



WHIRLPOOL OF INDIA LIMITED
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Dear Sir/Madam,

Subject: Transcript of the Earnings Conference Call

This is further to our intimation letter dated 26th January, 2024, we enclose herewith a copy of the transcript of the Earnings Conference Call of the Company for the quarter and nine months ended 31st December, 2023 held on 02nd February, 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

Encl: as above

Conference Title: Earnings Conference Call with Whirlpool

Date: Friday, 2nd February 2024

Roopali Singh: Thank you. Good afternoon, everyone. I'm Roopali Singh, the company secretary of the company. I welcome you all to the earnings call of Whirlpool of India Limited. We have with us today, Mr. Narasimhan Eswar, the managing director of the company, Mr. Aditya Jain, the Chief Financial Officer. Today during the call, we will begin with the presentation on the business and financial results followed by the Q&A session. Please note that the cautionary statement right now on the link, please take note of the content. With that, I would now hand it over to Mr. Eswar.

Narasimhan Eswar: Thank you. Thank you, Roopali. I'm Narasimhan Eswar, managing director for Whirlpool of India, and I'm here with my colleague, Mr. Aditya Jain, the CFO. I will walk you all through the business overview and the strategic competitors and then request Aditya to come in on the financial performance then I'll come back to close. And after that, we're open for questions. So before I begin, thank you all for making the call. We really appreciate it. Let me just get onto the business overview now.

The first thing I'd like to start off with is by talking about India and it's being a huge strategic focus for Whirlpool. Why is that? A couple of reasons. One is the opportunity that India itself affords as a marketplace. The value creation opportunity in India is basically coming through three things. Firstly, the fact that the market GDP growth is expected to be between six and 7% going forward across span of time. This will lead for sure to a very strong growth affluence in demographic, which we all know about.

And so that middle class growing and becoming more premium, more up market is something that we all expect. But more important than that is the opportunity we have for the penetration growth in appliances. So if you see, for example, refrigerators are typically in about one in three homes in India, there or thereabouts, washing machines are in less than one in five homes, and the rest of the appliances are in less than one in 10 homes typically. So there is a significant growth opportunity for consumer durables in India.

If you look at Whirlpool, India itself, Whirlpool India has got a track record of value creation for its investors as well as for the market. We played a pioneering role in the Indian durables industry, and Whirlpool has been associated with several industries first. I'm not going to go into the details of it now, one of my future slides

will cover it. The other important thing is Whirlpool is a very well-known brand in this country. It's a very well-known brand and it's also very well known for its quality.

And the good thing about our business is that we are quite strong across the entire country. So it's not one region or a couple of regions we're strong in. We are very strong throughout the northeast, west, south of India. Also across economics strata. As we started off, we started off with the DC business, the direct cool refrigerator, the single door refrigerator business, and we were strong there and we continue to be strong there, as well as in semi-automatic washing machines. But we've since then across the years and decades, progressed into other areas as well. The premium areas like frost free refrigerators, top loaded washing machines, and now we've recently made an entry into front load washing machines as well, making in India from 2022 second half.

Then the product portfolio that we have. So we got a diverse product portfolio across multiple categories including refrigerators, washers, cooking, and so on and so forth. The more important thing is we look at continued innovation in premium product segments coming through across all these different categories, and this is backed by a strong manufacturing footprint. Now, what do I mean by that? We've got a factory in Faridabad that basically makes refrigerators and makes semi-automatic washing machines. We've got a factory in Pune that makes frost free refrigerators and direct-cool refrigerators. And we've got a factory in the south of India in Puducherry, which makes washing machines.

Layer this on top of the fact that we have a powerful Pan-India sales distribution and service network. Now, why do I call it powerful? One is the reach and depth of it. The number of billing points that we have in terms of sales, the number of service partners we have across the country, and the number of towns we have. More than that, also the tremendous relationships we have, which have been built over decades and kept over decades with the customers. So we've got a very strong network that is not just based on the amount of sales points that we do, but also the relationship that we have with customers. In our best years, we've also had good investments, strong investments in building retail demand generation. So these are the things that have actually added and created value over the years for Whirlpool.

Let me now shift gears and talk to you about the business performance over the last 15 years. First, I'll talk to you about the years up to the current fiscal year, and then in the next slide I'll cover the current fiscal year. So if you look between 2008, 2009 and 2019, 2020, we were growing at a revenue CAGR of 12% and the PBT CAGR of 20%, which is quite an attractive growth trajectory over the years. In the years of 2021 and 2021, 2022, we were hit by what I call the three Cs. The first C was COVID.

That really had a significant impact on many aspects of the business as you can imagine.

The second one was increased competition. So as we all know, there were a lot of new players who came in, existing players who started pumping in a lot of investments. So competition also impacted us. And the third thing that affected us, the commodity costs which went up post COVID. This is something that happened across the industry. It also happened to us with the result that over those two years we were flat. We did not grow any revenue at all.

In 2022, 2023, sorry, just to mention, these three things also contributed to the profit margin. So we used to be at a PBT margin of about 11% for three years, between 2017, 2018 and 2019, 2020. And that PBT margin went down to about 5% in 2021, 2022. In the year 2022, 2023 on top of these things, something else happened, and that was that there was a pricing uncompetitiveness that started happening in the market as far as our brands were concerned across all our categories. This was because of some pricing actions that we had taken.

And therefore, what happened as a result was that while at the beginning of the year our revenue went up, throughout the year, the balance of the calendar year, the revenues as well as the market shares took a beating as we went through 2022, 2023 with the result that we ended up growing revenues about 3%, but profitability dropped to about 4% by 2022, 2023, and we were losing market share quite strongly by then.

Now let's talk about 2023, 2024, the year that we're still in. So I just, there's a bit of a complex chart, so I request you to just stay with me for a second. So if you look at the left of the chart, this talks about the half one 2023, 2024. This is basically April to September. In the first six months of this fiscal year, April to September, our revenues were declining by 4.3% and our PBT was declining by about 28.8%. That's at the bottom right, basically.

Now, what actually happened? What happened was that two fundamental things came in and affected these numbers. The first was that between the period of Jan to April, we adjusted the pricing in the market. We adjusted the pricing from our side to basically make sure that we were back to our pricing indices that make sure we are competitive in the marketplace. So when you take that pricing decision, what happens is it hits your revenue and it also hits your profits. So that was the first thing.

The second thing is on refrigerators, which is a significant proportion of our business. There was a significant regulatory change from an energy standpoint and capacity standpoint that happened, and we had to re-engineer quite a bit to basically drive that. And that regulatory cost upcharge as well came into this fiscal year. So these were the reasons why the revenue declined by 4.3% in the first half of the year, and the profits declined by 28.8% in the first half of the year. In the October to December quarter, we've actually had a pretty decent growth. So our revenues grown by about 19.2% on a standalone basis. I just want to clarify this is standalone, not including Elica. This is the Whirlpool based brand business. Revenues have grown by 19.2% and our profits have grown by 34.6% albeit the profits growth being on a small base.

Now, what has actually happened is the following; I'll walk you through the details now. So firstly, the pricing as I told you, January to April, we changed the pricing and that pricing impact started helping us after April, May, basically. So that helped because we got the pricing back to indices that were healthy for us to compete in the marketplace. The second thing is that we had changed all of the refrigerators. We had upgraded a lot of our refrigerators basically, and the DC refrigerators, the direct-cool refrigerators, got into the market around April or so. The frost free refrigerators actually got in the market between April and June.

So by the third quarter, all these new products were very well established in the market and very much available. The innovation was very much available. And as you'll see later, we upgraded a lot of features in claims in these with new technology, new claims and so on and so forth. We also had a lot of focus on executional excellence that we started from around April or May. Just to give you one small example of that, was basically looking at retail executives.

So we employed a significantly larger number of retail executives than before. And we were consistently monitoring the return on investment of these retail executives. And based on that, we were able to generate some clear revenue growth as well. There is only one example. There's been a lot of focus on execution excellence, whether it's driving higher margin products, whether it's driving display compliance as well as driving sales fundamentals, billing points, and so on and so forth that we focused on throughout, starting from about April, May.

On top of this, there were two other things that helped us basically deliver on profit and on volumes. One thing that helped us on volumes was basically the festival seasonality. So this year, Diwali was on November 12th and last year's Diwali was on October 27th, if I remember. 24th, okay. So basically there was a three week

difference and therefore, the volume help you get during seasonality is split up into September, October for last year and October, November for this year.

So remember all these factors. We've had some reasonably good growths basically on revenue this year. And not to mention very significant effort that we basically put on cost productivity which I'll talk about later, it's a program that we do called P4G, Productivity for Growth. And that program is coming through very strongly. It is faring quite well.

And therefore, the nine months to fiscal year 2023, 2024, we're looking at a revenue growth of about 1.6%. It's almost a tale of two halves in a way, which is what we've called out. Now, as far as the full year is concerned, we expect full year revenue growth to benefit from the positive momentum that we see in H2. And we expect the full year revenue growth to track moderately better than the cumulative growth delivered in the first nine months. And in terms of profit improvement in the short to medium term, we expect that to be driven by revenue growth, especially in the premium segments which we're focusing on. And also our continued P4G program, which really delivers cost takeout actions across all lines of the P&L.

Moving on to the cooking part of our business with the Elica India business, we increase our ownership in Elica India from 49% to 87% in 2021. The Elica brand has got very strong capabilities and local manufacturing local innovation. So I think Elica is really another name for innovation in this market and cooking. Strong distribution presents, and a strong brand awareness. We are also working to establish Whirlpool as a mass premium cooking brand in the same segment so that we have two brands playing in the cooking space.

If you look at our business results on the revenue, we've had double digit CAGR if you look at the last two years and nine months with strong margins. We were growing at a revenue of 21, 22% in the last two years. The nine months to 2023, 2024, our revenue growth is coming to about 7%, excuse me, while we hold a very strong profit before taxes on percentage of revenue.

Now, this revenue growth of 7% has been impacted by a couple of things because obviously 21 is going to seven, obviously there's a question around what's going on. Well, firstly, the market has been a little softer, I think this year totally for durables and definitely for cooking as well. And the second thing that has also happened, there's been a significant amount of competition that has come in influencing the marketplace.

Our strategy on Elica has been to make sure that we have a very strong profit structure because that is what will drive our business in the long term. And we continue to do that and we will use other strategies like premiumization, which I'll talk about a second, to basically drive our revenue growth going forward. So we expect to have decent revenue growth and hold our profit structure on Elica as we go forward.

I'll move on to the strategic competitors that I want to talk about, but before I do that, very quickly, a message from our executive vice president, the chief financial officer of the company who's also the president of Asia, Whirlpool Mr. Jim Peters. I read this out to you, says, Whirlpool's commitment to India. We truly believe in the long-term trajectory of India. It is one of the strongest growth opportunities for the company. Whirlpool of India's long-term outlook for growth in margins are both in the high single digits making India very attractive to operate in. So India is a very important market for Whirlpool and I'm hoping the subsequent slides are going to show that to you.

What are our strategic imperatives? Basically there are five, first inspire with our brands, then win with product leadership. Third is to build a competitive and resilient supply chain. The fourth is excellence in execution. And lastly, grow our consumer direct business. I take them one by one. Inspiring with our brands. If you go back and see our history of when we had our most successful years, the analysis showed us that whenever we did some heartbreaking work in introducing something new to the world, something interesting, those were years in which we had phenomenal success.

Just for example, Whirlpool is one that introduced pedestals into the Indian DC market, and today pedestals from a significant proportion of the industry, not just Whirlpool. Whirlpool was the first to introduce auto defrost into the DC machines, providing a product that would straddle between DC and frost free in terms of the benefit that was given. Whirlpool was also one of the earlier pioneers in colors and finishes what we call CFM in industry. Not only that, if you go frost free, we were the first to bring in the three doors with a prod outreach. We were the first to introduce dark interiors with the Platina edge that we offer on some of our models. We also are the first to introduce heaters into the top load washing machine area. So all of these initiatives that were done in the past are based on very, very solid consumer insight done by consumer generation. And all of these not only established our position as one of the leaders, but also inspired trust in our brands.

And just to move on to what we are doing in 2024, I will talk to you in the product leadership segment about product initiatives that we're doing, which are going to

really inspire as well. But very specifically, there is something very interesting that I want to share with you about what we're doing from Jan 2024 onwards. From 2024 Jan, we are going to be offering a four year comprehensive warranty on all the semi-automatic washers that we manufacture.

The genesis to this was basically that we wanted to find a way to grow a share in semi-automatic, but at the same time grow the semi-automatic market as well. As we looked into the details, we asked ourselves, what is our point of difference? What is that we can hold onto? And the answer was simple. We make a semi-automatic washers, we have strong, strong faith and belief based on data and based on performance and the quality of our machines. And that is what has prompted us to offer.

Typically, the market is in about two years on semi-automatic washers from Jan 2024. And by the way, we had tried this out in around October 2023 on some of our more premium ranges, and that worked very well. So we rolled this out in 2024 January onwards to our entire range of semi-automatic washers. So this is now going to be a two plus two four years comprehensive warranty, which we believe is something that will definitely inspire trust and hopefully drive market shares as well as category penetration.

But just move on to product leadership, which is the second strategic imperative. Our product innovation is focused on winning in premium segments. To be honest, between the period of say 2019 and 2022 we did have a bit of a challenge as I explained last time in the AGM speech that I made that we could not premiumize our portfolio as well as we would've wanted to do for a variety of reasons. But starting 2022, we've initiated significant plans for premiumization of the portfolio. And just a few examples that I'd like to put in front of you. On single door refrigerator, what I want to also highlight is that we have not chosen one or two categories to say, we'll, premiumize, we are premiumizing across every category that we play.

So if you take DC or direct-cool single door refrigerators, we have introduced the five star rating, which is a premium line, we've reintroduced in quarter two, 2023 after two years of not being in the market, okay? But we're also very, very, very proud to basically get from the Honorable President of India, Shrimati, Droupadi Murmu, the Appliance of the Year for the refrigerator category at the National Energy Conservation Awards in December, 2023. And this was a moment of great pride for us. It showed the quality of the products. This was for our 215 liter DC product, the 215F model. And I think this also goes to show the quality of the products that we basically make. So that was in direct-cool refrigerators.

If I then move on to fully automatic washers, we've got inbuilt washers on most of our fully automatic premium range. But starting January, 2024, even in the premium entry range, we've upgraded the business to soft close. The idea being, to provide more benefits to the consumer who is buying premium products. If I then move on to the front load fully automatic washers, we have started making these in India from 2022. It's been in the market mostly from 2023.

And what's great about these products is they are not only excellent in washing performance, as you would expect from a totally automatic washer from a great company, but they also have this path breaking ozone refresh technology. Now, what this does is for all your expensive clothes, which you maybe go for a wedding or you go for a party, wear it for a couple of hours, say it's silk or it's a suit or something, you can't really wash it, you got to send it for dry cleaning. But with ozone refresh technology, you can actually use the ozone refresh button and we have an ozonizer in our machine, and the advantage of this is that it refreshes your clothes and removes all the odor from it without water or detergent. So this is an added feature that we give on our fully automatic washers on top of the benefits that we already serve.

If you then move to frost free, I'm very happy to announce that from mid-2023 onwards, we've been able to put in the 265 to 360 liter business, which makes up the bulk of the market in frost free. We have introduced the fastest convertibility, so it converts from freezer to refrigerator in just 23 minutes. We also have a 10 in one convertible mode. So both of these facilities are available in all our models from 265 to 360 liters, and it also gives you a two times longer vitamin preservation for all the food that you store. So these are cutting edge claims that we've been able to put in the market from mid-2023 onwards, and we hope to reap the benefits of this in the months, quarters, and years to come.

Lastly, if I look at semi-automatic washers, I already spoke to you about the additional two years warranty, which makes it two plus two, four years comprehensive warranty. I'm glad to announce that there is a new product coming soon in the premium end of the semi-automatic category. This should be in the market very soon, and I cannot tell you more about it, but I'm sure you'll find it's a very interesting one when you see it in the market. So the point really in the slide that I wanted to drive is we've not picked one or two categories in which to premiumize. We're premiumizing across every category, even in categories that typically the market could think of as entry-level categories like a DC or a semi-automatic. So because everything is premiumizing.

If I then go to Elica, for example, and this is an example for me of Elica, just a couple of examples here, recent product introductions. This is the iSmart inverter kitchen hood with brushless PC motors that we've just introduced. The beauty of this is that the consumer insight comes from the fact that consumers switch on the gas or the cooktop and they forget to switch on the chimney. So they spend about 15, 20 minutes cooking and then realize that the chimney is not on, which is obviously not helpful.

These Auto Sense chimneys are programmed to sense as soon as the cooktop comes on, so that they start operating, directly saving the trouble for the consumer. So again, based on a very strong consumer insight. And we've also introduced new Hexa IND Lotus Series hobs, basically. As you can see, these are heavy duty brass, multi flame burners with a triple ring burner. They've got a beautiful cast iron and pan support with a heat guard, so to avoid any chance of injury from your side. And there is a lifetime warranty of tenure on the burners.

If I go to the next strategic imperative, which is basically the resident supply chain, there are two parts that I would like to talk about. The first is quality, the second is cost. If I look at quality, we follow the world class manufacturing practices. I had already updated last time that our Pune plant got the bronze in world class manufacturing in 2021 and our Faridabad plant got the bronze in 2022. I'm extremely happy to announce that our Puducherry plant as well as our third plant has also got bronze in October, 2023, and we will continue this March on the world class manufacturing, driving our quality more and more ahead as we go along.

The other program that we are very proud of is the P4G program. This is a productivity for growth, it's a cost leadership program, and we've got a very, very strong program that's already in place that is delivering cost takeout across all lines of the P&L. And this is the program that helps us improve gross margins. This is the program that helps us keep fixed costs in control. This is the program that keeps variable costs in control, and it's a full-fledged program that's not only driven by procurement, but across all lines of the company. All functions of the company work to deliver this P4G program, which is closely monitored.

And then move on to my favorite topic, which is excellence and execution. Our aim is to win every day and every store with every consumer. That is the only way in which one can really have hope to have a leadership brand. And the reason why this is important in this business is because consumers come into the store and if they walk out of the refrigerator and it's not your brand, then you're out of the market for the next seven to 10 years, maybe more. So it's very important to win every day and every store with every consumer.

How are we going around doing this in terms of execution? Firstly, we made sure across the months, and we will continue to do that going forward to the best of our ability that we have stronger visibility of our premium lines. So this is something that we track and we deliver on. We have stronger visibility of our premium lines, which is what we want to push even further, as well as our new ranges that we brought in recently.

Second, we've made sure that our pricing strategy is getting in the right direction. Obviously this is a dynamic area and it changes every month, and we monitor that and act on that. But we also have looked at some of our premium lines and are looking and will continue to look, are there opportunities to get that part of the strategy to drive more profitability for the company and more premiumization for the company. And that is something that we're actively doing.

The third area is strongest sales execution. In the strongest sales execution, I mentioned to you about retail executives and the work that we've been doing on that for the last few months. So we have put in a reasonably decent number of incremental retail executives. We found the results from that were coming quite strong from a return on investment point of view and we are driving that even further as we speak. This is something that we are really focused on. Our whole intent and our whole strategy is to focus on return on investment in whatever investment we make. Any money that we put into the market, we track the ROI off and we make sure that it's delivering on that ROI. If something is very, very clear and the ROI is coming through very clearly, then we roll it out in a very, very strong way. If the ROI is not very clear to us, then we figure out what ROI is before we put significant amount of money behind everything. So that's a very simple and straightforward strategy.

Retail executive is only one part of it. There's many other parts of sales execution, like the number of billing points that we're doing, which we track regularly. The displays that we have, how we performing on that, the amount of premium displays that we have. As also other than all of these things, we've also made a significant change in our incentive plans for our sales force. So this is something that we are changing from January, 2024. It's already rolled out to our sales force, but basically in a nutshell, our sales force typically used to be compensated based on national results.

And the second thing is they were compensated based on volume growth across categories now, from January, 2024, and this is why it's such a significant change. The sales force field, sales force incentives will be based on what the branch has

achieved, which therefore gives the sales force much more control over their destiny and their results. And the second thing is the sales force is going to be incentivized on front volume performance. And to get that value performance, they have to get the volume also. So that's a pretty significant change that we're doing from January, 2024.

We are also leveraging our great customer relationships in terms of working out top to tops, market visits, et cetera, across all levels of the organization, not just the sales guys. And lastly, winning in every store. It's not enough just to win in the offline stores. It's also important to win in the online stores. So this is something that we started doing from around July of this year. We looked at the e-commerce business and we saw that there were significant opportunities to drive the e-commerce business through investing in e-commerce marketing given its return on advertising sales that we were getting. And that is something that we started doing and we will continue to do because we continue to see strong ROI coming out of that.

If I then shift gears to the right half of the screen and talk about the NPS improvements. Our NPS is significantly – NPS is basically net promoter score, and it is based on consumer response to our service or installation. Our net promoter score has seen significant improvement across the years, and it's now at an all-time high. We will continue driving it forward. This is based on the fact that we've got a very strong organization. We've got differentiated call centers with dedicated desks for premium, customers for top 20 cities and escalation desks.

We have enabled a lot of technology that helps us avoid cost significant in certain areas. And we've also got in-house service centers that we set up, which not only drive an excellent service experience, but also make financial sense for us. And of course, we continue to drive D2C. We have got a modern and scalable platform that we've built with cutting edge technologies, and we've got a good operations platform in place. I'm now going to hand over to my colleague, Aditya to talk about the financial performance.

Aditya Jain: Thank you, Mr. Eswar. Good afternoon everyone, and let me now take you through our financial performance for Q3 on a standalone basis. In this quarter, our revenue grew in double digits at 19.2%. The revenue was driven by a lot of initiatives, which Mr. Eswar spoke about in his presentation, which was about starting – at the beginning of the year we started with the price reduction and the price correction actions, though it had a negative impact on the revenue, but we saw a positive momentum in volume because of that.

Subsequently, there were new product improvements in productions both in DC, frost free and other parts of the portfolio also, the impact of which is visible in this quarter's revenue growth. And then there's a lot of investment on the sales execution side as well, be it Aris, be it the display compliances, be it the focus on the premium mix, premium lines and the high DCM SKUs, et cetera, et cetera, and the customer relationships.

As a result of this, we've seen some benefit of all these actions translating into revenue growth. In addition to that, the current quarter has also benefited from the timing of the Diwali Festival as Diwali this year was in November versus October last year. And hence we've seen a phasing of volumes moving from September up to October this year. And the benefit of this flowing through in the revenue growth in the current quarter. What has happened is as a result of all these cumulative actions that has happened throughout 2023, we've seen a sequential improvement in our revenue growth trends and momentum across key categories of a business, i.e., both refrigerators and washers grew in high double digits in this quarter.

Moving on to profits, our EBITDA came in at 39 crore at 2.8%. That's 105% growth versus a year ago. And our PBT came in at 22 crore at 1.6%. That's a 35% growth versus a year ago. The improvement in profit was driven by the strong volume growth, the actions, very, very focused actions on driving the high margin premium SKUs product mix and the cost productivity supported by the strong P4G that's productivity for growth program which helped us save cost across most line items of the P&L, and the impact of decrease in commodity prices as well. All these things have helped both then offset the impact of price production, which we took at the beginning of the year, and the regulatory cost of charges on the refrigerator business, which we had to absorb in the P&L during the year.

Coming to cash, cash is a good story. We generated 470 crores cash from operating activities for the nine months ended December, 2023. And this cash was generated predominantly by improvement in working capital on accounts receivable and inventory management. With this cash generation, our balance sheet becomes even healthier with a very strong cash position, and this allows us the flexibility to invest in the right product innovation and projects to drive growth and value creation for the shareholders. With this, I'll pass it back to Mr. Eswar for the closing piece.

Narasimhan Eswar: Thank you, Aditya. So just last couple of slides, but quickly on this is, I just wanted to walk you through the market share trends, basically. So this is basically refrigerators and washers market share. Just stay with me as I walk you through the slide. There are three time periods here that we've called out, October 2022 to March 2023, April 2023 to September 2023, and October 2023 to December

2023. The market itself was growing in October 2022 to March 2023 by mid-single digit growth. Whirlpool of India had quite significant challenges and impacted by the price index challenges in October to December of 2022. We lost a significant amount of share. We took a price correction in Jan to March, 2023, as I said, and we also launched our new direct code ranges into the market between Jan and March, 2023. It was still continuing to lose share versus year ago from a volume market share point of view.

In April 2023 to September 2023, the market was flattish to slightly declining in terms of volume and we were able to do a couple of things. One is in addition to the direct cool ranges, our frost free range upgrades also got into place. This is the product I was showing you earlier. So that got to the market between, call it April and June, July, 2023. We also started focusing very significantly on the execution, stepping up the execution across these months and setting the stall for that. Our volume market share started declining a lot less compared to year ago during this time period.

In October 2023 to December 2023, the market continues to grow by a very low single digit growth. But we've been able to start getting positive on the volume market share of the year on year as the additional retail educators that we put in, they started functioning fully at the pace at which – because they need a little time to wrap up and so at the pace at which they're supposed to wrap up. So we're happy with that as well as the impact that's coming from all the new products that we've got into the markets as well as the mixed drive that we want to take them strategically. So that's basically the market share trend that we have so far.

And I'm just going to close with my last slide before we open up for questions, is how are we going to deliver sustainable and profitable growth over the long term? I take you back to the same five strategic imperatives inspired with our brands. If I look at this, it's very clear that in the best years, we had superior consumer insights and these superior consumer insights is what we're going to focus on starting from now. We're going to go out and figure out how to get the best consumer insights that drive two things, one, best in class innovation, like some of the stuff that you saw. But the second area is best in class communication, which is how do we tell this news to the consumer, whether it be through impact stickers, whether it be through our retail executives, whether it be through other forms of communication.

Second, product leadership. We will continue to overdrive premiumization. We will also look to fill gaps in our core categories, but the intent is really to deliver winning products across the board. The third area will be resilient supply chain. We will continue to drive the quality of our products up through WCM. We will continue to

drive P4G in a very strong way. P4G is our defense against any chaos that can happen in the market. And we will keep ourselves focused on what we can control to improve margins as we go along.

The fourth area is executional excellence. We're going to focus both on driving reach, which means covering more stores across the country and extraction, which means getting more from each store within the country, getting more from each display through a lot of focus on sales and marketing execution, including a best in class retail executive program that focuses on the quantity of retail executives that we have, the quality of retail executives that we have, and more importantly, their retention because that's a major variable. And lastly, we will grow the consumer direct business ahead of the industry. We believe that these things should be able to get us over the long term, a high single digit revenue CAGR with a high single digit PBT margin percentage over the long term, over multi years. Yeah. So that's all I wanted to share. Happy to pass over to Roopali again.

Roopali Singh: Thank you, Mr. Eswar and Mr. Jain. With that, I hand over the proceedings back to the Operator for commencing the Q&A session, please.

Operator: Thank you, Ms. Roopali. I request analysts to press star one to ask their questions. In the interest of time, please limit your question to one and one follow up question. In case during the call you face any technical difficulties, then please reach out to the help desk, email IDs are communicated to you via email. Our first question is from Aniruddha Joshi. I request Aniruddha, ask your question.

Aniruddha Joshi: Yeah. Thanks for the opportunity. Sir, really thankful for the presentation, but just wanted to understand the guidance part of it is high single digit revenue CAGR in an economy, which itself is bringing double digits in nominal GDP. So while we're in a way looking for high single digit revenue CAGR and then secondly, in an industry where various players like [inaudible] Bosch or [inaudible], many players are doing business at innovative losses or investments. So how do you see the margins going forward? We used to generate more than 10, 11% margins, now it has come down significantly in mid-single digits. So do you see it going back to the historical level? And last question from my side, in the parent's annual report in CY 2022, India growth was a key agenda. Now, we see the parent wants to sell a 24% stake. So what is the broad level thinking that has changed at the global level? Yeah. That's it from my side. Thanks.

Narasimhan Eswar: Got it. Thank you, Mr. Joshi, really appreciate. Sir, do we have the three questions written down?

Aditya Jain: GDP normal at double digit, so are we planning to run single digits on position operating at negative margins. So we were at 10, 11% margin.

Narasimhan Eswar: Okay. Yeah. Got it. Sorry, I was just trying to note down the question. So in terms of – Mr. Joshi, the way we look at this is we are looking from where we are and looking forward, and we are trying to get an assessment of how quickly and how far we'll go. We recognize that it's a very competitive market. We recognize that competition is going to be there. It's not going away. We recognize where we are basically.

And going forward, this is the guidance that we give in terms of the growth. You see, like I said, we have to operate from where we see right now what things are. While the GDP might be growing significantly, the durables industry is not growing significantly as of now. So we factor all these things when we are given the guidance. Obviously, if other things change, then our guidance will also change in the future. But at this point in time, based on what we see of what's happening with the market on durables, with the competitive situation, et cetera, this is the best guidance that we would give. So that's the answer to the first question.

The second question is on margins. So the answer to your question is I think double digit margins for me, as I look at it, it's going to be quite challenging for anyone to go to the double digit margin. As we look across the industry from whatever we can see, nobody's operating anywhere near that. There have been a lot of players who have come in, there are headwinds from competition. There's also headwinds, as you can imagine, from regulatory requirements that will come going forward. So do I see the best players operating at double digit margins? I would say it's a little challenging to even imagine that. But I would say a high single digit margin is something over the long term that one can aspire towards. Keep in mind that the competition is the one piece that keeps the whole thing going.

And the second thing, of course, like I said, is every regulatory change costs a significant amount of money. And we can expect regulatory to increase as we go along. And that's the direction that we've seen or got from whatever we've seen from the government. So given those things, my personal view is that double digit margins are going to be very challenging for anybody to get to, high single digit margin is the guidance that we are giving. So that's the answer to your second question.

The third one, the 24% stake, I think, just to be clear, the Whirlpool of India – So first of all, nothing has changed from the point of view of India's importance to Whirlpool Cooperation, nothing at all. What actually is the situation is very simply that the

global Whirlpool Corporation has decided to sell up to 24% of its stake. So to go from 75% up to at least 51%, that is basically the decision from the Whirlpool Global Corporation. What is the idea? The idea is that the Whirlpool Corporation will continue to hold the majority interest in the company. And India is supremely very, very important for Whirlpool Corporation from a global point of view, as you saw from Jim Peter's message.

Why is the Whirlpool Corporation doing this? It has very clearly stated this in its US notice that was released to the Indian market as well followed by communication from our side as well, that basically the proceeds from this will be used to retire debt at the Whirlpool Corporation level, and that is the sole purpose of this effort. So from the Whirlpool Global Cooperation side, there is no change, if anything at all, there's even more of a focus to make sure that India is very strong and continues to be stronger as we go forward with respect to investments and technology, innovation, et cetera, et cetera. But this is being done by the Whirlpool Corporation to retire its debt so that debt retirement can then open up the company to invest further and further as we go along, because less debt driven company is always a better thing. Thank you.

Roopali Singh: We move to the next question.

Operator: Once again, to ask a question, please press star one. We will take our next question from Renu Baid Cugalia, please go ahead.

Renu Baid Cugalia: Yeah. Good evening and thanks for the opportunity. The first question is, if you look at the last three years performance of Whirlpool in the market, there have been consistent share loss as well as erosion of profitability. So probably we are now already somewhere at the bottom. Incremental share loss definitely should not be there. And you did highlight some gains in the year until date. So can you quantify what has been our current market share across some of the key categories? And what is the targeted share that we are looking for over the next two to four years driving various strategies of premiumization, more of sales, marketing, incentives? That's the first question.

Second, on the strategies to drive innovation and consumer insights overall, what is the budgetary spend that we are targeting on R&D and new product introduction? And does that already bake in your assumption of high single digit margins when you're guiding over the medium term? And lastly, with respect to the portfolio of Elica, larger or other smaller appliances companies are now diversified with M&A in this space, in cooktops, in chimneys. And some of them have seemingly in the early stages, a good foothold in the premium segment. So what has been our journey

here and how do we propose to tackle the competitive pressures and yet drive double digit growth back in the grouping portfolio, which has been soft this year so far, along with margin expansion? Thank you.

Narasimhan Eswar: Thanks a lot. Thank you so much for your question. The first thing is, in terms of share growth. So we have directionally speaking, strong – we've got double digit shares across pretty much most of our portfolio. We are especially strong in the direct cool refrigerator business and we are quite strong in the washers as well. Frost free is where we have more opportunity to improve as we go along. And with the products that we have, I'm confident that share growth with the execution focus should come through.

In terms of the next few years, if you can think about it, while I don't want to give a specific number because that's very internal in our planning and so on and so forth. I think if you talk about long term, like you said, four years, you could call that long term. If you say four years, then you're looking at growing the share because otherwise, it's quite unlikely to be able to grow high single digits without growing the shares. So share growth is certainly part of our whole story. And we are very clear on how we're planning to do that, which is through all of the steps that I highlighted to you in the presentation. So yes, to answer your question, share growth is very much part of the story across the next four years.

Now, on the budgetary spend on R&D and new product introductions, yeah, absolutely. I think we take that into account when we talk to you about anything of that sort. Very much so and X factor into our financials and our calculations as we speak to you, also because in this category, the amount of money you spend on R&D and new product reduction has to be calculated because it is quite a significant impact. So that answered your second question, very much considered yes.

Thirdly, on Elica, I think yes, there is a lot of competitive pressure, but we want to improve our business or drive our business financially responsibly with Elica. And I think that's very important for us. So we're not doing any short-termism in our thinking. Without going into a lot of detail, we're also aware of several other impacts that will come into this business as we go forward and we are readying ourselves for that. I think there is something really special about a company that has got it set up here locally that can actually do stuff, that can actually manufacture stuff, that can put together stuff and set.

And in a lot of industries, a lot of players can come in and import and get away with it for some time, but I think it's probably difficult to get away with it for a very long span of time. So I think we've got to stick to our strategy, we've got to stick to the

high quality of products that we produce. We will not compromise on that. And we continue to believe that driving the right products and the right innovation is what will basically help us tackle these competitive pressures, which will come and go. A lot of people – Yeah. That's about it. Thanks.

Roopali Singh: Thank you, Renu. We move to the next question, please.

Operator: The next question is from Abhijit Akella. I request Abhijit, ask your question.

Abhijit Akella: Thank you very much. Good evening, and thanks for the opportunity. So for me, just a couple of data points if it's possible to share. One is the revenue breakdown across our product categories, the key ones, if it's possible to share that. Also, any sense of volumes that you could share, that would be great. And in terms of the production capacities that exist right now, are there any significant CapEx plans that you have to expand these? And one final thing is just a rough sense of sales mixed by channel. These will be great to have. Thank you so much.

Narasimhan Eswar: Thank you. Thanks, Abhijit. I think we're not really planning to give out the details across categories and so on and so forth, other than what we've shared so far, to be honest with you. Like I said, our shares are higher in DC, strong in washers. Frost free is the one where the opportunity is still there that we can grow significantly. And of course, if you look at front load washing machines, again, that's a place where the opportunity is very, very significant for us because we've just launched in 2022. So as you can imagine, our shares are quite low, and therefore the opportunity to grow there is very, very significant.

Excuse me. I can tell you that refrigerators are more than 55% of our business. Washer is about 30 odd percent of our business and other categories put together, make up the rest. And Elica is outside of this, of course, and Elica's numbers you have already. That's with respect to the volumes and the value. On the production capacities, I think your question where you're leading to is, is there any massive CapEx that we plan? Well, to be honest, we are reasonably well covered for now. And more importantly, we factor these into our financial planning as we go forward. So when we're giving you the guidance, we've made sure that capacity planning for factories is very much included in our financials. So we've done that mathematics to say, when do we need capacities in which factory, at which plan of time across the next seven years? And we've taken that into account already. So that should be okay.

Roopali Singh: Yeah. Thank you, Mr. Abhijit. If we would move to the next question.

Operator: We'll take our next question from Niraj Jain. Please go ahead, Niraj.

Niraj Jain: Yeah. Hi. Thank you for the opportunity. So sir, my first question is, may I know an approximate contribution that is currently being driven from the premium portfolio especially that was launched in 2020? Secondly, I want to know like from a longer term perspective, what is the company strategy behind its brand building? We have been seeing a decline in ad spends consistently over the last three, four years, while at the same time the peers, especially the unlisted peers, have been very quite aggressive.

So any strategy on how are we planning to increase the ad spends, especially when we are expecting margins to continue being in single digit on the account of competition? And lastly, I want to know if some royalty and technical know-how fees have been consistent at around 1.5% over the years. May I know if there is any tenure for this engagement and any revision that can be expected in any time soon, especially with the change and the parent company ownership stake going ahead? That's it. Thank you.

Narasimhan Eswar: Thanks a lot, Niraj. On the premium portfolio, well, I can't give you a percentage. Basically, I can tell you that the premium portfolio, first of all are shares typically in our entry level portfolio of anything like DC or frost free or anything. Shares usually the entry level are higher, typically. So the significant opportunity for us to increase the premium portfolio going forward, it has been going in the right direction in the last few months. And the second thing is our focus is very much on that premium portfolio. So A, we have a runway to grow in that premium portfolio because Whirlpool is a very well-known brand to all these people. But it still doesn't have its kind of, say fair share with respect to the premium portfolio. And we're seeing it more in the right direction because of the focus that we're putting on premiumization in terms of the business.

So whether I take direct-cool, DC refrigerators, or I take frost free or I take even semi-automatic washing machines where we have a lot of strengths or top load washing machines, for example, we definitely have opportunities to grow in the premium portfolio significantly compared to the entry portfolio opportunity. So our plan is to leverage this to really drive the premium portfolio shares. And there has been a movement, like I said, in the right direction on these categories.

The second question that you talked about is on brand building, strategy on management. It's a great question. The way we look at how we're spending right

now from where we are, and I want to be transparent about it, is we need to make sure we're spending on the right things from where we are. Our current focus is to spend on things that can drive a solid return on investment, basically. So if I put in money, I should get a return on investment that's clearly visible. Where it is clearly visible, we're going and investing in a very big way.

So I talked to you about retail executives. Now, retail executives, very frankly, are a lot about brand building as well, because you're talking here about thousands of people on the shop floor who are talking about your brand and its benefits to your consumers. And these are the people who help you get your sales, but also help the consumer make the right choice. So if you look at the amount of effort we're spending on it, not just in terms of the number of people that we're hiring, but also in terms of the money we're spending on the quality training of these people which I would say is really, really good. And also on the retention programs, we are investing a lot.

And the reason we're investing a lot is very simple. It's because it's a solid ROI on everything else, like I said. And similar is a thing for me on e-commerce marketing, for example, where we can see the solid ROI we're investing. We will at a point in time in the future come to a place where we will, again, continue to have, I think a lot of levers. We continue to have a lot of levers in which you can invest. It's very difficult to invest in all the levers at the same time. So each of these levers and brand building, as we traditionally call it, advertising is one of those levers. Similarly, we'll adopt a similar approach, which is to figure out the ROI through a methodology. And once we figure out the ROI, we will invest at the right time into that as well.

In the meantime, we are driving our brand very strongly compared to what we were doing some time ago through whatever we're doing in the stores, which is actually the single biggest point of influence for purchase. A massive number of decisions of purchase are actually made in the store. And through e-commerce marketing, which we're doing right now, we are doing our digital communication, digital marketing, as well as e-commerce marketing. So that part of it is happening.

Other levers, and there are many levers to drive the business, to drive the sales, to drive the revenue and the profits, as well as to drive market share. Large scale advertising is one of those levers. We will look at it at the right time, evaluate it with the right ROI, prove the ROI, and then we'll expand it. That is the second part. So certainly it's a part of our future plans, but it'll be done at the right time and with the right ROI. The third thing, I'm going to defer to, Aditya.

Aditya Jain: Yeah. And Niraj, in reference to your question, whether royalty or technical know-how fees, which is paid to the parent, will it change as a result of the change in stake? The answer to this question is we do not anticipate any change in the royalty and technical know-how percentages as a result of the shareholding pattern. So we anticipate you to continue at the same levels.

Roopali Singh: Thank you, Niraj. With that, we'll move to the next question, please. Operator, can we move to the next question, please.

Operator: The next question is from Bhavin. Please go ahead.

Bhavin: Thank you so much for the presentation. First one is a request for a greater frequency of investor interaction through quarterly earning calls and analyst days. We understand business ups and downs, but any interaction channel being open helps us immensely. The question that I have, one, is your strategy of premiumization. And one of the disadvantage that I believe is that your peers, like LG or Samsung have larger manufacturing facilities across Asia. So that puts Whirlpool through three types of disadvantages. A, is the cost. B is the frequency of refreshes, and three is in terms of number of SKUs because they have a greater scale. So how do you plan to mitigate this and increase your share in the premium space?

Narasimhan Eswar: Thank you, Bavin. On your two points, the first one is the greater frequency of interactions. A point well noted. I came in about 10 months ago, so it took a little bit of time for me to understand all the factors and the business and the people and everything else. So I think this is the first time we're interacting with you. We did have an AGM in August where we spoke to all the shareholders. So yes, we will certainly take that into consideration as we go along. Thank you for that suggestion.

In terms of the manufacturing facilities, I would say, to be honest with you, it's not something that concerns us at all because the way we look at it is that we're a global cooperation. We've got products and designs and engineering structural knowledge that comes from multiple markets, whether from North America, from Latin America, from parts of Europe where we have technology, parts of Asia where we have technology, and of course in India. So we've got access to global technology, global knowledge, global scale in several areas of engineering and manufacturing.

Secondly, we've got three world class plants here. As I told you, we've got WCM bronze ratings in all three plants. And as you know, the WCM ratings are not just for certain parts, it's to do with the completely comprehensive and full scale

assessment of the ability of a plant to deliver products with great quality, cost and safety. So I would say that from our landscape, do we have enough to basically deliver the products that we need? Absolutely. These are the plants that have delivered the national award winning world class DC refrigerator that I spoke to you about. These are the same plants that have basically come up with the fastest convertible in the market in 23 minutes. These are the same plants that have come up with the heater technology.

So I do believe that we are well served. We have enough identified and invested at the right time to make sure we have enough capacity, we have enough flexibility in our market. Actually, my key focus would be on really driving the demand. That I think is what we really need to do. To be honest, I'm not really worried about the supply part of it at all. There will always be some gaps in the categories like I spoke of in my presentation, and we will certainly look to fill them as we go along. There will be capital decisions that we need to make and so on and so forth, and those will be taken and done at the appropriate time.

So I would say from our side, we're not at all worried about this, and with more and more, making India happening. I think it's only right that we make all our products out of here. So almost all our portfolio is basically made out of here. Even the categories that we may not ourselves make, which will be very small, we source them from Indian producers. So we have very, very small import dependency. And I would say if you have a massive import dependency, you should probably think about it twice.

Roopali Singh: Thank you, Mr. Bhavin. With that we'll move to the next question, please.

Operator: The next question is from Yash Jain. I request Yash Jain to ask your question.

Roopali Singh: Request Mr. Yash Jain from Ambit to please unmute and ask the question.

Yash Jain: Hello? Am I on mute?

Roopali Singh: Yes, Mr. Jain.

Yash Jain: Hello?

Roopali Singh: Yes, Mr. Jain, we can hear you.

Yash Jain: Okay. Yeah. Well, I'm saying while we do have the manufacturing facilities, but have we considered outsourcing about some of our categories that can help in saving costs?

Narasimhan Eswar: Sorry, I just want to be clear I understood your question, you're saying, are we considering outsourcing on some of our categories where it'll help cost, is the question?

Yash Jain: Yes. Right.

Narasimhan Eswar: Great. Thanks, Joshi. Yes. So in categories where we find that we can get reasonably competitively priced products to our specifications because Whirlpool has very clear and demanding specifications, then we have no problems in outsourcing it. A classic example is air conditioners where we don't manufacture them ourselves. We get good products to our specifications, which are quite exacting, and we get that. Similarly for microwave ovens, we don't manufacture that ourselves, and we basically get that done through third party suppliers. So yes, absolutely that's part of the strategy.

But where I've got capacity and I've got the expertise and I've got a good cost base on refrigerators and washers, again, the answer is not, no, it's never no, but there has to be a really solid reason as to why we'd go out, because the cost has to really work for us. The cost benefit has to be significant for us to consider doing that. As you can imagine, every time you don't make it in your factory, you will incur a bit of a hit. So you have to look at that versus the benefit that you get financially from anybody else. So I'd say we are sorted for now on this. If there are opportunities that come up, which are significant and long term, we have no problem looking at it. But we just focus on the core categories, we keep it internal.

Roopali Singh: Thank you. With that, we move to the next question from Ms. Natasha Jain, we would request to please unmute yourself and speak.

Natasha Jain: Hello? Am I audible?

Narasimhan Eswar: Yes, please.

Natasha Jain: Yeah. Thank you for the opportunity and thank you for the detailed presentation, sir, I have two questions. One is on product leadership. So if I observe your market share, and especially the channel feedback in the last two years, you've lost your [inaudible] in terms of product leadership. Could this be more of a cost

challenge and therefore a reduction in the quality of the product? I just want to understand, going forward, while you've detailed out the product leadership in terms of your opening remarks, in terms of quality specifically, and in terms of cost cutting, I just want to understand that relationship.

And secondly, my question is on Elica. Now, we understand that Elica is one of the top three players in terms of kitchen appliances. Now, when we did some channel check, we found out that even Whirlpool has launched its own brand. The products were quite similar, both in terms of features and also property. And so what I need to know is what is the rationale for [inaudible] tracking your own brand when Elica is already there, doesn't that dilute the entire presence of Elica as a brand? So those are my two questions. Thank you.

Narasimhan Eswar: Thank you. It's great questions. Thank you, Natasha. So the first question on product leadership, I want to be super clear that we have never contemplated a reduction in quality, not even contemplated, forget about putting it in the market. Have we done cost cutting so that we can save our product? Absolutely not. See Natasha, you're absolutely right. But if you go back and see our financials over the last five years, there has been a volume demand impact. There's also been, if you remember, a commodity cost rise. Part of the reason is also that we never compromise on the quality, never.

There may be people who have to compromise on the quality and reduce their cost, but you can see it in our P&L, our profits have gone down over time. One of the things that stayed constant for us is actually, and I can tell you our quality parameters over the years are actually improving. So we right now are looking at probably the best year in terms of quality that we reduce that we put out into the market. And if you look at the products that we put out into the market and the claims that we've talked about, fastest convertible, right? Convertible in 23 minutes, two times the vitamin preservation, 10 in one convertible modes. All these are investments into product quality, we're not taking them out.

So if anything at all, we have gone and invested more and more in product quality with the belief, and this is a true belief in my 33 years of experience, that product quality investment will always pay off. So I just want to be very clear, there is no question of reducing product quality. We lost demand in the market, which is the result of the things that I explained to you about, we lost some consumer traction in the market because we are not able to push our products well enough. But the product quality, if anything, has only become better over time. In fact, like I told you, in DC, we've just got the energy conservation award basically out of all the

refrigerators in India. We were chosen by the president of – by the BEE and awarded by the president of India.

So just want to reassure everybody on the call, quality is our number one thing. We will not compromise on that. Never. That is Whirlpool. So I hope that answers the question very clearly. And now our job is to make sure we go and generate the demand that the quality warrants. Because the demand will not just come by making good products. You've got to go out and make people know that there are those good products, which is what we do by investing in retail executives, which is what we do by investing in communication, which is what we do by driving communications.

The second point that you talked about on Elica and Whirlpool, why do we need two brands? Very simple. I think cooking is a category which is nascent. Cooking is a category in which you will have multiple brands going forward. We do believe in having both Elica and Whirlpool, because Whirlpool is also a well known cooking brand globally. To have both Whirlpool and Elica as a portfolio play is a far-far better strategy. So if I go back to my, let's say shampoo days, you will see big shampoo companies having more than one shampoo brand in the market driving different things.

So therefore, what we basically want to have is a portfolio of brands that can compete in this market because we believe that over time, this market will become quite significant, both from a revenue and from a profit point of view. And we do believe that there is play for both markets, and there are differences between Whirlpool and Elica in terms of the ranges. Basically, they're all hobs, hoods and chimneys, no doubt. They all have a power source, they all have burners and so on and so forth. But there are clear differences in design, there are differences in aesthetics, and there can be differences in functionality as well between Elica and Whirlpool. We do think it's a very good idea to have multiple brands.

Roopali Singh: Okay. Thank you Mr. Eswar. We'll move to the next question. The next question is from Priyank Chheda. We would request Priyank to please share his question.

Priyank Chheda: Hello? I hope I'm audible.

Roopali Singh: please. Yes, please go ahead.

Priyank Chheda: Sorry. So my first question is on the distribution. What is available and where are we? So what is the scope of further vertical expansion into the

distribution end? Now, within that, how much is the gap that is available to increase the wallet share within the existing retailer, which is, so essentially the distribution expansion vertically and horizontally, if you can help us on that. That is question number one. The second question is on the new product launch is, do we plan to pour into any product or any new vertical lines especially taking the product portfolio market from the parent? And the third question is on the cost line items. Now, you did mention that there's PG4 program that you would be running now, which would run across those cost line items of P&L. So if you can help us with the details onto, which is the cost line item which we should track ahead for maximum delta change that should be visible ahead. Thank you.

Narasimhan Eswar: Sorry. One question, Priyank if you don't mind, you talked about new vertical lines in new products. I didn't understand what that – what does that mean? What is the meaning of new vertical lines?

Priyank Chedda: No. I'm saying outside the refrigerator and washing machines and the available SKUs that we have, do we plan to enter into any other new products which are very small, which are very niche into their own segments. And those are available at the parent basket, which are not there in the Indian portfolio. So that is my reference.

Narasimhan Eswar: Got you, got you. Thank you. That's very clear. Priyank, answer to your first question on distribution. We have very strong distribution in the country. And without going into specific numbers, I'd say we're already at about total coverage of what, maybe 60% of the total distribution that's available in the market, which basically means there's still about 35, 40% of distribution that we could cover. We're talking at tens of thousands of stores basically that we cover. So that's the first point.

So there is plenty of opportunity for us to increase the distribution, but obviously the distribution also comes at a certain cost. So we are always evaluating the cost of rolling on the distribution versus the return of what you get from that distribution. So that's a constant ongoing exercise, basically. As you can imagine in India, the more you've got to distribute, lower down the order, the more you got to go into a smaller town, et cetera, to basically distribute. So we've got a big Pan-India presence on distribution. We continue to look at ways to optimize that and drive that further. And that's there in our year on year results.

One of the key KPIs that we have for our sales force is actually billing points. Distribution billing points. We track that. What is important in this category is also not just have number of distribution points per year, but also track it on a quarterly

and on a monthly basis because the more frequently you can bill to a billing point, the better off. So we have a complete range of tracking that we do across this. Also, keep in mind that a lot of change to expansion is happening across the country. A lot of modern trade expansion is happening across the country. So all of these also help in driving total sales. So just comparing distribution points will not give you a picture, but as part of driving traditional trade distribution expansion is something that we always do while making sure that we are doing the right thing also for chain stores, for modern trade, for e-commerce, and so on and so forth. So that's answer to your first question.

On the new products, what you call the new vertical lines. I think first of all, we have a lot of opportunity within refrigerator, washers and cooking itself, which are our core categories, to drive a significant amount of growth to make our brand much stronger, to make sure that we supply much better, to make sure that people are buying our products more often. There's a huge amount of opportunity that we have within these categories. On other categories. We continue operating in the categories that we operate in, and we will continue looking for opportunities that are interesting, but they have to be financially attractive.

So this is something that we always keep our mind open on and we keep looking, but I think the most important thing, and because all those things are nice, that's like icing on the cake. The cake actually is the business you've got. So my clear belief is, make sure that you do very well on the business that you've got before you start jumping on something else in the hope that it'll save you. No, you have to make your business work for you first, which basically means for me, refrigerator, washers, air conditioners, microwave, ovens, cooking, dishwashers, and so on and so forth. So there's enough out there. And by no means are we at a market share, which is so high that I should start defocusing on these categories.

So I would say we're clearly focused on what we need to do, and there's plenty of space for us to grow, plenty of opportunities to grow. Within these however, there is plenty of opportunity for us to grow within refrigerator itself in different segments. So we track the segments, market share and market performance. We literally track it by segment, whether it's entry or mid or premium or high, et cetera. And based on that, we're working plans to make sure that our market share grows in the right segments. The last question that you have is on the cost line, P4G. So I will just pass it across to Aditya.

Aditya Jain: Yeah. To your last question on which cost item you should track, and what is the P4G program? So P4G stands for productivity for growth. That is a program where we have people who are responsible for each line out of the P&L.

And we have targets and we monitor the progress against targets on all the cost lineups on a weekly basis and assess it on a monthly basis and do course corrections if required. But if you ask me from my point of view, let's say what is the biggest sign for me is the material cost. Over the last six, seven years, the material cost has gone up from about 62% of NR to about 69% today.

And that is where we've lost the margins, is a combination of various factors. We've seen inflation, we've seen regulatory of charges, and the industry has not been able to take up pricing. So what is important for us is to make sure that we have enough coming out of the material cost, which will help improve our margins in medium term and long term. So this is one of the biggest cost element, which we will be tracking very, very closely to see how do we get productivity either on the design aspect or on the sourcing aspect or on the negotiation aspect through various initiatives, working with vendors, DTV, tear downs, et cetera, et cetera, localization, and being able to deliver our guidance in terms of margins and profitability.

Roopali Singh: Thank you, Aditya. Since we're nearing the closing time for the meeting today, we'll take one last question from Mr. Rahul Gajare. I would request Mr. Rahul to please ask this question.

Rahul Gajare: Yeah. Hi, and thanks for the opportunity. Now, I had one question with respect to, you talked about the state of our plants that we've gotten, which have got bronze, even the Puducherry plant has been categorized as bronze level plant. I think sometime in 2020 or 2021, the annual report of Whirlpool was talking about export opportunity in a big way. I want to understand from where we are today, you obviously talked about what you want to do in the domestic market, but what is your thought on export opportunity? Does that even hold now, or do you really want to focus only on the domestic market? So your thoughts on this entire export element will be helpful.

Narasimhan Eswar: Great question, Rahul. Thanks for that. At this point in time, we have an export part of the business as well. We do export to a few countries and we keep monitoring that. Obviously, like I said, we want to be financially very sound in whatever we do going forward, and therefore we keep looking at that from a financial attractiveness point of view as we do that. Also, keep in mind regulations are the different markets. As you can imagine, every market does not have the same regulations. And obviously these are very, very technical products, so they have to basically.

So keeping all these things in mind, we have an exports business, we've got a team that looks at exports, we continue to focus on it. I think it's also been a little

challenging in some of the markets, basically from an economy point of view, not from our business point of view in some of our neighboring markets, it's not been easy in those markets, plus, with regulations coming in. Therefore, I would say the exports opportunity at this point in time to the markets we export in, but I do keep in mind that unlike a local producer of India was just making products in India and exporting, we cannot export everywhere in the world. We cannot export to the countries where we already have business. So we can only export to countries where there is nobody else who's basically managing the business.

We will continue to drive exports. Do I expect that to be a blockbuster in the next two, three years? No, I don't think so. For two reasons. Number one is we've got hell of a lot of work to do from our side to really get us to the glory that we need to get to. And I think that we're clearly focused on that. In the meantime, any opportunities that we have on exports that are sensible, that work from a regulatory point of view, we will absolutely grab. So I do expect to see the numbers go up over time, but I would not expect something really majorly traumatic unless something else happens in the marketplace, which either relaxes the regulatory situation or changes the financial position or I mean the financial consideration basically, that other countries would expect, et cetera. If these things change, then our position would definitely change.

Roopali Singh: Thank you, Mr. Eswar. With this, I would conclude the Q&A session. A big thank you to both Mr. Eswar and Mr. Jain. And on behalf of the management, I would also like to thank all the participants for taking out time to be with us here today. Thank you. Look forward to meeting you in the future.

Narasimhan Eswar: Thank you everyone.

Aditya Jain: Thank you.