

CORPORATE GOVERNANCE

1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Whirlpool's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and its interaction with its stakeholders including shareholders, employees, lenders and the Government. The Company's philosophy is built on a rich legacy of fair and transparent governance and disclosure practices, many of which were in existence even before they were mandated by the legislation. The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company endeavor continuously to improve upon these aspects. This is done by adopting innovative approaches for leveraging resources and converting opportunities into

achievements through proper empowerment and motivation, thereby fostering a healthy growth and development of its human resources.

Whirlpool believes in implementing the philosophy of corporate governance in letter and in spirit.

2. BOARD OF DIRECTORS

Composition

The Board of Directors of the Company comprises of Executive, Non-Executive and Independent Directors. The Chairman is a Non-Executive Director. In all there are 6 Directors including 2 Independent Directors. As on March 31, 2006, the composition of the Board of Directors of the Company meets the stipulated requirements of clause 49 of the Listing Agreement of the Bombay Stock Exchange Ltd. Memberships of the Directors on other boards/committees are given here under:

Name of the Directors	Category	No. of Directorships and Committee Memberships/ Chairmanships		
		Other	Committee	Committee
		Directorships	Memberships	Chairmanship
Mr. Mark Hu	Non-Executive Director and Chairman	-	-	-
Mr. Arvind Uppal	Managing Director	-	-	-
Mr. Robert Lawrence Mink	Non-Executive Director	-	-	-
Mr. Dinesh Mittal	Executive Director & Company Secretary	-	-	-
Mr. S.J. Scarff	Non-Executive and Independent Director	1	2	-
Mr. Anand Bhatia	Non-Executive and Independent Director	4	-	-

Note:

Mr. Anand Bhatia is the Chairman of Audit Committee, Remuneration Committee and Investor Grievance Committee.
Mr. Dinesh Mittal is the Chairman of New Share Certificate and Share Transfer Committee.

Attendance & Meeting

The Attendance of the Directors in the Board Meetings and at the AGM held during the year is given as under:

Name of the Directors	Category	No. of Board Meetings Attended	Whether Attended the AGM
Mr. Mark Hu	Non-Executive Director and Chairman	3*	Yes
Mr. Arvind Uppal	Managing Director	5	Yes
Mr. Robert Lawrence Mink	Non-Executive Director	2	Yes
Mr. Dinesh Mittal	Executive Director & Company Secretary	5	Yes
Mr. S.J. Scarff	Non-Executive and Independent Director	5	Yes
Mr. Anand Bhatia	Non-Executive and Independent Director	5	Yes

* 1 meeting attended in person and 2 meetings attended on telecom.

During the year ended March 31, 2006 five meetings of the Board of Directors were held on the following dates:

(i) April 27, 2005 (ii) June 17, 2005 (iii) July 20, 2005 (iv) October 24, 2005 (v) January 24, 2006

The Annual General Meeting (AGM) was held on June 17, 2005.

3. COMMITTEES OF THE BOARD

(i) Audit Committee

The functioning and terms of reference of the audit committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of section 292 A of the Companies Act, 1956 and the listing Agreement with the Bombay Stock Exchange Ltd.

The Company has a multi disciplinary Internal Audit Team which submits its report directly to the Audit Committee on a quarterly basis. The chairman of the audit Committee

attended the last Annual General Meeting held on June 17, 2005 to answer shareholders queries.

The Audit Committee is responsible for:-

- Effective supervision of the financial reporting process; ensuring financial, accounting and operating controls and compliance with established policies and procedures.
- Evaluating the adequacy of internal controls and its effectiveness.
- Reviewing the financial results of the Company for each quarter/ year before it is placed at the Board meeting for approval
- providing an avenue for effective communication between

Whirlpool of India Limited

the Internal Audit , the Statutory Auditors and the Board of Directors

Composition and Attendance

Name of the Directors	No. of Meetings Attended
Mr. Anand Bhatia, Chairman	4
Mr. S.J. Scarff, Member	4
Mr. Mark Hu, Member	2*

* Attended on telecom.

The Chief Financial Officer, the Internal Auditor and the partner of S.R. Batliboi & Co., the Statutory Auditors are permanent invitees to the audit committee meetings. It has been the practice of the Chairman of the Audit Committee to extend an invitation to the Managing Director and Executive Director(s) to attend all the meetings and to Cost Auditors whenever required. Mr. Dinesh Mittal, Company Secretary acts as the Secretary of the Committee.

During the year ended March 31, 2006, four meetings of the Audit Committee were held on the following dates:

- (i) April 27, 2005 (ii) July 20, 2005 and (iii) October 24, 2005 (iv) January 24, 2006

Mr. Anand Bhatia, Chairman of the audit committee has financial and accounting background and knowledge.

(ii) Directors Remuneration Committee

Terms of Reference of the Directors Remuneration Committee are as per the guidelines set out in the listing agreement with the Bombay Stock Exchange Ltd. that inter alia include determination of the Company's policy on specific remuneration packages for Directors.

Remuneration policy

The terms of reference / role of the Remuneration Committee is to determine the Company's policy on the remuneration package of its Executive Directors and to determine and approve the terms & conditions and remuneration package of its Executive Directors, including revision thereof from time to time , and to deliberate on and decide matters incidental thereto or consequential thereof.

Details of remuneration paid to Mr. Arvind Uppal , Managing Director and Mr. Dinesh Mittal, Executive Director and Company Secretary are as under :

Annual Remuneration paid to Mr. Arvind Uppal

Basic Salary	Allowances	Perquisites	Performance Bonus	Contribution to Provident Fund & Superannuation Fund	Total
40,00,000	-	1,05,623	-	10,80,000*	51,85,623

Service contract for three years w.e.f. 16th February, 2005.

Notice period – 3 months

Severance fee- Nil

Stock options – Nil

Annual Remuneration paid to Mr. Dinesh Mittal

Basic Salary	Allowances	Perquisites	Performance Bonus	Contribution to Provident Fund & Superannuation Fund	Total
13,80,000	4,21,200	4,88,636	2,02,674	3,72,600*	28,65,110

Service contract for three years w.e.f. 27th April, 2005.

Notice period – 3 months

Severance fee- Nil

Stock options - Nil

* Remuneration as defined under Schedule XIII does not include retiral.

The Non-Executive Independent Directors are entitled for sitting fee of Rs. 10,000 for every meeting of the Board or committee thereof. They are also reimbursed all travelling and other expenses incurred by them in connection with attending meetings of the Board of Directors or of Committees thereof or which they may otherwise incur in the performance of their duties as Directors.

Composition & Attendance

Name of the Directors	No. of Meetings Attended
Mr. Anand Bhatia, Chairman	1
Mr. S.J. Scarff, Member	1
Mr. Mark Hu, Member	-

The payment of remuneration to Mr. Arvind Uppal and Mr. Dinesh Mittal was duly approved by a resolution passed by the remuneration committee on April 27, 2005 and by the shareholders in the 44th Annual General Meeting of the Company held on June 17, 2005.

(iii) Investors Grievance Committee

Terms of Reference of the Investors Grievance Committee are as per the guidelines set out in the listing agreement with the Bombay Stock Exchange Ltd. and the relevant clauses of the Articles of Association of the Company that inter alia this include looking into the Investors complaints on transfer of shares, non receipt of Annual Accounts, non receipt of dividends declared and interest on debentures etc. and the redressal thereof.

Composition and Attendance

Name of the Directors	No. of Meetings Attended
Mr. Anand Bhatia, Chairman	5
Mr. Arvind Uppal, Member	5
Mr. Dinesh Mittal, Member	5

During the year ended March 31, 2006, five meetings of the Investors Grievance Committee were held on the following dates:

- (i) April 27, 2005 (ii) June 17,2005 (iii) July 20, 2005 (iv) October 24,2005 (v) January 24, 2006.

The Company attends to the investor's grievances/ correspondence expeditiously except in the cases that are constrained by disputes or legal impediments.

- a. No. of shareholders complaints received during the year 12
- b. No. of complaints not resolved to the satisfaction of the shareholders Nil
- c. No. of pending share transfers as on March 31, 2006 Nil
- Mr. Dinesh Mittal, Company Secretary is the Compliance Officer of the Company.

(iv) Share Transfer Committee

Terms of Reference of the Share Transfer Committee are as per the guidelines set out in the listing agreement with the Bombay Stock Exchanges Ltd. and pursuant to Article 132 of Articles of Association of the Company that inter alia include approval and registration of transfers and/ or transmissions of equity shares of the Company and do all other acts and deeds as may be necessary or incidental to the above.

Composition and Attendance

Name of the Member	No. of Meetings Attended
Mr. Dinesh Mittal, Chairman	24
Mr. R.S. Narayan, Member	-
Mrs. Seema Narang, Member	24

The Committee holds its meeting within every fortnight to consider all matters concerning transfer and transmission of shares. During the year ended March 31, 2006, twenty four meetings of the Share Transfer Committee were held.

(v) New Share Certificate Committee

Terms of Reference of the New Share Certificate Committee are as per the guidelines set out in the listing agreement with the Bombay Stock Exchange Ltd. and pursuant to Article 132 of Articles of Association of the Company that inter alia include to sub-divide, consolidate, renew and/ or issue any duplicate share/ debenture certificates of the Company or/ and issue new share/ debenture certificates of the Company on account of split, consolidation, etc, authorize affixation of common seal of the Company to share/ debenture certificates and do all other acts and deeds as may be incidental to the above.

Composition and Attendance

Name of the Directors	No. of Meetings Attended
Mr. Dinesh Mittal, Chairman	24
Mr. Robert Lawrence Mink, Member	-
Mr. Arvind Uppal, Member	24

The Committee holds its meeting every fortnight to consider all matters concerning issue of new share/ debenture certificates. During the year ended March 31, 2006, twenty four meetings of the New Share Certificate Committee were held.

4. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as per details given here under:

Year	Day	Date	Timing	Place
2003	Tuesday	April 29, 2003	11.00 A.M.	Air Force Auditorium, New Delhi
2004	Friday	July 16, 2004	11.00 A.M.	Air Force Auditorium, New Delhi
2005	Friday	June 17, 2005	11.30 A.M	Hotel Le Meridien, Pune

Following special resolutions were passed in the previous three Annual General Meetings:

Year	Resolution passed
2003	None
2004	Special resolution passed to delist the equity shares of the Company from The Delhi Stock Exchange Association Limited at New Delhi and Madras Stock Exchange Limited at Chennai.
2005	<ol style="list-style-type: none"> 1. Special Resolution passed for appointment of Mr. Arvind Uppal as the Managing Director of the Company. 2. Special Resolution passed for appointment of Mr. Dinesh Mittal as the Wholtime Director of the Company. 3. Special Resolution passed for alteration of the Capital clause of Memorandum of Association of the Company for increase in authorised capital. 4. Special Resolution passed for alterations of the Articles of Association of the Company. 5. Special Resolution to issue, offer and allot not more than 15,50,00,000 Redeemable Preference Shares to Whirlpool Corporation and/or its subsidiaries

No Special Resolution was passed by Postal Ballot in the last year.

The Company does not propose to pass any Special Resolution through Postal Ballot Process this year.

5. DISCLOSURES

Related Party Transactions

The Company has not entered into any transactions of material nature with its Promoters, the Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company.

Further, details of general related party transactions are given in the Balance Sheet.

Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities relating to the above except for compounding fee of Rs. 2000/- paid by every director of the Company for alleged contravention of section 217 of the Companies Act, 1956 for the year 2001.

The Company has complied with all Accounting Standards issued by Institute of Chartered Accountants of India. However attention is drawn to the Auditors' qualification on deferred tax as per Accounting Standard 22.

Business risk evaluation and management is an ongoing process within the Organization . During the year under review, a detailed exercise on Business Risk evaluation was carried out covering the entire gamut of business operations and the board was informed about the same.

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior management . The Code has been circulated to all employees and also posted on Company's website www.whirlpoolindia.com All Board members and senior personnel have affirmed their compliance with the code.

The Company had during the year issued 152342500 10% non convertible cumulative redeemable preference shares of Rs. 10 each to Whirlpool Canada Holding Co. The Company has not utilised these funds for purposes other than those stated in the notice convening the 44th Annual General Meeting. The details of utilisation of such proceeds were duly disclosed to the Audit Committee.

Adoption of non mandatory requirements under Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

A certificate from Managing Director and Chief Financial Officer on the financial statements of the Company was placed before the Board.

Mr. Mark Hu, Chairman and Non Executive Director of the Company is nominated by Whirlpool Corporation. He is an MBA from Cornell University, USA working as President, Whirlpool Asia . He has 26 years of work experience gained from general management and business development assignments in the US, Europe and Asia .Prior to Whirlpool he worked with Philips, Asia and S C Johnson Wax, USA.

Mr. Robert Mink has been associated with the Indian business since its inception and was Director on your Board since 1995 till 2004. He resigned due to personal reasons in 2004 and rejoined the Board in 2005. Mr. Robert Mink is a Law graduate and is currently the Vice President, incharge of legal matters of Whirlpool Corporation , USA .

None of the director is holding any shares/convertible instruments of the Company.

6. MEANS OF COMMUNICATION

The quarterly results are usually published in The Business Standard (English) All India Editions, as well as the Prabhat (Marathi). The information of quarterly results is also sent to the Bombay Stock Exchange Ltd. to enable them to put it on their web-site.

The Management Discussion and Analysis Report forms an integral part of the Directors' Report.

The Company is submitting the following information, statements and reports on the Electronic Data Information filing and Retrieval (EDIFAR) website maintained by the SEBI:

- Full version of Annual Report including the audited Balance Sheet, Profit & Loss Account, Director's Report, Cash Flow Statements
- Unaudited Quarterly Financial Statements.
- Corporate Governance Report (Annually).
- Shareholding Pattern Statement.
- Statement of Action taken against the Company by any Regulatory Agency.

7. SHAREHOLDERS INFORMATION

(i) Annual General Meeting

- Date : August 25, 2006
- Time : 11.30 A..M.
- Venue : Hotel Le Meridian
RBM Road, Pune 411 001

(ii) Financial Calendar - Year 2006-07

- Adoption of Quarterly Results for the quarter ending
- June 30, 2006 July, 2006 (3rd / 4th week)
 - September 30, 2006 October, 2006 (3rd / 4th week)
 - December 31, 2006 January, 2007 (3rd / 4th week)
 - March 31, 2007 April, 2007 (3rd / 4th week) Or Audited Annual Results in May, 2007 (1st / 2nd week)

(iii) Book Closure Date

August 11, 2006 to August 25, 2006 (Both days inclusive)

(iv) Dividend Payment Date

No dividend has been recommended by the Board of Directors.

(v) Listing on Stock Exchanges

The Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd. at Mumbai. The Company confirms that it has paid annual listing fee due to the Stock Exchange, Mumbai for the year 2005-2006.

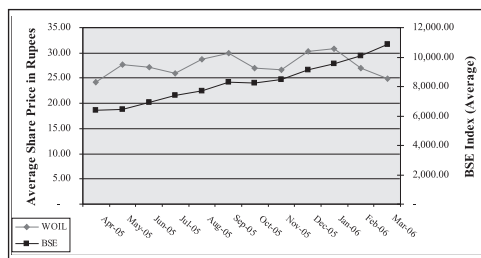
(vi) Stock Code

Bombay Stock Exchange Ltd. 500238
Phiroze Jeejeebhoy Towers, Dalal Street, Fort
Mumbai 400 001

(vii) Registrar & Transfer Agents

For Shares held in Physical as well as Electronic Mode
Abhipra Capital Ltd. BM-1, Dilkush Commercial Complex
G T Karnal Road, Azadpur Delhi -110 033.

(viii) Stock Price Performance - Whirlpool Vs BSE Sensex, Year 2005-06



Note: Monthly average is based on the monthly average of High and Low price of Whirlpool and BSE Index.

(ix) Market Price Data

Months	Bombay Stock Exchange (BSE)	
	High (Rs.)	Low (Rs.)
April 2005	27.25	21.00
May 2005	30.15	25.25
June 2005	29.60	24.90
July 2005	27.80	24.00
August 2005	32.55	24.90
September 2005	34.75	25.00
October 2005	30.40	23.60
November 2005	29.30	24.15
December 2005	32.75	27.70
January 2006	33.40	28.35
February 2006	29.00	25.00
March 2006	27.20	22.60

(x) Share Transfer System

The Board has constituted the Share Transfer Committee and delegated the power of share transfer to the Committee. The Committee holds its meeting every fortnight to consider all matters concerning transfer and transmission of shares. The Company's shares are in compulsory Demat Mode. The shares received for transfer in physical mode by the Company are transferred expeditiously.

(xi) Dematerialization of Shares

The Company's shares are available for trading in the depository systems of both the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL). As on March 31, 2006, 19,096,327 equity shares of the Company, forming 85.16% of Non-Promoter shareholding stand dematerialized.

International Securities Identification Number : INE716A01013

(xii) Liquidity of Shares

The Equity Shares of the Company are traded in the B1 Group at the Bombay Stock Exchange Ltd.

(xiii) Shareholding Pattern as on March 31, 2006

Category	No. of Shares	%	Category	No. of Shares	%
Promoters	104,448,074	82.33	Foreign Institutional Investors	8,152	0.01
Mutual Funds	9,440	0.01	Corporate Bodies	2,645,867	2.08
Non Resident Indians	185,818	0.14	Public	19,130,194	15.08
Banks & Financial Institutions	444,285	0.35	Total	126,871,830	100.00

(xiv) Distribution of Shareholding as on March 31, 2006

Nominal Value		No. of Shareholders		No. of Shares	
From	To	Number	% Total	Number	% Total
1	5000	41,661	88.34	5,025,616	3.96
5001	10000	2,929	6.21	2,379,654	1.88
10001	20000	1,178	2.50	1,872,889	1.48
20001	30000	450	0.95	1,173,854	0.93
30001	40000	181	0.38	658,485	0.52
40001	50000	238	0.51	1,141,075	0.90
50001	100000	298	0.63	2,330,147	1.83
100000	And above	225	0.48	112,290,110	88.50
Total		47,160	100	126,871,830	100.00

(xv) Outstanding Stock Option

There are no outstanding warrants or any convertible instruments as on March 31, 2006.

(xvi) Plant Locations of the Company

- 1 28 N.I.T., Faridabad (Haryana)
- 2 Plot No. A-4, MIDC Rajangaon, Taluka – Shirur, District – Pune 419 204
- 3 Village Thirubhuvanai, Pondicherry 605 001

(xvii) Address for Correspondence

The shareholders may address their communications/suggestions/grievances/queries to:

Registered Office

Whirlpool of India Ltd. — Plot No. A4, MIDC, Ranjangaon, Taluka Shirur,
Dist. Pune, Maharashtra 419204, Tel No. 020-4061100, Fax No. 02138-232376/232229
Email Address: Dinesh_Mittal@whirlpool.com

Corporate Office

Whirlpool of India Ltd. — A8, 'Vaitalik', USO Rd., Qutab Institutional Area,
New Delhi – 110 067. Tel. No. 011- 26857180, Fax No. 011- 26523369, Email Address: Dinesh_Mittal@whirlpool.com

AUDITORS' CERTIFICATE

**To the Members of
Whirlpool of India Limited**

We have examined the compliance of conditions of corporate governance by Whirlpool of India Limited, for the year ended on March 31, 2006 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. BATLIBOI & COMPANY
Chartered Accountants
per Manoj Gupta
Partner
Membership No.: 83906

Place: New Delhi
Date : April 27, 2006