(Rs. in Lacs)

Statement of Standalone and Consolidated Audited Financial Results for the Quarter and Year Ended on March 31, 2017

Standalone Quarter Ended			Sr. No.	Particulars	Standalone Twelve Months Ended		Standalone Previous Year (9Months) Ended	Consolidated Twelve Months Ended		Consolidated Previous Year (9Months) Ended
31-Mar-17	31-Mar-16	31-Dec-16			31-Mar-17	31-Mar-16	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-16
(Audited) (Refer Note No.9)	(Audited) (Refer Note No.9)	(Unaudited)			(Audited)	(Unaudited) (Refer Note No.6)	(Audited) (Refer Note No.5)	(Audited)	(Unaudited) (Refer Note No.6)	(Audited) (Refer Note No.5)
			1	**Income**						
18,405	13,787	18,009		a. Revenue from operations	66,717	52,562	41,485	76,803	59,402	44,555
1,507	497	1,187		b. Other Income	3,661	2,858	1,949	4,321	3,073	2,089
19,912	**14,284**	**19,196**		**Total Revenue**	**70,378**	**55,420**	**43,434**	**81,124**	**62,475**	**46,644**
			2	**Expenses**						
1,545	1,158	805		a. Cost of materials consumed	3,433	2,512	2,034	9,127	6,089	4,091
8,514	4,914	8,574		b. Purchase of stock-in-trade	29,877	20,622	16,410	29,132	20,522	16,358
(1,042)	(376)	(1,022)		c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,282)	294	256	(1,816)	56	(320)
1,246	1,016	1,176		d. Employee benefits expenses	4,695	3,722	2,973	6,871	5,366	4,252
0	1	-		e. Finance costs	1	10	8	3	21	20
99	73	100		f. Depreciation and amortisation expense	368	289	219	705	542	430
1,328	132	223		g. Advertisement and sales promotion expense	4,139	3,068	845	4,445	3,323	946
1,861	1,119	1,535		h. Other expenses	6,158	5,064	3,740	9,285	7,731	5,628
13,551	**8,037**	**11,391**		**Total expenses**	**46,389**	**35,581**	**26,485**	**57,752**	**43,650**	**31,405**
6,361	**6,247**	**7,805**	**3**	**Profit before exceptional items and tax (1-2)**	**23,989**	**19,839**	**16,949**	**23,372**	**18,825**	**15,239**
-	-	-	4	Exceptional items	-	-	-	-	1,247	1,247
6,361	**6,247**	**7,805**	**5**	**Profit before tax (3+4)**	**23,989**	**19,839**	**16,949**	**23,372**	**20,072**	**16,486**
			6	Tax Expense / (Benefits)						
1,625	1,565	2,150		a. Current Tax	6,475	5,243	4,589	6,614	5,249	4,589
-	(4)	(3)		b. Short / (Excess) Provision of tax relating to previous years	(3)	(43)	(4)	(3)	(43)	(4)
1,625	1,561	2,147		c. Net Current Tax	6,472	5,200	4,585	6,611	5,206	4,585
67	33	52		d. Deferred Tax	201	112	64	201	112	64
1,692	1,594	2,199		Net Tax Expense	6,673	5,312	4,649	6,812	5,318	4,649
4,669	**4,653**	**5,606**	**7**	**Net Profit for the period (5-6)**	**17,316**	**14,527**	**12,300**	**16,560**	**14,754**	**11,837**
1,399	700	1,399	8	Paid-up Equity Share Capital (Face Value Rs.2/- per share)	1,399	700	700	1,399	700	700
			9	Reserves excluding Revaluation Reserve	44,397	30,095	30,095	44,500	31,162	31,162
			10	**Earning Per Share (of Rs. 2/- each) (not annualised) (Refer Note-4)**						
6.67	**6.65**	**8.01**		Basic & diluted	**24.75**	**20.77**	**17.58**	**23.67**	**21.09**	**16.92**

12 Months Standalone Performance

Revenue Growth
+27%

EBITDA Growth
+21%

PAT Growth
+19%

Total Dividend
225%

NOTES:

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 16, 2017.
2. The Board of Directors has recommended, subject to approval of shareholders, a final dividend of Rs. 1/- per equity share of Rs. 2/- each for the year ended March 31, 2017. Further an interim dividend of Rs. 3.50/- per equity share was paid during the year. Total Dividend proposed/paid is Rs. 4.50/- per equity share (225%) (previous year Rs. 25/- per equity share (1,250%) which included special dividend of Rs. 10/-). The total dividend appropriation for the year ended March 31, 2017 amounts to Rs. 3,157.45 lacs including dividend distribution tax of Rs. 534.06 lacs.
3. Consolidated audited figures include financials of Symphony Limited and financials of it's Wholly Owned Subsidiaries (WOS) as under:
   a. Audited financials of Sylvan Holdings Pte. Ltd., Singapore for the year.
   b. Audited financials of Impco S. DE. R.L. DE.C.V., Mexico for the year.
   c. Audited financials of Symphony USA Inc (SUI) wholly owned subsidiary (WOS) of Impco S. de R. L. de C.V, Mexico upto December 31, 2016.
   d. Audited financials of Guangdong Symphony Keruilai Air Coolers Co., Ltd, China for the year.
4. The Company has allotted 34,978,500 bonus equity shares of Rupees Two each fully paid up on September 17,2016 in the proportion of one (1) bonus equity share for every one (1) fully Paid up equity share . As a result of the bonus issue the paid up capital of the Company stands increased to Rs. 1,399.14 lacs from Rs. 699.57 lacs. Consequent to the above increase in Paid up capital, the earnings per share have been restated for prior periods for proper comparison.
5. In view of the provision of Companies Act 2013, the company has changed its accounting year to March ending instead of June ending as informed earlier. Accordingly previous accounting year is of Nine months ended on March 31, 2016.
6. The figures under the title "Standalone - Twelve months ended 31-Mar-16" and the title "Consolidated - Twelve months ended 31-Mar-16" , though statutorily not required to be given, are given only for current year 12month vis-a-vis previous year 12 months comparison.
7. Impco S. de R. L. de C.V, Mexico step-down-subsidiary of the Company has bought back its entire shareholding held by Sylvan Holding Pte Limited, Singapore and thus IMPCO, Mexico has become direct subsidiary of the Company.
8. During the year, Symphony USA Inc. (SUI) has closed down its operations w.e.f. December 31, 2016. SUI was a wholly owned subsidiary (WOS) of Impco S. de R. L. de C.V, Mexico (IMPCO).
9. The figures for the quarter ended March 31, 2017 are balancing figures between audited figures in respect of the year ended March 31, 2017 and the unaudited published year to date figures upto 3rd quarter ended December 31, 2016.
10. Previous period figures have been rearranged/regrouped wherever necessary to make them comparable with the figures of the current period.

11 Primary Segmentwise Revenue and Results (Rs. in Lacs)

Standalone Quarter ended			Sr. No.	Particulars	Standalone Twelve Months Ended		Standalone Previous Year (9Months) Ended	Consolidated Twelve Months Ended		Consolidated Previous Year (9Months) Ended
31-Mar-17	31-Mar-16	31-Dec-16			31-Mar-17	31-Mar-16	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-16
(Audited) (Refer Note No.9)	(Audited) (Refer Note No.9)	(Unaudited)			(Audited)	(Unaudited) (Refer Note No.6)	(Audited) (Refer Note No.5)	(Audited)	(Unaudited) (Refer Note No.6)	(Audited) (Refer Note No.5)
			1	Segment Revenue						
18,576	13,785	18,382		a. Air Coolers	67,520	53,098	41,894	78,266	60,153	45,104
1,336	499	814		b. Corporate Funds	2,858	2,322	1,540	2,858	2,322	1,540
19,912	**14,284**	**19,196**		**Segment Total**	**70,378**	**55,420**	**43,434**	**81,124**	**62,475**	**46,644**
			2	Segment Results (Profit before Interest and Taxes - PBIT)						
5,030	5,751	6,997		a. Air Coolers	21,152	17,534	15,423	20,537	16,531	13,725
1,331	497	808		b. Corporate Funds	2,838	2,315	1,534	2,838	2,315	1,534
6,361	**6,248**	**7,805**		**Segment Total**	**23,990**	**19,849**	**16,957**	**23,375**	**18,846**	**15,259**
0	1	-		Less: Finance Costs	1	10	8	3	21	20
-	-	-		Less: Exceptional Items	-	-	-	-	(1,247)	(1,247)
1,692	1,594	2,199		Less: Taxes	6,673	5,312	4,649	6,812	5,318	4,649
4,669	**4,653**	**5,606**		**Total Profit After Tax**	**17,316**	**14,527**	**12,300**	**16,560**	**14,754**	**11,837**
			3	Segment Assets						
25,586	17,323	18,766		a. Air Coolers	25,586	17,323	17,323	31,399	23,149	23,149
28,480	19,090	34,946		b. Corporate Funds	28,480	19,090	19,090	28,480	19,090	19,090
54,066	**36,413**	**53,712**		**Segment Total**	**54,066**	**36,413**	**36,413**	**59,879**	**42,239**	**42,239**
			4	Segment Liabilities						
8,270	4,566	6,069		a. Air Coolers	8,270	4,566	4,566	13,980	9,325	9,325
-	1,052	5,675		b. Corporate Funds	-	1,052	1,052	-	1,052	1,052
8,270	**5,618**	**11,744**		**Segment Total**	**8,270**	**5,618**	**5,618**	**13,980**	**10,377**	**10,377**
			5	Capital Employed						
17,316	12,757	12,697		a. Air Coolers	17,316	12,757	12,757	17,419	13,824	13,824
28,480	18,038	29,271		b. Corporate Funds	28,480	18,038	18,038	28,480	18,038	18,038
45,796	**30,795**	**41,968**		**Segment Total**	**45,796**	**30,795**	**30,795**	**45,899**	**31,862**	**31,862**
			6	**Segment Results (PBIT) % on Capital Employed (For the quarter & respective period) (not annualised) (See Note 2)**						
33.45%	**60.77%**	**70.88%**		**a. Air Coolers**	**237.40%**	**300.66%**	**333.19%**	**209.92%**	**221.34%**	**219.10%**
4.78%	**1.97%**	**2.78%**		**b. Corporate Funds**	**9.88%**	**8.64%**	**5.41%**	**9.88%**	**8.64%**	**5.41%**

NOTES:

(i) The company has identified two primary segments namely Air Coolers and Corporate Funds so as to know financial efficiency of core business i.e. Air Coolers and Corporate Funds Segment which consists of surplus investments.

(ii) Segment Profit (PBIT) % on Capital Employed has been calculated on average monthly Capital Employed.

(iii) Investment of Corporate Funds includes investment in Growth Mutual Funds, income of which is accounted on redemption.

12 Secondary Segmentwise Revenue and Results (Rs. in Lacs)

Standalone			Sr. No.	Particulars	Standalone			Consolidated		
Quarter ended					Twelve Months Ended		Previous Year (9Months) Ended	Twelve Months Ended		Previous Year (9Months) Ended
31-Mar-17	31-Mar-16	31-Dec-16			31-Mar-17	31-Mar-16	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-16
(Audited) (Refer Note No.9)	(Audited) (Refer Note No.9)	(Unaudited)			(Audited)	(Unaudited) (Refer Note No.6)	(Audited) (Refer Note No.5)	(Audited)	(Unaudited) (Refer Note No.6)	(Audited) (Refer Note No.5)
			1	Segment Revenue						
15,383	10,887	16,380		a. India	59,508	46,891	36,791	59,687	47,115	36,842
3,022	2,900	1,629		b. Rest of the world	7,209	5,671	4,694	17,116	12,287	7,713
18,405	**13,787**	**18,009**		**Revenue from operations**	**66,717**	**52,562**	**41,485**	**76,803**	**59,402**	**44,555**
			2	Segment Results (Profit before Interest and Taxes - PBIT)						
5,339	4,980	7,309		a. India	21,534	17,563	15,056	22,000	17,664	15,103
1,022	1,268	496		b. Rest of the world	2,456	2,286	1,901	1,375	1,182	156
6,361	**6,248**	**7,805**		**Segment Total**	**23,990**	**19,849**	**16,957**	**23,375**	**18,846**	**15,259**
0	1	-		Less: Finance Costs	1	10	8	3	21	20
-	-	-		Less: Exceptional Items	-	-	-	-	(1,247)	(1,247)
1,692	1,594	2,199		Less: Taxes	6,673	5,312	4,649	6,812	5,318	4,649
4,669	**4,653**	**5,606**		**Total Profit After Tax**	**17,316**	**14,527**	**12,300**	**16,560**	**14,754**	**11,837**

NOTE:

Secondary Segment Capital Employed :

Fixed assets used in the Company's business and liabilities contracted have not been identified with any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Company believes that it is not practical to provide secondary segment disclosures relating to Capital employed.

13 Standalone and Consolidated Statement of Assets & Liabilities

(Rs. in Lacs)

Sr. No.	Particulars	Standalone		Consolidated	
		As At 31-Mar-17 (Audited)	As At 31-Mar-16 (Audited)	As At 31-Mar-17 (Audited)	As At 31-Mar-16 (Audited)
A	**EQUITY AND LIABILITIES**				
1	**Shareholders' funds**				
	(a) Share Capital	1,399	700	1,399	700
	(b) Reserves and surplus	44,397	30,095	44,500	31,162
	Sub-total - Shareholders' funds	45,796	30,795	45,899	31,862
2	**Non- current liabilities**				
	(a) Deferred tax liabilities (Net)	450	249	450	249
	(b) Long-term provisions	-	-	274	670
	Sub-total - Non-current liabilities	450	249	724	919
3	**Current liabilities**				
	(a) Short-term borrowings	-	-	1,929	-
	(b) Trade payables				
	(i) To Micro and Small Enterprises	-	-	-	-
	(ii) To Others	3,751	2,077	6,095	4,958
	(c) Other current liabilities	3,244	2,311	4,318	3,421
	(d) Short-term provisions	825	981	914	1,079
	Sub-total - Current liabilities	7,820	5,369	13,256	9,458
	TOTAL - EQUITY AND LIABILITIES	**54,066**	**36,413**	**59,879**	**42,239**
B	**ASSETS**				
1	**Non- current assets**				
	(a) Fixed Assets				
	(i) Tangible Assets	6,335	5,800	7,141	7,016
	(ii) Intangible Assets	429	43	572	341
	(iii) Capital Work-In-Progress	-	301	-	301
	(b) Goodwill on Consolidation	-	-	387	392
	(c) Non-current investments	12,136	18,634	9,669	16,167
	(d) Long-term loans and advances	172	169	429	274
	(e) Other Non-Current Assets	8	9	8	9
	Sub-total - Non-current assets	19,080	24,956	18,206	24,500
2	**Current assets**				
	(a) Current investments	18,556	-	18,615	62
	(b) Inventories	5,088	2,349	7,733	5,507
	(c) Trade receivables	4,607	3,273	5,231	4,687
	(d) Cash and Bank Balances	1,919	3,655	4,661	4,639
	(e) Short -term loans and advances	4,258	1,523	4,833	2,185
	(f) Other current assets	558	657	600	659
	Sub-total - Current assets	34,986	11,457	41,673	17,739
	TOTAL ASSETS	**54,066**	**36,413**	**59,879**	**42,239**

By Order Of The Board
For Symphony Limited

Achal Bakeri
Chairman & Managing Director
DIN-00397573

Place : Ahmedabad
Date : May 16, 2017

LESS IS MORE.

THE SYMPHONY BRAND REPORT 2016-17

We launched two next-generation air-cooler ranges.

Touch and i-Pure.

We thought Touch would do reasonably well.

We priced it at an introductory level (read discounted).

We misread the market.

We did better than expected; in fact, considerably better.

Topline increased. Bottomline correspondingly did not (remember introductory prices?).

You can say we were wrong. You can say we were right.

We apologise to all for having completely misread the power of our own brand.

For once, less is more.

THIS BRAND REPORT IS A FORWARD-LOOKING INITIATIVE BY SYMPHONY.

Intended for our shareholders, analysts, media and opinion makers.

To immediately explain our FY17 performance (instead of waiting for the annual report by mail).

This report is also a validation of our conviction that in addition to consistent financial outperformance, stakeholders also seek transparency.

So here we are.

At Symphony, we strengthened our business in a challenging 2016-17.

The country's economy grew around 7 per cent.

The country's air-cooler market grew 15 per cent.

Symphony's revenues grew 27 per cent on standalone basis.

The result is what you see below in our audited numbers on standalone basis (Rs./cr)

	FY2016-17	FY2015-16*	Growth (%)
Gross Revenue	703.78	554.20	27%
EBDITA	243.57	201.29	21%
PBT	239.89	198.40	21%
PAT	173.16	145.27	19%
EPS	24.75	20.77	19%

**FY2015-16 was for 9 months (July'15 to March'16) accounting year duly audited. The data given here are for FY2016-17 (12 months) and April'15 to March'16 unaudited for real comparison purposes.*

This is how we performed across the four quarters of FY2016-17 on standalone basis

Revenues (Rs cr)

1st quarter 157.54	2nd quarter 155.16
3rd quarter 191.96	4th quarter 199.12

PAT (Rs cr)

1st quarter 31.13	2nd quarter 39.28
3rd quarter 56.06	4th quarter 46.69

EBIDTA margin %

1st quarter 27.90%	2nd quarter 36.08%
3rd quarter 41.18%	4th quarter 32.40%

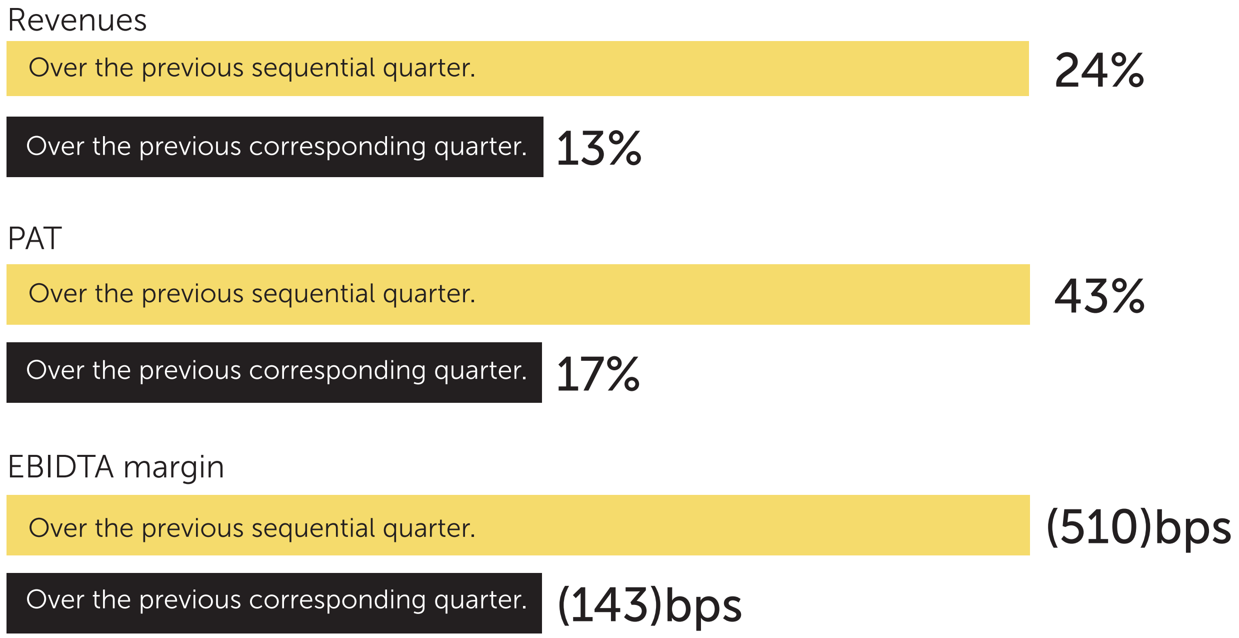
This is how we rewarded our shareholders every quarter……

1st quarter **75** Dividend (%)	2nd quarter **50** Dividend (%) *(On increased capital after 1:1 bonus)*
3rd quarter **50** Dividend (%) *(On increased capital after 1:1 bonus)*	4th quarter **50** Dividend (%) *Final dividend (proposed)*

*Final dividend of **50%** is proposed by the Board for the current year. To maintain its payout of upto 50% of net profit while rewarding shareholders, in addition to dividend payout, the Company is evaluating alternative avenues (buyback etc.) as indicated in the Shareholders' Reward Policy in the Annual Report 2015-16.*

An index of our competitive advantage can be derived from the third quarter FY17

When cash squeeze increased and consumer sentiment staggered.



BUT LET US NOT BORE YOU WITH NUMBERS.

Let us tell you how we strengthened our business in F17 instead.

01

We made 10 new launches.

- i-Pure and Touch (remember the models where we completely misread demand?).
- Next generation cooler products
- Products classified as digital products (not electrical!)
- Combining products with other products (and conveniences)
- Transforming air-coolers from summer to perennial use

02

How our Touch series is the NextGen cooler

- We made buttons unnecessary
- This is one cooler that talks back to you (no pun intended)
- The cooler ultrasonically repels mosquitoes.
- The cooler reminds you of the next service date.
- The cooler electronically controls humidity.
- The cooler comes with a removable water tank.

03

The Touch series sold out six months before launch!

- The Touch series attracted bookings as early as July 2016
- The bookings were made on the basis of pictures
- The advances were used to invest in moulds
- This kickstarted a Negative Capex Cycle (as distinct from a negative working capital cycle)
- At Symphony, RoCE acquired a new application - Return on Concept.

04

...And then there the historic i-Pure two-in-one cooler launch

- The iPure created history
- It combined two products in one (cooler + air-purifier)
- For the first time in India's air cooler sector
- The product addressed domestic pollution (Bacteria filter, Allergy filter, PM2.5 Wash filter, Smell filter and Dust filter)
- This hybridized innovation has extended Symphony into contiguous product spaces.
- More importantly, it has the potential to extend Symphony products from summer to round-the-year use

05

We made our China business stronger

- We acquired Guangdong Symphony Keruilai Air Coolers Co. Ltd. from 1 January 2016
- We factored that the business would lose money for the next few years
- We moderated operating losses in 2016-17; we expect the business to turn cash-positive across the foreseeable future (in line with the estimate at the time of acquisition)
- We will leverage the subsidiary's most compelling air-cooler price-performance ratio in the world and industrial cooler patents
- We will leverage our China presence to outsource components and address growing demand within China
- We will leverage treaties between China and ASEAN countries to expand our reach across South-East Asia

06

We extended deeper into rural India

- For the first time we began to appoint exclusive rural India dealers
- We began to focus on a larger number of rural clusters with progressively smaller population spreads
- We doubled the number of retailers
- We introduced bar-code sales coupled with the e-Sampark mobile app
- We developed new insights into offtake timing, quantity and location
- This made it possible for Symphony to create its own home-grown Big Data analysis

07

We invested considerably higher in our brand

- We invested Rs 41cr in brand spending in 2016-17
- This was 32 per cent higher than the previous year
- We launched an animation TVC themed around *'Garmi ko karo Symphony!'*
- We created our own animated icon instead of spending on a brand ambassador (Amul girl, Asian Paints Gattu)
- This TVC generated 300,000 complete YouTube views within the first 48 hours
- This promotion was launched in March 2017; the full impact of this expensed initiative will reflect in 2017-18

(Rs/cr)

Brand investment in 2016-17
41

(Rs/cr)

Brand investment in 2015-16
31

08

We deepened our Modern Trade presence

- Considerable growth from Modern Trade in FY17
- Our Modern Trade cooler market share increased to 60 per cent (we virtually dominated this segment).

09

We have turned around our Mexico operations

- We acquired operations in Mexico in 2009.
- We initiated Project Renovaccion to transpose Symphony's asset-light/capital -light business model (product outsourcing, divested surplus land, buildings, plants, business relocated)
- This helped to unlock resources. Loans and advances granted by Symphony India and its Singapore-based subsidiaryhave been completely repaid with interest, making IMPCO self-sufficient. The business has since been turned around with a decent cash profit and moderate PAT

1

Market status of Symphony in India's air cooler market, 2016-17

60%

Symphony Share of Voice in the air-coolers sector, 2016-17 (highest in the sector by far).

50

Symphony's estimated market share (%) by value of the Indian organized air-cooler market, 2016-17

The Company's consolidated gross revenues increased 30% in 2016-17 to Rs. 811.24 cr, while profit after tax strengthened 12% to Rs. 165.60 cr.

7 THINGS YOU NEED TO KEEP IN MIND WHEN YOU APPRAISE OUR 2016-17 PERFORMANCE

By Achal Bakeri
Chairman-Managing Director

01

DON'T GO STRICTLY BY INDIVIDUAL ANNUAL OR QUARTERLY RESULTS

Symphony reported a 30 per cent growth in consolidated revenues and a 12 per cent growth in profit after tax in 2016-17. This is the first time in 5 years when the company did not report profitable growth in the March quarter.

The first question that people would be inclined to ask is whether this represents a slowing down the growth of the company. The answer is a decisive 'no'. I would like to add something: Symphony has reported such 'aberrations (read low growth)' in a few quarters in the past, but never a decline in annual profits in the last decade.

The analysts who tracks every sequential and corresponding quarter will find this phenomenon surprising on the grounds that when disposable incomes are rising and Symphony is spending higher than ever on brand building, does it not, by extrapolation, indicate that the company should have reported higher revenues and profits?

Simplistically yes, but practically (and strategically) not always. The answer lies in how we perceive markets and competitive forces on the one hand and how we intend to proactively capture market share on the other. During the last financial year, Symphony was proved right on virtually all counts – except one. During the first nine months, bottom-line growth was higher than top-line growth (profitable growth). Thereafter, the company felt that having the advantage of a buoyant nine months, it would launch its disruptive Touch product at the right introductory price. The company reported attractive sales and the company reported a lower profit also in line with its modest introductory price.

What didn't go as per our expectation was the totally unexpected response that Touch and i-pure evoked in a challenging period. The product reported 2.5x sales of what we had budgeted. As demand continued to rise and we kept getting calls from dealers and retailers across the country that 'Touch bhejiye!' we could have responded in three ways: moderated offtake and returned the consumer unaddressed, or we could have raised prices mid-season and turned the entire distribution network off, or we could have sustained output, maintained introductory sticker price and taken a relative 'hit' on our bottomline.

At Symphony, we selected the last option. We believe that in doing so, we have largely shut competition out, we have retained the confidence of our trade partners that we follow stable pricing and we have seeded the market with thousands of new Touch and i-Pure consumers who will show these absolutely differentiated product to their neighbours, friends, relatives, acquaintances, friends' friends without having to spend a single rupee on branding, royalty or sales commission. The reality then is that we have not dented profits; we have merely postponed profits from one quarter across the next number of years (starting from the second quarter of 2017-18). The priority of predictability and sustainability has prevailed over the need for immediate profitability.

Which brings me to the principal point: don't go strictly by the quarterly numbers; go by the broad numbers; appraise performance on the basis of two or three-year clusters. For instance, in the demonetization-ravaged December quarter, we reported a post-tax bottomline of Rs 56.06 cr which was almost the entire bottomline we had reported in 2011-12! Someone who might have noticed an intervening quarterly aberration may have missed the show. *The operative word: patience.*

We also believe that the moderate slowdown in profit growth will extend into the first quarter of 2017-18 as sales have been better than expected of select models at introductory prices that cannot be changed in-season. The summer was good in March and the first two weeks of April , but therafter proved benign as a result of which the April-May-June 2017 quarter does not seem promising as of now. So it has always happened that a year has suffered one or two bad quarters, which makes a medium-to-long perspective necessary in a fundamentally robust business.

02

APPRAISE SYMPHONY BY ITS BRAND SPENDING

So what is that index by which the shareholder can be assured that even though the quarterly numbers (and hence, annual) may not have sharply displaced the status quo, the fundamentals continue to remain protected?

I would point to our brand spending. Look at what we are expensing from our profit and loss account, which means taking away from the pre-tax profits of 2016-17, and putting them into our prospective bottomline. In 2015-16, Symphony invested Rs 31 cr in brand building; in 2016-17, the number had increased to Rs 41 cr.

Let me put this in perspective: In a year when our revenues increased 27 per cent and profit after tax growth of 19 per cent, our brand investment increased 36 per cent. We allocated more money in brand building in 2016-17 than in any year of our existence; the increase in brand spend during the year under review was our highest ever.

The decision of the management to spend more than ever in brand-spend was not based on a whim.

It was based on a confidence that the business health has never been better, that there is a marketplace traction that is unprecedented and that we are more optimistic about our business today than at any time in our existence.

So what is it which we see that most might have missed? We see more spending power in the hands of Indians. We see Symphony's products becoming relatively more affordable given the increase in incomes and relative decline of inflation. We see growing aspirations, where the concept of 'tyaag' and 'austerity' are yielding to increases in necessity spending. The result is that Symphony, even when we combine features and create what we insiders see as a value-added upmarket model, is something that much of the country sees as something it deserves. Air-conditioners might be seen as conspicuous consumption, but an air-cooler (even as it may the most visible of all air-cooler brands like Symphony) being upmarket? Come on...

That brings me to an interesting sweet spot: Symphony is probably the lowest-priced democratic lifestyle transformer in India today – a product that benefits various people. A scooter costs three times an air-cooler; a kitchenette cost more than an air-cooler; superior tiles cost more than an air-cooler.

So each time we tell our trade partners that we would be committing 'x' per cent higher to brand building, they swiftly remit their advances to our sales and marketing team, and book their coolers months in advance, because when we do promote, the pass-through into sales is clean, direct and immediate.

In financial terms, this brand spending then is what analysts describe in two telling words: 'Postponed profits.'

03

IMPCO SHOULD BE SEEN FROM AN INTEGRATED PERSPECTIVE

When we acquired IMPCO in Mexico in 2009, the company was loss-making. We acquired because of the deep knowledge that IMPCO possessed in industrial coolers, a segment where we were absent. IMPCO was a PhD in the subject; Symphony had done well in residential coolers in India and needed to extend. The acquisition made complete sense. Symphony would absorb industrial cooler insights from IMPCO; IMPCO would bring Symphony's products to the Mexican market and it's entrepreneurial streak into its operations. Win-win.

That has already transpired.

Symphony has drawn extensively on IMPCO's competence and created an entire business in India out of industrial coolers. Even as the profits of its Indian operations have been reflected in the standalone numbers of the Indian company, this would not have been achieved without IMPCO's extensive sectoral knowledge.

IMPCO's standalone financial turnaround has already happened. It is en route to implementing Symphony's asset-light and capital-light business model. It has already fully repaid the internal loans advanced by Symphony along with interest, and is debt-free. It has become self-sufficient with profitable operations and the potential to grow and profitably through outsourcing operations to third parties while focusing on brand building and marketing.

04

WE HAVE DONE BETTER IN CHINA AND FASTER THAN EXPECTED

The other question that one is perpetually asked is: when will China turn around? When will China contribute? To what extent is China dragging down the corporate average?

There are two ways to answer this. We acquired Guangdong Symphony Keruilai Air Coolers Co. Ltd (Dongguan, China) in January 2016 for around Rs 1.55 cr . We believe that we paid an absolutely affordable sum of money to enter China through an existing entity, to enter China through an air-cooler company, and to enter China through a pioneering market leader (all three!).

But while the price was just right, there was an annual loss to plug. The Chinese company's loss in 2016 was substantially lower than the loss in the comparable period of 2015 (pre-acquisition). For the year under review, the loss had moderated lower than we had initially expected (call it the Symphony touch). This loss decline will sustain until we break even another two to three years and start generating profits thereafter.

We believe that the loss has been a small price to pay for what we have received in return: one of the world's best repositories in industrial cooler knowledge, patents and product development. We could have spent years developing this expertise in the Indian environment; we may have spent the next decade entering China and here we received everything in one package with only a two-year profit gestation. At Symphony, we believe this trade-off loaded in the company 's favour; it is only a matter of time when Symphony evolves into a robust brand in what is the largest coolers market in the world.

05

THE POWER OF MORPHING

The other 'hidden' of 2016-17 was the launch of the i-Pure series. We are excited about the success of this product because in a quiet (but not indecisive) way we have taken our first step in blurring the boundaries of what is often perceived as only an air-coolers company.

Why does this launch excite us? For a number of reasons.

One, we have demonstrated that we possess the capability to extend beyond air-coolers (a number of sceptics said we would fail).

Two, we have been vindicated in believing that the consumer would think this bundling would be a great idea.

Three, this may prove to be our passport into making coolers a perennial product (who can dare say that she wants purified air only in the summer?).

Four, we might have done the ultimate – marketed coolers to people who may not want to buy coolers in the first place and may turn converts only much later.

Five, the product enjoys an attractive international market – what has worked attractively for us in India will, we are optimistic, work in a number of other countries as well.

I just can't tell you how excited we are about where this might lead.

06

WE CONTINUE TO RUN THE BUSINESS THE SAME WAY AS WE HAVE

Will we change our business strategy despite decent topline growth but relatively low bottom-line growth 2016-17?

That's almost like asking whether a pilot will fly a tangential route each time because she encounters a one-off air pocket.

We will continue to do things that we always did. We will do them better. Think new concepts around which to create products. Find different ways to stay in the mind of the prospect. Market quicker. Retrieve sales information faster. Evoke distribution loyalty better. Negotiate deeper.

And we believe that as long as we keep doing this – core focus – we will keep growing the market at one end and capture its disproportionately larger slice at the other. We have got progressively better at this: when there were 20 cooler brands in India, Symphony enjoyed a 40 per cent market share; there are more than 70 brands competing for shelf-space today and Symphony enjoys a 50 per cent market share.

The secret: head down, bat in a 'V' and never look at the scoreboard.

07

LONG-TERM FUNDAMENTALS CONTINUE TO BE BULLISH

This is the best time to be bullish on India.

The proposed GST implementation could add 150 bps to the country's GDP. It could catalyse the prospects of organized brands. It could increase disposable incomes.

And while all this is transpiring, it will keep getting warmer.

With warmth (of the other kind),

Achal Bakeri

We can never stop talking about our brand, performance and prospects but we would rather take the conversation forward in our FY17 Annual Report. See you there.

"If you can dream it, you can do it."
Walt Disney