

1 August 2012

Symphony

4QFY12 results exceed expectations; we maintain a Buy

Rating: **Buy**

Target Price: ₹308

Share Price: ₹258

Symphony's standalone 4QFY12 net profit rose 28% yoy to ₹197m (our estimate: ₹144m) on revenue that climbed 51.9% to ₹871m (₹573m in 4QFY11) due to a 78% rise in domestic sales. The average realization in air-coolers (export + domestic) swelled to ₹5,776 a unit, up 46% yoy. We expect demand for air-coolers to be high in FY13 and retain a Buy, with a target of ₹308.

- 4QFY12 result highlights.** Symphony 4QFY12 revenues, at ₹871m, were 52% higher yoy (9% above expectations). The EBITDA margin was 28.4% 167bps higher yoy due to lower raw material costs and 'other expenditure'. Standalone profit came at ₹197m, 68% higher yoy.
- Robust volume growth.** Domestic sales volumes, at 0.11m units, were up 59% yoy while export volumes were down 37% to 34,023 units. Symphony could not fulfil export demand for certain product categories due to higher sales in the home market. Sales in Jul '12 were more than in all of 1QFY12 on account of the extended summer, though such sales would be difficult to sustain. The average domestic realisation was ₹6,224/unit (13.8% up yoy) and export realisation was 39.6% higher at ₹4,284 per unit due to the change in product-mix. The company now has over 750 distributors and 14,000 dealers in 4,100 towns
- Consolidated performance.** FY12 revenues were ₹3.1bn (8% higher yoy) while net profit was 6% higher at ₹536m. Working capital came down significantly by ₹438m in FY12 due to lower inventory of coolers (₹115m in FY12 vs ₹417m in FY11). Cash and investments for FY12 were ₹406m and ₹620m respectively. Revenues and net profit from IMPCO were ₹633m and ₹28m respectively.
- Valuation.** At our target of ₹308, the stock trades at 14x Dec '13e earnings. **Risks.** Demand slowdown, delay in arrival of summer.

Key data	SYML IN / SYMP.BO
52-week high / low	₹326 / ₹190
Sensex / Nifty	17236 / 5229
3-m average volume	US\$0.2m
Market cap	₹9bn / US\$171m
Shares outstanding	35m

Shareholding pattern (%)	Jun '12	Mar '12	Dec '11
Promoters	75	75	75
- of which, Pledged	-	0	0
Free float	25	25	25
- Foreign institutions	0	0	0
- Domestic institutions	0.5	0.5	0.3
- Public	24.5	24.5	24.7

Financials (YE: Jun)	FY13e	FY14e
Sales (₹m)	4,054	4,840
Net profit (₹m)	695	852
EPS (₹)	20	24
Growth (%)	32.9	22.6
PE (x)	12.6	10.3
PBV (x)	3.6	2.9
RoE (%)	31.8	30.8
RoCE (%)	37.9	36.8
Dividend yield (%)	1.7	2.2
Net gearing (%)	(42.3)	(51.5)

Source: Anand Rathi Research

Quarterly results (YE: Jun)	4QFY11	4QFY12	% yoy	FY11	FY12	% yoy
Sales (₹m)	573	871	51.9	2905	3134	7.9
EBITDA (₹m)	153	247	61.4	709	732	3.3
EBITDA margin (%)	26.7	28.4	167bps	24.4	23.4	(104)bps
Interest (₹m)	0	2	517.3	4	8	72.2
Depreciation (₹m)	4	3	(29.2)	53	49	(8.9)
Other income (₹m)	14	30	106.1	101	64	(37.0)
PBT (₹m)	163	272	66.8	752	740	(1.6)
Tax (₹m)	52	75	44.5	246	202	(18.1)
Tax rate (%)	32.0	27.7	(428)bps	32.7	27.2	(550)bps
Std PAT (₹m)	117	197	67.8	512	531	3.7

Source: Company, Anand Rathi Research *Annual results are consolidated numbers

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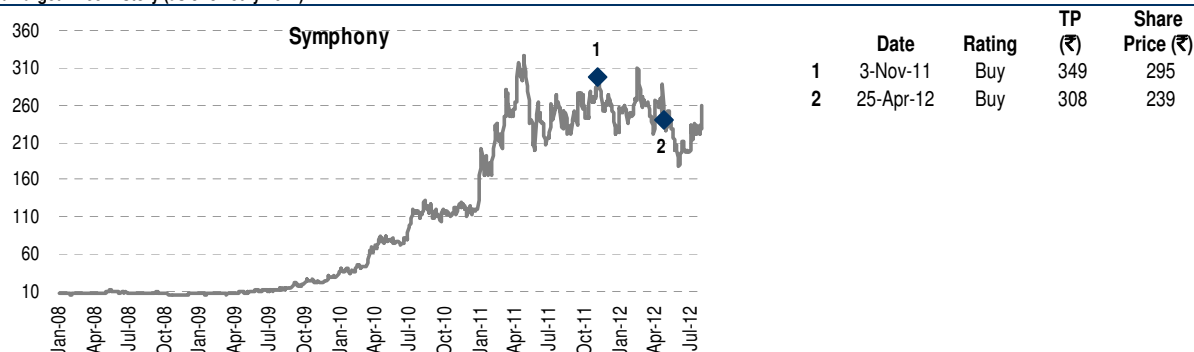
Appendix 1

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