cool

Symphony Limited | Annual report, 2009-10

natural cooling

Contents

Forward looking statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

corporate information

Board of Directors

Achal Bakeri
Chairman & Managing Director

Nrupesh Shah
Executive Director

Dipak Palkar
Director

Himanshu Shah
Director

Registered and corporate office

'Saumya', Nr. Bakeri Circle, Navrangpura,
Ahmedabad 380014, Gujarat, India.
Phone: +91-79-26424430
Fax: +91-79-26425930

Company Secretary

Chandrakant Gandhi

Factory

703/704, Sanand Kadi Highway, Village Thol,
Tal. Kadi, Dist. Mehsana, Gujarat. PIN – 382728.
Phone: +91-2764-274342-45
Fax: +91-2764-274347

Email: corporate@symphonylimited.com
Website: www.symphonylimited.com

Auditors

SHAH & DALAL
Chartered Accountants

Registrar & Share Transfer Agent

M/s. Sharepro Services (India) Pvt. Ltd.
416-420, 4th floor, Devendra Mall
Opp. Sanyash Ashram, Ellisbridge
Ahmedabad 380006


Symphony
SUMO GO

'Ek Symphony dena...'

We are not just an air cooler brand.
We are a generic name.

We do not just possess a national identity.
We inspire a global presence.

We do not just foster stakeholder transactions.
We create win-win relationships.

We do not just enhance organisational value.
We create stakeholder wealth.

Symphony Limited.
More than just fresh air.

Corporate identity

cool company

No. of models
18
June 30, 2010

IPR
8 patents, 47 designs, 106 trademarks, 7 copy rights,
June 30, 2010

Team size (members)
247
June 30, 2010

Market capitalisation
₹35,498 lacs
June 30, 2010

Promoter's holding
75%
June 30, 2010

Mission

- Design, quality and service – Always the foremost
- Innovation and improvement – Always the endeavour
- Customer comfort – Always the inspiration

Background

- Established in 1988 by Mr. Achal Bakeri
- Symphony is the number one evaporative air cooler company in the world
- Headquartered in Ahmedabad, India
- The Company's products are manufactured across nine units in India

Products and presence

- The Company provides 13 air cooler and 5 water heater models for diverse applications
- The Company's products are exported to 54 countries across the Americas, Europe, Middle East, Africa and Southeast Asia.
- The Company's water heaters enjoy 5-star rating by BEE for saving energy (first in the water heater segment to receive this accredition).
- The Company's equity shares are actively traded on the Bombay Stock Exchange.

Corporate philosophy

Constant innovation has been the core mantra at Symphony

Awards and certifications

- Accorded Export House status by the Government of India in 2009
- Holder of CE certification
- Given certification of international conformity by the Saudi Arabian Standards Organisation (SASO)
- Authorisation for the Intertek mark on its products
- Received an advertisement award for the new Kaizen air cooler television commercial at Creativity 31, a Cincinnati–based award program
- Symphony's advertisement was given viewer's choice award by a leading satellite channel
- Mr. Achal Bakeri, Chairman and Managing Director, was awarded the India Young Business Achiever Award by Worldcom Group Inc.

Water heater range

Highlights, 2009-10

strengthening numbers

Operations, 2009-10

- Increased production 74% from 2,42,260 air coolers in 2008-09 to 4,20,336 air coolers
- Added a conveyorised assembly line in one assembly location
- Optimised component use across various product categories

Marketing, 2009-10

- Witnessed a 61% increase in sales volumes from 2,53,120 coolers in 2008-09 to 4,07,064 coolers
- Strengthened the Indian distribution network taking the total to 450 distributors and 6,500 dealers
- Established a presence across 54 countries
- Featured among the highest spenders on brand promotion across all media in the air cooler category

Products, 2009-10

- Introduced four new models that received strong customer acceptance
- Launched the Diet range of air coolers, the slimmest in India. First to launch tower air coolers in India
- Commercialised the personal cooler (fan and air cooler combination) for the first time in the world

Corporate, 2009-10

- Improved fund management, resulting in an increase of revenues per rupee invested in the business from ₹214 lacs in 2008-09 to ₹317 lacs
- A debt-free company
- Proposed a dividend of ₹2.50 per share

Total revenue growth

53%

2008-09 > ₹12,675 lacs
2009-10 > ₹19,359 lacs

EBIDTA growth

40%

2008-09 > ₹4,077 lacs
2009-10 > ₹5,721 lacs

PAT growth
(excluding exceptional items)

29%

2008-09 > ₹2,857 lacs
2009-10 > ₹3,693 lacs

Cash profit growth
(excluding exceptional item)

25%

2008-09 > ₹3,038 lacs
2009-10 > ₹3,799 lacs

cool competencies

1 Experience

Symphony is the only player in India's organised air cooler sector with a rich two-decade industry experience.

2 Focus

Symphony is the only organised white goods player focused exclusively on air coolers, resulting in core competence.

3 Range

Symphony's product range comprises comprehensive air cooler applications – from small sized personal coolers to industrial cooling solutions for factories and establishments.

4 Innovation

Symphony's creative competence is visibly reflected in superior features, highest energy savings and the best price-value proposition

5 Brand

Symphony generates an attractive product premium, quickest inventory liquidation and most of the revenues being derived from a cash-and-carry model

6 Business model

Symphony's asset-light business model (product development, design and marketing functions are retained; production is outsourced) facilitates flexible and operational scalability in the shortest time and at the lowest cost.

7 Quality

Symphony's product and process quality received the acceptability watermark from various global quality-certifying authorities [CE and SASO among others] testifying the most stringent quality benchmarks.

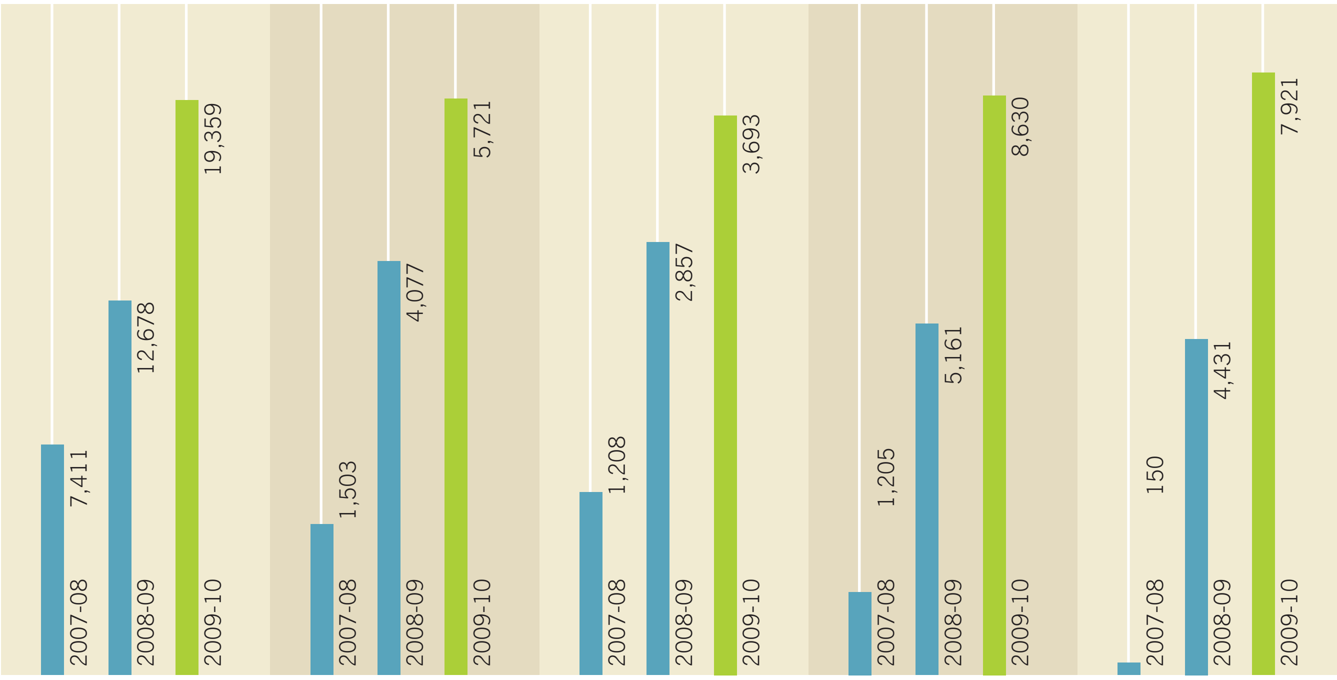
8 Spread

Symphony commanded a 45% share of the Indian organised market and widened its presence in advanced and developing markets.

9 Funding

A growing reserves surplus and zero-debt position provide adequate resources to fund organic and inorganic growth opportunities whenever required.

cool product hot numbers



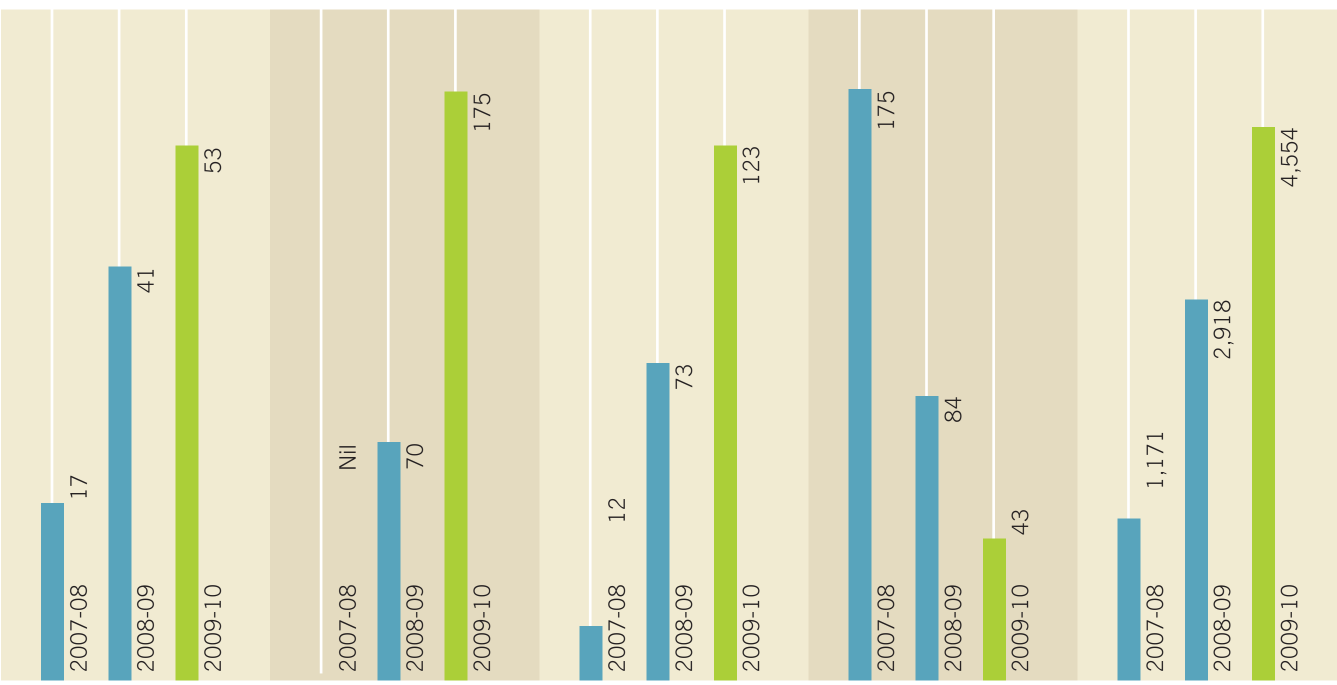
Revenue (₹ *lacs*)

EBIDTA (₹ *lacs*)

PAT (₹ *lacs*) (excluding exceptional item)

Capital employed (₹ *lacs*)

Reserves and surplus (₹ *lacs*)



Earning per share (₹) (excluding exceptional item)

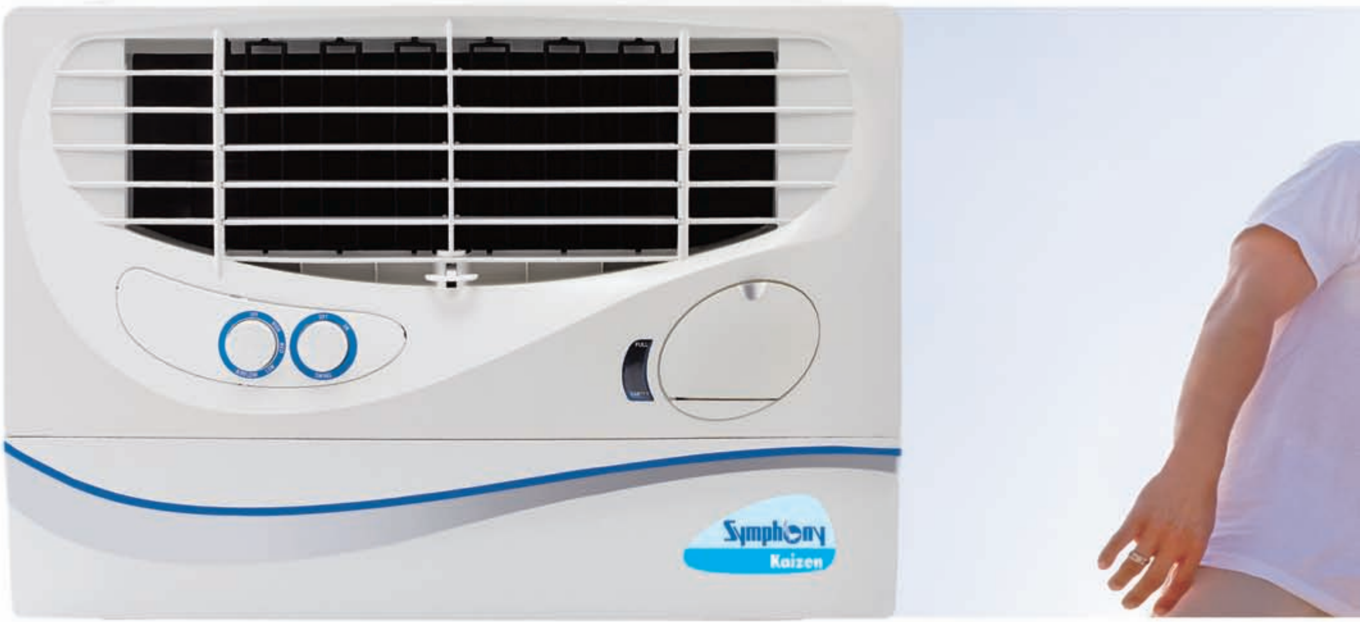
Dividend payout (₹ *lacs*)

Book value per share (₹)

Return on net worth (%)

Contribution to the national exchequer (₹ *lacs*)

cool ideas



CONVENTIONALLY, THE AIR COOLER WAS A HULK DRONING OUTSIDE BUILDING WALLS THAT OWNERS WERE A TRIFLE APOLOGETIC ABOUT.

Until Symphony re-invented it.

Symphony graduated the air-cooler from a functional necessity into a lifestyle showpiece that compares favourably with the air conditioner on aesthetic grounds. The result is that there is a greater likelihood that visitors will turn around and tell their host 'But this doesn't look like an air cooler!'

Precisely.

45%+

Symphony's Market share in India

Symphony's business model allowed it to concentrate on its core competence – innovation – in product development and feature evolution; for product assembling, it leveraged vendor support through its VAVS model (value addition through vendor support).

Symphony also continuously evolved its product basket to retain sectoral freshness. For one, the Company created the largest basket of 13 air coolers across diverse consumer applications. Two, the Company created niches that were progressively plugged with relevant products (residential coolers and personal coolers). Three, Symphony reinforced the product proposition through attractive features like the power saver technology, four-side cooling, humidity control and remote operability.

The result is that Symphony is no longer a brand; it has emerged as a generic name for an entire industry.

cool approach

CONVENTIONALLY, THE AIR COOLER WAS AN AIR-COOLER WAS AN AIR-COOLER. THE WORLD CHANGED; THE PRODUCT DIDN'T.

Until Symphony re-conceived it.

Symphony engaged in customer feedback to catalyse product development resulting in the launch of a new model every six months on average (wherein four models were launched in 2009-10 and six will be launched in 2010-11) and the creation of a platform to design and commercialise the world's first space saver Diet Cooler.

Symphony also revolutionised what went inside the box. The Company invested in cutting-edge technologies (laser cutting and automated testing panel, among others) as well as international certifications like CE, SASO, NOM and SONCAP.

This is the result: lower components, enhanced functionality, reduced cost, higher consumer value.

As a result, sales (units) increased at a 54% CAGR in the three years leading to 2009-10, which was considerably higher than the industry average.

8

Patents

Guinness Book of World Records

An air cooler measuring a record 14 ft in height, 8 ft 10 inch in length and 8 ft in width was successfully made by Symphony


winter
Symphony

cool impact

CONVENTIONALLY, AN AIR COOLER COMPANY DESIGNED, MANUFACTURED, MARKETED AND BRANDED THE PRODUCT.

Until Symphony re-configured this legacy business model.

Symphony created a business proposition that assigned roles to their most competent levels – inside and outside the organisation – as opposed to the conventional approach of multi-functional consolidation. Progressively, component manufacturing was outsourced to vendors with a demonstrated core competence, leaving the Company to focus on marketing, branding and product distribution.

This resulted in an asset-light business model, increased viability, corresponding support to assemblers, reinvestment in assembly lines (including a pioneering conveyor-based assembly line for higher productivity) and growing production capability – a virtuous cycle.

Besides, the Company assisted vendors in globalising their mindset, raising their overall progressive benchmarking towards global product and process standards as well as compliances with international regulatory audit requirements.

Also, the Company focused on establishing a strong brand equity and recall. It engaged one of India's leading advertising agencies – for strengthening its brand pan-India and hence emerged among the largest investor in brand promotion in the air cooler category.

In doing so, Symphony grew the number of its outsourced vendors in five years and its dedicated assembly lines across the same period, supported by a 450-strong distributor and 6,500 strong dealer population, leading to a win-win proposition for all its stakeholders.

2,200+ cities and towns

Presence in India

More and less!

Even though Symphony products realise a premium over competing brands, the brand outsells every other Indian air cooler brand. This consumer-pull philosophy has periodically resulted in stock out positions, helping generate higher earnings.

cool effect

CONVENTIONALLY, AN AIR COOLER COMPANY MANUFACTURED THE PRODUCT AND PRICED IT REASONABLY HIGHER TO RECOVER EXPENSES AND GENERATE A SURPLUS.

Until Symphony refined this strategy for maximum leverage.

Symphony's endeavour has been to embark on only those strategic initiatives that enhance competitive position, bottomline and shareholder value.

- The Company's innovative VAVS operations facilitated rapid low-cost scalability for meeting immediate demand, making it possible for the Company to invest precious resources (person hours and funds) to capitalise on emerging opportunities with proactive speed.
- The Company invested extensively in product development, marketing and sales promotions to create a consumer pull that generates precious liquidity to eliminate a dependence on debt.
- The Company enriched its product mix through a combination of volume-driven and value-added products, addressing ongoing and emerging needs.
- The Company exported its products to 54 countries in 5 continents by marketing the overall product concept.
- The Company generated growing volumes for vendors and paid upfront for purchases, resulting in attractive component discounts

A combination of these initiatives strengthened the Company's financials: EBIDTA and PAT grew at a 146% and 157% CAGR respectively over the three years leading to 2009-10; market capitalisation strengthened from ₹1,273 lacs from July 1, 2007 to ₹35,498 lacs as on June 30, 2010.

203%

3-year CAGR growth in market capitalisation till June 30, 2010

cool outlook

CONVENTIONALLY, AN AIR COOLER COMPANY RESPONDED TO THE NEEDS OF THE MARKETPLACE.

Until Symphony demonstrated its sensitivity by addressing the needs of the environment as well.

Symphony created a globally responsible product that cools naturally while saving precious natural resources through the following initiatives:

- Positioned the air-cooler product as an environmentally responsible cooling device compared to the air-conditioner, leveraging the natural cooling technology against technologies that generate environment damaging ozone-depleting gases
- Deployed the Power Saving Technology (PST) to enhance energy-efficiency in the air coolers segment. The result is that a 750 sq. ft area can be cooled, consuming only 0.18 units of energy per hour compared to approximately 5.5 units consumed by an air-conditioner to cool the same area.
- Created compact air coolers to optimise space. For instance, Symphony's Ice-Cube doubles up as a fan and cooler ideal for small spaces that won't accommodate an air-conditioners or fans; the Symphony's Diet range occupies less space than competing products
- Provided an unmatched value proposition through significant savings – the capital expenditure of Symphony products are priced significantly lower than air conditioners with a lower monthly operating costs

So, as fossil fuels and land get increasingly scarce, Symphony's relevance could only increase further.

₹ 4,554 lacs

Contribution to the national exchequer

From the Chairman's desk

"It's not what we are today. It's about what we can be tomorrow!"

Dear Shareholders,

It is always difficult to make one's first ₹1,00,000, then relatively less difficult to grow to ₹10,00,000 and thereafter even simpler to get to ₹1,00,00,000.

Our story would have been much the same but for a critical difference; our initial promise turned to an unexpected decline and just when everyone wrote us off, we rebounded.

The financial year under review represented the high point of our rebound:

- Not just unprecedented numbers in terms of topline and bottomline but also in terms of the overall health of our business, which would be the envy of peer companies in our broad sector or any other sector – an average return on employed capital of 43%.
- A positive bottomline in the first half of 2009-10 in a seasonal business, which happened for the first time during our two-decade plus existence.
- Status of a debt free company in an asset-light business model, which means that more than 95% of our EBIDTA became profit before tax.

The next step

In the last two years, we grew from a ₹7,411 lacs (2007-08) revenues company to a ₹19,359 lacs organisation (2009-10).

Rather than be lulled into complacence, the time has come to engage in constructive dissatisfaction. Otherwise how does one explain the largest air cooler company in India accounting for half the country's organised market share could report a topline of less than ₹20,000 lacs in the second most populous country in the world?

The result is that our Company has outlined a stretch revenue target for the next two years, in line with the extensive product under-penetration, evolving sectoral potential and global product acceptance.

Countering perceptions

Following two decades of industry experience, we have come to the conclusion that the biggest blockers in the growth of this market are the perceptions that have entrenched in the minds of the consumers, companies and community.

There is a perception that air coolers are best used only in hot, dry regions. The reality is that our customised coolers now represent a convenient value in humid coastal India as well, owing to changing global climates.

Although air-conditioners and air coolers are usually perceived as competing products, their applications are quite different. Air cooler can be used for all applications where air conditioner is being used. Over and above, an air cooler can be used in open spaces like garden, verandah and beach where an air conditioner will not function. As a result, air cooler is having wider application.

Earlier, an air cooler was just a metal box and for people who could not afford air conditioners. Today, an air cooler is a lifestyle product with superior aesthetic design and appearance attributes.

Also, a common perception was that for a place to be centrally cooled, only air conditioners needed to be installed. Today air coolers have emerged as suitable substitutes.

Growing optimism

Much of our focus on stretch performance over the foreseeable future is backed by the optimism that we in India are poised at an industry inflection point of strategic importance.

Macro optimism: India's GDP growth is expected to tip above 9% across the Eleventh Plan catalysed by policy reform, growing foreign direct investment, fast-track infrastructure investments and rural development schemes leading to growing prosperity. This has already begun to happen: India's per capita income increased from ₹29,524 in 2006-07 to ₹44,345 in 2009-10 and it is our understanding that when a country's per capita income crosses US$1,000 – now – the deployment of disposable incomes extends from necessities to consumer durables.

Rural market: India's rural market is passing through its most significant income churn in decades. The year 2005 was the first from when rural monthly per capita expenditure growth began to outstrip urban monthly per capita expenditure after a gap of two decades. Rural consumption expenditure exceeded urban consumption expenditure by 30%. NREGA spend in rural India is set to jump from US$1.9 billion in 2006-07 to around US$8 billion in 2009-10 and almost treble from there to 2012-13. Infrastructure growth is putting more money in the hands of rural India. The fixing of higher floor prices of agricultural products is enhancing rural prosperity. Credible estimates suggest that India's annual rural consumption growth at 11% is estimated to increase by 175 bps following the NREGA thrust.

Product inflection: This secular income increase is more likely to be reflected visibly and volubly in the country's cooling products segment for a good reason. Logic dictates that the size of the cooler market should be considerably larger than that of air-conditioners due to its inherent cost advantage. However, it is the reverse that has transpired over the last couple of decades: the higher priced product (air-conditioners) enjoys a larger market (estimated at 4 million units in 2009-10) than the lower priced equivalent (air coolers with an estimated sales volume of 1.5 million units a year) on account of superior branding, promotion, distribution and visibility. The time has come for this anomaly to be corrected with speed. India's rural market is opening up faster than ever before for some good reasons: income increase, deeper electricity penetration, housing growth, brand awareness and acceptance of low cost, lifestyle, products.

Symphony's initiatives

Symphony is the right company at the right place at the right time with the right products to capitalise on the transition.

- We possess a product basket of 13 air cooler models, from the lowest MRP at ₹3,990 to the most sophisticated range, resulting in attractively low operating costs. We believe that both these products, even as they are priced at different ends of the pricing spectrum, appeal to the price-sensitive India

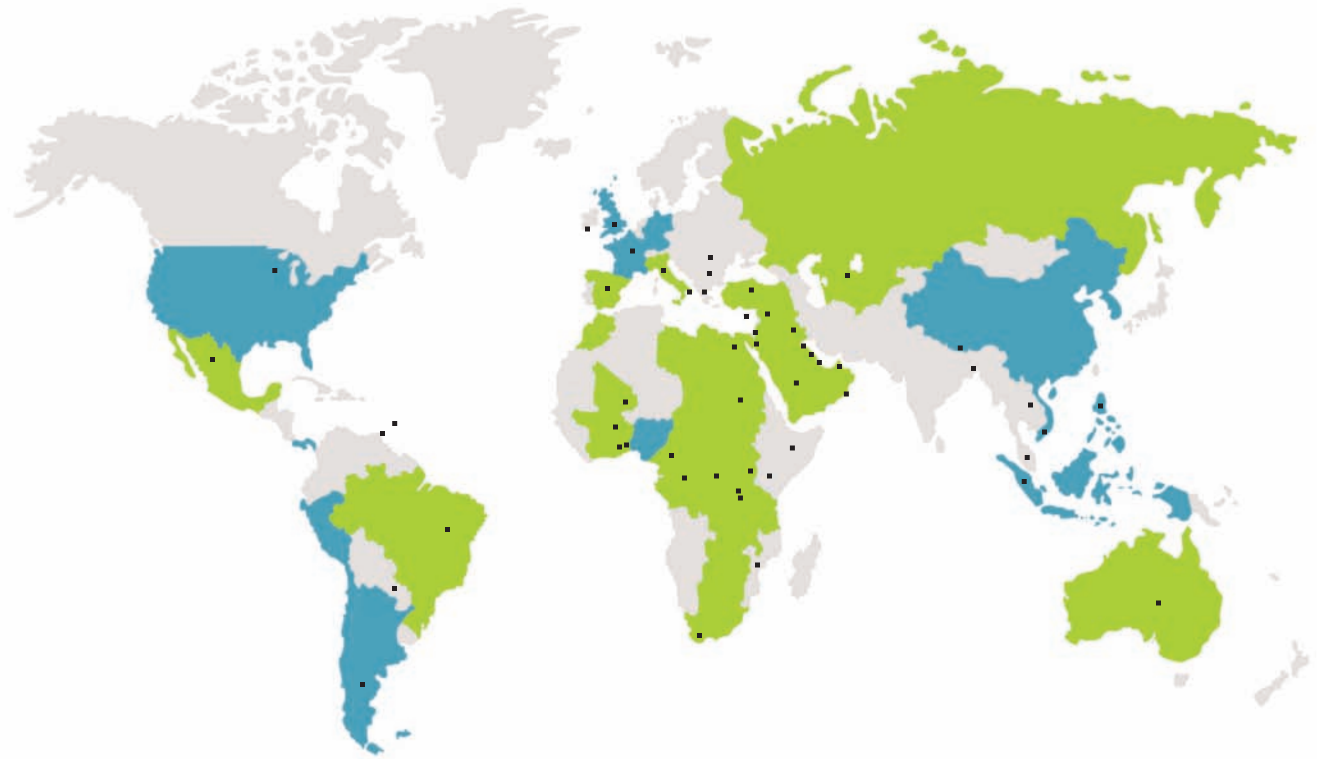
- We are moving closer to consumers in more senses than one. We widened our distribution network from 100 to 450 distributors in five years; we intend to add a similar number (or more) of distributors in the next few years. We expanded our dealer network from 2,500 to 6,500 in the same five-year span and now intend to increase to over 10,000 in the coming years. The result is that from a presence across more Indian cities/towns we expect to bore down to every pin code of every city and town in India, resulting in a proximate access each time anyone intends to convert interest into purchase.

- We have focused on design, development, innovation, quality control at one end and assembly line management at the other with the intermediate stage – manufacturing – are managed by expert manufacturers. We support our manufacturers through the prudent sourcing of components from large component manufacturers, resulting in value-addition through vendors support (VAVS) that makes it possible for us to concurrently enhance production and reduce costs.

Nurturing a new summer!

Climatic changes have shortened Indian winters. The conventionally cool period between September and October is now one with sharper heat due to cloudless skies. Symphony successfully repositioned this period as a first-summer for its air-coolers, which facilitated in sales round the year in order to counter seasonal sales – another first from Symphony that will grow the market size and its corporate recall.

Symphony's global footprint and opportunity matrix



Existing markets
Mexico, Middle East, South Africa, Australia, Turkey, South US, Egypt, Sudan, Libya, Chad, Mali, other African countries, Algeria, Morocco, CIS countries, Brazil, Italy and Spain

Potential markets
Philippines, Indonesia, Malaysia, Vietnam, China, Panama, Nigeria, Argentina, Peru, Chile, rest of US, Korea, Germany, France and the UK

Symphony's global footprint
Albania, Angola, Argentina, Australia, Bahrain, Bangladesh, Barbados, Benin, Brazil, Burkina Faso, Burundi, Cameroon, Cyprus, Dominican Republic, Egypt, Ethiopia, France, Ghana, Greece, Indonesia, Iraq, Ireland, Israel, Italy, Jordan, Kenya, Kuwait, Malaysia, Mali, Mexico, Mozambique, Nepal, Nigeria, Oman, Paraguay, Philippines, Qatar, Romania, Rwanda, Saudi Arabia, South Africa, Spain, Sri Lanka, Sudan, Syria, Thailand, Trinidad, Turkey, UAE, Uganda, UK, USA, Uzbekistan, Vietnam.

Note: Existing markets are shaded green; potential markets are shaded blue; the markets of Symphony's international presence are marked with dots

The global market

It would have been convenient to focus on a terrain we know best where our brand is preferred and the market is widening faster than ever before.

However, as a forward-looking organisation, Symphony considered it imperative to extend beyond India and emerge as a global corporate citizen.

This decision is justified for the following reasons:

- A dispersed global presence provides an excellent insight into diverse consumer needs
- This presence also provides us with a realtime perspective into evolving consumer preferences that can be back-ended into new product development
- Such a dispersed presence can also insulate us from seasonal offtake, excessive dependence on a few markets and plug us into rapidly growing geographies
- Such a presence can grow our influence into a global brand with corresponding value creation.

The result is that we have sold across 54 countries with an exported volume of 100,000 coolers (2009-10), compared with 2,500 coolers in 2003. We have only scratched the surface; even though there is huge potential in each of this country, the existing volume is less than many of our distributors in India. Clearly, the immediate focus is to ten-fold this export number in five years and not be greatly surprised should this become a reality.

Strategic international acquisition

I am pleased to inform you about your Company's overseas investments, expected to improve performance. Your Company invested US$644,900 in equity capital of the Singapore-based Sylvan Holdings Pte. Ltd (Sylvan), holding a 49% stake and 100% optionally convertible cumulative redeemable preference shares each, of Sylvan.

Sylvan is invested 99.99% in equity share capital of the Mexico-based Impco S.DE. R.L. DE. C.V. (IMPCO), a 56 year-old company catering to the air cooler needs of the US and Mexico markets.

These strategic investments would enable Symphony to penetrate markets in North and Latin America.

Further, Impco specialises in manufacturing industrial air coolers which your Company intends to introduce in India, in view of the tremendous domestic scope.

Your Company retains the right to hold majority/entire shareholding of SYLVAN. Going forward, the topline and bottomline of Impco (step-down subsidiary of Sylvan , Singapore) can be consolidated with financials of your Company down the line.

The 1,00,000 sq. ft Symphony factory near Ahmedabad

Growth initiatives

At Symphony, we expect to grow revenues from ₹19,359 lacs in 2009-10 to turnover in excess of ₹50,000 lacs (₹500 crore) in coming years through a combination of volume growth in our existing segment as well as the prudent leverage of our established brand through product extensions.

Industrial coolers: We have the potential to be the market leader in the absolutely unexplored market segment of industrial coolers, which provides perfect cooling solutions for factories, offices and even large residences working closely with HVAC (heating, ventilating and air conditioning) consultants. This product is manufactured by our affiliate company in Mexico and we expect to grow this business segment substantially over the medium term.

Water heaters: This segment is larger than air coolers. We introduced our proprietary product in 1994 with unique features:

- Aesthetically appealing plastic body water heater – elevating a commodity to a lifestyle product – complementing bathroom décor
- Superior quality polyurethane foam insulation inside the water heater instead of conventional glasswool, retaining heat longer
- Thermostat for uniform water temperature, preventing heat loss

Although our product received good customer response, we could not capitalise on our initial advantage. Recently, we upgraded our product to introduce new features (facilitates saving in power consumption by about 50%) and endorsements (first 5-star rated water heater in India). I am optimistic that this product can emerge as an attractive cash-cow over the foreseeable future.

Message to the shareholders

Symphony is attractively placed to report a robust 2010-11. I am optimistic that a combination of volume growth, value addition and cost efficiency will translate into superior returns for our shareholders.

Regards,

Achal Bakeri

Management discussion and analysis

the air-cooler market what makes it hot

An evaporative air coolers is a low cost, low energy and an environment friendly alternative to an air conditioner. Unlike conventional air conditioners, evaporative coolers require fresh air and work best with open windows and doors. Evaporative air coolers are extremely simple to use, cooling the air through an evaporation process, which reduces room temperature, whilst delivering a constant flow of fresh, healthy natural air. They also filter dust and dirt without drying the air.

Evaporative air cooling is natural cooling by means of water evaporation. When water evaporates, its molecules mix with air. The energy required for evaporation is drawn from air molecules, reducing the actual air temperature. Hence, breeze from the air coolers helps reduce ambient temperature. Besides, they consume significantly less electricity and do not release dangerous emissions.

They are best suited for residences, showrooms, shops, places of work especially where doors are opened and closed frequently – a major advantage over conventional air-conditioners. More importantly, they are perfect humidifiers for the dry months, making them ideal for year-round application.

Air cooler range

Multiple uses

An air cooler's portability and plug-and-play attribute makes it perfect for use anywhere:

Larger living areas	Outdoor patios, balconies and terrace gardens	Pool areas	Small and large office environments	Garages, kitchens and laundries	Light commercial areas

Why air coolers?

Environment friendly	Fresh air cooling	Cost-effective	Plug and play	Portable

Air coolers V/s air conditioner

Air coolers	Air conditioners
Air coolers use 100% fresh and natural air for cooling.	Air conditioners re-circulate the same dry air for cooling.
For cooling a room of 750 sq. ft size, a Symphony air cooler consumes only 0.18 units of energy per hour.	For cooling a similar sized area, an AC consumes approximately 5.5 units of energy per hour.
Air coolers use water as a refrigerant which is recycled into the air. It does not use or even generate harmful gases.	Air conditioners uses and generates harmful gases such as CFCs, HFCs, HCFCs and other ozone-depleting gases.
Air coolers can be used anywhere in open spaces and in a closed environment.	Air conditioners are effective for closed areas only.
Air coolers are largely plug-and-play equipment requiring no additional infrastructure.	Air conditioners require additional investment in infrastructure (additional power arrangement – meter capacity upgradation, high capacity electricity lines and switches, among others) for installation.
Light and portable: can be used in multiple points. They can replace, complement and operate in addition to air conditioners.	Air conditioners are fixed in a particular place, which restrict their application and benefits.
Air coolers are less effective in humid climate.	Air conditioners are effective in humid climate.

Management discussion and analysis

growth drivers

For personal, residential and industrial coolers as well as water heaters

Global warming: The greenhouse effect has resulted in global warming, rising planet temperatures and erratic climatic patterns reflected in increased hurricanes and drought, longer spells of dry heat and intense rain, colder weather in Northern Europe as well as water scarcity in South Asia owing to the retreating Himalayan glaciers. The first four months of 2010 were the hottest on record while March, 2010 was recorded as the warmest month in the last 60 years in North India *(Source: National Oceanic and Atmospheric Administration)*. The average global temperature of 13.3 degree Celsius (January-April) was 0.69 degrees above the average recorded since 1880.

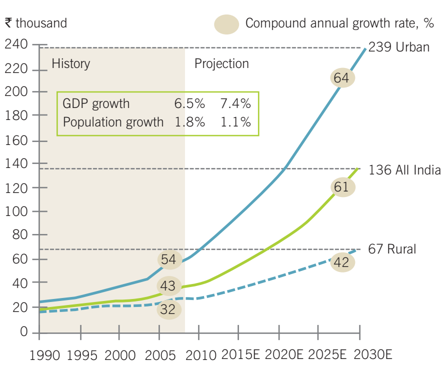
Income increase: India's per capita income grew 10.5% from ₹40,141 in 2008-09 to ₹44,345 in 2009-10 *(Source: Economic Times)*. In terms of GDP, many Indian cities are expected to become larger than some countries. For instance, the GDP of Mumbai Metropolitan region is projected at US$265 billion by 2030, larger than the GDP of countries like Malaysia, Portugal and Columbia.

Middle-class: India's middle-class is expected to account for 85% of urban households and 70% of consumption by 2015; the upper-class will account for 7% of households and 28% of consumption. World Bank estimates that the country's middle-class is likely to grow from 430 million in 2000 to 1.2 billion in 2030, defining the middle-class as earners making US$10-20 a day. The National Council for Applied Economic Research in August 2010 claimed that in 2001-02, India had 13.8 million households with incomes in excess of US$4,000 per year and in 2009-10, the number – at constant prices – had risen to 46.7 million, representing a population of about 200 million individuals. The number of middle-class households (households with US$4,500-22,000 annual income) in India rose from 10.7 million in 2001-02 to 28.4 million in 2009-10. Around 170 people join the country's middle-class every minute.

Urbanisation: India's urban population grew from 290 million, as reported in the 2001 census, to 340 million in 2008 and a projected 590 million by 2030. Urban India accounts for 30% of its population and 52% of GDP. According to McKinsey, urban India will account for two-thirds of incremental consumption, driven by population and urbanisation growth. By 2030, India will have 68 cities with a population of more than one million, 13 cities with more than 4 million people and six mega cities with a population of ten million or more.

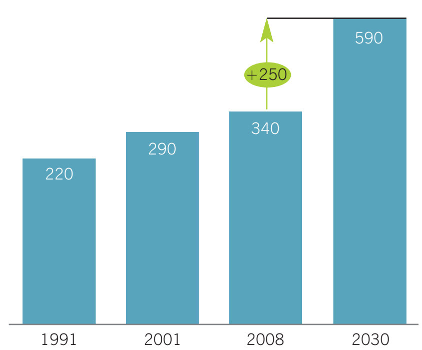
Rural growth: Aggregate rural consumption expenditure in India is around 30% more than aggregate urban consumption expenditure. NREGA spend in rural India is set to jump from US$1.9 billion in 2006-07 to around US$8 billion in 2009-10 and almost treble from there by 2012-13. India's per capita rural incomes are expected to increase from ₹7,335 in 1981 to ₹15,396 in 2011 *(Source: India Today).*

Per capita disposable income



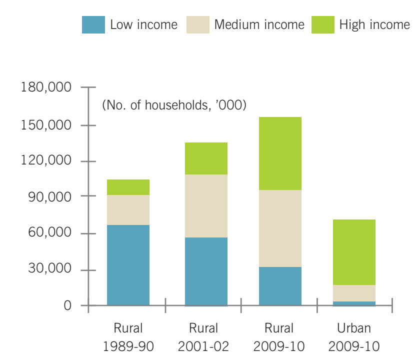
Source: McKinsey

Cities are likely to house 40% of India's population by 2030



Source: McKinsey

Rural population offers a potentially huge market opportunity



Source: NCAER, IIFL Research

Working population: India has a young and rapidly growing population. India will have the largest growing workforce for the next 20 years as 270 million Indians join the net working age population till 2030. Moreover, cities will account for 70% of all the new jobs created *(Source: Mckinsey)*. The domestic consumption expenditure too is set to triple by 2020 from ₹30 lacs crore in 2009 to ₹113 lacs crore in 2020. Across 2010-20, India will add 120 million people in the working age-group seeking employment, making India's global working population 28%. China, on the other hand, is expected to add only 19 million people in the same period, contributing 5% to the global working population.

Nuclear families: According to estimates, around 1.5-2% of joint families go nuclear every year. The rise in the number of nuclear families will result in a higher retail spending. It is also estimated that nuclearisation will account for a 3-4% increase in aggregate spending over 2007-12.

Growth drivers for industrial segment

Power deficit

India is the world's sixth-largest energy consumer with an installed capacity of 159,398.49 MW (as on March 31, 2010). The country accounted for about 3.5% of the world's total annual energy consumption but a low per capita consumption of about a fourth of the 2,873 kwh world consumption in 2009-10.

According to the CEA, peak-hour deficit increased from 11.9% in 2008-09 to 13.3% in 2009-10. Experts believe that pent-up demand may be higher than the projected 11%, worsening the situation.

With the rising mercury column, demand-availability gap in power supply also started widening in most parts of the country. Peak deficit and energy shortage – the key parameters that indicate how well the generation stations are able to cope with the stresses of high demand – recorded a significant upsurge during April 2010. The deficit increased from 13.3% in March 2010 to 15.1% during the fourth month of the calendar year. Similarly, energy shortage increased to 14.6% for the same period, from 11.7% registered a month earlier. However, total energy deficit declined from 11.1% in 2008-09 to 10.1% in 2009-10.

Retail growth

The Indian retail market is one of the world's largest, estimated at US$450 billion (₹20,25,000 crore) and expected to more than double to about US$900 billion (₹40,50,000 crore) by 2015. Organised retail is expected to grow from the present 5% to 10.4% of the retail market by 2012 *(Source: KPMG)*. Around 100 new malls and 30 million square feet of rental space are expected to be commissioned between 2009 and the end of this year. Much of this new space will be occupied by leading organised retail companies *(Source: South Asia Monitor, January 6, 2010)*.

Hospitality sector

As India emerges as a preferred tourist destination, the number of branded hotel rooms is expected to double in three years. The demand for travel and tourism in India is expected to grow 8.2% between 2010 and 2019, making India the third fastest growing in this segment. Capital investment in India's travel and tourism sector is expected to grow 8.8% between 2010 and 2019 *(Source: IBEF)*. Also, revenues from the Indian travel and tourism industry are expected to increase from US$100 billion in 2008 to US$276 billion in 2018.

Commercial space

The IT and ITeS sectors require 150 million sq. ft of office space across urban India by end 2010. The organised retail industry is likely to require an additional 220 million sq. ft by end 2010. The commercial market (including IT/ITeS, BPO, banking and financial services, pharmaceutical and telecom) in India is expected to grow at 20-22% over the next five years *(Source: Cushman & Wakefield report)* in cities like Delhi, Bangalore, Mumbai, Chennai and Hyderabad, among others.

business drivers

1. Design and products

Symphony's design and feature development starts with feedback assimilation and analysis. The Company focuses on minimising variables that could lead to additional procurement.

Product development

The Company's mind-to-market cycle of an average nine months in 2008-09 declined through the following initiatives:

- Replaced conventional equipment with laser technology to create the design prototype
- Identified diversified sources for moulds and reduced sourcing time

During the year, the Company developed more than 200 moulds leading to faster product development.

Product launches

In 2009-10, the Company launched four new models – three models of the Diet Cooler and one in the Ice Cube category.

The Company launched a new category of air coolers, the world's first air coolers with a fan in the personal category, suitable for smaller places like shops on account of lower noise and multiple applications (fan and cooler).

The Company introduced the slim and lean Diet Cooler, designed to occupy less space than conventional air-coolers and consume significantly lower electricity.

The Company introduced new features in existing products, including remote controlled coolers for export.

Going ahead, the Company plans to launch six products in 2010-11 against four in 2009-10, expected to accelerate business growth.

2. Operations

The Company controls quality and product manufacturing standards at the component and finished product factories. The proximity of the units to ports helped the Company reduce logistic costs related to exports.

The Company has a team of executives to control product and raw material quality. The Company designed the assembly line and selected vendors. An ongoing check at each production stage helped maintain material efficiency. Quality was established through specific tests.

Highlights, 2009-10

- The Company invested in testing panels that 'locked' data, reducing the need for additional people resources.
- The Company's air cooler production increased from 242 thousand units in 2008-09 to 420 thousand units a year in 2009-10.
- The Company altered some components, reduced the number of components needed and standardised a few to ensure use across all models.
- The Company shifted from manual assembly to a conveyorised line for its assembly line (two more under way). The Company added new capacity lines to its manufacturing facilities.
- The Company outsourced pumps, a key cooler component, from large international suppliers.
- The Company appointed personnel to appraise product quality. Internal rejections declined from 5% to less than 1% across three years.
- The Company demonstrated that its air cooler could operate without water in adverse situations, owing to innovations related to the thermal overload protector.
- The Company eliminated the odour of gum from the cooling pad following the cooler being switched on.
- The Company moved towards an automated packaging system, reducing production tenure.

Outlook

The Company is moving towards a zero-defect status for components following improvements in automation, planning and quality. Going ahead, the Company intends to reduce components by 15-18% during the year.

3. Marketing

An efficient marketing and distribution network is critical for a company whose principal product enjoys pan-Indian and pan-global demand. The Company enjoys a diversified Indian presence through 37 branches, each with territory sales executives and branch heads for dedicated territories. Symphony's products have been exported to 54 countries.

Symphony has a significant presence in Large Format Stores (LFS) through renowned chains namely Croma, Reliance Mart and Vijay Sales, among others. Going forward, this LFS channel will play a vital role in Symphony's growth.

Based on a region's potential, prospective distributors are appointed. The Company's personnel are in constant touch with its distributor and dealer network. Documented policies define guidelines; the web-based ERP system provides real-time communication with distributors and dealers on product launches, their accounts with the Company and other policies, schemes and promotional offers announced by the Company.

Customers are provided with after-sales service through service providers – third-party multi-brand franchisees – across the country. The marketing team plays an essential role in strategic decision making by providing essential inputs such as customer feedback on product and service, evolving trends and regional demand dynamics, among others, which facilitate informed decision-making.

Highlights, 2009-10

- The Company classified its product range across three segments – Mobile range, Power saver range and Diet range – resulting in customised marketing and distribution.
- The Company introduced the cash-and-carry concept to circumvent over-stocking and accelerate revenue inflow.
- The Company embarked on consumer segmentation; it introduced customised products keeping specific consumers in mind.
- The Company introduced a small fan-like cooler targeted at small traders with storage space constraints
- The Company launched Diet Coolers in three models, occupying half the space of conventional coolers
- The Company strengthened sales promotions and launched an advertisement campaign called 'First-Summer' from September 2010 to October 2010, encouraging the use of coolers as round-the-year products.
- The Company instituted 26 stock points across India, even as product manufacture was concentrated in west India.
- The Company appointed marketing personnel in Saudi Arabia, who were well-versed in the local language and culture. It also entered into brand-building for the Middle Eastern markets.
- The Company concentrated on increasing market share of water heaters in select cities.

Outlook

- The Company intends to shift from a census-based dealer presence to a pin code-based presence, widening the network.
- The Company plans to employ locals in prospective markets to strengthen its presence.
- The Company plans to increase the number of carrying-and-forwarding agents (CFA) across India.
- The Company is contemplating to introduce exclusive showrooms – Symphony Shoppe – in major cities across India.

Internal control systems and adequacy

Your Company has adequate internal control procedures commensurate with the size and nature of business. The Company possesses a strong internal control system facilitating in the optimal use and protection of assets, accurate and timely compilation of financial statements and management reports and ensure compliance with statutory laws, regulations and management policies. The Company devised an extensive monitoring and review mechanism, which allows the management review actual performance with business plans – financial and operational.

The functional heads deploy an annual internal assurance plan based on the assessment of major risks in each of the businesses. The Board's Audit Committee periodically reviews the audit plans, audit observation of both internal and external audits, risk assessment and adequacy of internal controls.

Finance review

cool numbers

The Company recorded an improved performance in 2009-10 largely driven by higher volumes and value-engineering through responsible vendor support. Consequently, the growth was visible in absolute numbers and key ratios.

Profit and loss account

Net sales

This increased 53% from ₹12,422 lacs in 2008-09 to ₹18,977 lacs in 2009-10, consequent to a 61% increase in sales volume from 2,62,067 units to 4,21,355 units. Domestic sales accounted for ₹15,875 lacs, up from ₹9,833 lacs in 2008-09 – a 61% growth. This was largely owing to two factors – a stronger distribution network which enabled the Company to cater to a larger market opportunity, and the introduction of niche products with attractive customer acceptance. International business grew from ₹2,589 lacs in 2008-09 to ₹3,102 lacs in 2009-10 as the Company extended its presence to 54 geographies till 2009-10.

Other income: Treasury income increased 49% from ₹256 lacs in 2008-09 to ₹381 lacs in 2009-10, largely owing to investable surplus from operation.

Operating expenses

In keeping with increased volumes, total operating costs increased from ₹8,780 lacs in 2008-09 to ₹13,673 lacs in 2009-10, owing to the following:

- Increase in material costs (largely plastics), dovetailed with the movement in crude prices
- Increase in VAT which was not passed on to the end consumer
- No increase in sales prices in 2009-10

Material cost: This was the largest cost component and constituted about 63% of the total operating cost. In 2009-10, the increase in material cost was largely owing to a growth in volumes (from the domestic market and exports) and material costs (owing to the northward movement in crude prices). The Company managed the latter largely through value engineering, which optimised the use of components in products.

Employee costs: An increase in scale necessitated an increase in team size – the Company added 42 members (net) in 2009-10, adding to its wage bill. Besides, the team's annual salary increase also contributed to the 34% increase in employee expenses from ₹567 lacs in 2008-09 to ₹760 lacs in 2009-10. However, the increase in employee cost yielded significant returns as revenue per employee grew 27% from ₹61 lacs in 2008-09 to ₹77 lacs in 2009-10 and EBIDTA grew 40% from ₹4,077 lacs to ₹5,721 lacs over the same period.

EBIDTA margin
30%
2009-10

PAT margin
19%
2009-10

Earning per share
₹53
2009-10

Dividend per share
₹2.50
2009-10

Debt-equity ratio
Zero debt
June 30, 2010

Book value per share
₹123
June 30, 2010

Operational cost over the years

(₹ in lacs)

	2007-08	2008-09	2009-10
Material cost	3,315	5,289	8,636
Employee expenses	359	567	760
Sales and administration expenses	748	1,023	1,363
Other expenses	1484	1,722	2,879
Depreciation	93	115	131
Interest	8	16	57

Sales expenses: Expenses under this head (advertisement and sales promotion, freight and forwarding, sales commission and warehousing charges) increased 33% from ₹1,023 lacs in 2008-09 to ₹1,363 lacs in 2009-10, in keeping with the Company's focus on strengthening its marketing reach globally and distribution effectiveness domestically. This was reflected in a sizeable increase in travelling expenses.

Margins
EBIDTA increased 40% from ₹4,077 lacs in 2008-09 to ₹5721 lacs in 2009-10 but increase in material cost dented profitability margins – EBIDTA margin declined from 32% in 2008-09 to 30% in 2009-10. Net profit (excluding the exceptional item) grew 29% from ₹2,857 lacs in 2008-09 to ₹3,693 lacs in 2009-10.

Taxation
The Company's tax provision increased 15% from ₹1,598 lacs in 2008-09 to ₹1840 lacs in 2009-10 primarily owing to an increase in taxable profitability. The Company did not enjoy any tax shield. Its average tax rate stood at 33% calculated on profit before tax.

Balance sheet
Capital employed
Capital employed in the business increased 67% owing to an increase in accruals (operational surplus being ploughed back into the business). Capital employed grew from ₹5,161 lacs as on June 30, 2009, to ₹8,630 lacs as on June 30, 2010. Return on capital employed (ROCE) stood at 43% in 2009-10 against 84% in 2008-09.

Sources of funds
The Company's net worth increased 68% to ₹8,620 lacs as on June 30, 2010, from ₹5,131 lacs as on June 30, 2009, owing to increased reserves. Consequently, book value per share increased from ₹73 as on June 30, 2009, to ₹123 as on June 30, 2010. Return on net worth stood at 43% in 2009-10 against 84% in 2008-09.

Equity capital: Equity share capital comprised 69,95,700 equity shares with a face value of ₹10 each as on June 30, 2010. It remained unchanged during 2009-10.

External funds: The Company achieved zero-debt status as on June 30, 2010, its only unsecured loan being a ₹10 lacs sales tax deferment loan. The Company did not avail any working capital limits and managed its daily operations through positive working capital cycle.

Application of funds
Fixed assets: The Company's gross block increased 52% from ₹1,286 lacs as on June 30, 2009, to ₹1,958 lacs as on June 30, 2010, owing to the purchase of freehold land (₹566 lacs) and the addition of high-quality moulds which increased air cooler manufacturing capacity. The Company added ₹87 lacs to its plant and machinery account in 2009-10. As there is no debt on the Company's books, all assets are free from any encumbrances – a unique advantage.

Investments: The Company's investments increased 70% from ₹3,138 lacs as on June 30, 2009, to ₹5,349 lacs as on June 30, 2010.

Gross block
₹1,958 lacs
June 30, 2010

Working capital limits
Nil
June 30, 2010

Return on capital employed
43%
2009-10

Inventory cycle (days)
12
June 30, 2010

Debtors' cycle (days)
23
June 30, 2010

Return on net worth
43%
2009-10

Free reserves
₹7,921 lacs
June 30, 2010

managing risks

"The best we can do is size up the chances, calculate the risks involved, estimate our ability to deal with them, and then make our plans with confidence." – Henry Ford

Risk can be defined as the expression of uncertainties and possible outcomes that could have material impact on a company's performance and prospects. A responsible corporate identifies, assesses and takes proactive measures to minimise or eradicate the potential loss arising, owing to exposure to particular risks and to maximise returns on the other hand. Symphony adopts a comprehensive risk management model which promotes out-of-the-box thinking for converting potential risks into potent business opportunities and ensures that derisking initiatives are implemented across the organisation in a disciplined manner. As a result, business decisions maximise returns and minimise associated risks.

1. Risks external to the business

A downturn in the economy or the air cooler sector could impact business growth

- The Indian economy continued to remain the second-fastest growing in the world despite a global meltdown, reflecting its resilience. Credible estimates suggest that India's GDP will grow at 9%-plus across the Eleventh Plan.
- The consumer durables segment is expected to grow at about 17-18% annually to reach the ₹60,000-crore mark within five years *(Source: Crisil)*.
- For 2010-11, the Centre for Monitoring Indian Economy (CMIE) expects the sales of air conditioners and refrigerators to grow 24% against 19% in 2009-10.
- Air coolers, a cost-effective cooling option for all social classes, finds more applications than air-conditioners and this is expected to generate faster growth.
- Significant rural income growth, increasing land prices and higher prices of agricultural produce fixed by the government, among other factors, are expected to translate into an unprecedented demand for air coolers.

Seasonality in demand (concentrated in the summer months) could lead to unproductive operations during other months

- The Company converted this risk into an opportunity through its 'First-Summer' advertisement campaign – a first in the Indian air cooler market _ positioning the months from September to October as summer.
- The Company established a foothold in diverse international markets with varied seasonal patterns, extending product demand for more months and minimising seasonality.
- The Company focused energies on a new business – water heaters – complementing its existing product line in terms of seasonality.

Increasing competition from unorganised segment players could hamper growth

- The Company continued to grow its presence in the air cooler market through a stronger pan-India presence of more than 450 distributors and 6,500 dealers.
- The Company's products were accorded respect-enhancing global certifications that translated into growing offtake and a higher premium than competing products.
- The Company, recognised for its innovation, grew market share and market size. The 'Ice Cube' range (the only cooler which works as a fan and cooler) is proof.

Sale volumes grew at a 54% CAGR over the three years leading to 2009-10.

2. Risks internal to the business

Growth could lead to complacence

- The Company's management recognised an important reality – that it is a small company that has much to achieve.
- The Company's top management recognised the painstaking team effort to create an unbeatable value proposition of products and services.
- The Company continued to be respected for innovative productisation.

Inability to imbibe cutting-edge technology could result in reduced product acceptance

- The Company was the only one in the air cooler field to periodically launch new products with unique features.
- The Company periodically imbibed new technologies that reduced the mind-to-market cycle, optimised the use of components, reduced costs and enhanced the proportion of value-added products.
- The Company partly automated its assembly line leading to enhanced productivity, a first among Indian cooler manufacturers.
- The Company invested substantially in technology upgradation and development in the five years leading to 2009-10.

Inconsistent product quality could lead to customer attrition

- The Company possessed stringent global quality certifications, namely, CE, SONCAP, SASO and ASHRAE.
- The Company invested in, end-to-end testing facilities; it conducted product tests at renowned third-party test laboratories in Singapore and Hong Kong.
- The Company conducted multiple quality tests across all process stages and a stringent end product audit.

Inadequate reach could impact the Company's brand positioning as a reputed global air cooler brand

- The Company's robust distribution network enabled it to capture more than 45% market share in India.
- The Company's strong presence in the global air cooler market is reflected in its presence across over 54 nations.
- The Company's quality certifications provide an edge over competing local players.

board of directors

Achal Bakeri

Chairman and Managing Director, and the founder.

Age 50, MBA (University of Southern California),

He is an architect with about 22 years of extensive experience in varied functions of the Company. He contributes to policy formulation, strategy and provides overall guidance and support to the Board and the management team in achieving aggressive corporate objectives.

Nrupesh Shah

Executive Director

Age 45, B.Com, FCA and CS

He looks after overall corporate affairs including strategies, finances, accounts and taxation along with other corporate functions and has around 22 years rich experience in his areas of expertise. He has been with the Company since 1993.

Dipak Palkar

Independent Director

Age 58, B.Com, DTP and DBM

He has about 30 years of rich experience in marketing, business promotion and international sales. He has been associated with the Company since 2005.

Himanshu Shah

Independent Director

Age 48, B.Com and MBA (Marketing)

He has about 22 years of rich experience in marketing, business promotion and international sales. He has been associated with the Company since 2009.

management team

R. B. Garg

President – Sales & Marketing and Service

Age 57, BE Hons., MBA (IIM-Ahmedabad)

He has over 33 years of experience in the field of sales and marketing of consumer durables. He is currently responsible for sales, marketing and after-sales service functions of the organisation.

Vijay R. Joshi

Vice President - Operations

Age 47, BE (Mech.), Diploma in Business Management

He has over 23 years of experience and holds overall responsibility for operations including the development of new products, materials management and production.

Pallab Bhattacharya

Vice President – Quality & Business Excellence and Customer Care

Age 50, BE (Elect.), PG Diploma in Statistical Quality Control & Operations Research and Diploma in Materials Management

He has over 28 years of experience in the field of quality assurance. His responsibilities include setting up and maintenance of quality systems.

Bhadresh Mehta

Vice President – Finance & Accounts

Age 50, B.Com, ACA, ACS, AICWA and DISA

He is a finance and audit professional with 27 years of experience. He is responsible for all finance, audit, accounts and costing functions of the organisation.

Chandrakant V. Gandhi

Company Secretary and Head - Legal

Age 54, M. Com, LLB, FCS & ICAI (Inter)

He has more than 28 years of experience and currently looks after Secretarial and Legal functions of the Company.

directors' report

Dear Shareholders,

Your Directors have pleasure in presenting herewith their Report together with the Audited Balance Sheet as at June 30, 2010 and Profit & Loss Account for the year ended June 30, 2010.

1A) Financial results

[₹ in Lacs]

Particulars	Current accounting year ended on June 30, 2010	Previous accounting year ended on June 30, 2009
Gross revenue	19,359	12,678
Profit before financial charges and depreciation	5,721	4,077
Less: Financial charges	57	16
Less: Depreciation	130	115
Profit before taxation and exceptional income	5,534	3,946
Exceptional income	–	1,977
Profit before taxation & after exceptional items	5,534	5,923
Taxation & fringe benefit tax	1,865	1,532
Deferred tax liability	(24)	66
Profit after taxation	3,693	4,325
Balance as per last year balance sheet	2,332	(1,411)
Amount available for appropriation	6,025	2,914
Transfer to General Reserve	500	500
Proposed dividend and dividend tax	204	82
Balance carried to balance sheet	5,321	2,332

B) Other key financials as on June 30, 2010

■ Equity share capital	:	₹700 lacs
■ Net worth	:	₹8,620 lacs
■ Book value per equity share	:	₹123
■ Earning per share (EPS)	:	₹53
■ Investments	:	₹5,349 lacs
■ Contribution to exchequer	:	₹4,554 lacs

Your Company is a debt free company with an opportunity to leverage the balance sheet for sustainable growth.

2. Dividend

Your Directors are pleased to recommend a dividend of ₹2.50 (25%) per equity share (last year ₹1 (10%) per equity share) for the financial year ended June 30, 2010. The dividend payout ratio for the year under review, inclusive of corporate tax on dividend distribution, is at 5.52% compared to 1.89% for the previous year 2008-09.

3. General overview and review of operations

Emerging out of the economic turmoil witnessed in the recent past, the Indian Economy, particularly the industrial sector, reported a sustained resurgence in the year 2009-10, buoyed by enhanced consumer confidence, upturn in investment sentiments, increased exports in later part of the year and enhanced availability of institutional funds. Consumer demand remained buoyant during the year 2009-10, benefiting significantly from the roll out of the pay commission related benefits to central and state employees. The soaring growth of the capital goods sub-sector during the later part of the year under review is a pointer to the beginning of investment-led growth along-with consumption-led growth.

Although, the rising inflation and sharp currency fluctuations had negatively affected certain sectors of the Indian economy, on the whole the year 2009-10 saw the Indian economy emerging as one of the fastest growing economies in the world. The Reserve Bank of India (RBI) faces the challenge of having to balance its monetary policy in a way that inflation is contained without disrupting growth. The Government of India also faces another challenge as it withdraws the monetary stimuli that it had introduced earlier in the wake of economic slowdown in the recent past. Notwithstanding the challenges, India's position as one of the fastest growing and promising markets is expected to remain in tact with domestic demand being sustained at high levels.

4. Review of operations

In a year which was beset with external challenges such as below average monsoons, drought in some parts of the country, rising inflation and sharp currency fluctuations, your company continued to report strong growth in its sales across geographical boundaries. In spite of sharp fluctuations in input costs and high overall inflation, the Company was able to manage costs well leading to a sizeable increase in operating margins during the year on all fronts, both in the domestic and international markets and improved performance in terms of various indicators such as sales turnover and profitability.

Viewed against the background of rising inflation and sharp currency fluctuation, which has adversely affected some Indian companies also, the performance of the Company represents a truly remarkable achievement. During the year under review, your Company recorded one of its highest revenue growths since its inception, recording robust volume–led growth through the introduction of new and improved models of air coolers and water heaters and also by penetrating into interior markets of the various states apart from major cities and capital towns. In spite of sharp fluctuations in input costs and overall inflationary pressures, the Company was able to manage cost well leading to a sizeable increase in operating margins during the year.

The year of 2009-10 was a landmark year for your company for its operating performance. In the year 2009-10, your Company scaled new heights and set several benchmarks in terms of sales, profits and net worth, among others. Your Company in the year of 2009-10, achieved a sales turnover of ₹18,977 lacs representing a growth of 53% over the previous year's sales of ₹12,422 lacs. The Company recorded a note-worthy Profit Before Tax (before exceptional item) of ₹5,534 lacs, an increase of 40%, as compared with previous year of ₹3,946 lacs. The Company also recorded significant Profit After Tax of ₹3,693 lacs, as compared with last year ₹2,857 lacs [excluding exceptional income].

The thrust of your Company's efforts continues to be directed towards achieving better margins. This has been driven by several factors, including various value engineering initiatives, better product design, higher efficiency in supply chain management and higher off season sales during the year. The Company could achieve substantial reduction in operating cost through a number of initiatives such as global sourcing for critical capital items and components, including hard negotiation of prices with the suppliers and approving new supplier lines, thus ensuring cost efficiency and sustainability of the margins. Through all these activities the Company retained its focus on quality, manufacturing excellence, with rigour.

Your Company has been upgrading its existing equipment and infrastructure and employs state-of-the-art technology with the objective of achieving substantial improvements in productivity and efficiency. Your Company has continued to initiate a series of steps to rationalise the marketing network, optimise the product mix, and effect substantial cost reduction with a view to bringing in major increases in domestic and international sales. The Company renewed its thrust on enhanced after sales service by strengthening its network of authorised service providers in all metros and other major towns all over the country.

The international business too continues on its growth trajectory, and forayed into newer markets. The Company has now emerged as a strong multi-location transnational business with a presence across 54 countries and catering to the ever-changing needs and aspirations of the local populations in these markets.

In addition to steady growth in its existing business, Symphony is also focusing on synergistic growth and opening up of new vistas of opportunity for the Company. With the positive outlook for the economy, it is quite reasonable to set ambitious targets for the Company and your Directors are confident of achieving them.

Air coolers

Your Company is a pioneer in manufacturing of air coolers with plastic body and is now one of the largest suppliers of the air coolers in the domestic market with a wide range of products offering a variety of attractive features. Innovative models of air coolers with superior performance, design and features, designed to work under demanding operating conditions, have been launched in the market. Presently, the Company has 13 models of air coolers in various sizes tailored to the needs of a wide range of customers. A focal point for the Company's business is tapping the vast potential of the Indian rural markets. To implement this, changes have been made in the sales operating structure by penetrating into the rural areas of the Indian market.

Unlike the dry artificial air of an air conditioner, Symphony evaporative air coolers deliver cool and moist air. This technology being completely natural, there are no emissions of harmful CFCs. Symphony evaporative air coolers are packed with exclusive features and state-of-the-art design, coupled with dependability and consistent efficiency. Symphony air coolers are ideal for residences, shops, show rooms, offices and outdoor applications as well.

Symphony air coolers come with a distinctive power saver technology. This technology is the outcome of sophisticated R&D efforts using the latest engineering and computing techniques. This helps to make Symphony evaporative air coolers energy-efficient and economical.

Types of air coolers manufactured by Symphony are:

- Personal coolers
- Room coolers
- Desert coolers
- Tower coolers.

The Company meets the highest standards of excellence for air coolers. The Company's air coolers have been awarded the CE mark, which is European standard for safety. This helped the Company in introducing its air coolers in European countries like UK, Spain, among others. Most of the models of air coolers were also awarded the Saudi Arabian Standard Organisation (SASO) mark, which is required for selling our products in Saudi Arabia. Most of our models, including the Sumo, Jumbo, and Hi-cool also succeeded in getting the ETL mark, which is the highest standard of quality in the United States of America.

In view of overall growth of the Indian economy, and the prevalence of extended summers with higher temperatures, the demand for air coolers in the domestic market has been increasing year by year. The growth rate of coolers in the domestic market is impressive and is a pointer to the changing mindset of the domestic consumers to move towards the reliability and elegance of a branded cooler.

During the year under review, strategic initiatives have been taken to increase the number of our trade partners by appointing a new set of dealers. The Company has also strengthened its service infrastructure by appointing more franchisees. With these measures, the Company is confident of being able to meet a variety of customer needs under different geographical conditions.

The Company is operating with over 450 distributors and 6,500 dealers together with adequate service franchises through the country-wide network. With a promising market for its innovative products, your Company is confident of achieving a sizable growth in its operations.

Water heaters

The Company is also manufacturing instant and storage water heaters in various sizes. Symphony water heaters are available in different capacities under 'Sauna' brand name. These are technically, feature-wise and aesthetically far superior water heaters and are well accepted in the market.

Sauna water heaters with double insulation technology have yielded good response and wide acceptance. Sauna water heaters have the distinction of being the first water heaters to get a 5 star rating from the Bureau of Energy Efficiency, Govt. of India. The sauna geysers are built with hi-density polyurethane foam with a second layer of special glass wool insulation that minimises heat loss and maximises energy saving.

The Company expects brighter scope for overseas market for these models of water heaters in the years to come, considering the potential features of the models.

Focus on exports

During the year under review, the exports revenues of the Company grew by 20% from ₹2,589 lacs in 2009 to ₹3,102 lacs in 2010. The Company foresees a promising future for the export sector in the years to come. It is noteworthy that the export performance of the Company has been achieved in the face of sluggish demand in overseas markets, and under conditions in which most Indian companies have remained stagnant or registered negative growth in exports.

Your Company has adequately strengthened its export team with a region-wise focus to capitalise on potential overseas opportunities. This will allow the Company to foray into new countries and to obviate the seasonality factor of the business. Your Company has exported to 54 countries. There are many more countries in which there is an excellent scope for promoting the sale of coolers, and efforts are being made to tap these new markets.

In addition, your Company is also persistently on the lookout for growth opportunities in various overseas markets through joint ventures and acquisitions. With these initiatives, the Company is certain of being able to leverage the growing overseas market as a commanding growth engine.

5. Change in the name of the Company "Symphony Limited"

In terms of the resolution approved at the last Annual General Meeting of the Company, your Company received the approval of the Central Government for the change in its name to "Symphony Limited" from its former name "Symphony Comfort Systems Limited". There is no change in the nature of the business of the company during the year.

6. Corporate Governance

Symphony is committed to good Corporate Governance and understands and respects its fiduciary role in the corporate world. The Board and its Committees have always endeavoured to pursue growth by adhering to highest standard of corporate governance. It has taken steps to strengthen the framework of Corporate Governance and Internal Audit system of the Company during the year. The Board and Audit Committee have been actively engaged in discussing reports of Internal Auditors and advising on monitoring the implementation of their recommendations.

The Board has implemented a Code of Business Conduct and an "Ethics Code" for its members and for members of Senior Management to inculcate business ethics in the Company in their dealings 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 regarding the financial statements and other matters as required in clause 49 of the Listing Agreement and the said Certificate is contained in the 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.

7. Directors

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Dipak Palkar, Director of the Company retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. Your Directors recommend their re-appointment.

8. Fixed Deposit

During the year under review, the Company did not accept any fixed deposit from the public and on June 30, 2010 the Company had no unclaimed deposit or interest thereon due to any depositor and out standing deposit is Nil.

9. Information systems

In order to strengthen the internal control systems and improve the management information systems, in the year 2008-09, the Company installed SQL server based ERP which went live. The Board is pleased to state that now the application has been successfully implemented and the system has stabilised well. The Board places on record its deep sense of appreciation for the contribution made by the employees of the Company in rolling out the SQL server based ERP.

10. Segment-wise performance

The Company is engaged in the business of air coolers and water heaters, both of which are governed by the same set of risks and returns. In view of this, the entire business of the Company comes under one primary segment, namely that of "Appliances".

However, domestic sales and exports sales are two secondary geographical segments, and appropriate disclosures have been made in the Notes to the Accounts.

11. Consolidated financial statements

In compliance with the Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and Clause 32 of the Listing Agreement with the Stock Exchange, this Annual Report also includes Consolidated Financial Statements for the financial year 2009-10 for its subsidiary company i.e Symphony Air Coolers Inc.

During the year under review, Sylvan Holdings Pte. Ltd., Singapore ceased to be a subsidiary of the Company on account of equity holding of the Company being less than the statutory limit prescribed under the Companies Act, 1956.

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 and transparent disclosures by corporate entities. Your Company 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, were followed;

(ii) Such accounting policies were selected and applied consistently, and such judgments and estimates were made as were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ending on 30th June 2010 and of the profit of the Company for that period;

(iii) Proper and sufficient care was taken to maintain 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 were prepared on a going concern basis.

14. Insurance

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 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

Pursuant to section 217(2A) of the Companies Act, 1956 and Rules made thereunder, a statement containing particulars of the Company’s employees who were in receipt of the remuneration of not less than ₹24,00,000 during the year ended June 30, 2010 or not less than ₹2,00,000 per month during any part of the said year is given in the Annexure II to this Report.

18. Auditors

M/s. Shah & Dalal, Chartered Accountants, Ahmedabad, hold office as Auditors of the Company until the conclusion of the ensuing 23rd Annual General Meeting and the Board recommends their re-appointment till the conclusion of the next Annual General Meeting.

The Company 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

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the company. Your Directors are also thankful to the distributors, dealers, suppliers, C&FAs, vendors, and other parties dealing with the company for their valued support and co-operation and look forward to their continued association with the Company.

The Company will make every effort to meet the aspirations of its shareholders and wish to thank them sincerely for their whole hearted co-operation and support at all times.

For and on behalf of the Board

Place: Ahmedabad
Date : October 29, 2010

Achal Bakeri
Chairman and Managing Director

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 30.6.2010.

FORM A

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 endeavour made to replace metallic components by globally specialty plastics.
- Completely changed the electrical distribution system viz. L T Panels, cable routing, among others.
- 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.
- 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 and outgo

The information on foreign exchange outgo and earning is contained in Schedule R, item number 22 & 23 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, and enhancement of features of existing products, cost reduction, automation, vendor development, environmentally 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 and development team in advanced computer aided design CAD application.
- Procurement of latest CAD hardware and software.
- Development, installation and implementation of comprehensive computerised Management Information System (MIS) on Web enabled software.
- Computerisation of entire factory operation from production planning to dispatch.
- Computerisation and connectivity of all CFA through ERP software.
- Establishment of intensive technical and prototype library.
- Regular specialised training to our key managerial personnel at reputed institutions.
- Regular in house training by faculty drawn from reputed research institutions and specialised suppliers.

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

- Enhanced customer satisfaction.
- Improvement in quality and 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 and market shares.
- Improved serviceability and improved field service

3] Future plans of action

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

4] Expenditure on R&D:

[₹ in Lacs]

Particulars	2009-10	2008-09
1. Revenue	52	38
2. Capital	–	–
3. Total	52	38
4. Total R & D expenditure (as % of turnover)	0.27%	0.31%

Technology absorption, adoption and 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 and moulds have been imported.

ANNEXURE - II

Statement of Particulars of Employees under the Provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 for the year 2009-10

Sr. No.	Name of the Employee	Designation	Remuneration (₹ in Lacs) Per Annum	Qualifications	Age (years)	Date of commencement of employment	Total experience in years	Last employment
1.	Achal Anil Bakeri	Chairman & Managing Director	158	Architect, MBA (USA)	50	February 5, 1988	22	–

ANNEXURE - III

Corporate Governance

A. Company's philosophy on Code of Governance

The Corporate Governance is a journey for constantly improving sustainable value creation. The Company is committed to better Corporate Governance. Good Governance practice is derived from the culture and mindset of the people in the organisation. 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 also 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 endeavour is not to merely comply with regulatory and statutory obligations, but also to follow the governance code in the 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 the highest level of responsibility and accountability.

4. Ensure compliance with all laws and regulations as applicable.

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

The Board of Directors recognise that they have an obligation to the stakeholders to ensure that the rights of the shareholders are protected. Through the Governance mechanism in the Company, and well-formulated corporate policies, and performance-oriented strategies, the Board together with its Committees, endeavours to strike the true equilibrium with various stakeholders.

B. Board of Directors

Composition and category of Directors on June 30, 2010 is as follows

Category	No. of Directors	No. of other Directorship*	Chairman/ Member in other Committees
Promoter Director	1	1	1
Executive Director	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 2009 to 30th June 2010, nine Board meetings were held on July 8, 2009, September 30, 2009, October 31, 2009, November 30, 2009, December 31, 2009, January 27, 2010, March 31, 2010, April 23, 2010 and June 12, 2010.

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	9	9	Yes
Mr. Nrupesh Shah	9	9	Yes
Mr. Dipak Palkar	9	8	Yes
Mr. Himanshu Shah	9	9	Yes

There is no Nominee Director on the Board as on June 30, 2010.

Role of various constituents of Corporate Governance in the Company

(a) Board of Directors (Board)

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions in order to ensure its effectiveness and enrichment of stakeholder value. The Board reviews, considers and approves management's strategic business plan and business objectives and monitors the Company's strategic direction.

(b) Chairman and Managing Director (CMD)

The CMD is the Chairman of the Board as also the Chief Executive Officer of the Company. His primary role is to provide leadership to the Board and the Senior Executive Team for realising the approved strategy, business plan and business objectives. He presides over the meeting of the Board and the Shareholders.

(c) Executive Director (ED)

The Executive Director, as member of the Board contributes to strategic management of the Company's businesses within Board approved direction and framework. He assumes overall responsibility for strategic management of business, corporate affairs functions including governance processes and top management effectiveness.

(d) Non-Executive Directors (NED)

The Non-Executive Directors play a critical role in improving the Board effectiveness with their independent judgment on issues of strategy, performance, resources, standards of conduct, etc. besides providing Board with valuable inputs.

Code of conduct

The Company has laid down 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.

C. Audit Committee

The Company held five Audit Committee meetings during the year 2009-10 on July 8, 2009, September 30, 2009, October 31, 2009, January 27, 2010 and April 23, 2010. The Audit Committee is comprised Shri Dipak Palkar, Shri Nrupesh Shah and Shri Himanshu Shah.

Composition, Name of Members as on June 30, 2010

Mr. Dipak Palkar	Chairman
Mr. Nrupesh Shah	Member
Mr. Himanshu Shah	Member

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. Himanshu Shah	5	5

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.

- Compliance with accounting standards.

- Compliance with stock exchange and legal requirements concerning financial statements.

- Any related 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.

- Qualifications in draft audit report.

- Significant adjustments arising out of audit.

- The going concern assumption.

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.

xiv) Reviewing the whistle blower mechanism.

Risk management:

A procedure is laid down to inform the Board members of risk management in the organisation. 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

(₹ in Lacs)

Directors	Salary	Perquisites	Total
Mr. Achal Bakeri	149.12	9.23	158.35
Mr. Nrupesh Shah	20.01	1.40	21.41
Total	169.13	10.63	179.76

F. Share Transfer and Investor Grievance Committee

The Company 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. Nrupesh Shah, Chairman

Mr. Achal Bakeri, 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	1	1	Nil

G. Share transfer details (in physical form)

i) Number of transfers	269
ii) Average number of transfers per month	22
iii) Number of shares transferred	34800
iv) Average number of shares transferred per month	2900
v) Number of pending share transfers	Nil

H. General Body Meeting

Location and time for the last three AGMs:

Year ending	Date	Venue*	Time
June 30, 2007	December 20, 2007	AMA Hall	10.00 am
June 30, 2008	December 26, 2008	AMA Hall	10.00 am
June 30, 2009	December 31, 2009	AMA Hall	10.00 am

*Ahmedabad Management Association Hall

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

I. 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 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 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 in the preparation of financial statements, the Company did not adopt 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 on June 30, 2010.

J. Policy for prohibition of insider trading

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations 1992, (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company adopted a policy for prohibition of insider trading for Directors and specified employees of the Company, relating to dealing in the shares of the Company.

The policy also provides for periodical disclosures from designated employees as well as pre-clearance of transactions by such persons.

K. Whistle Blower Policy

Your Company introduced a Whistle Blower Policy. In terms of this policy, all employees are encouraged to report any instance/s of unethical behaviour, fraud, violation of the Company's Code of Conduct or any behaviour which may otherwise be inappropriate and harmful to the Company. The policy provides a mechanism for employees to raise concerns that relate to violation of the Code of Conduct, accounting, internal accounting controls, auditing matters and applicable national and international laws including statutory/regulatory rules and regulations. This policy has been communicated to all employees and has also been posted on the Company's website www.symphonylimited.com for ready access.

L. Compliance by the Company

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

M. Means of communication

In terms of SEBI guidelines, the quarterly and annual results are posted regularly at www.sebi.gov.in and the link page is http://sebiedifar.nic.in/index.asp. The results are also promptly forwarded to Bombay Stock Exchange (BSE) and Ahmedabad Stock Exchange wherein the shares of the company are listed. Quarterly and annual results are regularly published in press as per listing agreement.

Management Discussion and Analysis Report

1] Industry structure and development

The air cooler industry in India is mainly controlled by the unorganised sector. Your Company is a pioneer in the manufacturing of air coolers in organised sector. Earlier, air coolers were 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, the Company is the world's largest manufacturer of portable air coolers. The Company has developed various models of air coolers over a period of time to suit the requirements of customers. Your Company is focusing on the constant improvement in the products to facilitate the end user.

2] Opportunities and threats

Opportunities

The market dynamics transforms into the following sets of opportunities

- Having well established brand "Symphony" in air coolers market, distribution network in domestic and export markets, the Company is poised to exponential growth.
- The air cooler is an environment friendly, energy efficient product requiring low capital and revenue expenditure. There is tremendous local and export potential.
- Due to globalisation, increased opportunity to tap export market
- Huge potential in domestic market considering population of the country and increased awareness about quality among customers
- Various applications of air coolers

Threats

- Heavy competition from local and unorganised sector
- Fluctuation in oil prices and consequent fluctuation in raw material prices
- Demand for air coolers is subject to vagaries of summer

3] Outlook

The Company is conscious of the need for continuous product innovation and strengthening marketing and distribution net work. The Company carries out continuous value engineering in products with an aim to improve product performance, quality and reduce costs.

The Company is exploring the possibility of expanding the base for air coolers' sales in domestic as well as international market. The various models have got 'CE' mark which is a pre-requisite for exports to European countries. The Company has also got 'ETL' listing which is essential for the US market.

4] Internal control systems and 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 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.

5] Human resources

The Company recognises that its personnel are one of the most important pillars of the organisation. A major exercise in training and development of employees has been undertaken at all levels. The Company gives a lot of importance to the human resources activities. These activities have helped to retain and motivate employees of the company even during difficult period. With their support we can look forward to a bright future for the Company.

6] Cautionary statement

Estimates and expectations stated in this management discussion and 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 make a difference to your Company's operations includes favourable summer season with high temperature, price condition in the domestic and international markets, changes in the government regulations, tax laws, other statutes and other incidental factors.

Shareholders' information

1) Annual General Meeting

Date : December 21, 2010

Time : 10.00 am

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.

Financial Results shall be declared as per following schedule

Results	Tentative schedule
Quarter ending September 30, 2010	By October 30, 2010
Quarter ending December 31, 2010	By January 31, 2011
Quarter ending March 31, 2011	By April 30, 2011
Annual Results year ending June 30, 2011	By August 29, 2011

3) i) Book Closure

December 11, 2010 to December 21, 2010 (both days inclusive)

ii) Dividend payment date

Within 30 days from the date of declaration (AGM date) i.e. December 21, 2010

4) Listing on Stock Exchange

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

The Company has paid Annual Listing fees for the year 2010-2011 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, 2009	71.40	53.50
August, 2009	82.50	62.80
September, 2009	113.00	80.00
October, 2009	135.25	104.05
November, 2009	127.00	100.80
December, 2009	183.55	124.10
January, 2010	212.40	165.40
February, 2010	237.95	170.00
March, 2010	361.25	207.00
April, 2010	439.20	334.05
May, 2010	436.70	360.00
June, 2010	519.00	349.00

6) Registrars and transfer agents

For physical transfer of shares as well as electronic connectivity, it has appointed the following registrar w.e.f. June 8, 2010.

M/s. Sharepro Services (India) Pvt. Ltd.
416-420, 4th Floor, Devnandan Mall,
Opp. Sanyash Ashram, Ellisbridge, Ahmedabad-380006.

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.

8) Shareholding pattern

Sr. No.	Category	No. of shares held	%age of shareholding
A.	**Promoter's Holding**		
1.	Promoters-		
	- Indian Promoters	29,26,360	41.83
	- Foreign Promoters	–	–
2.	Persons acting in Concert	23,20,414	33.17
	Sub Total	**52,46,774**	**75.**00
B.	**Non-Promoters' Holding**		
3.	Institutional Investors	–	–
A.	Mutual Funds & UTI	5,100	0.07
B.	Banks, FIs, Insu. Co.(Cent/ State Govt. Inst./ Non-Govt. Institutions)	300	–
C.	Foreign Institutional Investor	4,391	0.06
	Sub Total	**9,791**	**0.13**
4.	**Others**		
A.	Private Corporate Bodies	7,37,598	10.55
B.	Indian Public	9,39,021	13.43
C.	NRIs/ OCBs	62,516	0.89
	Sub Total	**17,39,135**	**24.87**
	Grand total	**69,95,700**	**100.00**

Directors' Shareholding *	No of Shares	%
Achal Anil Bakeri	52,46,774	75.00
Nrupesh Shah	1,75,753	2.51
Himanshu Shah	100	0.00
Dipak Palkar	0	0.00

*It includes shareholding by directors, their relatives, companies in which they are directors or having substantial interest.

9) Distribution of shareholding

No. of shares	Total no. of holders	%	Total no. of shares	%
1-500	5216	94.93	6,13,938	8.77
501-1000	162	2.95	1,24,075	1.77
1001-2000	57	1.04	87,147	1.25
2001-3000	20	0.36	52,970	0.76
3001-4000	12	0.22	43,909	0.63
4001-5000	9	0.16	40,604	0.58
5001-10000	3	0.05	20,200	0.29
10001-and above	16	0.29	60,12,857	85.95
Total	**5,495**	**100**	**69,95,700**	**100**

10) Dematerialisation of shares and liquidity

a) 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. Total number of 64,82,765 shares amounting to 92.67% of the paid-up share capital have been dematerialised by investors and bulk of the transfer takes place in the demat form.

b) Company's recommendations to the shareholders
The following are the Company's recommendations to shareholders to mitigate/avoid risks while dealing with securities and related matters.

i) Demat your shares
Shareholders are requested to convert their physical holding to demat/electronic form through any of the Depository Participants (DPs) to avoid the hassles involved in the physical shares such as possibility of loss, mutilation, among others, and also to ensure safe and speedy transaction in shares. Holding shares in demat form helps investors to get immediate transfer to securities. No stamp duty is payable on transfer of shares held in demat form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

ii) Register your National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) Mandate.
Shareholders should provide an NECS/ECS mandate to the Company in case of shares held in physical form and ensure that the correct and updated particulars of their bank account are available with the depository participant (DP) in case of shares held in demat form. This would facilitate in receiving direct credits of dividends, among others, from companies and avoiding postal delays and loss in transit.

iii) Encash your dividends on time
Please encash your dividends promptly to avoid hassles of revalidation/losing your right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund.

11) Other disclosures

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 December 21, 2010, 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 and key managerial personnel, among others, 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 location

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 and Transfer Agent at the following address:

M/s. Sharepro Services (India) Pvt. Ltd.
416-420, 4th Floor, Devnandan Mall,
Opp. Sanyash Ashram, Ellisbridge,
Ahmedabad-380006.

15) 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 29, 2010 and the same was approved.

Certificate

To
The Members,
Symphony Ltd.
Ahmedabad.

We have examined the compliance of conditions of Corporate Governance by SYMPHONY LIMITED, for the year ended on 30th June, 2010 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, 2010 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: August 27, 2010

Malay J. Dalal
Partner

The Members of
Symphony Ltd.,

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

I, Achal Bakeri, Chairman & Managing Director of Symphony 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, 2010.

Place: Ahmedabad
Date: August 27, 2010

Achal Bakeri
Chairman and Managing Director

CEO/CFO CERTIFICATION

The Board of Directors,
Symphony Ltd.,
Ahmedabad

Re: Financial Statement for the period ended on 30th June, 2010
Certification by CEO & CFO.

We, Achal Bakeri, Chairman & Managing Director, Nrupesh Shah, Executive Director and Bhadresh Mehta, Vice President (A/c & Finance) of Symphony Ltd., on the basis of the review of the financial statements and the cash flow statement for the financial year ended 30th June, 2010 and to the best of our knowledge and belief, hereby certify that:

1. These statements 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, 2010, 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.

Place: Ahmedabad	**Achal Bakeri**	**Nrupesh Shah**	**Bhadresh Mehta**
Date: August 27, 2010	*Chairman and Managing Director*	*Executive Director*	*Vice President (A/c & Finance)*

financial section

Auditors' Report

To
The Members
SYMPHONY LIMITED

We have audited the attached Balance sheet of SYMPHONY LIMITED as at 30th June, 2010, Profit & Loss Account 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 the 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.

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(CARO), 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 enclose 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, 2010 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 significant accounting policies and notes thereon gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June, 2010.

(ii) In the case of the Profit & Loss Account, of the Profit of the company for the year ended on that date.

(iii) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For, Shah & Dalal
Firm Registration No.: 109432W
Chartered Accountants

Malay J. Dalal
Partner
Membership No.: 36776

Place : Ahmedabad
Date : 27th August, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date on the accounts of Symphony Limited for the year ended on June 30, 2010)

(I) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets

(b) As explained to us, as per the phased program 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 such verification.

(c) The fixed assets disposed off during the year,in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the company.

(II) (a) As informed to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanation given to us, 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 systems 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 and services. 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 and to the best of our knowledge and belief, 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) According to the information and explanations given to us, the company has not accepted any deposits from the public. Therefore provisions of Clause (vi) of paragraph 4 of the order are not applicable to the company.

(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, Service Tax, 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, 2010 for a period of more than six months from the date they became payable.

(c) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (₹ IN LACS)	FORUM WHERE PENDING
Sales Tax Act under various enactments	Local Sales Tax	5.33	Dy. Commissioner (Appeals) / Sales Tax Appellate Tribunal

(X) The Company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by the audit and 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) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.

(XIII) In our opinion and according to the information and explanations given to us, 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) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

(XVI) According to the information and explanations given to us, the company has not obtained any term loans.

(XVII) According to the Cash Flow Statement and other records examined and as per the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie not been used during the year for long term investment.

(XVIII) During the year, the company has not made any preferential allotment of shares to 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
Firm Registration No.: 109432W
Chartered Accountants

Malay J. Dalal
Partner
Membership No.: 36776

Place : Ahmedabad
Date : 27th August, 2010

BALANCE SHEET as at 30th June, 2010

(₹ in Lacs)

PARTICULARS	SCHEDULE NO.	As at 30/06/2010		As at 30/06/2009	
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Capital	A	699.57		699.57	
(b) Reserves & Surplus	B	7,920.53	8,620.10	4,431.20	5,130.77
(2) Loan Funds					
(a) Secured Loans	C	–		2.19	
(b) Unsecured Loans	D	9.61	9.61	28.18	30.37
(3) Deferred Tax Liability (Net)	E		69.75		94.27
	Total		8,699.46		5,255.41
II. APPLICATION OF FUNDS					
(1) Fixed Assets	F				
(a) Gross Block		1,958.30		1,285.55	
(b) Less : Depreciation		659.13		628.01	
(c) Net Block			1,299.17		657.54
(2) Investments	G		5,349.40		3,137.78
(3) Current Assets, Loans & Advances					
(a) Current Assets	H				
(i) Inventories		647.57		282.02	
(ii) Sundry Debtors		1,207.53		1,184.70	
(iii) Cash & Bank Balances		280.06		137.17	
(iv) Other Current Assets		1.31		–	
(b) Loans & Advances	I	2,155.47		2,612.22	
		4,291.94		4,216.11	
Less :					
(4) Current Liabilities & Provisions	J				
(a) Current Liabilities		1,492.68		1,194.46	
(b) Provisions		748.37		1,561.56	
		2,241.05		2,756.02	
Net Current Assets			2,050.89		1,460.09
	Total		8,699.46		5,255.41
Significant Accounting Policies and Notes on Accounts	R				

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2010

(₹ in Lacs)

PARTICULARS	SCHEDULE NO.	Year ended 30/06/2010	Year ended 30/06/2009
I. INCOME			
Sales	K	18,977.35	12,422.02
Other Income	L	381.49	255.84
		19,358.84	12,677.86
II. EXPENDITURE			
Cost of Goods Sold	M	8,636.40	5,288.63
Personnel Expenses	N	759.55	567.06
Operating And Other Expenses	O	4,225.00	2,886.41
Research And Development Expenses		51.88	38.05
Financial Charges	P	56.69	15.77
Depreciation		130.58	114.84
Income Tax		(35.01)	(28.64)
Prior Period Items (See note no. 15)		–	(150.54)
		13,825.09	8,731.58
Profit before taxes and exceptional items		5,533.75	3,946.28
Add Exceptional item		–	1,976.70
Profit before taxes and after exceptional items		5,533.75	5,922.98
Less: Provision for Taxation			
Current Tax		1,865.00	1,525.00
Deferred Tax		(24.52)	28.06
Deferred Tax Liability of earlier years		–	38.23
Fringe Benefit Tax		–	7.08
Profit After Tax		3,693.27	4,324.61
Add: Balance brought forward from previous year		2,332.30	(1,410.46)
Amount Available for Appropriations		6,025.57	2,914.15
Appropriations :			
Transfer to General Reserve		500.00	500.00
Proposed Dividend		174.89	69.96
Tax on Proposed Dividend		29.05	11.89
Balance Carried to Balance Sheet		5,321.63	2,332.30
Earnings Per Share on the face value of ₹ 10 each			
Basic and Diluted (₹)	Q	52.79	61.82
Basic and Diluted excluding exceptional items (₹)		52.79	40.84
Significant Accounting Policies and Notes on Accounts	R		

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

CASH FLOW STATEMENT for the year ended 30th June, 2010

(₹ in Lacs)

	PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
A	CASH FLOW FROM OPERATING ACTIVITIES	5,533.75		3,946.28	
	ADJUSTMENTS FOR				
	Depreciation	130.58		114.84	
	Financial Charges	56.69		15.77	
	Foreign Exchange Fluctuation	45.94		73.12	
	Interest Received	(187.71)		(182.79)	
	Dividend Received	(129.11)		(30.91)	
	Provision for exceptional items	–		1,976.70	
	Profit On Sale of Fixed Assets	(1.72)		–	
	Loss On Sale of Fixed Assets	1.13		–	
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,449.55		5,913.01	
	ADJUSTMENTS FOR				
	Trade and Other Receivables	(22.83)		(972.26)	
	Inventories	(365.56)		122.48	
	Other Current Assets, Loans & Advances	(432.19)		(2,011.04)	
	Trade Payables	356.51		(1,069.71)	
	Provision for Employee Benefit	19.66		25.07	
	Other Provisions	–		(154.81)	
	CASH GENERATED FROM OPERATIONS	5,005.15		1,852.74	
	Taxes paid [Income Tax + FBT]	(2,819.94)		(267.96)	
	NET CASH FLOW FROM OPERATING ACTIVITIES		2,185.21		1,584.78
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Fixed Assets	(779.72)		(147.50)	
	Interest Received	186.40		182.79	
	Dividend Received	129.11		30.91	
	Purchase of Investment In Mutual Fund	(15,489.11)		(6,768.52)	
	Sales of Investment in Mutual Fund	13,575.77		3,954.40	
	Investment in Equity Shares	(2.59)		(0.00)	
	Investment in Preference Shares	(295.68)		–	
	Fixed Deposits with Banks	(220.88)		(25.51)	
	Advances and Loans to Subsidiaries	888.93		(1.65)	
	Sale/Deduction of Fixed Assets	8.09		–	
	NET CASH USED IN INVESTING ACTIVITIES	(1,999.68)	(1,999.68)	(2,775.08)	(2,775.08)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Financial Charges Paid	(56.69)		(15.77)	
	Dividend & Dividend Distribution Tax Paid	(81.85)		–	
	Repayment of Long Term & Other Borrowings	(20.76)		(324.56)	
	NET CASH FROM FINANCING ACTIVITIES		(159.30)		(340.33)
	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		26.23		(1,530.63)
	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		24.25		1,628.00
	CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		50.48		97.37
	CASH ON HAND		9.86		12.13
	BALANCES WITH SCHEDULE BANK IN CURRENT ACCOUNT		23.81		99.53
	DEPOSITS WITH SCHEDULE BANKS		246.39		25.51
	CASH & BANK BALANCE AS PER BALANCE SHEET		280.06		137.17
	CREDIT BALANCE OF BANK ACCOUNTS		(29.12)		(87.41)
	ADD EFFECT OF UNREALISED FOREIGN EXCHANGE		45.94		73.12
	LESS FIXED DEPOSITS NOT CONSIDERED AS CASH EQUIVALENTS		(246.39)		(25.51)
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR		50.48		97.37

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

Schedules attached to and forming part of Balance Sheet As at 30th June, 2010

(₹ in Lacs)

PARTICULARS		As at 30/06/2010		As at 30/06/2009
SCHEDULE - A SHARE CAPITAL				
Authorised :				
15,000,000 Equity Shares of ₹10/- each		1,500.00		1,500.00
Issued, Subscribed & Paid up :				
6,995,700 Equity Shares of ₹10/- each fully paid up		699.57		699.57
Total		699.57		699.57
SCHEDULE - B RESERVES & SURPLUS				
(1) Capital Reserves				
Balance as per last Balance Sheet	904.43		866.20	
Add : Adjustment of Deferred Tax Liability of earlier years	–		38.23	
	904.43		904.43	
		904.43		904.43
(2) Share Premium				
Balance as per last Balance Sheet		694.47		694.47
(3) General Reserve				
Balance as per last Balance Sheet	500.00		–	
Add: Transfer From Profit & Loss Account	500.00	1,000.00	500.00	500.00
(4) Profit & Loss Account		5,321.63		2,332.30
Total (1+2+3+4)		7,920.53		4,431.20
SCHEDULE - C SECURED LOANS				
(1) Term Loan :		–		2.19
(Secured by hypothecation of Car financed by HDFC Bank Ltd.)				
Total		–		2.19
SCHEDULE - D UNSECURED LOANS				
(1) Sales Tax Deferment Loan		9.61		28.18
Total		9.61		28.18
SCHEDULE - E DEFERRED TAX LIABILITY (NET)				
(A) Deferred Tax Liability arising on account of timing difference for depreciation				
Difference in Net Block of Asset as per Books and as per Income Tax Act, 1961		290.19		298.25
Total (A)		290.19		298.25
(B) Deferred Tax Asset arising on account of timing difference on account of section 43B and 40A of Income Tax Act, 1961		84.98		20.90
Total (B)		84.98		20.90
Net (A - B)		205.21		277.36
(C) Deferred Tax Liability @ 33.99 %		69.75		94.27

Schedules attached to and forming part of Balance Sheet As at 30th June, 2010

SCHEDULE - F FIXED ASSETS

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK As at 01/07/2009	ADDITIONS	ADJUSTMENTS/ SOLD	As at 30/06/2010	DEPRECIATION Upto 01/07/2009	ADDITIONS	ADJUSTMENTS	Upto 30/06/2010	NET BLOCK As at 30/06/2010	As at 30/6/2009
TANGIBLE										
FREEHOLD LAND	23.37	566.45	–	589.82	–	–	–	–	589.82	23.37
BUILDINGS	332.87	–	–	332.87	157.55	10.84	–	168.39	164.48	175.32
PLANT & MACHINERY	690.66	87.01	79.41	698.26	328.20	89.18	75.09	342.30	355.96	362.45
FURNITURE & FIXTURES	32.70	0.28	–	32.98	27.52	2.26	–	29.78	3.20	5.18
OFFICE EQUIPMENTS	34.17	1.63	–	35.80	19.59	1.76	–	21.36	14.44	14.57
COMPUTERS	47.53	14.40	1.83	60.10	33.02	9.70	0.05	42.67	17.43	14.51
VEHICLES	112.69	109.95	25.72	196.92	59.90	14.97	24.32	50.54	146.38	52.79
INTANGIBLE										
SOFTWARES	11.56	–	–	11.56	2.22	1.87	–	4.10	7.47	9.34
TOTAL	1,285.55	779.71	106.96	1,958.30	628.01	130.58	99.46	659.13	1,299.17	657.54
PREVIOUS YEAR	1,137.97	147.58	–	1,285.55	513.17	114.84	–	628.01	657.54	624.80

(₹ in Lacs)

PARTICULARS			As at 30/06/2010			As at 30/06/2009
SCHEDULE - G INVESTMENTS (At Cost)						
Long Term Investments - Non Trade	No of Shares / Units	Face value/ NAV per Share/Unit (₹/$)		No of Shares / Units	Face value/ NAV per Share/Unit (₹/$)	
(A) Equity Shares (Unquoted)						
(1) Symphony Designer & Properties Ltd.	248	10 ₹	0.02	248	10 ₹	0.02
(2) Symphony Air Coolers Inc, USA	1000	1 $	0.46	1000	1 $	0.46
(3) Sylvan Holdings PTE. Ltd	4900	1 $	2.35	1	1 $	0.00
(4) Saline Area Vitalisation Enterprises Ltd	2000	10 ₹	0.24			–
Total (A)			3.07			0.48
(B) Preference Shares (Unquoted)						
Redeemable Preference Shares of Sylvan Holdings PTE. Ltd	6400	100 $	295.68			–
Total (B)			295.68			–
Current Investments						
(C) Mutual Funds (Quoted)						
(1) HDFC Liquid Fund	37,786,398	10.6257	4,015.07	12,777,061	12.2598	1,566.44
(2) Reliance Floating Rate Fund	4,712,890	10.0700	474.59	15,599,894	10.0697	1,570.86
(3) Reliance Liquid Fund	3,669,638	15.2874	560.99			–
Total (C)			5,050.65			3,137.30
Total (A+B+C)			5,349.40			3,137.78
Aggregate amount of quoted investments			5,050.65			3,137.30
Aggregate market value of quoted investments			5,050.65			3,137.30
Aggregate value of unquoted investments			298.75			0.48

Schedules attached to and forming part of Balance Sheet As at 30th June, 2010

(₹ in Lacs)

PARTICULARS	As at 30/06/2010		As at 30/06/2009	
SCHEDULE - H CURRENT ASSETS				
(A) Inventories				
(As taken, Valued & Certified by the Management)				
(1) Raw Materials	46.16		40.49	
(2) Finished Goods	601.41		241.53	
Total A=(1+2)		647.57		282.02
(B) Sundry Debtors (Unsecured)				
(1) Debtors outstanding for more than six months				
Considered good	5.45		47.59	
Considered Doubtful	0.68		0.68	
Less : Provision for Doubtful Debts	(0.68)		(0.68)	
(2) Other debts				
Considered good	1,202.08		1,137.11	
Total B=(1+2)		1,207.53		1,184.70
(C) Cash & Bank Balances				
Cash on hand				
(1) Cash on hand	1.00		1.00	
(2) Balance with employees Imprest account	8.86		11.13	
		9.86		12.13
Balance with Scheduled Banks in				
(1) Current Accounts	22.88		97.45	
(2) EEFC Accounts	0.93		2.08	
(3) Fixed Deposit Accounts	246.39		25.51	
		270.20		125.04
Total (C)		280.06		137.17
(D) Other Current Assets				
Interest accrued but not due on deposits	1.31		–	
Total (D)		1.31		–
Total (A+B+C+D)		2,136.47		1,603.89

SCHEDULE - I LOANS AND ADVANCES	As at 30/06/2010		As at 30/06/2009	
(Unsecured Considered Good)				
(1) Advances and Loans to Subsidiaries		888.62		2,272.30
(2) Advance Recoverable in cash or in kind or for value to be received		1,089.17		133.94
(3) Balance with Central Excise Authority		94.75		112.79
(4) Balance with Sales Tax and VAT Department		19.40		67.60
(5) Export Incentive Receivable		63.53		25.59
Total		2,155.47		2,612.22

Schedules attached to and forming part of Balance Sheet As at 30th June, 2010

(₹ in Lacs)

PARTICULARS		As at 30/06/2010		As at 30/06/2009
SCHEDULE - J CURRENT LIABILITIES & PROVISIONS				
(A) Current Liabilities				
(1) Creditors for Goods	445.70		271.63	
(2) Creditors for Expenses	473.01		487.24	
(3) Creditors for Capital Goods	0.10		0.11	
(4) Credit Balance in Current A/c with Subsidiary	–		0.31	
(5) Advance from Customers	213.03		98.63	
(6) Credit Balance in current account with Banks	29.12		87.41	
(7) Other Current Liabilities	310.89		226.56	
(8) Trade Deposits	20.83		22.57	
Total (A)		1,492.68		1,194.46
(B) Provisions for				
Current taxation (provisions in excess of payments) including tax on distributed profits	380.08		1,333.90	
Fringe Benefit Tax	–		1.12	
Gratuity	69.94		50.28	
Proposed Dividend	174.89		69.96	
Tax on Proposed Dividend	29.05		11.89	
Provision for disputed Sales Tax for earlier years	94.41		94.41	
Total (B)		748.37		1,561.56
Total (A+B)		2,241.05		2,756.02

Schedules attached to and forming part of Profit and Loss Account

For the year ended 30th June, 2010

(₹ in Lacs)

PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
SCHEDULE - K SALES				
Sales (Net of Excise)		18,977.35		12,422.02
Total		18,977.35		12,422.02

PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
SCHEDULE - L OTHER INCOME				
Interest Income (On Intercorporate Deposits, Bank Deposits and Others TDS ₹5.72 Lacs Previous Year ₹19.35 Lacs)		187.71		182.79
Dividend Income		129.11		30.91
Export Incentives		53.09		35.56
Profit on Sale of Fixed Assets		1.72		–
Misc Income		9.86		6.58
Total		381.49		255.84

PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
SCHEDULE - M COST OF GOODS SOLD				
Materials Consumed				
Opening Stock of Raw Materials and Finished Goods	282.02		404.50	
Add: Purchases	9,001.95		5,166.15	
Less: Closing Stock of Raw Materials and Finished Goods	647.57	8,636.40	282.02	5,288.63
Total		8,636.40		5,288.63

PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
SCHEDULE - N PERSONNEL EXPENSES				
Salaries, Wages and Bonus		713.54		523.67
Contribution to Provident Fund and Other Funds		32.51		31.87
Staff Welfare Expenses		13.50		11.52
Total		759.55		567.06

Schedules attached to and forming part of Profit and Loss Account

For the year ended 30th June, 2010

(₹ in Lacs)

PARTICULARS	Year ended 30/06/2010	Year ended 30/06/2009
SCHEDULE - O OPERATING AND OTHER EXPENSES		
Stores, Spare parts and Packing Material consumed	0.77	1.30
Power and Fuel	5.48	4.90
Repairs & Maintenance		
Building	5.18	5.07
Machinery	15.50	5.81
Rent, Rates & Taxes	14.88	7.85
Travelling	163.60	144.38
Conveyance	49.65	37.96
Communication Expenses	40.00	32.94
Insurance	13.24	12.05
Printing and stationery charges	17.48	16.69
Legal & Professional Charges	46.55	40.50
Payment to Auditors	3.00	3.00
Directors Remuneration	179.76	158.02
Vehicle Expenses	12.91	11.30
General Expenses	115.38	39.26
Repairs Others	8.55	12.22
Provision for Doubtful Debts	–	0.68
Foreign Exchange Fluctuation	45.94	73.12
Loss on Sale of Fixed Assets	1.13	–
Advertisement and Sales Promotion	601.44	543.40
Freight & Forwarding Charges	628.28	401.72
Product Service and Inspection Charges	204.82	143.90
Sales Commission	69.41	56.62
Warehousing Charges	63.72	21.27
Conference and Other Expenses	31.97	17.77
VAT and Sales Tax	1,886.36	1,094.68
Total	4,225.00	2,886.41
SCHEDULE - P FINANCIAL CHARGES		
Bank Charges	15.22	9.49
Bank Interest and other interest	41.44	6.02
Hire Purchase Charges	0.03	0.26
Total	56.69	15.77
SCHEDULE - Q EARNING PER SHARE		
Net Profit available for Equity Shareholders	3,693.27	4,324.61
No. of Equity Shares	6,995,700	6,995,700
Basic and Diluted EPS (₹)	52.79	61.82
Income of exceptional item	–	1,976.70
Tax on Income of exceptional item	–	508.94
Net Profit excluding exceptional income (After Adjustment of tax)	3,693.27	2,856.86
Basic and Diluted EPS excluding exceptional income (₹)	52.79	40.84

Schedules attached to and forming part of Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(1) Significant Accounting Policies

The financial statements are prepared to comply with all material aspects with the accounting principles generally accepted in India and in consonance with the Accounting Standards issued by The Institute of Chartered Accountants of India to the extent applicable and the relevant provisions of the Companies Act,1956.

i) Basis of Accounting

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

ii) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of financial statement and the result of operation during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

iii) Revenue Recognition

Revenue is recognised when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

a) Sales

Sales is inclusive of Excise duty, VAT and Central Sales Tax, wherever applicable and after making adjustments towards price variations, discounts etc.

Revenue from domestic sales is accounted on dispatch of products to customers.

Revenue from export sales is recognised on shipment / air lift of products.

b) Interest

Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

c) Export Benefits

Export Incentives are estimated and accounted for in the year of export.

d) Dividend Income

Dividend income on investments is accounted for when the right to receive the payment is established.

iv) Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition / construction less accumulated depreciation, amortisation and impairment loss (if any). Cost comprises of purchase price, import duties and other non-refundable taxes or levies and any directly attributable cost to bring the assets ready for their intended use. Direct expenses, as well as pro rata identifiable indirect expenses on projects during the year of construction are capitalised.

Capital assets (including expenditure incurred during the construction period) under erection / installation are stated in the Balance Sheet as "Capital Work in Progress." The fixed assets retired from active use are stated at the lower of cost or net realisable value.

v) Intangible Fixed Assets

Intangible assets are stated at cost of acquisition / cost incurred less accumulated amortisation.

vi) Depreciation / amortisation

Depreciation on all tangible fixed assets is provided on Straight Line Method at the rates prescribed in Schedule- XIV of the Companies Act,1956, on pro-rata basis for the period the assets have been put to use.

Assets costing up to ₹5,000/- are fully depreciated in the year in which they are put to use.

Depreciation on sale of assets is provided till the date of sale.

SCHEDULE - R

Intangible fixed assets in the nature of software are amortised at the rate prescribed under schedule XIV of the Companies Act, 1956 on straight line method. The value of these intangible assets is reviewed at each balance sheet date to assess the probability of continuing future benefits. If there is any indication that the value of such assets is impaired, the resulting impairment loss is recognised in the financial statement.

vii) Investments

Current Investments are carried at the lower of cost and fair value computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

viii) Inventories

Raw materials are valued at lower of cost or net realisable value. The costs of these items of inventory comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition.

Finished goods are valued at lower of cost or net realisable value. The cost of finished goods includes cost of conversion and other costs incurred to bring the inventories to their present location and condition. Cost of inventories is determined on “First in First out” basis.

Excise duty in respect of finished goods lying at the factory premises have been provided for and included in valuation of inventory.

ix) Research and Development

Research and Development costs incurred for development of products including manpower cost are charged to revenue as incurred. Research and development expenditure of capital nature is added to fixed assets.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and other wise when events and change in circumstances indicate that the carrying value may not be recoverable.

x) Foreign currency transactions

a) 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 the capital expenditure.

b) Year end balance of foreign currency transactions are translated at the year end rates. Exchange difference arising on restatement or settlement is charged to Profit and Loss Account except the difference in case of liability pertaining to acquisition of Fixed Assets is adjusted in the cost of Fixed Assets.

xi) Derivatives

Premium or discount arising at the inception of derivative contract is amortised as expenses or income over the life of the contract. Exchange difference on derivative contract is recognised in the Profit & Loss Account in the year in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of derivative contract is recognised as income or expense in the Profit and Loss account.

xii) Employee Benefits

a) Short term Employee Benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

b) Post Employment Benefits

Defined Contribution Plan:- The Company’s contribution paid / payable during the year to Provident Fund are considered as defined contribution plans. The Contribution paid / payable under these plans are recognised during the period in which the employee render services.

Schedules attached to and forming part of Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

c) Defined Benefit Plan

Other long-term employee benefits are recognised as an expense in the Profit and Loss account for the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the current value, using the yield on government bonds, as on the date of balance sheet, at the discounting rate.

Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss account.

xiii) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying fixed assets are capitalised as part of the cost of such assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

xiv) Leases

All leases are classified into Operating and Financial Lease at the inception of the lease. Leases that transfer substantially all risks and reward from lessor to lessee are classified as Finance Lease others being classified as Operation Lease.

xv) Provision for tax

Tax expenses for a year comprise of current tax and deferred tax.

Provision for current tax is determined based on assessable profits of the company as determined under the Income Tax Act, 1961.

Provision for deferred tax is determined based on the effect of timing difference between the assessable profits under the Income Tax Act and the profits as per the Profit and Loss Account.

Deferred tax assets , other than those from carry forward losses and unabsorbed depreciation, are recognised at the end of the company's accounting year (ending on 30th June every year), only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xvi) 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 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.

xvii) Provisions and Contingent Liabilities

Provisions are recognised for when the Company has at present, legal or contractual obligation as a result of past events, only if it is probable that an outflow of resources embodying economic benefits will be required and if the amount involved can be measured reliably.

Contingent liabilities being a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more future events not wholly in the control of the Company are not recognised in the accounts. The nature of such liabilities and an estimate of its financial effect are disclosed in the Notes to Financial Statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

SCHEDULE - R

(2) Contingent Liabilities

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
a) Claims against the company not acknowledged as debt.	11.18	11.18
b) Demand on account of sales tax assessment raised against the company for the various years but the same is not acknowledged as debt hence, not provided for Appeals are pending.	5.33	23.43

(3) Segment Reporting

(a) **Primary Segment :** Business

The company is operating in only one segment i.e. Home Appliances. Therefore reporting on primary segment is not considered.

(b) **Secondary Segment :** Geographical segment

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
(1) Segment Revenue		
Domestic	15,875.48	9,833.45
Export	3,101.87	2,588.57
Total	18,977.35	12,422.02
(2) Segment Expenditure		
Domestic	12,906.51	7,640.44
Export	2,377.57	1,925.69
Total	15,284.08	9,566.13
(3) Segment Profit		
Domestic	2,968.97	2,193.01
Export	724.30	662.88
Total	3,693.27	2,855.89
(4) Segment Assets		
Domestic	9,806.66	6,956.95
Export (Only Receivables *)	1,133.86	1,054.48
Total	10,940.52	8,011.43
(5) Segment Liabilities		
Domestic	2,275.36	2,879.30
Export (Advance from customers only *)	45.05	1.36
Total	2,320.41	2,880.66
(6) Capital Employed (*)	8,620.10	5,130.77

* Capital Employed and other Segment assets and liabilities are not separable

Schedules attached to and forming part of Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(4) Subsidiaries

Following are the subsidiaries of the Company

(i) Symphony Air Coolers Inc, USA

(5) Related Party Disclosures

PARTICULARS				2009-10		2008-09	
Sr no	Name of the Related Parties	Nature of relationship with company	Nature of transaction	Volume of transaction ₹ in Lacs	Balance at the end of the year ₹ in Lacs	Volume of transaction ₹ in Lacs	Balance at the end of the year ₹ in Lacs
1	Shri Achal Bakeri	Chairman & Managing Director	Remuneration and Perquisites	158.35	89.25	137.08	71.75
2	Shri Nrupesh Shah	Director	Remuneration and Perquisites	21.41	13.65	20.94	9.00
3	Symphony Air Coolers Inc, USA	Wholly owned Subsidiary	Investment in Capital	–	0.46	–	0.46
4	Symphony Air Coolers Inc, USA	Wholly owned Subsidiary	Sales	–	–	31.23	30.34
5	Symphony Air Coolers Inc, USA	Wholly owned Subsidiary	Advances/ Loan	888.93	888.62	1.65	(0.31)
6	Oras Investments Pvt. Ltd.	Enterprise in which Director have significant influence	Creditors for Expenses	–	–	2.42	–
7	Partham Investments Pvt. Ltd.	Enterprise in which Director have significant influence	Creditors for Expenses	–	–	0.40	–

(6) Auditors' Remuneration *(₹ in Lacs)*

PARTICULARS	2009-10	2008-09
a) As Auditor	2.00	2.00
b) In other capacity, in respect of		
i) Tax Audit	0.25	0.25
ii) Certification	0.25	0.25
iii) Taxation Matters	0.50	0.50
	3.00	3.00

(7) Directors' Remuneration *(₹ in Lacs)*

PARTICULARS	2009-10	2008-09
Salary	169.13	148.34
Perquisites & Others	10.62	9.68
	179.76	158.02

Schedules attached to and forming part of Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(8) Managerial Remuneration

Computation of Net Profit in accordance with section 198 and 309(5) of the Companies Act, 1956

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Profit after exceptional item as per Profit & Loss Account	5,533.75	5,922.98
Add : Managerial Remuneration	179.76	158.02
Loss on sale of assets	1.13	–
Depreciation as per books	130.58	114.84
Total	5,845.22	6,195.84
Less: Depreciation as per Section 350 of Companies' Act, 1956	130.58	114.84
Bad Debts recovered for earlier year	–	1,976.70
Profit on sale of assets / rights	1.72	–
Total	132.30	2,091.54
Net Profit as per Sections 198 and 309(5)	5,712.92	4,104.30

(9) Leases

The company has operating lease for various premises which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating lease are charged to Profit and Loss Account for the year ₹76.84 Lacs (Previous year ₹27.05 Lacs).

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Due within one year	76.84	27.05
Due later than one year and not later than five years	–	–
Due later than five years	–	–

The company does not have any financial lease. The lease term is renewable at mutual agreement of both the parties. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease agreement. There are no sub leases.

(10) Employee Benefits

The Present value of gratuity and leave encashment obligations is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

I Expenses recognised during the year

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Current service cost	15.58	10.77
Interest on obligation	4.09	2.38
Expected return on plan assets	–	–
Net actuarial losses (gains) recognised in year	1.97	9.03
Past service cost		
Losses (gains) on curtailments and settlement	–	–
Total	21.64	22.19
Actual return on plan assets		–

Schedules attached to and forming part of Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

II Reconciliation of opening and closing balances of defined benefit obligation

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Opening defined benefit obligation	50.28	30.18
Service cost	15.58	10.77
Interest cost	4.09	2.38
Actuarial losses (gains)	1.97	9.03
Losses (gains) on curtailments	–	–
Liabilities extinguished on settlement	–	–
Liabilities assumed in an amalgamation in the nature of purchase	–	–
Exchange differences on foreign plans		
Benefits paid	(1.98)	(2.10)
Closing defined benefit obligation	69.94	50.28

III Reconciliation of Opening and Closing balances of fair value of plan assets

PARTICULARS	2009-10	2008-09
Opening fair value of plan assets	–	–
Expected return	–	–
Actuarial gains and (losses)	–	–
Assets distributed on settlements	–	–
Contributions by employer	–	–
Assets acquired in an amalgamation in the nature of purchase	–	–
Exchange differences on foreign plans		
Benefits paid	–	–
Closing balance of fair value of plan assets	–	–

IV Reconciliation of the present value of defined benefit obligation and fair value of planned assets

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Present value of funded obligations	–	–
Fair value of plan assets	–	–
Present value of unfunded obligations	69.94	50.28
Unrecognised past service cost	–	–
Net liability	69.94	**50.28**
Amounts in the balance sheet:		
Liabilities	69.94	50.28
Assets		
Net liability	69.94	**50.28**

V Investment Details

PARTICULARS	2009-10	2008-09
Government of India Securities	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Insurance Company	0.00%	0.00%

SCHEDULE - R

VI Actuarial Assumptions

PARTICULARS	2009-10	2008-09
Discount rate	8.14%	7.90%
Expected return on plan assets	0.00%	0.00%
Proportion of employees opting for early retirement	–	3.00%
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	–	–

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

VII Gratuity Benefit

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Defined benefit obligation	69.94	50.28
Plan assets	–	–
Surplus/(deficit)	(69.94)	(50.28)
Experience adjustments on plan Liabilities	–	–
Experience adjustments on plan assets	–	–
Movement in net liability recognised in Balance Sheet		
Net opening liability	50.28	30.18
P&L Charge	21.64	22.19
Contribution paid / Benefits paid	(1.98)	(2.10)
Closing net liability	**69.94**	**50.28**

(11) Leave encashment

As per the policy followed by the company there is no vesting benefit of leave encashment at the end of the year. Therefore there is no liability of leave encashment existing at the end of the year. Accordingly no provision is made for leave encashment.

(12) a) Derivative Instruments and Hedged Foreign Currency Exposure

(₹ in Lacs)

Transaction Type	Particulars of Derivatives	Currency	Current Year		Previous Year		Purpose
			Amount US$ in Lacs	Year End Rate (₹)	Amount US$ in Lacs	Year End Rate (₹)	
Forward	SELL	USD	27.18	46.39	–	–	Hedge of Forex USD Receivable / Loan
Range Forward	SELL	USD	11.50	46.39	–	–	
Option	SELL	USD	9.50	46.39	–	–	

b) Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet Date

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Import Creditors	–	–
Export Debtors	414.82	1,054.48
Loan Receivable	89.75	2,272.30

Schedules attached to and forming part of Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(13) There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 30th June,2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(14) 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 considered as reasonably necessary.

(15) Prior period items

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Reversal / Provision For Sales Tax (Other States) Exp.	–	(154.80)
Reversal of Sales tax Deferrement	–	(0.72)
Provision for gratuity for earlier years	–	4.98
	–	**(150.54)**

(16) Expenditure on Research & Development activities as certified by the Management are as under

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Capital Expenditure	–	–
Revenue Expenditure	51.88	38.05
Total	**51.88**	**38.05**

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

(18) Installed Capacity & Production

PARTICULARS	2009-10	2008-09
(As certified by the Management)		
Air Cooler, Geysers & Others		
Installed Capacity	N.A.	N.A.
Actual Production / Purchase	439,385	255,339

(19) Turnover

Class of Goods	Year ended 30/06/2010		Year ended 30/06/2009	
	Quantity (Nos)	Amount (₹ in Lacs)	Quantity (Nos)	Amount (₹ in Lacs)
Air Cooler, Geysers & Others	421,355	18,977.35	262,067	12,422.02
		18,977.35		12,422.02

Schedules attached to and forming part of Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(20)

PARTICULARS	Year ended 30/06/2010		Year ended 30/06/2009	
	Value in (₹ in Lacs)	% of total Consumption	Value in (₹ in Lacs)	% of total Consumption
(i) **Material Consumed**				
Air Cooler, Geyser etc. Kits, Components & Others	8,636.40		5,288.63	
	8,636.40		5,288.63	
(ii) **Value of Imported & Indigenous Raw Materials**				
Imported	111.62	1.29	292.42	5.53
Indigenous	8,524.78	98.71	4,996.21	94.47
	8,636.40	100.00	5,288.63	100.00
(iii) **C.I.F. Value of Imports**				
Raw Materials & Trading Goods	85.92		224.57	
Capital Items	62.34		118.12	
	148.26		342.69	

(21)

PARTICULARS	Year ended 30/06/2010		Year ended 30/06/2009	
	Quantity (Nos)	Amount (₹ in Lacs)	Quantity (Nos)	Amount (₹ in Lacs)
(a) Opening Stock of Finished Goods				
Air Cooler, Geysers & Others	11,030	241.53	17,758	345.65
		241.53		345.65
(b) Closing Stock of Finished Goods				
Air Cooler, Geysers & Others	29,060	601.41	11,030	241.53
		601.41		241.53
(22) **Expenditure in Foreign Currency (₹)**				
Advertisement, Sales Promotion, Freight Paid, Travelling & Others		73.76		72.09
(23) **Earning in Foreign Currency (₹)**				
F.O.B. of Exports		2,918.88		2,508.07
Other Income		313.55		140.57

Signature to Schedule "A" to "R"

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	L32201GJ1988PLC010331		
Balance Sheet Date	30 06 2010	State Code	04

II. CAPITAL RAISED DURING THE YEAR

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT ₹ IN THOUSANDS)

Total Liabilities	869946	Total Assets	869946
SOURCES OF FUNDS :			
Paid up Capital	69957	Reserves & Surplus	792053
Secured Loans	NIL	Unsecured Loans	961
Deferred Tax Liability	6975		
APPLICATION OF FUNDS			
Net Fixed Assets	129917	Investments	534940
Net Current Assets	205089	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. PERFORMANCE OF THE COMPANY (AMOUNT ₹ IN THOUSANDS)

Turnover	1935884	Total Expenditure	1382509
Profit before Tax	553375	Profit before taxes and after exceptional item	553375
Earning per share before exceptional item	52.79	Net Profit after Taxes	369327
Earning per share after Tax	52.79	Dividend	17489

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Product Description	Air Cooler	*Item Code (ITC Code)*	8479.60
Product Description	Storage Water Heater	*Item Code (ITC Code)*	8516.10

FOR AND ON BEHALF OF THE BOARD

ACHAL BAKERI
CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

Statement Pursuant to Section 212 of the Companies Act, 1956

Sr.	Particulars	Name of Subsidiary Company
		Symphony Air Coolers Inc., USA
1	Financial Year of subsidiary ended on	30.06.2010
2	Shares of the Subsidiary Company held on the above date and the extent of holdings	
	i) No. of Shares	1000
	i) Extent of holdings	100%
3	Net aggregate amount of profit/ (losses) of the subsidiary for the above financial year so far as they concern members of Symphony Ltd	
	i) Dealt with the accounts of Symphony Ltd	₹6.31 lacs
	ii) Not dealt with the accounts of Symphony Ltd	Nil
4	Net aggregate amount of profit/ (losses) of the subsidiary for the previous financial year so far as they concern members of Symphony Ltd	
	i) Dealt with the accounts of Symphony Ltd	₹8.38 lacs
	ii) Not dealt with the accounts of Symphony Ltd	Nil

Achal Bakeri
Chairman & Managing Director

Nrupesh Shah
Executive Director

Place : Ahmedabad
Date : 27th August, 2010

Chandrakant Gandhi
Company Secretary

Director's Report

To
The Members of
SYMPHONY AIR COOLERS INC.

Your Directors hereby present their Sixth Annual Report together with the Accounts of the Company for the year from 01/07/2009 to 30/06/2010.

Review of Performance

The company has not recorded 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.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 27th August, 2010

Achal Bakeri
President

Auditors' Report

We have audited the attached Balance sheet of SYMPHONY AIR COOLERS INC., USA as at 30th June 2010 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.

(1) 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 2010.

(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
Firm Registration No.: 109432W
Chartered Accountants

Malay J. Dalal
Partner
Membership No.: 36776

Place : Ahmedabad
Date : 27th August, 2010

BALANCE SHEET as at 30th June, 2010

(₹ in Lacs)

PARTICULARS	SCHEDULE NO.		As at 30/06/2010		As at 30/06/2009
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Capital	A		0.46		0.46
(b) Reserves & Surplus	B		22.43		15.78
(2) Loan Funds					
Unsecured Loans	C		888.62		–
	Total		911.51		16.24
II. APPLICATION OF FUNDS					
(1) Current Assets, Loans & Advances	D				
Current Assets :					
(a) Inventories		–		26.26	
(b) Sundry Debtors		0.95		18.25	
(c) Cash & Bank		2.92		1.02	
(d) Loans & Advances		907.78		2.27	
		911.65		47.80	
Less :					
(2) Current Liabilities & Provisions	E	0.14		31.56	
Net Current Assets			911.51		16.24
	Total		911.51		16.24
Significant Accounting Policies and Notes on Accounts	J				

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
PRESIDENT

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2010

(₹ in Lacs)

PARTICULARS	SCHEDULE NO.	Year ended 30/06/2010	Year ended 30/06/2009
I. INCOME			
Sales		45.52	26.27
Other Income		26.36	2.47
		71.88	28.74
II. EXPENDITURE			
Cost of Goods Sold	F	26.26	12.58
Operating And Other Expenses	G	12.58	7.70
Financial Charges	H	26.30	0.08
		65.14	20.36
Profit Before Tax		6.74	8.38
Provision for Taxation		0.43	–
Profit After Tax		6.31	8.38
Add : Balance as per last Balance Sheet		15.44	7.06
Balance Carried to Balance Sheet		21.75	15.44
Earnings Per Share on the face value of $1 each			
Basic and Diluted (₹)	I	631.03	837.67
Significant Accounting Policies and Notes on Accounts	J		

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
PRESIDENT

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CASH FLOW STATEMENT for the year ended 30th June, 2010

(₹ in Lacs)

PARTICULARS	Year ended 30/06/2010		Year ended 30/06/2009	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax	6.74		8.38	
Adjustment For				
Financial Charges	26.30		0.08	
Exchange Difference on Translation	0.34		(0.16)	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	33.38		8.29	
Adjustment For				
(Increase) / Decrease in Stock	26.26		(17.93)	
(Increase) / Decrease in Debtors	17.30		(8.34)	
(Increase) / Decrease in Advances	(905.51)		(2.12)	
Increase / (Decrease) in Current Liabilities	(31.42)		21.09	
CASH GENERATED FROM OPERATIONS	(859.99)		1.00	
Taxes Paid	(0.43)		–	
NET CASH FLOW FROM OPERATING ACTIVITIES		(860.42)		1.00
B CASH FLOW FROM INVESTING ACTIVITIES				
Investment in Shares	–		–	
NET CASH USED IN INVESTING ACTIVITIES		–		–
C CASH FLOW FROM FINANCING ACTIVITIES				
Financial Charges Paid	(26.30)		(0.08)	
Loan Received from Parents	888.62		(1.29)	
NET CASH FROM FINANCING ACTIVITIES		862.32		(1.37)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		1.90		(0.37)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1.02		1.39
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		2.92		1.02
CASH ON HAND		–		–
BALANCES WITH SCHEDULE BANK IN CURRENT ACCOUNT		2.92		1.02
DEPOSITS WITH SCHEDULE BANKS		–		–
CASH & BANK BALANCE AS PER BALANCE SHEET		2.92		1.02
CREDIT BALANCE OF BANK ACCOUNTS		–		–
LESS: FIXED DEPOSITS NOT CONSIDERED AS CASH EQUIVALENTS		–		–
CASH & CASH EQUIVALENT AT THE END OF THE YEAR		2.92		1.02

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
PRESIDENT

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

Schedules attached to and forming part of Balance Sheet as at 30th June, 2010

(₹ in Lacs)

PARTICULARS		As at 30/06/2010		As at 30/06/2009
SCHEDULE - A SHARE CAPITAL				
Authorised Capital				
10000 Common Capital Stock of $ 1/- each		4.58		4.58
Issued, Subscribed & Paid up Common Capital Stock of $1/- each fully paid up		0.46		0.46
Total		0.46		0.46
SCHEDULE - B RESERVES & SURPLUS				
Profit & Loss Account		21.75		15.44
Translation Reserve		0.68		0.34
Total		22.43		15.78
SCHEDULE - C UNSECURED LOANS				
Loan from Holding Company		888.62		–
Total		888.62		–
SCHEDULE - D CURRENT ASSETS				
(a) Inventories				
(As taken, Valued & Certified by the Management)				
Finished Goods		–		5.13
Stock in Transit of Finished Goods		–		21.13
(b) Sundry Debtors (Unsecured)				
Considered good		0.95		18.25
(c) Cash & Bank				
Balance with Banks(Bank One, USA)	2.92	2.92	1.02	1.02
(d) Loan & Advances				
(Unsecured Considered Good)				
Prepaid Expenses	–		2.12	
Advance to Impco, Mexico	907.78		0.03	
Symphony Ltd.	–	907.78	0.12	2.27
Total		911.65		47.80
SCHEDULE - E CURRENT LIABILITIES & PROVISIONS				
Creditors for Expenses				
Business Resource Company		0.14		0.43
Precision Whse & Dist Ctr inc		–		0.44
Juan Castaneda		–		0.10
Creditors for Goods				
Symphony Ltd		–		30.59
Total		0.14		31.56

Schedules attached to and forming part of Profit and Loss Account

for the year ended 30th June, 2010

(₹ in Lacs)

PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
SCHEDULE - F COST OF GOODS SOLD				
Opening Stock of Finished Goods	5.13		8.32	
Stock in Transit of Finished Goods	21.13		–	
Cooler purchase	–		30.52	
	26.26		38.84	
Less: Closing Stock of Finished Goods	–		5.13	
Stock in Transit of Finished Goods	–		21.13	
Total		26.26		12.58

SCHEDULE - G OPERATING AND OTHER EXPENSES				
Internet Charges	0.02		0.02	
Insurance Premium	2.03		0.47	
Legal & Professional Charges	0.51		0.45	
Sundry Balance Written off / Back	8.69		1.07	
Freight & Forwarding Charges	0.26		4.67	
Ebay Selling Fee	–		0.00	
Warehousing Charges	1.07		1.02	
Total		12.58		7.70

SCHEDULE - H FINANCIAL CHARGES				
Interest				
To Others	25.78		–	
Bank & Other Charges	0.52		0.08	
Total		26.30		0.08

SCHEDULE - I EARNING PER SHARE				
Net Profit available for Equity Shareholders		6.31		8.38
No. of Equity Shares		1,000		1,000
Basic and Diluted EPS (₹)		631.03		837.67

Schedules attached to and forming part of Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - J SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT

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.

iv) **Details of Stocks, Purchases & turnover**

Particulars	30/06/2010		30/06/2009	
	Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Opening Stock	976	26.26	295	8.32
Purchases	–	–	1116	30.52
Sales	976	45.52	435	26.27
Closing Stock	–	–	976	26.26

v) **The company has entered in to transaction with the following related party.**

1) Symphony Ltd. - Holding Company
Details of Transaction with Holding Company
Purchase of Goods of ₹Nil (Previous Year ₹30.52 Lacs)
Unsecured Loan of ₹888.62 Lacs (Previous Year ₹(0.12) Lacs)

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

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
PRESIDENT

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

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

1. We have audited the attached consolidated Balance Sheet of SYMPHONY LIMITED and its subsidiary as at 30th June 2010 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 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 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 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 Limited and its subsidiary for the year ended on that date.

For, Shah & Dalal
Firm Registration No.: 109432W
Chartered Accountants

Malay J. Dalal
Partner
Membership No.: 36776

Place : Ahmedabad
Date : 27th August, 2010

CONSOLIDATED BALANCE SHEET as at 30th June, 2010

(₹ in Lacs)

PARTICULARS	SCHEDULE NO.	As at 30/06/2010		As at 30/06/2009	
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Capital	A	699.57		699.57	
(b) Reserves & Surplus	B	7,942.96	8,642.53	4,447.42	5,146.99
(2) Loan Funds					
(a) Secured Loans	C	–		2.19	
(b) Unsecured Loans	D	9.61	9.61	28.18	30.37
(3) Deferred Tax Liability (Net)	E		69.75		94.27
	Total		8,721.89		5,271.63
II. APPLICATION OF FUNDS					
(1) Fixed Assets	F				
(a) Gross Block		1,958.30		1,285.55	
(b) Less : Depreciation		659.13		628.01	
(c) Net Block			1,299.17		657.54
(2) Investments	G		5,348.94		3,137.32
(3) Current Assets, Loans & Advances					
(a) Current Assets	H				
(i) Inventories		647.57		308.28	
(ii) Sundry Debtors		1,208.48		1,172.61	
(iii) Cash & Bank Balances		282.98		138.19	
(iv) Other Current Assets		1.31		–	
(b) Loans & Advances	I	2,174.63		2,614.37	
		4,314.97		4,233.45	
Less :					
(4) Current Liabilities & Provisions	J				
(a) Liabilities		1,492.82		1,195.12	
(b) Provisions		748.37		1,561.56	
		2,241.19		2,756.68	
Net Current Assets			2,073.78		1,476.77
	Total		8,721.89		5,271.63
Significant Accounting Policies and Notes on Accounts	R				

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2010

(₹ in Lacs)

PARTICULARS	SCHEDULE NO.	Year ended 30/06/2010	Year ended 30/06/2009
I. INCOME			
Sales	K	19,022.88	12,417.06
Other Income	L	382.39	258.31
		19,405.27	12,675.37
II. EXPENDITURE			
Cost of Goods Sold	M	8,662.67	5,270.83
Personnel Expenses	N	759.55	567.06
Operating And Other Expenses	O	4,237.58	2,894.11
Research And Development Expenses		51.88	38.05
Financial Charges	P	57.20	15.85
Depreciation		130.58	114.84
Income Tax		(35.01)	(28.64)
Prior Period Items (See note no. 15)		–	(150.54)
		13,864.45	8,721.56
Profit before taxes and exceptional items		5,540.82	3,953.81
Add Exceptional item		–	1,976.70
Profit before taxes and after exceptional items		5,540.82	5,930.51
Less: Provision for Taxation			
Current Tax		1,865.43	1,525.00
Deferred Tax		(24.52)	28.06
Deferred Tax Liability of earlier years		–	38.23
Fringe Benefit Tax		–	7.08
Profit After Tax		3,699.91	4,332.14
Add: Balance as per last Balance Sheet		2,345.72	(1,404.57)
Profit available for Appropriation		6,045.63	2,927.57
Appropriations :			
Transfer to General Reserve		500.00	500.00
Proposed Dividend		174.89	69.96
Tax on Proposed Dividend		29.05	11.89
Balance Carried to Balance Sheet		5,341.69	2,345.72
Earnings Per Share of the face value of ₹10 each			
Basic and Diluted (₹)	Q	52.89	61.93
Basic and Diluted excluding exceptional items (₹)		52.89	40.94
Significant Accounting Policies and Notes on Accounts	R		

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30th June, 2010

(₹ in Lacs)

	PARTICULARS	Year ended 30/06/2010		Year ended 30/06/2009	
A	CASH FLOW FROM OPERATING ACTIVITIES	5,540.82		3,953.81	
	ADJUSTMENTS FOR				
	Depreciation	130.58		114.84	
	Financial Charges	57.20		15.85	
	Foreign Exchange Fluctuation	45.94		73.12	
	Interest Received	(188.61)		(182.79)	
	Dividend Received	(129.11)		(30.91)	
	Provision for exceptional items	–		1,976.70	
	Profit on Sale of Fixed Assets	(1.72)		–	
	Loss on Sale of Fixed Assets	1.13		–	
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,456.23		5,920.62	
	ADJUSTMENTS FOR				
	Trade and Other Receivables	(35.86)		(960.61)	
	Inventories	(339.30)		104.55	
	Other Current Assets, Loans & Advances	438.42		(2,016.03)	
	Trade Payables	356.00		(1,069.13)	
	Provision for Employee Benefit	19.66		25.07	
	Other Provisions	–		(154.80)	
	CASH GENERATED FROM OPERATIONS	5,895.15		1,849.67	
	Taxes Paid (Income Tax + FBT)	(2,820.37)		(267.99)	
	NET CASH FLOW FROM OPERATING ACTIVITIES		3,074.78		1,581.68
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Fixed Assets	(779.72)		(147.50)	
	Sale/Deduction of Fixed Assets	8.09		–	
	Interest Received	188.61		182.79	
	Dividend Received	129.11		30.91	
	Investment in Equity Shares	(2.59)		–	
	Investment in Preference Shares	(295.68)		–	
	Fixed Deposits with Banks	(220.88)		(25.51)	
	Purchase of Investment In Mutual Fund	(15,489.11)		(6,768.52)	
	Sales of Investment in Mutual Fund	13,575.77		3,954.40	
	NET CASH USED IN INVESTING ACTIVITIES		(2,886.41)		(2,773.43)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Capital Reserve	(0.43)		1.16	
	Financial Charges Paid	(57.20)		(15.85)	
	Dividend & Dividend Distribution Tax Paid	(81.85)		–	
	Repayment of Long Term & Other Borrowings	(20.76)		(324.56)	
	NET CASH FROM FINANCING ACTIVITIES		(160.24)		(339.25)
	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		28.13		(1,531.00)
	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		25.27		1,629.39
	CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		53.40		98.39
	CASH ON HAND		9.86		12.13
	BALANCE WITH SCHEDULE BANK IN CURRENT ACCOUNT		26.73		100.55
	DEPOSITS WITH SCHEDULE BANKS		246.39		25.51
	CASH & BANK BALANCE AS PER BALANCE SHEET		282.98		138.19
	CREDIT BALANCE OF BANK ACCOUNTS		(29.12)		(87.41)
	ADD EFFECT OF UNREALISED FOREIGN EXCHANGE		45.94		73.12
	LESS FIXED DEPOSITS NOT CONSIDERED AS CASH EQUIVALENTS		(246.39)		(25.51)
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR		53.40		98.39

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
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PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

Schedules attached to and forming part of Consolidated Balance Sheet

as at 30th June, 2010

(₹ in Lacs)

PARTICULARS		As at 30/06/2010		As at 30/06/2009
SCHEDULE - A SHARE CAPITAL				
Authorised Capital				
15,000,000 Equity Shares of ₹10/- each		1,500.00		1,500.00
Issued, Subscribed & Paid up				
6,995,700 Equity Shares of ₹10/- each fully paid up		699.57		699.57
Total		699.57		699.57
SCHEDULE - B RESERVES & SURPLUS				
(1) Capital Reserves				
Balance as per last Balance Sheet	904.43		866.20	
Add : Adjustment of Deferred Tax Liability of earlier years	–		38.23	
	904.43		904.43	
		904.43		904.43
(2) Share Premium				
Balance as per last Balance Sheet		694.47		694.47
(3) General Reserve				
Balance as per last Balance Sheet	500.00			
Add: Transfer from Profit & Loss Account	500.00	1,000.00	500.00	500.00
(4) Profit & Loss Account		5,341.69		2,345.72
(5) Translation Reserve		0.68		0.34
(6) Translation Reserve on Consolidation		1.69		2.46
Total		7,942.96		4,447.42
SCHEDULE - C SECURED LOANS				
(1) Term Loan :		–		2.19
(Secured by hypothecation of Car financed by HDFC Bank Ltd.)				
Total		–		2.19
SCHEDULE - D UNSECURED LOANS				
Sales Tax Deferment Loan		9.61		28.18
Total		9.61		28.18
SCHEDULE - E DEFERRED TAX LIABILITY (NET)				
(A) Deferred Tax Liability arising on account of timing difference for depreciation Difference in Net Block of Asset as per Books and as per Income Tax Act, 1961		290.19		298.25
Total (A)		290.19		298.25
(B) Deferred Tax Asset arising on account of timing difference on account of section 43B and 40A of Income Tax Act, 1961		84.98		20.90
Total (B)		84.98		20.90
Net (A - B)		205.21		277.36
(C) Deferred Tax Liability @ 33.99 %		69.75		94.27

Schedules attached to and forming part of Consolidated Balance Sheet

as at 30th June, 2010

SCHEDULE - F FIXED ASSETS

(₹ in Lacs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
DESCRIPTION	As at 01/07/2009	ADDITIONS	ADJUSTMENTS/ SOLD	As at 30/06/2010	Upto 01/07/2009	ADDITIONS	ADJUSTMENTS	Upto 30/06/2010	As at 30/06/2010	As at 30/6/2009
TANGIBLE										
FREEHOLD LAND	23.37	566.45	–	589.82	–	–	–	–	589.82	23.37
BUILDINGS	332.87	–	–	332.87	157.55	10.84	–	168.39	164.48	175.32
PLANT & MACHINERY	690.66	87.01	–	698.26	328.20	89.18	75.09	342.30	355.96	362.45
FURNITURE & FIXTURES	32.70	0.28	–	32.98	27.52	2.26	–	29.78	3.20	5.18
OFFICE EQUIPMENTS	34.17	1.63	–	35.80	19.59	1.76	–	21.36	14.44	14.57
COMPUTERS	47.53	14.40	1.83	60.10	33.02	9.70	0.05	42.67	17.43	14.51
VEHICLES	112.69	109.95	25.72	196.92	59.90	14.97	24.32	50.54	146.38	52.79
INTANGIBLE										
SOFTWARES	11.56	–	–	11.56	2.22	1.87	–	4.10	7.47	9.34
TOTAL	1,285.55	779.71	106.96	1,958.30	628.01	130.58	99.46	659.13	1,299.17	657.54
PREVIOUS YEAR	1137.97	147.58	–	1,285.55	513.17	114.84	–	628.01	657.54	624.80

(₹ in Lacs)

PARTICULARS			As at 30/06/2010		As at 30/06/2009
SCHEDULE - G INVESTMENTS (At Cost)					
Long Term Investments - Non Trade	No of Shares / Units	Face value/ NAV per Share/Unit (₹/$)		Face value/ NAV per Share/Unit (₹/$)	
(A) Equity Shares (Unquoted)					
(1) Symphony Designer & Properties Pvt. Ltd.	248	10 ₹	0.02	10 ₹	0.02
(2) Sylvan Holding PTE. Ltd	4900	1 $	2.35	1 $	0.00
(3) Saline Area Vitalisation Enterprises Ltd	2000	10 ₹	0.24		–
Total (A)			2.61		0.02
(B) Preference Shares (Unquoted)					
(1) Redeemable Preference Shares of Sylvan Holdings PTE. Ltd	6400		295.68		–
Total (B)			295.68		–
Current Investments					
(C) Mutual Funds (Quoted)					
(1) HDFC Liquid Fund	37,786,398	10.6257	4,015.07	12.2598	1,566.44
(2) Reliance Floating Rate Fund	4,712,890	10.0700	474.59	10.0697	1,570.86
(3) Reliance Liquid Fund	3,669,638	15.2874	560.99		–
Total (C)			5,050.65		3,137.30
Total (A+B+C)			5,348.94		3,137.32
Aggregate amount of quoted investments			5,050.65		3,137.30
Aggregate market value of quoted investments			5,050.65		3,137.30
Aggregate value of unquoted investments			298.29		0.02

Schedules attached to and forming part of Consolidated Balance Sheet

as at 30th June, 2010

(₹ in Lacs)

PARTICULARS		As at 30/06/2010		As at 30/06/2009
SCHEDULE - H CURRENT ASSETS				
(A) Inventories				
(As taken, valued & certified by the Management)				
(1) Raw Materials	46.16		40.49	
(2) Finished Goods	601.41		267.79	
Total A=(1+2)		647.57		308.28
(B) Sundry Debtors (Unsecured)				
(1) Debtors outstanding for more than six months				
Considered good	5.45		47.59	
Considered doubtful	0.68		0.68	
Less : Provision for Doubtful Debts	(0.68)		(0.68)	
(2) Other debts				
Considered good	1,203.03		1,125.02	
Total B=(1+2)		1,208.48		1,172.61
(C) Cash & Bank Balances				
Cash on hand				
(1) Cash on hand	1.00		1.00	
(2) Balance with employees Imprest account	8.86		11.13	
		9.86		12.13
Balance with Scheduled Banks in				
(1) Current Accounts	22.88		97.45	
(2) EEFC Accounts	0.93		2.08	
(3) Fixed Deposit Accounts	246.39		25.51	
		270.20		125.04
Balance with Non-Scheduled Bank				
Bank One, NA	2.92		1.02	
		2.92		1.02
Total (C)		282.98		138.19
(D) Other Current Assets				
Interest accrued but not due on deposits	1.31		–	
Total (D)		1.31		–
Total (A+B+C+D)		2,140.34		1,619.07

PARTICULARS		As at 30/06/2010		As at 30/06/2009
SCHEDULE - I LOANS AND ADVANCES				
(Unsecured Considered Good)				
(1) Advances and Loans to Subsidiaries	–		2,272.30	
(2) Advance to IMPCO Mexico	907.78		0.03	
(3) Advance Recoverable in cash or in kind or for which value to be received	1,089.17		133.77	
(4) Balance with Central Excise Authority	94.75		115.08	
(5) Balance with Sales Tax and VAT Department	19.40		67.60	
(6) Export Incentive Receivable	63.53		25.59	
		2,174.63		2,614.37
Total		2,174.63		2,614.37

Schedules attached to and forming part of Consolidated Balance Sheet

as at 30th June, 2010

(₹ in Lacs)

PARTICULARS		As at 30/06/2010		As at 30/06/2009
SCHEDULE - J CURRENT LIABILITIES & PROVISIONS				
(A) Current Liabilities				
(1) Creditors for Goods	445.70		271.63	
(2) Creditors for Expenses	473.15		488.21	
(3) Creditors for Capital Goods	0.10		0.11	
(4) Advance from Customers	213.03		98.63	
(5) Credit Balance in current account with Bank	29.12		87.41	
(6) Other Current Liabilities	310.89		226.56	
(7) Trade Deposits	20.83		22.57	
Total-A		1,492.82		1,195.12
(B) Provisions for				
Current taxation (provisions in excess of payments) including tax on distributed profits	380.08		1,333.90	
Fringe Benefit Tax	–		1.12	
Gratuity	69.94		50.28	
Proposed Dividend	174.89		69.96	
Tax on Proposed Dividend	29.05		11.89	
Provision for disputed Sales Tax for earlier years	94.41		94.41	
Total-B		748.37		1,561.56
Total (A+B)		2,241.19		2,756.68

Schedules attached to and forming part of Consolidated Profit and Loss Account

for the year ended 30th June, 2010

(₹ in Lacs)

PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
SCHEDULE - K SALES				
Sales (Net of Excise)		19,022.88		12,417.06
Total		19,022.88		12,417.06

PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
SCHEDULE - L OTHER INCOME				
Interest Income (On Intercorporate Deposits, Bank Deposits and Others TDS ₹5.72 Lacs Previous Year ₹19.35 Lacs)		188.61		182.79
Dividend Income		129.11		30.91
Export Incentives		53.09		35.56
Profit on Sale of Fixed Assets		1.72		–
Misc Income		9.86		9.05
Total		382.39		258.31

PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
SCHEDULE - M COST OF GOODS SOLD				
Material Consumed				
Opening Stock of Raw Materials and Finished Goods	308.28		353.97	
Add: Purchases	9,001.96		5,184.65	
Less: Closing Stock of Raw Materials and Finished Goods	647.57	8,662.67	267.79	5,270.83
Total		8,662.67		5,270.83

PARTICULARS		Year ended 30/06/2010		Year ended 30/06/2009
SCHEDULE - N PERSONNEL EXPENSES				
Salaries, Wages and Bonus		713.54		523.67
Contribution to Provident Fund and Other Funds		32.51		31.87
Staff Welfare Expenses		13.50		11.52
Total		759.55		567.06

Schedules attached to and forming part of Consolidated Profit and Loss Account

for the year ended 30th June, 2010

(₹ in Lacs)

PARTICULARS	Year ended 30/06/2010	Year ended 30/06/2009
SCHEDULE - O OPERATING AND OTHER EXPENSES		
Stores, Spare parts and Packing Material consumed	0.77	1.30
Power and Fuel	5.48	4.90
Repairs & Maintenance		
Building	5.18	5.07
Machinery	15.50	5.81
Rent, Rates & Taxes	14.88	7.85
Travelling	163.60	144.38
Conveyance	49.65	37.96
Communication Expenses	40.02	32.96
Insurance	15.26	12.52
Printing and stationery charges	17.48	16.69
Legal & Professional Charges	47.06	40.94
Payment to Auditors	3.00	3.00
Director's Remuneration	179.76	158.02
Vehicle Expenses	12.91	11.30
General Expenses	124.08	40.34
Repairs Others	8.55	12.22
Provision for Doubtful Debts	–	0.68
Foreign Exchange Fluctuation	45.94	73.12
Loss on Sale of Fixed Assets	1.13	–
Advertisement and Sales Promotion	601.44	543.40
Freight & Forwarding Charges	628.54	406.39
Product Service and Inspection Charges	204.82	143.90
Sales Commission	69.41	56.63
Warehousing Charges	64.79	22.28
Conference and Other Expenses	31.97	17.77
VAT and Sales Tax	1,886.36	1,094.68
Total	4,237.58	2,894.11
SCHEDULE - P FINANCIAL CHARGES		
Bank Charges	15.73	9.57
Bank Interest and other interest	41.44	6.02
Hire Purchase Charges	0.03	0.26
Total	57.20	15.85
SCHEDULE - Q EARNING PER SHARE		
Net Profit available for Equity Shareholders	3,699.91	4,332.14
No. of Equity Shares	6,995,700	6,995,700
Basic and Diluted EPS (₹)	52.89	61.93
Income of exceptional item	–	1,976.70
Tax on Income of exceptional item	–	508.30
Net Profit excluding exceptional income (After Adjustment of tax)	3,699.91	2,863.74
Basic and Diluted EPS excluding exceptional income (₹)	52.89	40.94

Schedules attached to and forming part of Consolidated Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(1) Significant Accounting Policies

The financial statements are prepared to comply with all material aspects with the accounting principles generally accepted in India and in consonance with the Accounting Standards issued by

The Institute of Chartered Accountants of India to the extent applicable and the relevant provisions of the Companies Act,1956.

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 Ltd and its subsidiaries

(i) Symphony Air Coolers INC, USA.

Symphony Limited is holding 100% in the subsidiary Symphony Air Coolers INC, USA which is incorporated in USA and its reporting date is 30/06/2010

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) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of financial statement and the result of operation during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

iii) Revenue Recognition

Revenue is recognised when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

a) Sales

Sales is inclusive of Excise duty, VAT and Central Sales Tax, wherever applicable and after making adjustments towards price variations, discounts etc.

Revenue from domestic sales is accounted on dispatch of products to customers.

Revenue from export sales is recognised on shipment / air lift of products.

b) Interest

Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

c) Export Benefits

Export Incentives are estimated and accounted for in the year of export.

d) Dividend Income

Dividend income on investments is accounted for when the right to receive the payment is established.

iv) Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition / construction less accumulated depreciation, amortisation and impairment loss (if any). Cost comprises of purchase price, import duties and other non-refundable taxes or levies and any directly attributable other non-refundable taxes or levies and any directly attributable cost to bring the assets ready for their intended use. Direct expenses, as well as pro rata identifiable indirect expenses on projects during the year of construction are capitalised.

Capital assets (including expenditure incurred during the construction period) under erection / installation are stated in the Balance Sheet as "Capital Work in Progress."

SCHEDULE - R

v) **Intangible Fixed Assets**
Intangible assets are stated at cost of acquisition / cost incurred less accumulated amortisation.

vi) **Depreciation / Amortisation**
Depreciation on all tangible fixed assets is provided on Straight Line Method at the rates prescribed in Schedule- XIV of the Companies Act, 1956, on pro-rata basis for the period the assets have been put to use.

Assets costing up to ₹5,000/- are fully depreciated in the year in which they are put to use.

Depreciation on sale of assets is provided till the date of sale.

Intangible fixed assets in the nature of software are amortised at the rate prescribed under schedule XIV of the Companies Act, 1956 on straight line method. The value of these intangible assets is reviewed at each balance sheet date to assess the probability of continuing future benefits. If there is any indication that the value of such assets is impaired, the resulting impairment loss is recognised in the financial statement.

vii) **Investments**
Current Investments are carried at the lower of cost and fair value computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

viii) **Inventories**
Raw materials, packing materials, stores, spares and consumables are valued at lower of cost or net realisable value. The costs of these items of inventory comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition.

Finished goods are valued at lower of cost or net realisable value. The cost of finished goods includes cost of conversion and other costs incurred to bring the inventories to their present location and condition. Cost of inventories is determined on “First in First out” basis.

Excise duty in respect of finished goods lying at the factory premises have been provided for and included in valuation of inventory.

ix) **Research and Development**
Research and Development costs incurred for development of products including manpower cost are charged to revenue as incurred. Research and development expenditure of capital nature is added to fixed assets.
The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and other wise when events and change in circumstances indicate that the carrying value may not be recoverable.

x) **Foreign currency transactions**

a) 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 the capital expenditure.

b) Year end balance of foreign currency transactions are translated at the year end rates. Exchange difference arising on restatement or settlement is charged to Profit and Loss Account except the difference in case of liability pertaining to acquisition of Fixed Assets is adjusted in the cost of Fixed Assets.

Derivatives
Premium or discount arising at the inception of derivative contract is amortised as expenses or income over the life of the contract. Exchange difference on derivative contract is recognised in the Profit & Loss Account in the year in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of derivative contract is recognised as income or expense in the Profit and Loss account.

xi) **Employee Benefits**

a) **Short term Employee Benefits**
Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

Schedules attached to and forming part of Consolidated Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

b) Post Employment Benefits

i) Defined Contribution Plan :- The Company's contribution paid / payable during the year to Provident Fund are considered as defined contribution plans. The Contribution paid / payable under these plans are recognised during the period in which the employee render services.

c) Defined Benefit Plan :-

Other long-term employee benefits are recognised as an expense in the Profit and Loss account for the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the current value, using the yield on government bonds, as on the date of Balance Sheet, at the discounting rate.

Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss account.

xii) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying fixed assets are capitalised as part of the cost of such assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

xiii) Leases

All leases are classified into Operating and Financial Lease at the inception of the lease. Leases that transfer substantially all risks and reward from lessor to lessee are classified as Finance Lease others being classified as Operation Lease.

xiv) Provision for tax

Tax expenses for a year comprise of current tax and deferred tax.

Provision for current tax is determined based on assessable profits of the company as determined under the Income Tax Act, 1961.

Provision for deferred tax is determined based on the effect of timing difference between the assessable profits under the Income Tax Act and the profits as per the Profit and Loss Account.

Deferred tax assets, other than those from carry forward losses and unabsorbed depreciation, are recognised at the end of the company's accounting year (ending on 30th June every year), only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xv) 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 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.

xvi) Provisions and Contingent Liabilities

Provisions are recognised for when the Company has at present, legal or contractual obligation as a result of past events, only if it is probable that an outflow of resources embodying economic benefits will be required and if the amount involved can be measured reliably.

Contingent liabilities being a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more future events not wholly in the control of the Company are not recognised in the accounts. The nature of such liabilities and an estimate of its financial effect are disclosed in the Notes to Financial Statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

Schedules attached to and forming part of Consolidated Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(2) Contingent Liabilities

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
a) Claims against the company not acknowledged as debt.	11.18	11.18
b) Demand on account of sales tax assessment raised against the company for the various years but the same is not acknowledged as debt hence, not provided for. Appeals are pending.	5.33	23.43

(3) Segment Reporting

(a) **Primary Segment :** Business

The company is operating in only one segment i.e. Home Appliances. Therefore reporting on primary segment is not considered.

(b) **Secondary Segment :** Geographical segment

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
(1) Segment Revenue		
Domestic	15,921.01	9,859.71
Export	3,101.87	2,557.35
Total	19,022.88	12,417.06
(2) Segment Expenditure		
Domestic	12,945.40	7,494.43
Export	2,377.57	1,895.31
Total	15,322.97	9,389.74
(3) Segment Profit		
Domestic	2,975.61	2,365.28
Export	724.30	662.04
Total	3,699.91	3,027.32
(4) Segment Assets		
Domestic	9,829.22	7,004.17
Export (Only Receivables *)	1,133.86	1,024.14
Total	10,963.08	8,028.31
(5) Segment Liabilities		
Domestic	2,275.50	2,879.96
Export (Advance from customers only *)	45.05	1.36
Total	2,320.55	2,881.32
(6) Capital Employed (*)	8,642.53	5,146.99

* Capital Employed and other Segment assets and liabilities are not separable

Schedules attached to and forming part of Consolidated Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(4) Subsidiaries

Following are the subsidiaries of the Company

(i) Symphony Air Coolers Inc, USA

(5) Related Party Disclosures

PARTICULARS				2009-10		2008-09	
Sr no	Name of the Related Parties	Nature of relationship with company	Nature of transaction	Volume of transaction ₹ in Lacs	Balance at the end of the year ₹ in Lacs	Volume of transaction ₹ in Lacs	Balance at the end of the year ₹ in Lacs
1	Shri Achal Bakeri	Chairman & Managing Director	Remuneration and Perquisites	158.35	89.25	137.08	71.75
2	Shri Nrupesh Shah	Director	Remuneration and Perquisites	21.41	13.65	20.94	9.00
3	Oras Investments Pvt. Ltd.	Enterprise in which Director have significant influence	Creditors for Expenses	–	–	2.42	–
7	Partham Investments Pvt. Ltd.	Enterprise in which Director have significant influence	Creditors for Expenses	–	–	0.40	–

(6) Auditors' Remuneration

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
a) As Auditor	2.00	2.00
b) In other capacity, in respect of		
i) Tax Audit	0.25	0.25
ii) Certification	0.25	0.25
iii) Taxation Matters	0.50	0.50
	3.00	3.00

(7) Directors' Remuneration

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Salary	169.13	148.34
Perquisites & Others	10.62	9.68
	179.76	158.02

Schedules attached to and forming part of Consolidated Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(8) Managerial Remuneration

Computation of Net Profit in accordance with section 198 and 309(5) of the Companies Act, 1956

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Profit after exceptional item as per Profit & Loss Account	5,540.82	5,930.51
Add : Managerial Remuneration	179.76	158.02
Loss on sale of assets	1.13	–
Depreciation as per books	130.58	114.84
Total	5,852.29	6,203.37
Less : Depreciation as per Section 350 of Companies' Act, 1956	130.58	114.84
Bad Debts recovered for earlier year	–	1,976.70
Profit on sale of assets / rights	1.72	–
Total	132.30	2,091.54
Net Profit as per Sections 198 and 309(5)	5,719.98	4,111.83

(9) Leases

The company has operating lease from various premises which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating lease are charged to Profit and Loss Account for the year ₹76.84 Lacs (Previous year ₹27.05 Lacs).

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Due within one year	76.84	27.05
Due later than one year and not later than five years	–	–
Due later than five years	–	–

The company does not have any financial lease. The lease term is renewable at mutual agreement of both the parties. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease agreement. There are no sub leases.

(10) Employee Benefits

The Present value of gratuity and leave encashment obligations is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

I Expenses recognised during the year

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Current service cost	15.58	10.77
Interest on obligation	4.09	2.38
Expected return on plan assets	–	–
Net actuarial losses (gains) recognised in year	1.97	9.03
Past service cost		
Losses (gains) on curtailments and settlement	–	–
Total	21.64	22.19
Actual return on plan assets		–

Schedules attached to and forming part of Consolidated Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

II Reconciliation of opening and closing balances of defined benefit obligation

(₹ in Lacs)

PARTICULARS	2009-10	2008-09
Opening defined benefit obligation	50.28	30.18
Service cost	15.58	10.77
Interest cost	4.09	2.38
Actuarial losses (gains)	1.97	9.03
Losses (gains) on curtailments	–	–
Liabilities extinguished on settlement	–	–
Liabilities assumed in an amalgamation in the nature of purchase	–	–
Exchange differences on foreign plans		
Benefits paid	(1.98)	(2.10)
Closing defined benefit obligation	69.94	50.28

III Reconciliation of Opening and Closing balances of fair value of plan assets

PARTICULARS	2009-10	2008-09
Opening fair value of plan assets	–	–
Expected return	–	–
Actuarial gains and (losses)	–	–
Assets distributed on settlements	–	–
Contributions by employer	–	–
Assets acquired in an amalgamation in the nature of purchase	–	–
Exchange differences on foreign plans		
Benefits paid	–	–
Closing balance of fair value of plan assets	–	–

IV Reconciliation of the present value of defined benefit obligation and fair value of planned assets

PARTICULARS	2009-10	2008-09
Present value of funded obligations	–	–
Fair value of plan assets	–	–
Present value of unfunded obligations	69.94	50.28
Unrecognised past service cost	–	–
Net liability	69.94	**50.28**
Amounts in the balance sheet:		
Liabilities	69.94	50.28
Assets		
Net liability	69.94	**50.28**

V Investment Details

PARTICULARS	2009-10	2008-09
Government of India Securities	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Insurance Company	0.00%	0.00%

SCHEDULE - R

VI Actuarial Assumptions *(₹ in Lacs)*

PARTICULARS	2009-10	2008-09
Discount rate	8.14%	7.90%
Expected return on plan assets	0.00%	0.00%
Proportion of employees opting for early retirement	–	3.00%
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	–	–

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

VII Gratuity Benefit *(₹ in Lacs)*

PARTICULARS	2009-10	2008-09
Defined benefit obligation	69.94	50.28
Plan assets	–	–
Surplus/(deficit)	(69.94)	(50.28)
Experience adjustments on plan Liabilities	–	–
Experience adjustments on plan assets	–	–
Movement in net liability recognised in Balance Sheet		
Net opening liability	50.28	30.18
P&L Charge	21.64	22.19
Contribution paid / Benefits paid	(1.98)	(2.10)
Closing net liability	69.94	50.28

(11) Leave encashment

As per the policy followed by the company there is no vesting benefit of leave encashment at the end of the year. Therefore there is no liability of leave encashment existing at the end of the year. Accordingly no provision is made for leave encashment.

(12) a) Derivative Instruments and Hedged Foreign Currency Exposure *(₹ in Lacs)*

Transaction Type	Particulars of Derivatives	Currency	Current Year		Previous Year		Purpose
			Amount US$ in Lacs	Year End Rate (₹)	Amount US$ in Lacs	Year End Rate (₹)	
Forward	SELL	USD	27.18	46.39	–	–	Hedge of Forex USD Receivable / Loan
Range Forward	SELL	USD	11.50	46.39	–	–	
Option	SELL	USD	9.50	46.39	–	–	

b) Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet Date *(₹ in Lacs)*

PARTICULARS	2009-10	2008-09
Import Creditors	–	–
Export Debtors	414.82	1,054.48
Loan Receivable	89.75	2,272.30

Schedules attached to and forming part of Consolidated Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(13) There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 30th June,2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(14) 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 considered as reasonably necessary.

(15) Prior period items *(₹ in Lacs)*

PARTICULARS	2009-10	2008-09
Reversal / Provision For Sales Tax (Other States) Exp.	–	(154.80)
Reversal of Sales tax Deferrement	–	(0.72)
Provision for gratuity for earlier years	–	4.98
	–	**(150.54)**

(16) Expenditure on Research & Development activities as certified by the Management are as under *(₹ in Lacs)*

PARTICULARS	2009-10	2008-09
Capital Expenditure	–	–
Revenue Expenditure	51.88	38.05
Total	**51.88**	**38.05**

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

(18) Installed Capacity & Production

PARTICULARS	2009-10	2008-09
(As certified by the Management)		
Air Cooler, Geysers & Others		
Installed Capacity	N.A.	N.A.
Actual Production / Purchase	439,385	255,339

(19) Turnover

Class of Goods	Year ended 30/06/2010		Year ended 30/06/2009	
	Quantity (Nos)	Amount (₹ in Lacs)	Quantity (Nos)	Amount (₹ in Lacs)
Air Cooler, Geysers & Others	422,331	19,022.88	261,386	12,417.06
		19,022.88		12,417.06

Schedules attached to and forming part of Consolidated Balance Sheet as at 30th June, 2010 and Profit and Loss Account for the year ended 30th June, 2010

SCHEDULE - R

(20)

PARTICULARS	Year ended 30/06/2010		Year ended 30/06/2009	
	Value in (₹ in Lacs)	% of total Consumption	Value in (₹ in Lacs)	% of total Consumption
(i) Consumption of Raw Materials :				
Air Cooler, Geyser etc. Kits, Components & Others	8,662.67		5,270.83	
	8,662.67		5,270.83	
(ii) Value of Imported & Indigenous Raw Materials				
Imported	111.62	1.29	292.42	5.55
Indigenous	8,551.05	98.71	4,978.41	94.45
	8,662.67	100.00	5,270.83	100.00
(iii) C.I.F. Value of Imports				
Raw Materials & Trading Goods	85.92		224.57	
Capital Items	62.34		118.12	
	148.26		342.69	

(21)

PARTICULARS	Year ended 30/06/2010		Year ended 30/06/2009	
	Quantity (Nos)	Amount (₹ in Lacs)	Quantity (Nos)	Amount (₹ in Lacs)
(a) Opening Stock of Finished Goods :				
Air Cooler, Geysers & Others	12,006	267.79	18,053	353.98
		267.79		353.98
(b) Closing Stock of Finished Goods				
Air Cooler, Geysers & Others	29,060	601.41	12,006	267.79
		601.41		267.79
(22) Expenditure in Foreign Currency (₹)				
Advertisement, Sales Promotion, Freight Paid, Travelling & Others		73.76		72.09
(23) Earning in Foreign Currency (₹)				
F.O.B. of Exports		2,918.88		2,508.07
Other Income		313.55		140.57

Signature to Schedule "A" to "R"

The schedules referred to above and notes attached thereon form an integral part of the accounts.

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR SHAH & DALAL
FIRM REGISTRATION NO. 109432W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MALAY J. DALAL
PARTNER
MEMBERSHIP NO. 36776

ACHAL BAKERI
CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	L32201GJ1988PLC010331		
Balance Sheet Date	30 06 2010	State Code	04

II. Capital raised during the year

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of mobilisation/deployment of funds (Amount ₹ in Thousands)

Total Liabilities	872189	Total Assets	872189
Sources of Funds :			
Paid up Capital	69957	Reserves & Surplus	794296
Secured Loans	NIL	Unsecured Loans	961
Deferred Tax Liability	6975		
Application of Funds			
Net Fixed Assets	129917	Investments	534894
Net Current Assets	207378	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of the Company (Amount ₹ in Thousands)

Turnover	1940527	Total Expenditure	1386445
Profit before Tax	554082	Profit before taxes and after exceptional item	554082
Earning per share before exceptional item	52.89	Net Profit after Taxes	369991
Earning per share after exceptional/extra ordinary item	52.89	Dividend	17489

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Product Description	Air Cooler	Item Code (ITC Code)	8479.60
Product Description	Storage Water Heater	Item Code (ITC Code)	8516.10

FOR AND ON BEHALF OF THE BOARD

ACHAL BAKERI
CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 27TH AUGUST, 2010

CHANDRAKANT GANDHI
COMPANY SECRETARY

Notice

Notice to shareholders

Notice is hereby given that the 23rd Annual General Meeting of the Members of Symphony Ltd. will be held at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015, on Tuesday, the 21st December, 2010 at 10.00 am to transact the following business:

Ordinary business

1. To receive, consider and adopt accounts for the year ended June 30, 2010 and the Report of the Directors and Auditors thereon
2. To declare dividend
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(s) 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 with or without modifications, the following resolution as a special resolution.

   "RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines"), Foreign Exchange Management Act, 1999, the Listing Agreement entered into with the stock exchanges, where the securities of the Company are listed and other relevant authorities, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, the consent of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board has constituted to exercise its powers, including the powers conferred by this resolution) to create, offer, issue and allot at any time to the benefit of such person(s) who are present and future permanent employees of the Company, including any Director of the Company, whether Executive or Non–Executive, whether working in India or abroad, options exercisable into such number of equity shares being not more than 10% under one or more Employee Stock Option Schemes, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authority".

   "RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division and others, for the purpose of making fair and reasonable adjustment, the number of options to be granted and/or the exercise price payable under the schemes shall be appropriately adjusted, without affecting any other rights or obligations under the schemes".

   "RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with the Employee Stock Option Scheme and such equity shares shall rank pari pasu in all respects with the then existing equity shares of the Company".

   "RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be in the same proportion as the present face value of ₹10 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation without affecting any other rights or obligations of the said allottees".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of securities allotted under the said schemes on the stock exchanges where the securities of the Company are listed, as per the provisions of the listing agreement executed with the concerned stock exchanges and other guidelines, rules and regulations as may be applicable".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to make modifications, changes variations alterations or revisions in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956 the Memorandum and Articles of Association of the Company, SEBI guidelines and any other applicable laws".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board acting on its own or through the compensation committee be and is hereby authorised to do all acts, matters deeds and things and to take all steps and to do all things and give such directions as may be necessary expedient or desirable and also to settle any question or difficulty that may arise in such manner and the Board/ Compensation Committee/ such authorised person in its/ his absolute discretion may deem fit and take steps which are incidental and ancillary in this connection without requiring the Board to secure any further consent or approval of the shareholders of the Company"

Registered office:
"Saumya"
Nr. Bakeri Circle, Navrangpura,
Ahmedabad-380014
Date: October 29, 2010

By Order of the Board
For **Symphony Ltd**

Chandrakant Gandhi
Company Secretary

Annexure to Notice

Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956

Item no 5

The Company recognises and appreciates the critical role played by the employees of the Company in bringing about growth of the organisation. It strongly feels that the value created by them should be shared with them. To promote the culture of employee ownership in the Company, approval of the shareholders is being sought for issue of stock options to the employees of the Company.

The main features of the Employee Stock Option Scheme are as under.

a. **Total number of options to be granted**

   Employee Stock Option exercisable into such number of equity shares being not more than 10% of the paid-up equity share capital of the Company at any point of time would be available for being granted to eligible employees of the Company under one or more Employee Stock Option Schemes. Each option when exercised would be converted into one equity share of ₹10 each fully paid-up.

   Vested options that lapse due to non-exercise or unvested options that get cancelled to resignation of the employees or otherwise, would be available for being re-granted at a future date.

b. **Identification of classes of employees entitled to participate in the Employee Stock option Scheme(s).**

   All permanent employees including the Directors of the Company, but excluding the promoters of the Company, as may be decided by the Compensation Committee from time to time, would be entitled to be granted stock option under the ESOP Scheme(s)

c. **Transferability of employee stock options**

   The stock option granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

d. **Requirements of vesting and period of vesting**

The options granted shall vest so long as the employee continues to be in the employment of the Company. The Compensation Committee may, at its discretion, lay down certain performance matrix on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

e. **Maximum period within which the options shall be vested**

The options would vest not earlier than one year and not later than five years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options.

f. **Exercise price**

The options will be granted, at a price as it may be decided by the Compensation Committee, which will be at the discount to the market price being latest available closing price, prior to the date of the meeting of the Board of Directors, in which options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is the highest trading volume on the said date shall be considered.

g. **Exercise period and the process of exercise**

The exercise period would commence from the date of vesting and will expire on completion of three years from the date of vesting of options.

The options will be exercisable by the employees by the written application to the Company, in such manner and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse, if not exercised within the specified exercise period.

h. **Appraisal process of determining the eligibility of the employees to ESOP.**

Appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as criticality of the role, designation, length of service, past performance record, future potential of the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

I. **Maximum number of options to be issued per employee and in aggregate for all eligible employees**

The total number of options that may be granted to any specific employee under one or more Schemes during any one year shall not exceed 1% of the issued capital (excluding outstanding warrants and conversions) at the time of grant. It is proposed that options not exceeding 10% of the paid-up capital in the aggregate to all eligible employees can be granted under the Scheme.

j. **Disclosure and accounting policies**

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines and other concerned authorities.

k. **Method of option valuation**

To calculate the employee compensation cost, the Company shall use the Fair Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the intrinsic value of the stock option, the difference between the employee compensation cost so computed and the cost that shall have been recognised if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference of profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 and the SEBI guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

Symphony Limited

Regd. Office : "Saumya", Nr. Bakeri Circle, Navrangpura, Ahmedabad - 380 014

PROXY FORM

I/We ____

of ____

being a member(s) of the Symphony Limited hereby appoint ______________________________

______________________________ of ______________________________

or failing him/her ____________________ of ______________________________

as my/our proxy to vote for me/us on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held on Tuesday, the 21st December, 2010 at 10.00 A.M. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

Signed this ______________ day of ______________ 2010.

Affix
one rupee
Revenue
Stamp

Regd. Folio No. : ____________________

No. of Shares held : ____________________

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.

Symphony Limited

Regd. Office : "Saumya", Nr. Bakeri Circle, Navrangpura, Ahmedabad - 380 014

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 Third Annual General Meeting of the Company on Tuesday, the 21st December, 2010 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)

Global visibility through participation in international trade fairs

Symphony Limited
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