

August 13, 2015

To,
1) The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Code No.:- 517385

2) The Secretary
National Stock Exchange of India Limited
SYMPHONY
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

Symphony :-

Series :- EQ

3) The Secretary
Ahmedabad Stock Exchange Limited
Kamdhenu Complex, Opp. Sahajanand Complex,
Panjarapole,
Ahmedabad – 380 015

Code No.:- 51760

Subject: The acquisition of 100% equity in Munters Keruilai Air Treatment Equipment (Guangdong) Co. Ltd. China

Dear Sir,

This is with reference to the letter dated April 21, 2015, wherein the Company had brought to public attention that it was considering a proposal for an international acquisition in its established line of business.

This is to inform that the Company has this morning signed an Equity Transfer Agreement (ETA) with shareholders of Munters Keruilai Air Treatment Equipment (Guangdong) Co. Ltd. (MKE), China, to acquire 100% of the equity share capital of MKE.

About MKE

MKE is a market leading brand in China, producing energy-saving and environment-friendly evaporative air coolers under brand Keruilai. MKE came into existence in 2011 as a joint venture merger between Dongguan Keda Electrical and Mechanical Equipment Co. Ltd (KEDA) and a Swedish company Munters AB ("Munters"). Subsequently, Munters acquired 100% equity of MKE.

About Munters

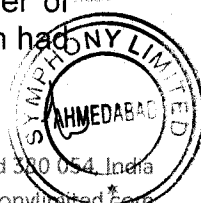
Munters is a global leader in the air treatment industry, specializing in the development of humidity and climate control technology.

Headquartered in Sweden, Munters is a multi-product company with a turnover of approximately EUR 450 Million (2014). Munters is a part of Nordic Capital, which had assets under management of approximately EUR 11 Billion (January 2014).

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CIN - L32201GJ1988PLC010331



For Munters, the evaporative cooling business of MKE was a strategic acquisition to complement the sales seasonality of its heating products business.

However, upon the subsequent exit from heating products, the rationale of being in cooling products did not exist anymore. In view of this, Munters embarked on a strategic decision to divest its non-core evaporative cooling operation and focus on its core air treatment products.

Strengths of MKE

Outstanding R & D: MKE owns more than 80 intellectual property rights (including 51 patents) with a large three-year innovation pipeline.

Premium products: MKE comprises a wide range of premium commercial air coolers in addition to household air coolers.

Test Center: MKE's Test Center was built in accordance with US and Australian quality standards, the only facility of its kind in Asia.

Manufacturing facility: MKE has 32,850 sq. m leased manufacturing facility in Dongguan city, Wanjiang district, Guangdong Province in Southern China about 2 hours by road from Hong Kong.

Knowledge pool: MKE employs more than 140 competent and experienced employees, with its sales and marketing functions spread across several countries.

Brand: Keruilai is the only Chinese air cooler brand enjoying international recognition.

Business model: MKE enjoys an asset-light business model with no debt or significant contingent liability. The Swedish owners introduced sound corporate governance, systems, processes and practices.

Symphony's opportunities

Market access: The acquisition will facilitate Symphony's access into China, among the largest air-cooler markets in the world after India.

Enhanced international access: China has created a robust customer pull. Since China enjoys Free Trade Agreements with most ASEAN countries, the MKE acquisition will provide Symphony with better international access.

Premium products and R & D advantage: MKE enjoys a strong R&D advantage. Its robust range of premium air coolers with commercial applications enjoys attractive international prospects.

Synergy: MKE's is an asset-free and debt-free business built around good governance and processes, similar to Symphony's business model.

Sourcing advantage: A number of components sourced from China are used in Symphony products. With MKE's knowledge of local sources, Symphony would enjoy the twin benefits of lower cost and enhanced quality.



MKE's financials

MKE's peak turnover from its air-cooler business was approximately Rs. 130 cr.in 2012 The key financials as on June 2015, however, are as tabulated below.

Provisional Financials of MKE as on 30-06-2015		
Particulars	Amount in '000 RMB	Amount (₹ in lacs)
Sales / Gross Revenue	36,064	3,666
EBIDTA	-4,509	-458
PBT	-6,969	-708
PAT	-6,969	-708
Net worth	8,102	823
Outside Borrowings	-	-
Loan from Promoters Group	-	-
Net Block	12,328	1,253
Net Working Capital	-3,576	-363

The estimated turnover for FY 2015 ending in December is ₹ 56 Cr.

Acquisition price and other details

The consideration for the proposed acquisition will be RMB 1.5 M (equivalent to approximately ₹ 1.55 Cr). The Board is optimistic of turning around MKE operations in the medium to long-term following the infusion of working capital beginning with ₹ 15 crores and peaking at ₹ 35 crores (including loss funding).

The proposed turnaround strategy will focus around market penetration (China and global) as well as cost optimization (product, operational and overheads).

The acquisition is subject to applicable regulatory and other approvals. No person belonging to the Promoter / Promoter Group(s) of Symphony has any interest in the acquisition and hence, this does not qualify as a related party transaction for the Company.

The above is for your information and record.

Yours faithfully,

For, **SYMPHONY LIMITED**


Chandrakant Gandhi
Company Secretary

