

Retail Equity Research Symphony Limited

Household Durables

BSE CODE: 517385

NSE CODE: SYMPHONY

Bloomberg CODE: SYML:IN

SENSEX: 73,878

Accumulate

12 Months Investment Period Rating as per Small Cap

CMP Rs. 965 TARGET Rs. 1,151 RETURN 19% ↑
(Closing: 03-05-24)

KEY CHANGES:

TARGET ↑

RATING ↑

EARNINGS ↓

Profitability doubles in Q4; Outlook positive

Symphony Ltd and its subsidiaries manufacture and trade in residential, commercial and industrial air coolers in the domestic and international markets. The company operates through the air coolers and corporate funds segments, and offers residential, packaged and central air coolers.

- In Q4FY24, Symphony reported a revenue increase of 7.8% YoY, driven by a rise in the sale of air conditioners and other durables in the Indian and international markets.
- EBITDA jumped 147.8% YoY to Rs.57 crore, while margin expanded 970 bps YoY to 17.2% led by fall in input costs, employee and selling, general and administrative (SG&A) expenses. PAT doubled to Rs.48 crore.
- The Board recommended a final dividend of Rs. 8 per equity share.
- Symphony's profitability doubled, owing to above normal temperatures in Indian regions and decent summer overseas. The intensified heat wave in India and overseas, ongoing transition and improving performance of subsidiaries are key growth factors. We reiterate to Accumulate with a revised target price of Rs. 1,151 based on 35x FY26E adj. EPS.

Summer in India and overseas supports topline

In Q4FY24, consolidated revenue rose 7.8% YoY to Rs.332 crore, the highest ever quarterly revenue. Revenue from Indian and overseas operations grew 5.7% YoY, driven by growing demand in southern and eastern India and Maharashtra. The onset of summer in March in these regions supported the domestic sales. Decent demand in Mexico, Brazil and China drove the overseas revenue to Rs.111 crore (+12.1% YoY). IMPCO-Mexico, Symphony-Brazil and GSK-China registered a revenue growth of 51%, 178% and 36% YoY, respectively. However, CT-Australia reported a revenue decline of 18% YoY due to persisting demand headwinds.

Cost reduction supported by margin expansion

In Q4FY24, EBITDA stood at Rs.57 crore (up 147.8% YoY). Resultantly, the margin expanded 970bps YoY to 17.2%, led by a fall in input costs, employee and SG&A expenses. Symphony is under the process of discontinuing its in-house manufacturing facility at CT-Australia by Q2FY25. It plans to outsource portable air coolers from India and other products from China with an aim to reduce cost of sales and improve margins. PAT doubled to Rs 48 crore.

Key concall highlights

- In Q1FY25, the management expects a minor price hike in the range of 1%-2%, which is likely to aid margin improvement.
- Demand in India operations is expected to increase as summer heat further picks up in central and northern India.
- Symphony plans to expand its recently launched kitchen fans and personal air coolers in double digits in metros and tier-one cities.

Valuation

Intensified summer in India and international operations aided the revenue growth in Q4FY24. Further, the decrease in costs led to a significant improvement in margins. Rising temperatures, price hikes, planned transition to outsourced products at CT-Australia and improving financials of subsidiaries are expected to boost performance. We reiterate to Accumulate with a revised target price of Rs. 1,151 based on 35x FY26E adj. EPS.

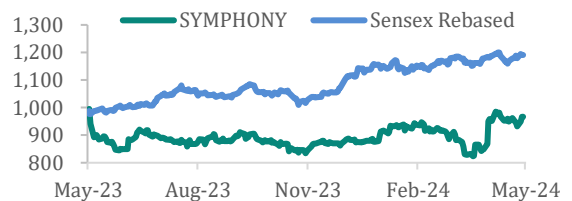
Company Data

Market Cap (cr)	Rs. 6,600
Enterprise Value (cr)	Rs. 6,750
Outstanding Shares (cr)	6.8
Free Float	24.0%
Dividend Yield	0.8%
52 week high	Rs. 1,020
52 week low	Rs. 820
6m average volume	6,126
Beta	0.4
Face value	Rs. 2

Shareholding (%)	Q2FY24	Q3FY24	Q4FY24
Promoters	73.4	73.4	73.4
FII's	3.8	3.4	3.3
MFs/Insti	10.4	11.0	10.3
Public	12.0	11.7	12.5
Others	0.4	0.5	0.5
Total	100.0	100.0	100.0
Promoters' pledge	0.0	0.0	0.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	2.9%	14.0%	-2.0%
Absolute Sensex	2.5%	14.8%	20.7%
Relative Return*	0.4%	-0.8%	-22.7%

*Over or under performance to benchmark index



Consolidated (cr)	FY24A	FY25E	FY26E
Sales	1,156	1,377	1,584
Growth (%)	(2.7)	19.1	15.0
EBITDA	168	234	280
EBITDA Margin (%)	14.5	17.0	17.7
Adj. PAT	148	187	228
Growth (%)	26.5	26.7	21.3
Adj. EPS	21.4	27.1	32.9
Growth (%)	28.6	26.7	21.3
P/E	39.6	35.6	29.3
P/B	7.8	7.6	6.5
EV/EBITDA	35.6	28.8	24.0
ROE (%)	19.8	21.4	22.2
D/E	0.2	0.2	0.1

Quarterly Financials (Consolidated)

Profit & Loss Account

Rs. cr	Q4FY24	Q4FY23	YoY Growth (%)	Q3FY24	QoQ Growth (%)	FY24	FY23	YoY Growth (%)
Revenue	332	308	7.8	247	34.4	1,156	1,188	(2.7)
EBITDA	57	23	147.8	44	29.5	168	138	21.7
EBITDA margins	17.2	7.5	970bps	17.8	(60bps)	14.5	11.6	290bps
Depreciation	6	7	(14.3)	6	-	26	26	-
EBIT	51	16	218.8	38	34.2	142	112	26.8
Interest	2	3	(33.3)	3	(33.3)	10	10	-
Other Income	9	10	(10.0)	15	(40.0)	51	50	2.0
Exceptional Items	-	-	-	-	-	-	-	-
Share of profit from Associate	-	-	-	-	-	-	-	-
PBT	58	23	152.2	50	16.0	165	234	(29.5)
Tax	10	7	42.9	9	11.1	46	68	(31.8)
Reported PAT	48	16	200.0	41	17.1	118	166	(28.5)
Minority Interest	-	-	-	-	-	-	(1)	n.m.
PAT att. to shareholders	48	16	200.0	41	17.1	148	117	26.5
Adjustments	-	-	-	-	-	-	-	-
Adj. PAT	48	16	200.0	41	17.1	148	117	26.5
No. of shares	6.8	6.9	(1.3)	6.9	(1.4)	6.8	6.9	(1.3)
Adj. EPS (Rs.)	7.0	2.3	203.9	5.9	18.8	21.6	16.9	28.1

Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	1,576	1,812	1,377	1,584	(12.6)	(12.6)
EBITDA	265	305	234	280	(11.9)	(8.2)
Margins (%)	16.8	16.8	17.0	17.7	20bps	85bps
Adj. PAT	212	246	187	228	(11.6)	(7.7)
Adj. EPS	30.2	35.1	27.1	32.9	(10.1)	(6.1)

PROFIT & LOSS

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Revenue	1,039	1,188	1,156	1,377	1,584
% change	15.4	14.3	(2.7)	19.1	15.0
EBITDA	161	138	168	234	280
% change	15.8	(12.7)	23.5	39.3	16.9
Depreciation	24	26	26	20	19
EBIT	137	112	142	214	261
Interest	9	10	10	7	5
Other Income	40	50	49	44	48
PBT	168	152	181	251	304
% change	28.2	(9.5)	19.1	38.4	21.3
Tax	47	36	33	63	77
Tax Rate (%)	28.0	23.7	18.2	25.2	25.2
Reported PAT	121	116	148	187	228
PAT att. to common shareholders	120	117	148	187	228
Adj*	-	-	-	-	-
Adj PAT	120	117	148	187	228
% change	5.3	(2.5)	26.5	26.7	21.3
No. of shares (cr)	7.0	7.0	6.9	6.9	6.9
Adj EPS (Rs.)	17.2	16.7	21.4	27.1	32.9
% change	5.2	(3.1)	28.6	26.7	21.3
DPS (Rs.)	9.0	5.0	8.0	9.0	10.9

CASH FLOW

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Net inc. + Depn.	145	142	174	208	247
Non-cash adj.	(6)	(47)	29	(18)	(10)
Changes in W.C	(82)	30	(42)	(42)	(82)
C.F. Operation	57	125	161	148	154
Capital exp.	(9)	(11)	(6)	(14)	(16)
Change in inv.	6	(25)	191	(27)	(33)
Other invest.CF	9	24	7	4	4
C.F - Investment	6	(12)	192	(37)	(44)
Issue of equity	-	-	-	-	-
Issue/repay debt	25	(39)	(66)	(17)	(15)
Dividends paid	(50)	(70)	(42)	(62)	(75)
Other finance.CF	(9)	(14)	(258)	(7)	(5)
C.F - Finance	(34)	(123)	(366)	(86)	(95)
Chg. in cash	29	(10)	(13)	25	15
Closing cash	68	57	43	68	83

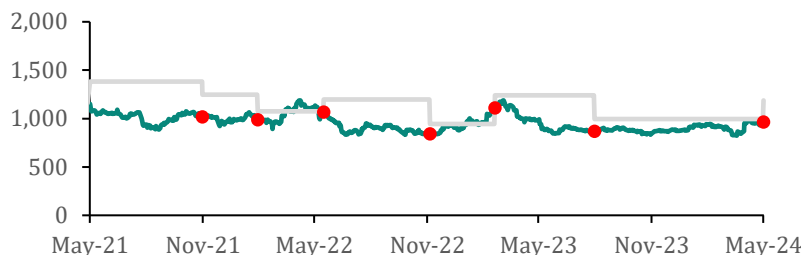
BALANCE SHEET

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	68	57	43	68	83
Accounts Receivable	208	115	168	179	253
Inventories	173	250	231	264	291
Other Cur. Assets	386	300	177	212	254
Investments	169	310	236	248	260
Gross Fixed Assets	151	162	170	184	200
Net Fixed Assets	107	108	102	95	92
CWIP	-	-	-	-	-
Intangible Assets	248	242	225	222	218
Def. Tax (Net)	6	20	33	63	77
Other Assets	2	2	3	3	3
Total Assets	1,367	1,404	1,218	1,354	1,533
Current Liabilities	243	271	279	298	334
Provisions	11	11	13	14	16
Debt Funds	254	232	169	152	137
Other Liabilities	14	9	8	15	19
Equity Capital	14	14	14	14	14
Reserves & Surplus	826	867	735	861	1,013
Shareholder's Fund	840	881	749	875	1,027
Minority Interest	5	-	-	-	-
Total Liabilities	1,367	1,404	1,218	1,354	1,533
BVPS (Rs.)	120	125	108	127	149

RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
Profitab. & Return					
EBITDA margin (%)	15.5	11.6	14.5	17.0	17.7
EBIT margin (%)	13.2	9.4	12.3	15.5	16.5
Net profit mgn.(%)	11.5	9.8	12.8	13.6	14.4
ROE (%)	14.4	13.2	19.8	21.4	22.2
ROCE (%)	12.5	10.1	15.5	20.8	22.4
W.C & Liquidity					
Receivables (days)	73.1	35.3	53.0	47.5	58.4
Inventory (days)	110.6	136.8	140.3	142.4	138.7
Payables (days)	95.2	90.8	88.1	79.1	79.1
Current ratio (x)	2.3	1.8	1.6	1.8	2.1
Quick ratio (x)	1.7	1.0	0.9	1.0	1.3
Turnover & Leverage					
Gross asset T.O (x)	7.1	7.6	6.9	7.8	8.2
Total asset T.O (x)	0.8	0.9	0.9	1.1	1.1
Int. coverage ratio (x)	15.2	11.2	14.2	31.6	57.2
Adj. debt/equity (x)	0.3	0.3	0.2	0.2	0.1
Valuation					
EV/Sales (x)	6.3	6.1	5.2	4.9	4.2
EV/EBITDA (x)	40.4	52.9	35.6	28.8	24.0
P/E (x)	52.6	60.9	39.6	35.6	29.3
P/BV (x)	7.5	8.1	7.8	7.6	6.5

Recommendation Summary (Last 3 Years)



Source: Bloomberg, Geojit research

Dates	Rating	Target
30-Apr-21	ACCUMULATE	1,382
2-Nov-21	BUY	1,247
31-Jan-22	HOLD	1,076
18-May-22	ACCUMULATE	1,196
7-Nov-22	ACCUMULATE	944
21-Feb-23	ACCUMULATE	1,240
2-Aug-23	ACCUMULATE	997
4-May-24	ACCUMULATE	1,151

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review

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