

# Retail Equity Research

## Symphony Limited

Household Durables

BSE CODE: 517385

NSE CODE: SYMPHONY

Bloomberg CODE: SYML:IN

SENSEX: 80,905

**REDUCE**

12 Months Investment Period Rating as per Small Cap

 CMP Rs. 1,647 TARGET Rs. 1,513 RETURN -8%   
 (Closing: 21-08-24)

**KEY CHANGES:**
**TARGET** 
**RATING** 
**EARNINGS** 

### Noteworthy performance, Premium Valuations

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 Q1FY25, its consolidated revenue rose 75.8% YoY to Rs. 531cr, driven by increased sales of air coolers and other durables in the domestic as well as export markets.
- EBITDA tripled to Rs. 111cr and margins expanded 1,230 bps YoY to 20.9%, led by improved cost mix.
- The company is expected to sustain its current trajectory, with strategic product positioning and innovations maintaining demand. However, following recent price increases, we believe there is limited room for further upside in the near term. Hence, we downgrade our rating to **REDUCE** on the stock with a revised target price of Rs. 1,513, based on 38x FY26E adjusted earnings per share (EPS).

### Revenue crosses Rs. 500cr

Symphony's consolidated revenue rose 75.8% YoY in Q1FY25 to Rs. 531cr, supported by sharp rise in domestic sales (+117.5% YoY). The company's domestic topline was bolstered by its strategic products portfolio and favorable summer season conditions, enabling strong penetration in semi-urban and rural markets. The direct-to-consumer (D2C) channel demonstrated sustainable growth, with 100% prepaid orders. Also, the international business segment delivered a notable 28.9% YoY revenue growth, driven by superior performance of IMPCO Mexico, which posted a 46% YoY rise. However, Climate Technologies, the company's Australian subsidiary, reported a revenue decline to Rs. 44cr vs Rs. 51cr in Q1FY24, owing to delayed order execution. Despite this, the management has expressed confidence of the subsidiary achieving revenue growth in FY25.

### EBITDA strengthens

The company's EBITDA surged 326.9% YoY in Q1FY25 to Rs. 111cr, primarily driven by a robust revenue base and an optimized cost structure, with fixed costs remaining stable. Also, EBITDA margin expanded 1,230bps YoY to 20.9%, largely attributed to significant uptake in the D2C channel. As a result, profit after tax (PAT) rose a sharp 266.7% YoY to Rs. 88cr.

### Key concall highlights

- The company decided to distribute 60% PAT to shareholders. The directors also approved a buyback of 285.6 lakh equity shares at Rs. 2,500 per share, amounting to Rs. 71.4cr.
- In the upcoming summer season, Symphony has targeted to launch 17 models across six product ranges.

### Valuation

In Q1FY25, the D2C segment gained significant traction, driven by the company's well-established e-commerce channels, such as Blinkit. Going forward, its cooler product mix, and visibility in Google searches, YouTube and OTT platforms, will potentially accelerate topline growth. Also, the introduction of Symphony Spa, Soul and Sauna ranges in the water heater segment is expected to enhance market penetration and boost winter season performance. The recent share buyback announcement has already led to a stock price increase. We also see limited upside potential in the near term due to recent price hikes and premium valuations. Hence, we downgrade our rating to **REDUCE** on the stock with a revised target price of Rs. 1,513, based on 38x FY26E adjusted EPS.

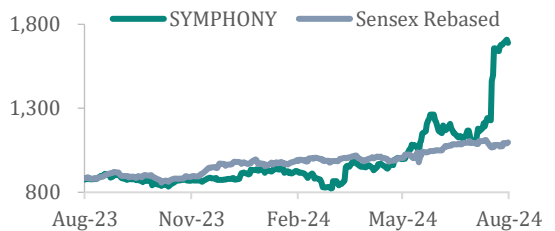
### Company Data

Market Cap (cr)	Rs. 11,360
Enterprise Value (cr)	Rs. 11,464
Outstanding Shares (cr)	6.9
Free Float	24.0%
Dividend Yield	0.8%
52 week high	Rs. 1,749
52 week low	Rs. 820
6m average volume (lacs)	2.8
Beta	0.4
Face value	Rs. 2

Shareholding (%)	Q3FY24	Q4FY24	Q1FY25
Promoters	73.4	73.4	73.4
FII's	3.4	3.3	4.8
MFs/Insti	11.0	10.3	10.0
Public	7.9	8.7	7.6
Others	4.3	4.3	4.2
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	69.5%	82.7%	91.6%
Absolute Sensex	9.2%	10.6%	24.4%
Relative Return*	60.3%	72.1%	67.2%

\*over or under performance to benchmark index



Consolidated (cr)	FY24A	FY25E	FY26E
Sales	1,156	1,540	1,756
Growth (%)	(2.7)	33.3	14.0
EBITDA	168	299	353
EBITDA Margin (%)	14.5	19.4	20.1
Adj. PAT	148	231	275
Growth (%)	26.5	56.3	18.9
Adj. EPS	21.4	33.5	39.8
Growth (%)	28.6	56.3	18.9
P/E	39.6	49.2	41.4
P/B	7.8	12.6	10.5
EV/EBITDA	35.6	38.3	32.4
ROE (%)	19.8	25.6	25.3
D/E	0.2	0.2	0.1

## Quarterly Financials (Consolidated)

### Profit & Loss Account

Rs. cr	Q1FY25	Q1FY24	YoY Growth (%)	Q4FY24	QoQ Growth (%)
Revenue	531	302	75.8	332	59.9
<b>EBITDA</b>	<b>111</b>	<b>26</b>	<b>326.9</b>	<b>57</b>	<b>94.7</b>
EBITDA margins	20.9	8.6	1,230bps	17.2	370bps
Depreciation	5	7	(28.6)	6	(16.7)
<b>EBIT</b>	<b>106</b>	<b>19</b>	<b>457.9</b>	<b>51</b>	<b>107.8</b>
Interest	3	3	-	2	50.0
Other Income	9	14	(35.7)	9	-
Exceptional Items	-	-	-	-	-
Share of profit from Associate	-	-	-	-	-
<b>PBT</b>	<b>112</b>	<b>30</b>	<b>273.3</b>	<b>58</b>	<b>93.1</b>
Tax	24	6	300.0	10	140.0
<b>Reported PAT</b>	<b>88</b>	<b>24</b>	<b>266.7</b>	<b>48</b>	<b>83.3</b>
Minority Interest	-	-	-	-	-
<b>PAT att. to shareholders</b>	<b>88</b>	<b>24</b>	<b>266.7</b>	<b>48</b>	<b>83.3</b>
Adjustments	-	-	-	-	-
<b>Adj. PAT</b>	<b>88</b>	<b>24</b>	<b>266.7</b>	<b>48</b>	<b>83.3</b>
No. of shares	6.9	7.0	(1.1)	6.8	0.9
<b>Adj. EPS (Rs.)</b>	<b>12.8</b>	<b>3.4</b>	<b>270.9</b>	<b>7.0</b>	<b>81.8</b>

### Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	1,377	1,584	1,540	1,756	11.9	10.9
EBITDA	234	280	299	353	27.8	26.1
Margins (%)	17.0	17.7	19.4	20.1	240bps	240bps
Adj. PAT	187	228	231	275	23.4	20.9
Adj. EPS	27.1	32.9	33.5	39.8	23.4	20.9

## PROFIT & LOSS

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Revenue</b>	<b>1,039</b>	<b>1,188</b>	<b>1,156</b>	<b>1,540</b>	<b>1,756</b>
% change	15.4	14.3	(2.7)	33.3	14.0
<b>EBITDA</b>	<b>161</b>	<b>138</b>	<b>168</b>	<b>299</b>	<b>353</b>
% change	15.8	(12.7)	23.5	78.0	18.5
Depreciation	24	26	26	27	28
<b>EBIT</b>	<b>137</b>	<b>112</b>	<b>142</b>	<b>272</b>	<b>326</b>
Interest	9	10	10	8	7
Other Income	40	50	49	44	48
<b>PBT</b>	<b>168</b>	<b>152</b>	<b>181</b>	<b>308</b>	<b>367</b>
% change	28.2	(9.5)	19.1	70.4	18.9
Tax	47	36	33	77	92
Tax Rate (%)	28.0	23.7	18.2	25.0	25.0
<b>Reported PAT</b>	<b>121</b>	<b>116</b>	<b>148</b>	<b>231</b>	<b>275</b>
<b>PAT att. to common shareholders</b>	<b>120</b>	<b>117</b>	<b>148</b>	<b>231</b>	<b>275</b>
Adj*	-	-	-	-	-
<b>Adj PAT</b>	<b>120</b>	<b>117</b>	<b>148</b>	<b>231</b>	<b>275</b>
% change	5.3	(2.5)	26.5	56.3	18.9
No. of shares (cr)	7.0	7.0	6.9	6.9	6.9
<b>Adj EPS (Rs.)</b>	<b>17.2</b>	<b>16.7</b>	<b>21.4</b>	<b>33.5</b>	<b>39.8</b>
% change	5.2	(3.1)	28.6	56.3	18.9
DPS (Rs.)	9.0	5.0	8.0	11.1	13.1

## BALANCE SHEET

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	68	57	43	66	91
Accounts Receivable	208	115	168	222	250
Inventories	173	250	231	285	313
Other Cur. Assets	386	300	177	227	293
Investments	169	310	236	248	292
Gross Fixed Assets	151	162	170	186	203
Net Fixed Assets	107	108	102	90	80
CWIP	-	-	-	-	-
Intangible Assets	248	242	225	222	218
Def. Tax (Net)	6	20	33	77	119
Other Assets	2	2	3	3	3
<b>Total Assets</b>	<b>1,367</b>	<b>1,404</b>	<b>1,218</b>	<b>1,439</b>	<b>1,661</b>
Current Liabilities	243	271	279	350	393
Provisions	11	11	13	14	16
Debt Funds	254	232	169	152	142
Other Liabilities	14	9	8	19	22
Equity Capital	14	14	14	14	14
Reserves & Surplus	826	867	735	890	1,074
Shareholder's Fund	840	881	749	904	1,088
Minority Interest	5	-	-	-	-
<b>Total Liabilities</b>	<b>1,367</b>	<b>1,404</b>	<b>1,218</b>	<b>1,439</b>	<b>1,661</b>
<b>BVPS (Rs.)</b>	<b>120</b>	<b>125</b>	<b>108</b>	<b>131</b>	<b>158</b>

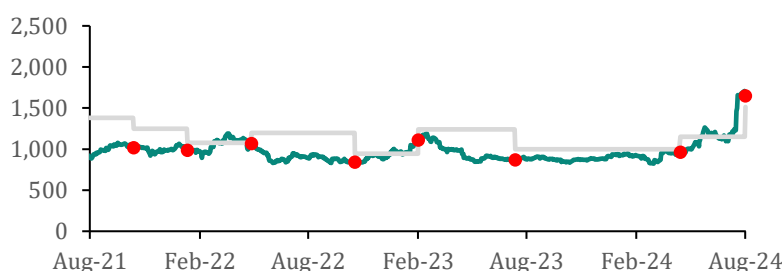
## CASH FLOW

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Net inc. + Depn.</b>	<b>145</b>	<b>142</b>	<b>174</b>	<b>258</b>	<b>303</b>
Non-cash adj.	(6)	(47)	29	(21)	(82)
Changes in W.C	(82)	30	(42)	(69)	(31)
<b>C.F. Operation</b>	<b>57</b>	<b>125</b>	<b>161</b>	<b>169</b>	<b>190</b>
Capital exp.	(9)	(11)	(6)	(15)	(18)
Change in inv.	6	(25)	191	(34)	(43)
Other invest.CF	9	24	7	4	4
<b>C.F - Investment</b>	<b>6</b>	<b>(12)</b>	<b>192</b>	<b>(45)</b>	<b>(56)</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	25	(39)	(66)	(17)	(10)
Dividends paid	(50)	(70)	(42)	(76)	(91)
Other finance.CF	(9)	(14)	(258)	(8)	(7)
<b>C.F - Finance</b>	<b>(34)</b>	<b>(123)</b>	<b>(366)</b>	<b>(101)</b>	<b>(108)</b>
Chg. in cash	29	(10)	(13)	23	26
Closing cash	68	57	43	66	91

## RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	15.5	11.6	14.5	19.4	20.1
EBIT margin (%)	13.2	9.4	12.3	17.7	18.5
Net profit mgn.(%)	11.5	9.8	12.8	15.0	15.7
ROE (%)	14.4	13.2	19.8	25.6	25.3
ROCE (%)	12.5	10.1	15.5	25.8	26.5
<b>W.C &amp; Liquidity</b>					
Receivables (days)	73.1	35.3	53.0	52.6	52.0
Inventory (days)	110.6	136.8	140.3	138.0	136.0
Payables (days)	95.2	90.8	88.1	88.9	90.9
Current ratio (x)	2.3	1.8	1.6	1.8	2.0
Quick ratio (x)	1.7	1.0	0.9	1.0	1.1
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	7.1	7.6	6.9	8.6	9.0
Total asset T.O (x)	0.8	0.9	0.9	1.2	1.1
Int. coverage ratio (x)	15.2	11.2	14.2	35.8	47.6
Adj. debt/equity (x)	0.3	0.3	0.2	0.2	0.1
<b>Valuation</b>					
EV/Sales (x)	6.3	6.1	5.2	7.4	6.5
EV/EBITDA (x)	40.4	52.9	35.6	38.3	32.4
P/E (x)	52.6	60.9	39.6	49.2	41.4
P/BV (x)	7.5	8.1	7.8	12.6	10.5

## Recommendation Summary (Last 3 Years)



Source: Bloomberg, Geojit research

Dates	Rating	Target
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
22-Aug-24	REDUCE	1,513

## 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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

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

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