

# Cooling is hot business for Symphony

The Ahmedabad-based brand puts its loss-making past behind as it steps into new markets in India and abroad



PHOTO: SYMPHONY

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In little over a decade, the 55-year old founder and chairman and managing director of Symphony, Achal Bakeri, has managed to spin a dream turnaround story. From a loss making company in 2002, named after the brand of coolers it sells, Symphony clocked an operating profit of ₹164 crore in 2014-15. Also the company claims that more than 80 per cent of Indian customers ask for Symphony by name when they go to a store and the brand enjoys 52 per cent share of the organised air cooler market in India.

The journey has been far from smooth. After the initial success, (it was launched around 1988) post which the company decided to go public in 1994, it was all downhill. Symphony hit rock bottom when it listed with the Board of Industrial and Financial Reconstruction (BIFR) in 2002. Debt had climbed up to ₹26 crore and share price had dropped to as low as Re 1 per share. Symphony had become a penny stock. No one, not even perhaps the founders, gave the brand much of a chance. How did Symphony change the story?

## Sharpening the focus

Bakeri says, "In 1994 we went public. The market and customers were advising us to expand our product range. The argument was that we cannot focus on only one product that is seasonal in nature. So we got into products that were either counter-seasonal, or sold around the year, such as geysers,

room heaters, exhaust fans, flour mills, washing machines and water purifiers. However, those products spelt doom for the company."

The company eroded its net worth and the value of the brand dipped sharply. Symphony lost its unique position with customers. "It was really a nightmare. Some of my friends advised me to declare bankruptcy, others told me to join my father's construction business, while some suggested I should leave the country," Bakeri says. However he says he had complete faith in his products. Symphony had been developed as an eco-friendly and energy saving air-cooler, which Bakeri believed was the future, not air-conditioners. He decided to exit from all products except coolers and geysers and by 2007, the company was debt-free; by 2008 it started making profits.

## Keeping the brand alive

Bakeri says branding is a continuous activity. The company invested in brand building and advertising even during the tough times. Bakeri says, the advertising budget is not a function of the turnover. "We sense the pulse of the market at the time and decide accordingly. It's not like a fixed percentage of the revenues or profits," he says

When he first launched Symphony in the summer of 1988, he had managed to sell his entire stock of 1,000 air-coolers in Ahmedabad. Smart pricing and attractive designs had helped at the time. While a conventional air-conditioner cost about ₹30,000 and a locally assembled air-cooler, about ₹2,500, Symphony priced its products (sleekly designed like

## RECASTING THE MOULD

- Launch of Symphony brand air coolers in the summer of 1988
- 1994, the company goes public; soon launches geysers, room heaters, exhaust fans, flour mills, washing machines and water purifiers
- 2002, lands up in BIFR; debt touches ₹ 26 crore and Symphony becomes a penny stock
- Restructuring begins, company focuses only on air coolers and geysers
- 2015, Symphony has 52 per cent share of the organised air cooler market

air-conditioners) at ₹4,300.

The single minded focus on quality and looks has paid off even in its later years. The domestic air cooler segment is largely fragmented with about 70-80 per cent of sales accounted for by unorganised players. Symphony is the leading player in the space followed by Kenstar (Videocon Industries Limited). Other players include Bajaj Electricals, Khaitan, Maharaja and Usha.

## Growth via acquisitions

With an eye on exports, in 2008 Symphony acquired Mexico based IMPCo, a pioneer in the field. "IMPCo was in a very bad shape and had huge debts. Because of our BIFR experience we had the courage to get into something that was in financial difficulty. We turned it around," says Bakeri.

IMPCo opened up the American market and brought on board a new range of products. Today Symphony is the world's largest manufacturer of residential, industrial and commercial air coolers present in over 60 countries across the globe. Its disastrous experience with diversification the first time has made

Symphony tread carefully. "We did three things — grew our residential air cooler business, entered the central air cooling business (through acquisitions) and introduced the packaged air cooler segment," Bakeri explains.

Outsourcing of manufacturing was another key decision. "The component manufacturing was anyway outsourced. So, we decided to outsource the assembly too," Bakeri says. Over the years this strategy has yielded a bonanza. Symphony sells one million air coolers under its own brand name in over 60 countries. It has also recently acquired the leading brand in China, Munters Keruilai Air Treatment Equipment, for ₹1.55 crore. China is one of the largest markets and the next leg of growth could come from that region. Back home, future growth would come from non-traditional (humid) markets like Kerala or West Bengal where sales have grown from close to ₹6 crore in 2007-08 to around ₹76 crore in 2014-15. The next frontier is rural India but as Bakeri says, "We will enter when the time is right for us."