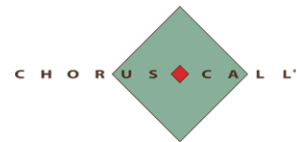




*Thinking of Tomorrow*

“Symphony Limited  
Q2 FY 25 Earnings Conference Call”

October 29, 2024



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MR. NRUPESH SHAH – MANAGING DIRECTOR,  
CORPORATE AFFAIRS – SYMPHONY LIMITED  
MR. AMIT KUMAR – EXECUTIVE DIRECTOR AND  
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LIMITED**

**MODERATOR: MR. MANOJ GORI – EQUIRUS SECURITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to Q2 FY25 Earnings Conference Call of Symphony Limited hosted by Equirus 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manoj Gori from Equirus Securities. Thank you and over to you.

**Manoj Gori:** Yes. Good afternoon, everyone. On behalf of Equirus Securities, I welcome everyone to Symphony's 2Q FY25 earnings conference call. We have the pleasure of having with us the senior management team of Symphony, led by Chairman & Managing Director, Mr. Achal Bakeri; Managing Director (Corporate Affairs), Mr. Nrupesh Shah; and Group CEO & Executive Director, Mr. Amit Kumar.

I will now hand over the floor to the management for their opening remarks, along with the presentation, and then we'll start with the Q&A. Over to you, Achal sir.

**Achal Bakeri:** Okay. Thank you very much, Manoj. Good afternoon, everybody, and Happy Dhanteras to all of you. The customary Safe Harbour clause applies to the entire proceedings of this call. I will hand over the floor to my colleague, Nrupesh Shah, who will make a short presentation, post which we'll all take questions. Thank you.

**Nrupesh Shah:** Hello, Good afternoon to everybody, and Happy Dhanteras. So customary Safe Harbour statement is applicable. So, we will take you through financials, overview of the operations, as well as the management outlook. So, starting with stand-alone financials. For the quarter, top line stands at ₹259 crores, up by 32%, while PAT is up by 36% at ₹67 crores. This is after providing an additional income tax of about ₹2 crores on account of amendment due to latest budget, whereby capital gain on treasury has been increased. So that has been accounted for. So, at EBITDA percentage level, it is up from 26.8% to 27.8% mainly on account of operating efficiency and better economies of scale.

Coming to first half i.e. September '24, 6 months, revenue from operations is up by 72% at ₹632 crores, while PAT is up by 112% at ₹136 crores. Our highest ever stand-alone H1 revenue was ₹423 crores, about 2 years before i.e. in September '22. So, vis-a-vis that this is higher by almost 49%. While in H1 September '19, stand-alone PAT was the highest, which was at ₹83 crores, now which stands at ₹136 crores.

At the same time, in terms of efficacy of capital employed as well as return on net worth. So, on trailing 12 months basis, monthly average capital employed in core business is negative ₹3 crores. Here, we consider monthly opening and closing capital employed. And based on that, it is negative ₹3 crores versus positive ₹55 crores previous year. And hence, statistically on a stand-alone basis is infinite ROCE. And after a long time, we are back to return on net worth in excess of 30%, i.e. 31% versus previous year of 21%.

And after paying about ₹100 crores by way of buyback of shares as well as interim dividend, treasury as on 30th September stands at ₹685 crores, up from ₹589 crores Y-o-Y.

About consol financials for the quarter, top line stands at ₹315 crores, up by 15%, while PAT is up by 61% at ₹56 crores. And in terms of the PAT margin percentage, it is 17.7%, up by 500 bps and EBITDA is also up by almost 500 bps.

And at a consol level, EBITDA margin movement is even better than stand-alone, mainly on account of better realization at subsidiaries level, even though at our profitability level, still they are sub-par. And hence, at consol level, GP margins has gone up by 3.30 percentage point, which was almost at par with previous year on a stand-alone basis. And of course, in terms of other items, it is mainly on account of better economies of scale.

So, about the major highlights of consol financial in H1. Revenues from operations is ₹846 crores, up by 47%. And the previous H1 highest revenue was in September '22, which was ₹603 crores. So, vis-a-vis that it's up by more than 40%. While EBITDA stands at ₹175 crores versus ₹70 crores previous year, i.e. almost 150% up and in terms of the EBITDA margin percentage, it is up by 840 bps and stands at 20.6%. And at a PAT level, it is ₹144 crores. While, in FY 23-24, year as a whole, consol PAT was ₹148 crores. So, 6 months PAT is now almost in line with entire FY 23-24. And in continuation of stand-alone financial efficacy of ROCE and RONW, here ROCE is 93% on core capital employed in the business versus 37% and Return on Net Worth stands at 33% versus 15%. However, here, capital employed, unlike stand-alone, because there in overseas subsidiaries, it is working capital-oriented business. But still, overall capital employed in the core business is down from ₹301 crores to ₹286 crores.

Coming to subsidiaries financials. So, this is subsidiary company-wise financial for September '24 versus September '23. IMPCO is leading the pack with our top line of ₹122 crores and Y-o-Y in 6 months, 14% growth, and PAT at ₹14 crores versus ₹8 crores. GSK China is continuously witnessing improved performance, and top line is up from ₹23 crores to ₹41 crores with a PAT of ₹5 crores. Symphony Brazil, here, this is a stand-alone subsidiary performance. But this is mainly a trading company and for our Brazil operations, we also do have a decent profit in Symphony India. And there it stands at ₹19 crores versus ₹7 crores top line wise. And Climate Technologies is continuously witnessing the headwind and top line-wise, it is ₹74 crores down from ₹91 crores, while PAT is negative ₹17 crores, in line with last year. So, despite top line is lower, but on account of reduced cost of doing the business, still we have contained the EBITDA. But still, we are not out of woods. And subsidiaries put together for 6 months, the turnover is up by 12% up from ₹229 crores to ₹256 crores and EBITDA is ₹23 crores versus ₹7 crores, while PAT which includes profit earned by Symphony India on exports to subsidiaries is ₹7 crores versus negative ₹10 crores. And on the right-hand side, it is for the quarter.

Coming to performance highlights. So, as we saw, it has been on a stand-alone basis as well as consol basis, highest ever September quarter revenue as well as EBITDA and on a stand-alone basis, this is highest ever September quarter PAT led by strong brand and product portfolio. Launch of 17 new models of air coolers have been well received, but their billing and delivery will start from December quarter. And as there was a robust summer season, even inventory at

the trade level was below normal, that has also helped the performance. And in September quarter, there has been also decent secondary sales. And as informed earlier, we have forayed into water heaters and to start with selected geography, and there has been very promising response from the trade partners. And we are expecting a very positive performance in water heaters down the line.

We have to also inform that there has been a major amount of overdue from a large distributor of modern trade. And their payment schedule for September quarter i.e. falling due from July to September, they haven't met with and that they have not honoured. With this large distributor, we were having long-standing relationship of more than 10 years since 2013. And so far, until summer of '23, there was impeccable payment track record. However, considering the delay, we have already initiated legal action, and we will go all out for the recovery, but we need to report this.

And today, the Board of Directors have announced second interim dividend of ₹2 per share. And with this, total shareholder payout for first 6 months will be ₹110 crores versus consol PAT of ₹144 crores, i.e. 77% of the consol profits.

So as Symphony is known in terms of the capital efficacy and our focus, despite growth and performance, has been always how we can be wise enough in terms of the capital employed in core business. So, in terms of the total fixed assets on a stand-alone basis, it stands at ₹76 crores, while in terms of the current assets, it is ₹198 crores. which includes receivables of ₹73 crores. Unfortunately, this could have been even better. However, as you can see the difference between domestic receivables, mainly it is on account of that delayed payment as conveyed earlier. So mainly that difference is that problematic receivable. And total liabilities stand at ₹445 crores, mainly that consist of advances from the customers. So, this translates into negative capital employed of ₹171 crores as of September '24 versus negative capital employed of ₹70 crores. And if we consider the trailing 12 months capital employed, it is negative ₹3 crores, of course, that would have been far better, had we not this issue of delayed realization of domestic receivable. And trailing 12 months, PBIT is ₹252 crores on a negative capital employed on a stand-alone basis. So, Symphony clearly believes that top line is vanity, profit is sanity, but cash flow and cash profit is really a purity and reality. So all the strategies and actions really are towards that, and on a consol basis, as it can be seen, despite major investments in acquisition of Climate Technologies, all in all, the capital employed in core business on a consol basis is ₹114 crores as on 30<sup>th</sup> September '24, while on trailing 12 months, the capital employed is ₹286 crores. So by and large, our total capital deployed in the core business is close to ₹300 crores and despite major growth in top line and profitability, our business model remains constant, and it has paid off very well.

We also wish to report that in our gross block i.e. in fixed assets, certain real estate is reflected, and it is in 2 parts. Part one, we have identified as a surplus real estate, one is our Thol property, which is in the outskirts of Ahmedabad, where earlier we used to have an assembling facility and out of 60,000 square meters of land, almost 45,000 square meters of land is a surplus and historical cost was ₹17 lakhs, and current market value is ~ ₹61 crores. And we have decided to transfer from fixed assets to investment in property. Similarly, there is another prime land parcel

off Sindhu Bhavan Road, admeasuring 1,254 square meter and historical cost is ₹5.7 crores and its market value is about ₹30 crores. In addition, one flat having a small value. So, both put together ~ ₹31 crores. It has been decided to divest and monetize and hence, it is being reclassified from fixed assets to assets held-for-sale. So, to an extent of ₹6 crores, i.e. at the historical cost, gross block or fixed assets will come down and to that extent, investments as well as current assets will go up. Also, just for information purpose, Symphony Corporate House, which is again at a prime location off Sindhu Bhavan Road, admeasuring 1,943 square meters, historical cost is ~ ₹25 crores and market value is ~ ₹84 crores. And similarly, at Thol, still some warehousing and spare parts related operations are happening at admeasuring about 12,000 square meters, historical cost of ₹6 lakhs and market value of ~ ₹20 crores. So, all in all, ~ ₹25 crores cost of real estate, which will continue to remain as fixed assets as they are being used for operations, but market value is ~ ₹104 crores.

So, coming to overseas subsidiary-wise performance highlights. In IMPCO, Mexico. 6 months as a whole, it has done very well. Top line is up by 14% versus on very high base of previous year, and PAT is up by 72%. However, during this quarter, Y-o-Y, there is a decline in top line because in summer of '23 where it was a prolonged summer, while in current year, summer of '24 itself was very strong, and there was very decent sale in June '24 quarter. About GSK China, as we reported, the turnover in Sep'24 quarter stands at ₹25 crores versus ₹11 crores, but more importantly, they have started repaying the loan as reported earlier. So, in current year 6 months itself, the loan to Symphony, the repayment is about ₹11 crores out of ₹63 crores including interest. And hence, now balance outstanding is ~ ₹52 crores. And there is a clear visibility of additional repayment of loan and that loan was granted earlier by Symphony basically to take care of its old accumulated losses as well as working capital and domestic business growth. And about Symphony, Brazil, the revenue grew from ₹6 crores to ₹18 crores during the quarter. Climate Technologies, Australia, we don't have any good news. Demand headwinds persist. However, business transformation is progressing as planned.

And coming to outlook, so just a few days before, the United Nations came out with the report, "The UNEP Emissions Gap Report". And in the middle, it is highlighting the major points of their report, which says that world temperature is on track to rise by 3.1 degree. And on further right-hand side, there are several other reports from reputed media, all of them saying that world temperature is on track to rise in excess of 3 degree. So, the previous slide itself is actually for a medium term and long-term major outlook and sort of guidance because we very much are well geared to solve for climate change, and we have well-diversified geographically. We have a well-diversified product portfolio, and our innovation engine continues. And on account of our spread in overseas subsidiaries as well as in India in terms of the R&D facility, as well as sales and marketing, they are also very well served at complementary strengths. Thank you. So, we can take question-answer.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. We will take the first question from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

**Achal Lohade:**

Yes. Good afternoon, sir. Thank you for the opportunity.

**Moderator:** Achal, may I request use your handset, please.

**Nrupesh Shah:** You are being requested to use your handset, please for better clarity.

**Achal Lohade:** Sorry, can you hear me, sir?

**Nrupesh Shah:** Better.

**Achal Lohade:** Sorry. So, sir thank you for the opportunity. Just two questions. First, if you could talk about the industry for this season, how the industry has done. And I know there is no proper data set, but just a broad trend, we gain market share, have we just maintained our market share. And B, if you could also talk about what is our mix in terms of the metro, urban, semi-urban?

**Achal Bakeri:** Are you talking about the quarter -- market share for the quarter?

**Achal Lohade:** For the quarter or first half or whatever you feel appropriate.

**Achal Bakeri:** Well, you see the second quarter, as you know, in our business, at the retail level, there is not much sales that happens after June. So, there is really nothing to -- I mean nothing to report on that front. The first quarter, which is the April to June quarter, of course, we did very well and so did the entire industry because of the scorching summer. All summer products, including air conditioners, fans, etc. did very well. So, during that quarter, our market share has improved -- more or less remains the same. So that's as far as the market share is concerned. And what is the second question?

**Achal Lohade:** The mix, sir, in terms of the metro, urban, semi-urban or rural?

**Achal Bakeri:** I think that is something which we don't really talk about for competitive reasons.

**Achal Lohade:** Right. But have you seen any differential growth in terms of these markets or the growth was pretty much similar across the market? Let's say, on a trailing 12-month basis, if you could.

**Achal Bakeri:** I would say, It was pretty much the same across all geographies.

**Achal Lohade:** Okay. The second question I had, sir, if I -- obviously, Y-o-Y for the parent business, parent entity, the growth is 32%. But if I were to just look at pre-COVID, because COVID has caused a lot of disruption in terms of the numbers. So, if I were to look at from a 5-year CAGR perspective, the growth is just 6%. So, I'm just trying to understand, in terms of the growth, is this industry is really growing only in mid-single digit, is it growing in kind of -- is there no volume growth or it is entirely volume growth and no price growth? If you could give some clarity on that.

**Achal Bakeri:** Yes, sure. So you're right, the growth hasn't been -- if you look at the last 5 years, growth on a CAGR basis isn't anything to write home about. And that's primarily because our business is very tremendously linked to how the summer temperatures are. And we had a good summer in '24. The previous summers were not all that good. So, when I say not all that good, I mean

temperatures weren't high enough or consistently high enough because of which the sales did not grow as expected. So, all in all, it is all really linked to the summer temperature and nothing to do with the category per se.

**Achal Lohade:** Got it. And in terms of competitive intensity, if you could give any comment, is it intensifying further because we see a lot of FMEG companies trying to really go aggressive air coolers.

**Achal Bakeri:** Yes, sure. So, there is -- there are those companies, but then they are -- there used to be, in fact, even more companies. They are in the unorganized sector. Now, these are sort of semi-unorganized sector companies, which seemed to be sort of getting attention. But that's a very long list, I mean there have always been hundreds or thousands of players in this category. They were not known of, now maybe they are getting a little visibility. But by and large as far as the organized sector is concerned, it remains concentrated amongst a handful of companies.

**Achal Lohade:** Understood. Any guidance in terms of how do we see from a 3- to 5-year perspective, the India growth and the subsidiaries growing and also on the margins, if you could?

**Achal Bakeri:** So, we believe that we are poised to grow consistently. We believe that the worst is behind us, and we should be clocking a very respectable double-digit CAGR going forward at the India level. As far as international subsidiaries are concerned, 3 of the 4 subsidiaries are doing well as explained in the presentation by Nrupesh bhai. It is only the Australian subsidiary, which is yet to turn around. But that is a matter of time. You may obviously not be familiar with the history of the other subsidiaries, but they were also, I would say, languishing once upon a time. They all have been turned around. They are all doing well in their respective countries. And I am sure that the same will hold true for Australia as well. It is just a matter of time. It has taken longer than we had anticipated for a variety of reasons. But we believe that there too, it is like a hockey stick curve. And once we sort of touch the bottom, which we believe we have. Going forward, it will only -- the performance will only be significantly better.

**Achal Lohade:** Got it. Thank you so much sir. And I will fall back in the queue for further questions. Thank you.

**Achal Bakeri:** Pleasure.

**Moderator:** We will take our next question from the line of Shraddha Kapadia from Share India. Please go ahead.

**Shraddha Kapadia:** Thank you so much.

**Moderator:** We cannot hear you Shraddha, please use your handset mode.

**Shraddha Kapadia:** Hello. Am I audible?

**Moderator:** Little better. Please go ahead.

**Shraddha Kapadia:** Yes. Congratulations on the good set of numbers, especially in terms of the margin improvement, which has been observed. So, the basic question would be, sir, what are the plans like you already highlighted for the CT Australia. But what exactly are the plans to kind of revive the subsidiary. So, the margin improvement is seen, but what would be the major plan so as to get back the revenue growth?

**Achal Bakeri:** So there, the revenue has taken a knock because of external factors. Ever since COVID, the Australian economy has been affected, severely affected. Much of our products -- many of our products, especially air cooling and central heating products, are sold to builders and many builders have gone bust over there. So that is one big reason why our sales have suffered. However, to overcome that, we are introducing a slew of other products including air conditioners, portable air conditioners, electric heaters, panel heaters, gas heaters, fireplaces, products which don't necessarily have to go into the builder segment, which are more consumer -- more of a B2C kind of a business. And all those have been very well received, but the introduction has been -- has sort of happened very recently. So, for them to gain momentum for them to generate revenue will take a little while. But since we have a venerable brand over there. We have the team, the distribution, it is just a matter of time that the new products begin to gain momentum and deliver results.

**Shraddha Kapadia:** Okay, sir. Thank you so much. Just one more question. Sir...

**Moderator:** Shraddha, you are not audible again. Please use your handset.

**Shraddha Kapadia:** Sir, one more question with regards to the new product launches. So, we have launched approximately 17 new air cooler models. So, what exactly are the strategies in place to ensure that these products are able to capture the market share effectively? And if you could just give a bit of brief with regards to the product features, other differentiated features from the existing air cooler which are already in place?

**Achal Bakeri:** It will be very difficult to explain over a call. But to give you one example, we are introducing a product, which is very silent. In fact, we have even named it Silenzo. It will be the most silent product air cooler available in the market. So that is one sort of example. And other would be - - we have also introduced -- or are introducing a range of commercial coolers, which will sort of eat into the unorganized sector market. So, we have different strategies at play, and so which will collectively give us the kind of results that we expect.

**Moderator:** We have a next question from the line of Gaurav Shah from Harshad Gandhi Securities. Please go ahead.

**Gaurav Shah:** Thanks for the opportunity. Just a quick question. So sir, do we have any products that cater to the data center thing? Any industrial application, including applications for the data center?

**Achal Bakeri:** No, not directly. Although we are -- our subsidiary in China is currently working on something, which can be used in data centers, but it is still at the development stage. But as we speak, it is not available.



- Gaurav Shah:** Okay. So, we are in development stage, right?
- Achal Bakeri:** Yes, yes.
- Gaurav Shah:** And if you talk about -- if everything goes well, then in the next 2 years, can we enter the segment or something like that?
- Achal Bakeri:** I guess so, fingers crossed.
- Gaurav Shah:** Okay. Thanks a lot. That is it from my side.
- Moderator:** Thank you. Next question is from the line of Manish Shah an Individual Investor. Please go ahead.
- Manish Shah:** Thank you for the opportunity. Good set of numbers sir. Sir, I wanted to ask a question about the receivables. What is the exact amount? And if you can name the distributor?
- Achal Bakeri:** We won't be able to name the distributor, but we can certainly share what we have already reported.
- Nrupesh Shah:** So, on account of ongoing legal issue, we cannot name the distributor. About the amount, as I explained during the presentation, in our slide, there is a difference between the receivables of domestic receivable, current year versus previous year. So, the difference between two almost is the amount of the overdue recovery, i.e. ₹46 crores versus ₹2 crores. About ₹44 crores by and large.
- Manish Shah:** Sir, any security deposit or anything which we have?
- Nrupesh Shah:** I don't think at this stage, we can share any of those details. What we can say that we already initiated the necessary legal actions, and we have some more further weapons. And in addition to that, we will go all out for the recovery because a matter is partly sub-judice, is not advisable to share any further information on that.
- Manish Shah:** Sir, are you reasonably confident that we'll get the money?
- Nrupesh Shah:** Our guess is as good as yours at this point in time. But as I explained earlier, so this was the party having a turnover in excess of ₹2,000 crores at a group level -- they were our distributor for more than 12 years. And until last summer, they were having impeccable track record in terms of the repayment. So, this has come as a major surprise to us also.
- Manish Shah:** They are not a listed player in the stock market, right?
- Nrupesh Shah:** They are not listed.
- Manish Shah:** And sir, one question about the inventory, sir, vis-a-vis last year, what is the inventory at present? in the trade channel of the company?

- Nrupesh Shah:** No, at a company level, it is a normal inventory as it should be at this point of time. So, it is a normal inventory on a stand-alone basis and at a consol level.
- Manish Shah:** No, in the trade channel, sir?
- Nrupesh Shah:** No, in a trade, it is below normal at the end of the summer. And that is how it is also reflected good offtake during off season i.e. in September quarter, that's on a stand-alone basis, our Y-o-Y top line growth is 32%.
- Manish Shah:** Thank you, sir. Thank you so much for answering all the questions.
- Nrupesh Shah:** Thank you.
- Moderator:** Thank you. We will take a next question from the line of Rahul Gajare from Haitong Securities. Please go ahead.
- Rahul Gajare:** Good evening gentlemen. And thanks for the opportunity. Sir, I have a couple of questions. I will start with the stand-alone performance. Good profitability that we have seen in the stand-alone business. I just want to know the other expenses have increased and especially when the advertisement was low. So, I just want to know what is it that has led to the spike in the other expense in the stand-alone performance?
- Nrupesh Shah:** Girish, if you could briefly explain some major rates.
- Girish Thakkar:** So other expense includes the other variable expenses, which is linked to the turnover also. So, you can see the turnover has increased for the period of 6 months and 3 months. So, like warranty expenses, freight outward, other expenses are linked to the turnover. So, mainly due to the increase of the turnover, other expenses are increased.
- Nrupesh Shah:** Yes, just a moment. So, in our case, as we do have an OEM business model. OEM supplies the ready-made products, but whatever expenses are incurred, fixed as well as variable expenses, both fall into various heads. So as Girish Bhai explained, freight and forwarding, warranty, warehousing-related costs which to an extent linked with the turnover are also part and parcel of that.
- Rahul Gajare:** Okay. Sir, with respect to the delay in payment that you talked about in your opening remarks from one large modern retail. So, can you talk about the quantum of payment that is there? And whether this is a regional retailer or a Pan-India retailer? Some color on that will be helpful.
- Nrupesh Shah:** No. What was the first part of the question?
- Rahul Gajare:** The quantum of the delay that you have seen from the large retailer that you talked about in your opening remarks, the quantum.
- Nrupesh Shah:** No, it is a large distributor and about quantum of delay, as such repayment was to start from June quarter. However, there was a payment plan which was agreed upon and that was to start

from July '24. And whatever was agreed payment plan starting July '24, as it is not met with, as a better corporate governance practice, we have deemed it appropriate to share it, even though all necessary actions have been taken and measures are there, including we have initiated 138 proceedings against them. And there will be a few other legal proceedings also.

**Rahul Gajare:** Sir in this case, can you specify what is the value of the outstanding that was from this retailer or distributor?

**Nrupesh Shah:** No. as we explained, the difference between the domestic receivables as of 30<sup>th</sup> September '24 versus 30th September '23, which is about ₹44 crores, so amount is close to that.

**Rahul Gajare:** Okay. Fair enough. And this is a regional player, or this is a PAN-India distributor of yours?

**Nrupesh Shah:** I think at this point of time, we cannot divulge that, that jeopardized legality as well as the recovery.

**Rahul Gajare:** Sir, the other question that I had was on your subsidiary performance. I just want to know, with respect to Climate Technologies, is it -- could you break up how a Australian business is doing, how the U.S. business is doing in terms of growth profitability? Because we are obviously seeing it in totality.

**Achal Bakeri:** You seem to have joined the conference now because we already covered that.

**Rahul Gajare:** Yes, I actually was out of the call and then back in the call. So, I probably missed when you discussed that.

**Achal Bakeri:** We are already being through that it will be at the disservice to the other participants, if you were to repeat all that again.

**Rahul Gajare:** Sure. And the last question that I had was on the China business. Now you talked about improvement in your visibility, etc. I want to understand what is driving it? Is there any specific product category that is driving an improvement in the China business? Or is it the outsourcing that you are doing from China? What is really helping your China business? That is the last question.

**Achal Bakeri:** Combination of both. It is a combination of both, outsourcing from China to other parts of the world, domestic business. All of it has shown an improvement.

**Rahul Gajare:** Sure. Thank you very much. And happy Dhanteras to all – your entire team.

**Achal Bakeri:** Thank you.

**Moderator:** Thank you. We will take a follow-up question from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

- Achal Lohade:** Sir, thank you for the opportunity once again. Just a clarification. So, ₹44 crores is outstanding. This was for 2023 supplies, have you supplied anything in '24?
- Achal Bakeri:** No, no. This is '24.
- Achal Lohade:** This is '24 supplies.
- Achal Bakeri:** '24 summer.
- Achal Lohade:** Summer season, correct. And usually, we supply against the advances, right? So is this exceptionally we have supplied or just...
- Achal Bakeri:** We supply against advances to the general trade. We do give credit to customers in modern retail, e-commerce, regional chain stores, are the ones where we give credit. But bulk of our business is to general trade where we do not give any credit.
- Achal Lohade:** And he being a distributor, obviously, will fall into general trade, right?
- Achal Bakeri:** No, no, no. He is a distributor that supplies to modern trade.
- Achal Lohade:** Okay. Understood. Okay sir. Thank you so much for the clarification.
- Achal Bakeri:** You are welcome.
- Moderator:** Thank you. We will take our next question from the line of Vinay Nadkarni from Hathway Investments. Please go ahead.
- Vinay Nadkarni:** Just one question, this ₹44 crore, what you said, any provision on that account as of now or not yet?
- Nrupesh Shah:** So as of now, this is the net-net amount as we conveyed.
- Vinay Nadkarni:** Okay. Secondly, can you just give us a breakup of your total sales? And how much of it is general trade and how much is organized trade?
- Achal Bakeri:** We cannot give that again for competitive reasons. We never have.
- Vinay Nadkarni:** I understand. Thirdly, on -- as far as the growth of business is concerned, is it dependent only on summer or are there other areas also you look at -- of course, product expansion is one thing, but other than that, in terms of regional, geographies. So how much of your business growth will come from summer alone and summer being a good summer. And how much would it come from your efforts to improve the...
- Achal Bakeri:** So as far as what -- as a company, what we do, we invest in new product development. We spend a lot of time and energy on innovation. We continuously improve the breadth and penetration of our distribution. We invest in brand building. We invest in aftersales service and keep on

improving on all of these fronts. But at the end of the day, when the customer buys -- this is -- a customer buys only in the summer. This product is an impulse buy. It is not a planned purchase, because it is largely a portable product. So, the day the mercury goes up to 42, 44, whatever, they go out to the market buy and it is a plug-and-play product. So, it gives you instant relief so the entire industry, it is not just Symphony, the entire air cooler category is sold primarily in the summer. The products are sold only in the summer. And depending on what happens in the summer or how high the temperatures are and how good the sales in the summer is it determines how the entire industry performs, including all players of the industry.

**Nrupesh Shah:**

And in addition to that, recently, we have forayed into some adjacent category i.e. tabletop model. And they are selling around a year. Of course, it is a small amount, but they are doing extremely well. Plus, in terms of the distribution channel, we have also diversified. In addition to that, as you may be aware, we are also into large space ventilated air cooling, i.e. centralized ducted air-cooling. And in addition to that, as there is a geographical diversification, especially in Southern Hemisphere, i.e. Brazil and Australia. Our summer is their winter, and their winter is our summer. And IMPCO Mexico as well as Climate Technologies are also into non-air cooler products. So, to that extent, it is de-risked.

**Vinay Nadkarni:**

Thanks for that answer. I just -- the reason why I was asking you is as compared to air color and air conditioner is used all year around. So, there is no -- of course, summer will make a difference. But other than that, air cooler industry is more summer dependent. That is the only reason why I'm asking.

**Achal Bakeri:**

So, you're absolutely right, because air conditioners are installed and people generally buy air conditioners when they're moving into your new home or when they're old air-condition conks out, even if it is winter, they'll replace it with a new air conditioner. So, it is more of a planned purchase. Whereas air coolers for whatever reason are an impulse buy. And again, only a summer product. For example, as we speak, we are sitting in Ahmedabad, it is 38 plus degrees, outside is really hot. It is probably hotter than most parts of the world are in peak summer. Despite that, there is no sales at the retail level of air coolers. So therefore, whatever reason, this is how this is the nature of the product.

**Vinay Nadkarni:**

Yes. Thanks a lot. Thank you for the answers.

**Moderator:**

Thank you. Ladies and gentlemen, we'll take that as the last question for today. I would now like to hand the conference over to management for closing comments. Over to you, sir.

**Achal Bakeri:**

All right. Once again, thank you very much to all of you for participating in this conference call. We really appreciate the time that you have spent and the questions that you have given. And we hope we have been able to answer all of them to your satisfaction. Wishing all of you Happy Diwali in advance and Saal Mubarak and look forward to seeing all of you again 3 months from now. Thank you. Bye-bye.

**Moderator:**

Thank you, members of the management team. On behalf of Equirus Securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.