

“Symphony 3.0
is not a company
nervous about
holding on to
market leadership;
it continues to be a
sectorial disruptor
seeking to increase
its lead further.”

Achal Bakeri,

Chairman-Managing
Director, reviews the company's
performance rebound of 2019-
20 and indicates how this could
be the start of a new beginning

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When we entered the financial year under review, most industry observers seemed inclined to relegate Symphony to the past.

You could sense their patronising tone; you could feel their story ending with ‘Yes, those were good days for Symphony but sadly...’

Symphony sprang a pleasant surprise.

The company reported a 37% rebound in standalone revenues in 2019-20 (first quarter revenue growth was 102% over the corresponding period of 2018-19) while

profit after tax went up by 84%.

I am proud and pleased to communicate that we rebounded without any Balance Sheet impact; not only was the trough abbreviated to just a year, but we also protected our receivables and working capital cycle, profitability, robust return on capital employed, Balance Sheet hygiene and liquidity.

We lived to win another day.

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The big message that we wish to communicate is that enduring brands rebound; deep managements revive; solid fundamentals re-assert.

Symphony’s performance must be seen through this prism: the company’s management depth was validated in 2019-20; its recovery was as vigorous as its brief downturn; it responded to the decline

not with a defensive ‘Wait and watch’ but with an aggressive ‘Let us give the market our best shot’; when it encountered headwinds in marketing room-cooling products, it extended to a commitment that promised to cool the world.

Symphony 3.0 continues to be a sectorial disruptor seeking to increase its lead further.



We manufactured industrial and commercial coolers for the first time in India; we launched an unprecedented 21 models across formats

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When we started the financial year under review, the principal question was how – and when – we would revive our Indian operations.

We had options: we could have told our primary customers (dealers and distributors) that we would hold out in a defensive operation until an unusually hot summer revived consumer sentiment; we could have said that we would launch an advertising campaign to ‘push’ products and discount our premium products along the way.

At Symphony, we turned to something more fundamental: our knowledge of how to create better air-coolers, our experience of which product would work at what time or in which market and our insight on how consumers would respond if the mercury shot past 40 degrees celsius.

Our inch-wide mile-deep product focus (also described as the ability to dream ‘air-coolers’ when others see themselves running around trees wearing white shoes and singing songs to their beloved) helped excite consumers better.

We induced fence-sitters to reach for their electronic wallets. We encouraged air-cooler consumers to trust craftsmen (us), specialists (us) and the obsessive (us again).

The result was that even the canny who seek the fleeting arbitrage in every transaction – ‘That shop 6 kms away has priced the same product ₹200 lower’ – returned to tell our dealer ‘*Achchha baba*, show us that Symphony you showed us an hour ago.’

There are a number of ways we took our focus ahead. We manufactured industrial and commercial coolers for the first time in India; we launched an unprecedented 21 models across formats; we excited our trade partners with the news that we were offering them a larger variety - products that will be available for them to go out and sell; we reinforced our recall as a company that creates platforms as opposed to those that merely manufacture products; we deepened our positioning as holistic space cooling specialists; we launched products that carved away a sizable share of their price and space segments.

We fought for the day and created markets for the future. The returns were evident in our portfolio, numbers and morale.

We returned energised. We emerged nimbler. We proved hungrier.

For nearly a quarter of a century, Symphony grew its business on the basis of one revenue stream; starting 2019-20, we have three engines firing simultaneously. At Symphony, we are confident that their cumulative value will be far in excess of the

sum of the standalone value of their parts.

This then is how we would like to describe the financial year 2019-20 in an analogy that would touch a chord with everyone: we have scored a double century and instead of calling for a fresh towel or refreshing drink from the pavilion, we have asked the umpire for a fresh guard.

Sending out a signal that as far as we are concerned, this represents the start of a new innings.

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When Symphony announced Version 3.0 of its products a couple of years ago, the residential coolers market in India had tanked and a number of stakeholders wondered whether we had erred in making this overarching announcement.

In our last Annual Report, we had outlined the initiatives through which we planned to deepen our business commitment in this new phase.

We resolved to deepen our focus on evaporative air cooling technology; we decided to extend the

range of products we manufactured in India from just residential cooling machines to industrial and commercial cooling solutions as well.

We worked on widening our trade network and deepening our relationships.

We invested in cutting-edge technologies like SAP and data analytics.

We prepared ourselves to respond to markets with a combination of volume and value.



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We have a better visibility on the speed with which we expect to turn the operations of our Australian subsidiary around.

We deepened brand investments to strengthen consumer pull.

We strategised to permute and combine technologies to retain our position as a benchmark company that competitors checked out first ('Tell me what Symphony is doing before you present your next Product Launch report').

We announced the intention to grow our global subsidiaries.

We achieved all this in the space of a year and the result is that in 3.0, Symphony is a global multi-platform temperature control company supported by a growing international network, global market access and revenues.

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One is more optimistic about Symphony today than possibly at any time in the company's existence.

Let us start with our international subsidiaries. We have a better visibility on the speed with which we expect to turn the operations of our Australian subsidiary around. We believe that the closer integration of our other international subsidiaries – China and Mexico – should translate into a more potent development of products on the one hand and integration into large retail marketplaces on the other.

Besides, India will earn more, aspire more, spend more.

Rising temperatures are irreversible.

As the market grows larger, the proportion of those buying unbranded air-coolers will decline as a percentage of all coolers sold in India.

The market for coolers will progressively reduce its dependence on the harshness of the summer and become increasingly influenced by other considerations such as aesthetics and affluence ('We bought it because we wanted our home to also be as comfortable across the

seasons like any affluent home.’)

The air-cooler represents the higher end of a family’s consumption hierarchy because it graduates an entire family towards an exclusive experience.

We believe that Symphony is best positioned to capitalise on this perception.

We possess the largest portfolio and the youngest (more than 31% of the portfolio being less than two years old), the widest distribution network, the most effective multi-country research team, the strongest Balance Sheet and a larger brand investment across the last decade compared to all our competitors combined.

We possess possibly the richest experience of market cycles; when markets weaken (as they do every few years), Symphony is more likely to respond with ‘How can we excite this nervous market with different coolers?’ as opposed to a panic-induced ‘We are shutting down all investments until the market recovers’.

The result is that by seeding the market with differentiated products

we are able to catalyze its recovery (primary objective); when market demand eventually does come back, we are best-placed to carve away a disproportionately larger share (secondary spin-off).

We have a larger number of trade partners engaged with us for five years or more than anyone selling air-coolers in India, strengthening our network’s ability to act as guides whenever anyone seeks our advice on the best cooling solution.

We continue to enjoy the highest Share of Voice at 51%; eight of ten consumers said ‘Symphony Hi Cool *dikhaiyyega*’ when they went to buy an air-cooler.

As the market for branded air-coolers climbs from a bend into a diagonal linearity on the J curve, Symphony 3.0 will be equipped not just to protect its market share but also to grow it.

We’ve only just begun.

With warmth
(of the other kind)

Achal Bakeri
Chairman



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