



Thinking of Tomorrow

“Symphony Limited
Q4 FY26 Earnings Conference Call”

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MODERATOR: **MR. MANAN GOYAL – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Symphony Limited Q4 FY26 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manan Goyal from ICICI Securities. Thank you, and over to you, sir.

Manan Goyal: Thank you. On behalf of ICICI Securities, we welcome you all to Q4 and FY26 Results Conference Call of Symphony Limited. Today, we have with us senior management represented by Mr. Achal Bakeri, Chairman and Managing Director; Mr. Nrupesh Shah, Managing Director (Corporate Affairs); Mr. Rajesh Mishra, Chief Growth Officer.

Now I hand over the call to the management for their initial comments on the quarterly performance and a small presentation. Then we will open the floor for Q&A session. Thank you, and over to you, sir.

Achal Bakeri: Thank you very much. Good morning, everybody. This is Achal Bakeri, Chairman and Managing Director of Symphony. I welcome you all to this earnings call of Symphony Limited. And as is our custom, my colleague, Nrupesh Shah, Managing Director (Corporate Affairs) will be making a brief presentation, following which we'll take your questions. The customary Safe Harbor rules apply, and I thank ICICI Securities for hosting this call. Over to Nrupesh Bhai.

Nrupesh Shah: Hello. Good morning to everybody. Thanks for joining Symphony Limited's FY26 Investor Call and Earnings Presentation, coupled with Q4 FY26. So, we'll take you through performance highlights. Second is Australia reset, U.S. business and the related IPR consolidation.

So, coming to financials. On a consol basis, for the year FY26, top line stood at ₹1,131 crores, down by 28% Y-o-Y, leading to PBT (before exceptional items) of ₹149 crores, down from ₹326 crores. After providing for exceptional onetime impairment provision and net of some of the write-back, the PAT stands at negative ₹141 crores.

The capital employed in the core business on a consol basis stands at ₹384 crores. Mainly this capital deployed was in Australia and Australia-related business, and ROCE, which is PBIT (before exceptional items) divided by capital employed based on monthly average capital employed stands at 34 %.

Coming to stand-alone performance of Symphony India, Revenue is ₹765 crores, down from ₹1,182 crores. PBT (before exceptional items) stands at ₹164 crores, down from ₹329 crores and profit after tax after exceptional items stands at negative ₹166 crores. About exceptional items, we will deal with it later on. And capital employed on the core business i.e. in Symphony India was ₹78 crores, translating into ROCE of 149%.

Our total treasury as on 31st March '26 stands at ₹287 crores after remitting and investing ~ ₹165 crores in Australia to repay its long-term and short-term loan, which was converted into equity and now impaired.

For Q4 FY26 i.e. March quarter, on a consolidated basis, revenue is ₹338 crores, down from ₹488 crores. Gross margin percentage, the noteworthy barometer of the profitability is intact. It is 46.4%, in line with previous year. Of course, EBITDA has taken a toll mainly on account of economies of scale and operating leverage and hence, EBITDA margin stands at 15.5 % down from 21.2 %.

It is also noteworthy that Beyond India Summer Products, also known as BISP portfolio or BISP products, which includes large space ventilated air cooling, tower fan, kitchen fan, water heater, exports from India and overseas subsidiaries sales. That is the product portfolio not specifically dependent on Indian summer that constituted ₹558 crores of sales out of about ₹1,100 crores plus, i.e. 49 % of FY26 Consolidated revenue, in a way through partly through product diversification and geographical diversification, derisking the business.

During the year, IMPCO Mexico registered flattish revenue with overhang of channel inventory. GSK China is doing well, registering decent top line as well as profitability growth. But another important feature is that during the current calendar year, GSK China, out of its internal accruals and realization from its assets, repaid ₹26 crores of loan to Symphony India and hence, as on date, net loan repayable to Symphony India is just ₹4 crores from peak of ₹60 crores plus and this ₹4 crores of loan repayment is expected in next 6 months, whereby GSK China will be debt-free in terms of the long-term loan.

USA business has registered strong momentum despite geopolitical and tariff issues and the profitability on a quarterly and annual basis is intact as it was in pre-tariff, pre-geopolitical turmoil. As far as Climate Technologies Australia is concerned, I will come to it later on. And the Board of Directors has declared final dividend of ₹5 on a face value of ₹2, amounting to total annual payout of ₹62 crores. This payout is despite taking an impairment.

Coming to Symphony India in Q4 FY26, the revenue stands at ₹199 crores, down from ₹368 crores. March '25 was, of course, high base, but March '25 top line was also on account of huge unbilled advances as on 31st December, so high base and to an extent, extended billing to next quarter. There was until 31st March '26, channel caution because of inventory overhang and bad summer of '25. However, starting from third week of March, especially in South, Western India and part of Central India, there has been decent performance in the month of April. As far as North and East India is concerned, channel inventories to a major extent have already been rationalized. However, in April as well as until now, there has been some weather disturbances, but it is expected that starting current week, we may witness decent summer, and in the past also, it has happened that especially in these parts, summer sets in from second or third week of May. If so, still, we have a runway of 4 to 6 weeks of decent summer sales. And as far as India is concerned, Beyond India Summer Products, revenue registered at ₹192 crores out of stand-alone top line of ₹765 crores, that is slightly above 25% of the top line. Of course, this segment as a whole is already profitability-wise accretive, including EBITDA level as well as PBT level.

Export revenue was impacted mainly on account of ongoing Middle East geopolitical headwinds.

Coming to Australia reset. So now talking about the Australia reset, U.S. business and on account of that IPR consolidation at a level of Symphony India. So, the Board of Directors and company have decided to take a balance sheet reset, including impairment in relation to Australia business. So entire equity investment made in Australia worth of ₹348 crores cumulatively, including about ₹298 crores in the current year has been impaired. In other words, now there is nothing more to impair in terms of the equity investment from Symphony India.

We have ring-fenced U.S. business by making it a direct subsidiary of Symphony India and Bonaire USA equity has been bought over by Symphony India at a valuation of ~ ₹30 crores. In addition to that, some of the IPRs, especially Bonaire brand of Australia is valuable, particularly for U.S. business and other markets. And hence, those IPRs have been also bought over by Symphony India for about ₹23 crores.

So, company fully recognizes investors' concern about the performance of Australia, its capital efficiency, year after year, the losses it has posted, and investors always like to have disciplined capital allocation. And we must accept that our original acquisition thesis of Australia business has not translated into the financial outcome due to external situation and despite making all around turnaround efforts. When Symphony acquired Australia business in 2018, the strategic rationale was to build broader international business. The acquisition provided entry into developed markets such as Australia and U.S.A. and added established brand portfolio. However, post-acquisition, Australia business encountered materially different operating environment with a series of external factors. Just within 15 to 16 months post-acquisition, we witnessed COVID-related world's longest lockdown for almost 21 months. And hence, we didn't get the time to really integrate and symphonize the business. On top of it, due to changes in local regulation, we had to exit certain key-products, especially gas-based products. But promptly, we replaced them with new set of products, more befitting to local market, coupled with overheads reduced to less than half. Also integrated manufacturing facility converted into outsourced business model, also tried best to enhance and expand marketing network. But in a nutshell, despite all that, in last 2 years, Australia business has registered losses of ₹60 crores, including ₹33 crores in FY '26. Hence, to further reduce the financial overhang and carrying risk, Symphony infused ₹165 crores in March in Australia business to repay the long-term loan as well as working capital loan availed by the subsidiary which was by the comfort of and guaranteed by Symphony India. So, to that extent, loan has been repaid. Coming to specific impairment, on a stand-alone basis in Symphony India, we have taken an impairment of ₹298 crores in addition to ₹50 crores taken last year. It means entire equity investment totalling ₹348 crores have been impaired. And at the cost of repetition, nothing more to impair or in other words, nothing more to lose. And at a consol level, where technically accounting assets are different. So, all put together, the impairment is ₹259 crores, including goodwill is some of the intangible assets and deferred tax. So, to that extent, post PBT, PAT is impacted for the quarter and year as whole. The Board of Directors and company has very importantly and categorically decided that no further capital investment or allocation will be made to Australia business. So, whatever we were to invest, whatever we were to commit, we have done enough. Along with

this, we have acquired the shareholding of USA business directly in Symphony India amounting to ~ ₹30 crores and IPRs worth of ~ ₹23 crores, totalling ~ ₹52 crores. And ₹52 crores will be remitted again out of Treasury of Symphony India in current week or next week. And from remaining balance outstanding working capital loan, which is guaranteed by Symphony India, these proceeds will be used to repay the working capital loan. And thereafter, these are the financial statements more for your reference, stand-alone as well as consolidated on quarterly and annual basis.

Yes, so we can have Q&A.

- Moderator:** We have the first question from the line of Ankur Kumar from Alpha Capital.
- Ankur Kumar:** Sir, you said South, West and Central India have seen decent performance in April, but North has been weak. So can you comment overall company level, how are things? And what percentage of our business comes from the Northern part?
- Nrupesh Shah:** No. So, it's not like every year, North contributes the most or East contributes the most. It varies year after year, depending upon the season. However, despite huge inventory until pre-season, in April, there has been a decent uptick in the fresh business in the month of April. And coming to North India, as I said, most of the inventory overhang is done so far despite turbulent season. However, it seems that starting from current week, there may be a decent summer as it was witnessed in some of the past years. If so, I think we may have a fairly good summer for company as a whole.
- Ankur Kumar:** Sir, when you say fairly good, can you expect a double-digit type growth, 10%, 15%, 20% growth? How should we look at it?
- Nrupesh Shah:** No, if you can give me for next 2, 3 weeks, what's going to be the precise weather, then I can make some analysis and give that forecast.
- Ankur Kumar:** Sure, sir. And sir, our company has been quite pioneer in doing buybacks. And now a lot of companies have announced buyback, but we haven't announced any such plans. Our last buyback was in 2024. So any plans on that front?
- Nrupesh Shah:** So no share buyback as of now. But in a way, we bought back Australia company, we bought back Australian loans, and we bought back USA company by doing this balance sheet reset.
- Ankur Kumar:** But sir, given our stock price is quite low compared to 1, 2 years ago. So, any thoughts on share buyback for shareholders?
- Nrupesh Shah:** No, at the right time, Board will consider as it was done in the past and irrespective of anything, there has been a decent payout. But of course, at the right time, it can and will happen, again, with change in regulation.
- Moderator:** We will take the next question from the line of Vinay Nadkarni from Hathway Investments Private Limited.

- Vinay Nadkarni:** I just wanted to know what is the size of your US business in terms of sales and EBITDA and PAT, if you can share that? And what is the loan outstanding?
- Nrupesh Shah:** So, size of US business in last 5 years have varied from, if I say in ₹, ranging from ₹30 crores to ₹140 crores. In other words, the potential is at least ₹140 crores i.e. the kind of the sales we achieved. In FY '26, U.S. business sales was about ₹45 crores. I don't have the EBITDA margin handy right now, but by and large, it is in line with our domestic business. Of course, that margin gets distributed among 2 or 3 companies. But ultimately, that is the level of EBITDA margin from USA business.
- Vinay Nadkarni:** And what sells most in USA? And what are the products that you sell there? Is it the same thing that you do in India? Or is there something additional there?
- Nrupesh Shah:** Yes, it is air cooler, mainly air cooler.
- Achal Bakeri:** So, some products are exported which are sold in U.S.A., most of the products in terms of value are exported from India and the balance come from our plant in Mexico. But they are all air coolers essentially.
- Vinay Nadkarni:** Okay. And this tariff because of your Mexico tariff will not be an issue going forward. Of course, now there is no tariff, but still?
- Achal Bakeri:** Yes. Fortunately, by the time our products reached the shores of America, even this year, the tariff had come down to whatever, 12% or so. So even from India, it wasn't really material. And of course, from Mexico, there is no tariff. So all in all, it's become a nonissue at the moment.
- Vinay Nadkarni:** Okay. I don't remember seeing your slide on the performance of each of your subsidiaries, GSK China and Mexico. Can you just give us the sales and the EBITDA numbers of these 2 companies, the subsidiaries?
- Nrupesh Shah:** Okay. So, about IMPCO Mexico, for FY '26, the top line stood at ₹182 crores and EBITDA ₹21 crores. For GSK China, top line was ₹96 crores and EBITDA of ₹8 crores. And for Climate Technologies, Australia, Top line was ₹182 crores, and including profit of USA business, the PAT figure I have is negative ₹11 crores because there we had a substantial interest outflow also.
- Vinay Nadkarni:** Okay. So now CT Australia, is finally done. Now are you closing it down? Or are you still looking for sale of that though it is completely marked out of our books, are you looking at monetizing some part of it? Or what exactly is the plan for CT Australia going forward?
- Achal Bakeri:** So there, we are to begin with changing the business model to where we will have distributors across the country who will distribute products. At the moment, the subsidiary itself has warehouses and distributes products to various dealers across the country. Instead of that, we will have distributors in key geographies who will invest, buy the products anywhere from India or China and warehouse them and then sell to the local dealers. So that is the plan.

As far as your specific question about close / winding it up, that is something which we are not at the moment considering. At the moment, we are only looking at making the distribution more effective and efficient, so that we continue to build on what we have already done, without draining resources anymore.

Vinay Nadkarni: Yes. Because you mentioned that the Board has decided not a single penny more to be given to CT Australia. Just was wondering how can a loss-making company survive without any funding?

Achal Bakeri: So essentially, the company there will just have the team, which will manage the affairs, whereas the commercial transactions would be entirely between the distributors and our company in China or India, which have been traditionally selling products to the Australian subsidiary.

Vinay Nadkarni: So, what is the fixed cost of Australian subsidiary now in a strip down version for a monthly fixed cost of fee?

Achal Bakeri: As of now, the CODB is about 500K or 600K per month, which includes significant warehousing, rental costs and all, which would also further reduce once the warehousing costs have been eliminated. So, we would essentially just have the team and some office space, which will manage the affairs over there. And that's a similar arrangement that we have in Brazil, And so, we are basically going to replicate that kind of a model.

Vinay Nadkarni: Okay. Thank you very much.

Achal Bakeri: Sorry, to continue with the previous question, this 500K or 600K per month would further go down once the warehousing costs have been eliminated.

Moderator: Thank you. We will take the next question from the line of Manan Goyal from ICICI Securities. Please go ahead.

Manan Goyal: Hi. Thank you, sir for the opportunity. So, I have one question, like with multiple new entrants aggressively pricing the air coolers. So what's the company's strategy to defend their market share? And are you seeing any average selling price pressure at the trade level?

Achal Bakeri: So, Symphony has always been considered a sort of a premium brand, a mass premium brand, whereas all our other competitors have positioned themselves lower to Symphony for equivalent products. However, we have the widest range of products in the industry. And our products will be sort of positioned as various price points so that we are able to aggressively defend our market share and maybe even grow the market share. So, the advantage that we have of our product portfolio is that we are able to sort of have products at the value for the value segment as well as for the premium segment.

Manan Goyal: Got it. And sir, another question is like the water heater category was launched in FY26. So what are the revenue numbers in this category so far? And how do you expect the EBITDA margin will become accretive in this category?

- Achal Bakeri:** So it was a launch year. So the revenue wasn't anything to write home about. But in the coming year, we are sort of going to -- it's a long haul. It's going to be a long process. And in the years to come, we will sort of work our way up the revenue chain. Until last year, it was launched in very limited markets. So the market -- the geographical spread will also be wider this year. So the revenue will grow up. The products were very well received, both from customers and channel partners wherever they were sold. So we have a unique product proposition in terms of the hair fall control geysers, which is something no other competitor in the industry has. So in terms of technology, our product is the most advanced. But at the same time, we have launched value range of products as well. So we have a whole suite of products from the Spa, which is our flagship product to products at value price points.
- Manan Goyal:** Understood, sir. Thank you so much.
- Achal Bakeri:** You are welcome.
- Moderator:** We will take the next question from the line of Haider Kachwalla from Yes Securities. Please go ahead.
- Haider Kachwalla:** Sir, thank you for the opportunity. Could you also provide the PAT numbers for your subsidiaries?
- Nrupesh Shah:** So for Climate Technologies Australia, at PAT level, it was negative ₹11 crores before exceptional item. For IMPCO Mexico, it is positive ₹6 crores. For GSK China, before exceptional item, it is positive ₹3 crores and post exceptional item, it is ₹49 crores and Symphony Brazil, it is negative ₹3 crores.
- Haider Kachwalla:** Thank you for that, sir. And what do you expect the growth like looking forward in these subsidiaries? What would you guide for? How should we look at them?
- Nrupesh Shah:** No. So very clearly, with this Australia reset, balance sheet reset, subsidiaries will incrementally contribute to the profitability. And as you know, in Mexico, in China and in Brazil, we don't have equity capital deployment. In fact, in Mexico and China put together, our equity investment is less than ₹5 crores. And in GSK, the loan, which was in excess of ₹60 crores, is just ₹4 crores now, even that should be repaid. It means not only in terms of the top line and profitability, but even in terms of the overall profitability metrics, it has to be and will be quite capital accretive. In fact, it was Australia, which was a huge and consistent drag and had distorted the picture.
- Haider Kachwalla:** Okay, sir. Thank you for that. That's it from my side.
- Moderator:** Thank you. We will take the next follow-up question from the line of Vinay Nadkarni from Hathway Investments Private Limited. Please go ahead.
- Vinay Nadkarni:** Yes, thanks for the opportunity again. Just 2 questions on the Indian business. When you said overall business was around ₹1,100 crores and ₹558 crores coming from BISP, the balance ₹542 crores, I presume would be from the Indian operations alone. So when I look at how is the EBITDA level playing in these 2 segments?

- Nrupesh Shah:** No, of course, in household residential coolers, it is significantly better. However, in BISP category also, even though we have built and growing it with substantial advertisement and sales promotion expenses in last 3, 4 years, at an EBITDA level, it is in a decent high-single-digit margin percentage.
- Vinay Nadkarni:** Okay. And you see that growing through operating leverage going forward? Or how exactly will BISP EBITDA margin cross and come closer to your normal EBITDA margins?
- Nrupesh Shah:** No. So for sure, it has the potential to be in line with our air cooler business, and with operating leverage. By the way, as far as our subsidiaries are concerned, particularly IMPCO and even US business as well as China, at EBITDA level, if we normalize, they are almost in line with Symphony India business.
- Vinay Nadkarni:** Okay. And what is the EBITDA for the air cooler business in India out of the ₹542 crores, roughly?
- Nrupesh Shah:** We don't have separate data right now. But we have mentioned the gross margin percentage. So gross margin on a quarterly consolidated basis was about 46 % in line with year before despite there has been major turmoil and summer-related disturbances. So neither there has been a pricing pressure, and despite cost pressure, we have due to a variety of strategies and initiatives, maintained that. This is at consol level.
- As far as on a quarterly standalone level is concerned, gross margin percentage has taken a heat of about 3 %, but still it's hovering at about 45 % plus. As far as EBITDA margin % is concerned, certainly, it's linked with operating leverage, and that has taken a hit. On a consol level, it is 15.5% and on a standalone level, it is 17 %, which year before it's about 27 %.
- Vinay Nadkarni:** Just wanted to check out on now the competition in Indian markets, how much of gap is there between our pricing and lower-end AC pricing in the market, branded AC?
- Nrupesh Shah:** That is noncomparable product, noncomparable segment. Actually, the cooling capacity of a particular category of AC and air cooler should be compared. But still depending upon the brand, the capital cost difference Air cooler will be costing one third. And when it comes to the electricity consumption, clearly, the saving is more than 90%. So in a way, payback period is 1 to 2 years from electricity saving.
- Vinay Nadkarni:** Okay. So basically, you're saying if 100 is the AC price of the lower-end branded ACs, your price would be around 75?
- Nrupesh Shah:** Ours will be about 30 to 40.
- Vinay Nadkarni:** Thank you. Thank you very much.
- Moderator:** Thank you. We will take the next question from the line of Shraddha Kapadia from SMIFS Limited. Please go ahead.

- Shraddha Kapadia:** Thank you so much for the opportunity. So I just wanted to know the round-the-year portfolio sales of Q4. You have mentioned for the full year, if you could just help with the Q4 percentage also?
- Nrupesh Shah:** So we don't have the separate figure for that. But as I said earlier, round-the-year product portfolio, EBITDA on a stand-alone level as well as console level is high single-digit percentage. This is despite we are intentionally building with a lot of onetime costs, but they are totally booked to P&L, including trade channel-related costs, advertisement sales promotion costs and a variety of other launching costs. But still, it is in high single-digit percentage and has a great potential to be in line with our air cooler category.
- And in some of the categories, in fact, it has already reached, say, for example, large space ventilated cooling, EBITDA margin percentage now stands even higher than residential air cooler category.
- Shraddha Kapadia:** Sure. Thank you so much. Also, the other expenses are significantly higher versus the historical levels. So any factors which has led to this high increase? And is it like because of the deleverage? Or how should we look at it going forward? Plus the PVC price increase, which has been witnessed recently, if you could throw some light on that also?
- Nrupesh Shah:** No, there has been huge cost increase undoubtedly. But at least in current quarter, i.e. June quarter, we have the benefit of old inventory, which was at a lower cost. And overall, it seems that there won't be material impact at least in June quarter at a gross margin percentage. It may be a few points here and there. But as fully new production takes place and starting 1st July, we will be in a position to pass entire price increase in one way or other way.
- Achal Bakeri:** Cost increase will be passed on.
- Nrupesh Shah:** Yes.
- Shraddha Kapadia:** Okay. Thank you so much.
- Moderator:** Thank you very much. Ladies and gentlemen, we will take that as the last question. I now hand the conference to the management for the closing comments. Thank you, and over to you, sir.
- Achal Bakeri:** Okay. Thank you very much for your participation early this morning, and we look forward to hosting you next quarter. Thank you, and have a great summer..
- Moderator:** Thank you, members of the management. On behalf of ICICI Securities, we conclude the conference call for Symphony Limited. Thank you all for joining us, and you may now disconnect your lines. Thank you.
