has basically driven our momentum.

And just to give you the reassurance, we track this performance on a, actually on a daily basis, we get the reports of how it's doing in terms of offtake, in terms of if I put in a buck, how much I am getting out of it. We then look at it consolidated on a monthly basis, on a quarterly basis, on a yearly basis. So just to reiterate, we take a look at what you are seeing and then maybe for next time we can have a further detailed analysis on this. But our intent is how we are driving our business is that we have got a revenue growth of 17% with significant market share gains in triple-digits continuously over the last three quarters. All the while delivering a profit growth of 100% versus a year ago.

Naushad Chaudhary: Sure sir.

Narasimhan Eswar: However I am utilizing, how I utilize that, so long as we are delivering that profit growth is what we are really focused on. But we can, for the next time, maybe and for the next six months, take a look at even deeper dive into peer comparisons, et cetera, if there is any point to be examined there.

Naushad Chaudhary: Sure, sir.

Hi, Chanchal here, our colleague. Congratulations on a good set of numbers and congratulations on gaining market share. As the third largest shareholder of Whirlpool, the team is very impressed, and we would like to congratulate you on what performance you have delivered in the last six to 12 months.

My question is to the global CFO. Now, India being a market where we are the largest population of the world, we are the youngest population of the world, and in India, Whirlpool is a strong brand. You are saying by selling 30%, you retain the flexibility, and Indian team will have more flexibility to do what they want. We just want to question here, I mean, by selling 30%, how can you retain the maximum shareholding rights of our Indian entity? Because the money which you will gain from this, you will use the money for your global needs. Your global fund may require money, but then by selling down 30%, where are your commitment to Indian market? Because if you are committed to Indian population, to Indian market, to Indian growth, why will you, for your global requirement, sell 30% more and want to retain a strategic stake?

James Peters: Yes, no, and I appreciate the question. And, first off, we believe that Whirlpool Corporation, moving from a majority ownership to a meaningful minority best serves Whirlpool of India. As you mentioned in there, in that the proposed sell-down does increase the flexibility for Whirlpool of India to continue to adjust to the ever-evolving industry and business there. At the same time, Whirlpool of India will have a long-term brand and licensing, technology licensing agreement with Whirlpool that will benefit the business there, and we will remain committed to that.

I think the thing that's most important to understand here is that the India stock market is focused on rewarding growth, as they should be, and specifically within consumer-focused sectors like household appliances, and given the future, as you highlighted, the future appliance penetration expectations and the potential of this business to grow and expand share. Whirlpool Corporation U.S. shareholders view the appliance business through a U.S. lens as a mature industry, and that's given the high household penetration in other parts of the world.

At this time, we really do believe the right path is for Whirlpool of India to focus on growth and Whirlpool Corporation to focus on margin expansion. Again, we believe in the long-term prospects of this business at this time, but also, as you talk about, what we would do with the proceeds in that, listen, this business, as we have talked about and you have heard in the call here, the financial health of this business is very strong, and that's the thing that also

Naushad Chaudhary: Sorry to interrupt you, if I may. What kind of flexibility will Indian team get, which they do not have when you retain the 50%? And the second thing is your long-term commitment gets diluted when you are selling 30%?

James Peters: Yes. So the flexibility that the Indian team has is the ability to make decisions on where best to invest and when to invest and what growth initiatives they want to focus on. And again, this will now put the decision-making completely in their hands without the oversight of Whirlpool that has to balance the needs of U.S. shareholders and Indian shareholders with Whirlpool Corporation being more focused on margin expansion. As I said our remaining commitment of the 20% still very meaningful. But we will remain committed longer term with brand and licensing agreements.

Naushad Chaudhary: Sorry, just to complete this. We do not think that with 20% your commitment to Indian market remains, and the flexibility we have seen with many multinationals listed in India, Indian team if they are given more flexibility they can deliver, and it's a huge market. That's what we wanted to state. You can move to the second question, thank you.

Moderator: Thank you very much. Next question is from line of Ankur Sharma from HDFC Life Insurance. Please go ahead.

Ankur Sharma: Yes good evening. Thanks for your time. So two questions. One to Eswar. So clearly a great job on market share gains, and that's quite evident in the way your top-line has grown and I go back to the margin question especially at the EBITDA level. The last time when we had a sell-down from the parent, we met you and you said high single-digit, maybe around that 8%, 9% margin at the EBITDA level is something that you probably will kind of be at. So how much time before we get there? Even if I adjust for this provision, your second quarter margins are at about 3.5%. So when do you think we get back to these high single-digit EBITDA margins?

Narasimhan Eswar: Thank you for your question Mr. Sharma. Yes, we had set our long term goal. This is what we had said, long term goal, and we had set it to be a multi-year goal, very clearly at that point in time as well. We said we would like to progress. Just to remind you, everyone on the call, we had set high single-digit growth in revenues. And long term margins which would be in the high single-digit. I think we could only do things one step at a time. If you can just appreciate we were in a situation where our revenues were not growing, our revenues were actually flat, our profits were declining significantly, and our market share was going down significantly, amongst other things.

As I said, it takes time to turn ship around. I think the ship has clearly turned around now. We should start seeing hopefully consistent revenue growth in line with what we have said now. There's also a factor that is the market, obviously depends on the market, if the market starts growing fantastically then we are going to benefit from that. Our focus firstly is on driving the market share because that is something completely in our control. The market is in control to the extent of seasonality. We have a fantastic hot season, then it helps us, the refrigerator and air conditioner markets a lot. Refrigerators we play in a very significant way, air conditioners so far not so much. However, we will try to continue to drive our market shares strongly upwards. We have also demonstrated to you very clearly, I hope, that we have made improvements on every aspect of the line of the P&L.

All costs are being controlled very tightly and any costs that are being incurred, we are making sure there is a very strong ROI, which is why you are seeing the profit growth and the revenue growth happening simultaneously, not one at the expense of the other. So what we are driving for as a strategy is profitable market share growth. That is what we are driving. I do not have a time frame to give you at this point in time as to when we will get to that, but our intent is to progress steadily and strongly towards that goal. I do not have a time frame to give you that. I had said multi-year and that still continues to be the guidance.

Ankur Sharma: Okay, fair. And just a feedback/question to the parent, the CFO who is there on the call on the parent stake sell-down. Because when we sold it down last time around and we brought it down to 51%, I think the general understanding was that the parent would probably keep it there, and not sell down further. So obviously going to 20% was a little bit of a surprise for us. But more importantly, how exactly will that be done? Is the parent also looking at a strategic sale to a financial investor, given you need to obviously sell almost $0.5 billion of stock here, and absorbing that kind of supply is going to be very, very difficult if you sell it in the market. So are you also exploring a strategic sale to a financial partner? Is that also on the table? And how do we get confidence that Whirlpool does not completely sell out eventually? I think those are two questions I have.

James Peters: Yes, no, and I appreciate. And while we have not, we have not finalized the details of this, we will continue to assess all options in the sell-down process, ensure that we proceed with what we expect to be the best value creating opportunity for Whirlpool Corporation and Whirlpool of India. In the last sell-down, we did execute it via a block trade transaction, and that approach worked well and we were pleased with the outcome. But again, we will keep all our options open in finalizing this over the coming months. And then, to your question, again, we intend, not just through our significant remaining ownership stake but also through long-term ongoing brand and technology licensing agreements as well as any transition agreements to support and continue to be invested in Whirlpool India and the growth of Whirlpool India.

Ankur Sharma: Okay, and sorry, just a follow-up there would be, we should not expect any increase in licensing/royalty arrangements, right, versus what we have as of now, given that our stake has come down below 51%. Would that be a reasonable assumption?

James Peters: Right now I cannot comment specifically on it, that would be something more with management.

Ankur Sharma: Okay. Thank you.

Moderator: Thank you very much. Next question is from Bhavin Vithlani, SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: Yes. So this question is to Jim. You mentioned that the sell-down will give more autonomy to the India management, and I want to understand this a bit more, because the India management decided to plow back the benefit of gross margins in terms of higher employee expenses which is in the right interest of the longer term, compromising near term for the better long term. They decided to expand the capacity when the utilization is 60%, which again I understand is in the good interest of the longer run, and a new plant of front-load washing machine. So what is the greater autonomy that the India management gets beyond this while the Whirlpool global parent reduces the stake from 51% to 20%? I fail to understand. Please help us.

James Peters: Yes. As I highlighted before, and again, I can only expand to a certain extent because this is also, things that will be executed by the Whirlpool of India Management. But as I highlighted this will allow the Whirlpool of India

	Management team and company to make strategic decisions as quickly as they possibly can, to make strategic investments in line with what they believe is in the best interest of the Whirlpool of India shareholders, and the Whirlpool of India business. We do believe that as they do not have to be as concerned with overall Whirlpool global processes, or Whirlpool margin requirements, this will allow them to continue to make investments like you just highlighted, and focus on the growth longer term of this business, which we believe is the right approach, but it's different from the approach that Whirlpool Corporation shareholders expect.
Bhavin Vithlani:	I am sorry, maybe, again, this same question to Eswar, if you can over the last year or so that you have been, can you give us instances where you wanted to invest, but you were not, because of the global balance sheet, or process constraints?
Narasimhan Eswar:	Yes. Thank you Mr. Vithlani. To be honest I cannot get into that level of detail. What I can tell you is that there are several things which may not seem very big to many people, but there will be several small things, there is HR related things or other areas where a global corporation has certain ways of operation. And you generally, in any multinational, end up having to do some of those because it's part of a formula. And so I think what is being alluded to is potentially, and I think that is something that we have got to work out over the next few weeks and months, because we are also, as you can imagine, quite new to the information, like you. And therefore, we need to work through which are the areas in which we can actually be enabled to move much quicker. Certainly, I think, going forward, my guess is that we will be presenting directly to the India Board and then getting the approval and carrying on, and that is absolutely what we will continue doing, as we have done so far. And I think there are probably many areas in which we can get that kind of advantage, but at this point in time, to say this is what it is or that is what is very difficult for me to kind of comment on this.
Bhavin Vithlani:	Okay, the second part is when the sell-down from two, sell-down of the 24% stake was announced in February last year. And as part of the India press release, there was an 8K filing of the parent. And that was, this is Item Number 8.01, which reads that after the sell-down of the 24% outstanding of the publicly listed Whirlpool India, you will retain majority interest, majority in the India. And on a similar basis, the conference call, which was hosted, and this is, I am just reading from the transcript that one part of it is, the idea is Whirlpool Corporation will continue to hold majority interest in the company. Now, when this assurance was given, just want to understand what is the sanctity of these assurances that being given now will also hold, because it's not even a year

when these are part of the publicly announced, the transcripts or the 8K filings. And also, why do you want to keep, and also then why do you want to keep 20%? Why not then completely exit out to the strategic investor?

James Peters: Again, as I said before, as we looked at, right now as we look at all options, we do believe this is the best option. If you look at where we are, and again, we make continuous assessments of where we are invested, et cetera, and so I am not going to go into any of those details. What I would say is looking in terms at a strategic buyer at this time, we do believe that with the long-term technology and brand licensing agreement that we will provide, which is again back to a long-term agreement, which is probably the most important thing to support this, that Whirlpool Corporation can do to support this business. With that in place, we believe that a strategic transaction with another player would not make sense at this time because it would restrict the ability to use some of those things and would not be as value-creating as it is for us to provide the brand and the technology over the long-term.

Bhavin Vithlani: Okay. Thanks. These were all my questions.

Moderator: Thank you. Next question is from the line of Siddhant from Mirae Asset. Please go ahead.

Siddhant Chhabria: Yes, hi. So just similar questions I had, which was asked previously, and just reiterating the same thought process where we do not believe that 20% sort of shareholding would mean that there is skin in the game of the management, and ultimately, this risk execution in India business impacting employee morale, and the concern could be that given how competitive landscape it is, eventually the risk on market share. So eventually it does not give investors the comfort that a 20% shareholding and why the current parent would not eventually exit over a period of time. So just wanted to share that message again.

James Peters: Okay. I have no additional comments other than what I have said.

Siddhant Chhabria: Sure. So just secondly, I would suggest since we are now starting to host biannual concalls, I would request, strongly suggest if we can do a quarterly concall because clearly communication has been a challenge. So that is the feedback I would like to give. Thank you.

Roopali Singh: Thank you. Your point is duly noted. I think Mr. Peter has responded to majority of the questions on the anticipated sell-down and there are several repeat questions. So with that, we would take one last question for Mr. Peter, and then request the participants to please ask questions on the business to the India management if you have any. Yes. Thank you. Operator, back to you to invite the next participant, please.

Moderator: Thank you very much. Next question is from Prolin Nandu from Edelweiss Public Alternatives. Please go ahead.

Prolin Nandu: Yes. Thank you for giving me this opportunity. Two questions, one is to Mr. Eswar. So again, this is on margin and while you have elaborated quite a lot on the answer to the previous question, I just wanted to understand qualitatively in terms of heavy lifting of expenses and feet on street, is it fair to say that maybe last few quarters you have done some heavy lifting in terms of cost and putting feet on street? And now every incremental Rs. 1 of revenue should ideally come at a very low or lesser incremental cost. Is that fair understanding, or do you think you still need to invest in brand at the same pace what you have done in the past few quarters to maintain the market share gain momentum that you have reported so far?

Narasimhan Eswar: Thank you for that question. I just want to clarify something and maybe it is not clear, so I would like to take this opportunity to clarify. If there is an assumption that we just put people in sales on the street, and that is what is leading to the sales increase in market share, that is not true. So I just want to clarify. The significant cost increase, now typically I come from the FMCG background before I joined this company. We used to invest, and that was one of the great areas of investment, in marketing. And marketing is the art of convincing consumers to go ahead and buy your product and be convinced in that product and become an ambassador for that product, correct?

So everybody is very excited when you look at marketing percentage of sales going up because that you know that you are investing in the brand. I want to clarify to everybody on the call and maybe I should have clarified this earlier. When I am talking about investing in retail executives, I want to help you understand what does a retail executive do? These retail executives are on the shop floor. They are our ambassadors for the brand. These are not people who are selling in volumes into the store. They are people who speak to customers who are coming to buy these products. Stand on the shop floor, convince customers to buy our products and guarantee that the sale happens from the outlet. That's where we put in quite a bit of our focus in terms of our operating costs.

So that's what I meant when I said that these costs are giving ROI within the year. It is not a guess, or a ‘maybe’ it is driving it. It is a 'guaranteed' it is driving it. So this is nothing for me. As a marketer, how do I create demand? There are multiple ways to create demand. One of them is to do exactly what I explained now. So we have not put in 500 people, sales people to go and sell into the stores. That's what we have not done. What we have done is increase the number of brand ambassadors at the shop floor who speak to consumers, who explain the benefit of our products to consumers, who tell consumers why our direct cool refrigerators are a fantastic product. Why our front-load machine with ozone technology is great. Convince the consumers to buy the products with excellent rationale. There is a huge training program that we put behind it. There is a huge monitoring that we do of these people. And I dare say that we have amongst the best retail executive forces in the country.

And that is what we put our focus behind. What might help a lot is the way I look at this is anything that drives demand is marketing. So it might come into a line called staff cost or whatever. But what we are really doing with this is driving demand for our products. And that's why it's a direct impact. It's not the only thing. There are 25 things we have done basically. But one of the things what is driving that cost line-up is this investment on brand ambassadors in the store to drive our business. It is not on more people in the marketing department in the head office or in the HR department, or in the finance department or any other department. The focus has been on driving consumer demand. And like I have explained before in different forum, so long as I am getting a very strong ROI from that, this year and year-on-year, it behooves us to do that for our shareholders because that is sustainable and consistent growth.

Now having answered that, as we go forward, we will continue to leverage this in other areas of demand generation because I truly believe that if you drive market shares the right way, with the right ROI investment mentality, that is the one way in which you can guarantee irrespective of what the market does, show revenue growth and show profit growth ahead of revenue growth. And if you take a look at the data that I have showed you for the last 15 months, that's what we have been consistently doing.

So just to kind of reassure everybody on the call because now I understand what exactly the concern is, you could look at it as the staff cost, or you could look at it as a significant proportion being invested in driving actual demand, which means a person comes into the store, and walks out with a Whirlpool refrigerator. Now what is better marketing than that? Because the purpose of marketing is to create demand for the consumer. Long lasting demand. And because our products are good, we honestly believe that consumers go and recommend our product to other people as well.

So I hope I have given that clarity, and I think maybe I apologize because I might not have clarified that up front. Sometimes the terms that we use may not be obvious to everybody in the industry. So thank you for pointing that out. But I hope this is very clear that what we are doing is using many different tools and you are only seeing this tool. There are so many other different tools that we use, whether it's e-com ROAS, return on advertisement sales, or whether it's sales fundamental increase, or whether it's display share increase in the stores, or whether it's increasing in certain areas in promotion. So we have done all the right things that give return on investment within the year, within the quarter. And that is what is driving the business. I hope that makes sense.

Prolin Nandu: No, that makes sense, Eswar. That's it from my side. Thanks a lot, and all the very best.

Narasimhan Eswar: Thank you so much for your question. That helped clarify, I think, from my side to everybody. And I hope even the previous questions where I was asked now, I do understand. I apologize, I do understand the intent behind the question, and I hope I have answered it very clearly. We have been investing in demand generation, full stop. That's what we have been doing.

Roopali Singh: Sure. Thank you, Mr. Eswar. Before we move to the next question, I would like to invite Mr. Peters for his closing remarks. After that, we would continue the Q&A session with the India management team.

James Peters: Thank you, Roopali. And again, thank you, everybody, for inviting me to join this evening. In closing, I just want to reinforce my confidence that now is the right time for Whirlpool of India to operate more independently. Today, we have the right leadership team in place to deliver on the continued growth plans, which I fully anticipate will create long-term value to its shareholders, including Whirlpool Corporation. We have made a lot of the right product investments in Whirlpool of India, and doing well in the marketplace.

Additionally, I just want to reinforce that Whirlpool Corporation and Whirlpool of India will continue to support each other via brand, technology, and transition agreements to ensure business continuity. And in closing, I would say I do not take this decision lightly. Having managed Whirlpool of India since 2022 on behalf of Whirlpool Corporation, I know the business potential here, and I know what this team is capable of, and I fully expect Whirlpool of India to accelerate shareholder value creation with greater independence. And again, I just want to close with saying thank you.

Roopali Singh: Thank you, Mr. Peters. With that, I would request the operator to please put the next participant for the Q&A session.

Moderator: Thank you very much. Next question is from line of Rahul from Haitong Securities. Please go ahead.

Rahul Gajare: Yes, hi. Thanks for the opportunity. And I think on the India business, I just had one question. Whirlpool is very strong in refrigerators and washers, and in other products you have limited presence. So from here on, when we are talking about more autonomy, are there some roadmaps that you have planned in terms of more product introduction, or would you rather stick to the strongholds of refrigerators and washers, and ramp up business and market share in that category? Thank you.

Narasimhan Eswar: Fantastic question. Mr. Rahul, thank you for that question. My answer is both. So to be very honest with you, as I would also met and spoken with many people last year in the last call that we had virtually. The first job that we really had was to make sure that our business gets back on track, and gets back on momentum. I truly believe that if you do not get your base business back on momentum, to start pouring into 10 different areas confuses the organization, and makes a mess of everything.

Right now I would say not to be cocksure at all, because it's a very tough market, very tough competitive situation, a lot of challenges as always. But I think we have managed to turn the ship around. We will continue to drive this business. I think there is no doubt about what our eventual ambition is. I do not want to state it, but I think you can guess what it is. On refrigerators and washers, we would really like to do much better than we are doing even now. And I think over the next few years, we should be able to do that if we put our right thinking and strategies in place, but at least what we have now works.

Going forward, there are also opportunities in other areas like you have asked the question. And I wanted to make sure in the first 12 to 18 months that we get our base absolutely in shape. I think we are in reasonable shape now. So are there opportunities to be looking at in other areas? Definitely. Would I want to name them? Absolutely not, sir, because it's a very competitive world, and I certainly do not want to be discussing what those categories are. It is certainly of good interest to us. And I think hopefully you will start seeing some results in another six months.

Rahul Gajare: Sure. Thank you very much, and all the very best.

Narasimhan Eswar: Thank you. Thank you, Mr. Rahul.

Moderator: Thank you. Next question is from Natasha Jain from PhillipCapital. Please go ahead.

Natasha Jain: Thank you for the opportunity, and good evening, gentlemen. My question is firstly on the quarterly numbers. So your presentation and you also cited in your opening remarks that there was a very strong vested demand, which led to volume growth. That's appreciated because the market share clearly shows that. My question is, if there was such a strong growth, why is there a gross margin decline on a Q-o-Q basis?

Aditya Jain: Yes. So thanks, Ms. Jain, for your question. The gross margin decline on Q-o-Q basis is on account of seasonality, so. And October to December had the impact of the festival promotions. Diwali falls under this period and the significant relative to the prior quarter, sequentially, the promotions are higher in the festival period, and hence you see a sequential drop in gross margins. And the trend is similar to the last year. If you look at the same trend in these two quarters last year, you would have seen a decline in margins. But the decline this year is lower, which indicates that year-over-year we have significantly improved our gross margins.

To summarize, like it's basically on account of higher promotions during festival seasons which happens in this quarter relative to July to September quarter, and hence you see a sequential drop of margins which is a normal trend also reflected last year as well.

Natasha Jain: Understood. So my second question is, so during Diwali season we saw one of your competitors facing a factory strike because of which products were not sold out. Now that the player has come back in full force with a lot of aggression to get back the market share. This in conjunction with the fact that fourth quarter is not a washers quarter and washers is a high margin business. So in the near term what kind of challenges are you anticipating from this shift?

Narasimhan Eswar: I will take that question, ma'am. So thank you for the question. To be honest, there is something or the other happening with competition all the time and with us as well. Something or the other keeps happening. And I think these are all part of the game. That happens to all of us, it can happen to me this quarter, it can happen to someone else. I do not think there is any impact on what we do, or what we plan to do.

To be very honest, we have a very clear set of strategies, we have a very clear set of principles that we operate on that has led us to a decent set of results across time. We plan to continue doing it in the same spirit. The detail of the execution might vary depending on what we need to do going forward but the strategies that we talked about, the imperatives, whether it is focusing on the consumer, it inspiring consumers with our products, inspiring consumers with our marketing, inspiring consumer with our stories at the point at which the consumer is buying the product through our retail executives that I mentioned where we have increased the staff cost, that will continue.

Similarly, our focus on gross margins, and I think Aditya explained it very well in the last question, but I was a newcomer just two years ago to this industry. So I just want to highlight, the simple way that I would look at this industry is, always look at this industry year-on-year. Quarter-on-quarter it varies a lot, and I am not talking about us, I am talking about every company, right? It is a very seasonal business. Refrigerators sell more in the summer, air conditioners sell more in the summer, washing machines sell more after the monsoons basically. So it's very tricky to compare quarter-on-quarter and what you should always do with refrigerator business is track with the, sorry, with the durables business is look year-on-year because it is a seasonal business.

So we will continue to drive the things that we know will give us greater market share, but profitable market share, and that is our sole focus. All our effort is focused on that. To be honest, we do not get distracted by competition. We take note of what the competition does. We respect competition very much, which is very healthy, but at the same time, we really are mostly focused on what we need to do, and our whole organization focus has been whatever we say we will do, are we doing that to the best of our ability? If we are doing that to the best of our ability, that's the best that we can do. So long as our strategies are right, but more importantly, our execution is bang on. And that is what Whirlpool of India is focused on for the last couple of years.

Natasha Jain: Understood, sir. Sir if I may just drop one feedback. So on my channel check rounds, what I found was while the product quality has definitely improved in the last one year's time frame, we did hear a lot of complaints in terms of the packaging. So apparently the packaging quality has reduced, as a reason of which the products get damaged in transit. So have you received this feedback from channel? And if so, where are we in terms of addressing that? Thank you, and all the very best.

Narasimhan Eswar: Thank you, ma'am. It's actually a very good insight that you picked up. Yes, when I was in the market with customers a year ago, some people talked about that. We always benchmark our quality percent basically using standard techniques. We have invested significantly on the packaging quality already. And it was not that it was bad before, it was pretty good before, but now it's going to be much better. And when I say now, I mean literally now as we speak. So those changes have happened between February of 2024 to December of 2024. Quite a few of them are engineering changes which takes a lot of investment, time and effort, but We are absolutely wanting to be in our minds at least the best on quality in the marketplace. Second best does not work for us. So we are okay. We were okay being at the kind of top parity, but we want to move to be the best. And that's a very astute observation.

Yes, I did pick it up from customer visits. And yes, we have acted on it. And yes, the new products are in the store. And I can tell you that our numbers are, which we track extremely closely, are going absolutely in the right direction, month-after-month for the last few months. Thank you.

Natasha Jain: Great to hear that, sir. Thank you so much.

Moderator: Thank you. Next question is from Nirransh Jain from BNP Paribas. Please go ahead.

Nirransh Jain: Yes, hi. Thank you for the opportunity. So firstly, congratulations to the India team on the business turnaround. Sir firstly, I want to check that with the increase in the autonomy for Whirlpool India and the decision-making flexibility that we are talking about after the proposed stake sale, how are we planning to utilize the surplus cash that we have on the balance sheet? I mean, which is currently at around 15% to 16% of the market cap. So do we have any plans to increase the dividends or do buybacks in order to enhance the shareholders' value?

Narasimhan Eswar: Thank you very much for that question, sir. Yes, we are rather proud of our cash-generating ability. And I think hopefully sometime in the near future, we'd also be proud of our full cash deployment ability as well. So what we have been able to do, for example, and I will just give you a small example, is we have, and this has been something that we have shared with SEBI as well, so it's public knowledge.

We are now augmenting significantly certain refrigeration capacities and products. And we are investing a very handsome amount of money for that. And that is something that will enable us to compete even stronger in the marketplace in the coming months and quarters. That's just one example. So we had, in fact, a few years ago, part acquired the Elica brand. We continue to increase our stake in that brand as it continues to perform really well, adding beautifully to our profit margins. In a nice burgeoning industry, as we look into the next say, 10 to 20 years, we see that particular market segment growing, despite kind of current market challenges in terms of growth. But we see that segment growing because the penetration of the segment is very low. So we do see quite a few opportunities. We will not be able to utilize all of it at one time, but we have very, very clear plans, basically, which are standardized plans.

We look at whether its capacity augmentation is required of certain lines, whether it is adding new lines which are producing completely new products, brilliant new products that will serve the Indian consumer even better, or whether We are looking at further investments in different areas of businesses. Or, for example, we could even look at options of inorganic growth, which in the last two years, to be honest, we did not do because I told you we had a ship to turn around, and that's what our focus was on.

But going forward, can we look at other ships? It's always a lovely thought, a tempting thought. Maybe not in the immediate future because, as you can imagine, we have a lot on our plate. We need to keep our business growing with strong momentum as we have now. We need to make sure that we are also navigating the change that we have across the next months, and keep everything going on that keel. But then going forward, there will be further opportunities for us to look at cash and see how best it can serve Whirlpool of India and its shareholders.

Nirransh Jain: Sure, sir. Sir, secondly, like as Mr. James also mentioned that Whirlpool Corporation is looking to get into a long-term licensing and tech agreement as part of this transition. So just wanted to check what is the probability that the royalty fees can be revised further, as in, like, increased further from these levels? So, and in case, like, it gets increased, so shouldn't this actually get lowered considering that the stake has come down from 75% to 20% now? So just wanted to get your thoughts whether we should look at it as a further risk in terms of royalty getting increased from here on?

Narasimhan Eswar: Sir, I would not at all be able to comment on this because that is not for me to say. I am, as you know very well, a Whirlpool of India Limited Managing Director. I cannot speak for the Whirlpool Corporation. And I am so sorry, but I will not be able to really give you any sensible answer to this question.

I think the answer was provided by Mr. Peters, and what he said is what stands. Because that's more a Whirlpool of Corporation thought process. And if there is any thought process that then comes, then we will go through the normal, usual, proper process, as far as the Whirlpool of India Limited Company is concerned, which is, there is a very good, strong Board that we have, which helps us take the right decisions. And of course, if there is any further consultation to be done, the Whirlpool of India Board will advise us to do that, and we will do the right process. So I am so sorry, but I am not able to answer the question because I do not genuinely know how to answer this.

Nirransh Jain: Sure, sir, understood. Lastly, on my part, so I wanted to check on the trade discounting. So generally in FY '24, I think trade discounting had remained similar versus last year. So I wanted to check how has the trend been so far in the nine months, in terms of trade discounting as percentage of sales?

Aditya Jain: We have kept our trade discounting percentage roughly at the same levels. That number has not significantly changed. The endeavor is to keep the trade spends more or less flat. We have been investing a lot of money, as Mr. Eswar has explained, in terms of demand generation. That is where most of the investments have gone, but trade spends have largely remained the same.

Nirransh Jain: Sure, sir. That is it from my side and all the best.

Narasimhan Eswar: Thank you, Mr. Nirransh.

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

Umang Mehta: Yes. Hi. Thanks for the opportunity. I just needed some, if you can share something factual, as in your terms, current terms or agreement on royalty and technical know-how, are they revised annually or when are the next renewal dates? If you can share, this is a factual question.

Narasimhan Eswar: Sir, I think, I just need to check, but I think whatever it is, the royalty and technical fees et cetera is published in the last annual report, if I am correct?

Roopali Singh: Yes. So the current agreements are obviously in place and the amounts that we are paying out are duly recorded in the financial statements. Modifications, if any, that would come in, if they come in, would obviously, like Mr. Eswar just pointed out, go through the governance framework and the mechanism that is there, that Audit Committee kind of reviews it, and goes to the Board of Directors. And if whatever necessary approvals are required to be obtained, would be obtained, and the details that are required to be shared out would be shared out.

Umang Mehta: Okay. Got it. And the second question was on margins. So as we stand today, spot prices were to remain where they are, and the thrust you are seeing at the premium and continue. Would you be confident that gross margins will continue to expand like they have this year? So when we think about next year, would you say that's a fair statement?

Narasimhan Eswar: Sir, I think it's a very good question. However, I would love to know the answer to this question myself. And what I mean by that is, as you know very well, it's not just about premiumization. There's a lot of other things that are happening. There is commodity price increases that could happen or decreases that could happen. Oil prices could go up or it could go down. The dollar movement is also another thing. What happens with other currencies with respect to the Indian rupee, with respect to component costs and detailed stuff that we buy. So there is a ton of things.

What I can assure you is that this organization is spending all its time figuring out how to optimize every cost to our productivity for growth program. And obviously, I will tell you the golden rule that I would like to follow is revenue growth, which is good. Profit growth, which is ahead of revenue growth. And the profit growth is driven by market share growth. And that is done profitably. This is the kind of formula that we like to do.

And I truly believe that gross margin improvement is something that's at the corner of this strategy. That's how, frankly, I grew up running business. Grow your revenues. Grow your gross margins. Take some of your gross margins, put it into what we call marketing, what here we call staff cost, but it's actually marketing. Put it into stuff that drives your demand, and put some of it back into profit. And that is simply the formula that we are following. So will I be focused on gross margin? Absolutely, like a hawk. Can I guarantee the gross margin will be this or that? Absolutely not, because it's so difficult to figure out what's happening next month, let alone next quarter, next year.

So I can assure you, our investors and our shareholders and our future investors, that we are on it. You've seen the data. The only thing I can let is let the data do the talking. 15 months, we have grown the gross margin by 220 basis points versus a year ago. That's the data in front of you. Anything else I say is irrelevant because you can look at that and say, answer yourself, maybe do these people have the capability to drive the margin? I hope I answered your question.

Moderator: Thank you. So the line for the participant dropped. We move on to the next participant. Next question is from line of Shrinidhi from HSBC. Please go ahead.

Shrinidhi Karlekar: Hi. Thank you for the opportunity. And apologies for yet another question related to sell-down. Sir, may I ask, was this decision taken in consultation with India management team, or it was a largely parent's decision?

Narasimhan Eswar: No, sir. It absolutely was not taken in line with India. It is not possible, actually, if you can imagine.

Roopali Singh: Sorry. Maybe I will come in. You will appreciate that the holding company is ultimately a shareholder, and the holding company takes its decision, such decisions on its own without any consultation, obviously, with the India management.

Shrinidhi Karlekar: Understood. Thank you for clarification. Sir, second question is related to how are employees at the leadership level, at your level and level below you, are taking these decisions, and are you seeing incremental attrition at the company at the senior levels?

Narasimhan Eswar: So, see it is a significant change that we are going through, that's a fact. It's a significant change, it's not a minor thing that you can say, oh yes, whatever, let's carry on. So, we will carry on. But having said that, any change goes through a process of change management. And we are right now not even five or six days from the announcement, five working days from the announcement. Our primary focus right now is speaking with our employees first, making sure our employees understand to whatever extent we have the information, understand why the decision is being taken, and what does it mean for us, how we can benefit, and so on and so forth.

We are speaking to our employees at every level, at many levels I would say personally to people, and making sure that our employees are, to the extent that they can, feeling clear about what the future could be, and what the future might holds, with the limited at this point in time amount of information we have regarding the change. Because as you just heard from Mr. Peters, many things need to be sorted out, the long-term license agreement, the long-term tech agreement, the transition support, all of that stuff.

So, firstly, that's what we have done with our employees. We have done the same with trade colleagues that we work with, the big customers, trade people that we work with, done the same with our service partners, we have done the same with pretty much everybody, including with you now. So, this is the process that we are going through, but with the employees you can imagine it's a much more involved process, firstly.

And secondly, I think what is important is, I would like, and this is what the leadership team and I actually discussed is, we went through this last year, okay? Not this, but we went through a sale last year as an organization, and I would only ask the investor community and the shareholder community and all our well-wishers to only think of one thing. 25%, 24% stake sale happened last year. Now, that was not a walk in the park either, it was a pretty impressive stake sale.

But look at what we were able to do as an organization, and that is the importance of not getting distracted. We were able to gather together, work on the goals that we said we need to work on, keep our eyes focused on what we need to do. And we were able to deliver in that same period when that stake sale happened, I think it happened in February if I am not wrong, February or March.

And basically, if you see from April to December, where we should have been theoretically most distracted and messed up, we ended up delivering a growth like I told you of 17% versus the previous year, and 100% in profit versus the previous year.

So, I think it's very simple, we have got to stay focused on what we need to do, and that's what I think the leadership team is wanting to do. And like I said, we are in touch with our employees and talking to them, but we can only use the past to hopefully be the predictor of the future.

Shrinidhi Karlekar: Great. And sir, the last one, if I may. In terms of medium-term targets, when you say high single-digit growth EBIT and high single-digit EBITDA margin, I was just wondering at the management level, do you see this whole washer, this refrigerator category, including the premiumization tailwind and the penetration tailwind, do you see this industry as a, at the best high single-digit growth industry at India?

Narasimhan Eswar: No, sir, that's not the intent. Like I clarified before, high single-digit revenue growth is what we said we'd do. And the reason we say that is because market goes through ups and downs. So if you see the market growth this year, as I showed you in one of the charts, though I did not share the numbers for obvious reasons, but did share the kind of trend. Sometimes it's flattish, sometimes the market grows by double-digits, and sometimes it grows by single-digits. So on average, if you see the market growth itself, that's not running in the double-digit kind of growth from a volume perspective, right?

Then on top of that, what we then add on is the market share growth. So at this point in time, this guidance we had given last year, we may take a look going forward as to whether we want to look at that, keep that, change that. That is something that we will consider as we go forward. At this point in time, I would not be giving any guidance different to the above.

Having said that, I want to clarify again, EBIT being high single-digit consistently we have said is a long-term goal, and I think it's not possible for anybody to just jump from one EBIT number to another. You can do that if you do not care about revenue and you just want to cut costs, but I do not believe that a market like India is best served by operating like that. There's a right combination of revenue growth driven by market share growth and some amount of market growth, hopefully. At the same time, margin growth, which results in profit growth. And if the profit growth is ahead of the margin growth, then the business is marching in the right direction for us. That is what we will be focusing on.

Shrinidhi Karlekar: Thank you for answering my questions. All the very best.

Narasimhan Eswar: Thank you, sir.

Moderator: Thank you very much. Ladies and gentlemen, we have come to the end of the allotted time. With this, I now hand the conference over to Ms. Roopali Singh for closing comments.

Roopali Singh: Thank you, everyone, for joining in. A big thank you to Mr. Eswar and Mr. Jain as well for providing all the business context. With that, we would close out the meeting. Thank you once again for joining in today.

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