

April 21, 2025

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

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

**Sub.: Transcript of the conference call held on April 15, 2025**

Dear Sir/ Madam,

We are submitting herewith the transcript of the conference call conducted on April 15, 2025 to discuss the outcomes of the Board meeting held on April 12, 2025.

The above information is also available on the website of company under [Notice to Shareholders](#).

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

Thanking You,

Yours Truly,  
**For, Symphony Limited**

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

Encl.: as above



*Thinking of Tomorrow*

“Symphony Limited

Conference call to discuss the outcomes of the Board  
meeting dated 12.4.25”

April 15, 2025



*Thinking of Tomorrow*



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

**MODERATOR:** **MR. ADITYA BHARTIA – INVESTEC CAPITAL SERVICES INDIA PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Symphony Limited Conference call to discuss the outcomes of Board meeting dated 12.4.25. 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 this conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aditya Bhartia from Investec Capital Services India Private Limited. Thank you, and over to Mr. Bhartia.

**Aditya Bhartia:** Thank you, Neerav. Good evening, everyone. A warm welcome on behalf of Investec India to the conference call of Symphony Limited. This is to discuss the outcome of the Board meeting in respect of divestment and monetization of stake in Climate Technologies, Australia and IMPCO, Mexico; sale of technology and intellectual property rights by GSK, China to IMPCO, Mexico; and ESG initiatives.

We have with us the senior management team represented by Mr. Achal Bakeri - Chairman and Managing Director; Mr. Nrupesh Shah - Managing Director (Corporate Affairs); Mr. Amit Kumar - Group CEO & Executive Director; and Mr. Rajesh Mishra - CEO (International).

Now I hand over the call to the management for initial comments and presentation. Thank you, and over to you.

**Achal Bakeri:** This is Achal Bakeri here. A warm welcome to all participants on this afternoon to the Symphony conference call. We have some important updates which Aditya just spoke about. We have a presentation in that respect, which my colleague, Nrupesh bhai will take you through. And as usual, the customary safe harbor rules apply. So over to Nrupesh bhai.

**Nrupesh Shah:** Thank you, Achal bhai, and good evening to all participants. Thanks for connecting. So as announced earlier, we had a board meeting on April 12, 2025, and in this conference call, we are going to take you through these 3 outcomes of the board meeting. One is approval to explore divesting and monetizing stakes of Symphony India into Climate Technologies, Australia and IMPCO, Mexico. Currently, Symphony India has 100% equity stake in both the companies, and in turn, Climate Technologies, Australia has also a step-down subsidiary based in United States, wherein Climate Technologies holds 100% stake in that. Second outcome is to sell the technology know-how and nine IPRs by GSK China to IMPCO Mexico for about USD 5.1 million i.e. close to ₹ 43 crores. And finally, review of key ESG initiatives.

So, the first and foremost, the reason for divestment of Climate Technologies. In fact, as many of the fund houses, analysts and rightly so were urging that in Climate Technologies, there is a disproportionate capital deployed, and it is dragging the overall performance.

And there was also a suggestion that in overseas subsidiaries, considering the overall performance, might also be taking management bandwidth and time when there are immense

opportunities in India, especially with several initiatives which we have taken in the last 2 - 3 years and also direct export market.

So obviously, as known to all, Climate Technologies, Australia is really dragging our return on capital employed. And due to a variety of reasons, it has not delivered and performed up to the mark so far. Of course, as guided earlier, we have succeeded in reducing its overheads to less than half vis-a-vis when we acquired, and we have also launched recently a series of new products as befitting to that market and also creating the marketing and distribution network and has also converted it into asset-light company. And we expect Climate Technologies, Australia to turn around and do decently well down the line as we have demonstrated successfully with GSK China recently and earlier with IMPCO Mexico. However, directly and indirectly in Climate Technologies, Australia, the total capital employed is about ₹351 crores, its turnover was ₹167 crores with a negative EBITDA of ₹21 crores, all figures as available in public domain and announced up to 31<sup>st</sup> December 2024 for trailing 12 months.

Coming to IMPCO Mexico, trailing 12 months up to 31st December'24, top line was ₹187 crores, EBITDA was ₹24 crores, and its capital employed was ₹86 crores. However, in IMPCO Mexico, normally on 31st December, there is the lowest capital employed. This is the capital employed as on that cut-off date, 31st March and 30th June is the highest capital employed, which hovers around ₹125 crores.

And both put together, as guided in the chart in presentation, the top line is ₹354 crores, EBITDA is ₹3 crores and capital employed is ₹437 crores, translating into combined ROCE % that is EBITDA/ Capital Employed of 1%. So, if we remove these 2 companies, as it is shown on the extreme right-hand side in the last column, the consolidated turnover will be ₹1,164 crores and EBITDA will be ₹264 crores, while capital employed will be nearly ₹46 crores, translating into a very high three digit ROCE % i.e. EBITDA on Core Capital Employed.

Another reason is sharpening management bandwidth and focus. So, by exiting from these 2 companies, it is to be kept in mind, we are exiting from these overseas subsidiaries. But there will still be a strong possibility whereby Climate Technologies, Australia and IMPCO, Mexico under new ownership may continue to procure the products from Symphony, India as well as GSK, China, particularly in Climate Technologies, Australia considering obvious benefits, especially with new geopolitical situation.

There is also a possibility about the Brand Licensing arrangement in both the markets, as some of the products are sold under Symphony brand. Importantly, management bandwidth and time, especially of the top management, we wish to devote on highly growth-oriented and profitable segments in domestic market as well as potential overseas exports directly from India, especially to United States, Brazil, Europe and few other countries.

And why we are saying so and why we have arrived at this conclusion is because in last couple of years, we have taken some major strategic initiatives whereby in last 5 quarters, our actual financial performance, especially in Symphony, India as well as GSK, China, it has been successfully demonstrated. And those initiatives include our entry into adjacent product

categories like table-top cooling appliances as well as kitchen cooling solutions both are selling around the year and have immense potential to grow profitably. Last year, we have launched innovative storage water heaters, which is counter seasonal. Apart from that, in the last 3 years through a series of initiatives, we have penetrated well in rural and semi-urban markets and have great scope. There has been a rapid rise in turnover through various digital initiatives and digital channels, which includes sales through D2C, e-Commerce as well as a few other initiatives. And of course, this has been duly supported by very conducive summer.

As far as the USA market is concerned, it seems that current geopolitical situation may be a once in a lifetime opportunity because whether in the US or in other global markets, our main competitors are Chinese players. Currently as we speak, the duty on China is about 145%, while on India, it is 26%. Assuming over a period of time, duty from China rationalizes, we still have a decent arbitrage even in that respect as Chinese players don't have that kind of profit margin. And even currently, we are competing well with the Chinese players, and we may have a huge opportunity in that respect.

And in the last couple of weeks, we have also received some direct inquiries in that respect, of course, at a very early stage. On top of it, in respect of direct exports from India, "Symphony Brazil model" that is establishing a trading subsidiary and selling well has also proved quite successful. So, this is Part 1 of the update.

Part 2 is sale of technology know-how and nine IPRs by GSK, China to IMPCO, Mexico. So, over a period of last couple of years, GSK, China developed the technology as well as IPR, keeping in mind Mexican market and IMPCO's product requirement. And in current situation, it has been deemed appropriate by GSK, China as well as IMPCO, Mexico to enter into this purchase and sale arrangement at arm's length price of about USD 5.1 million, that is approximately ₹43.5 crores.

These are the technologies and IPRs specially developed by GSK, China and meant for IMPCO, Mexico. So, sale of this technology and IPR no way is going to impact performance of GSK, China. We have fully evaluated and GSK, China is quite confident that its current as well as future growth potential will remain unimpacted.

IMPCO, Mexico is going to pay this consideration fully out of its internal accruals. And by the way, this transaction will also help in optimizing the valuation of IMPCO, Mexico. As far as GSK China is concerned, it will receive approximately ₹43.5 crores, and it doesn't need this fund either for its working capital or growth. Its current working and internal accruals are sufficient to take care of it. So, net of taxes and expenses, close to ₹40 crores, GSK, China will use to repay the loan to Symphony, India. Loan outstanding from GSK, China to Symphony, India was about ₹60 crores as on 1<sup>st</sup> April 2024. Over the last 12 months, close to ₹13.5 crores have been repaid and as of today, including interest accrued, the outstanding is ₹49.6 crores. So, post completion of this transaction, the outstanding loan will be close to ₹10 crores, which we expect considering GSK's strong performance to be completely repaid down the line in few quarters out of its internal accruals. And by the way, end-to-end, this transaction is also quite tax efficient, fully complying with all the regulatory requirements, including transfer pricing guidelines.

And finally, some of the key ESG initiatives. Because time to time, Board was taking a stock of major ESG initiatives, and it has been observed that the governance structure is very robust, fully aligning with the best practices much above the regulatory requirements. Key committees, i.e. Audit Committee and NRC Committee comprising fully of Independent Directors. Each of these committees has 4 independent directors, and this is the status since long. 5 out of 9 directors on the Board are Independent Directors, and 3 i.e. 1/3 directors are women directors. As many of you may be aware, it has been the practice of Symphony that other than sales and purchase transactions between Symphony and subsidiary or inter se amongst subsidiaries as well as managerial remuneration, both of which are absolutely in normal course of business, there are zero related party transactions.

In addition to regulatory requirements, along with mandatory BRSR, since FY 23-'24, Symphony is publishing the Integrated Annual Report providing comprehensive view of ESG initiatives and performance in line with the best global practice. Again, for better transparency and governance, more than 25 ESG policies are in public domain, which again are in line with the best global practices. And our product per se is environment-friendly, and management of environmental footprint through periodical life cycle assessment of the products is also being done quite systematically, and ultimately helping in optimizing the commercial performance.

Symphony has, for the last 3 consecutive years including the current year, received the certificate for Great Place To Work and every time with an improved score. And this is also evident by industry-leading improvements in ESG score by Independent External ESG Rating Agencies.

So, thank you and with this, we are open for Q&A.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Shraddha Kapadia from SMIFS Limited. Please go ahead.

**Shraddha Kapadia:** Thank you so much for giving me the opportunity to ask a question. So, my first question would be with regards to the ROCE. So, for this transaction, you have highlighted that there will be a huge ramp up in the ROCE, which is expected. So, is there any internal target which you have for ROCE for FY'26?

**Nrupesh Shah:** So obviously, there are internal targets, not only for ROCE, but also for the top line, bottom line, including for respective products and subproducts and also geographically. But again, as per our IR policy, they are not in public domain. But what we have indicated in the presentation, as on 31<sup>st</sup> December 2024, based on trailing 12 months, the ROCE on the core capital employed, assuming Climate Technologies, Australia and IMPCO, Mexico are not there, it would have been 583% and that too considering EBITDA of ₹250 crores on a stand-alone basis as on 31<sup>st</sup> December 2024 for trailing 12 months. So, all these are actual historical numbers.

**Shraddha Kapadia:** Yes, sir. Also, if you could just help, we are now majorly focusing on India, US, Brazil, which is there. So, is there any expected revenue share, which we expect the international markets to reach in a year or something?

**Achal Bakeri:** So, we really haven't set a target for that. However, we believe that, as of now, with Climate Technologies, Australia and IMPCO, Mexico are not there, the revenue from international would be significantly reduced. So, the upside is going to be much higher in terms of percentage. And with the opportunities that have presented themselves in the US, this could be a really big upside.

And in Brazil, also, it's a very large market and which in the last 2 - 3 years, we have been able to grow in and we expect to continue to grow in that market. So, I think collectively, all these markets do present huge opportunities. I would not put a number to it, but as we go along the way, the numbers will sort of present themselves.

**Nrupesh Shah:** And as conveyed in the presentation and overview, we are not ruling out the possibility that IMPCO, Mexico so as well as Climate Technologies, Australia, even under new ownership, may like to continue sourcing of the products as it is currently being done from India due to obvious advantages. Apart from, there may be a possibility of Symphony brand licensing in these two territories. So, what we are trying to convey is, may be we are exiting from these two companies, not necessarily from these two territories.

**Shraddha Kapadia:** Okay. Sure. Got it, sir. That was helpful.

**Moderator:** Next question is from Aditya Bhartia. Please go ahead.

**Aditya Bhartia:** Sir, just a couple of questions from my side. Firstly, I wanted to understand at what stage are we in terms of monetizing stakes in these subsidiaries. Have we initiated the process? Or is it a thought that we are having at this stage that this is something we should be doing and the process would get initiated and could take a few months to get consummated?

**Nrupesh Shah:** So obviously, we have arrived at this decision after extensive discussion and deliberations, considering all the aspects as to what is in the best interest of the company as well as shareholders. And that deliberation has taken place over a period of several months, and then it has come to the Board for the final approval.

So before putting to the Board, obviously, we had also done the beauty parade of several IB bankers. And now, IB banker has been decided and their terms of references, including the milestone in terms of the time frame of various steps as well as their commercials have also been decided.

So, by the time of appointment of IB bankers, they have also informally got some sense from the likely buyers. And based on that, we have finalized. So, I would say that now formal process will begin and whatever time it takes to conclude the process.

**Aditya Bhartia:** Understood. But have we already had some very preliminary discussions with prospective buyers?

**Nrupesh Shah:** I won't exactly answer that because you will appreciate that in such M&A deal, these are very-very delicate issues. But as highlighted, there has been some decent sense from the Investment Banker. And accordingly, we are going ahead.

**Aditya Bhartia:** Perfect, sir. And sir, given that you kind of highlighted that markets of US or Brazil can still offer you compelling growth drivers. Just wanted to understand, could there be some noncompete agreements that you may have to enter into, especially when you are selling Climate Technologies, Australia, given that it has a presence in the US?

**Achal Bakeri:** That is a little too premature to gauge at this point, Aditya. It all depends on how the negotiation unfolds with potential or prospective buyers. So, one never knows how this is going to develop. So, we'll try and retain the opportunity to sell in those markets. But let's see how things evolve.

Even if we cannot sell under the Symphony brand, there is nothing preventing, no non-compete would prevent us from selling to other customers or retailers in that market who will import from us directly from India.

**Aditya Bhartia:** Sure. Fair point, sir. And just one last question. We were seeing Symphony as a company that was targeting overall air cooler market globally. Now we want to be centered a lot more to Indian markets. What are the additional growth drivers that can favor this decision?

**Achal Bakeri:** No, no, Aditya, I'll correct you there. That is not at all the thought here. Nothing changes as far as Symphony is concerned. We will still continue to pursue opportunities internationally. As Nrupesh bhai said, we are only exiting from these two subsidiaries. And at the very worst, let's say, there is a noncompete, which you alluded to, at the very worst, we are exiting from those two markets, and they are not the biggest markets in the world.

So, we are then focusing on markets which are much bigger than both Australia and Mexico, which are namely the U.S. and Brazil. So, we are in no way defocusing from the international markets. But the way we will address those markets has changed, rather than having subsidiaries i.e. manufacturing presence there, we'll pursue the export route.

And if required to grow in a country, if we have to establish a subsidiary merely like a trading subsidiary as we have done in Brazil, then we will do that. But under no circumstances are we taking the eye off the international market. We are absolutely going to pursue that.

**Amit Kumar:** It will help us put our management bandwidth in a more focused manner on some of the larger global growth markets, including US, Brazil and some more. So, this is just making sure that our bandwidth is at the right place where we are seeing larger growth opportunities.

**Nrupesh Shah:** So, it is management bandwidth, time as well as much better capital efficiency.

**Achal Bakeri:** Let me also add, these are all going to be profitable opportunities, more profitable opportunities. And especially with the current tariff situation emerging, the opportunities that have presented themselves or have come knocking on our door in the US market could be enormous.

**Aditya Bhartia:** Perfect, sir. That makes it very clear. But does that also mean that we will be becoming more aggressive and more focused on India growth opportunities. We could look at opportunities beyond our existing product categories and start looking at Symphony in a slightly larger manner?



**Achal Bakeri:** That, too, of course. And we have sort of demonstrated that as well with the introduction of water heaters, which are not really in adjacency, they are sort of counter seasonal. And the adjacent categories of tower fans and our table-top range that we've launched about a year ago. So, we are certainly diversifying the basket of products for the Indian market while pursuing opportunities for air coolers internationally.

**Moderator:** Next question is from the line of Rahul from Haitong Securities. Please go ahead.

**Rahul:** Yes, I'll start with what Aditya was referring to. Now that you all have decided to exit Mexico and Australian entities, you talked about other markets that you wanted to focus and you specifically spelled out US and Brazil. I want to know, which are the other markets that you all are targeting?

So, we have Brazil, we have US, which are the other couple of markets that you are targeting? And the size of this opportunity, maybe you could talk about the markets of US or Brazil or some of the other countries that you all are targeting. What will be the size of that?

**Achal Bakeri:** The other markets that we are not only pursuing, but we are already in are few of the markets like the Middle East, parts of Europe and parts of Southeast Asia, and of course, Africa. So that covers the whole world. So, we are in various markets. Of course, the big markets are Brazil and the US and at present, I wouldn't have the exact numbers for these markets. But I would say that the largest domestic market in the world for coolers is India, it's followed by China. And the third largest is the US and the fourth largest is Brazil. So, these are the 4 largest markets for air coolers in the world.

**Nrupesh Shah:** And GSK, China has registered a strong growth momentum with decent profitability. So that addresses China domestic market as well as Southeast Asia.

**Achal Bakeri:** And of course, we have representatives, we have people on our payroll in three different countries in Europe. So, we are working on growing those markets as well.

**Rahul:** Sure. Now second question is actually related to China. Now China is mainly serving the Mexican market. And these IPRs, which were developed were now, obviously, are being transferred to that entity. Now after that happens, I'm just trying to think the Chinese entity, how much of that sales will be a domestic sale and how much of that would essentially go towards Mexico? And if these IPRs were to go out, does it impact the revenue potential of GSK, China?

**Achal Bakeri:** So in GSK, China, half of the sale comes from international and half domestic China. A significant amount is exported across the world. So, it isn't as if it is dependent on the Mexican business to continue its operations, it is not.

However, as mentioned by Nrupesh bhai, even post this transaction, there is a possibility that the new owners might want to continue to source from GSK, China and from Symphony, India because we have the products, and which have been doing very well in those markets. So, there is no saying that, that's not going to happen. So, we are exiting from those companies, not necessarily from those markets. So, one way or the other, we will also be present in those

markets. And as far as the IP is concerned, those IPs are really relevant for the Mexican market. So, by transferring those IPs, it really doesn't affect GSK, China whatsoever.

**Nrupesh Shah:**

And again, as outlined in presentation, as such GSK China owns 59 IPRs out of which only 9 are relevant to Mexico. And as IMPCO, Mexico and GSK, China deem appropriate, only 9 IPRs are being bought out, plus technology. So, it's very much going to retain 50 IPRs. And not even a fraction of the percentage of its current or future performance will be anyway adversely impacted. In fact, this transaction will help in a multifaceted way. In the sense, IMPCO, Mexico will be more valuable in terms of the monetization. GSK, China is getting these funds, whereby loan to Symphony, India will be repaid and its annual interest outflow of about ₹3 crores will be saved. And, in the process, GSK, China will be almost like, down the line, in line with Symphony India in terms of the capital efficacy. That is what we want to highlight.

**Rahul:**

Okay. Fair enough. I think that's helpful. Now the next question is on the very purpose of selling IMPCO, Mexico and Climate Technologies, Australia. I thought these companies were on the way to the turnaround. I think obviously Mexico was doing well. I think in the last couple of years, you've spent a lot of time and energy to turnaround some of these businesses. So why sell or divest now and why not wait for turnaround? I thought we were not very far from turning around these entities?

**Achal Bakeri:**

First of all, IMPCO, Mexico has long ago been turned around, as the numbers have proved themselves. So IMPCO, Mexico's turnaround happened 10 years ago. And, GSK, China's turnaround happened more recently. Climate Technologies, Australia's turnaround is sort of on the cards and it's going to take another couple of years to turnaround. But considering the exposure in Climate Technologies, Australia and considering the capital employed over there, even its turnaround will take a while for it to become ROCE-healthy. So, it is still going to be a sort of more time-consuming process. So, while there are other opportunities that have come our way, we felt that maybe it's a good time to pursue those opportunities rather than continue the path of turning Climate Technologies, Australia around. And although that's all certainty, but it is going to take a little more time than we would like.

Ideally, it should have happened earlier. And, it would have happened much earlier, but it couldn't for two factors which impacted Australia - one was COVID, of course, parts of Australia had the longest lockdown in the world. Melbourne was closed for 270 days, that had a huge impact on our business. As a result of that, the Australian economy sort of took a hit. Many of our major customers and our products go to the real estate market. Many of our major customers who are real estate developers have gone bust. So, our business sort of shrank. On top of that, more than half of our sales in Australia came from gas-ducted heaters. And now the major market in Australia is in the state of Victoria, which has put a ban on gas-fueled products. So, the bottom has also dropped out of the gas-ducted heating business. So, all in all, we've been sort of unfortunate with the series of events, which have prevented the turnaround from happening earlier. And in the process, we kept on bleeding and the capital employed over there just kept on increasing. So, I think it's about time that we turn our attention to bigger and better opportunities.

- Rahul:** Thanks. Sir, my last question is on the domestic business. Now you talked about management bandwidth. Logical extension for air cooling companies would be getting into fans or getting into room air conditioning, which I believe you have it in Mexican entity. Any thoughts on which are the areas where you are planning to focus, where you see more growth, very briefly if you can talk about that?
- Achal Bakeri:** Rahul, as of now, we have got into the products that we felt there was immediate opportunity. While we are constantly scanning for opportunities, we haven't really zeroed in on anything, but we are constantly exploring.
- Rahul:** Okay, fine. Thank you very much.
- Moderator:** Thank you. Next question is from the line of Jayesh Gandhi from Harshad H. Gandhi Securities. Please go ahead.
- Jayesh Gandhi:** My question is regarding the US sales. What is the US sales number currently and are we back on track? I mean, last two summers ago, we had ₹200-odd crores of sales. Are we on that track or still not?
- Achal Bakeri:** No. As of today, for the current year something, we are not expecting all of that to happen. What we are talking about is for the next summer in the US and the summers thereafter. So, the US business is still at a few million dollars. So, I won't say that we are back on track, but we see the opportunities, which have suddenly emerged in the last few weeks.
- Jayesh Gandhi:** Okay. And one last question is, what was the source, I mean, where are we sourcing for U.S. sales, is it India or China?
- Achal Bakeri:** From India, from China, from Mexico. So, products going from our three companies and imports from some third-party vendors in China.
- Nrupesh Shah:** Yes, but what we are trying to say, henceforth, considering the unique geopolitical situation, there are immense and great opportunities emerging, obviously, because of the advantage to directly export from India.
- Jayesh Gandhi:** In a worst situation, are we even looking at setting up a manufacturing plant in US, say if nothing works out with Trump, even for say India or China, then are we looking at setting up a manufacturing plant in US? I mean are we even thinking on that?
- Achal Bakeri:** No. That wouldn't be necessary because we can continue to export from India.
- Nrupesh Shah:** The reason being, see in any case, tariff on India is not going to be higher than tariff on China. And certainly, even if 145% tariff doesn't continue on China, say, it theoretically, reduces to half, there is such an arbitrage just by tariff and Chinese players don't have that kind of margin. So, they will find it extremely difficult to compete just price-wise. So, it doesn't need that. And still end-to-end, whatever tariff we end up with, 26% or lower or zero, still end-to-end, we will be far more competitive.

**Jayesh Gandhi:** Got it. And one last question, sir, if you permit me. In all this restructuring, is there any losses that we are taking? And if we are taking, is it this quarter or next quarter?

**Nrupesh Shah:** So, our total equity investment in IMPCO Mexico, INR-wise was less than ₹3 crores. And because originally, we had bought IMPCO Mexico at \$0.65 million. Other than that, there is zero investment by Symphony, India either directly or indirectly. So, about IMPCO Mexico, we expect decent valuation and monetization.

As far as Climate Technologies, Australia is concerned, of course, currently, it's not doing well, but wherever any business is sold or available to buy, there are several parameters that includes products available, brands available, team, market access as well as the kind of the work we have done and the future prospects and potential. So based on that, we expect appropriate valuation for Climate Technologies, Australia too. So, that's how we would like to see and we get some feeler also, that if these two geographies are available, there may be some interested buyers to have a combo deal.

**Achal Bakeri:** Also to add to that, as far as Australia is concerned, historically, we were playing only in the coolers and the gas-ducted heating space. So, cooling and heating combined, the market in Australia is just a couple of hundred million dollars. Now that we have ventured into air conditioning and into reverse ducted cycle air conditioning into heating and into fans, Climate Technologies, Australia is playing in a multibillion-dollar market. We're talking about some AU\$6 billion - AUD\$7 billion market that it is playing in.

So, in fact, the prospects for Climate Technologies, Australia or for any new owners are huge. We have done all the cleaning up and all the hard work. And now it's a time when anyone can sort of reap the benefit. And we've done the transformation that is all over with. Now whoever the new buyer is only has to build the business. So, there will be a decent valuation. And again, we do not know what was the rationale behind your question of booking a loss as a possibility we don't foresee that happening.

**Jayesh Gandhi:** Yes, got it, sir. Thank you for clarifying and good luck for future.

**Moderator:** Next question is from the line of Vinay Nadkarni from Hathway Investments. Please go ahead.

**Vinay Nadkarni:** Just wanted a couple of questions. One was on Climate Technologies, Australia. The slide 5 of your presentation says that you have invested ₹351 crores in Climate Technologies, Australia. Equity was around ₹182 crores. The balance is loans and guarantees for the loans?

**Nrupesh Shah:** No. So, by asterisk it says direct- indirect exposure. So ₹351 crores is inclusive of our capital investment, loan granted by Symphony India as well as its borrowings because ultimately, it's borrowings. We being a holding company, we need to consider that also and that borrowing includes an acquisition loan, which is currently AU\$10 million as well as some working capital loan. And it has been clarified also below the table.

**Vinay Nadkarni:** Yes. Secondly, I can understand the logic of selling Climate Technologies Australia. I couldn't quite comprehend the logic of selling IMPCO Mexico because that is giving you a good ROCE.

I presume that it is more to do with setting off the one against the other, in order to make sure that you don't lose money, I presume. Am I right in that assumption?

**Achal Bakeri:** No. We expect to get money in both the deals, Vinay.

**Vinay Nadkarni:** Fantastic. Then just one question. The money that you would get because the total investment in both these companies put together, capital employed what you have shown is around ₹437 crores. So, if you're making money in that, then you would be getting more than ₹437 crores in your kitty. What do you see that being used for going forward?

**Achal Bakeri:** Our business model remains the same. It's a capital-light, asset-light business model. So, there's certainly no acquisitions on the horizon, and we are not even going to be pursuing that route at all. And international growth will come by direct exports from India. And if at all, like I said before, we'll establish a trading subsidiary in a certain geography. But other than that, we will have no use for that capital.

**Vinay Nadkarni:** Okay. So, it can be ROCE negative going forward?

**Nrupesh Shah:** No, it may not be ROCE negative. You would have observed that we have a stated payout policy whereby at least 60 % of the PAT is to be distributed and in reality, I think in last 10 years, our payout is more than 70% out of a PAT. And in between, we have resorted to buyback, we have resorted to special dividend, so if we don't need the capital, obviously, those revenues are there. That's number one.

And number two, at no stage, none of us are saying or committing any numbers in any respect. Obviously, disclaimer statement applies. Because you appreciate that the process has begun. We have some feelers, we have some indications, but once it is fully wrapped up, we will come to know the precise number and details. So just as a cautionary statement.

This is anyway going to impact, the reason being, finally, apart from this currently, Symphony, India is sitting on a treasury of ~ ₹600 crores. So, in the worst scenario, assuming everything else we have to write off, still it doesn't change anything, right? Whatever is going to be merely is accounting adjustment and entry.

**Vinay Nadkarni:** Yes, thanks a lot, thank you very much.

**Moderator:** Next question is from the line of Mayur from Wealth Managers. Please go ahead.

**Mayur:** So, sir, first, congratulations entire team of Symphony, Achal bhai, Nrupesh bhai. And you actually took us by surprise in the last call, I remember you asking about Climate Technologies, Australia and we didn't know it was around the corner so soon. So anyway, it was a very good move from the management standpoint.

**Achal Bakeri:** Neither did we. Mayur, neither did we.

**Mayur:** No, no, I purely understand, sir. Otherwise, we have not had such a candid discussion there, but it was a very well-thought-out move, and I'm sure. Great. Congratulations. After a long time, it was overdue. So, the management deserves all the full credit. And more importantly, the fact that you just highlighted that we are going to make money on both the deals, at least it will be positive

**Achal Bakeri:** No, no. Mayur, we have not said anything like that.

**Mayur:** Expectation to make both the deals positive.

**Achal Bakeri:** Yes.

**Mayur:** So sir actually keeping this in perspective, first, very small clarification from Nrupesh bhai. We say Mexico had ₹86 crores of capital employed. This, I believe, would be cash largely which is sitting, right? Because from that only ₹43 crores will be paid out, right?

**Nrupesh Shah:** Yes. Mayur bhai, this ₹86 crores is as on 31<sup>st</sup> December 2024. And there, it is a working capital-oriented business. And this ₹43 crores of payment, we expect to happen in the next 2 to 3 quarters. So, one out of internal accruals, which is already and expected to be very healthy. And secondly, IMPCO, Mexico has worked out the plan to squeeze its working capital. Currently, partly, it is in cash, small amount, but mainly in working capital to fuel its growth. So basically, its working capital will be squeezed and its internal accrual.

**Mayur:** Was there any kind of restriction of regulatory-wise to declare dividend from IMPCO, Mexico when it was a cash-free and cash-flow positive business over these years, just to understand over a slightly longish term, were there any kind of restrictions from Mexico? Was it not tax efficient?

**Achal Bakeri:** That's right. It was not tax efficient.

**Mayur:** Ok. So, this current situation also helps us to get that in place and make it more tax efficient way?

**Nrupesh Shah:** Yes, by complying with all the tax laws and transfer pricing and multi-purposes.

**Mayur:** So, sir, I'll focus my question more on the opportunities which are there. So, we spoke very candidly about the US market. The US market is close to ₹4,000 crores, ₹4,500 crores for air coolers. We have been knowing this for the last many years now. And fortunately, a little bit growing at whatever small percentage possible. It's not shrinking.

And theoretically, I understand we try to address that market even through Mexico, which could have been for all these years and good potential to supply to US markets. While there may be certain products which may not be suitable there. But it would have been possible, whether through Mexico, Australia or whether China. What do you believe has actually changed in the current scenario apart from the fact of tariffs and the regulatory situation, what do you believe has changed for us to be able to address the US market now a little more attractively than all these years? That is the first. And secondly, relative competitive environment for us, –how is

it? Does US import a lot of air coolers? Does it domestically procure orders? And within that, the players wise, it is more all large retail malls driven. So, from a competitive situation and supply sourcing, what is it that gives us a right to increase our business in US now compared to where we were in the last couple of years?

**Achal Bakeri:**

That's a valid question, Mayur. There are like 1,000 different manufacturers of air coolers in China. So locally, China and export out of China, it's extremely competitive. And they were the ones who sort of dominated the US market. There are some 2-3 players in the US, which manufacture much smaller volumes and very large coolers. So not really the kind which dominates the market. So, all these while it was sort of difficult to compete with those Chinese players and there was no consistency because these buyers are, like you rightly said, are large retailers like The Home Depot and Lowe's and Walmart. And there, there is no loyalty.

Every year, they shop around for a different supplier, and they bought from us for 2 - 3 years, and then they opted for some other vendors. Now with China, at these current tariff rates or even if the tariff is a little lower, we expect that the tariff will be significantly higher than the tariff on India, China is out of the equation as far as coolers is concerned. So that is what has changed. Really speaking, as far as the US market is concerned, that is what has changed and nothing else.

**Mayur:**

And I believe Symphony is one of the few players in India, at least, which has mastered the low electricity intensity with fan-based coolers. So, in terms of product which gets sold in US, technology-wise, from a product perspective, they use a lot of fans unlike a blower technology, right? So -- and we have those products

**Achal Bakeri:**

That's correct. Yes.

**Mayur:**

Okay. Sir, I wish you all the best and hope to see more and more good numbers. Just one perspective from the investor side, please take this as a well-wisher's feedback and not as a negative comment or anything. First, when we look at Symphony as very long-term investment opportunities, the key for investor is the growth element and not the efficiency element as much because as Nrupesh bhai has always been hammering to us over the last 25 - 30 quarters that the ROCE is infinite, and it is well placed, and you have also been master of ROCE.

So, for us, ROCE has never been the concern for us, capital allocation has never been a concern. The key aspect we look at Symphony is a growth, which has been the key aspect, which for few years bearing the strong summer season, sometimes it lacks. So, we hope that it comes in place with all the restructuring and new focus.

We also hope some new talent pool and young blood comes in the picture, old is always gold, but just to add on to that and takes up the more responsibility and drive the growth element. So, the growth is the missing puzzle in that area, and we hope with all this, you are able to address that in a consistent and meaningful manner, Sir. I wish you all the best and thank you.

**Achal Bakeri:**

No, absolutely, Mayur. You're absolutely right. And that growth is being driven by our young colleagues, one Amit Kumar, who is on the call as well, who is the Group CEO & Executive

Director, who is currently focusing more on the India business, and he's demonstrated very good growth, as you have seen in the past, in the last few quarters.

And then there is Rajesh Mishra, who is right here with me. He heads the International Business, all the revenue outside of India is something that he has been spearheading. And he's also doing tremendous work and has demonstrated great results. So, between the two of them, Amit Kumar is in his mid-40s, Rajesh is around 50s. So, they are significantly younger than the old guard, as you rightly said.

So, they are the ones with all the energy, the drive, the zeal and all of that. So, they are the ones who are propelling this company forward.

**Mayur:** Yes, sir, wish you all the best. And for Mr. Rajesh Mishra, we want to put a 50% CAGR for the next 5 years as a target in international markets?

**Achal Bakeri:** Rajesh is here.

**Mayur:** I hope he is hearing that and this is without excluding the sales of CT.

**Nrupesh Shah:** Yes, Mayur bhai, we will invite you every time in our budget meeting and review meeting. This is very helpful.

**Mayur:** Thank you, sir.

**Moderator:** Thank you very much. Next question is from the line of Vineet Prasad from Investec Capital. Please go ahead.

**Vineet Prasad:** Sir, just one question from my end. If you can give a number as to what is the proportion of exports out of China and India business to IMPCO, Mexico and Climate Technologies, Australia?

**Nrupesh Shah:** So broadly from India export, we have ₹ 1,065 crores top line of Symphony stand-alone of trailing 12 months as on 31<sup>st</sup> December 2024. Out of this, export to IMPCO, Mexico and Climate Technologies, Australia won't be more than 3 - 4%. I'm saying indicative figure. I have to see the exact figures.

**Vineet Prasad:** Okay. We had shifted quite a bit of production from Australia to India. So, would that also be a part of it? Wouldn't the number be higher?

**Nrupesh Shah:** No. So as on 31<sup>st</sup> December 2024, this is how it will be. And I think your next question was about GSK China. So, in GSK China out of ₹ 86 crores, CT might be about 20%.

**Achal Bakeri:** And like we said earlier, Vineet, that it is quite possible that, that can continue even under new ownership because we are still offering products which sell very well over there.



- Rajesh Mishra:** That most likely will continue. There wouldn't be any better option for a new buyer than continuing to buy from GSK, China.
- Achal Bakeri:** So, in one sense, we will have our cake and eat it too.
- Rajesh Mishra:** And also, a very important point to note is that most of the retailers in this market like continuity. So, for that reason also, the new buyer may not want to, also it will be too risky for them to change the product line overnight. And so, it will take at least 2-3 years before this thing even kind of starts if at all.
- Nrupesh Shah:** GSK, China may serve good purpose for Australia, and for Mexico, Symphony India, coupled with GSK China may serve good purpose.
- Vineet Prasad:** Understood. Thank you so much, sir.
- Moderator:** Thank you very much. That was the last question. I'll now hand the conference over to the management for closing comments.
- Achal Bakeri:** Thank you very much. Dear participants, I think your questions have given us a lot of food for thought and have also with Amit Kumar and Rajesh Mishra nodding their heads and giving their commitment to Mayur's suggestions. So, I think you've done our job for us. So, I would like to thank you for that as well. So well, all the best. Thank you. Good evening.
- Moderator:** Thank you very much. On behalf of Investec Capital Services India Private Limited and Symphony Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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