

# Hope Budget '16 will trigger demand in smaller towns: Whirlpool

[http://www.moneycontrol.com/news/results-boardroom/hope-budget-16-will-trigger-demandsmaller-towns-whirlpool\\_5360481.html](http://www.moneycontrol.com/news/results-boardroom/hope-budget-16-will-trigger-demandsmaller-towns-whirlpool_5360481.html)

Whirlpool's volumes grew 8 percent and revenue 13 percent, where refrigerator and washing machines were the primary growth drivers in the festival (Diwali) quarter (Q3), says Shantanu Dasgupta, Vice President-Corporate Affairs and Strategy-Asia South, of the company.

Speaking to CNBC-TV18, Dasgupta says the company's profits were aided by low material costs. However, he believes it will be difficult to sustain such a growth rate going forward as there is no secular demand in the country.

Further, he is of the view that Budget 2016 should help raise the order curve and serves as a trigger for the patchy demand, particularly in the smaller towns against a soft rural demand.

Below is the transcript of Shantanu Dasgupta's interview with CNBC-TV18's

Sonia Shenoy and Anuj Singhal. Sonia: If you can just start by telling us what the volume growth was in this quarter gone by and which is the product where you saw maximum traction between refrigerators, ACs and washing machines?

**A:** Your question with regard to volume, we saw about an eight percent volume growth which has resulted in an almost 13 percent revenue growth which obviously means we have sold a very good mix and of course the advantages or the benefits of low material cost has resulted in an even better growth in Profit After Tax (PAT). With regard to the distribution of growth it has been pretty even across. This was the festival period and the festival period has a lot of saliency in the north of India. So, I wouldn't say that air conditioner (AC) was the primary driver but it was refrigerators and washers that sort of primarily contributed to the top line.

**Anuj:** So, going forward the standard question, can you sustain this kind of scorching growth rate or at what point do you think the base effect will catch up?

**A:** Remember that we are seeing the benefit of Diwali which was captured in October and therefore one has to factor that there was a slightly higher sale this quarter because of Diwali and therefore if you look at cumulative the previous three quarters then we are not seeing that the kind of rate of growth that we had seen in this quarter clearly suggesting that demand is not kind of secular. It is a still a bit patchy and we are hoping there will be things in this Budget that is going to set the demand curve

absolutely right. This industry has tremendous potential to grow and we are sort of underperforming the potential primarily for various macro economic factors and we hope that something will happen sooner or later hoping for a trigger from the Budget to reverse this trend in top line growth.

**Sonia:** I heard you mention that demand is still patchy. What do you mean by that, can you throw some more colour on whether it is still rural demand that has been picked up or urban demand is still soft?

**A:** Just the reverse. It is just the urban demand that is keeping the market going. Rural demand is still soft and when I see therefore it is patchy it is really referring to the smaller towns that haven't started kicking in as yet and when that does when the vast majority of middle income households that don't own an appliance when they start coming back into the market we will actually seeing robust growth.