

How decade's best faring stock was built in A'bad

Share price of the co went up from 80 paise to Rs1,323 in 10 yrs

dna correspondent
@dnaahmedabad

Ahmedabad: 'Do what you know the best'. This is the success mantra of Achal Bakeri, the CMD of Symphony Ltd. The man with a golden touch, Bakeri, took the market capital of the company from Rs2.80 crore to Rs5,093 crore in exactly a decade. The company's share, which closed at Rs0.80 on September 13, 2004, touched Rs1456.30 on September 12, 2014 on the Bombay Stock Exchange (BSE). It has now come down now to Rs1,323. The company expects to maintain a

growth rate of 34% targeting the 26 crore households that have only one fan or no fan at all.

Inception

An architect by training, Bakeri ventured into air-cooler manufacturing business in 1988 and after 26 years of operations, it has become one of the few Gujarat-based companies that has become a large cap company crossing a market capital of Rs5,000 crore, which now stands at Rs4,630 crore. The company got listed on the Bombay Stock Exchange and the National Stock Exchange in 1994.

Troubled Times

The company achieved great success in the air-cooler market. To ride on its distribution and retail market, Symphony decided to diversify into home appliances category by manufacturing atta chakki, water heaters and other products. However, the plans did not work out as expected. As a result, the company got heavily into debts and in 2002 it had to approach the Board for Industrial and Financial Reconstruction (BIFR). The stock prices of the company touched as low as 80 paise as on September 13, 2004.

Revival Strategy

Failure in multi-product manufacturing business, forced the company to change its strategy.

GLOBAL SALES

The company's international sales comes to around Rs136 crore which also includes sales from its Mexican unit. As per an estimate, the Indian air-cooler market is around one crore unit, of which the organised sector accounts for 15% share

"We wound up manufacturing of other products and focused on the manufacturing and selling of air coolers only," said Bakeri. He said that the company got debt ridden as it adopted 'many product, one market' strategy, but after the financial reconstruction, the company adopted 'one product, many market' strategy. "It became a turning point for us," he said.

Current Scenario

The company has its manufacturing facility at Sachin SEZ in Surat. Its current manufacturing capacity stands at 12 lakh units per annum. "Majority of the capex is done by our vendors as we outsource the manufacturing," said Bakeri. It also owns a unit in Mexico, which was acquired from Impco Air Coolers in the year 2008. The company with more than 18,000 distributors and presence in around 1,000 modern retail outlet, boasts of 40% share in the organised market of air coolers. It exports its products in more than 60 countries and boasts of having 90% market share in Sri Lanka, 80% in Bangladesh and 50% in Mexico.

Future Plans

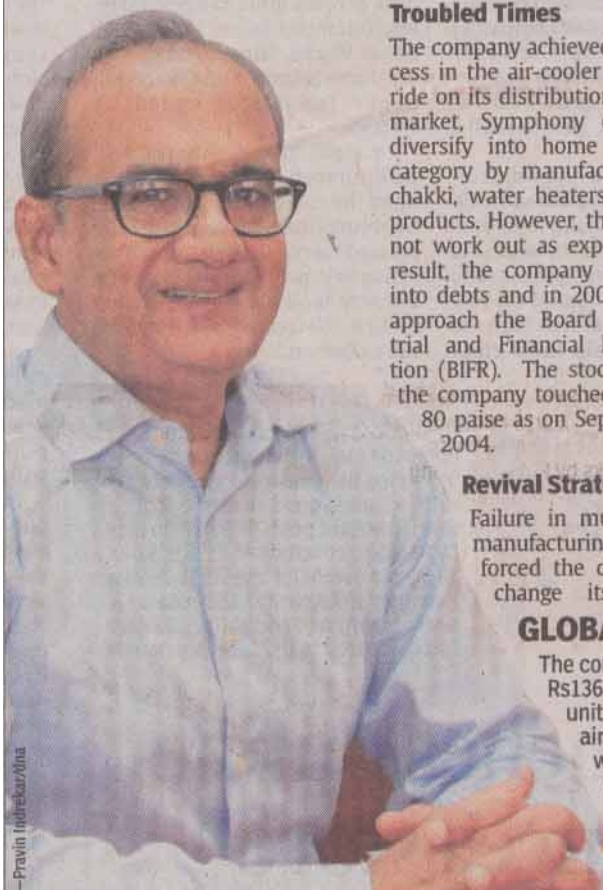
Despite air conditioners turning out to be a necessity rather than luxury, Symphony is targeting to maintain a CAGR growth of 30-34%. It has also applied for setting up a unit in Kandala SEZ. The company's capex for the new facility will be less than Rs1 crore. It will manufacture 2000 units per month.

SUCCESS STORY

- Symphony has been the best performing stock of the decade 2004-2014
- Share price of Symphony Ltd increased from 80 paise (September 13, 2004) to Rs1,323 per share on Wednesday - over 1,600-fold rise
- If a person invested Rs1,000 in the shares of Symphony Ltd on September 13, 2004, it would have grown to a whopping Rs18.75 lakh as on Sep 12, 2014
- Market capitalisation of Symphony Ltd crossed Rs 5,000 crore on Sept 12 from Rs 2.80 crore a decade ago
- For the year ended June 2014, company posted a net profit of Rs 105.72 crore on turnover of Rs 532.42 crore
- In the last 5 years, company has managed a CAGR of 34% in sales and 30% in net profit. It has reserves and surplus of Rs 268.84 crore as on June 2014
- Symphony Ltd possesses the largest number of trademarks and registered designs in the international air cooler industry with 108 trademarks, 49 registered designs, 7 copyrights and 8 patents

G Only 80 lakh households in India have air conditioners, while 2.40 crore have air coolers. Interestingly, 16 crore households don't even have a fan & 10-12 crore more own only a fan. Thus we have a huge mkt which will propel growth

ACHAL BAKERI, CMD, Symphony



Achal Bakeri,
CMD, Symphony Ltd