

# India's smallest MNC & best performing stock

It is one of the best-known global brands born in our very own Amdavad. With an increase of 2,400 times in just about a decade or so, it is also the best performing stock on the bourses. In an interview to Sumit Khanna, Achal Bakeri, the founder and chairman & managing director of Symphony Limited, talks about the intriguing journey of his company, which is today the world's largest manufacturer of air coolers.

His company's share is easily among the best performing stocks in the last decade, but Achal Bakeri, CMD of Symphony Limited, sets the tone for the interview by conceding in as many words that many people do not even know what an air cooler is. He says his company's investor presentations begin with an introduction of the humble cooler. The reason for this, says Bakeri, is that unorganised sector dominates the cooler market in India. The organised sector accounts for just 20% of the cooler pie, of which Symphony's share is 50%.

"It is because of lack of organised players that this category has not really been known much. It is only in the last 3-4 years that financial markets due to our performance have understood what the category is and its potential," he says.

According to a Symphony presentation, there are 246 million households in the country, of which 82 million do not have even a fan. There are coolers in only 24 million homes and air conditioners in a mere 9.4 million homes. The figures suggest that there is a huge untapped market for coolers.

"The Rs2,000 price of Symphony share is not as much a testament to our track record as much as to the belief in our future potential. The financial market loves our low capex busi-

## THE STATS WORKED WELL FOR THE CO



**82 mn**  
households do not have even a fan



**24 mn**  
homes which have air coolers



**9.4 mn**  
homes have air conditioners

**BAKERI, WITH A DEGREE IN ARCHITECTURE AND MBA IN REAL ESTATE FINANCE, WAS SET TO JOIN THE FAMILY REALTY BIZ BUT DESTINY HAD SOMETHING BETTER IN STORE**

ness model," he says explaining the reason behind the amazing run of Symphony.

However, equally interesting is the story behind its birth. Bakeri, with a degree in architecture and a MBA with specialisation in real estate finance, was set to join the family realty business, but destiny had something better in store. "In 1987, our family moved to a new house. It had large spaces, which could not be air-conditioned, so we installed a huge air cooling system. The system cooled well, but was very noisy and not very inspiring. My father suggested to me saying why don't you make a better equipment. It struck to me that this is a great thing," Bakeri recalls.

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ACHAL BAKERI, CMD, Symphony Limited

Symphony's first assembling unit came up in a building built by Bakeri family. Helped by a team of air conditioner assemblers, Bakeri launched the first air cooler in March 1988.

It has been more than 25 years, but Bakeri recalls every incident as vividly as if it took place just yesterday. He remembers the price of the first cooler, number of pieces sold, money spent on newspaper ads, everything.

"Our first cooler was sold for Rs4,300 while other options were available at the time for Rs2,000. The reason it sold was that it looked like a 1.5 tonne window AC, which cost Rs35,000 in those days," he says.

There is also an interesting story behind the company name. All real estate projects of Bakeri group start with S, and Bakeri says they were looking for a name that also started with the same alphabet.

"We were very clear that we didn't want a Sanskritised or an Indian name. We wanted an international sounding name, and of course, not a name that suggest cooling or air. After short-

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Achal Bakeri, CMD, Symphony Limited

## SYMPHONY AT A GLANCE

- Largest manufacturer of air coolers in the world
- Sold 7.07 lakh coolers in 60 countries in FY 13-14, targeting 1-million this year
- Accounts for 10% share of Indian air cooler market
- In 2009, acquired Impco, founded by inventor of air cooler in 1939
- First non-Chinese company to participate in the annual Canton Fair
- Has a market cap of over Rs6,500 crore as on December 27, 2014

## Cool journey

Symphony stock was trading at Rs0.80 on September 13, 2004. It was at Rs1,869 on December 27, 2014, a staggering 2,200% rise in just ten years. An investment of Rs10,000 in Symphony stock on September 13, 2004, would today be worth a whopping Rs2.20 crore.

listing many names, we zeroed in on Symphony," he says.

When Symphony started operations, there was a big gap between cooler and air conditioner prices, which worked to its advantage. In recent years, even when the price gap has narrowed, innovative strategies have helped Symphony in maintaining its

edge. "Coolers have the advantage of economy over ACs. They are cheaper and consume a fraction of the power an AC does. To emphasize this, we started using the 2-pin plug. Ek ya do bulb ki bijli mein chalne wala - was the message to the customer. Every-

thing we did reinforced that," he says.

Apart from these strategies, Symphony has continued to grow at a cool pace by reaching out directly to consumers.

"From the beginning, we have believed in reaching out to customers. We listen to the consumers and market. The dealer does not

have a choice but to sell our products," Bakeri reveals. In FY 2011, Symphony sold five lakh coolers. Last year, it sold over seven lakh coolers in 60 countries, and is targeting one million mark this year.

Interestingly, Symphony has a production unit in a SEZ in

Surat to cater to overseas demand, and is putting up another facility in Kandla SEZ. However, it does not produce a single cooler it sells in domestic market. It stopped production at its Thol facility in 2004, and outsourced entire production to original equipment manufacturers.

"For other companies cooler is just one more category. They are into refrigerators, TVs, washing machines, and other products. It does not get the attention that we are able to give to the category. Which is why we keep on innovating, they don't. What we do today, they will do tomorrow," he says when asked about the secret of Symphony's success where even MNCs have failed.

**PERFECT SYMPHONY**