"Symphony Limited
Q1 FY2019 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Symphony Limited Q1 FY2019 earnings conference call hosted by Edelweiss Securities Limited. 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 call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Amit Mahawar from Edelweiss Securities. Thank you, and over to you, Sir!

Amit Mahawar: Thank you. On behalf of Edelweiss, I welcome you all to Symphony's First Quarter Fiscal '19 Conference Call. We have with us today management of Symphony, which is presented by Mr. Achal Bakeri, Chairman and Managing Director; Nrupesh Shah, Executive Director; Mr. Bhadresh Mehta, Chief Financial Officer; Mr. Girish Thakkar, Sr. GM Accounts and Finance; Mr. Mayur Barvadiya, Company Secretary and Mr. Milind Kotecha – Sr. Associate IR & Treasury

Without further delay, I would now hand over the call to the management for opening remarks, after which we'll conduct a Q&A session. Thank you, and over to you, Sir!

Nrupesh Shah: Yes. Good evening. I Nrupesh Shah on behalf of Symphony management accord all the participants a warm welcome to the conference call to review June 2018 quarter consolidated and standalone financial performance.

In our opening remarks as well as in Q&A, there may be some forward-looking statements, based on certain management estimates, assumptions and outlook, but we do not guarantee or assure that they may turnout to be correct on account of whether, external environment, market dynamics or even inaccurate estimates or inaccurate management outlook. The actual results performance or achievements could differ from the estimates or in any such forward-looking statements.

First and foremost, we are disappointed with the performance of our June 2018 quarterly results. On a consolidated basis, of June quarter, our topline has declined by 23% down from Rs.190 Crores to Rs.146 Crores while EBITDA is down from Rs.47 Crores to Rs.23 crores that is almost half. And at a PAT level, it is down from Rs.39 Crores to Rs.20 Crores that is down by about 48%. Probably, the solace in whole performance is maintaining our efficacy of capital employed, which stands at Rs.189 Crores versus Rs.152 Crores.

And in terms of geographical performance, our international business has been intact. It stands at Rs.80 Crores in line with year before. While on standalone, the domestic business is down from Rs.110 Crores to Rs.65 Crores. But considering DNA of the company with respect of asset light, capital light, and discipline in respect of working capital, our treasury and cash and cash equivalent is up from Rs.351 Crores to Rs.449 Crores. Probably, this is the only figure, which is showing the growth during the quarter. So, starting June 2018 quarter, we have decided to come out with, on a quarterly basis, consolidated performance. This is because on account of acquisition of Australian company, Climate Technologies, henceforth, our almost 40% of the business will be from rest of the world. So as to share, total performance and for better governance and transparency, we have deemed it appropriate to provide quarter-after-quarter and annually consolidated performance, even though statutorily, it has been made mandatorily only starting April 2019.

Coming to standalone performance, mainly in the respect of domestic sales. During the quarter June 2018, the summer has been bad summer, and it has been back-to-back second bad summer, we saw erratic summer with unexpected rains in many parts of the country. We have been impacted mainly on account of that. And, by and large, entire cooling industry whether air cooling, air conditioning or for fan industry has suffered. And in fact, to that extent, has also registered degrowth as an industry. Most other cooling brands, whether in air cooler or air conditioner, did offer ransom discount during the summer. Some of the peers supplied the products on a consignment basis to the market. But Symphony as per its philosophy did not resort to any of these practices.

Our gross margin during the quarter remains intact, but it is due to declining topline. And during the quarter, a majority of the annual advertisement sales promotion expenses are being debited. And fixed overheads remain fixed, EBITDA and PAT margin on a standalone basis have suffered; however, as per another analysis, during trailing 12 months, that is the business year of July 2017 to June 2018, Symphony's market share has remained intact or increased, even though, overall, the market declined. There is also inventory lying at the company level and at trade, except Northern India, Bihar and few other pockets; however, vis-à-vis, most of our peers, Symphony is better place in that respect. In fact, most of the inventory lying with company, we expect to monetize them in the quarter, or at the most, in two quarters. However, it is possible that some pain may spillover in ensuing quarters. In earlier years, we have seen that where there have been back-to-back two bad summers, there has been major consolidation in the industry in 2 - 3 years' time.

As a part of consolidated performance, IMPCO, Mexico and GSK, China has registered consistent, stable and profitable quarter as it is evident from our consolidated performance.

Apart from our financial performance, the major development within the quarter, as it has been shared earlier; Symphony has successfully concluded acquisition of Climate Technologies. It has been acquired with effect from July 1, 2018. Climate Technologies has been acquired at a valuation of AUD 40 million, which may grow up to AUD 44 million, depending upon audited EBITDA as of June 30, 2018. So in rupee terms, acquisition translates into approximately Rs.210 Crores. For the financial year 2017-2018, Climate Technologies topline was about A$55 million, EBITDA about A$5.5 million, and PAT around A$4.5 million, which in rupee terms translate into topline of about Rs.275 Crores, EBITDA of approximately Rs.28 Crores and PAT of Rs.23 Crores. Hence, the acquisition translates into EBITDA multiple of 7.33x, while sales multiple is less than 1x.

Acquisition has been funded 60% by way of long-term debt availing Australian dollar, and the remaining 40% that is close to AUD 15 million by equities. Considering its past and estimated performance, we expect the acquisition to be accretive in terms of topline as well as bottomline with immediate effect. For the current year, it is expected that on standalone basis, Climate Technology should generate ROCE of approximately 20%, while return on net worth of approximately 30%.

Climate Technologies, having state-of-the-art R&D facility, apart from, it is also having small assembling facility in Nevada, United States. It is having tie up with Home Depot, having 2,200 stores in U.S. offering huge growth opportunity.

As it was shared earlier, we expect Climate Technologies to register sales of about A$65 million in current year, i.e. 2018-2019. In four years, i.e. by 2021, it is expected to register a topline in excess of A$80 million. And we do expect that there is a scope to improve its profitability and performance even better. Symphony should be in a position to drive further value by more efficient sourcing of components, including from China as we are having ground presence over there.

Moreover, there is a good opportunity of selling Symphony's range of residential coolers through Climate Technologies' existing established distribution network in Australia as well as United States.

Acquisition of Climate Technologies is step towards Version 3.0, as it was unveiled during annual performance review of 2017-2018.

As it was shared earlier, under Version 3.0, we are looking at transformation, launching of technology rich, air coolers, expanding into industrial cooling and substantial international reach. In Version 2.0, Symphony created value. In Version 3.0, we expect to create volume led value growth, enabling strategies have been devised and many more strategies are in pipeline; however, Symphony's basic DNA and philosophy in the respect of asset light business model, capital light, working capital-light business model trade terms and, most of the PAT as free cash flow will remain intact.

So, with this, I open the floor for question-and-answer. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: I want to understand your thought process on the market share, as you said, when we look at the 12-months market share, it has not come down. But on the other hand, you said that there were players who are dumping the consignments in the market. And I think they would be doing it lower than your prices, because they have been lower in the industry at your prices. Then how come you maintain the market share? That's my first question

Achal Bakeri: The players who did dumped it were all small players so that the quantities would not be large enough to really affect the overall market and that material was also still sort of lying with the trade and so by all accounts because of the fact that our material was paid for by the trade they have managed to liquidate that the first, whereas material from, other competitors which was on consignment basis or was on credit has remained with the trade.

Nrupesh Shah: And what we talked about trailing 12-months, that is July 1, 2017 to June 30 2018. So in 2 quarters during the year, that is September quarter and is December quarter, our topline and profitability growth was in excess of 20%. And hence, 12 months as a whole, mainly on account of pre season sales, we are fairly confident that our market share would have been at least intact or would have slightly increase.

Nitin Arora: My second question is that now given the reasoning of an erratic summer is now behind us. Now when we look at the new procurement, which eventually will start, what challenges do you think now would you face, given nobody knows how the next summer would be, but is there some stance going to be changing on our pricing, so that we can pick it volumes to the market. Just wanted to understand what are the prices or thinking you are doing? And any change in your strategy that could happen?

Achal Bakeri: Well, we do not expect any significant change in our pricing. What we do expect and what we are even experiencing now is a relatively weak trade sentiment. Back-to-back, 2 bed summers, is something which most of the trade partners have not witnessed, and that has shaken their confidence. In fact, we even heard that some traders are even sort of considering exiting from the cooler business. It has been that bad for some. Apart from weak trade sentiment, which can only be restored with a strong summer, apart from that, we do not really see anything other significant challenge.

Nitin Arora: And can you lastly, just last question. As you said about the trade sentiment, so just wanted to gauge it from a perspective of an inventory levels, what sort of inventory entry levels there in the industry and with you at this point? Just wanted to understand from a new procurement part. That is it.

Achal Bakeri: Yes, in this industry again it varies from market-to-market, you cannot sort of paint the entire industry or the entire country with the same brush, so there are pockets as Nrupesh bhai said earlier and the pockets of the country where the dealers have exhausted their inventory, but then there are vast areas of the country where even the dealers are sitting on inventory, some of the people are sitting on the inventory for the second consecutive year so there is that sort of overhang and as far as our procurement is concerned because we had significant inventory, I cannot certify the number, but we do have significant inventory so our procurement will also begin a little later than usual and as Nrupesh said before there will be a sort of hangover of this last summer, which will spillover on to us until next summer, so we do expect and the market should expect that the coming few quarters, i.e. Q2 and Q3 quarter, may not be as good as we are doing historically.

Nitin Arora: If I can add just one more question to it. This is what you have been saying it from the last almost 1 year, and we understand the kind of summers, which has come into the country. Now, what is the expectation of a distributor, who has been with you for the last 2 - 3 years or more than that years. How he is approaching you now, because he has got lot of brands already in the system and as a lot of players would be dumping it. And they are able to sell the inventory you can still look at those players. So I just want to understand how their expectation you will meet, and is there some stance, which is getting changed by them to switch to a new brand? Or you are also looking to switch to a large distributor if they do not meet your expectations?

Achal Bakeri: On the contrary, what has happened is that our distributors have taken the company are confidence in the company and has not changed. In fact, I would say has being strengthened in this weak summer. Because what they can see was that our material was moving whereas the competitors was not moving at the same pace. So, in fact, that summer given a boost to our distributors and our dealers in the confidence of the company. Moreover, what we are experiencing is the reverse of what you said whereas distributors of other competitors are actually switching to us. So the kind of response that we have got to our off-season program, which is being initiated, from July 1, is very good.

Nitin Arora: Got it. Thank you very much. I will come back in the queue for more questions. Thank you.

Moderator: Thank you. The next question is from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Good evening Sir. A couple of questions from my end. First, you did mention that there is significant inventory sitting with you as well as some of the channel partners also. And the upcoming quarters could be a bit modest. So, when we say modest, we had an average annual growth CAGR of 20-25%. But in this kind of market where there is significant amount of inventory, do you think even double-digit growth could look challenging in the near term, I am talking of the core India business, or that would be a bit more tough?

Achal Bakeri: Well time will tell, I wish I could actually answer that question with confidence and truthfully, but we do expect that for this year up to the March it will be a challenge. The quarter of June has to be good for the confidence to be restored, but up to March the influence of the last summer will prevail and up till March I would say growth will be challenge, now whether at what rate will grow or not is something that I really have no answer to, we do not have an answer too.

Renu Baid: Sure, and in that case given this kind of challenging market outlook you think your product pipeline or pipeline for new launches products could be affected for the current financial year?

Achal Bakeri: Normally, we unveil new products in July. This year we have not, although we have products which could have been launched we had deliberately withheld that launch for a year because there is significant inventory all over the trade and new models will add to the pain, so we would not, I would say the current inventory to be flushed out and things to sort of restore back to normal before we embark on any new sort of product launches, so we had deliberately held the product launches for the moment.

Renu Baid: Sure and also related to this though the trade, these are not the seasonal quarter that is the next two quarters for cooler market, but can we expect some kind of, I will not say relief package, but some kind of support to the channel, which will help them ease the inventory on which they are sitting through or probably it should be more of normal business practices, which have been followed so far, or there could be expected some exceptional measures this year, the industries is such dire situation?

Nrupesh Shah: Yes, so we have offered to our trade partners some sort of support to help them carry over their inventory something which we had never distorted to this last 30 years but considering the exceptional circumstances where we are in we have deviated from sort of age old practice and have offered support to our partners.

Renu Baid: Sure, so overall if I look from the last trading 12 months our sales overall was just a decline of just 1% levels and given the situation of the market, it seems the market has definitely declined anyway between 5% and 10%, so in that case would it be fair enough to assume that even despite the situation and secondary sales being not as good you would have gained market share rather than just maintained your market share as you had initially commented?

Achal Bakeri: Yes, you are absolutely right. We are conservative in saying that we have maintained or may be gained slightly, but from what you have rightly said we would have actually gained the market share because the overall the market has declined significantly not only in air coolers, but the entire cooling industry and within that if our sales have only marginally reduced our overall market share would have certainly increased and that to by a significant margin.

Renu Baid: Sir, my last question if I may, if I look at the performance of subs that you have now started disclosing that on a quarterly basis as well, so there clearly from an operating performance you have seen from last year almost Rs. 8.5 Crores to Rs. 9 Crores to almost Rs. 16 Crores of contribution coming in from the subsidiary, so it is one Nrupesh Sir can highlight in terms of it exactly how we are seeing is an entirely import driven or even for Keruilai like China we have seen some improvement on Q-o-Q basis also from them, so some insights on the group performance would be helpful?

Achal Bakeri: I would say that the bulk of this is driven by IMPCO, Mexico though GSK, China is also doing much better this year compared to past.

Bhadresh Mehta: Yes, IMPCO topline in Mexican Peso is 135 million Mexican Peso to 123 million Peso for quarter ended June 2018, which is in line with similar number in June 2017.

Renu Baid: Sir China has been making loss and if we see the similar contribution from the subs in the fourth quarter was just Rs. 2.5 Crores loss and now that is Rs. 15 Crores positive, so apart from seasonal factor how is the Chinese subsidiary done on operating level?

Nrupesh Shah: For the quarter in the respect of operating performance this being the season even in China, GSK has registered profit of almost Rs. 3 Crores during the quarter and as far as IMPCO, Mexico is concerned it has registered a profit of about Rs. 12 Crores and in fact if we take operating performance on Y-o-Y of IMPCO, Mexico then operationally it has registered a growth at bottom line wise almost 20% because in June 2017 it was having other income on an account of capital gain it generated by disposing it some of the real estate so that way both the companies have registered decent performance.

Renu Baid: Thank you so much and all the best.

Moderator: Thank you. Next question is from the line of Naveen Trivedi from HDFC Securities. Please go ahead.

Naveen Trivedi: Good evening everyone. Sir, my first question if you can give us some idea about how much degrowth may be understand from the branded and unbranded side if you can just give some colour on that and the second comment if you can give us on why the small players dumped the air cooler this year considering the season was very weak?

Nrupesh Shah: So, obviously even the small players/fringe players would have produced before commencement of the season and obviously many of them are struggling with their cash flow, so anyhow to ensure that before next summer to get the cash flow they dump it and offered at any price including giving it on consignment basis that is what our understanding is.

Naveen Trivedi: What is the broad price range have they launched?

Nrupesh Shah: Your question is not clear.

Naveen Trivedi: I think these products, which are imported from?

Nrupesh Shah: No, nobody said import. These are basically small local fringe players and one or two actually large players who were also having good market share, they also offer it at left and right discount, but ultimately as per our market information, most of their inventory is lying in the market or with them and in terms of number of months of their sales the inventory is far, far higher than Symphony's inventory whether with our trades or at a company level.

Naveen Trivedi: So, you meant, as these small players they give discounts and the manufacturing also happen in India only, as you mentioned the word consignment, so I just got confused. Any sign of like discounting which you have seen from the branded player side also?

Achal Bakeri: Yes, we are talking branded players. When we say fringe players and we are not talking about unorganized sectors, we are talking about branded players. The unorganized sector is a completely different category altogether, which we do not really talk about or discuss. We are very much talking about branded players.

Naveen Trivedi: And for my first question which I asked about if you can give some sense about the market degrowth during the season to understand and you did not mention about the inventory levels because it is difficult to understand the size of the market, but considering you are expecting the coming months also and coming quarters also there will be softness in the market, so that if you can give some perspective on the market, how much has been the degrowth?

Achal Bakeri: No, from our estimates the branded cooler market would have degrown by about 15% or so, but the manufactures and the traders were all expecting a good summer because 2017 summer was bad so they were expecting this 2018 summer would not have been bad statistically or by historical experience so everybody was sort of gung-ho so there is a lot of inventory lying. Now the inventory will take some time, as the summer go on, to flush out. I am not saying that there is so much inventory that it is it is equal to our entire summer requirement, but there is significant inventory lying.

Naveen Trivedi: So, even this will impact to our quarter sales, Q2 and Q3 will have some spillover impact, correct?

Achal Bakeri: Yes.

Naveen Trivedi: Like in the Version 3.0 when we talk about the technology driven products and now you are talking about that you are delaying in terms of new launches, so do you think that the FY2019 will be the year when we do not see any new technology driven products and may would it be the version 3.0 will shift to FY2020?

Nrupesh Shah: This has nothing to do with version 3.0. Version 3.0, we are talking about internationalization and industrial coolers, so those programs are very much on. The inventory that we have and some of the pain we currently are experiencing is in the household cooler or the domestic trade so the two are a very completely different story.

Naveen Trivedi: But also, I think you explained about the technology driven product launches in the residential air cooler side also, if I am not wrong.

Nrupesh Shah: Technology driven that will all happen, but that has pushed back to 2020. They are more in the household cooler category as far as the industrial coolers are concerned those programs of new product launches are very much on.

Moderator: Thank you. We have the next question from the line of Manoj Gori from Equirus Securities. Please go ahead.

Manoj Gori: Thanks for the opportunity. Sir, as we highlighted like your trade sentiments continue to remain weak and also when we look at like you have indicated like your competitors have definitely dumped the inventory so your inventory levels are already higher currently in the market, further if you look at till March quarter I think most of the distributors on the back of two back-to-back weak summer would be awaiting and would be actually looking at the temperature like how the season is actually panning out and then accordingly would be booking the orders, so do you feel like because of the higher inventories and then at one point of time you would be again competing with all the others because normally you sell a lot in Q2 and Q3, so how would be competitive intensity actually pan out like what would the competition scenario?

Achal Bakeri: No, Q2 and Q3 we continue to sell, so I do not think there is any structural or fundamental change from the past, it is just that the overhang of the inventory will affect us, as well as it will affect everyone in the industry, no more nor less.

Manoj Gori: But again, when we look at, I think while as you had highlighted your channel sentiments are on the weaker side so even there would be hesitating to build inventory, so suppose if they wait, like let us see how summer will pan out and then they start building inventories so?

Achal Bakeri: That is why we said that the coming 2nd and 3rd quarters are going to be challenging, are going to be somewhat soft so we have said that ourselves. Now how soft it will be and how challenging it will be again only time will tell, but so far, we are off to a good start and we do not foresee a great difficulty.

Manoj Gori: Thanks a lot, and all the best.

Moderator: Thank you. The next question is from the line of John Perinchery from Emkay Global. Please go ahead.

John Perinchery: Good evening Nrupesh Sir. You had mentioned that the Australian acquisition was effective from July 1, but the auditors report state that the recently acquired acquisition of Australia is also included in the simply reserves for consolidated, is there any error in my understanding?

Nrupesh Shah: No, so acquisition got over by end of the day of June 30, 2018, so before completion of acquisition obviously we cannot consolidate hence starting current quarter that is from July 1, 2018 consolidation will happen and hence for Climate Technologies first ever consolidated quarter will be September 2018.

John Perinchery: But Sir, if you go to the auditor's report point number 3, it clearly states that the results include the following entities and one of that entity is Symphony Australia?

Bhadresh Mehta: Yes, basically John it is like this that we created a subsidiary company that is known Symphony AU Private Limited in Australia so that company was created on June 15, 2018 and that company creation was required to acquire the company in Australia so that acquiring company was created and it has to be consolidated of course the income settled is zero, zero and the balance sheet only contains the funds, which we have remitted for acquiring the company, so as far as the profitability is concerned it is zero, zero.

John Perinchery: And one more question, you had mentioned that IMPCO had made around Rs. 9 Crores profit while the China subsidiary had made Rs. 3 Crores. Is that right?

Nrupesh Shah: Yes, right.

John Perinchery: Out of this entire Rs12Crores profit was operational profit or is there any other gains of sale of asset or something like that?

Nrupesh Shah: Almost entirely operational profit.

John Perinchery: That is, it from my side.

Achal Bakeri: But again, both IMPCO and China we do not have year around sales, so this quarter what we see in China and IMPCO are exceptions. The same thing will not be visible in the next two quarters, so there the sales are very much skewed towards the summer months. While Australia has two things which are going in our favor one is that the summer in Australia is when we have winter in India, so it is sort of in once sense offsets the seasonality of Symphony in China and Mexico. Moreover, Australia also is into heating, so about 40% plus of its revenue comes from heating, so it has more or less around the year business.

John Perinchery: Sir that is it from my side.

Moderator: Thank you. The next question is from the line of Harish Bihani from SBI Mutual Fund. Please go ahead.

Harish Bihani: So, in times like these, what kind of support does companies provide to dealer and distributors?

Achal Bakeri: It is an internal thing. It is something that we sort of do within the trade. It is not something, which we can explicitly convey.

Nrupesh Shah: But end result is, it is not going to impact our business model in terms of the credit terms and secondly, in terms of any sales return also, our policy remains intact. So, as we conveyed earlier, asset light, capital light, trade terms everything remains intact.

Harish Bihani: Yes. So, this is what I am coming to. So essentially, if you look at the quarter performance and I am just talking about the industry per se and people have short memory. So, will the entire business model that we had that we used to build up inventory in the system from second, third, fourth quarter, is that going to get impacted in any way in the next year?

Nrupesh Shah: No. In fact, as it was conveyed earlier, starting from July 1, we already have off-season offering and in off-season we have already started receiving sizable advance, which is better than our expectation. It means despite bad summer, at least at the level of distributors, there is a tremendous confidence that they are investing in the company, and they are going to hold that inventory till next summer.

Harish Bihani: Thank you.

Moderator: Thank you. The next question is from the line of Ravi Naredi from Naredi Investment. Please go ahead. Sorry it seems there is no response from the line. We will move to the next question from the line of Anuj Gupta from Perfect Research. Please go ahead.

Anuj Gupta: Good evening Sir. Sir, what are the competitive intensity in other foreign markets like China and U.S.A.? And what is our market share there? And can you name a few air cooler companies in the world for comparison purposes?

Achal Bakeri: There are hundreds of air cooler companies in China. There are a few in the U.S. There are a few in Australia, so there are air cooler companies in every market that we operate in. But then there are no comparable companies, which has presence in all the markets like Symphony. So, we do compete with many, many players in every market that we operate in, so they are all fundamentally local players.

Anuj Gupta: Sir it is not mainly because so, so can we talk about the competitive intensity in foreign markets with U.S. and China?

Achal Bakeri: Competitive intensity in which market for example are you interested in?

Anuj Gupta: China and U.S.A.?

Achal Bakeri: Like I said there are hundreds of players in China. Although our company was a pioneer of air coolers in China many, many years ago, but since then, they are a very, very fragmented industry, many, many small players though in industrial coolers our company and our brand in China is considered to be a pioneer and it is considered to be technically the best and is amongst the largest, but it is a very, very fragmented industry, more fragmented than India probably, but the market is huge. The market is huge, so for us and the market share of no company is significant. So, for us in China, I think we have significant upside to grow over the years. Even in the current year YoY, we are seeing significant growth over the previous year and we hope that it continues and we end the year also with the same sort of growth, but the potential is huge in China as well and the U.S. also a very large market and our Australian subsidiary business in the U.S. is at the moment, I would say fairly small, but it is growing rapidly and the prospects are very good because we have got very good customers. Largest retailers in the U.S. are our customers and we have very encouraging response from them, so we believe that we will grow rapidly with them in the U.S. as well.

Anuj Gupta: Sir if possible, could you tell the market share we have in China, U.S.A. and in other few markets?

Achal Bakeri: We really do not know as of now, but it is very, very small because in China as I said, very fragmented, no single player has the dominant market share or even a large market share. All markets shares are in single digit.

Nrupesh Shah: About the market share of Climate Technologies in air cooling industry in Australia it is about 30In Mexico, there are broadly about half a dozen players and there also our market share is almost 40%.

Anuj Gupta: Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Dipen Sheth from HDFC Securities. Please go ahead.

Dipen Sheth: Good evening and thanks for the opportunity Sir. Sir I just had a very simple question here, which is that the India business, is clearly in trouble and arguably for no fault of ours, granted. Business has contracted India topline some of which could be exports, but India topline has contracted from Rs.130 Crores to about Rs.80 Crores if I look at core revenue right, so in a situation like this what was the big need to persist? Clearly, we would suffer from operating deleverage and it is not something that could have hit our sensibilities only at the end of the quarter? We would have known during the quarter how it is playing out, so what was the need to persist with the high advertisement spend? Surely, the brand has good enough recall to kind of tone down the advertisement spend a little bit and still maintain franchise, so out of last year's total domestic advertisement spend of Rs.31 Crores, Rs.21 Crores was done in this quarter and it is still 2019? I would have expected that a street-smart management could have tone this down by maybe half or something or is that something against our grain or how do we look at this? Is this not discretionary?

Achal Bakeri: Well, it is not entirely discretionary because some of it once you sort of contracted and once the advertisement plan has been released then it is sort goes on and moreover if you cut down on advertising, you rightly said, it is against our ethos. Even at the worst of times when we BIFR company, advertising is one thing, which we had not cut down on. Although obviously in most companies marketing ad spend is the first casualty in a bad summer, but we believe that it is more of an investment for the future and this is what sort of helps us consolidate trade confidence, so it is something, which we clearly do not try and cut back too much on.

Nrupesh Shah: Probably this what it differentiates big boy from small boy not only that. In absolute numbers, it is down from Rs.21 Crores to Rs.19 Crores, so in some of the markets where it was possible without impacting the long-term branding we have done that.

Dipen Sheth: I fully respect your decision. I am just trying to understand how you think? You know the business better than me? Obviously, I do not know the business well enough, but frankly, I would have thought that I would have kind of held back on this one, but if you want to build long-term franchise and you will persist on this, I will respect you for it? I think the coming few quarters will tell us whether this respect was worth it, and we will back you for now on this, no worry. I was just trying to figure out your strategy.

Achal Bakeri: I appreciate that. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take the last question from the line of Resham Jain from DSP BlackRock. Please go ahead.

Resham Jain: Good evening. My question is again on the same question, which the last participant asked on advertisement. If you can help us with this Rs.19 Crores advertisement spend and what is the broader construct of this advertisement it is the form of digital, media if you can just give a sense on how you have spent this advertisement spending Rs.19 Crores because you mentioned that some of the advertisement plans once released cannot be cut down just wanted to understand on that part?

Nrupesh Shah: Most of it is mass media. Digital is still something, which does not sort of give us the kind of pull that is required, so we are of course present in every format whether it is digital, radio, TV, press everything outdoor, but it is still mass media traditional, television, and press where we sort of spend most of the bulk of our ad spend on.

Resham Jain: That was the only question.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to Mr. Amit Mahawar from Edelweiss for closing comments. Thank you and over to you Sir!

Amit Mahawar: I thank the management of Symphony for giving us an opportunity to host this call. Sir, do you have any closing comments?

Nrupesh Shah: Thanks to all the participants and thanks to Edelweiss for holding this conference call.

Achal Bakeri: We are very sure that going forward, we will have better news to share and this is more of an aberration, which may last a little longer than we would all like, but I would say this is a part of business and we have learnt to live with them overtime and we know that there is always a silver lining and that the good time will always follow bad time, so we are confident that in the immediate short term, there will be some pain, but in the sort of the medium term things will be much better gain. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Edelweiss Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.