

May 15, 2025

To,
National Stock Exchange of India Limited
Symbol – Symphony

To,
BSE Limited
Security Code – 517385

Sub.: Transcript of the earnings conference call of Q4 and FY25

Dear Sir/ Madam,

We are submitting herewith the transcript of the earnings conference call for the fourth quarter and financial year ended March 31, 2025, conducted on May 08, 2025.

The above information is also available on the website of company at www.symphonylimited.com/quarterly-results.

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

Thanking You,

Yours Truly,
For, Symphony Limited

Mayur Barvadiya
Company Secretary and Head - Legal

Encl.: as above



**“Symphony Limited
Q4 FY25 Earnings Conference Call”
May 08, 2025**



**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 AND EXECUTIVE DIRECTOR – SYMPHONY
LIMITED
MR. RAJESH MISHRA –CHIEF EXECUTIVE OFFICER –
INTERNATIONAL– SYMPHONY LIMITED**

MODERATOR: MR. ANIRUDDHA JOSHI – ICICI SECURITIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY '25 Earnings Conference Call of Symphony Limited, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Aniruddha Joshi: Yes. Thanks, Sejal. On behalf of ICICI Securities, we welcome you all to Q4 FY25 Results Conference Call of Symphony Limited. We have with us the senior management 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 management for initial comments and the presentation and then we will go for question-and-answer session. Over to you, sir.

Achal Bakeri: Good Afternoon, everybody and welcome to Symphony's annual results earnings call. We have our presentation, which my colleague, Nrupesh Shah will take us through. The customary safe harbor statement applies and over to you, Nrupesh bhai.

Nrupesh Shah: Thank you, and welcome to Q4 and FY '25 conference call. So we have a presentation giving the performance highlights. So at a consolidated level, we have surpassed the revenue milestone of ₹1,500 crores, which was our aspiration since years. And at a consolidated level, we have registered a top line of ₹1,576 crores that is 36% growth Y-o-Y. Similarly, March quarter revenue is the highest ever. It is 47% consolidated growth versus March '24. And happy to also share highest ever annual as well as March quarter consolidated EBITDA as well as PAT.

Coming to standalone performance, for the first time we have surpassed the milestone top line of ₹1,000 crores, that is ₹1,182 crores, showing top line growth of 49 %, which is on account of our years of initiatives of better penetration in semi-urban and rural markets, robust sales through alternate channels and also adjacent category and LSV have also contributed decently well. Coming to March quarter specific, the top line growth is 47%. And again, happy to report highest ever annual and quarterly EBITDA and PBT, not PAT on account of exceptional item. There has been decent expansion in EBITDA margin by more than 500 bps at a consol level and more than 400 bps at a standalone level. There has also been Y-o-Y gross margin expansion on account of, as guided earlier launch of 17 new models as well as value engineering and substantially streamline the supply chain in addition to operating leverage and economies of scale.

The Board has recommended final dividend of ₹8, a face value of ₹2 that is 400%. In all, this amounts to total payout, during FY '25, ₹178 crores, which is 84% of the consolidated profit vis-a-vis our stated guidance of at least 60 % payout.

Coming to company-specific performance in respect of subsidiaries. So to start with the companies, which we are going to retain that is GSK China have registered strong financials on account of robust growth in domestic as well as international market. It has repaid loan of ₹13.5 crores out of its profitability and internal accruals and hence current outstanding including interest accrued is about ₹49 crores. As updated earlier, IMPCO Mexico is going to buy technology transfer as well as 9 IPRs from GSK China, which were specifically developed for IMPCO Mexico. And in new scenario, it has been found worthwhile to sell to IMPCO Mexico. The transaction value is about ₹43 crores. And considering GSK's strong financials and cash flow position, it won't need this amount. And hence, net of expenses close to ₹40 crores, which GSK will receive from IMPCO will be utilized towards repayment of loan to Symphony. And in addition to that, we expect that from profitability and cash accruals of GSK China by end of FY '26 or around that, the loans to Symphony should be completely paid off, and GSK China in line with Symphony India, as well as IMPCO Mexico should be self-sufficient and debt-free.

About Symphony Brazil, which is more like a trading subsidiary to take the advantage of fourth largest air cooler market in the world. The top line growth of Symphony Brazil, of course, on a small base is up from ₹26 crores to ₹39 crores, and we see a huge potential.

Coming to IMPCO Mexico and Climate Technologies Australia, two companies which are on block. IMPCO Mexico is registering consistent strong financial growth driven by broader product offering and wider distribution network. IMPCO Mexico will pay to GSK China towards purchase of IPR, completely out of its profitability and internal accruals, which otherwise would have directly accrued to Symphony India. However, this transaction achieves multifold objectives in terms of better value as it will own those IPRs and technology know-how. Secondly, GSK China is monetizing these assets and will earn a profit on that. And thirdly, in a very tax-efficient way, funds will flow to Symphony India.

Coming to Climate Technologies Australia, we don't have any good news to share in terms of the performance, except at least last 11 quarters degrowth has been reversed to an extent. So the degrowth began starting June '22 quarter, at least that has been reversed. The slight positive momentum is driven by product expansion, which has been recently introduced, broader geographical and distribution reach, as well as cost optimization. However, on account of several initiatives which we have taken as well as product availability, supply chain availability, team as well as now it's going to serve much bigger market, we expect any prospective buyer will see what they are going to get down the line and its prospects.

Before taking you through specific financials, we'd like to explain you about the exceptional items during the year as well as the quarter. So first and foremost, as until March '23, GSK China was not doing well, and hence, there was equity impairment of ₹1.55 crores as suggested by auditors, it was taken in March quarter of FY '20. In addition to that, out of total loan, auditors have recommended to impair loan worth of ₹7.73 crores in FY '24. However, as explained earlier, due to strong financials and visibility and potential of GSK China, now auditors themselves have recommended and we have accepted it, the write-back of ₹9.28 crores. Of course, it's a noncash transaction. It's an accounting transaction. It's below-the-line transaction.

But just to draw your attention. On the other hand, our total equity investment as well as loan given to Climate Technologies Australia is substantial, out of which small part as recommended by auditors as per Ind-AS, as well as accounting standard amounting to about ₹50 crores to take as an impairment. This is on equity investment by Symphony India in Symphony AU. So that has been recorded in the current year as well as in current quarter. Again, as explained for GSK China, this is noncash accounting adjustment, no way it is impacting ongoing transformation process of Climate Technologies, its future road map and in our expectation, its realizable value.

Giving further update on Pathways, on which during the year, we have taken total write-off of close to ₹50 crores, out of which very small amount of ₹49 lakhs has been recovered so far. However, we have succeeded in substantial legal progress to ensure we can optimize our recovery potential. So, we have secured Power of Attorneys as well as equitable mortgage in Symphony's favor in all 13 immovable properties, including valuable land parcel, residential and office complexes in Delhi, as well as NCR region. And they are owned not only by Pathways, but also in the individual capacity of promoters and associates. In the interest of time, I'm not taking you through other legal measures which we have taken as we have already updated earlier and available in the announcement of 18th February '25, presentation of 5th February '25, as well as 29th of October '24. But we are on top of it and trying our level best.

So this is the summary of exceptional items amount-wise, first at a consol level. So at a consol level, total exceptional item is at a pre-tax level, about ₹50 crores, that is write-off on Pathways and post-tax, it's about ₹38 crores. At consol level, in March '25 quarter, there is zero impact. In nutshell, in all at a consol level, exceptional item is ₹50 crores. Coming to standalone, so there are a variety of items as explained earlier, write-back of loan to GSK China, write-back of equity investment in GSK China, impairment of equity investments in Symphony Australia and Pathways write-off, all put together at a pre-tax level, ₹91 crores and at a post-tax level, ₹71 crores. And during the quarter, on account of GSK China and Climate Technologies Australia, the net effect is ₹41 crores at a pretax level and ₹34 crores at a post-tax level. So results should be viewed in light of this.

So coming to consolidated financials for FY'25. So as mentioned earlier, top line is ₹1,576 crores. The EBITDA is ₹316 crores, up from ₹173 crores. So EBITDA is up by 83% versus top line growth of 36%. And PAT, after considering exceptional item of ₹50 crores stands at ₹213 crores versus ₹148 crores, that is growth of 44%. Coming to capital allocation at a consol level, total capital employed in the business based on monthly average capital deployed is ₹248 crores versus previous year in excess of ₹300 crores. So capital deployed is lower despite increase in top line and bottom line, translating into ROCE in core business 101% and return on net worth % is up from 18% to 28% at a consol level.

We have thought it appropriate to also share with you actual consolidated and as two companies are on block and if we exclude their performance, what could have been the proforma consolidated figures for FY'25. So, revenue from operations in proforma would have been ₹1,290 crores instead of ₹1,576 crores. EBITDA would have been ₹305 crores instead of ₹316 crores. PAT would have been higher by ₹9 crores, that is instead of ₹213 crores, ₹222 crores and capital deployed would have been down from ₹248 crores to ₹33 crores. So, in nutshell,

even though turnover will be lower, however, profitability as well as capital allocation will be far, far superior in addition to, as guided earlier, management bandwidth and focus will be fully deployed to more profitable growth-oriented domestic opportunities, as well as exports and international business from Symphony India, which in new geopolitical environment are quite potential.

So, this is waterfall chart for EBITDA margin, which was 14.94% for FY '24, now stands at 20.05%.

Coming to consol. quarterly financials. Top line is ₹488 crores, up by 47%. EBITDA up by 77% at ₹103 crores from ₹59 crores and PAT stands at ₹79 crores, up from ₹48 crores up by 63%. At a PAT level, the percentage improvement is 165 bps and at an EBITDA level, the percentage improvement is 358 bps.

Again, we wish to emphasize and as we will go down the line, even for standalone, as we have guided repeatedly and it is available in transcript, at least for the last 3 years, our complete focus is on how to improve the EBITDA margin percentage because even if there is a decent improvement in gross margin, but if we can't control the items in between, then higher or lower gross margin are irrelevant. And hence, as you can witness, there has been consistent focus, and it is also yielding in terms of the actual performance. This is a waterfall chart of console EBITDA, which is up from 17.64% to 21.22%.

Coming to Symphony India standalone performance. Revenue is ₹1,182 crores, up from ₹796 crores. That is growth of 49%. Gross profit margin % stands at 49.75%, up by 73 bps, and absolute amount-wise, it is up by 51% at ₹588 crores. EBITDA is up by 78% from ₹161 crores to ₹287 crores. And on standalone basis, EBITDA margin stands at 24.25%, that is more than 400 bps improvement. And PAT stands at ₹176 crores versus ₹153 crores after taking into account and providing for exceptional items amounting to ₹91 crores. Notionally, had those exceptional items wouldn't have been i.e. ~ ₹50 crores is a cash exceptional item and ₹50 crores is a noncash exceptional item, the PAT would have been ₹247 crores just for a record purpose. So, about capital employed, based on monthly average capital employed on a standalone basis, it is negative ₹32 crores versus positive ₹44 crores. So academically, it translates into infinite ROCE, which we believe some of the investors see it with eyebrows, but we are fine with that. And RONW % stands at 23% vis-a-vis 18%. And our treasury stands at ₹458 crores versus ₹395 crores. This is in addition to our equity investments and loans given to subsidiaries amounting to ₹258 crores, which we believe part of that, or as and when two companies are monetized, it should be also recovered. Coming to standalone EBITDA margin %, it is up from 20.21 % to 24.25%, with the breakup as it is displayed.

Coming to standalone quarterly performance. So some of you may recollect that, when December quarter was muted, we had guided that we are sitting on decent amount of advances, especially for new models as their production was to begin starting for some models in January and some models in February.

So on account of that, but also on account of decent performance and collections during March quarter, across the product including new models, across the trade channel including semi-urban and rural market, the turnover is ₹368 crores, up from ₹251 crores that is 47% up. Gross margin stands at ~ 49% up by 34 bps. EBITDA is ₹99 crores versus ₹63 crores, that is 56% up vis-a-vis top line growth of 47% and margin-wise, it is about 27%, showing improvement of 159 bps. And PBT, excluding exceptional item is ₹109 crores versus ₹69 crores, but actual PAT is ₹44 crores, down from ₹46 crores on account of exceptional items of ₹41 crores provided during the quarter that is impairment of Climate Technologies Australia and write-backs pertaining to GSK China net of. Had that noncash impairment be not there or if we excluded notional, PAT would have been ₹78 crores that is up by 43%, again just for record purpose. So standalone EBITDA margin waterfall chart, up from 25.29% to 26.88% with the breakup as being displayed here.

So, now taking you through the subsidiary-wise performance. As we have 5 subsidiaries, I have to take you through and bother through many more financials, but please bear with us because there was also expectation and consistent requests from many analysts that we must share subsidiary-wise detailed data also.

So for GSK China, the revenue from operations for FY'25 is ₹100 crores, up by 126%, while EBITDA is ₹20 crores, up by 337% and PAT is ₹15 crores. So phenomenal growth, of course, on a low base. And coming to March quarter, top line growth is up from ₹12 crores to ₹25 crores. EBITDA stands at ₹6 crores.

Symphony Brazil, which is a trading subsidiary and Brazil performance needs to be viewed, Brazil standalone as being displayed here, and also the EBITDA and PAT, which we retain in Symphony India because it is merely export facilitation company. So importantly, its turnover for the year is ₹39 crores, and PAT is negative ₹3 crores on account of forex loss of ₹3.3 crores as well as extra shipping cost of ₹2 crores. However, if we consider Symphony India, we are quite optimistic about Brazil operation. We are continuously expanding our product offering as well as expanding the dealer and distribution network. Ultimately, it is the fourth largest air cooler market.

So about IMPCO Mexico, top line growth during the year is 22 %, stands at ₹216 crores. EBITDA is ₹29 crores, up by 9 % and PAT is ₹18 crores, up by 63%. And even for the quarter, it has registered a decent performance.

Coming to Climate Technologies, top line is ₹172 crores, down by 7%. EBITDA negative ₹18 crores. However, if at all, the solace is loss is slightly reduced Y-o-Y, as well as PAT is negative ₹28 crores on account of interest and noncash items like depreciation, etc. For March '25 quarter, there has been marginal improvement in the top line by 12% to ₹49 crores. However, at EBITDA and PAT level, it is bleeding as the numbers shown here.

Coming to outlook. Again, as per our IR policy, we are not giving or sharing any forward-looking numbers, whether for the quarter or for the year, whether in terms of the top line, profitability margin or profitability. So our outlook will be more about qualitative factors. So summer of '25 commence with quite encouraging momentum. So in South India and Central

India, summer set in well in time, and we witnessed robust demand in the initial phase. However, post 31st March, as all summer-related industries are witnessing, and we are no exception, we are facing mild and erratic weather. However, due to several initiatives, of course, vis-a-vis previous year, it is muted performance so far. However, we have to keep in mind, we are working in such an industry wherein just consistent heat of 7 to 10 days is enough to sell off everything in that market, and especially in Northern, Western, Central and Eastern India, depending upon the territory, still 7 to 11 weeks of the season have to go. And repeatedly in the past, we have witnessed that, it can move in any direction.

So again, on account of several measures which we have taken over years, now we have quite decent penetration, apart from general trade, through several other trade channels in semi-urban as well as rural market. And still, we see a huge potential to expand in modern trade across the subchannels with the large format stores, regional large format stores, also D2C, also institution sales etc. Each of them is generating decent sales performance. And there has been strategic focus to scale emerging markets, accelerating digital expansion and deepening partnership with the modern trade.

So we have to also report that as we have introduced adjacent category in last 2 years, adjacent category which consists of tower fan, kitchen cooling fan - selling around the year and water heater, which is counter seasonal. And in addition to that, large space ventilated air cooling, centralized air cooling, all these three categories together have also contributed decent amount of sales during the year, and they are highly potential in all respect.

And as conveyed earlier and explained our rationale from exiting two companies, sharpened focus and more management bandwidth on growing opportunities, as well as we are exiting from those two companies, not necessarily from those two territories, depending how situation evolves. And in current situation, we see a huge prospects in USA because there we compete only with Chinese players, and in current tariff environment, already we have started receiving huge inquiries with a request to supply in the shortest possible time. Of course, that is not going to be feasible, but doors have opened. Thank you. So, we are open for question-and-answer.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Good afternoon, sir. This is Aditya Bhartia from Investec. Sir, you mentioned that there was an anticipation of a strong summer and consequently, we did have a very, very strong Q4 and things are not really playing out as per those anticipations in the month of April. Does that mean that inventory at the channel level at this stage would be significantly higher than what we usually have, let's say, at the beginning of May?

Nrupesh Shah: I would request Amit to answer.

Amit Kumar: So Aditya, that the point regarding the season panning out right now is pertinent. This inventory that is there in the channel at this moment is slightly higher than what we had at the same time in the last year. That said, this is still too early in the day for the season to pan out. And in most

of the country we still have three weeks of May and the entire June available for us. So like Nrupesh bhai mentioned, we are making all efforts across the channels to address sales.

Aditya Bhartia: Sure, sir. And would it be possible to share anything on how April has panned out in terms of sales?

Amit Kumar: So I'm afraid, Aditya, at this stage, it wouldn't be right to share the numbers. All we can again repeat is the weather has been erratic. It has not been in line with our expectations, but I'll not be able to share numbers right now.

Nrupesh Shah: But what we can share probably our April performance or until now in the current quarter would have been the best in the industry vis-a-vis peer. That is number one. And number two, last year was exceptional summer. But if we exclude the June quarter, vis-a-vis earlier summer, vis-a-vis earlier June quarter, it has been a decent performance.

Aditya Bhartia: Understood, sir. Sir, my second and last question is, if you could share how exactly our LSV portfolio and the lower range of air coolers, Bharat Range that we had launched, how exactly those are shaping up, those initiatives are shaping up, how large those businesses would have become, and how are we kind of thinking about those businesses going forward?

Amit Kumar: So, good point, Aditya. Starting with the LSV portfolio, it's still building up. It's a category creation work that we are doing in an organized B2B kind of environment. So it's growing in double digits. Again, I'm not at liberty right now to share the values, but it's growing well into solid double digits year-on-year basis.

Coming to the Bharat range that you mentioned, that is a portfolio we had created to penetrate the rural markets in particular. So from the perspective of the business that is focused on the rural segment, I would add that we are growing again in high good double digits for that sector. The Bharat Range itself has been expanded by adding a couple of product ranges to cover a larger spectrum of the rural segment. So overall, rural segment is on strong high double-digit growth rate.

Aditya Bhartia: Understood, sir. That's very helpful. Thank you.

Moderator: Thank you. The next question is from the line of Shraddha Kapadia from SMIFS Limited. Please go ahead.

Shraddha Kapadia: Thank you so much for the opportunity and congratulations on the good set of numbers. So my question is majorly on the channel dynamics. So has there been a notable shift in the channel dynamics? Is the e-commerce share growing? And also, are there any strategic partnerships or channel expansion like e-commerce or institutional buyers? And how do we plan to increase the market penetration?

Amit Kumar: So Shraddha, overall, I would say, it's still a bit early in the day to comment on the channel dynamics for this year versus the last year. The dynamics also vary by the regions. And barring

South, the season is still to play out in most parts of the country. At this point in time, I wouldn't say there is any marked shift in the channel mix at the industry level across the country.

Specifically, about select specific channels, as we mentioned in the presentation, rural and semi-urban is one clear segment that we are focusing on. And in addition, the adjacent segments of the tower fans and the new category of water heaters is something that we are expanding our presence into. So those are part of the additional incremental focus.

Shraddha Kapadia: Sir, would it be possible to give the percentage contribution for the LSV and the adjacent category in terms of sales? So previously, it was contributing approximately 10%. So is the contribution still maintained or can we see an increase?

Nrupesh Shah: Yes. So earlier that percentage we had given on a Consol basis. Currently, in the interest of competition, we do have the numbers. But what I can broadly say adjacent category, LSV put together on a stand-alone basis itself, which was earlier in a small single-digit percentage is now decent double-digit percentage. And at a consol level, it would be even much higher.

Shraddha Kapadia: Okay, sir. Thank you so much for your reply. That's it from my side.

Moderator: Thank you. Next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Sir, just want to understand about the market. Obviously, the weather conditions have been erratic, but if you can indicate how does the market breakup remains, I mean, let's say, which is a major market, in March, South India is a major market or is North India at all not affected whatever happens in March per se, or let's say, North India is only important from a May, and June perspective. So that is question number one, if you can share impact of weather on different regions in India and on the business of Symphony also, as well as the industry. That is question number one.

And then question number two, we had introduced some of the completely differentiated products such as a single user kind of air cooler and then we had also introduced fan which can be used in kitchen. So, any updates on these differentiated new launches which you had done?

Amit Kumar: So, let me take up the first question first. As you rightly highlighted, the month of March and early April are more sort of prominent for the Southern part of the country. And the remaining part, North, East, even most of the West, the months of May and June are where majority of the end consumer sales happens. That is how it has been. And hence, the weather pattern in March and April, they matter more to the sales of Southern part of the country. Most of the many regions as I said earlier, they still have to see the peak of the season as we go forward.

Coming to the specific products, let's say the kitchen cooling fan that we launched, so that's a segment that we are building. And that segment along with the tower fan segment, they are again growing well. They are growing in strong double digits for us, and they are also helping us expand into new kind of channels and counters across the country, the kind of stores that we were not able to get into earlier.

Similarly, when you said single person cooler, we were talking about Buddy or Duet Mini which are really desktop kind of model. Again, those models were developed more for the global market. But again, we are seeing good traction and the numbers are small. We introduced the products actively in the market in the last season only. Numbers are small, but in terms of growth percentage, they are seeing high growth.

Aniruddha Joshi: Okay. Sure sir. That's helpful. Thank you.

Moderator: Thank you. The next question is from the line of Viren Deshpande from Alphapeak Investments. Please go ahead.

Viren Deshpande: Sir, congratulations for the very good set of numbers and the diversification, which we are doing into non-seasonal businesses is really good because seasonal variations to some extent can be avoided. So that diversification is good one. The initial response also as per your information seems to be quite good. So that is a good one.

Now, regarding the subsidiaries sale, etc., you had taken a conference call also last time and you had mentioned that, that process will continue for some time. And we are expected to realize quite a decent amount by selling those companies or investments in those companies. Now, I think we have taken the impairment of ₹50 crores in this quarter. So can you give us a rough idea of how much can be realized from the sale of those subsidiaries?

Nrupesh Shah: So first and foremost, on 12th of April, we decided and finalized to put IMPCO Mexico and Climate Technologies, Australia on block. So it's less than a month since we have decided. We have appointed the investment banker with a specific milestone. So, process has just begun. So, it's very difficult to specify when it will be completed and how much value will be realized, even though, as you know very well, in Climate Technologies, Australia, we have transformed the company. And down the line, any potential buyers could see AUD 6 billion to AUD 8 billion of market opportunity with our supply chain completely set, local team, brand and product availability. So even though our performance so far post acquisition is not up to the mark, it is bleeding. But based on that, we expect optimum value for it.

As far as IMPCO Mexico is concerned, our equity investment is less than ₹3 crores. As outlined earlier, apart from sale i.e. the monetization value, ₹43 crores will move to GSK and in turn to us before sale transaction. So that itself is going to be realized in addition to that, as it is doing very well and it's very ripe in terms of the timing and in terms of its scale and size to have the optimum valuation. So, both put together, we need to see how much we realize, but difficult to point out. So that is related to investment banking transaction. Obviously, we will attempt, and try to get the best value, needless to say.

As far as your second part of the question was impairment. Impairment and investment banking transaction, both are quite different points. Impairment is done based on auditor's view considering recent performance and next year what they estimate based on our recent performance. So, it is auditor's recommendation. And as a good governing company, we could have very well avoided that, and we would have been fine with just observation of auditor, but

we decided to go as per the recommendation. It's completely noncash item. And that is the clarification. Now, let me give you two hypothetical examples. These two companies put together, one on a higher side assuming we realize ₹100 and our actual investment is ₹60. Then it will be a profit of ₹40 crores on sales of ₹100. In addition to that, whatever impairment we have taken that will be added at that stage. However, if ₹60 realized at ₹40, then there will be a loss of ₹20, but that loss of ₹20 will be adjusted and will be lowered to an extent of impairment. This is purely, hypothetical, mathematical example I'm sharing with you.

Viren Deshpande: Yes. Good that you mention this clearly, so basically what I was trying to mention is that impairment which we have already taken this time, which is good as a prudent accounting practice and you have gone by the observation of the auditor. So now whatever we recovery from proceeds of this, the impairment, it will definitely be something better. And therefore, we will be having the credit maybe whenever we get some recovery. So is that correct observation?

Nrupesh Shah: We hope so and we expect that and we need to see the realization of two companies put together, isn't it?

Viren Deshpande: Yes.

Nrupesh Shah: And as per our business model, whatever realization happens, we don't really need that cash. We don't need that money to grow the business. So that will be an addition to our current treasury position.

Viren Deshpande: Yes. And as you mentioned that maybe those companies after divestment also whoever buyer of that company may continue to source the production from Symphony India? So the sales may not be affected?

Nrupesh Shah: Too early to comment on that, but it's very much feasible due to a variety of reasons.

Nrupesh Shah: Keep in mind that IMPCO Mexico is having own brands and Climate Technologies is having own brands. But having said that, over a period of time, Symphony India has also, to an extent, established its own brand in respective territory. So, there are several permutations combinations, apart from the kind of the supply chain, which we have established, which is also going to be hugely beneficial for the new acquirer and hence, they may like to continue in their own interest also.

Moderator: Thank you. The next question is from the line of Sanjay Chawla from Renaissance Investments Manager. Please go ahead.

Sanjay Chawla: Thank you for the opportunity. Just a couple of questions. In your standalone revenues that you have reported this year, which is around ₹1,180 crores for the year, what is the mix of domestic sales versus exports?

Nrupesh Shah: Girish, if you can share the figure? Just a moment. Our CFO is getting the figures. Meanwhile, if you have any other questions.

- Sanjay Chawla:** Yes. So can I have a follow-up to this once I get some sense. So, on the domestic side, whatever that number may be, what is the mix of your core air cooler revenues versus the adjacent and newer categories, broadly the mix? That's a follow-up.
- Nrupesh Shah:** Girish, please, domestic and export.
- Girish Thakkar:** Yes. So domestic turnover is ₹1,065 crores and the export is ₹117 crores.
- Nrupesh Shah:** So broadly, you can say that, 90% is domestic and 10% is export.
- Sanjay Chawla:** Got it.
- Nrupesh Shah:** So, does that answer your question?
- Sanjay Chawla:** Yes, it does. On the domestic, the follow-up is, how does the split look like between your core air cooler revenues and the adjacent and newer category revenues?
- Nrupesh Shah:** I think in response to earlier question, we tried to answer that. So, if we consider household air coolers and we consider adjacent plus LSV plus water heaters and spares, now it is in high double-digit percentage, which used to be low single-digit percentage a few years before. And at a consol level, it will be much higher.
- Sanjay Chawla:** Understood. So, it's high teens right now. And where do you think this mix might be headed over the next, let's say, 3 to 5 years? And then what is the corresponding impact on the gross margins as a result of that?
- Nrupesh Shah:** No, I think very difficult to quantify that. And again, as per our IR policy, we won't be in a position to answer that, even though obviously, we do have the short-term to long-term business plan, not only for adjacent category, for each of the product and for each of the categories.
- Sanjay Chawla:** Okay. So, my last question is on the air cooler side, how has your market share behaved on a Y-o-Y basis based on your estimates? And how confident are you of holding on to your market share in the air cooler on the domestic side?
- Amit Kumar:** So, Sanjay, again, too early to comment on that. Initial indications are clearly in our favor. Again, you know our business model. We are the market leader and even in terms of placing the material in advance across the channel, we lead the market. So that has helped contribute to high tertiary sales of our products, because it was already there in the market before the weather sort of played a bit differently in the South. However, we do not have firm third-party reports yet about the market share. So I'll not put the formal figure of where we are right now.
- Sanjay Chawla:** Okay. Got it. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Rahul Gajare from Haitong Securities India. Please go ahead.

Rahul Gajare: I had two questions. One was on the exceptional items. And I think you touched upon that impairment very well. So, I understand what has really happened in the Australian entity. The second question I had was, I think, just continuation of the earlier question on domestic and export. I wanted to know, how are exports doing? Because I think some time back, certain geographies like Sri Lanka, Egypt had some trouble.

I want you to specifically call out which particular geographies are doing well for you and where are you getting incremental inquiries from? And how do you see this export number of ₹117 odd crores shaping up over the next, say, 2 years or so, especially given the tariffs which are there on China and other entities?

Nrupesh Shah: So Rajesh Mishra will answer that. He is the CEO (International Business) please.

Rajesh Mishra: So in terms of the international business, you mentioned about Sri Lanka, yes, we had an issue with Sri Lanka in the past few years. But the good thing is now we have bounced back and Sri Lanka is back on track. Middle East, we are doing pretty well. We have now present across all the countries in GCC, we're doing pretty good in Africa, Europe we have a direct presence. We have our own people based out of U. K. and Spain. So both Northern and Southern Europe, have made some good inroads. So all in all, I would say, we have expanded pretty well. The only challenging territory as of now is Egypt and Sudan. Egypt used to be a big market, but because of certain regulations wherein they are unable to remit money. So, while we have a lot of inquiries and potential buyers, but we are unable to sell in that market.

Overall, I would say, all the territories are growing pretty well and the good part is that, the coolers are gaining traction and people in more and more countries are understanding that this is a product, which definitely has a lot of potential. So, we believe that in the coming year's air coolers will see good growth in most of the countries.

Rahul Gajare: And you are not talking U.S. because that could be a big market, especially after the tariff?

Rajesh Mishra: Correct. So U.S. is a massive opportunity. And as Nrupesh bhai had mentioned in his presentation, we already have some serious inquiries from the large U.S. buyers, including the top retailers. They wanted us to supply a sizable quantity in this season, which would be starting pretty soon. Now unfortunately, because of the 8 weeks of lead time and the production time that is required, we won't be able to meet that requirement, but we are definitely shipping some quantity this year. We also are very, very kind of upbeat about opportunity in the U.S., especially with what has happened on the tariff front with China.

So as far as air coolers are concerned, it is only Chinese companies which are in competition. And with them out of the race, I think we believe that we have a very good opportunity in the U.S. market.

Rahul Gajare: Not necessarily a number, but do you think that your export business can double over the next, say, 3 years or so, given the opportunity that we are seeing now?

Rajesh Mishra: Yes, obviously. We have all the reasons to believe so.

- Rahul Gajare:** Okay. Thank you very much and all the very best.
- Moderator:** Thank you. The next question is from the line of Vinay Nadkarni from Hathway Investments. Please go ahead.
- Vinay Nadkarni:** Good afternoon. Just two questions. One was on your employee cost, because I can see the improvement in EBITDA is largely driven by a reduction in employee cost. Any particular reason why the sudden drop in employee cost?
- Amit Kumar:** Vinay, if you could help us understand your observation better because at the overall level, the employee cost as a percent of the turnover is well within the band that we have historically operated.
- Nrupesh Shah:** I think your observation is if there is reduction. No there is no reduction in absolute amount of employee cost. But obviously, the scale of operation and economies of scale have played the role because as you will appreciate whether the employee cost or any overhead not necessarily go up in line with the growth of sales and profitability. That's how in terms of percentage of the turnover or even profitability, it has given positive effect. And so even a few other factors as that's always going to happen.
- Vinay Nadkarni:** Okay. The second question is, in your December quarter, you had mentioned that you have found in a lot of inventory in the channels because of big demand for air coolers and the inventory in the channel has kind of diminished after a brilliant season last year. Given that, there could be some kind of a setback because of the summer this year, is there any possibility of using some of that inventory for your export orders or they are different terms?
- Amit Kumar:** So, Vinay, that's what we did in the December quarter and even in the March quarter, that is part of our standard business approach. So, we place material and advance in the market. And we still are quite bullish that we will be able to address the channel inventory within the domestic market. In any case, most of the global markets require different products as well as specifications and the domestic inventory is hardly useful for the global market.
- Nrupesh Shah:** Again in response to that question, please keep in mind that so far, even in June quarter, even though it is muted, but there has been decent amount of lifting by the trade also in D2C, so decent amount of lifting would be there and only if there would have been down the line secondary customer sales because that is also important to notice. And that too, in June quarter, in fact, post 28th February, whatever billing is done, it is without any off-season discount.
- Vinay Nadkarni:** Okay. And last question was on this FTA with U.K. Is there any benefit to the company as well?
- Achal Bakari:** Not really. U.K. is not such a huge, huge market. In any case, the duties weren't there. So really it will not matter.
- Vinay Nadkarni:** Okay. Thanks a lot. Thank you very much.

- Moderator:** Thank you. The next question is from the line of Rohit Maheshwari from Tata AIG. Please go ahead.
- Rohit Maheshwari:** Good afternoon, sir and congratulations for a good set of numbers. First question is out of ₹186 crores quarter-on-quarter sales, can you help with the deferral sales number which you had in quarter 3, which you booked in quarter 4?
- Nrupesh Shah:** No, we can't quantify that, obviously, in the interest of the competition and otherwise. But our March quarter performance is on account of one i.e. deferral sale, but secondly, also decent traction and collection because vis-a-vis whatever sales we have generated in March quarter, no way unbilled advance would have contributed more than 25%. So even in normal course, I think March quarter collection across the channel, territories and products have been quite decent.
- Rohit Maheshwari:** Okay. Sir, second question – is that CT Australia, which you have decided to exit, like you have given us 7-odd years to transform the company from where it was and where it is today. And you said in the call that it's AUD 6 billion to AUD 8 billion type of market. I am not able to understand like if you think it's a decent market and you can find a prospective buyer, and it's such a great market and giving to a company for 7-odd years to transform, and now you are exiting it. Either you are finding up operational challenges or something? Can you throw some light on this part?
- Nrupesh Shah:** No, we have given enough light, red light and green light in terms of the numbers and performance. However, just to summarize, we acquired this company in July '18. And again, irrespective of the reasons, ultimately, what matters is the performance and the reality is performance is not up to the mark.
- But still going into some details, just 15 months then after stringent lockdown of COVID happened over there. So whatever transformation measures we had thought of, it got delayed almost by 2.5 years. And our real work started post January / February '22. So as a first step, as we know the base, we reduced cost of doing the business that is overhead by more than 50% so far. While acquiring it was AUD 15 million and currently, it stands at AUD 7 million.
- Secondly, there were some local change in the regulation in terms of the gas ducted heaters, et cetera. On account of that, we had to quickly transform the product category. And now in last 2 quarters, the products which we have launched are much more suitable and better, along side we were working for the last 3 years to create the dealer and distribution network, which is also reasonably in place and most importantly, setting the complete sourcing as well as supply chain in place.
- So in light of that, we expect the best possible value realization considering the prospects, and also, we believe that as a geography, as a product category, whether IMPCO Mexico or CT Australia seems to be of good interest for prospective buyers.
- Rajesh Mishra:** Just to add to what Nrupesh Bhai mentioned. Look, so currently, the CT Australia operations are almost at the final stage of turnaround. So, as you would have seen, as he mentioned, that

the last quarter we had a growth. And going forward, we are confident that CT Australia will register reasonable growth.

Earlier, we were playing in a market which had a total addressable market size of about AUD 200 million. Now, we are in a market with the new products that we have introduced, we are now targeting AUD 5 to AUD7 billion market. So, what we're trying to say is that we are into a stage where we are very confident about future of CT Australia.

So therefore, we expect a reasonable and good valuation of CT. And what it also means that it is not going to be a desperate sale at all. We will realize a reasonable value. And the whole idea is that we want the management bandwidth to be focused around markets where we see the opportunities to be of bigger size.

Rohit Maheshwari: Just related to this question, when you're saying it is about to give a turnaround and you are seeing an opportunity of AUD 5 billion to AUD 7 billion type of market, and the outlook looks good as per what you are guiding at. So, it clearly means either you would have found the better opportunity in terms of growing the company to next level rather than putting your energy to CT, Australia now. So, can I say that?

Rajesh Mishra: So, while it is turned around, it will take some more time and a lot of effort and energies from the management here to really take it to that next level and reap the real benefits. And we believe that, the same time spent in markets like Brazil or U.S. or other markets, we will kind of gain a lot more. So it is choosing between good and better. So it was a tough call, but we felt that with the limited time, we focus on markets which have much larger potential for us.

Rohit Maheshwari: Okay. Sir, just last question. Why don't we think of entering into BLDC fan market, because it will be an adjacent market for us, yes? And I think this is a market which is growing very fast in India, and it is poised to reach to a decent size by 2029. Are we thinking or we are at all not thinking on those lines?

Amit Kumar: So Rohit, that's an interesting question. And I do understand the BLDC market for fans is growing. It's not a thought that has not crossed our mind, and we are constantly evaluating multiple categories. While on BLDC, I must say that we have introduced BLDC coolers, and we are the first to introduce BLDC coolers in the market in India. And we also have our tower fans with the BLDC technology. Coming back to fans, we'll continue to evaluate it. And as and when we find whether that category or something else suitable to our sort of preferences and margin expectations, we would make a move.

Rohit Maheshwari: So, this was precisely point because you have all the ingredients with you. You have your healthy game, your balance sheet is there, you have already launched BLDC. You know technology. So it can be a perfect bet for you in the market, which is expected to be \$2 billion types of market by 2029, which is poised to grow at 9% - 9.5%? Thanks. That's it.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Achal Bakeri: Thank you very much, everybody for participating in this call. We hope we have answered your questions adequately and thrown light on all the issues that have been raised. So, looking forward to seeing you in next quarter. Thank you and have a great day. Bye-bye.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
