

May 07, 2024

To,  
**National Stock Exchange of India Limited**  
Symbol – Symphony

To,  
**BSE Limited**  
Security Code – 517385

**Sub.: Transcript of the earnings conference call of Q4 and FY24**

Dear Sir/ Madam,

We are submitting herewith the transcript of the earnings conference call for the fourth quarter and financial year ended March 31, 2024, conducted on April 30, 2024.

The above information is also available on the website of company at [www.symphonylimited.com/quarterly-results](http://www.symphonylimited.com/quarterly-results)

This is in due compliance of applicable regulations of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

Thanking You,

Yours Truly,  
**For, Symphony Limited**

**Mayur Barvadiya**  
**Company Secretary and Head - Legal**

Encl.: as above



*Thinking of Tomorrow*

“Symphony Limited  
Q4 FY 24 Results Conference Call”

April 30, 2024



**MANAGEMENT:** **MR. ACHAL BAKERI – CHAIRMAN AND MANAGING DIRECTOR – SYMPHONY LIMITED**  
**MR. NRUPESH SHAH – MANAGING DIRECTOR (CORPORATE AFFAIRS) – SYMPHONY LIMITED**  
**MR. AMIT KUMAR – GROUP CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR– SYMPHONY LIMITED**

**MODERATOR:** **MR. ANIRUDDHA JOSHI – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Symphony Limited Q4 FY24 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aniruddha Joshi from ICICI Securities. Thank you, and over to you, sir.

**Aniruddha Joshi:** Yes. Thanks, Darwin. On behalf of ICICI Securities, we welcome you all to Q4 FY24 Results Conference Call of Symphony Limited. We have with us senior management represented by Mr. Achal Bakeri, Chairman and Managing Director; Mr. Nrupesh Shah, Managing Director (Corporate Affairs); and Mr. Amit Kumar, Group CEO and Executive Director.

And now I hand over the call to the management for initial comments on the quarterly and annual performance. Then we will open the floor for a question-and-answer session. Thanks, and over to you, sir.

**Achal Bakeri:** Okay. Good afternoon, everybody, and a warm welcome to all of you to our quarterly and annual earnings call. I am sure you're enjoying the summer and as much as we are. Appreciate ICICI Securities for hosting this call. My colleague, Nrupesh Shah, will make a short presentation. Following which, we will all respond to any queries that you may have. Thank you very much, and over to Nrupesh Bhai.

**Nrupesh Shah:** Hello, good afternoon. So the customary Safe Harbor statement is applicable. So coming to performance highlights. March '24 quarter on a stand-alone basis, we have registered the highest ever quarterly India domestic Sales. This is on account of decent summer which set in early March. Even in current quarter, we are cashing in on India's scorching summer. We will talk further about it later on. There has been decent improvement in EBITDA margin on stand-alone as well as on consolidated basis for the quarter as well as Y-o-Y on a variety of initiatives which we have taken during the year.

LSV continues registering robust growth and final dividend has been decided at ₹ 8 on a face value of ₹ 2 i.e. 400% and including interim dividend of ₹5, it amounts to annual payout of about ₹ 90 crores, i.e. 61% of the profit after tax. To summarize the financials, on consolidated basis Y-o-Y, there has been a 3% reduction in revenue, which stands at ₹ 1,156 crores, translating into gross margin 48%, i.e. up by 420 bps, while EBITDA is 14.7% up by 310 bps and PAT of about 12.8%.

So coming to block of overseas subsidiaries as a whole for FY24. Overseas subsidiaries put together has registered a top line of ₹ 433 crores versus ₹ 385 crores in FY24 i.e. increase of 13% Y-o-Y, while for the Q4 FY24, sales has registered Y-o-Y growth of 15%.

Coming to EBITDA margin, previous year i.e. in FY 23, it was negative by about 9.1%. Current year i.e. FY24, it is positive by 2.6% registering overall improvement in EBITDA

margin by about 1,170 bps. This quarter, there is a positive EBITDA of 1.1%, which was negative 23.4% same quarter previous year.

As far as IMPCO Mexico is concerned, for the quarter as well as for the year, it has registered highest ever top line as well as profitability. Summer has been a strong tailwind, and it has surpassed our internal budgeted financials.

Similarly, Symphony Brazil wherein we forayed just a year before, it has been a decent start, and there has been a complete stock out, again exceeding our own internal budgeted financials.

As far as GSK China is concerned, it's a steady performance and first time, it has registered positive EBITDA of ₹ 5 crores. After accruing interest to Symphony, on its loan, amounting to ~ ₹ 3 crores, it has registered a marginal PAT.

Now, coming to Climate Technologies - Australia, demand headwind persists, of course, we are in the phase of transition for complete transformation. However, on account of some of the initiatives, which have been already implemented, starting Q3 FY24, we are witnessing, despite lower sales, decent improvement in gross profit as well as EBITDA margin percentage.

So coming to consolidated financials for Q4, it stands at ₹ 332 crores, up by 8%. Gross profit margin about ₹ 161 crores, 48.5%, up by 720 bps. Absolute EBITDA at ₹ 60 crores, up by 158% and translating into 18.2% for the quarter, while PAT is ₹ 48 crores.

Year as a whole FY24, top line of ₹1,156 crores on a consolidated basis. Our monthly average capital employed (of core business) is ₹ 302 crores, which translates into ROCE (of core business) of about 50% and Return on Net Worth of 18%. Absolute EBITDA during the year stands at ₹ 170 crores, up by 24% despite a reduction of 3% on consolidated top line.

So this is the waterfall chart of consolidated EBITDA margin during FY24, up from 11.6% to 14.7%, mainly on account of improvement in operational performance of subsidiaries, which has translated into improvement in gross profit margin.

Coming to stand-alone financials for Q4 FY24, standalone sales stand at ₹ 251 crores. Absolute gross profit margin is ₹ 121 crores, that is 48.4 %, while EBITDA is ₹ 63 crores, up by 33% and EBITDA margin at 25.3%. After making a onetime exceptional item of ₹7.7 crores towards provision for expected credit loss on loan granted to GSK, on account of accounting policy and standard, post that stand-alone PAT stands at ₹ 46 crores. Otherwise, it would have been about ₹ 54 crores.

Stand-alone financial for FY24, top line is ₹ 796 crores, down by 10%. PAT of ₹ 153 crores, which is 19.2% up by 60 bps, and our monthly average core capital employed in the business stands at about ₹ 44 crores, translating into ROCE (of core business) of 362% and RONW of 18%. Treasury as on March '24 i.e. surplus fund which stands at about ₹ 395 crores. EBITDA margin for FY24, on Y-o-Y basis almost remains the same, up from 20% to 20.2%.

Coming to subsidiary-wise performance, Climate Technologies – Australia, FY24 top line is ₹ 185 crores, reduced by 18% Y-o-Y. EBITDA at negative ₹ 23 crores versus negative ₹ 43 crores in FY23 and PAT at negative ₹ 25 crores versus negative ₹ 43 crores in FY23. For IMPCO Mexico, FY24 top line is ₹ 178 crores, up by 51%. EBITDA at ₹27 crores, more than double, while PAT is about ₹ 11 crores. There is also a significant improvement in Gross profit margin percentage and EBITDA margin percentage. About GSK China, the top line is up by 36% at ₹ 44 crores, EBITDA is ₹ 5 crores. And also happy to inform that almost for last 2 years, GSK China is completely self-sufficient to meet with its financial needs, including working capital as well as its business growth. So for the last 2 years, no more financial assistance / loan in any form is required by GSK. About Symphony Brazil, which is more like a trading subsidiary, has first full year of operation and registered ₹ 26 crores of top line and positive EBITDA of ₹ 3 crores.

Coming to outlook. Starting March 24, it has seen a decent summer. There has been all around phenomenal demand and summer sets in early in Southern India, Eastern India and Maharashtra, and we are witnessing excellent demand across all these regions across the models. Still two more months to go and as further summer sets in Central India and Northern India, it is likely to pick up further. So as you know, Symphony very well maintains its “Numero Uno” status in air cooler industry. We are very confident about the long-term structural growth and performance in domestic as well as overseas market on account of intensified heatwave and climate change, which is already witnessing and will further witness strong tailwind in air coolers. Now, as we are witnessing improved performance in subsidiary companies, we are actually leveraging complementary strength of our international business, which is our unique moat in many respects.

Coming to Climate Technologies, in two parts, one is initiatives which have been already implemented or in the final phase of completion. There has been a substantial rationalization of cost of doing the business. When we acquired the company, its annual cost of doing business was ₹ 77 crores. In FY23-24, we reduced it to ₹ 49 crores and next year, it is likely to be around ₹ 38 crores. There has been decent rationalization in gross profit margin percentage, especially in last 2 quarters. So as it can be seen, in Q4 FY24 gross profit margin percentage stood at 40.4% versus negative 7%. While in Q3 FY24, it was 40.0% versus 27.9%. In first 2 quarters, as these measures were not implemented, actual effects were in last 2 quarters. This was mainly on account of calibrated price hike, revamped product portfolio and its sourcing mix. Further initiatives, which are already in pipeline and we believe that by September '25, further measures which will be executed viz. (1) Completely outsourced business model which is progressing well. Portable air coolers will be outsourced from India and Rest of their other products will be outsourced from China. So complete supply chain, OEMs, products, etc. have been already set and decided; (2) There is a complete revamping of the product category for which we believe there is a decent traction, and they are also reasonably and decently profitable; and (3) Now we have also a decent distribution channel that should help us to really scale up.

Thank you. So we are open for question and answer.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session.

**Aniruddha Joshi:** Sir, before the question queue is getting formed, just -- Aniruddha here, just two questions from my side. So, we had introduced one kitchen fan and at least partially introduced the personal air cooler also. So any update on these two initiatives that we had done. So in terms of scale or are these products pan India? Or how has been the performance of these two products? That is question number one.

Question number two is about air purifier. So now since the larger public is aware about the air quality pollution, all these details. So is there any potential to have air purification benefits in air coolers? The way fan companies are now offering air purification benefits. So just your views on that?

And the third question, can you elaborate a bit more on the region-wise growth rates, I mean, let's say, metro, Tier 1 cities or rural markets. And in terms of the -- probably the market share that we would be having in these regions? And if there is any gain in the market share?

**Achal Bakeri:** I'll request Amit Kumar to answer these questions.

**Amit Kumar:** So Aniruddha, I'll pick in the sequence that we talked about. So starting with our tower fans and the personal fans that you mentioned. These are niche products, and we are following a focused channel strategy for them. We have taken a conscious call of not spreading these across the entire country and in the entire channel that we have. So these are going into niche channels. As of now, we are focusing on a select set of cities in the double digits across the country. Most of these are metros and Tier 1 cities. And for this year, the focuses on building the markets in these cities for these products. As we go forward, we would figure out how we expand the distribution across more cities.

The second point around the air purifier, I do understand that's a category that has gotten consumer sort of understanding and in some markets that have been accepted. I do wish to highlight some of our models come with -- they already come in with I-Pure, which is an air filtration technology that we introduced many years back into a select premium range of products that we have. That continues to be there and those models, we have made available across the country. So, to that extent, subset of our air cooler already offers air purification benefits and consumers can use these products, if they want both cooling and air purification as a combined benefit from the product.

Regarding the regions and market shares, obviously, we are collecting early information, but I think, it's too premature at this point in time, this is probably 1/3 into the season to talk about market shares for now. So allow us to hold off to this, maybe end of the quarter, we'll have a better sense of how we are doing on the market share for this year.

**Aniruddha Joshi:** Okay. Sure, sir. Very helpful.

**Moderator:** The next question is from the line of Naysar Parikh from Native Capital.

- Naysar Parikh:** So my first question is if we look at our A&P spend, right, for this quarter, it is almost half, it was stand-alone and maybe even consolidated. So are we in a bid to save costs, are we under investing in the channel? And how should we think about it? And how should you think about the A&P spend for the next year?
- Nrupesh Shah:** No. So it's more about year as a whole. As such, due to some strategic reasons, in March '23, it was disproportionate high. And secondly, considering current year, the way in which summer is shaping up, we decided to spend somewhat higher amount in June quarter. So ultimately, it is year as a whole. Of course, Y-o-Y also in FY23-24, there is a decline in advertisement and sales promotion expenses. But just to remind you, in FY22-23, there were some of the onetime advertisement and sales promotion expenses, more like test marketing, market research somewhat related to D2C, e-commerce initiatives, etc. also. So what is in current year as a whole, it's more like a normalized advertisement and sales promotion expenses.
- Naysar Parikh:** Okay. Second question is, can you give a mix between how much broad channel mix, how much is from home and how much is industrial and also within the home segment, how much is GT, MT, online to some rough directional idea.
- Nrupesh Shah:** So as far as Centralized and ducted air coolers, overall on a Consolidated basis, it constitutes about 15% to 17% of the top line. We don't have a company-wise data. And profitability wise also, it is almost proportionate. What I mean to say centralized air cooling is also equally profitable. What was your second question?
- Naysar Parikh:** Sorry, GT, MT and online mix.
- Nrupesh Shah:** So this is too early because just 1 month of the current summer is over. However, Y-o-Y and in absolute quantity, it is showing phenomenal growth. But all put together in FY23-24, it would have contributed almost 30% or one third of the sale which consists of large format stores, RCS, e-commerce, D2C, institution, etc.
- Naysar Parikh:** Okay. So that 30% to 40% and the remaining would be GT, right? That's how we should think?.
- Nrupesh Shah:** Yes, right.
- Naysar Parikh:** Okay. Got it. All right.
- Moderator:** We have the next question from the line of Balasubramanian from Arihant Capital.
- Balasubramanian:** Sir, my first question regarding the CT Australia, what's the thought on changes in in-house business to outsourced business model. So what is going to change next over 2 to 3 years? The second question, we are on the pipeline of launches in heaters side. So what kind of opportunities do we have on heaters and portable ACs?
- Achal Bakeri:** So the Australian subsidiary we had always -- was always a heater cum cooler company. So it isn't as if heaters are a new introduction. However, all this while it was focused on gas ducted

heaters. The big change is that we are transitioning from gas to electric. So we are slowly reducing our reliance on the gas ducted heating business and introducing with the introduction of electric products, hoping to scale up the electric heating sort of category. So it's just a matter of changing from gas to electric. We were always in heaters.

So among the new products, as far as heating is concerned, yes, we have panel heaters, which can be on the wall. We have oil filled column heaters, which are like portable heaters. We have built in electric fireplaces. So these are all -- and we have strip heaters, which are mounted on the ceiling for verandas and outdoor areas. So these are new heating products that we have introduced. Amongst air conditioners, yes, we have introduced portable air conditioners that range too is being sort of fine-tuned and calibrated for the summer to come. And all of these products are going to be sourced from China. These products have been especially developed for us as per our specifications by vendors in China and the products which Climate Technologies used to make still until so far, which is a roof-mounted air coolers and gas ducted heaters are also being outsourced to various manufacturers in China. Only portable air coolers, which Symphony specializes in will go from India. All the other products will be outsourced to China. As a result of all this, we are, on one hand, significantly contracting our manufacturing capabilities and our space required in our overheads as is evident in the numbers that we have shown of CODB reduction, but it also leads to a significant reduction in our cost of goods sold and an improvement in our gross margin, which is also evident in the numbers which have been shared with you. So this also allows us to completely focus on sales and distribution and not to divert any of our bandwidth on manufacturing related matters. So this is something which we did 15 years ago, when we acquired our company in Mexico, it was also a fully vertically integrated manufacturing facility, and we transformed its entire business model into an asset-light and capital-light business model. So divested all the manufacturing, divested the real estate, outsourced everything partly within Mexico, China and India so the focus only remains on sales and also the cost -- we are able to reduce the cost of doing business, reduce the cost of goods sold. Most importantly, it becomes a variable cost business model.

So in other words, that's what we have done in Mexico. Several years ago, we did it in China recently, and now we are in the process of doing in Australia as well. The way we call it in India is we are trying to Symphonize these companies. So to adopt the business model in a philosophy, which is very much akin to what we have done at Symphony. So I hope I've answered your question.

**Balasubramanian:** Yes, sir. Sir, how much price hike like done in Q4? And what kind of price hike we can expect in coming quarters? And because of the demand is very strong because of the summer season. If you could throw more light on the demand side and the price hike side?

**Achal Bakeri:** There will not be -- I suppose -- I assume you are referring to India.

**Balasubramanian:** Yes.



- Achal Bakeri:** So there will not be a significant price hike in this quarter. There will be some minor price hikes. But a lot of it is already sort prices already have been committed. So we will not be able to sort of change the price significantly. There will be some minor price improvement. So don't expect much on that front.
- Balasubramanian:** So is there a 1% or 2% in that range sir or the even more?
- Achal Bakeri:** You can say in that range. Yes.
- Moderator:** The next question is from the line of Mayur Parkeria from Wealth Managers.
- Mayur Parkeria:** So a couple of questions from my side, my regards to Nrupesh Bhai also. Sir, in such a strong environment of summer season, even globally, there is in most parts of the world and in India. Is there a risk that we face a stock-out situation?
- Achal Bakeri:** Again, good question. To some extent, that is sort of happening in some select models in our case. However, our operations team is working day and night to meet with the demand. But yes, it is an unprecedented situation and not only us, but pretty much the entire market, whether air coolers, air conditioners are facing a similar situation. But like I said, our operations team is trying its best to be able to fulfil the demand.
- Mayur Parkeria:** Sir, we have always maintained a flexible manufacturing and rather capacity because it helps us to optimize our efforts on sales distribution as well as capacity thing also which we can monitor. So in situations like this, after if I remember such a strong summer, no early rains, and across the -- it has come after a couple of years after COVID season, before COVID I remember, it was FY16-17 times there were touched, and we had broken a lot of financial records for us at time based on that capacity. In today's time, is it not possible to actually take away strong market share from peers who will have to expand and we shoot situation even for another increase...
- Achal Bakeri:** We are striving our best to do. So like I said, our operations team is leaving no stone unturned to be able to meet the demand.
- Mayur Parkeria:** Can we gain market share in these time like this?
- Achal Bakeri:** We probably already have. Although at this stage, we are not bothered about tracking that, that we will see at the end of the summer at this point. We are just sort of focus on fulfilling orders. But I'm sure that is going to be the outcome at the end of the summer.
- Mayur Parkeria:** Sir, just continuing with similar questions. When we had such strong summers in the past, I remember that our EBITDA margins were in the region of 28% in the domestic part, I'm seeing the domestic part, 28%, 30% also, it has gone. Do you think in the next FY '25 because our season is actually June quarter to June in that sense. So do we think that FY '25 can be a year where we come back to over I know it's a situation. But for one of the years, is it possible that we hit that kind of back to our older margins given the strong tailwind we have?

- Achal Bakeri:** First of all, I really appreciate you are being so much on top of all the numbers -- historical numbers, that's very remarkable. I may also say that our margin at its best EBITDA margin was 32%.
- Mayur Parkeria:** Yes, I said correct. Yes, sir.
- Achal Bakeri:** Our endeavour and our aspiration is to be back to that level. It might not happen this year, but in the next 2 years or 3 years or so, that is where we aspire to be back again. Remember, I said Aspire, right? So we're certainly doing our best to do that. So don't hold me to that.
- Mayur Parkeria:** Sir, is it because compared to those historical years since we still remain an outsourced model, our operations have not gone up. So is it just because that over the years, the pricing as the inflationary on the cost side must have gone up, but our pricing may not have taken as proportionate increase over longer periods of time and hence, our margins will take time to come to those? Or is it something else at? Because in a strong summer we can say that...
- Achal Bakeri:** There is nothing else. What you said at the outset is exactly what the reason is. Cost went up during COVID. Because of sort of tepid summers, our pricing did not sort of keep up with the cost increases, which is why there has been a sort of a shrinkage in our gross and EBITDA margins. But with the trend of this summer, we will certainly be revising our pricing going forward. And it will gradually inch back towards -- or will try to inch back towards our historical margins.
- Mayur Parkeria:** Okay. Sir, normally for our order -- can I just continue with small questions, please?
- Achal Bakeri:** I'm sorry?
- Mayur Parkeria:** Hello. Can I just continue for a small questions too much small, yes.
- Achal Bakeri:** I think if you can join the queue, there are several other people waiting. So I think it will be...
- Mayur Parkeria:** Just one last question from my side. Sir, our normally ordering takes place prior to our December season, like from a dealer's perspective, it's just that the deliveries happen later on, but the ordering happened much before that. Is it -- are you seeing that the ordering pattern post March has actually undergone a change. Is it that there is a similar that estimation of demand was a similar kind, and it's just the execution of the demand. We are seeing a structural change in the way now the ordering is also even in this season, it's still happening?
- Achal Bakeri:** There is no structural change. This is -- it's only that the demand is coming from regions where modern retail and our regional retail chains are strong and which do not buy in the off season, it is the GT, which buys in off season. So which is why what we are seeing this. Otherwise, there is no structural change..
- Moderator:** We have the next question from the line of Manoj Gori from Equirus Securities.

- Manoj Gori:** First of all, Achal Sir good to hear that you are enjoying the summer. It's quite a while that we are actually going to have a very smooth summer. So sir, my question would be, if you look at probably North market still is not operating to its potential. So do we see any business loss probably we can have some significantly better probably in the upcoming quarter. So sir, I was just regarding to the North market, probably it's not operating at its potential. So do we see any business loss probably we could have done significantly better volumes in the upcoming quarter? Or we are seeing so strong demand from the south market, probably we are just trying to meet the demand requirement over there. So just any thought on the overall demand environment if you can...
- Achal Bakeri:** It's a little -- north will fire now. The summer generally sets in the north a little later. So it's not that north is not going to happen. It's certainly just a matter of time. And once north fires, still, that will also just add to what we are already doing.
- Manoj Gori:** Right. And sir, so far, the demand-supply situation, probably we are able to move it, right?
- Achal Bakeri:** Yes, because again, the kind of products which sell in the north and the kind of products we sell in the south are somewhat different. So the manufacturing facilities are also different and there will be no overlap or very marginal overlap in that. So there shouldn't really be any problem with that.
- Manoj Gori:** Secondly, if you look at the gross margins, we did somewhere around 48% for the full year at stand-alone level. This is despite a profit sharing that we do with our subsidiary. Can we expect some improvement over there probably this should be a normal case, at least for next couple of years for FY25 and FY26?
- Achal Bakeri:** I really don't know. I haven't thought that far or we aren't really looking at that. But we -- like I said to the -- in response to the previous question, we are aspiring to and working towards in the direction of restoring our historical EBITDA margins. So in the process, everything will go up, whether it is gross margin or profit after tax or profit before tax, whatever. So it's a matter of time, but that's the direction in which we would be heading.
- Manoj Gori:** Right, sir.
- Nrupesh Shah:** More importantly, the parameter will be EBITDA margin. Because once we take care of EBITDA margin, whether it be CODB or whether it is Bill of materials, everything is accounted for. Secondly, you would have also observed that in Q4 FY24, even though top line is up by 5%, our EBITDA margin is up by more than 530 bps. Same is about consolidated, not only for Q4, but year as a whole.
- Manoj Gori:** Right, sir. I was just coming to that because if you look at we did some -- we did took some initiatives to form improving on the cost side, especially on the subsidiaries and probably the positive impact is visible during FY24. So and in fact, you have already given some indication on FY25 as well. Just want to understand on revenue side for Client Technologies, probably we've taken a lot of efforts over the revenues have declined significantly during the current

year. So what is the road map probably where do we see these revenues from ₹ 180-odd crores moving in the next couple of years. So that would be helpful.

**Achal Bakeri:** So our first endeavour would be to sort of recoup the lost revenue, what it was last year or the year before. So our first endeavour would be to be back at that level.

**Manoj Gori:** Sir, lastly, if you look at the receivable days, that has increased from roughly around 35 days to 53 days. Normally, we keep it very tight. So just wanted to understand any one-offs over there?

**Achal Bakeri:** So again, it is because of the significant -- so far the business that has come is more from regions where there is combination of modern retail and regional chain stores where we do extend credit and online also. So it's more a function of that. But it will certainly be reined in the days and in couple of weeks.

**Nrupesh Shah:** By and large, that billing starts from third week or fourth week of February until middle of May. So typically, it will be at its peak as of 31st March.

**Moderator:** The next question is from the line of Siddhant from Goodwill.

**Siddhant:** Yes. So in the industrial cooling segment, are you seeing any rise in inquiries is that as an inflection point? Or is -- does that still seem to be far away?

**Achal Bakeri:** Right. Because of the current summer is that what you are saying?

**Siddhant:** Yes, yes.

**Achal Bakeri:** Yes, of course. Of course, because of the spike in heat, there is a much larger level of inquiries and orders. So of course, what we are seeing in domestic, is also something we are witnessing in industrial coolers.

**Siddhant:** Okay. Apart from that, do you -- where is the channel inventory, like you said, it's clearing out. So you expect -- where was it like 6 to 8 months or 12 months ago, last season?

**Achal Bakeri:** Yes, of course, it was much higher than it is now. It is pretty much gone now.

**Siddhant:** It's pretty much gone now. So technically, even after the summer in H1 could continue to do well, right?

**Achal Bakeri:** That's right. That's what we expect.

**Siddhant:** And on, going back to the 25% or 28% margin aspiration, what are the competition levels compared to 2016 versus 2024? Because I would assume the market has gotten a lot more competitive. So what would be a tougher...

- Achal Bakeri:** Not really. First of all, again, we correct you. It was not 25%, 28% it is 32%. Competition, there's nothing -- I mean, nothing new about competition. We have been there, done that. They have been around, the faces change, the names change, the pecking order may change, but the number of players has been as long as it has always been. So there is really nothing different about competition. Like I said, some players have changed. So, we have faced competition all through our history. So really nothing significant has changed. And at the end of the day, if there's more people who copy Symphony's products. That's all.
- Siddhant:** Clearly, yes, we've seen that.
- Nrupesh Shah:** Reflected also in our market share. It remains intact.
- Moderator:** The next question is from the line of Ayush C from Shravas Capital.
- Ayush C:** I just wanted to understand how is the demand scenario playing out in India, leaving all the other countries aside? And how are you going to cater to this demand going forward?
- Achal Bakeri:** Demand scenario, I think we just spoke on this while we've been talking about that demand has been unprecedented because of the summer, and we are catering to it.
- Ayush C:** All right. Any new product launches in line?
- Achal Bakeri:** Not really. We are -- I mean, nothing exceptional for us. We are continuously introducing new products. We've been doing that all -- every year, and we will continue to do that going forward.
- Moderator:** The next question is from the line of Lakshminarayanan K G from Tunga Investments.
- Lakshminarayanan K G:** Two questions. One is our -- on the stand-alone, our advertising has actually come down. I just wanted to understand what is the -- is there -- whether it will get -- we are booking lower this quarter, the next quarter, it will go up, but how to think about it?
- Achal Bakeri:** We have already answered that a few minutes so, but we'll answer that again. Nrupesh bhai please.
- Nrupesh Shah:** Yes. So whatever advertisement and sales promotion expenses we have incurred in FY23-24, that is normal. In FY22-23, in fact, there were some of the one-time advertisement sales promotion expense like related to D2C, e-commerce, some of the market research and market survey, some of the overseas studies, etc. So whatever we have incurred in FY23-24, it is normalized. That's what we had conveyed even in FY22-23. Secondly, our overall -- or most of the market spend happened in March quarter and June quarter. Depending upon how season unfolds and depending upon the requirement that is spread between these two quarters.
- Lakshminarayanan K G:** Got it. And what is the freight and forwarding charges in the stand-alone for the full year?
- Nrupesh Shah:** I think then we can answer you separately. We don't have the figure readily available.

- Moderator:** The next question is from the line of Rahul Gajare from Haitong Securities.
- Rahul Gajare:** Sir, I just have one question, given most of my questions are answered. Now it's a small thing, but the loan that we have given to the Chinese entity and the impairment that you've done in this particular year, could you tell me how much of the loan is still outstanding? Is this close to ₹ 60 crores after this impairment is that is outstanding?
- Nrupesh Shah:** So overall loan, including outstanding interest was ~ ₹ 59.4 crores, out of which ₹7.7 crores impairment has been provided for. It doesn't mean it has been written off, it is provided for. So remaining is ~ ₹ 51.7 crores.
- Rahul Gajare:** Okay. And how much time do you think you can actually recover this loan in? Because I'm just trying to think, will there more impairments and possible write-offs sometime in future, given the performance of the Chinese entity that we have seen for the past couple of years?
- Nrupesh Shah:** So let me take you through Chinese acquisition when we acquired the company, it was a bankrupt company. And on a top line of ₹ 50 crores, it was incurring the losses of ₹ 16 crores. So we acquired a company just about ₹ 15 million. And at that time, the guidance given was, in 3 to 5 years' time, we will break it even. We actually achieved in 3 years because the acquisition objective was, apart from various complementary strengths, really, the sourcing strength, design and development, R&D, access to Chinese market, etc. However, post that, i.e. in FY 2018-19 post achieving the breakeven, on account of COVID and due to a variety of other reasons, it's completely disrupted. However, for the last 2 years again, it is back on track and the EBITDA, of course, it is small vis-a-vis total, but this is the highest ever EBITDA what we have registered in current year. We expect this to grow further and we don't expect in nutshell any write-off or impairment. We expect the cash flow and profitability to improve and hence, the loan to return, hopefully even impairment also, we should be in the position to reverse.
- Rahul Gajare:** Okay. Fair enough. So that's the only thing that I had Best wishes for the very strong season that we are looking at in FY25.
- Moderator:** The next question is from the line of Aditya Bhartia from Investec.
- Aditya Bhartia:** So my question is on the demand situation in the US. We are seeing massive destocking taking place over there because of muted demand conditions. Are we starting to see an improvement in performance in the US., which in turn can a performance of Climate Tech as well?
- Achal Bakeri:** Not at the moment. Whatever I said earlier, in case you heard it with regards to Climate Technologies is all limited to Australia. The US is something that we are not considering. Whatever happens in the US will be an upside.
- Aditya Bhartia:** Understood. So at this stage, we are not seeing any green shoots if in case they play out, then that can provide a bit of an upside.
- Achal Bakeri:** Correct. Correct.

- Aditya Bhartia:** Understood, sir. And on the domestic business, while I really appreciate the candid comments and the insights that you shared on margins. But I'm just wondering, if we are having a fairly strong demand scenario, then would the focus be more on market share or on margins? Is there a scope of improving market share a little more by maybe just keeping the margins where they are as opposed to looking for the expansion?
- Achal Bakeri:** It will essentially be on the bottom line. So it is sort of a good combination of market share and margins. So we are not going to forsake volumes, but we'll try -- we'll maximize volumes and maximize margins.
- Aditya Bhartia:** Understood, sir. And one last bit. On the northern part of the country, sorry, I could not completely understand how exactly demand trends have been because has the summer properly set and have you started seeing very strong growth in North as well or so far, it has been in other parts of the market.
- Achal Bakeri:** Not yet. North India is yet to fire, and we expect it to happen anytime soon now.
- Aditya Bhartia:** Understood. But given that North is the bulk of air coolers market, what does it mean for the overall air cooler industry or our sales, let's say, in the month of April? If you could just kind of give some indications around that?
- Achal Bakeri:** Summer is going to set in -- in all these years, it never has been that the summer has not set in. It is just a matter of time. So in fact, we are sort of in one sense glad that it did not happen so far because otherwise, we would have been burning the candle at both ends. We would have been -- not been able to meet the demand for both the south and the north had it happened simultaneously. So in a way, it's good that the summer is staggered. So we are able to cater to the demand and not really have to forsake any demand, any sales.
- Aditya Bhartia:** Sure, sir. And north would be what proportion of our business?
- Achal Bakeri:** I mean, again, those are numbers that we sort of don't disclose. But of course, it's the largest market in the country.
- Aditya Bhartia:** Right. That's really helpful, sir.
- Moderator:** We have the next question from the line of Shraddha Kapadia from Share India.
- Shraddha Kapadia:** Congratulations on a good set of numbers. Actually, I just had one question. Like considering since you are in election, so are we expecting any increase in the revenues due to election? Or have you witnessed similar thing?
- Achal Bakeri:** Election to the best of my memory has never had any major impact on our sales. So the summer, the severity of the summer is the only criteria that impacts sales.
- Shraddha Kapadia:** No. So actually, if we have the rally and everything and the public gathering, so there, we normally see the air coolers and everything. So that was the main point?

- Achal Bakeri:** For sure. So they do use air coolers. You will find our air coolers on the stage also behind every political leader that is giving a speech. What the coolers that you see would most likely be a Symphony. But sure that happens. But that does not lead to a huge surge in sales.
- Shraddha Kapadia:** Okay. And just one more question. So in adjacencies, is there any specific product which we have seen performing very good or some product, which you would like to highlight?
- Achal Bakeri:** No. So the only adjacency that we have got into our tower fans, which are also doing very well. But within air coolers, it is the segment of kitchen cooling fans that we elaborated at the beginning of the session that are also doing well, which have been introduced recently and are doing already quite well.
- Moderator:** The next question is from the line of Mayur Parkeria from Wealth Managers.
- Mayur Parkeria:** Two questions from my side. Again, first I wanted to actually give a token of appreciation for the management on the Australian subsidiary, it has been a very long journey for us from FY19 onwards and the kind of pain we went through over these years. So if I remember correctly again in ₹ 250 crores of the top line when we had acquired that subsidiary. Over these five years, what would have been the accumulated loss about rather cash loss, which would have happened over these years in Australian subsidiary?
- Achal Bakeri:** Yes. Give us a minute.
- Nrupesh Shah:** I mean if you have another question until that figure is complied.
- Mayur Parkeria:** Yes. So now that -- sir, you were mentioning like Symphonize all the international subsidiaries that happened in terms of asset-light model in terms of cost structure rationalization. So can we now safely say that the international subsidiaries will no longer be a drag on the domestic numbers and not only drag but also kind of support and any kind of pressure on the balance sheet and P&L. And from here on, the focus is to grow next 2, 3 years? And if that is what the interpretation is correct, can you help us with -- because it's been a very long journey. Can you help us with some targets or something which we can look forward to from the international subsidiaries? That's it.
- Achal Bakeri:** So 2 things. First of all, it would be -- we would not like to give a sort of what is called forward-looking statement. However, we must also point out that the journey got long because of COVID. Had the COVID not happened, the journey would have over long ago. Because of COVID, we did not even -- we weren't able to go there for 3 years or 2 years. We could not even visit -- they could not go to China. Chinese couldn't go there; everything sort of came to a standstill. So were it not for that, things would have been much very different. But we would like to -- we would at a very minimal like to restore top line that existed. With the -- given the new -- the latest gross margins and cost of doing business without that changing with the same percentage is growing the top line is going to be what we would endeavour to do the least. And to answer your -- we have an accumulated loss of ~ ₹ 86 crores in the Australian subsidiary.



- Nrupesh Shah:** In continuation of the financial assistance related question, just to remind you, when we acquired IMPCO, Mexico, initially for 5 - 6 years, we had to continuously pump in the financial assistance by way of loans, which not only recovered along with interest, but it is completely self-sufficient and debt free. Similarly, GSK China despite being China, almost for the last 2 years, no more financial assistance is required. Hopefully, we are striving to achieve the same for Climate Technologies.
- Mayur Parkeria:** Sir, what has been our export in FY '24 from India?
- Achal Bakeri:** Again, that's the number we will pull up and separately, separately, you can talk.
- Nrupesh Shah:** Otherwise, reporting what we are already disclosing it is there, but we don't have handy.
- Moderator:** The next question is from the line of Premalal Kotha from IBM India. The current participant seems to have left the line on hold. We will proceed to closing comments, sir. I would now hand the conference over to the management for any closing comments.
- Nrupesh Shah:** Yes. Thank you all the participants for your valuable insight as well as questions and sparing the time. Also thanks to Anirudh and ICICI Securities for hosting this conference call. Looking forward to see and meet all of you in June quarter conference call.
- Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.