

CHAIRMAN'S MESSAGE

It is with pleasure that I place this Annual Report of your Company in your hands. Your Company has completed 20 years in business and in this milestone year, has achieved its highest ever sales. In this year, your Company has become completely debt-free and has entirely wiped out its negative worth and converted into positive network to the extent of Rs. 850 lacs. In other words, your company is on the threshold of good years ahead.

As you are aware, the last several years were very difficult for your Company, but it has emerged from its difficulties and is where it is today on account of the sheer dedication, perseverance and the sense of purpose of its employees. Giving them continuous support and encouragement have been the shareholders, the suppliers, the customers and the board of directors.

Over these last years, the Company has continuously developed and introduced several new products, has expanded the breadth and depth of its domestic distribution network, has continued to invest in brand building, has significantly improved the quality of its products which now is at international levels, has rationalized costs, value engineered its products and expanded its reach in international sales.

In other words, the company has innovated in every sphere of its activity and has thereby improved its performance and emerged as a preeminent Air Cooler Company in India and across the world.

Along with the employees, I have tremendous faith in the future of the Air Cooler business on account of its environment friendliness, its low capital cost and low cost of operation. This is also borne out by the fact that the global annual sales of Air Coolers are estimated to be over 10 million units. The Company possesses the vision, the brand, the infrastructure, the team and most importantly the spirit of enterprise necessary to harness this vast potential.

It is our firm belief that the last few years although painful, have been a period of learning and preparation for the years to come in which your Company will show superior financial performance and will make all its stakeholders proud.

With warm regards,

Achal Bakeri
Chairman

SYMPHONY COMFORT SYSTEMS LTD.

BOARD OF DIRECTORS

Mr. ACHAL BAKERI

Chairman & Managing Director

Mr. NRUPESH SHAH

Director

Mr. ANUPAM YAJNIK

Director

Mr. DIPAK PALKAR

Director

REGISTERED OFFICE & CORPORATE OFFICE:

'Saumya', Nr. Bakeri Circle, Navrangpura, Ahmedabad 380014.
Tel # 26424430-35. Fax # 079-26425930.



COMPANY SECRETARY

Mr. CHANDRAKANT GANDHI

FACTORY

703/704, Sanand Kadi Highway, Village Thol, Tal.Kadi, Dist.Mehsana, Gujarat. PIN - 382728.
Tel # (2764) 274342-45. Fax # 02764-274347.
Email: corporate@symphonycomfort.com
Website: www.symphonycomfort.com

AUDITORS

SHAH & DALAL

Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENT

M/s. Pinnacle Shares Registry Pvt. Ltd., Near Ashoka Mills,
Naroda Road, Ahmedabad - 380 025.

**NOTE : ALL SHAREHOLDERS ARE REQUESTED TO SEND ALL TRANSFER OF SHARE/
CORRESPONDENCE TO THE REGISTRAR AND SHARE TRANSFER AGENT.**

SYMPHONY COMFORT SYSTEMS LTD.

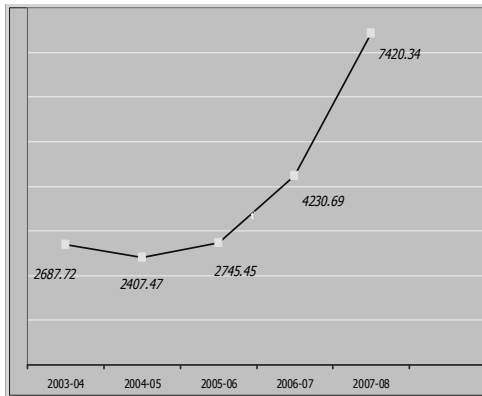
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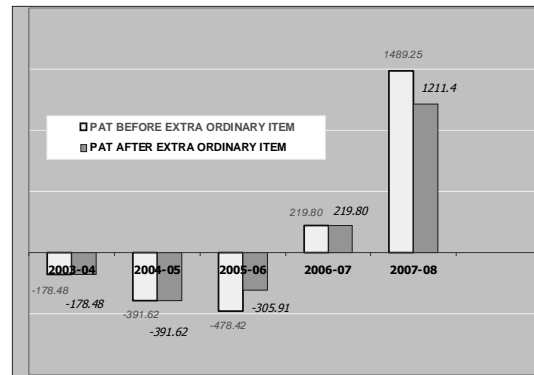
SYMPHONY COMFORT SYSTEMS LTD.

GRAPHS FINANCIAL HIGH LIGHTS

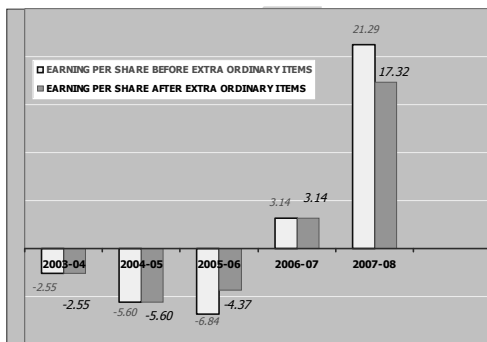
TOTAL INCOME (RS. IN LACS)



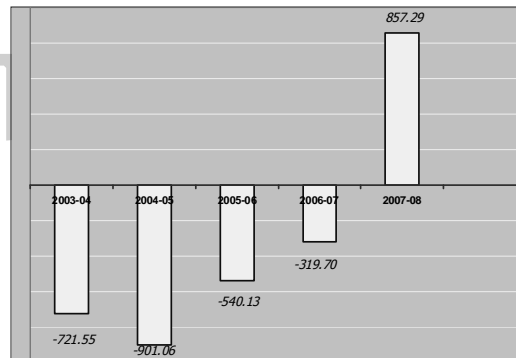
PROFIT AFTER TAX, BEFORE & AFTER EXTRA ORDINARY ITEMS (RS. IN LACS)



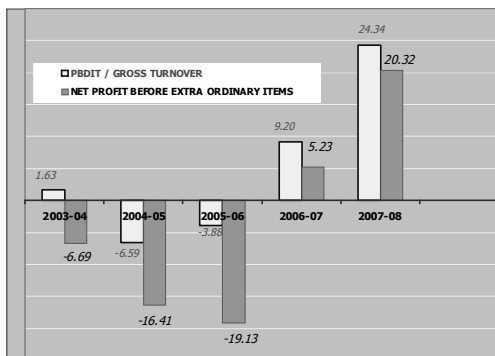
EARNING PER SHARE BEFORE & AFTER EXTRA ORDINARY ITEMS (IN RS.)



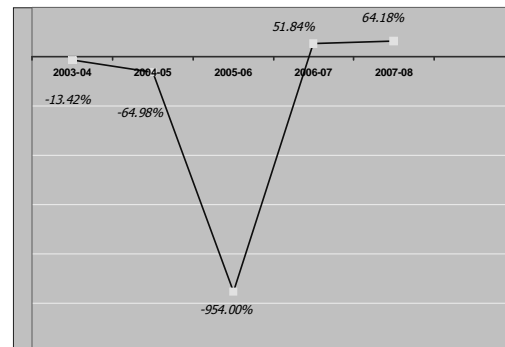
NET WORTH (RS. IN LACS)



PBDIT AND NET PROFIT BEFORE EXTRA ORDINARY ITEMS (%)



RETURN ON CAPITAL EMPLOYED %



SYMPHONY COMFORT SYSTEMS LTD.

FINANCIAL HIGHLIGHTS						
Sr. No.	YEAR	2007-08	2006-07	2005-06	2004-05	2003-04
1	Turnover	7328.58	4206.37	2501.29	2387.06	2668.63
2	Total Income	7420.34	4230.69	2745.45	2407.47	2687.72
3	Profit before Depreciation, Interest & Tax (PBDIT)	1783.92	386.85	-97.16	-157.33	43.53
4	Depreciation	92.55	133.35	190.25	221.44	214.15
5	Profit after Tax before extra ordinary items	1489.25	219.80	-478.42	-391.62	-178.48
6	Provision made for earliers years - Extra Ordinary Items	277.85	0.00	172.51	0.00	0.00
7	Profit after extra ordinary items	1211.40	219.80	-305.91	-391.62	-178.48
8	Equity Share Capital	699.57	699.57	699.57	699.57	699.57
9	Reserves & Surplus	223.94	-1019.27	-1239.70	-1600.63	-1208.88
10	Net Worth	857.29	-319.70	-540.13	-901.06	-721.55
11	Gross Fixed Assets	1137.97	1028.01	2572.83	2480.27	2363.91
12	Net Fixed Assets	624.80	605.16	647.46	742.98	846.15
13	Market Capitalisation	2822.76	1273.22	638.01	812.90	305.01
14	Number of Employees	211	143	57	64	52

KEY INDICATORS						
1	Earning per Share before extra ordinary items- Rs.	21.29	3.14	-6.84	-5.60	-2.55
2	Earning per Share after extra ordinary items- Rs.	17.32	3.14	-4.37	-5.60	-2.55
3	PBDIT / Gross Turnover %	24.34	9.20	-3.88	-6.59	1.63
4	Net Profit Margin before extra ordinary items%	20.32	5.23	-19.13	-16.41	-6.69
5	Net Profit Margin after extra ordinary items%	16.53	5.23	-12.23	-16.41	-6.69
6	ROCE %	64.18%	51.84%	-954.00%	-64.98%	-13.42%
7	Book Value per Share-Rs.	12.25	-4.57	-7.72	-12.88	-10.31
8	Turnover per Share-Rs.	104.76	60.13	35.75	34.12	38.15
9	Total Assets Turnover	3.88	4.64	1.32	1.03	0.88
10	Fixed Assets Turnover	6.44	4.09	0.97	0.96	1.04
11	Inventory Turnover	17.75	10.76	6.73	9.46	8.39
12	Debtors Turnover	34.57	17.92	12.81	25.44	5.34
13	Turnover Per Employee (Rs. In Lacs)	34.73	29.42	43.88	37.30	51.32
14	PAT (Before Extra Ordinary Items) per Employee (Rs. In Lacs)	7.06	1.54	-8.39	-6.12	-3.43

SYMPHONY COMFORT SYSTEMS LTD.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Symphony Comfort Systems Ltd. will be held at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015, on Friday, the 26th December, 2008 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Accounts for the year ended 30th June 2008 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Nrupesh Shah who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Dipak Palkar who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration and for that purpose to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. Shah & Dalal, Chartered Accountants, Ahmedabad, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and are hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass the following resolution with or without modifications as an Ordinary Resolution:

"RESOLVED that in partial modification of Resolution No. 4 passed at the Annual General Meeting of the Company held on 20th December, 2007 approving the appointment and terms of remuneration of Mr Achal Bakeri, Managing Director of the Company and in accordance with the provision of Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act 1956 ("The Act") read with Schedule XIII of the Act, the increase in remuneration payable to Mr. Achal Bakeri, Managing Director of the company be and is hereby approved w.e.f. 1st October, 2008 as per the revised terms of the remuneration to be paid to Mr. Achal Bakeri as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner

as may be agreed to between the Board of Directors and Mr Achal Bakeri "

"RESOLVED FURTHER that the Board of Directors or a Committee thereof of the Company, be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect this Resolution."

6. To consider and if thought fit, to pass the following resolution with or without modifications as an Ordinary Resolution:

"RESOLVED that in partial modification of Resolution No. 5 passed at the Annual General Meeting of the Company held on 21st December, 2006 approving the appointment and terms of remuneration of Mr Nrupesh C. Shah, Executive Director of the Company and in accordance with the provision of Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act 1956 ("The Act") read with Schedule XIII of the Act, the increase in remuneration payable to Mr Nrupesh C. Shah, Executive Director of the company be and is hereby approved w.e.f. 1st April, 2008 as per the revised terms of the remuneration to be paid to Mr Nrupesh C. Shah, Executive Director, as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr Nrupesh C. Shah, Executive Director."

"RESOLVED FURTHER that the Board of Directors or a Committee thereof of the Company, be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect this Resolution."

Registered Office:

"Saumya"
Nr. Bakeri Circle,
Navrangpura,
Ahmedabad-380014.
Date : 15/10/2008

By Order of the Board
For **SYMPHONY COMFORT
SYSTEMS LTD.**

(Chandrakant Gandhi)
COMPANY SECRETARY

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ANNEXURE TO NOTICE:

ITEM NO. 5

The Members had, at the Annual General Meeting of the Company held on 20th December, 2007 approved the appointment and payment of remuneration to Mr. Achal Bakeri, Managing Director for a period of 5 years effective

SYMPHONY COMFORT SYSTEMS LTD.

from 1st December 2007. The brief resume of the appointee is attached to the Notice.

The Board of Directors, at its Meeting held on 30 September, 2008, approved the revised terms of re-appointment of Mr Achal Bakeri as the Managing Director of the Company, with effect from 1st October, 2008 on, inter alia, the following terms:

Nature of duties:

Shri Achal Bakeri, shall, subject to the supervision and control of the Board, be entrusted with substantial powers of Management and shall also perform such duties as, from time to time, be entrusted to him and the business of any one or more of its subsidiary and/or associate companies.

(A) Remuneration consist of any/ or all of the following:

1. Monthly Basic Salary of Rs. 1,00,000/- to 5,00,000/-
2. Reimbursement of Expenses up to 50% of Basic Salary
3. Ex-Gratia 5% of Basic Salary
4. On completion of the year, in eventuality of profits, profits linked performance incentive to the extent that the total remuneration is within applicable statutory ceiling of the remuneration.

(B) Perquisites

In addition to the above, Shri Achal Bakeri will also be eligible to the following perquisites which shall not be included in the computation of the ceiling on the remuneration specified above:

1. Contribution to provident fund, super-annuation fund, or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity not exceeding half month salary for each completed year of service.
3. Provisions of car for use on Companies business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

The above remuneration is subject to the limit of 5% or 10% of the net profit of the Company during the year as the case may be as laid in section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profit as laid down in Section 198 of the Companies Act, 1956.

Wherein any financial year the Company has no profit or its profit are inadequate, the Company shall pay Shri Achal Bakeri in respect of such financial year, remuneration by way of salary, allowance, perquisites and other benefit as the board of directors may deem fit, subject to and within the limit prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 as existing or modified or re-enacted from time to time.

The terms and conditions of the said appointment/ re-appointment may be altered and varied from time to time by the Board as it may in its discretion deem fit, within the maximum amounts payable to the Appointee, in accordance with the provision of the Act or any amendments made hereafter in this regard and subject to such approvals as may be required.

Shri Achal Bakeri is concerned or interested in the proposed resolution. None of the other Directors is concerned or interested in the said resolution. The Directors commend the resolution for approval of the Members of the Company.

This may be treated as an abstract of the draft Agreement between the Company and Shri Achal Bakeri pursuant to Section 302 of the Act.

ITEM NO 6

The Members had, at the Annual General Meeting of the Company held on 21st December, 2006 approved the appointment and payment of remuneration to Mr Nrupesh C. Shah, Executive Director for a period of 5 years effective from 1st November 2006. The brief resume of the appointee is attached to the Notice.

The Board of Directors, at its Meeting held on 30 September, 2008, modified and approved the revised terms of profits linked performance incentive payable to Mr Nrupesh C. Shah, Executive Director of the Company, with effect from 1st April, 2008 for the remainder period of his term:

- On completion of the year, in eventuality of profits, profits linked performance incentive to the extent that the total remuneration is within applicable statutory ceiling of the remuneration.

Rest of all other terms and conditions of the appointment and payment of remuneration of Mr Nrupesh C. Shah, Executive Director remain unaltered.

The above remuneration is subject to the limit of 5% or 10% of the net profit of the Company during the year as the case may be as laid in section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profit as laid down in Section 198 of the Companies Act, 1956.

SYMPHONY COMFORT SYSTEMS LTD.

Wherein any financial year the Company has no profit or its profit are inadequate, the Company shall pay Mr Nrupesh C. Shah, Executive Director in respect of such financial year, remuneration by way of salary, allowance, perquisites and other benefit as the board of directors may deem fit, subject to and within the limit prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 as existing or modified or re-enacted from time to time.

The terms and conditions of the said appointment/re-appointment may be altered and varied from time to time by the Board as it may in its discretion deem fit, within the maximum amounts payable to the Appointee, in accordance with the provision of the Act or any amendments made hereafter in this regard and subject to such approvals as may be required.

Mr Nrupesh C. Shah, Executive Director is concerned or interested in the proposed resolution. None of the other Directors is concerned or interested in the said resolution. The Directors commend the resolution for approval of the Members of the Company.

This may be treated as an abstract of the draft Agreement between the Company and Mr Nrupesh C. Shah, Executive Director pursuant to Section 302 of the Act.

Registered Office:

"Saumya"
Nr. Bakeri Circle,
Navrangpura,
Ahmedabad-380014.
Date : 15/10/2008

By Order of the Board
For **SYMPHONY COMFORT
SYSTEMS LTD.**
(Chandrakant Gandhi)
COMPANY SECRETARY

NOTES:

- (a) A member entitled to attend and vote at the meeting is entitled to appoint Proxy to attend and vote instead of himself and such Proxy need not be a member.

The instrument appointing Proxy should however be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
- (b) Members desirous of obtaining any information as regards account and operations of the Company are requested to write to the Company at least 7 days before the meeting to enable the Company to keep the required information ready at the forthcoming meeting.
- (c) The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business mentioned in the above Notice is annexed hereto.
- (d) The Register of Members and Share Transfer Books of the Company will remain closed from 17/12/2008 to 26/12/2008 (both days inclusive).

- (e) Under the provisions of the Companies Act, 1956 as amended by Companies (Amendment) Act, 1999 w.e.f. 31st October 1998, members holding shares in physical form may file Nomination Forms in respect of their shareholdings. Such members willing to avail this facility may submit to the Company at the Registered Office in the prescribed Form 2B or write to or contact the Company Secretary for assistance.
- (f) Pursuant to Section 205A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999 (1st Amendment) which came into effect from 31/10/1998, we have transferred dividend for the year 1995-96 which remained unclaimed for a period of 7 years from the date of transfer to Unpaid Dividend Account, to Investor Education & Protection Fund on 06/03/2004 established by the Government under Section 205C(1) of the Act.
- (g) Members who hold share in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
- (h) Members are requested to intimate the change in their registered address, if any, to the Company. In case of mailing address mentioned on this Annual Report is without PIN CODE, members are requested to kindly inform their PIN CODE immediately.
- (i) The documents and/ or letters referred to in the Resolutions and in the Explanatory Statement annexed hereto are open for inspection for the members at the Registered Office of the Company on all working days between 2.00 p.m. and 4.00 p.m., upto the date of Annual General Meeting.
- (j) Members are requested to bring their copies of Annual Report to the meeting, as the same will not be circulated at the meeting.
- (k) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
- (l) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

Registered Office:

"Saumya"
Nr. Bakeri Circle,
Navrangpura,
Ahmedabad-380014.
Date : 15/10/2008

By Order of the Board
For **SYMPHONY COMFORT
SYSTEMS LTD.**

(Chandrakant Gandhi)
COMPANY SECRETARY

SYMPHONY COMFORT SYSTEMS LTD.**Brief resume and other information in respect of directors seeking re-election etc.**

Name of Director	Shri Achal Bakeri	Shri Nrupesh Shah	Shri Dipak Palkar
Age	48 years	43 years	55 years
Qualification	Architect, MBA(USA)	BCOM, FCA., CS	B.Com, Diploma in Taxation Laws & Practices, Diploma in Business Management
Date of Appointment	1-12-1992	19-10-2002	31-12-2005
Brief Resume & Functional Expertise	Rich and varied experience of about 2 decades in various fields including constructions, exports, technical, manufacturing, designing etc.	Finance, Accounts, Taxation and Corporate Matters	Expertise in Marketing, Business Promotion and International Sales.
Appointment/Reappointment	-	Reappointment	Reappointment
No.of Shares held in the Company	29,26,360	Nil	Nil
List of Companies in which Directorship is held	<ol style="list-style-type: none"> 1. Symphony Designer Properties Pvt. Ltd. 2. Bakeri Engineering & Infrastructure Ltd. 3. Harmony Holdings Pvt. Ltd. 4. Oras Investments Pvt. Ltd. 5. Paratam Investments Pvt. Ltd. 6. Bakeri Urban Development Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Nrup Consultants Pvt. Ltd. 2. Nabab Investments Pvt. Ltd. 3. Neelam Fiscal Pvt. Ltd. 4. Symphony Designer Properties Pvt. Ltd. 	Nil
Chairman / Member of the Mandatory Committee on which he / she is a Director	1	2	2

SYMPHONY COMFORT SYSTEMS LTD.

DIRECTORS' REPORT

To,
The Members,
SYMPHONY COMFORT SYSTEMS LIMITED

Your Directors have pleasure in presenting herewith the 21st Annual Report together with the Audited Balance Sheet as at 30/06/2008 and Profit & Loss Account for the year ended 30/06/2008.

1] FINANCIAL RESULTS:

Particulars	Current Accounting Year ended on 30.6.08	[Rs. in Lacs] Previous Accounting Year ended on 30.6.07
Sales and Other Income	7411.49	4220.35
Profit/ (Loss) before Interest, Deferred Revenue		
Expenditure, Depreciation	1780.57	424.42
Less: Interest	7.66	30.47
Less: Depreciation	92.55	133.34
Profit/(Loss) before Taxation	1680.36	260.61
Less: Obsolete Assets Written off	-	42.24
Fringe Benefit Tax & Taxation	166.38	3.01
Deferred Tax Liability	27.99	-
Profit/(Loss) after Taxation	1485.98	215.36
Extra Ordinary Items – Provision for disputed Income Tax and Sales demand	277.86	-
Profit/(Loss) after Extra Ordinary Items	1208.13	215.36
Balance as per last year Balance Sheet	(2618.59)	(2833.95)
Transfer to General Reserve	Nil	Nil
Balance carried to Balance Sheet	(1410.46)	(2618.59)

2] DIVIDEND:

In view of the carried forward loss, your Directors regret their inability to recommend any dividend on equity shares.

3] REVIEW OF OPERATION:

During the year 2007-08, your Company achieved record sales turnover of Rs.7324.12 lacs as compared to the sales turnover of Rs. 4196.56 lacs of the previous year, leading to growth in turnover by 75%. The year registered Profit after tax of Rs. 1485.98 lacs as against Rs. 215.36 lacs in the previous year, growth by 590%. Further efforts are being made to improve margins by rationalizing the market network, cost control, product mix and saving in operating cost. Your Directors are cautiously optimistic for better performance.

Air coolers:- The company has continued to introduce new range of varied models with improved quality and technology in order to gain competitive edge. "Power Saver Range" of air coolers introduced by the company are affordable to the common man and are very well received by the trade. The Company has upgraded by adding several features to various models of Air Coolers including premium models "hi cool" and "Winter" and they have been acknowledged well in the market. Strategic distribution network introduced during the year under review has yielded encouraging results.

Water Heaters:- "Sauna" and "Spa" models of Water Heaters in different capacity are technically, feature-wise and aesthetically far superior Water Heaters. The company expects brighter success of "Sauna" and "Spa" models of Water Heaters in the years to come.

Focus on Exports: During the year under review, the company registered exports of Rs. 952.59 lacs as compared to exports of Rs. 996.31 lacs of previous year. Marginal decline in exports is mainly on account of sluggish overseas market conditions. The company foresees promising future in the years to come.

Your Company has adequately strengthened its export team with region-wise focus to grab promising overseas opportunities. This will endow the Company to venture into many new countries and to minimize the seasonality factor of the business. The overseas business may be proved as a "growth engine" to the Company in near future.

4] Financial Restructuring :

Over last few years, your Company had undergone major financial restructuring exercise to come out of financial crisis and to lay sound future base for long term viability. The Company has successfully undertaken and implemented following measures:

- The Company worked out OTS with ICICI and State Bank of India. All debts to ICICI and State Bank of India have been completely paid off.
- Earlier the Company had already paid off the entire Fixed Deposits and all other overdue payments.

Thus, your Company is virtually debt free company, a landmark achievement.

5] Provision for Disputed Tax Demand & Contingent Liability:

Income Tax :- During the year, the company has made provision for disputed demand of Income Tax of Rs. 28.64 lacs for A. Y. 2003.04.

Sales Tax :- Demand aggregating Rs.2966.16 lacs under the Gujarat Sales Tax Act for the year 2000-01 which was remanded back for fresh assessment has been now successfully completed and a small demand arose out of the fresh assessment has been paid off.

SYMPHONY COMFORT SYSTEMS LTD.

During the year under review the company has made provision for disputed demand of Rs. 249.21 lacs for several states other than Gujarat. Appeals have been preferred before appropriate authorities for the contingent liabilities for Income Tax aggregating to Rs.1209.42 lacs and Sales Tax aggregating to Rs. 2270.45 lacs. As legally advised no provision is required to be made for the same. Explanation for the contingent liability have been given in the Notes to the Accounts for the year under review.

At the meeting of Board of Directors held on 30th September,2008, your directors had adopted the audited accounts for the year under review where in provisions were made for the disputed sales tax liability aggregating to Rs.1185.94 Lacs, which inter alia consist of Rs.912.84 Lacs for the State of Gujarat and Rs.23.89 Lacs for the State of Orissa. Subsequent to the said provisions, some positive developments in both the matters, i.e. Rs.912.84 Lacs of Gujarat and Rs.23.89 Lacs of Orissa had taken place and therefore the company was advised by the expert that provisions for such disputed demand had been redundant. Having considered the matter, your directors at their meeting held on 15th October,2008, decided accordingly to reverse the provisions made for the said Rs. 912.84 lacs for the state of Gujarat and Rs. 23.89 lacs for the state of Orissa, aggregating to Rs. 936.73 lacs and made fresh provision for deferred tax Rs. 27.99 lacs for the accounts under review. As a result of the aforesaid provision of Rs.936.73 lacs, the "Profits after Extra Ordinary Items" increase to Rs.1208.13 lacs from Rs.299.38 Lacs as per the accounts for the year under review as adopted at the board of directors meeting held on 30th September, 2008. The "Debit Balance of Profit & Loss A/c" in the Accounts reduces to Rs. 1410.46 lacs from Rs. 2319.21 lacs as per the accounts for the year under review as adopted at the board of directors meeting held on 30th September, 2008.

6] **Bad Debts Rs. 2579.90 lacs Written Off in 2001-02:**

Your Directors had reported in the Annual Reports of 2000-01 and 2001-02 that the Company had been dealing with various Regional Distributors since 1989. Over the years the said distributors had accumulated losses and hence their outstanding payable to the company kept on mounting. Finally in 2001-02, after taking expert's opinion, the company decided to write-off the amount totaling to Rs.2579.90 Lacs which the distributors were unable to pay.

However, since the said distributors had an established distribution network without which the company would have been unable to carry on its business, the company had to continue business with them, although on renewed terms of strictly no credit. Over the last five years, in the process, the company has gradually established its own distribution network and these

distributors have also started making profits. Now, as the company has appointed its own employees throughout the country and set up its own marketing and service network and has stopped dealing through the regional distributors. In response to continued efforts by the company to recover past dues, the distributors have approached the company to settle their outstanding dues (which the company had written-off) in an amicable manner. The matter was referred to the arbitrator who is Ex. Justice of Gujarat High Court and Chairman of MRTD Commission in terms of the agreement between the company and the said distributors. Several arbitration hearings have been held. The company is hopeful that in the near future, the company may be able to recover part if not the whole amount of outstanding that has been written off.

7] **Reference to Board for Industrial and Financial Reconstruction (BIFR):**

The Company had filed a reference with BIFR u/s 15(1) of the SICA. The company was declared as Sick Industrial Unit u/s 3(1)(o) of the SICA. State Bank of India (SBI) was appointed as Operating Agency (OA). The Rehabilitation Scheme prepared by the company seeking certain relief & concessions was appraised by SBI and then forwarded to BIFR. Hearings have been held by BIFR and order is awaited.

8] **CORPORATE GOVERNANCE:**

The Board and its Committees have taken steps to further strengthen the framework of Corporate Governance and Internal Audit system of the Company during the year. The Board and Audit Committee were active in discussing reports of Internal Auditors and advising on monitoring the implementation of their recommendations.

The Board has implemented Code of Business Conduct and "Ethics Code" for the members and to members of Senior Management to inculcate business ethics in the Company with employees and business associates,

A report on Corporate Governance and Management Discussion and Analysis, as required under clause 49 of the Listing Agreement is annexed.

The CEO and Chief Financial Officer (CFO) have certified to the Board with regards to the financial statements and other matters as required in clause 49 of the Listing Agreement and the said Certificate is contained in the Annual report. A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is also annexed. All the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct.

9] **DIRECTORS:**

The Board of Director has, at its meeting held on 30th September 2008 revised remuneration payable to Mr Achal Bakeri as the Chairman & Managing Director

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and Shri Nrupesh Shah, Executive Director of the Company for the remainder period of their respective present term. Attention of members is invited to the relevant items of the Notice of the Annual General Meeting and the Explanatory Statement thereto.

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Nrupesh Shah and Shri Dipak Palkar, Director of the Company retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

10] **FIXED DEPOSIT:**

Your company has made timely repayment of all deposits to investors and out standing deposit is Nil.

11] **CONSOLIDATED ACCOUNTS:**

As required under Clause 32 of the Listing Agreement with the Stock Exchange, Audited Consolidated Financial Statements form part of the Annual Report.

12] **COMPLIANCES OF ACCOUNTING STANDARDS:**

The Institute of Chartered Accountants of India (ICAI) has from time to time introduced many accounting standards for consistent application of accounting principles & transparent disclosures by corporate entities. Your company has opted for substantial compliance of all mandatory accounting standards, wherever applicable, except as stated by Auditors in their report, if any.

13] **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards issued by The Institute of Chartered Accountants of India and requirements of the Companies Act, 1956, have been followed;
- (ii) such accounting policies have been selected and applied them consistently and such judgments and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 30th June 2008 and of the loss of the Company for that period;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

14] **INSURANCE:**

All the insurable interests of the Company including Factory Building, Plant & Machinery, Stocks, vehicles, and other insurable interests are adequately insured.

15] **DISCLOSURE:**

In line with the requirements of Listing Agreement with the Stock Exchanges and the Accounting Standards of the Institute of Chartered Accountants of India, your Company has made additional disclosures in the Notes on Accounts for the year under review in respect of related party transaction, calculation of EPS and deferred tax liability.

16] **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure "A" attached hereto and forming part of the Directors' Report.

17] **PARTICULARS OF EMPLOYEES:**

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, for the year ended 30th June, 2008 is not applicable since none of the employees employed throughout the financial year under review was not in receipt of remuneration in aggregate Rs.24,00,000 or more per annum or Rs 2,00,000 per month or more.

18] **AUDITORS:**

M/s. Shah & Dalal, Chartered Accountants, Ahmedabad, hold office as Auditors of the Company until the conclusion of the ensuing 21st Annual General Meeting and the Board recommends their re-appointment till the conclusion of the next Annual General Meeting.

The Company has received a certificate from Auditors under Section 224(1) of the Companies Act, 1956 to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Act.

Members are requested to consider their re-appointment as Auditors of the Company for the current year at a remuneration to be decided by the Board of Directors.

19] **ACKNOWLEDGEMENTS:**

The Directors express their grateful thanks to the various suppliers, C&FAs, distributors, dealers etc. for their support & co-operation and look forward to their continued association with the company.

The Directors also record their appreciation of devoted services rendered by all ranks of the Company's personnel during the year. The Company will make every effort to meet the aspirations of its Shareholders and wish to sincerely thank them for their whole hearted co-operation and support at all times.

For and on behalf of the Board

Place : Ahmedabad

Date : 15/10/2008.

ACHAL A. BAKERI

Chairman & Managing Director

COMPLIANCE REPORT ON ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

Information as required under section 217 (1)(e) of the Companies Act, 1956 read with the Companies

(Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended on 30.6.2008.

1] Conservation of Energy

a] Energy Conservation Measures Taken :

- Designed and installed complete system for recycling pre-heated water for testing of storage water heaters.
- Constant endeavor made to replace metallic components by globally specialty plastics.
- Completely change the electrical distribution system viz. L T Panels, cable routing etc.
- Replacement of ballasts (chokes) by more efficient one.
- Reduction of inwards and on-line inspection by bringing the manufacturing procedures under statistical quality control [SQC].
- Avoidance of night shift due to increased productivity during day shift.
- Outsourcing of products at very effective cost.
- Design of new moulding tools for higher productivities and thereby reduced processing power requirement per piece.
- Redesigning the product and packaging dimensions to allow optimum quantity of transportation per truck or container. This leads to lower fuel consumption per piece.

2] Technology Absorption :

Efforts made in technology absorption

Form B is Annexed

3] Foreign Exchange earning & outgo :

The information on foreign exchange earning & outgo is contained in Schedule Q item number 21 & 22 in the notes to the accounts to the Balance Sheet.

FORM B

Form for disclosure of particulars with respect to technology absorption.

1] Research & Development (R & D) :

- Constant R & D efforts directed towards product improvement, new product development, enhancement of features of existing products, cost reduction, automation, vendor development, environmental friendly products, import substitution and energy efficient products.
- In house development of aesthetically designed full plastic body air coolers/ storage and water heaters.
- Training to Design & Development team in Advanced Computer Aided Design CAD application.
- Procurement of latest CAD hardware & software.
- Development, Installation and Implementation of comprehensive computerized Management Information System MIS on Windows based software.
- Computerization of entire factory operation from Production Planning to dispatch.
- Computerization and connectivity of all CFA through Internet.
- Establishment of intensive technical & prototype library.

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- Regular specialized training to our key managerial personnel at reputed institutions.
- Regular in house training by faculty drawn from reputed Research Institutions and specialized suppliers.

2] Benefits derived as a result of above R & D :

- Enhanced customer satisfaction.
- Improvement in quality & reliability.
- Cost Reduction.
- Improvement in productivity.
- Reduction in Wastage/Rework
- New product Development as well as enhancement of features in existing products resulting in higher sales & market shares.
- Improved serviceability and improved field service

3] Future Plans of Action :

- Continuous improvement in quality, reliability, productivity & optimization of yield of whole range of products.
- Up gradation & enhancement of features and energy efficiency in existing products.

4] Expenditure on R & D :

Particulars	[Rupees in lacs]	
	2007-08	2006-07
1. Revenue	14.24	4.41
2. Capital	--	---
3. Total	14.24	4.41
4. Total R & D expenditure (as % of turnover)	0.20%	0.10%

Technology Absorption, Adoption & Innovation :

i] Efforts Made :

Various R & D efforts as mentioned in Para 1 above.

ii] Benefits Derived :

Several benefits derived as mentioned in Para 2 above.

iii] Imported Technology :

No imported technology is involved. The Company has its own proven technology duly tested and proved. However, certain critical tools & moulds have been imported.

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CORPORATE GOVERNANCE

A. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company is committed to good corporate governance. Good governance practice is derived from the culture and mindset of the organization. It is therefore not simply about evolving regulations and procedures but also about creating an environment of trust and confidence among various stakeholders. It is about demonstrating high level of integrity, transparency, accountability and disclosures across the Company's operations and in its interaction with its stakeholders, including shareholders, customers, employees, the government, lenders and the society.

Our endeavor is not to merely to comply with regulatory & statutory obligations, but also to follow the governance code in right spirit. The Corporate Governance philosophy of the Company is determined by the following fundamental principles.

1. Conduct the affairs of the company in an ethical manner.
2. Ensure transparency in all our dealings.
3. Ensure highest level of responsibility and accountability.
4. Ensure compliance with all laws and regulations as applicable.

Ensure opportune dissemination of periodical financial results and matters of interest to stakeholders.

The Board of Directors recognize that they have a obligation to the stakeholders to ensure that the rights of the shareholders are protected. Through the Governance mechanism in the Company, the Board together with its Committees endeavors to strike the true equilibrium with various stakeholders.

B. BOARD OF DIRECTORS:

Composition and category of Directors on June 30, 2008 is as follows:

Category	* No. of Directors	* No. of other Directorship	Chairman/ Member in other Committee
Promoter Director	1	1	2
Executive Directors	1	Nil	2
Independent Directors	2	Nil	2

* Directorships in private company excluded

BOARD MEETINGS

The Company placed before the Board all the relevant and necessary information at their meetings for the information of the Board. During the year from 1st July 2007 to 30th June 2008. Eight Board Meetings were held on 13th July 2007, 18th September 2007, 30th October 2007, 20th December 2007, 05th January 2008, 31st January 2008, 27th March 2008 and 30th April 2008.

Attendance of each Director at the meetings of Board of Directors and the last AGM

Directors	No. of Board meetings Held	No. of Board meetings attended	Last AGM attendance (Yes / No)
Mr. Achal Bakeri	8	8	Yes
Mr. Nrupesh Shah	8	8	Yes
Mr. Anupam Yajnik	8	7	Yes
Mr. Dipak Palkar	8	6	Yes

There is no Nominee Director on the Board as on 30th June 2008.

Code of conduct

The Company has adopted the Symphony Comfort Systems Ltd (SCS) Code of Business Conduct and Ethics Code for the Members of the Board of Directors and members of the Senior Management Team of the Company. The Code is posted on the website of the company

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C. AUDIT COMMITTEE:

During the year, Company has held Five Audit Committee meetings on 17th July 2007, 18th September 2007, 31st October 2007, 31st January 2008 and 30th April 2008. The Audit Committee comprises of Shri Dipak Palkar, Shri Nrupesh Shah and Shri Anupam Yajnik.

Composition, Name of Members as on 30th June, 2008

Mr. Dipak Palkar Chairman

Mr. Nrupesh Shah

Mr. Anupam Yajnik

Attendance of each Director at the Audit Committee Meetings:

Directors	No. of meetings Held	No. of meetings attended
Mr. Dipak Palkar	5	5
Mr. Nrupesh Shah	5	5
Mr. Anupam Yajnik	5	4

Terms of reference and role of Audit Committee.

- i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii) Recommending the appointment and removal of external auditor, fixation of the audit fee and also approval for payment for any other services.
- iii) Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any relating party transactions i.e. transaction of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. That may have potential conflict with the interest of the company at large.
- iv) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- v) Reviewing the adequacy of internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- vi) Discussion with internal auditors any significant findings and follow-up thereon.
- vii) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
- viii) Discussion with the external auditors before the audit commences, nature and scope of audit as well as have post audit, discussion to ascertain any area of concern.
- ix) Reviewing the company's financial and risk management policies.
- x) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, share holders (in case of non-payment of declared dividends) and creditors.
- xi) Oversight of company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- xii) Matters required to be included in the directors responsibility statement to be included in the Boards Report in terms of clause 2AA of section 217 of the Companies Act, 1956. Changes if any in accounting policies and practices and the reason for the same.
- xiii) Reviewing with the management, performance of the statutory and internal auditors. Adequacy of internal control system.

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xiv) Reviewing concerning of the Whistle Blower Mechanism.

xiv) Carrying out any other functions as is mentioned in terms of reference of the audit committee.

Risk Management:

A procedure is laid down to inform the Board members of risk management in the organization. Results of the risk assessments and residual risks are presented to the Senior Management and the Audit Committee members. The Management is accountable for the integration of risk management practices into the day to day activities. The scope of the Audit Committee includes review of the Company's financial and risk management policies. The Audit Committee reviews the Audit reports covering operational financial and other business risk areas.

D. REMUNERATION COMMITTEE:

The Company has not formed Remuneration Committee.

E. REMUNERATION OF DIRECTORS:

Directors	Salary Rs.	Perquisites Rs.	Total Rs.
Mr. Achal Bakeri	9,00,000	5,17,052	14,17,052
Mr. Nrupesh Shah	11,07,600	32,640	11,40,240
Total	20,07,600	5,49,692	25,57,292

F. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE:

Company has formed Investor Grievance Committee.

The function and the power of the committee to monitor and redressal of investors/ shareholders grievances includes approval and rejection of share transfer/ transmission of equity shares of the Company and to do all other things, deeds as may be necessary relating to resolving any kind of investors/ shareholders complaints.

The members of the Company's Investor Grievance Committee are:

Mr. Anupam Yajnik, Chairman

Mr. Achal Bakeri, Member

Mr. Nrupesh Shah, Member

- Name and designation of Compliance officer:

Chandrakant Gandhi, Company Secretary

- Number of shareholders complaints received, solved and pending complaints:

NATURE OF COMPLAINTS	RECEIVED	SOLVED	PENDING
Non-receipt of share certificates/ Refund / Demat	Nil	Nil	Nil
Stock Exchange	Nil	Nil	Nil
SEBI	Nil	Nil	Nil

G. SHARE TRANSFER DETAILS:

i) Number of Transfers (Physical)	-	158
ii) Average Number of Transfers per month (Physical)	-	13
iii) Number of Shares Transferred (Physical)	-	24800
iv) Average Number of Shares Transferred per month (Physical)	-	2067
v) Number of pending Share Transfers	-	Nil

H. GENERAL BODY MEETING:

Location and time for the last three AGMs:

YEAR ENDING	DATE	VENUE	TIME
30th June, 2005	31st December, 2005	AMA Hall	10.00 A.M.
30th June, 2006	21st December, 2006	AMA Hall	10.00 A.M.
30th June, 2007	20th December, 2007	AMA Hall	10.00 A.M.

* Ahmedabad Management Association

During the period under report the Company had not held any Extraordinary General Meeting and no resolution has been passed through Postal Ballot.

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DISCLOSURES:

- During the year under review, besides the transactions mentioned elsewhere in the Annual Report, there were no other related party transaction by the company with its promoter, directors management and subsidies that has a potential conflict with the interests of the Company at large.
- The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the company, at large.
- The company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.
- The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- The Managing Director (CMD), Executive Director and the Executive in charge of finance have certified to the Board in accordance with Clause 49 (v) of the Listing Agreement pertaining to CMD/CFO certification for the Financial Year ended 2007-08.

COMPLIANCE BY THE COMPANY:

The Company has complied with the requirement of stock exchanges, SEBI and other statutory authorities on all matters during the last 3 years. No penalties, strictures have been imposed on the Company by the stock exchanges or SEBI or any other authority.

I. MEANS OF COMMUNICATION:

Company is not sending half-yearly report to each household of shareholders and the results are published in press. Quarterly results are generally published in Western Times. In terms of SEBI guidelines, the results are posted regularly at www.sebi.gov.in and the link page is <http://sebidifar.nic.in/index.asp>. The results are also promptly forwarded to Stock Exchanges in which shares of the company are listed.

J. MANAGEMENT DISCUSSION & ANALYSIS REPORT

1] INDUSTRY STRUCTURE & DEVELOPMENT:

The air cooler industry in India is mainly controlled by unorganized sector. Your company is pioneer in the manufacturing of air coolers in organized sector. Earlier, the air cooler was available in metal/ wooden body, which had its own problems like rusting, noise etc. Your company has made a dent in the market by bringing ABS plastic body air coolers in the market. At present, company is world's largest manufacturer of portable air coolers. Company has developed various models of air coolers over a period of time to suit the requirements of customers. Your company is eyeing on the constant improvement in the products to facilitate the end user.

2] OPPORTUNITIES & THREATS:

OPPORTUNITIES:

The market dynamics transforms into the following sets of opportunities:

- Due to Globalisation, increased opportunity to tap export market
- Huge potential in domestic market considering population of the country & increased awareness about quality among customers
- Various applications of air coolers

THREATS:

- Heavy competition from local and unorganized sector
- Fluctuation in oil prices & consequent fluctuation in raw material(plastic) prices
- Customer makes more emphasis on value of product & lesser emphasis on quality of product and due to that, pressure of cost reduction.
- Demand for air coolers is subject to vagaries of summer

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3] SEGMENTWISE PERFORMANCE OR PRODUCTWISE PERFORMANCE:

The company is presently engaged in one business segment i.e. consumer durable products like air coolers & geysers with different sizes & models which suit the requirements of the customers.

4] OUTLOOK:

The Company is very conscious in cost reduction and overhead control and these measures have made possible to pass through tough time in a scenario of reduction in turnover. The Company has carried out value engineering in raw material without affecting quality of the product.

The company is exploring possibility of expanding base for air coolers' sales in domestic as well as international market. The company has got ISO 9001 recognition in 1998 and various models have got 'CE' mark which is pre-requisite for exports to Europe countries. Company has also got 'UL' listing which is essential for US market.

5] RISK & CONCERN:

- Competition from unorganized & organized sector.
- Highly seasonal
- Heavy State/ Cent. Government levies
- Heavy transportation cost

6] INTERNAL CONTROL SYSTEMS & ADEQUACY:

Your company has adequate internal control procedures commensurate with the size and nature of business. The Company has deployed a strong system of internal controls to allow optimal use and protection of assets, facilitate accurate and timely compilation of financial statements and management reports and ensure compliance with statutory laws, regulations and comply management policies. The Company has also devised an extensive monitoring and review mechanism, whereby the management regularly reviews actual performance with reference to business plans- both financial and operational.

The functional heads are responsible for performing regular internal assurance reviews to ensure adequacy of the internal controls systems and adherence to management policies and statutory requirements. The functional heads deploy an annual internal assurance plan based on assessment of major risks in each of the businesses. Risk assessment helps in identifying and focusing on all high-risk areas. The reviews cover all the business critical functions, such as revenue assurance, collection, credit and risk, MIS and information technology and network security, procurement and financial reporting.

The Board audit committee periodically reviews the audit plans, audit observations of both internal and external audits, risk assessment and adequacy of internal controls.

7] DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under review the turnover of the Company was Rs. 7324.12 lacs as against turnover of Rs. 4196.56 lacs during the previous year. This implies remarkable growth of 75%. Your company has made exports of Rs. 952.59 lacs during the year under review as compared to exports of Rs. 996.31 Lacs during the previous year.

8] HUMAN RESOURCES:

The company recognises that people are an important part of the organisation; a major exercise in training & development of employee has been undertaken at all levels. The company gives a lot of importance to the Human Resources activities. These activities have helped to retain & motivate employees of the company to face this difficult period. With their support we can look forward to a bright future of the company.

9] CAUTIONARY STATEMENT:

Estimates & expectations stated in this management discussion & analysis may be forward looking statement within the meaning of applicable securities, laws, and regulation. Actual result could defer materially from those expressed or implied. Important factors that could be a difference to your company's operations includes favourable summer season with high temperature, price condition in the domestic & international markets, changes in the government regulations, tax laws, other statutes and other incidental factors.

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GENERAL SHAREHOLDER INFORMATION

1) Annual General Meeting

Date : 26/12/2008

Time : 10.00 A.M.

Venue: Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad.

2) Financial Year

Financial year of the Company is for a period of 12 months Commencing from 1st July to 30th June.

3) Book Closure

17/12/2008 to 26/12/2008

4) Listing on Stock Exchange

Sr. No.	Name of Stock Exchange	Address
1.	The Ahmedabad Stock Exchange	Kamdhenu Complex, Nr. Polytechnic, Panjra Pole, Ahmedabad – 380 015
2.	The Stock Exchange – Mumbai	Rotunda Building, 1st Floor, New Trading Ring, P.J. Towers, Dalal Street, Fort, Mumbai- 400 001

The Company has paid Annual Listing fees for the year 2008-2009 to the above stock exchanges.

5) Market Price Data

High, Low during each Month in last financial year is as under:-

Month	Mumbai Stock Exchange	
	High	Low
July, 2007	25.85	17.30
August, 2007	23.95	18.25
September, 2007	45.30	20.00
October, 2007	55.00	37.10
November, 2007	38.40	31.00
December, 2007	40.75	35.80
January, 2008	40.95	30.10
February, 2008	43.65	31.60
March, 2008	40.95	36.40
April, 2008	44.80	36.00
May, 2008	60.95	45.15
June, 2008	49.00	38.65

6) Registrars and Transfer Agents

For Physical transfer of shares as well as electronic connectivity, it has appointed the following registrar w.e.f. 1st April, 2003

M/s. PINNACLE SHARES REGISTRY PVT. LTD.

Near Asoka Mills,
Naroda Road,
Ahmedabad-380025.

7) Share Transfer Systems

Since the Company's shares are compulsorily traded in the demat segment on stock exchanges, bulk of the transfers take place in the electronic form.

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8) Shareholding Pattern

SR. NO.	CATEGORY	NO. OF SHARES HELD	%AGE OF SHAREHOLDING
A	PROMOTERS' HOLDING		
1	Promoters		
	- Indian Promoters	2926360	41.83
	- Foreign Promoters		
2	Persons acting in Concert	1844660	26.37
	Sub Total	4771020	68.20
B	NON-PROMOTERS' HOLDING		
3	Institutional Investors	-	-
A	Mutual Funds & UTI	6300	0.10
B	Banks, FIs, Insu.Co.(Cent/ State Govt. Inst./ Non-Govt. Institutions)	300	-
C	Foreign Institutional Investor	700	0.01
	Sub Total	7300	0.11
4	Others		
A	Private Corporate Bodies	1087593	15.54
B	Indian Public	1083657	15.49
C	NRIs/ OCBs	46130	0.66
D	Others	-	-
	Sub Total	2217380	31.69
	GRAND TOTAL	6995700	100

9) Distribution of Shareholding

NO. OF SHARES	PHYSICAL MODE		ELECTRONIC MODE		TOTAL	%	TOTAL	%
	NO. OF HOLDERS	NO. OF SHARES	NO. OF HOLDERS	NO. OF SHARES	NO. OF HOLDERS		NO. OF SHARES	
1-500	3859	449845	1598	221829	5457	94.69	671674	9.61
501-1000	98	70200	90	72529	188	3.26	142729	2.04
1001-2000	12	19100	33	54333	45	0.78	73433	1.05
2001-3000	12	29900	20	54149	32	0.56	84049	1.20
3001-4000	1	3700	8	28598	9	0.16	32298	0.46
4001-5000	2	9200	2	10000	4	0.07	19200	0.27
5001-10000	1	10000	8	57247	9	0.16	67247	0.96
10001-and above	2	56600	17	5848470	19	0.32	5905070	84.41
Total	3987	648545	1776	6347155	5763	100	6995700	100

10) Dematerialisation of Shares and Liquidity

The Company's shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shares of the Company are compulsorily traded in the demat form on Stock Exchanges by all investors. 63,47,155 shares amounting to 90.72% of the capital have been dematerialised by investors and bulk of the transfer takes place in the demat form.

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11) Other Disclosure

a) Shareholders' Right:

The quarterly results are published in the newspapers, and also displayed on the website of the company. The results are not separately circulated to shareholders.

b) Postal Ballot:

There is no subject proposed to be taken up at the ensuing Annual General Meeting to be held on 26/12/2008, requiring approval of the shareholders through postal ballot.

c) Other Matters:

No loans are advanced to any of the Directors of the Company. The materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the directors of the Management, their subsidiaries or relatives, key managerial personnel, etc., are disclosed in Notes to the Accounts.

There has been no incidence of non-compliance of matters imposed by Stock Exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authority by the Company during the financial year.

12) Security Code no.

Ahmedabad Stock Exchange	51760
Mumbai Stock Exchange	517385
Demat ISIN Numbers of Equity Shares	INE225D01019

13) Plant Locations

703/704, Sanand Kadi Highway,
Village Thol, Tal.Kadi,
Dist.Mehsana, Gujarat PIN- 382728

14) Address for Correspondence

All shareholders can correspond / send / deliver the documents including complaints relating to the Company's share transfer / demat / remat activities to the Registrar & Transfer Agent at the following address:

M/s. PINNACLE SHARES REGISTRY PVT. LTD.

Near Asoka Mills,
Naroda Road,
Ahmedabad-380025.

15) Consolidation of Shares under One Folio:

The company would urge shareholders holding shares of SCSL under different folios but under same order of names, to consolidate the shares under one folio. This would substantially reduce paper work and transaction cost and benefit both shareholders and the company. Shareholders can do so by writing to the company or the Registrar with details of the folio nos., order of name, share held under each folio and the folio under which all the shareholding should be consolidated.

16) Address of the Registrar of Companies, Gujarat

The Registrar of Companies, Gujarat, ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura Ahmedabad - 380 013.

The above report has been placed before the Board at its meeting held on October 15, 2008 and the same was approved.

SYMPHONY COMFORT SYSTEMS LTD.

CERTIFICATE

To
The Members,
Symphony Comfort Systems Ltd.
Ahmedabad.

We have examined the compliance of conditions of Corporate Governance by SYMPHONY COMFORT SYSTEMS LIMITED, for the year ended on 30th June 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Company has maintained records to show Investors' Grievances against the Company and have certified that as on 30th June, 2008 there were no investor grievances remaining unattended/ pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SHAH & DALAL
Chartered Accountants

Place : Ahmedabad.
Date : 15/10/2008.

Malay J. Dalal
Partner

The Members of
Symphony Comfort Systems Ltd.,

Declaration by the Chairman & Managing Director under Clause 49 of the Listing Agreement

I, Achal Bakeri, Chairman & Managing Director of Symphony Comfort Systems Ltd., declare that to the best of my knowledge and belief, all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for the year ended 30th June 2008.

Ahmedabad
15/10/2008

Achal Bakeri
Chairman & Managing Director

SYMPHONY COMFORT SYSTEMS LTD.

CEO/CFO CERTIFICATION

The Board of Directors
Symphony Comfort Systems Ltd.
Ahmedabad

Re: Financial Statement for the financial year 2007-08 Certification by CEO & CFO.

We, Achal A Bakeri, Chairman & Managing Director, Nrupesh C Shah, Executive Director and Hasmukh D. Patel, Asst. General Manager A/c & Finance of Symphony Comfort Systems Ltd., on the basis of the review of the financial statements and the cash flow statement for the financial year ended 30th June 2008 and to the best of our knowledge and belief, hereby certify that:

1. These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
2. These statements together present a true and fair view of the Company's affairs and are in compliances with existing accounting standard, applicable laws and regulations .
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 30th June 2008, which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, those deficiencies, of which we are aware, in the design or operation of internal controls and that we have taken necessary steps to rectify the deficiencies of propose to take appropriate steps to rectify these deficiencies.
5. We further certify that / have indicated to the auditors and the Audit Committee that :
 - a) There have been no significant changes in internal control during the year.
 - b) There have been no significant changes in accounting policies during the year / the changes in accounting policies during the year have been disclosed in the notes to the financial statements and
 - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems.

Ahmedabad
Date: 15/10/2008

Achal A Bakeri
Chairman & Managing Director

Nrupesh C Shah
Executive Director

Hasmukh D. Patel
Asst. General Manager A/c
& Finance

SYMPHONY COMFORT SYSTEMS LTD.

AUDITORS' REPORT

To,
The Members,
SYMPHONY COMFORT SYSTEMS LTD.

- I. We have audited the attached Balance sheet of SYMPHONY COMFORT SYSTEMS LIMITED as at 30th June 2008, Profit & Loss Account and the Cash Flow Statement for the year ended on that date which are revised statement of the original Balance Sheet and Profit and Loss Account covered by the audit report of M/s. Shah & Dalal, Chartered Accountants dated 30th September, 2008.
- II. We have considered the earlier auditor's report dated 30th September, 2008 on the original accounts and have examined the changes made therein which are as under:

Provision made for Extra Ordinary Items for earlier years for disputed Sales-tax liability of Rs.11,85,94,305/- reduced to Rs.2,49,21,041/- and difference of Rs.9,36,73,264/- is now treated as contingent liability.

Thus the Profit for the year and Reserves and Surplus have been increased to Rs.9,36,73,264/- and the amount of contingent liabilities has been increased by the similar amount.
- III. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- IV. In accordance with the provisions of Section 227 of the Companies Act 1956, we report that
 - (1) As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India under sub section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclosed in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
 - (2) Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance sheet, Profit and Loss Accounts and Cash Flow Statement dealt with by this report comply with accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors and taken on records by the Board of Directors, We report that none of the directors is disqualified as on 30th June, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June 2008.
 - (ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.
 - (iii) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Shah & Dalal
Chartered Accountants

Place : Ahmedabad
Dated : 15/10/2008

Malay J . Dalal
Partner

SYMPHONY COMFORT SYSTEMS LTD.

ANNEXURE TO THE AUDITORS REPORT

(Referred to in paragraph (1) of our Report of even date)

- (I) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- (b) As per the phased programme designed by the Company, a portion of the Fixed Assets of the Company have been physically verified by the management. In our opinion, frequency of verification is reasonable. To the best of our knowledge, no material discrepancies have been noticed on verification.
- (c) During the year, the company has not disposed off any substantial/ major part of the Fixed Assets.
- (II) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (III) (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii)(b), (c) and (d) of the order are not applicable.
- (b) According to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii)(f), (g) and (h) of the order are not applicable.
- (IV) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (V) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Consequently, requirement of clause (v) (b) of paragraph 4 of the order is not applicable.
- (VI) During the year the Company has not accepted any deposit from the public therefore the para VI of the order and the relevant provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 the rules framed there under with regard to deposits accepted from the public are not applicable.
- (VII) In our opinion, the company has an internal audit system commensurate with the size and nature of its business
- (VIII) The Central Government has not prescribed the maintenance of cost records in respect of the Company under section 209 (1) (d) of the Companies Act, 1956.
- (IX) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of dues as referred in above Clause were in arrears, as at 30th June, 2008 for a period of more than six months from the date they became payable

SYMPHONY COMFORT SYSTEMS LTD.

- (c) According to information and explanations given to us, details of dues of Income Tax, Sales Tax, and central excise which have not been deposited on account of dispute is given below:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (RS. IN LACS)	FORUM WHERE PENDING
THE INCOME TAX ACT, 1961	INCOME TAX WITH INTEREST	1209.42	INCOME TAX APPELLATE TRIBUNAL (APPEALS)
CENTRAL SALES TAX ACT, 1956	CENTRAL SALES TAX	2246.57	JT. COMMISSIONER (APPEALS)
SALES TAX ACT UNDER VARIOUS ENACTMENTS	LOCAL SALES TAX	23.89	DY. COMMISSIONER (APPEALS) / SALES TAX APPELLATE TRIBUNAL

- (X) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred any cash losses during the current year. However, the company had incurred cash losses in the immediately preceding financial year.
- (XI) On the basis of the records examined by us and on the basis of information and explanations given to us, the Company has not defaulted in the repayment of dues to the banks.
- (XII) According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (XIII) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- (XIV) In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in securities.
- (XV) The company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
- (XVI) In our opinion and according to the information and explanation given to us, on an overall basis, the term loan has been applied for the purpose for which they were obtained.
- (XVII) On the basis of overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been used for long term investment.
- (XVIII) According to the information and explanations given to us and as per the records of the company, no allotment of preferential shares have been made during the year to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (XIX) According to the information and explanations given to us, the company has not issued any debentures during the year.
- (XX) The Company has not raised monies by Public Issue during the year; hence the question of disclosure and verification of end use of such monies does not arise.
- (XXI) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Shah & Dalal
Chartered Accountants

Place : Ahmedabad
Dated : 15/10/2008

Malay J. Dalal
Partner

SYMPHONY COMFORT SYSTEMS LTD.

BALANCE SHEET AS AT 30TH JUNE, 2008

PARTICULARS	SCHEDULE NO.	As at 30-06-2008 (Rs.)	As at 30-06-2007 (Rs.)
I. SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Capital	A	69,957,000	69,957,000
(b) Reserves & Surplus	B	15,021,051	84,978,051 (101,968,429) (32,011,429)
(2) Loan Funds			
(a) Secured Loans	C	726,228	1,207,375
(b) Unsecured Loans	D	76,823,302	77,549,530 79,074,919 80,282,294
(3) Deferred Tax Liability (Net)		6,621,705	-
Total		169,149,286	48,270,865
II. APPLICATION OF FUNDS			
(1) Fixed Assets	E		
(a) Gross Block		113,797,185	102,800,818
(b) Less : Depreciation		51,317,181	42,285,039
(c) Net Block		62,480,004	60,515,779
(2) Investments	F	32,366,521	48,280
(3) Current Assets, Loans & Advances			
(A) Current Assets :	G		
(i) Inventories		40,450,015	38,590,364
(ii) Sundry Debtors		21,244,506	23,993,671
(iii) Cash & Bank Balance		162,800,337	4,701,008
(B) Loans & Advances	H	72,452,434	45,318,322
		296,947,292	112,603,365
Less :			
(4) Current Liabilities & Provisions	I		
(a) Current Liabilities		175,612,555	122,886,349
(b) Provisions		47,031,976	2,010,210
		222,644,531	124,896,559
Net Current Assets		74,302,761	(12,293,194)
Total		169,149,286	48,270,865
Accounting Policies and Notes on Accounts	P		

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

(ACHAL A. BAKERI)
CHAIRMAN & M.D.

(NRUPESH SHAH)
DIRECTOR

(CHANDRAKANT GANDHI)
COMPANY SECRETARY

SYMPHONY COMFORT SYSTEMS LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2008

PARTICULARS	SCHEDULE NO.	Year ended 30/06/2008 (Rs.)	Year ended 30/06/2007 (Rs.)
I. INCOME			
Sales		734,058,118	421,546,417
Less : Excise Duty		1,646,284	1,890,317
Sales		732,411,834	419,656,100
Other Income	J	8,736,888	2,378,827
Increase / (Decrease) in stock	K1	(292,322)	3,276,779
		740,856,400	425,311,706
II. EXPENDITURE			
Manufacturing Expenses	K	333,640,965	272,778,528
Establishment Expenses	L	28,162,583	12,350,932
Selling & Distribution Expenses	M	136,755,086	73,564,940
Freight & Forwarding Charges		27,250,058	9,626,618
Payments to Employees	N	36,991,523	14,546,244
Financial Charges	O	766,453	3,047,226
Obsolete Fixed Assets W/off		-	4,224,223
Depreciation	E	9,254,906	13,334,561
		572,821,574	403,473,273
Profit / (Loss) for the year before tax		168,034,826	21,838,433
Less : Provision for Fringe Benefit Tax		638,171	301,179
Less : Provision for Taxation		16,000,000	-
Less : Provision for Deferred Tax Liabilities		2,798,869	-
Profit / (Loss) for the year after tax before extra ordinary items		148,597,786	21,537,254
Less : Extra Ordinary Items Provision made for earlier years		27,785,470	-
Profit / (Loss) after extra ordinary items		120,812,316	21,537,254
ADD : Balance as per last Balance Sheet		(261,858,547)	(283,395,801)
Loss Carried to Balance Sheet		(141,046,231)	(261,858,547)
Accounting Policies and Notes on Accounts	P		

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

(ACHAL A. BAKERI)
CHAIRMAN & M.D.

(NRUPESH SHAH)
DIRECTOR

(CHANDRAKANT GANDHI)
COMPANY SECRETARY

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet as at 30th June, 2008

PARTICULARS	As at 30/06/2008 (Rs.)	As at 30/06/2007 (Rs.)
SCHEDULE - A		
SHARE CAPITAL		
Authorised Capital		
1,50,00,000 Equity Shares of Rs 10/- each	150,000,000	150,000,000
Issued, Subscribed & Paid up Capital		
6,995,700 Equity Shares	69,957,000	69,957,000
of Rs 10/- each fully paid up		
Total	69,957,000	69,957,000
SCHEDULE - B		
RESERVES & SURPLUS		
(1) State Subsidy	-	6,000,000
(2) Capital Reserve		
Opening Balance	84,443,486	84,443,486
Add : Transfer from State Subsidy	6,000,000	-
	90,443,486	84,443,486
Less : Deferred Tax Liability of earlier years	3,822,836	-
	86,620,650	84,443,486
(3) Share Premium	69,446,632	69,446,632
(4) Profit & Loss Account	(141,046,231)	(261,858,547)
Total (1+2+3+4)	15,021,051	(101,968,429)
SCHEDULE - C		
SECURED LOANS		
(1) Term Loan from HDFC Bank Ltd.	726,228	1,207,375
Total	726,228	1,207,375
Notes :		
The Term Loan from HDFC Bank Ltd. is secured against the hypothecation of Car financed by said bank.		
SCHEDULE - D		
UNSECURED LOANS		
(1) Sales Tax Defferment	4,766,933	6,833,359
(2) Trade Deposits	42,056,369	42,241,560
(3) Loan/Advances from Body Corporates	30,000,000	30,000,000
Total	76,823,302	79,074,919

SYMPHONY COMFORT SYSTEMS LTD.

**Schedules attached to and forming part of
Balance Sheet as at 30th June, 2008**

**SCHEDULE - E :
FIXED ASSETS**

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01/07/2007	ADDITION	DEDUC- TION	AS AT 30/06/2008	AS AT 01/07/2007	ADDI- TION	AS AT 30/06/2008	AS AT 30/06/2007
LAND	2,336,671	-	-	2,336,671	-	-	2,336,671	2,336,671
BUILDING								
(I) FACTORY	31,652,365	-	-	31,652,365	13,200,136	1,057,189	14,257,325	17,395,040
(II) OFFICE	824,786	-	-	824,786	208,250	13,444	221,694	603,092
(III) RESIDENTIAL	809,897	-	-	809,897	179,074	13,201	192,275	617,622
PLANT & MACHINERY	47,218,186	9,359,387	-	56,577,573	18,414,283	6,367,550	24,781,833	31,795,740
OFFICE EQUIPMENTS	3,147,532	162,880	-	3,310,412	1,589,161	167,369	1,756,530	1,553,882
COMPUTERS	3,767,609	598,880	-	4,366,489	2,211,954	397,311	2,609,265	1,757,224
FURNITURE & FIXTURES	3,071,021	128,047	-	3,199,068	2,242,643	314,708	2,557,351	828,378
VEHICLES	9,972,750	1,078,523	331,349	10,719,924	4,239,537	924,134	4,940,908	5,779,016
TOTAL	102,800,817	11,327,717	331,349	113,797,185	42,285,038	9,254,906	51,317,181	62,480,004
PREVIOUS YEAR	257,282,931	13,328,879	167,810,992	102,800,818	192,537,247	13,334,561	42,285,039	60,515,779
								-

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet as at 30th June, 2008

PARTICULARS		As at 30/06/2008 (Rs.)	As at 30/06/2007 (Rs.)
SCHEDULE - F			
INVESTMENTS (Long term, At Cost)			
Equity Shares (Unquoted)			
	<u>No of Shares</u>	<u>Face value per share (Rs./\$)</u>	<u>Face Value per share (Rs./\$)</u>
(1) Symphony Designer & Properties P. Ltd.	248	10 Rs.	10 Rs.
		2,480	2,480
(2) Symphony Air Coolers Inc,USA (Wholly owned subsidiary)	1000	1 \$	1 \$
		45,800	45,800
Mutual Funds (Quoted)			
(1) HDFC Liquid Fund	984495	16.4217	
		16,167,088	-
(2) Reliance Floating Rate Fund	1250564	12.9151	
		16,151,153	-
Total		<u>32,366,521</u>	<u>48,280</u>
SCHEDULE - G			
CURRENT ASSETS			
(a) Inventories (As taken, Valued & Certified by the Management)			
(1) Finished Goods/Trading Goods		34,565,425	34,857,747
(2) Raw Materials		<u>5,884,590</u>	<u>3,732,617</u>
Total-a=(1+2)		40,450,015	38,590,364
(b) Sundry Debtors			
(1) Debtors outstanding for a period exceeding six months-			
- Considered Good		18,864,649	22,547,100
- Considered Doubtful		67,730	67,730
(2) Others		<u>2,312,127</u>	<u>1,378,841</u>
Total-b=(1+2)		21,244,506	23,993,671
(c) Cash & Bank			
(i) a) Cash on hand		100,203	59,868
b) Balance with employee imprest A/c		<u>1,006,860</u>	<u>651,138</u>
		1,107,063	711,006
(ii) Balance with Scheduled Banks in			
(1) Current Account		100,343,814	3,269,470
(2) Fixed Deposit		<u>61,349,460</u>	<u>720,532</u>
		161,693,274	3,990,002
Total-c=(i+ii)		<u>162,800,337</u>	<u>4,701,008</u>
Total (a+b+c)		<u>224,494,858</u>	<u>67,285,043</u>

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet as at 30th June, 2008

PARTICULARS	As at 30/06/2008 (Rs.)	As at 30/06/2007 (Rs.)
SCHEDULE - H		
LOANS AND ADVANCES		
(Unsecured Considered Good)		
(1) Advance Recoverable in cash or in kind or for which value to be received	57,247,634	44,243,864
(2) Income Tax Advance & T D S	15,204,800	1,074,458
Total	72,452,434	45,318,322
SCHEDULE - I		
CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
(1) Sundry Creditors		
a) Creditors for Goods	12,041,273	2,636,725
b) Creditors for Expenses	47,418,237	15,541,470
(2) Credit Balance in current account with bank	-	459,995
(3) Other Current Liabilities	116,153,045	104,248,159
Total-a	175,612,555	122,886,349
(b) Provisions		
(1) Gratuity	2,520,306	2,010,210
(2) Provision for Taxation	16,000,000	-
(3) Fringe Benefit Tax	726,200	-
(4) Provision for disputed Income Tax for earlier years	2,864,429	-
(5) Provision for disputed Sales Tax for earlier years	24,921,041	-
Total-b	47,031,976	2,010,210
Total (a+b)	222,644,531	124,896,559

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Profit and Loss Account for the year ended on 30th June, 2008

PARTICULARS	Year ended 30/6/2008 (Rs.)	Year ended 30/6/2007 (Rs.)
SCHEDULE - J OTHER INCOME		
(1) Scrap Sales	515,630	442,197
(2) Misc Income	2,272,290	1,761,335
(3) Interest Income (TDS 408482 P.Y. 5244)	4,484,680	141,295
(4) Foreign Exchange Fluctuation	1,464,288	-
(5) Profit on sale of asset	-	34,000
Total	<u>8,736,888</u>	<u>2,378,827</u>
SCHEDULE - K1 INCREASE / DECREASE STOCK		
Opening Stock of Finished Goods	34,857,747	31,725,745
Less : Closing Stock of Finished Goods	34,565,425	34,857,747
Less : Vat Credit Available On Stock	- (292,322)	144,777
Total	<u>(292,322)</u>	<u>3,276,779</u>
SCHEDULE - K MANUFACTURING EXPENSES		
(1) Raw Material Consumption	324,498,035	267,155,446
(2) Carriage Inward & Octroi etc	2,263,597	2,211,543
(3) Stores, Spareparts consumed	125,750	84,840
(4) Electric Power & Fuel	408,607	277,653
(5) Assembly, Labour & Job Charges	471,126	323,094
(6) Repairs & Maintenance		
(i) Building	3,254,919	1,819,000
(ii) Machinery	504,287	101,580
(iii) Others	690,377	364,246
(7) Research & Development Expenses	1,424,267	441,126
Total	<u>333,640,965</u>	<u>272,778,528</u>

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Profit and Loss Account for the year ended on 30th June, 2008

PARTICULARS	Year ended 30/6/2008 (Rs.)	Year ended 30/6/2007 (Rs.)
SCHEDULE - L		
ESTABLISHMENT EXPENSES		
(1) Insurance	823,564	477,321
(2) Rent, Rates & Taxes	416,778	147,902
(3) Travelling	10,527,353	3,390,121
(4) Conveyance	3,362,688	1,345,623
(5) Auditors Remuneration	65,060	72,974
(6) General Expenses	1,716,988	1,198,798
(7) Stationery, Printing & Postage, Telephone, Telex etc.	3,901,794	1,817,519
(8) Directors Remuneration	2,557,292	1,486,178
(9) Professional & Legal Charges	3,704,384	1,546,553
(10) Vehicle Expenses	1,068,096	867,943
(11) Loss on Sale of Fixed Assets	18,586	-
Total	<u>28,162,583</u>	<u>12,350,932</u>
SCHEDULE - M		
SELLING AND DISTRIBUTION EXPENSES		
(1) Warehousing Charges	1,592,938	1,490,028
(2) Sales Promotion & Advertisement	56,141,540	29,192,397
(3) Sales Commission & Discount	7,609,990	1,292,153
(4) Sales Tax & Turnover Tax	71,410,618	41,590,363
Total	<u>136,755,086</u>	<u>73,564,941</u>
SCHEDULE - N		
PAYMENTS TO & PROVISION FOR EMPLOYEES		
(1) Salaries, Wages and Bonus	34,138,817	12,047,973
(2) Provident Fund Contribution & Charges	1,665,305	1,508,283
(3) Staff Welfare Expenses	1,187,401	989,989
Total	<u>36,991,523</u>	<u>14,546,244</u>
SCHEDULE - O		
FINANCIAL CHARGES		
(1) Interest		
(i) Hire Purchase Charges	51,894	76,438
(ii) Others	141,761	1,283,723
(2) Foreign Exchange Fluctuation	-	1,093,706
(3) Bank & Other Charges	572,798	593,359
Total (1+2+3)	<u>766,453</u>	<u>3,047,226</u>

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit and Loss Account for the year ended on 30th June, 2008

SCHEDULE - P

(1) SIGNIFICANT ACCOUNTING POLICIES :

The accounts are prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant Laws as well as guidelines prescribed by the Department of Company Affairs, Ministry of Industry and The Institute of the Chartered Accountants of India.

i) Basis of Accounting :

The Financial Statements are prepared under the historical cost convention on an accrual basis.

ii) Revenue Recognition:

Revenues are recognised and expenses are accounted on their accrual with necessary provision for all known liabilities and losses.

1) Sales

Sales is inclusive of excise duty, Sales Tax, Central Sales Tax and VAT, wherever applicable.

2) Interest

Interest Income recognised on accrual basis.

3) Export Benefits

Export Incentives in respect of exports made are recognized at a point of reasonable certainty of ultimate collection.

iii) Fixed Assets :

Fixed Assets are stated at cost of acquisition, including expenses related to acquisition and installation, less accumulated depreciation, except for free hold land.

iv) Depreciation :

Depreciation on Fixed Assets is provided on straight line method at the rate prescribed in Schedule- XIV of the Companies Act ,1956, on pro-rata for the period the assets have been put to use. Assets Costing up to Rs.5000/- are fully depreciated in the year in which they are put to use.

v) Investments :

Investments, being Unquoted long term in nature are stated at cost.

vi) Inventories :

(i) Finished Goods	At lower of cost or Net Realisable Value
(ii) Raw Materials	At lower of cost or Net Realisable Value
(iii) Slow moving & non moving inventory including raw material	At Net realisable Value

vii) Research and Development :

Revenue expenditure including overheads on research and development is charged out as an expense through the natural heads of account in the year in which incurred. Expenditure which results in the creation of capital assets is taken into fixed assets and depreciation is provided on such assets as done in case of other depreciable assets.

viii) Foreign currency transactions :

- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transactions. Exchange difference arising from foreign currency transactions are dealt with in the Company's Profit and Loss account except it is of capital expenditure.
- Any increase or decrease in liability denominated in foreign currency on account of exchange rate difference on transaction date and year end is adjusted in the profit and loss account.

SYMPHONY COMFORT SYSTEMS LTD.**Schedules attached to and forming part of Balance Sheet and Profit and Loss Account for the year ended on 30th June, 2008****ix) Retirement Benefits**

- 1) Contribution to Provident Fund and Family Pension Fund is charged to Profit & Loss Account.
- 2) Gratuity Liability determined on actuarial valuation basis is provided for.

x) Deferred Tax Liability

The company was not providing Deferred Tax Liability in books of account till accounting year ended on 30.06.2007 in view of availability of substantial unabsorbed deprecation and carried forward losses under the tax laws and virtual certainty of taxable income but due to change in profitability and other circumstances, the Board or Directors of the company have decided to provide Deferred Tax Liability in accordance with Accounting Standard (AS) 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

Deferred Tax Liability/Asset resulting from "Timing difference" between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. The provision of said Liability is not considered as change in method of accounting policy since it is provided on account of applicability of Accounting Standard (AS) 22 "Accounting for Taxes on Income" from current year.

xi) Impairment of Fixed Assets

- 1) The carrying amount of fixed assets including those assets that are not available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the assets recoverable amount is estimated. An impairment loss is recognised in the Profit and Loss account whenever the carrying amount of an assets exceeds its recoverable amount. An impairment loss can be reversed if there are changes in estimates to determine the recoverable amount in future period. An impairment loss is reversed only to the extent that the carrying amount of the assets does not exceed the net book value that would have been determined, if no impairment loss has been recognised.

xii) Revision of Audited Accounts under review

These accounts are the revised accounts for the year ended 30th June, 2008 as adopted at the meeting of Board of Director at the meeting held on 15th October, 2008 of the earlier audited accounts as adopted at the meeting of Board of Directors held on 30th September, 2008. The reasons and effects of revision in accounts under review are stated in details under the head "Contingent Liabilities".

xiii) Provisions & Contingent Liabilities

Provision is made for all known liabilities. Contingent liabilities, if any, are disclosed in the accounts by way of a note.

(2) CONTINGENT LIABILITIES :

	Year ended 30/6/2008	(Rs. In Lacs.) Year ended 30/6/2007
a) Claims against the company not acknowledged as debt.	11.15	11.15
b) Income-tax Department has raised a demand for A.Y 2002-03. Company has filed an appeal against the said disputed liabilities which are pending for disposal.	1209.42	1238.06
c) Pending sales tax assessment and Sales Tax Demand raised against the company for the various years - but the same is not acknowledged as debt hence, not provided for. Appeals are filed against the same which are pending.	2270.46	2547.97

Schedules attached to and forming part of Balance Sheet and Profit and Loss Account for the year ended on 30th June, 2008

The Contingent Liabilities for Income Tax aggregating to Rs.1209.42 Lacs. However as legally advised no provision has been made. Appeals have been preferred before appropriate authorities. Contingent liability of income tax includes 1) Rs.306.45 lacs for A.Y. 2002-03 and appeal for the same is pending before Income Tax Tribunal 2) Rs. 902.97 lacs towards penalty u/s 271(1)(c) for the A.Y. 2002-03 is pending before Income Tax Tribunal.

During the year, Company has made provision for disputed demand of Income Tax of Rs.28.64 Lacs for the A.Y. 2003-04.

The Contingent Liabilities for the year under review towards Sales Tax are Rs.2270.46 Lacs,(Previous year Rs.2547.97 Lacs). The Sales Tax demand of Rs. 2246.57 Lacs (on account of demand of tax Rs. 912.85 lacs, penalty of Rs.676.47 lacs and interest of Rs.657.25 lacs) was raised by the Sales Tax Department of Gujarat. The Sales Tax Department of Gujarat had carried out assessments for the F.Y.93-94 to F.Y.95-96, F.Y.97-98 and F.Y.99-2000 (5 years) and raised a total demand of Rs. 2246.57 Lacs in respect of Central Sales Tax mainly for want of "C" forms and "F" forms. All the books of accounts and other relevant records including declarations, "C" Forms, "F" Forms etc. were completely destroyed due to heavy rain fall in the Ahmedabad city & Gujarat on 13th July, 2000. The view of Assistant Commissioner of Sales tax is not tenable as the Honorable Commissioner of Sales tax has granted administrative relief in the past in cases of such natural or manmade or accidental calamities like fire or flood etc. The Finance Secretary of the State of Gujarat has also issued a letter dated 18.10.2005 to the Commissioner of Sales Tax on considering other available information like F.I.R., Panchnama, Fire Brigade Certificate, Survey Report of District Collector, Affidavit etc. in case of above flood as proof of damage, to complete such assessment u/s 41(2) of the Act by accepting return filed by the assesses. Assessment orders for the aforesaid five years raising total demand of Rs.2246.57 Lacs were passed prior to issue of letter dated 18.10.2005 of Finance Secretary, State of Gujarat. The Hon'ble VAT Tribunal has set aside the impugned orders and remanded back the matter to the Department to consider the matter on the merit in line with the relief available under the letter dated 18.10.2005 from the Finance Department, Gujarat Government addressed to the Commissioner of Sales Tax. The appeal is progressing well in favour of the Company and the Company is hopeful that the entire demand of Rs.2246.57 Lacs is likely to be dropped. As legally advised, no provision is required to be made for disputed demand aggregating to Rs.2246.57 Lacs. In view of this, the provision of Rs.912.84 Lacs made in the audited accounts for the year ended on 30th June, 2008 as adopted at the meeting of Board of Directors held on 30th September, 2008 is now reversed in the accounts for the year ended 30th June, 2008 as adopted at the meeting of Board of Directors held on 15th October, 2008.

The Sales Tax Department of various other states had raised a total demand of Rs. 273.10 Lacs for various assessment years and the same was also provided in the audited accounts for the year ended on 30th June,2008 as adopted at the meeting of Board of Director held on 30th September,2008. The company has preferred appeals against the assessments before different Sales Tax Authorities in various states. For Cuttuck Branch (Orissa), there have been very favorable hearings and the order is likely to be received in favor of the Company for the provision made of Rs.23.89 Lacs in the audited accounts for the year 30th June,2008 as adopted at the meeting of Board of Directors on 30th September, 2008. Hence, the said provision of Rs.23.89 Lacs is now reversed in the accounts for the year ended on 30th June,2008 as adopted at the meeting of Board of Directors held on 15th October, 2008, leaving balance provision for rest of the disputed demands of Rs.249.21 Lacs during the year.

At the meeting of Board of Directors held on 30th September,2008, your directors had adopted the audited accounts for the year ended 30th June,2008 where in the Company had made provision for disputed sales tax liability aggregating to Rs.1185.94 Lacs which inter alia consist of Rs.912.84 Lacs for the State of Gujarat and Rs.23.89 Lacs for the State of Cuttuck, (Orissa). Subsequent to that, some positive developments in both the matters, i.e. Rs.912.84 Lacs of Gujarat and Rs.23.89 Lacs of Cuttuck, (Orissa) have taken place and in view of the same, the company is advised by the expert that provision for such disputed demand is now redundant. Having considered the matter, your directors at their meeting held on 15th October,2008, have decided accordingly to reverse the provision made for the said Rs. 912.84 lacs for the state of Gujarat and Rs. 23.89 lacs for the state of Orissa, aggregating to Rs. 936.73 lacs in the accounts for the year ended on 30th June 2008. As a result of reversal of the aforesaid provision of Rs. 936.73 lacs, the "Profit after Extra Ordinary Items" increase to Rs. 1236.11 lacs from Rs. 299.38 Lacs as per the accounts for the year under review as adopted at the board of directors meeting held on 30th September, 2008. The "Debit Balance of Profit & Loss A/c

SYMPHONY COMFORT SYSTEMS LTD.**Schedules attached to and forming part of Balance Sheet and Profit and Loss Account for the year ended on 30th June, 2008**

Balance Sheet reduces from Rs. 2319.21 lacs to Rs.1382.48 lacs as per the accounts for the year under review as adopted at the board of directors meeting held on 30th September, 2008.

(3) BAD DEBTS WRITTEN OFF IN THE YEAR 2001-02

As was explained in the Annual Reports of 2000-01 and 2001-02, the Company had been dealing with various Regional Distributors since 1989. Over the years the said distributors had accumulated losses and hence their outstanding payable to the company kept on mounting. Finally in 2001-02, after taking expert's opinion, the company decided to write-off the amount totaling to Rs.2579.90 Lacs which the distributors were unable to pay.

However, since the said distributors had an established distribution network without which the company would have been unable to carry on its business, the company had to continue business with them, although on renewed terms of strictly no credit. Over the last five years, in the process, the company has gradually established its own distribution network and these distributors have also started making profits. Now, as the company has appointed its own employees throughout the country and set up its own marketing and service network and has stopped dealing through the regional distributors. In response to continued efforts by the company to recover past dues, the distributors have approached the company to settle their outstanding dues (which the company had written-off) in an amicable manner. The matter was referred to the arbitrator and appointed arbitrator Ex. Justice of Gujarat High Court and Chairman of MRTTP Commission in terms of the agreement between the company and the said distributors. Several arbitration hearings have been held. The company is hopeful that in the near future, the company may be able to recover part if not the whole amount of outstanding that has been written-off.

- (4) The company has unabsorbed depreciation and carried forward losses under the tax laws. In absence of virtual certainty of sufficient future taxable income, net deferred tax assets has not been recognised by way of prudence in accordance with Accounting Standard (AS)-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

- (5) The Company is declared as a sick industrial company under the Sick Industrial Companies (Special Provisions) Act, 1985 as per the order passed by B.I.F.R.

(6) Segment Reporting :-

The company is operating mainly in a single segment i.e. Air cooler. Therefore, the requirement of segment reporting under Accounting standard-17 (AS-17-Segment Reporting) issued by the Institute of Chartered Accountant of India, is not applicable.

(7) The Breakup of Deferred Tax Liability/Asset is as under:

Particulars	As On 30th June,2008 Rs	As On 30th June,2007 Rs
(A) Liabilities		
Block of Assets as per books and as per I.T Act	20519597	11246942
Total (A)	20519597	11246942
(B) Asstes		
Statutory Duties unpaid u/s 43B	1038261	0
Total (B)	1038261	0
NET (A-B)	19481336	11246942
(C) Deferred Tax Liabilities	6621705	3822836

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit and Loss Account for the year ended on 30th June, 2008

(8) Related Party Disclosures:

Sr no	Name of the Related Parties	Nature of relationship with company	Nature of transaction	2007-08		2006-07	
				Volume of transactions Rs.	Bal. at the end of the year (Rs.)	Volume of transactions Rs.	Bal. at the end of the year (Rs.)
1	Shri Achal Bakeri	Chairman & Managing Director	Remuneration and Perquisites	1417052	-	500898	-
2	Shri Nrupesh Shah	Director	Remuneration and Perquisites	1140240	-	985280	-
3	Symphony Aircoolers Inc, USA	Wholly owned Subsidiary	Investment in Capital	-	45800	-	45800
4	Symphony Aircoolers Inc, USA	Wholly owned Subsidiary	Sales	987802	1035363	956986	614486
5	Symphony Aircoolers Inc, USA	Wholly owned Subsidiary	Advances/Loan	-	134226	-	134226

(9) Auditors Remuneration :

	Year ended 30/6/2008	Year ended 30/6/2007
a) As Auditor	45,060	50,520
b) In other capacity, in respect of		
i) Tax Audit	10,000	11,227
ii) Company Law Matters & Certification	10,000	11,227
	<u>65,060</u>	<u>72,974</u>

(10) The Company has provided excise duty of Rs 3.55 lacs (Previous year Rs 18.61 lacs) on Finished goods lying in the Bonded Store room at the factory. However, this transaction has no impact on the result for the year.

(11) The amount overdue to Small Scale and/or Ancillary Industrial undertaking could not be ascertained in view of insufficient information from suppliers regarding their status.

(12) In the opinion of the board, Current Assets, Loans and Advances are approximately, stated at the value, if realised in ordinary course of business. Provisions for all known liabilities are provided for in full and the same are adequate and not in excess of the amount consider as reasonably necessary.

(13) Managerial Remuneration :

	Year ended 30/6/2008	Year ended 30/6/2007
Salary	2,007,600	1,440,400
Perquisites & Others	549,692	45,778
	<u>2,557,292</u>	<u>1,486,178</u>

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit and Loss Account for the year ended on 30th June, 2008

(14) Earning per Share :		2007-08	2006-07	
(a)	Net Profit before extra ordinary item available for equity shareholders(Rs./lacs)	1,485.98	215.37	
(b)	Net Profit after extra ordinary item available for equity shareholders (Rs./lacs)	1,208.12	215.37	
(c)	Weighted average number of Equity Shares of Rs. 10 each outstanding during the year(No. of Shares)	6995700	6995700	
(d)	Basic Earnings per Share before extra ordinary item (Rs.)	21.24	3.08	
(e)	Basic Earnings per Share after extra ordinary item (Rs.)	17.27	3.08	
(15) Previous year figures have been rearranged/ regrouped wherever necessary to make them comparable with the figures of the current year.				
(16) Installed Capacity & Production :				
(As certified by the Management)				
Air Cooler, Geysers & Others		2007-08	2006-07	
Installed Capacity		N.A.	N.A.	
Actual Production / Purchase		158,215	124,991	
(17) Turnover :		Year ended 30/06/2008	Year ended 30/06/2007	
CLASS OF GOODS	Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
Air Cooler,Geysers & Others	154,892	732,411,834	123,060	419,656,100
		732,411,834		419,656,100
(18)				
(i) Consumption of Raw Materials :				
Air Cooler ,Geyser etc. Kits, Components & Others		324,498,035	267,155,446	
		324,498,035	267,155,446	
(ii) Value of Imported & Indigenous Raw Materials :				
	Value in Rs.	% of total Consumption	Value in Rs.	% of total Consumption
Imported	6,259,505	1.93	8,291,888	3.10
Indigenous	317,338,529	98.07	258,863,558	96.90
	323,598,035	100.00	267,155,446	100.00
(iii) C.I.F. Value of Imports:				
		Value in Rs.	Value in Rs.	
Raw Materials		4,184,201	6,714,149	
Capital Items		7,561,297	7,693,050	
		11,745,499	14,407,199	

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit and Loss Account for the year ended on 30th June, 2008

(19)	Year ended 30/06/2008		Year ended 30/06/2007	
	Quantity (Nos)	Amount (Rs)	Quantity (Nos)	Amount (Rs)
(a) Opening Stock of Finished Goods :				
Air Cooler, Geysers & Others	14,435	34,857,747	12,504	31,725,745
		34,857,747		31,725,745
(b) Closing Stock of Finished Goods				
Air Cooler, Geysers & Others	17,758	34,565,425	14,435	34,857,747
		34,565,425		34,857,747
(20) Expenditure in Foreign Currency (Rs.)		5,316,483		2,935,220
Advertisement & Sales Promotion, Freight Paid, Travelling & Others				
(21) Earning in Foreign Currency (Rs.)				
F.O.B. of Exports , Freight Recovery & Other Income		95,258,685		99,631,286
Signature to Schedule "A" to "P"				

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

(ACHAL A. BAKERI)
CHAIRMAN & M.D.

(NRUPESH SHAH)
DIRECTOR

(CHANDRAKANT GANDHI)
COMPANY SECRETARY

SYMPHONY COMFORT SYSTEMS LTD.**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I REGISTRATION DETAILS**

Registration No. L32201GJ1988PLC010331
 State Code 04
 Balance Sheet 30 06 2008
 Dt Mnth Yr

II CAPITAL RAISED DURING THE YEAR

Public Issue Nil Right Issue Nil
 Bonus Issue Nil Private Placement Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSAND)

Total Liabilities	169,149.29	Total Assets	169,149.29
Sources Of Funds			
Paid-Up Capital	69,957.00	Reserves & Surplus	15,021.05
Secured Loans	726.23	Unsecured Loans	76,823.30
Deferred Tax Liability	6,621.71		
Application Of Funds			
Net Fixed Assets	62,480.00	Investments	32,366.52
Net Current Assets	74,302.77	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSAND)

Turnover	741,148.72	Total Expenditure	573,113.89
Profit Before Tax	168,034.83	Profit After Tax but before	
Earning per Share before		extra ordinary item	148,597.79
extra ordinary item	21.24	Profit after extra ordinary item	120,812.32
Earning per Share after		Dividend	Nil
extra ordinary item	17.27		

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF COMPANY (AS PER MONETARY TERMS)

1) Item Code (ITC Code)	8479.10
Product Description	Air Cooler
2) Item Code (ITC Code)	8416.00
Product Description	Storage Water Heater

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
 DATE : 15/10/2008

(ACHAL A. BAKERI)
CHAIRMAN & M.D.

(NRUPESH SHAH)
DIRECTOR

(CHANDRAKANT GANDHI)
COMPANY SECRETARY

SYMPHONY COMFORT SYSTEMS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2008

	Year Ended 2007-2008	(Rs. In Lacs) Year Ended 2006-2007
A CASH FLOW FROM OPERATING ACTIVITIES :	1680.35	218.38
ADJUSTMENTS FOR		
Depreciation	92.55	133.35
Interest Expenses	7.66	30.47
Provision for earlier year for I. Tax, Sales Tax	(277.85)	-
Profit On Sale of Fixed Assets	0.19	(0.34)
OPERATING PROFIT BEFORE		
WORKING CAPITAL CHANGES :	1502.89	381.86
ADJUSTMENTS FOR		
Trade and Other Receivables	27.49	(45.63)
Inventories	(18.60)	(20.87)
Other Current Assets, Loans & Advances	(271.34)	(330.48)
Trade Payables	977.48	(111.70)
CASH GENERATED FROM OPERATIONS	2217.93	(126.82)
Interest Paid	7.66	30.47
Taxes Paid [Income Tax + FBT]	166.38	3.01
NET CASH FLOW FROM OPERATING ACTIVITIES	174.05	2043.88
		(160.31)
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(113.28)	(133.29)
Investments	(323.18)	-
Sale/Deduction of Fixed Assets	0.90	42.58
NET CASH USED IN INVESTING ACTIVITIES	(435.56)	(90.71)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Capital Reserve	-	-
Proceed from Long Term & Other Borrowings	(27.33)	283.89
NET CASH FROM FINANCING ACTIVITIES	(27.33)	283.89
NET INCREASE/(DECREASE) IN		
CASH & CASH EQUIVALENTS	1,580.99	32.88
CASH & CASH EQUIVALENTS OPENING BAL B/F	47.01	14.13
CASH & CASH EQUIVALENTS CLOSING BAL C/F	1,628.00	47.01

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

(ACHAL BAKERI)
CHAIRMAN & M.D.

(NRUPESH SHAH)
DIRECTOR

(CHANDRAKANT GANDHI)
COMPANY SECRETARY

SYMPHONY COMFORT SYSTEMS LTD.**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

Name of the Subsidiary Company	Extent of interest of the holding company in the subsidiary at the end of Financial Year of the subsidiary.			For the Financial year of the subsidiary		For the pervious financial years since it become a subsidiary	
	Subsidiary's Financial Year ended on	No. of shares held	% of total paid up capital	Profits/(Losses) so far it concerns the members of the holding company not dealt with in the Holding company's accounts	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the Holding company's accounts	Profits/(Losses) so far it concerns the members of the holding company not dealt with in the Holding company's accounts	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the Holding company's accounts
Symphony Air Coolers Inc. USA	30/06/2008	1000	100%	321738	Nil	331494	Nil



SYMPHONY AIR COOLERS INC., USA

DIRECTORS' REPORT

To,
The Members,
SYMPHONY AIR COOLERS INC.

Your Directors hereby present their Fourth Annual Report together with the Accounts of the Company for the year from 01/07/2007 to 30/06/2008.

REVIEW OF PERFORMANCE

The company has not recommenced its major business yet.

DIVIDEND

Since Company has not commenced major business operations, your Directors do not recommend dividend.

DIRECTOR

Director is due for retirement at the forthcoming Annual General Meeting of the Company and eligible for appointment.

AUDIT OF ACCOUNTS

As per the prevailing Law, the accounts of our Company is not required to be Audited.

ACKNOWLEDGEMENT

Your Directors are thankful to Bankers, Government Authorities and customers for their wholehearted cooperation extended to the Company.

Place: Ahmedabad
Date : 15/10/2008

ACHAL BAKERI
Director

SYMPHONY AIR COOLERS INC., USA

AUDITORS' REPORT

We have audited the attached Balance sheet of SYMPHONY AIR COOLERS INC, USA as at 30th June 2008 and also the Profit & Loss Accounts and the Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

(3) we state that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June 2008.
 - (ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.
 - (iii) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Shah & Dalal
Chartered Accountants

Place : Ahmedabad
Dated : 15/10/2008

Malay J. Dalal
Partner

SYMPHONY AIR COOLERS INC., USA

BALANCE SHEET AS AT 30 TH JUNE 2008

PARTICULARS	SCHEDULE NO.	YEAR ENDED	YEAR ENDED
		30/6/2008	30/6/2007
		Rs.	Rs.
I. SOURCES OF FUNDS :			
(1) Shareholders' Funds			
(a) Capital	A	45,800	45,800
(b) Reserves & Surplus	B	756,562	432,490
(2) Loan Funds			
Unsecured Loans	C	129,029	122,320
	Total	<u>931,391</u>	<u>600,610</u>
II. APPLICATION OF FUNDS :			
(1) Current Assets, Loans & Advances			
<u>Current Assets :</u>	D		
(i) Inventories		832,439	882,890
(ii) Sundry Debtors		991,078	98,026
(iii) Cash & Bank		138,676	155,106
(iv) Advances		15,561	82,996
		<u>1,977,754</u>	<u>1,219,018</u>
Less :			
(2) Current Liabilities & Provisions	E	1,046,363	618,408
Net Current Assets		<u>931,391</u>	<u>600,610</u>
	Total	<u>931,391</u>	<u>600,610</u>

Accounting Policies and
Notes on Accounts

J

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(ACHAL BAKERI)
PRESIDENT

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

SYMPHONY AIR COOLERS INC., USA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2008

PARTICULARS	SCHEDULE NO.	YEAR ENDED 30/6/2008 Rs.	YEAR ENDED 30/6/2007 Rs.
I. INCOME :			
Sales		1,434,384	1,742,274
Other Income		438,702	52,938
		<u>1,873,086</u>	<u>1,795,212</u>
II. EXPENDITURE :			
Cost of goods Sold	F	1,387,479	1,337,603
Establishment Expenses	G	7,774	4,864
Selling & Distribution Expenses	H	12,661	31,402
Financial Charges	I	8,521	19,378
Warehousing Charges		134,913	68,204
		<u>1,551,348</u>	<u>1,461,451</u>
PROFIT/(LOSS) BEFORE TAX		<u>321,738</u>	<u>333,761</u>
Provision for Taxation		-	2,267
PROFIT/(LOSS) AFTER TAX		<u>321,738</u>	<u>331,494</u>
Add : Balance as per last Balance Sheet		384,672	53,178
Balance Carried to Balance Sheet		<u>706,410</u>	<u>384,672</u>
Accounting Policies and Notes on Accounts	J		

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(ACHAL BAKERI)
PRESIDENT

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

SYMPHONY AIR COOLERS INC., USA

Schedules attached to and forming part of Balance Sheet As at 30th June 2008

PARTICULARS	YEAR ENDED		YEAR ENDED	
	30/6/2008		30/6/2007	
	Rs.		Rs.	
SCHEDULE - A				
SHARE CAPITAL				
Authorised Capital				
10000 Common Capital Stock of \$ 1/- each		458,000		458,000
Issued, Subscribed & Paid up Common Capital Stock of \$1/- each fully paid up		45,800		45,800
Less : Shares Forfeited		-		-
Total		45,800		45,800
SCHEDULE - B				
RESERVES & SURPLUS				
Profit & Loss Account		706,410		384,672
Translation Reserve		50,152		47,818
Total		756,562		432,490
SCHEDULE - C				
UNSECURED LOANS				
Loan from Holding Company		129,029		122,320
Total		129,029		122,320
SCHEDULE - D				
CURRENT ASSETS				
(a) Inventories (Taken, Valued & Certified by the Management)				
Finished Goods		832,439		882,890
(b) Sundry Debtors (Unsecured Considered Good)				
(1) Debtors outstanding		991,078		98,026
(c) Cash & Bank				
Cash on hand		-		-
Balance with Banks(Bank One,USA)	138,676	138,676	155,106	155,106
(d) Loan & Advances				
Precision Whse & Dist Ctr inc	15,561	15,561	82,996	82,996
Total		1,977,754		1,219,018
SCHEDULE - E				
CURRENT LIABILITIES & PROVISIONS				
CREDITOR FOR EXPENSES				
Ebay Inc		681		-
Provision for Taxation		2,267		2,267
Unpaid Expenses		339		1,655
Juan Castaneda		8,327		-
CREDITOR FOR GOODS				
Symphony Comfort systems Ltd.		1,034,749		614,486
Total		1,046,363		618,408

SYMPHONY AIR COOLERS INC., USA

Schedules attached to and forming part of Balance Sheet As at 30th June 2008

PARTICULARS	YEAR ENDED		YEAR ENDED	
	30/6/2008		30/6/2007	
	Rs.		Rs.	
SCHEDULE - F				
COST OF GOODS SOLD				
Material Cost	1,043,778		1,204,470	
Carriage Inward,Custom duty & other Chgs	343,701		133,133	
Total		<u>1,387,479</u>		<u>1,337,603</u>
SCHEDULE - F1				
MATERIAL COST				
Opening Stock of Finished Goods	882,890		1,130,509	
Cooler purchase	993,327		956,850	
	<u>1,876,217</u>		<u>2,087,360</u>	
Less : Closing Stock of Finished Goods	832,439		882,890	
Total		<u>1,043,778</u>		<u>1,204,470</u>
SCHEDULE - G				
ESTABLISHMENT EXPENSES				
Books & Periodicals	-		262	
Legal & Professional Charges	7,774		4,603	
Total		<u>7,774</u>		<u>4,864</u>
SCHEDULE - H				
SELLING AND DISTRIBUTION EXP.				
Discount	-		1,079	
Ebay Selling Fee	12,661		30,323	
Total		<u>12,661</u>		<u>31,402</u>
SCHEDULE - I				
FINANCIAL CHARGES				
Bank & Other Charges	8,521		19,378	
Total		<u>8,521</u>		<u>19,378</u>

SYMPHONY AIR COOLERS INC., USA**Schedules attached to and forming part of Balance Sheet As at 30th June 2008****SCHEDULE - J****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:****i) Basis of Accounting :**

The Accounts have been prepared using historical cost convention and on the basis of going concern.

These financial statement has been prepared in conformity with the Generally Accepted Accounting Principles which required management to make estimate and assumption that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses during the reporting periods actual results could differ from those estimates.

Opening / Closing Balances of Assets and Liabilities are converted at opening / closing rates respectively. Transaction during the year are converted at the average rate.

ii) Inventories :

Finished Goods : At lower of cost or Net Realisable Value

iii) Accounts are Translated in Indian Rupees as follows.

(a) Share Capital is retained at the initial contribution amount.

(b) Fixed and Current Assets & Current Liabilities are translated at year end rates.

(c) Revenue transaction are translated at the average rates.

The transaction of the previous year are converted at the exchange rate as on year end.

v) Details of Stocks, Purchases & turnover

Particulars	30/6/2008		30/6/2007	
	Qty. (Nos.)	Amt.	Qty. (Nos.)	Amt.
Opening Stock	234	8828890	205	437806
Purchases	381	993327	233	956850
Sales	320	1434384	204	1742274
Closing Stock	295	832439	234	882890

vi) The company has entered in to transaction with the following related party.**1) Symphony Comfort Systems Ltd. - Holding Company**

Details of Transaction with Holding Company

Purchase of Goods of Rs. 993327/- (p.y. Rs. 956850)

Unsecured Loan of Rs. 129029/- (p.y. Rs. 122320/-)

vii) Figures for the previous year have been regrouped / reclassified whenever necessary.

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(ACHAL BAKERI)
PRESIDENT

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

SYMPHONY AIR COOLERS INC., USA

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2008

PARTICULARS	YEAR ENDED 30/6/2008 Rs.	YEAR ENDED 30/6/2007 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit (Loss) after Tax	321,738	331,494
Adjustment For		
Exchange Difference on Translation	(2,335)	(79,067)
Increase / (Decrease) in Stock	(50,451)	(247,619)
Increase / (Decrease) in Debtors	893,051	7,053
Increase / (Decrease) in Advance	(67,435)	37,066
(Increase) / Decrease in Current Liabilities	(427,955)	470,914
CASH GENERATED FROM OPERATIONS	344,876	188,347
NET CASH FLOW FROM OPERATING ACTIVITIES	(231,138)	143,147
B CASH FLOW FROM INVESTING ACTIVITIES :		
NET CASH USED IN INVESTING ACTIVITIES	0.00	0.00
C CASH FLOW FROM FINANCING ACTIVITIES :		
Issue of Equity Shares	---	---
Loan Return from Parents	6,708	(16,469)
NET CASH FROM FINANCING ACTIVITIES	6,708	(16,469)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(16,429)	126,679
CASH & CASH EQUIVALENTS OPENING BAL B/F	155,106	28,427
CASH & CASH EQUIVALENTS CLOSING BAL C/F	138,676	155,106

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(ACHAL BAKERI)
PRESIDENT

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

SYMPHONY COMFORT SYSTEMS LTD.

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON CONSOLIDATED FINANCIAL STATEMENTS OF SYMPHONY COMFORT SYSTEMS LIMITED AND ITS SUBSIDIARY

1. We have audited the attached consolidated Balance Sheet of SYMPHONY COMFORT SYSTEMS LIMITED and its subsidiary as at 30th June 2008 and also the related Profit & Loss Account and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit..
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit and the information provided by the management in respect of subsidiary provide reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Symphony Comfort Systems Limited and its Subsidiary Company included in the aforesaid consolidation.
4. In our opinion, and to the best of our information and according to the explanation given to us, the consolidated financial statements referred to above give a true and fair view in conformity with generally accepted accounting principles in India.
 - a) in the case of the Consolidated Balance Sheet of the consolidated results of operations of Symphony Comfort Systems Limited and its subsidiary for the year ended on that date; and
 - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Symphony Comfort Systems Limited and its subsidiary for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Symphony Comfort Systems Limited and its subsidiary for the year ended on that date.

For SHAH & DALAL
Chartered Accountants

Place : Ahmedabad.
Date : 15/10/2008

Malay J. Dalal
Partner

SYMPHONY COMFORT SYSTEMS LTD.

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2008

PARTICULARS	SCHEDULE NO.	As at 30-06-2008 (Rs.)	As at 30-06-2007 (Rs.)
I. SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Capital	A	69,957,000	69,957,000
(b) Reserves & Surplus	B	15,772,416	85,729,416 (101,927,415)
(2) Loan Funds			
(a) Secured Loans	C	726,228	1,207,375
(b) Unsecured Loans	D	76,823,302	77,549,530 79,074,919
(3) Deferred Tax Liability (Net)		6,621,705	-
Total		169,900,651	48,311,879
II. APPLICATION OF FUNDS			
(1) Fixed Assets	E		
(a) Gross Block		113,797,185	102,800,818
(b) Less : Depreciation		51,317,181	42,285,039
(c) Net Block		62,480,004	60,515,779
(2) Investments	F	32,320,721	2,480
(3) Current Assets, Loans & Advances			
(A) Current Assets :	G		
(i) Inventories		41,282,454	39,093,684
(ii) Sundry Debtors		21,200,221	23,477,211
(iii) Cash & Bank Balance		162,939,013	4,856,114
(B) Loans & Advances	H	72,333,769	45,267,092
		297,755,457	112,694,101
Less :			
(4) Current Liabilities & Provisions	I		
(a) Liabilities		175,623,555	122,890,271
(b) Provisions		47,031,976	2,010,210
		222,655,531	124,900,481
Net Current Assets		75,099,926	(12,206,380)
Total		169,900,651	48,311,879
Accounting Policies and Notes on Accounts	P		

AS PER OUR REPORT OF EVEN DATE

**FOR SHAH & DALAL
CHARTERED ACCOUNTANTS**

**(MALAY J. DALAL)
PARTNER**

PLACE : AHMEDABAD
DATE : 15/10/2008

**(ACHAL BAKERI)
CHAIRMAN & M.D.**

**(NRUPESH SHAH)
DIRECTOR**

**(CHANDRAKANT GANDHI)
COMPANY SECRETARY**

SYMPHONY COMFORT SYSTEMS LTD.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2008

PARTICULARS	SCHEDULE NO.	Year ended 30/06/2008 (Rs.)	Year ended 30/06/2007 (Rs.)
I. INCOME			
Sales		734,504,700	422,527,067
Less : Excise Duty		1,646,284	1,890,317
Net Sales		<u>732,858,416</u>	<u>420,636,750</u>
Other Income	J	9,175,590	2,431,765
Increase / Decrease in Stock	K1	(342,773)	3,140,235
Extra Ordinary Income		---	---
		<u>741,691,233</u>	<u>426,208,750</u>
II. EXPENDITURE			
Manufacturing Expenses	K	333,984,666	272,911,661
Establishment Expenses	L	28,170,357	12,360,642
Selling & Distribution Expenses	M	136,902,660	73,664,547
Freight & Forwarding Charges		27,250,058	9,817,134
Payments to Employees	N	36,991,523	14,546,245
Financial Charges	O	774,974	3,066,604
Obsolete Fixed Assets W/off		---	4,224,223
Depreciation		<u>9,254,906</u>	<u>13,334,561</u>
		<u>573,329,144</u>	<u>403,925,617</u>
Profit / Loss for the year before tax		168,362,089	22,283,132
Less : Provision for Fringe Benefit Tax		638,171	303,446
Less : Provision for Taxation		16,000,000	-
Less : Provision for Deferred Tax		2,798,869	-
Profit / (Loss) for the year after tax		148,925,049	21,979,686
Less : Provision made for earlier years		27,785,470	-
Net Profit after extra ordinary item		121,139,579	21,979,686
ADD : Balance as per last Balance Sheet		(261,596,261)	(283,575,948)
Loss Carried to Balance Sheet		(140,456,682)	(261,596,262)
Accounting Policies and Notes on Accounts	P		

AS PER OUR REPORT OF EVEN DATE

FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

(ACHAL BAKERI)
CHAIRMAN & M.D.

(NRUPESH SHAH)
DIRECTOR

(CHANDRAKANT GANDHI)
COMPANY SECRETARY

SYMPHONY COMFORT SYSTEMS LTD.

Schedules forming part of Consolidated Accounts

PARTICULARS	As at 30/06/2008 (Rs.)	As at 30/06/2007 (Rs.)
SCHEDULE - A		
SHARE CAPITAL		
Authorised Capital		
1,50,00,000 Equity Shares of Rs 10/- each	150,000,000	150,000,000
Issued, Subscribed & Paid up Capital		
6,995,700 Equity Shares	69,957,000	69,957,000
of Rs 10/- each fully paid up		
Total	69,957,000	69,957,000
SCHEDULE - B		
RESERVES & SURPLUS		
(1) State Subsidy	-	6,000,000
(2) Capital Reserves	90,443,486	84,190,820
Less : Deferred Tax Liability of earlier years	3,822,836	-
	86,620,650	84,190,820
(3) Share Premium	69,446,632	69,446,632
(4) Translation Reserve	50,152	47,818
(5) Translation Reserve on Consolidation	111,664	(16,423)
(6) Profit & Loss Account	(140,456,682)	(261,596,262)
Total	15,772,416	(101,927,415)
SCHEDULE - C		
SECURED LOANS		
(1) Term Loan from HDFC Ltd.	726,228	1,207,375
Total	726,228	1,207,375
Notes :		
The Term Loan from HDFC Bank Ltd. is secured against the hypothecation of Car financed by said bank.		
SCHEDULE - D		
UNSECURED LOANS		
Loans from Directors		
(1) Sales Tax Deferment	4,766,933	6,833,359
(2) Trade Deposits	42,056,369	42,241,560
(3) Loan/Advances from		
Body Corporate/Holding Company	30,000,000	30,000,000
Total	76,823,302	79,074,919

Schedules forming part of Consolidated Accounts**SCHEDULE - E :
FIXED ASSETS**

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	AS AT 01/07/2007	ADDITION	DEDUC- TION	AS AT 30/06/2008	AS AT 01/07/2007	ADDI- TION	DEDU- CTION	AS AT 30/06/2008	AS AT 30/06/2007
LAND	2,336,671	-	-	2,336,671	-	-	-	2,336,671	2,336,671
BUILDING									
(I) FACTORY	31,652,365	-	-	31,652,365	13,200,136	1,057,189	-	14,257,325	17,395,040
(II) OFFICE	824,786	-	-	824,786	208,250	13,444	-	221,694	603,092
(III) RESIDENTIAL	809,897	-	-	809,897	179,074	13,201	-	192,275	617,622
PLANT & MACHINERY	47,218,186	9,359,387	-	56,577,573	18,414,283	6,367,550	-	24,781,833	31,795,740
(1) MOULDS	33,277,293	8,337,849	-	41,615,142	13,008,960	5,032,387	-	18,041,347	23,573,795
(II) ELECTRICAL INSTALLATIONS	1,853,268	148,384	-	2,001,652	1,137,783	101,837	-	1,239,620	762,032
(III) ASSEMBLY TABLES CONVEYORS & OTHERS	12,087,625	873,154	-	12,960,779	4,267,540	1,233,326	-	5,500,866	7,459,913
OFFICE EQUIPMENTS	3,147,532	162,880	-	3,310,412	1,589,161	167,369	-	1,756,530	1,553,882
FURNITURE & FIXTURES	3,071,021	128,047	-	3,199,068	2,242,643	314,708	-	2,557,351	641,717
VEHICLES	9,972,750	1,078,523	331,349	10,719,924	4,239,537	924,134	222,763	4,940,908	5,779,016
COMPUTERS	3,767,609	598,880	-	4,366,489	2,211,954	397,311	-	2,609,265	1,757,224
TOTAL	102,800,817	11,327,717	331,349	113,797,185	42,285,038	9,254,906	222,763	51,317,181	62,480,004
PREVIOUS YEAR	257,282,931	13,328,879	167,810,992	102,800,818	192,537,247	13,334,561	163,586,769	42,285,039	60,515,779
									-

SYMPHONY COMFORT SYSTEMS LTD.

Schedules forming part of Consolidated Accounts

PARTICULARS		As at 30/06/2008 (Rs.)	As at 30/06/2007 (Rs.)
SCHEDULE - F			
INVESTMENTS (Long term, At Cost)			
Equity Shares (Unquoted)			
	<u>No of Shares</u>	<u>Face value per share (Rs.)</u>	<u>Face Value per share (Rs.)</u>
(1) Symphony Designer & Properties Pvt. Ltd.	248	10 Rs.	2,480
(2) Symphony Air Coolers Inc,USA (Wholly owned subsidiary)	1000	1 \$	-
Mutual Funds (Quoted)			
(1) HDFC Liquid Fund	984495	16.4217	16,167,088
(2) Reliance Floating Rate Fund	1250564	12.9151	16,151,153
Total		<u>32,320,721</u>	<u>2,480</u>
SCHEDULE - G			
CURRENT ASSETS			
(a) Inventories (Taken, Valued & Certified by the Management)			
(1) Finished Goods		35,397,864	35,361,067
(2) Raw Materials		5,884,590	3,732,617
Total-a= (1+2)		<u>41,282,454</u>	<u>39,093,684</u>
(b) Sundry Debtors			
(1) Debtors outstanding for a period exceeding six months- Considered Good		18,864,649	23,096,198
(2) Doubtful Bad Debts - Considered Doubtful		67,730	67,730
(3) Others		2,267,842	313,283
Total-b=(1+2+3)		<u>21,200,221</u>	<u>23,477,211</u>
(c) Cash & Bank			
(i) A) Cash on hand		100,203	59,868
B) Bal. with employee imprest A/c.		1,006,860	651,138
(ii) Balance with Scheduled Banks in			
(1) Current Account		100,343,814	3,269,470
(2) Fixed Deposits		61,349,460	720,532
		<u>161,693,274</u>	<u>3,990,002</u>
(iii) Balance with Non-Scheduled Bank Bank One, NA		138,676	155,106
		<u>138,676</u>	<u>155,106</u>
Total-c=(i+ii+iii)		<u>162,939,013</u>	<u>4,856,114</u>
Total (a+b+c)		<u>225,421,688</u>	<u>67,427,009</u>
SCHEDULE - H			
LOANS AND ADVANCES			
(Unsecured Considered Good)			
(1) Advance Recoverable in cash or in kind or for which value to be received		57,128,969	44,192,634
(2) Income Tax Advance & T D S		15,204,800	1,074,458
Total (1+2)		<u>72,333,769</u>	<u>45,267,092</u>

SYMPHONY COMFORT SYSTEMS LTD.

Schedules forming part of Consolidated Accounts

PARTICULARS	As at 30/06/2008 (Rs.)	As at 30/06/2007 (Rs.)
SCHEDULE - I		
CURRENT LIABILITIES & PROVISIONS		
(a) Current Liabilities		
(1) Sundry Creditors		
a) Creditors for Goods	12,040,659	2,636,725
b) Creditors for expenses	47,427,584	59,468,243
(2) Credit Balance of Bank Account	-	459,995
(3) Other Current Liabilities	116,155,312	104,250,426
Total-a (1+2+3)	175,623,555	122,890,271
(b) Provisions		
(1) Gratuity	2,520,306	2,010,210
(2) Provision for Taxation	16,000,000	-
(3) Fringe Benefit Tax	726,200	-
(4) Provision for I.Tax for earlier years	2,864,429	-
(5) Provision for Sales Tax for earlier yrs	24,921,041	-
Total-b (1+2)	47,031,976	2,010,210
Total (a+b)	222,655,531	124,900,481
SCHEDULE - J		
OTHER INCOME		
(1) Scrap Sales	515,630	442,197
(2) Misc Income	2,710,992	1,955,568
(3) Interest Income (TDS 408482 P.Y. 5244)	4,484,680	-
(4) Foreign Exchange Fluctuation	1,464,288	-
(5) Profit on sale of asset	-	34,000
Total	9,175,590	2,431,765
SCHEDULE - K 1		
INCREASE / DECREASE STOCK		
Opening Stock of Finished Goods	35,740,637	32,365,609
Less : Closing Stock of Finished Goods	35,397,864	35,361,067
Less : Vat Credit Available on Stock	-	(342,773)
		144,777
		3,140,235
SCHEDULE - K		
MANUFACTURING EXPENSES		
(1) Raw Material Consumption	324,498,035	267,155,446
(2) Carriage Inward & Octroi etc	2,607,298	2,344,676
(3) Stores, Spareparts consumed	125,750	84,840
(4) Electric Power & Fuel	408,607	277,653
(5) Assembly, Labour & Job Charges	471,126	328,110,816
(6) Repairs & Maintenance		
(i) Building	3,254,919	1,819,000
(ii) Machinery	504,287	101,580
(iii) Others	690,377	4,449,583
(7) Research & Development Expenses	1,424,267	441,126
Total	333,984,666	272,911,661

SYMPHONY COMFORT SYSTEMS LTD.

Schedules forming part of Consolidated Accounts

PARTICULARS	Year ended 30/6/2008 (Rs.)	Year ended 30/6/2007 (Rs.)
SCHEDULE - L		
ESTABLISHMENT EXPENSES		
(1) Insurance	823,564	482,167
(2) Rent, Rates & Taxes	416,778	147,902
(3) Travelling	10,527,353	3,390,121
(4) Conveyance	3,362,688	1,345,623
(5) Auditors Remuneration	65,060	72,974
(6) General Expenses	1,716,988	1,198,798
(7) Stationery, Printing & Postage, Telephone, Telex etc.	3,901,794	1,817,781
(8) Director's Remuneration	2,557,292	1,486,178
(9) Loss on Sale of Fixed Assets	18,586	-
(10) Professional & Legal Charges	3,712,158	1,551,156
(11) Vehicle Expenses	1,068,096	867,943
Total	<u>28,170,357</u>	<u>12,360,642</u>
SCHEDULE - M		
SELLING AND DISTRIBUTION EXPENSES		
(1) Warehousing Charges	1,727,851	1,558,232
(2) Sales Promotion & Advertisement	56,141,540	29,192,397
(3) Sales Commission & Discount	7,622,651	1,323,555
(4) Sales Tax & Turnover Tax	71,410,618	41,590,363
Total	<u>136,902,660</u>	<u>73,664,547</u>
SCHEDULE - N		
PAYMENTS TO & PROVISION FOR EMPLOYEES		
(1) Salaries, Wages and Bonus	34,138,817	12,047,973
(2) Provident Fund Contribution & Charges	1,665,305	1,508,283
(3) Staff Welfare Expenses	1,187,401	989,989
Total (1+2+3+4)	<u>36,991,523</u>	<u>14,546,245</u>
SCHEDULE - O		
FINANCIAL CHARGES		
(1) Interest		
(i) To Hire Purchase Charges	51,894	76,438
(ii) To Others	141,761	1,283,723
(2) Foreign Exchange Fluctuation	-	1,093,706
(3) Bank & Other Charges	581,319	612,737
Total (1+2+3)	<u>774,974</u>	<u>3,066,604</u>

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit & Loss Account for the year ended on 30th June 2008

SCHEDULE - P

(1) SIGNIFICANT ACCOUNTING POLICIES :

The accounts are prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant Laws as well as guidelines prescribed by the Department of Company Affairs, Ministry of Industry and The Institute of the Chartered Accountants of India.

i) Basis of Accounting :

The Financial Statements are prepared under the historical cost convention on an accrual basis.

i-a) Principles of Consolidation :

A) The consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS21) on "Consolidated Financial Statements" issued by The Institute of Chartered Accountant of India on the basis of the separate audited financial statements of Symphony Comfort Systems Ltd (SCSL) and its subsidiary Symphony Air Coolers INC, USA. SCSL is holding 100% in the subsidiary Sympony Air collers INC, USA which is incorporated in USA and its reporting date is 30/6/2008.

B) The financial statements of the parent company and its subsidiary have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income expenses after eliminating intra-group balances and the unrealised profits / losses on intra-group transaction and are presented to the extent possible in the same manner as the company's independent financial statements.

C) On consolidation the accounting difference due to translation of subsidiary transaction in Indian Rupees is shown as Translation Reserve on consolidation.

ii) Revenue Recognition:

Revenues are recognised and expenses are accounted on their accrual with necessary provision for all known liabilities and losses.

1) **Sales :** Sales is inclusive of excise duty, Sales Tax, Central Sales Tax and VAT, wherever applicable.

2) **Interest :** Interest Income recognised on accrual basis.

3) **Export Benefits :** Export Incentives in respect of exports made are recognized at a point of reasonable certainty of ultimate collection.

iii) Fixed Assets :

Fixed Assets are stated at cost of acquisition, including expenses related to acquisition and installation, less accumulated depreciation, except for free hold land.

iv) Depreciation :

Depreciation on Fixed Assets is provided on straight line method at the rate prescribed in Schedule- XIV of the Companies Act ,1956, on pro-rata for the period the assets have been put to use. Assets Costing up to Rs.5000/- are fully depreciated in the year in which they are put to use.

v) Investments :

Investments, being Unquoted long term in nature are stated at cost.

vi) Inventories :

- | | |
|---|--|
| (i) Finished Goods | At lower of cost or Net Realisable Value |
| (ii) Raw Materials | At lower of cost or Net Realisable Value |
| (iii) Slow moving & non moving inventory including raw material | At Net realisable Value |

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit & Loss Account for the year ended on 30th June 2008

vii) **Research and Development :**

Revenue expenditure including overheads on research and development is charged out as an expense through the natural heads of account in the year in which incurred. Expenditure which results in the creation of capital assets is taken into fixed assets and depreciation is provided on such assets as done in case of other depreciable assets.

viii) **Foreign currency transactions :**

- 1) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transactions. Exchange difference arising from foreign currency transactions are dealt with in the Company's Profit and Loss account except it is of capital expenditure.
- 2) Any increase or decrease in liability denominated in foreign currency on account of exchange rate difference on transaction date and year end is adjusted in the profit and loss account.

ix) **Retirement Benefits**

- 1) Contribution to Provident Fund and Family Pension Fund is charged to Profit & Loss Account.
- 2) Gratuity Liability determined on actuarial valuation basis is provided for.

x) **Deferred Tax Liability**

The company was not providing Deferred Tax Liability in books of account till accounting year ended on 30.06.2007 in view of availability of substantial unabsorbed deprecation and carried forward losses under the tax laws and virtual certainty of taxable income but due to change in profitability and other circumstances, the Board or Directors of the company have decided to provide Deferred Tax Liability in accordance with Accounting Standard (AS) 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

Deferred Tax Liability/Asset resulting from "Timing difference" between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. The provision of said Liability is not considered as change in method of accounting policy since it is provided on account of applicability of Accounting Standard (AS) 22 "Accounting for Taxes on income" from current year.

xi) **Impairment of Fixed Assets**

The carrying amount of fixed assets including those assets that are not available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the assets recoverable amount is estimated. An impairment loss is recognised in the Profit and Loss account whenever the carrying amount of an assets exceeds its recoverable amount. An impairment loss can be reversed if there are changes in estimates to determine the recoverable amount in future period. An impairment loss is reversed only to the extent that the carrying amount of the assets does not exceed the net book value that would have been determined, if no impairment loss has been recognised.

xii) **Revision of Audited Accounts under review**

These accounts are the revised accounts for the year ended 30th June, 2008 as adopted at the meeting of Board of Director at the meeting held on 15th October, 2008 of the earlier audited accounts as adopted at the meeting of Board of Directors held on 30th September, 2008. The reasons and effects of revision in accounts under review are stated in details under the head "Contingent Liabilities".

xiii) **Provisions & Contingent Liabilities**

Provision is made for all known liabilities. Contingent liabilities, if any, are disclosed in the accounts by way of a note.

SYMPHONY COMFORT SYSTEMS LTD.**Schedules attached to and forming part of Balance Sheet and Profit & Loss Account for the year ended on 30th June 2008****(2) Contingent Liabilities :**

	30/6/2008	(Rs. In Lacs.) 30/6/2007
a) Claims against the company not acknowledged as debt.	11.15	11.15
b) Income-tax Department has raised a demand for A.Y. 2002-03. Company have filed an appeal against the said disputed liability which are pending for disposal.	1209.42	1238.06
c) Pending sales tax assessment and Sales Tax Demand raised against the company for the various years and but the same is not acknowledged as debt hence not provided for. Appeals are filed against the same which are pending.	2270.46	2547.97

The Contingent Liabilities for Income Tax aggregating to Rs.1209.42 Lacs. However as legally advised no provision has been made. Appeals have been preferred before appropriate authorities. Contingent liability of income tax includes 1) Rs.306.45 lacs for A.Y. 2002-03 and appeal for the same is pending before Income Tax Tribunal 2) Rs. 902.97 lacs towards penalty u/s 271(1)(c) for the A.Y. 2002-03 is pending before Income Tax Tribunal.

During the year, Company has made provision for disputed demand of Income Tax of Rs.28.64 Lacs for the A.Y. 2003-04.

The Contingent Liabilities for the year under review towards Sales Tax are Rs.2270.46 Lacs, (Previous year Rs.2547.97 Lacs). The Sales Tax demand of Rs. 2246.57 Lacs (on account of demand of tax Rs. 912.85 lacs, penalty of Rs.676.47 lacs and interest of Rs.657.25 lacs) was raised by the Sales Tax Department of Gujarat. The Sales Tax Department of Gujarat had carried out assessments for the F.Y.93-94 to F.Y.95-96, F.Y.97-98 and F.Y.99-2000 (5 years) and raised a total demand of Rs. 2246.57 Lacs in respect of Central Sales Tax mainly for want of "C" forms and "F" forms. All the books of accounts and other relevant records including declarations, "C" Forms, "F" Forms etc. were completely destroyed due to heavy rain fall in the Ahmedabad city & Gujarat on 13th July, 2000. The view of Assistant Commissioner of Sales tax is not tenable as the Honorable Commissioner of Sales tax has granted administrative relief in the past in cases of such natural or manmade or accidental calamities like fire or flood etc. The Finance Secretary of the State of Gujarat has also issued a letter dated 18.10.2005 to the Commissioner of Sales Tax on considering other available information like F.I.R., Panchnama, Fire Brigade Certificate, Survey Report of District Collector, Affidavit etc. in case of above flood as proof of damage, to complete such assesment u/s 41(2) of the Act by accepting return filed by the assesses. Assessment orders for the aforesaid five years raising total demand of Rs.2246.57 Lacs were passed prior to issue of letter dated 18.10.2005 of Finance Secretary, State of Gujarat. The Hon'ble VAT Tribunal has set aside the impugned orders and remanded back the matter to the Department to consider the matter on the merit in line with the relief available under the letter dated 18.10.2005 from the Finance Department, Gujarat Government addressed to the Commissioner of Sales Tax. The appeal is progressing well in favour of the Company and the Company is hopeful that the entire demand of Rs.2246.57 Lacs is likely to be dropped. As legally advised, no provision is required to be made for disputed demand aggregating to Rs.2246.57 Lacs. In view of this, the provision of Rs.912.84 Lacs made in the audited accounts for the year ended on 30th June, 2008 as adopted at the meeting of Board of Directors held on 30th September, 2008 is now reversed in the accounts for the year ended 30th June, 2008 as adopted at the meeting of Board of Directors held on 15th October, 2008.

The Sales Tax Department of various other states had raised a total demand of Rs. 273.10 Lacs for various assessment years and the same was also provided in the audited accounts for the year ended on 30th June, 2008 as adopted at the meeting of Board of Director held on 30th September, 2008. The company has preferred appeals against the assessments before different Sales Tax Authorities in various states. For Cuttuck Branch (Orissa), there have been very favorable

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit & Loss Account for the year ended on 30th June 2008

hearings and the order is likely to be received in favor of the Company for the provision made of Rs.23.89 Lacs in the audited accounts for the year 30th June,2008 as adopted at the meeting of Board of Directors on 30th September, 2008. Hence, the said provision of Rs.23.89 Lacs is now reversed in the accounts for the year ended on 30th June,2008 as adopted at the meeting of Board of Directors held on 15th October, 2008, leaving balance provision for rest of the disputed demands of Rs.249.21 Lacs during the year.

At the meeting of Board of Directors held on 30th September,2008, your directors had adopted the audited accounts for the year ended 30th June,2008 where in the Company had made provision for disputed sales tax liability aggregating to Rs.1185.94 Lacs which inter alia consist of Rs.912.84 Lacs for the State of Gujarat and Rs.23.89 Lacs for the State of Cuttuck, (Orissa). Subsequent to that, some positive developments in both the matters, i.e. Rs.912.84 Lacs of Gujarat and Rs.23.89 Lacs of Cuttuck, (Orissa) have taken place and in view of the same, the company is advised by the expert that provision for such disputed demand is now redundant. Having considered the matter, your directors at their meeting held on 15th October,2008, have decided accordingly to reverse the provision made for the said Rs. 912.84 lacs for the state of Gujarat and Rs. 23.89 lacs for the state of Orissa, aggregating to Rs. 936.73 lacs in the accounts for the year ended on 30th June 2008. As a result of reversal of the aforesaid provision of Rs. 936.73 lacs, the "Profit after Extra Ordinary Items" increase to Rs. 1236.11 lacs from Rs. 299.38 Lacs as per the accounts for the year under review as adopted at the board of directors meeting held on 30th September, 2008. The "Debit Balance of Profit & Loss A/c

Balance Sheet reduces from Rs. 2319.21 lacs to Rs.1382.48 lacs as per the accounts for the year under review as adopted at the board of directors meeting held on 30th September, 2008.

(3) BAD DEBTS WRITTEN OFF IN THE YEAR 2001-02

As was explained in the Annual Reports of 2000-01 and 2001-02, the Company had been dealing with various Regional Distributors since 1989. Over the years the said distributors had accumulated losses and hence their outstanding payable to the company kept on mounting. Finally in 2001-02, after taking expert's opinion, the company decided to write-off the amount totaling to Rs.2579.90 Lacs which the distributors were unable to pay.

However, since the said distributors had an established distribution network without which the company would have been unable to carry on its business, the company had to continue business with them, although on renewed terms of strictly no credit. Over the last five years, in the process, the company has gradually established its own distribution network and these distributors have also started making profits. Now, as the company has appointed its own employees throughout the country and set up its own marketing and service network and has stopped dealing through the regional distributors. In response to continued efforts by the company to recover past dues, the distributors have approached the company to settle their outstanding dues (which the company had written-off) in an amicable manner. The matter was referred to the arbitrator and appointed arbitrator Ex. Justice of Gujarat High Court and Chairman of MRTTP Commission in terms of the agreement between the company and the said distributors. Several arbitration hearings have been held. The company is hopeful that in the near future, the company may be able to recover part if not the whole amount of outstanding that has been written-off.

- (4) The company has unabsorbed depreciation and carried forward losses under the tax laws. In absence of virtual certainty of sufficient future taxable income, net deferred tax assets has not been recognised by way of prudence in accordance with Accounting Standard (AS)-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.
- (5) The Company is declared as a sick industrial company under the Sick Industrial Companies (Special Provisions) Act, 1985 as per the order passed by B.I.F.R.

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit & Loss Account for the year ended on 30th June 2008

(6) Segment Reporting :-

The company is operating mainly in a single segment i.e. Air cooler. Therefore, the requirement of segment reporting under Accounting standard-17 (AS-17-Segment Reporting) issued by the Institute of Chartered Accountant of India, is not applicable.

(7) The Breakup of Deferred Tax Liability/Asset is as under:

Particulars	As On 30th June, 2008 Rs	As On 30th June, 2007 Rs
(A) Liabilities		
Block of Assets as per books and as per I.T Act	20519597	11246942
Total (A)	20519597	11246942
(B) Asstes		
Statutory Duties unpaid u/s 43B	1038261	0
Total (B)	1038261	0
NET (A-B)	19481336	11246942
(C) Deferred Tax Liabilities	6621705	3822836

(8) Related Party Disclosures:

Sr no	Name of the Related Parties	Nature of relationship with company	Nature of transaction	2007-08		2006-07	
				Volume of transactions Rs.	Bal. at the end of the year (Rs.)	Volume of transactions Rs.	Bal. at the end of the year (Rs.)
1	Shri Achal Bakeri	Chairman & Managing Director	Remuneration and Perquisites	1417052		500898	
2	Shri Nrupesh Shah	Director	Remuneration and Perquisites	1140240		985280	

(9) Auditors Remuneration :

	Year ended 30/6/2008	Year ended 30/6/2007
a) As Auditor	45,060	50,520
b) In other capacity, in resepct of		
i) Tax Audit	10,000	11,227
ii) Company Law Matters & Certification	10,000	11,227
	65,060	72,974

(10) The Company has provided excise duty of Rs 3.55 lacs (Previous year Rs 18.61 lacs) on Finished goods lying in the Bonded Store room at the factory. However, this transaction has no impact on the result for the year.

(11) The amount overdue to Small Scale and/or Ancilliary Industrial undertaking could not be ascertained in view of insufficient information from suppliers regarding their status.

(12) In the opinion of the board, Current Assets, Loans and Advances are approximately, stated at the value, if realised in ordinary course of business. Provisions for all known liabilities are provided for in full and the same are adequate and not in excess of the amount consider as reasonably necessary.

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit & Loss Account for the year ended on 30th June 2008

(13) Managerial Remuneration :	Year ended 30/6/2008	Year ended 30/6/2007
Salary	2,007,600	1,440,400
Perquisites & Others	549,692	45,778
	2,557,292	1,486,178

(14) Earning per Share :	2007-08	2006-07
(a) Net Profit before extra ordinary item available for equity shareholders(Rs./lacs)	1,489.25	219.80
(b) Net Profit after extra ordinary item available for equity shareholders (Rs./lacs)	1,211.40	219.80
(c) Weighted average number of Equity Shares of Rs. 10 each outstanding during the year(No. of Shares)	6995700	6995700
(d) Basic Earnings per Share before extra ordinary item (Rs.)	21.29	3.14
(e) Basic Earnings per Share after extra ordinary item (Rs.)	17.32	3.14

(15) Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements.

(16) Previous year figures have been rearranged/ regrouped wherever necessary to make them comparable with the figures of the current year.

(17) Turnover :	Year ended 30/06/2008		Year ended 30/06/2007	
CLASS OF GOODS	Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
Air Cooler, Geysers & Others	154,831	732,858,416	123,031	420,636,750
		732,858,416		420,636,750

*** Quantity dose not include Quantity of package articles.

(18)				
(i) Consumption of Raw Materials :				
Air Cooler ,Geyser etc. Kits, Components & Others		324,498,035		267,155,446
		324,498,035		267,155,446
(ii) Value of Imported & Indigenous Raw Materials :				
	Value in Rs.	% of total Consumption	Value in Rs.	% of total Consumption
Imported	6,259,505	1.93	8,291,888	3.10
Indigenous	318,238,530	98.07	258,863,558	96.90
	324,498,035	100.00	267,155,446	100.00

SYMPHONY COMFORT SYSTEMS LTD.

Schedules attached to and forming part of Balance Sheet and Profit & Loss Account for the year ended on 30th June 2008

	Year ended 30/06/2008		Year ended 30/06/2007	
	Value in Rs.	% of total Consumption	Value in Rs.	% of total Consumption
(iii) C.I.F. Value of Imports:				
Raw Materials		4,184,201		6,714,149
Capital Items		7,561,297		7,693,050
		11,745,498		14,407,199
(19)				
(a) Opening Stock of Finished Goods :				
	Quantity (Nos)	Amount (Rs)	Quantity (Nos)	Amount (Rs)
Air Cooler, Geysers & Others	14,669	35,740,637	12,504	31,725,745
		35,740,637		31,725,745
(b) Closing Stock of Finished Goods				
	Quantity (Nos)	Amount (Rs)	Quantity (Nos)	Amount (Rs)
Air Cooler, Geysers & Others	18,053	35,397,864	14,669	35,740,637
		35,397,864		35,740,637
(20) Expenditure in Foreign Currency (Rs.)		5,316,483		2,935,220
Advertisement & Sales Promotion, Freight Paid, Travelling & Others				
(21) Earning in Foreign Currency (Rs.)				
F.O.B. of Exports , Freight Recovery & Other Income		95,258,685		99,631,286
Signature to Schedule "A" to "P"				

AS PER OUR REPORT OF EVEN DATE

FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD

DATE : 15/10/2008

(ACHAL BAKERI)
CHAIRMAN & M.D.

(NRUPESH SHAH)
DIRECTOR

(CHANDRAKANT GANDHI)
COMPANY SECRETARY

SYMPHONY COMFORT SYSTEMS LTD.**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I REGISTRATION DETAILS**

Registration No. L32201GJ1988PLC010331
 State Code 04
 Balance Sheet 30 06 2008
 Dt Month Yr

II CAPITAL RAISED DURING THE YEAR

Public Issue Nil Right Issue Nil
 Bonus Issue Nil Private Placement Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSAND)

Total Liabilities	169,900.65	Total Assets	169,900.65
Sources Of Funds			
Paid-Up Capital	69,957.00	Reserves & Surplus	15,772.42
Secured Loans	726.23	Unsecured Loans	76,823.30
Deferred Tax Liability	6,621.71		
Application Of Funds			
Net Fixed Assets	62,480.00	Investments	32,320.72
Net Current Assets	75,099.93	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSAND)

Turnover	742,034.01	Total Expenditure	573,671.92
Profit Before Tax	168,362.09	Profit After Tax but before	
Earning per Share before		extra ordinary item	148,925.05
extra ordinary item	21.29	Profit after extra ordinary item	121,139.58
Earning per Share after		Dividend	Nil
extra ordinary item	17.32		

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF COMPANY (AS PER MONETARY TERMS)

1) Item Code (ITC Code)	8479.10
Product Description	Air Cooler
2) Item Code (ITC Code)	8416.00
Product Description	Storage Water Heater

AS PER OUR REPORT OF EVEN DATE
FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
 DATE : 15/10/2008

(ACHAL BAKERI)
CHAIRMAN & M.D.

(NRUPESH SHAH)
DIRECTOR

(CHANDRAKANT GANDHI)
COMPANY SECRETARY

SYMPHONY COMFORT SYSTEMS LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2008

	Year Ended 2007-2008	(Rs. In Lacs) Year Ended 2006-2007
A CASH FLOW FROM OPERATING ACTIVITIES :	1,683.62	222.83
ADJUSTMENTS FOR		
Depreciation	92.55	133.35
Interest Expenses	7.75	30.67
Provision for earlier year for I.Tax, Sales Tax	(277.85)	-
Profit / Loss on Sale of Fixed Assets	0.19	(0.34)
Extra Ordinary Income	0.00	0.00
OPERATING PROFIT BEFORE		
WORKING CAPITAL CHANGES :	1506.25	386.50
ADJUSTMENTS FOR		
Trade and Other Receivables	22.77	(39.56)
Inventories	(21.89)	(19.50)
Other Current Assets, Loans & Advances	(270.67)	(330.85)
Trade Payables	977.55	122.56
CASH GENERATED FROM OPERATIONS	2214.02	(125.97)
Interest Paid	7.75	30.67
Taxes Paid (Income Tax + FBT)	166.38	3.03
NET CASH FLOW FROM OPERATING ACTIVITIES	2039.89	(159.67)
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(113.28)	(133.29)
Sale/Deduction of Fixed Assets	0.90	42.58
Sale/Purchase of Investments(Net)	(323.18)	-
NET CASH USED IN INVESTING ACTIVITIES	(435.56)	(90.71)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Capital Reserve	3.83	0.63
Proceed from Long Term & Other Borrowings	(27.33)	283.89
NET CASH FROM FINANCING ACTIVITIES	(23.50)	284.52
NET INCREASE/(DECREASE) IN		
CASH & CASH EQUIVALENTS	1,580.83	34.15
CASH & CASH EQUIVALENTS OPENING BAL B/F	48.56	14.41
CASH & CASH EQUIVALENTS CLOSING BAL C/F	1,629.39	48.56

AS PER OUR REPORT OF EVEN DATE

FOR SHAH & DALAL
CHARTERED ACCOUNTANTS

(MALAY J. DALAL)
PARTNER

PLACE : AHMEDABAD
DATE : 15/10/2008

(ACHAL BAKERI)
CHAIRMAN & M.D.

(NRUPESH SHAH)
DIRECTOR

(CHANDRAKANT GANDHI)
COMPANY SECRETARY

s y m p h o n y

comfort systems ltd.

Regd. Office : "Sanskrut", Old Highcourt Road, Ahmedabad - 380 009.

PROXY FORM

I/We _____
of _____
being a member(s) of the Symphony Comfort Systems Ltd. hereby appoint _____
_____ of _____
or failing him/her _____ of _____
as my/our proxy to vote for me/us on my/our behalf at the Twenty First Annual General Meeting of the Company to be held on Friday, the 26th December, 2008 at 10.00 A.M. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

Signed this _____ day of _____ 2008.

Regd. Folio No. : _____

No. of Shares held : _____

Affix
one rupee
Revenue
Stamp

Signature of the Shareholder

NOTE : The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

s y m p h o n y

comfort systems ltd.

Regd. Office : "Sanskrut", Old Highcourt Road, Ahmedabad - 380 009.

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING VENUE :

Full Name of the attending member (in block letters)	Membership Folio No.
Name of the Proxy (in block letters) (To be filled if the Proxy Form has been duly deposited with the Company)	No. of Shares Held

I hereby record my presence at the Twenty First Annual General Meeting of the Company on Friday, the 26th December, 2008 at 10.00 A.M. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

* Member's / Proxy's Signature

* (To be signed at the time of handing over this slip)

