GROWTH IS NATURAL

Symphony Limited | Annual Report 2010-11

natural cooling

Symphony

Cautionary statement

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', 'beliefs', and words of similar substance in connection with any discussion of future performance.

Since these statements reflect our beliefs and assumptions that are based on ground realities we expect the outcomes to be close to the projections. However, it is impossible for any person or organisation to guarantee that forward-looking statements such as these will be realised. 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.

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CORPORATE information

Board of Directors

Achal Bakeri
Chairman & Managing Director

Nrupesh Shah
Executive Director

Dipak Palkar
Director

Himanshu Shah
Director

Company Secretary

Chandrakant Gandhi

Auditors

Shah & Dalal
Chartered Accountants

Registered and corporate office

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Navrangpura, Ahmedabad 380014,
Gujarat, India.
Phone: +91-79-26424430
Fax: +91-79-26425930

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Tal. Kadi, Dist. Mehsana, Gujarat.
PIN – 382728.
Phone: +91-2764-274342-45
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Email: corporate@symphonylimited.com
Website: www.symphonylimited.com

SEZ Unit

Plot no. 177, 178, 201 & 202
Surat Special Economic Zone
Sachin, Dist. Surat, Gujarat.
PIN 394230
Phone: +91-0261-2397038

Connect us

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www.impco.com.mx
www.impcoaircoolers.com
Connect with us on f twitter Linkedin
www.facebook.com/symphonylimited
www.twitter.com/symphonylimited

Registrar & Share Transfer Agent

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

STATEMENT
from the Chairman and Managing Director

friends

At Symphony, a 'smaller balance sheet' is something that we have constantly attempted to achieve. This emphasis on the efficient use of resources, and reliance on own funds (rather than borrowed), ensured that our balance sheet remained small in financial terms. This attractive smallness represents a responsible use of resources – material and financial – which ensures that environment responsibility is not just a business strategy at Symphony; it is embedded in our business model.

As an organisation that firmly believes that a cleaner environment is the best legacy that one can leave for generations, Symphony also made its report physically smaller in size. This was done with the objective of reducing paper consumption and contributing directly to a cleaner and more sustainable environment.

Why have we done this?

Because Symphony believes that an environment-friendly approach transcends commercial considerations. Because the relentless abuse of our environment will destroy the earth and make all commercial activities meaningless. Because this reality makes environment protection an urgent necessity.

In view of this, Symphony does not perceive environment spending or income loss for the sake of a better environment as a cost, but an investment. As an extension, environmental commitment is no longer altruism but enlightened self-interest.

As a forward-looking organisation, Symphony invested proactively in environment-friendly products and processes. Our evaporative cooling - the heart of air cooler technology – represents an environment-friendly approach over renewable cooling technologies. Symphony pioneered an industrywide initiative to make environment-friendly products through superior styling, design and performance. The result is that there are millions of Symphony air cooler owners that reconcile personal convenience with aesthetic attractiveness with environmental responsibility. The result: a bigger green bang for the buck.

Interestingly, green business is good business as well. In recent years, the successes of the Toyota Prius (hybrid car), renewable energy products, LED lighting and LED televisions for example, have not only demonstrated that there is a growing appetite for environment friendly products but that green products can be very profitable as well. Symphony's products belong to this family of products and we expect to capitalise on our first mover's advantage leading to profitable, substantial and sustainable growth.

A world of opportunity awaits Symphony. The product is increasingly needed, environment friendly and globally relevant. The convergence of these three has translated into an attractive business model, which should enhance consumer, community and owner value over the foreseeable future.

Achal Bakeri
Chairman

BOARD of Directors

1 Achal Bakeri

Chairman and Managing Director, and the founder

Age 51, Architect, MBA (University of Southern California)

He is an architect with about 23 years of extensive experience in varied functions of the company. He contributes to policy formation, strategy and provides overall guidance and support to the Board and the management team in achieving aggressive corporate objectives.

2 Nrupesh Shah

Executive Director

Age 46, B.Com, FCA and CS

He looks after overall corporate affairs including strategies, finances, M.I.S, accounts and taxation along with other corporate functions and has around 23 years of rich experience in his areas of expertise. He has been with the company since 1993.

3 Dipak Palkar

Independent Director

Age 59, B.Com, DTP and DBM

He has about 31 years of rich experience in marketing, business promotion and international sales.

4 Himanshu Shah

Independent Director

Age 49, B.Com and MBA (Marketing)

He has about 23 years of rich experience in sales, marketing and business promotion.

management TEAM - India

1 R. B. Garg
President-Sales & Marketing

Age 58, BE Hons, MBA (IIM Ahmedabad)

He has over 34 years of experience in the field of sales and marketing of consumer durables. He is responsible for domestic and international sales and marketing and after sales service functions.

3 Pallab Bhattacharya
Vice President-Quality & Business Excellence and Customer Care

Age 51, BE (Elect.), PG Diploma in Statistical Quality Control & Operations Research and Diploma in Materials Management

He has over 29 years of experience in the field of quality assurance. His responsibilities include setting up and maintenance of quality systems and global certifications.

2 Vijay R. Joshi
Vice President-Operations

Age 48, BE (Mech), Diploma in Business Management

He has over 24 years of experience and holds overall responsibility for operations including the development of new products, materials management and production.

4 Bhadresh Mehta
Vice President-Finance & Accounts

Age 51, B.Com, ACA, ACS, AICWA and DISA

He is a finance and audit professional with 28 years of experience. He is responsible for finance, audit, accounts, costing and infotech functions.

5 Chandrakant Gandhi
Company Secretary and Head - Legal

Age 55, M.Com, LLB, FCS

He has more than 29 years of experience and looks after secretarial and legal functions.

8 Madhu Mohan
Sr.General Manager-Sales-International Markets

Age 43, BE (Mech.), MBA (International Business)

He is responsible for sales function in Europe, North and Latin America.

6 Jayesh Gupta
Sr. General Manager-Sales

Age 49, B.Com

He has over 28 years of experience in the field of sales. He is responsible for all India domestic sales, logistics and commercial functions.

9 Narendra K Marwah
Sr. General Manager-Sales-Industrial Air Cooler

Age 58, B.Com, Diploma in Marketing and Sales

He has over 37 years of experience in the field of sales. He is responsible for industrial and heavy duty air cooler sales.

7 Rajesh Mishra
Sr. General Manager-Marketing-Domestic & International Markets

Age 40, BE (Mechanical)

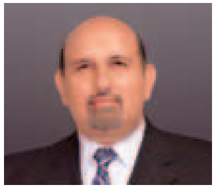
He has over 16 years of experience in the field of sales and marketing. He is responsible for all marketing functions in domestic and international business.

10 B K Khanna
General Manager-Sales-South East Asia

Age 60, DME, B.Com

He has over 37 years of experience in the field of sales. He is responsible for sales function in South-East Asia.

MANAGEMENT
team - Mexico (IMPCO S. de. R. L de C.V)



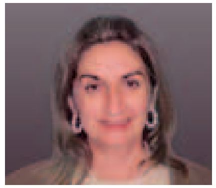
Juan Bendeck
General Director (CEO)

Age 45, BS Industrial Engineering, MBA

He has over 24 years of experience in Sales, Marketing, Quality Manufacturing and General Management. He oversees Finance, Sales and Marketing, Operations, Engineering, Industrial Relations and Procurement.

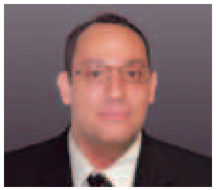
Jaime Enriquez
Finance and Administration Director

Age 57, CPA and DBMS Degree



Nelda O. Jauregui
Human Resource Manager

BA, MBA



Javier Reza
Sales and Marketing Director

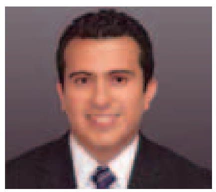
Age 40, Associate Degree in Business

Jose Carmen Contreras
Supply Procurement Director

Age 54, BS Industrial Engineering

Alvaro Trevino
Engineering Manager

Age 32, BS in Mechanical and Administrative Engineering, Master in Material Sciences

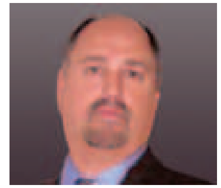


Alejandro de la Cerda
Operations Manager

Age 29, BS in Mechanical and Administrative Engineering, MBA

MANAGEMENT
team - USA (Impco Air Coolers Inc. USA)

Sam Montini
Director of Sales



John Koponen
Director of Sales

Dianna Ramirez
Customer Service Manager

Melissa Amico
Financial In charge

Robert Ortega
Technical In charge

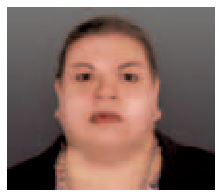
GLOBAL team - sales

Jan Hoof
Country Manager
Europe

Farooq Khan
Country Manager
Saudi Arabia

Amir Naghshineh
Sales Manager
Iran

Jonathan Khoo
Sales Manager
Malaysia



Celia Guerrero
Sales manager
Latin America

Le Duc Phu
Country Manager
Vietnam

Erwin Mitchell
Country Manager
Philippines

SYMPHONY.
Cooling the world. Responsibly!

Symphony (established in 1988) is the world's largest air cooler company.

- The Company enjoys a 45% share of the organised Indian market and an international presence across 54 countries (received Export House status from the Government of India in 2009).
- Symphony provides residential, commercial and industrial coolers across a number of models. For instance, its residential product basket comprises of 13 air coolers; its water heaters are delivered in five sizes accredited with a pioneering BEE rating for energy efficiency.
- Symphony's air coolers do not merely address a consumer need; they have redefined the air cooler segment and established market leadership through innovative styling and superior performance. As a result, the company's intellectual property comprises of 8 patents, 49 designs, 108 trademarks and 7 copyrights (as on June 30, 2011).
- Besides, Symphony's unique manufacturing approach has reconciled quality, reliability and cost-effectiveness. Headquartered in Ahmedabad, the Company has outsourced its manufacturing to trusted OEMs across western and northern India. Symphony's manufacturing unit in Surat SEZ caters to exports; whereas the Mexico subsidiary caters to the industrial and heavy duty air cooler segments.
- Symphony's shares are actively traded on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE)

Awards and certifications

- Received an advertisement award for the new Kaizen air cooler television commercial at 'Creativity 31' a Cincinnati, U.S-based award programme
- Authorisation for the ISO 9001:2008 Intertek mark on its products
- Certification of international conformity by the Saudi Arabian Standards Organisation (SASO)
- Holder of CE certification
- Mr. Achal Bakeri, Chairman and Managing Director, was awarded the India Young Business Achiever Award by Worldcom Group Inc.

Mission

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

Corporate philosophy

Constant innovation is the core mantra at Symphony

STRENGTHS

Symphony leverages a successful business model leading to sustainable growth.

More than a product

Air coolers are environment-friendly. Unlike air conditioners, which release CFC gas, air coolers do not emit hazardous greenhouse gases responsible for global warming and other environment-related problems.

Besides, air coolers consume only about 5-10% electricity compared to air conditioners. Unlike air conditioners, which circulate stale air, air coolers draw, filter and deliver fresh air.

Symphony built on these product advantages: The Company's products represent a superior alternative to the conventional air cooler through aerodynamic cross-section-derived innovative power-saving technology, uniform air inlet discharge, high grade non-conducting materials and optimised body and component design.

The consumer's benefit: Lower costs (initial and operating), superior performance and enhanced brand pride. **The shareholder's gain:** Higher profits and quicker growth.

Unique business model

Symphony's unique business model does not just save costs, it also liberates the senior management's time from day-to-day business management to be invested in strategic thinking.

Symphony's business model outsources component and product manufacture to established OEMs with an established track record and successful relationship with the Company. This leaves the Company with adequate resources – people, time and cash – to concentrate on product design, development, value engineering, innovation, marketing, branding and distribution.

The VAVS (Value Addition through Vendor Support) business model has translated into a number of business advantages: It has permitted rapid low-cost scalability at a short notice, enabling the Company to respond to sudden changes in market requirements. It has also enabled the Company to anticipate changes and maintain its leadership position. Above all, the VAVS model increases production capacity rapidly with minimal capital expenditure and maximum flexibility.

This asset-light approach has increased the Company's viability, setting in motion a virtuous cycle of growth and profitability.

Growth strategy

Symphony has continuously evolved its product portfolio to infuse freshness among channel partners and customers. The Company has created a basket of 13 air coolers in the residential segment with wide variety, created niche segments (desert coolers, personal coolers and room coolers) and enhanced product features (power saver technology, space saver range, four-side cooling, humidity control and fully functional remote operability).

Symphony is a consumer-interfacing company; customer feedback has influenced the introduction of a new product every six months including pathbreaking offerings like the Diet Cooler (the world's first space saving cooler) and Ice Cube (the world's first air cooler with a fan and cooler in the personal category ideal for small shops owing to their low noise and multiple applications).

Over the years, Symphony reduced components and costs on the one hand and enhanced functionality and customer value on the other.

Symphony Industrial Air Cooler installation at Baba Ramdev's Patanjali Yog Pith, Haridwar, India, - India's largest eco-friendly air cooling project

For instance, its Power Saving Technology makes it possible to cool 750 sq. ft. with a consumption of just 0.18 units per hour compared with 1.8 units by an air conditioner.

An air cooler can be used in open spaces (gardens, terraces and verandahs) where an air conditioner will not be effective. This attribute makes an air cooler complementary – not competitive - to an air conditioner.

Over the years, Symphony invested extensively in product development, marketing and promotion to strengthen its consumer pull. The result is that Symphony's air cooler is no longer perceived merely as a low-cost substitute but a superior price-value proposition.

Growing rural market

The number of Indian rural households (121 million) is almost double that of urban households (65 million). Besides, the size of India's rural consumption market at ₹190 billion is greater than the GDP of Singapore and Hungary put together. The big news is that this market is expected to treble by 2020, marked by a larger population of consumers who aspire for better living.

Over the years, the cooler has emerged as one of the first group of products to benefit from this transition on account of its rural customisation, affordability and aspirational value. For instance, Symphony air coolers are powered to run on an inverter, a major advantage in areas with power fluctuations and shortages.

A convergence of affordable pricing and increase in rural disposable incomes will drive sales over the foreseeable future.

Product range

The Company operates in residential (plastic), commercial (heavy duty metal coolers) and industrial (metal cooler-machine made modular unit) air cooler segments.

Residential (plastic): The Company provides 13 air cooler variants. Its range is divided into three types:

- Power Saver range
- Mobile range (portable range)
- DIET (occupies less space)

Symphony accelerated its innovation focus. The Company revamped four models of mobile air coolers (Winter, Sumo, Sumo Jr. and remote-controlled HiCool Smart). The Company designed products around superior features (powerful air throw and honeycomb pads) with state-of-the-art design, economy, reliability and efficiency for residences, shops, showrooms and offices. These attributes translated into superior consumer value.

Heavy duty air coolers: Symphony offers two mobile and three window air coolers under the Heavy Duty product range in India. These Symphony Heavy Duty Mobile Air Coolers are ideal for outdoor spaces like garages, workshops, restaurants, bungalows, showrooms and schools, among others.

Industrial air coolers: Symphony's heavy duty industrial air coolers, manufactured in a state-of-the-art plant in North America, are available in India. Symphony's industrial air coolers provide cost-efficient environment-friendly cooling solutions for industrial and commercial applications.

Symphony's industrial air coolers are ideal in applications where extreme heat is encountered and in large facilities where refrigerated air is considered expensive. These air coolers are designed to provide superior performance in warm workplace settings. It is ideal for factories, offices, schools, malls, assembly halls, warehouses, metro stations, among others. These coolers improve working conditions, leading to increased worker morale, productivity, attendance and performance.

Although there are several players in this category, Symphony's products are considered superior on account of their engineering, aesthetics, performance, energy efficiency, higher value and lower operating cost.

Symphony's products have been endorsed by a number of corporate giants, namely General Electric (Illinois, USA), Wal-Mart Stores (Nevada, USA), Lear Corporation (USA), Jamarat Complex (Saudi Arabia) and more than 100 supermarkets in Mexico.

Symphony's industrial air coolers are part of the Indian HVAC industry, growing at a compounded annual growth rate of 15 per cent. The products find application in construction, retail, healthcare, hospitality, airport and metro rail sectors.

Strategic international acquisition

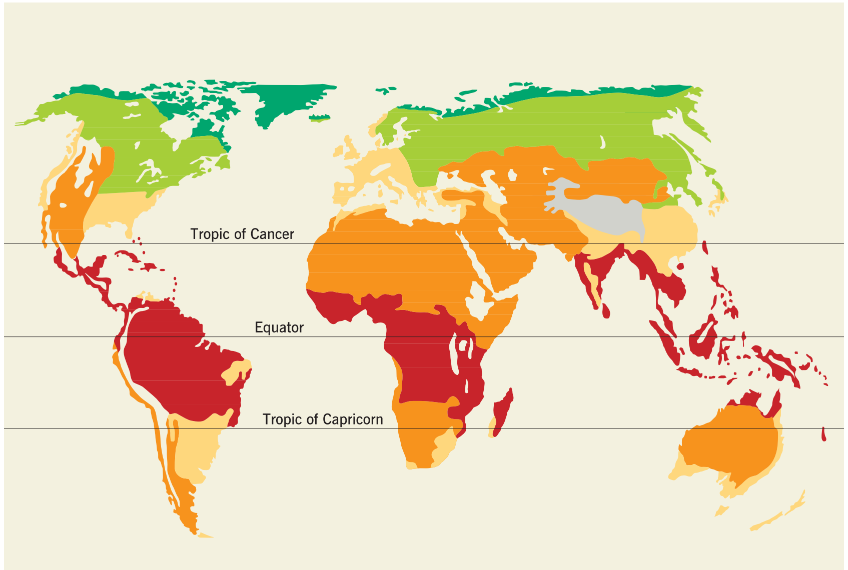
In 2008, the Company had invested US$ 644, 900 in the equity of Singapore-based Sylvan Holdings Pte. Ltd (Sylvan) for a 49% stake and in 100% of optionally convertible cumulative redeemable preference shares. Sylvan, in turn, invested in 99.99% of the equity of Mexico-based Impco S.DE. R. L. DE. C. V (IMPCO), a 55 year-old company catering to the air cooler needs of the US and Mexico markets.

In the last quarter of 2010-11, Symphony raised its holding in Sylvan, Singapore (Sylvan) to 100%, making the latter a wholly-owned subsidiary with step-down subsidiaries (Impco S.DE. R.L.DE. C.V., Mexico and Impco Air Coolers Inc. USA). The company acquired the remaining 51% stake of Sylvan and also opted for a full conversion of optionally convertible preference shares.

Impco, established in 1956, is a pioneer in manufacturing efficient, low-cost and environment-friendly air coolers. Impco's heavy duty commercial and industrial air coolers are manufactured in a state-of-the-art plant in North America with vertically integrated manufacturing facilities. These air coolers are machine-made, modular units with cooling capacity ranging from 3,000 to 60, 000 CFM. They are made from automotive steel with PLASTISOL coating and POLYBOND powder-based coating that prevent corrosion and ensure durability.

Symphony's acquisition of a company, with decades of specialisation in manufacture of industrial and commercial air coolers, brings together powerful synergies.

Symphony's opportunity matrix



Tropical Climate (hot and humid) | Dry Climate (desert and steppe) | Mild Climate (warm and humid) | Continental Climate (cold and humid) | Polar Climate (very cold and dry) | Mountain Areas (altitude affected climate)

Symphony started leveraging the enduring relationships established by Impco with large format stores like Wal-Mart, Sears, Home Depot, Lowes, Famsa and Costco, among others, to widen its presence in North, South and Central America. Besides, Symphony's acquisition has created a new opportunity in the category of heavy duty air coolers for outdoor applications and industrial coolers, a project-oriented, non-seasonal business segment. These products enjoy attractive potential in India and abroad.

On the other hand, Impco commenced the import of Symphony's residential plastic air coolers for the North, South and Latin American markets. This range of plastic air coolers will help Impco expand its reach in the residential segment in North America.

The acquisition has opened substantial opportunities for Symphony and Impco on the one hand, while empowering both companies to offer end-to-end economical and environment- friendly air-cooling solutions on the other.

Symphony's global footprint

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, India, 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.

Global operations

Air coolers enjoy a compelling relevance in today's world.

People are increasingly conscious about the use of environment-friendly products. Symphony's air coolers are increasingly relevant on account of their minimal environment impact: They consume less power and cost.

Symphony's global marketing strategy rides this environmental relevance:

Symphony's expanding international business team comprises of senior managers in Germany, Indonesia, Malaysia, Philippines, Vietnam, Saudi Arabia and Iran, supported by brand-building.

Symphony's global focus and acquisition of Impco widened the basket of cooling solutions for B2B and B2C segments/markets.

HIGHLIGHTS 2010-11

Consolidated performance

- Gross revenue increased 55% from ₹19,405 lacs in 2009-10 to ₹30,054 lacs
- Profit after tax increased 38% from ₹3,700 lacs in 2009-10 to ₹5,119 lacs
- Impco, Mexico successfully turned around, generating a net profit of ₹609.39 lacs

On the shop floor

- Increased air cooler production by 51% from 4,20,336 units in 2009-10 to 6,33,728 units in 2010-11
- Optimised component use in various product variants to strengthen value proposition for customers
- Received ISO 9001:2008 (certification) for quality management system related to design, development, manufacture and after-sales service of air coolers and water heaters

In the market place

- Increased sales volumes by 17% from 3,06,979 coolers in 2009-10 to 3,58,911 coolers in 2010-11
- Introduced four new models for residential segment
- Widened reach across India – presence in 3,100 cities/towns (added 900 new cities/towns during 2010-11), 550 distributors (added 100 new distributors during 2010-11) and 10,200 dealers (added 3,700 new dealers during 2010-11)
- Increased registration and the placement of Symphony air cooler in three large format retail stores, namely TESCO (Star Bazaar), Hyper City and Impact (distribution increased to new 15 LFS stores)
- Launched a TV commercial for the Hi Cool Smart air cooler model with a full function remote control
- Launched Symphony heavy duty and industrial air coolers in India
- Implemented India's largest eco-friendly air cooling project (2,00,000 sq. ft) at Baba Ramdev's Yog Bhavan, Haridwar
- Initiated social media marketing on social portals, namely Facebook, Twitter and Linkedin
- Increased exports by 27% from 1,00,085 coolers in 2009-10 to 1,27,159 coolers in 2010-11
- Undertook extensive brand building through a TV and print ad campaign in Mexico – first time in the nation's history.

In the board room

- Raised holding in Sylvan Holdings Pte. Ltd, Singapore (Sylvan) to 100%, making the Company a wholly-owned subsidiary with step down subsidiaries, namely Impco S.DE. R.L.DE. C.V., Mexico and Impco Air Coolers Inc. USA (Impco)

In expansion mode

- Set up a SEZ unit in DGDC at Sachin near Surat to cater to exports

Robust growth

Gross Revenue

55% (23%)

2009-10 > ₹19,405 lacs (₹19,359 lacs)

2010-11 > ₹30,054 lacs (₹23,749 lacs)

EBIDTA

42% (19%)

2009-10 > ₹5,694 lacs (₹5,686 lacs)

2010-11 > ₹8,095 lacs (₹6,778 lacs)

Profit after tax

38% (22%)

2009-10 > ₹3,700 lacs (₹3,693 lacs)

2010-11 > ₹5,119 lacs (₹4,493 lacs)

Plough back into business

83% (46%)

2009-10 > ₹7,943 lacs (₹7,921 lacs)

2010-11 > ₹14,550 lacs (₹11,601 lacs)

Strong profitability

EBIDTA margin

27% (29%)

2010-11

Net profit margin

17% (19%)

2010-11

Return on net worth

34% (37%)

2010-11

Return on capital employed

34% (36%)

2010-11

Figures in brackets refer to standalone operations

HOT RETURNS

from a cooling business.

Chapter 1

Indians and INCOMES

Siddheshwari Devi in Munger is delighted with her first stainless steel kitchenware. Bhairon Singh in Jhunjhunu has just bought his own vehicle – a motorbike. Raghuram in Karnataka decides to tile his drawing room. Ram Naresh Yadav in Shahjahanpur brings home an air cooler.

For most people, these are disparate things happening in different parts of India. For the social scientist, these supposedly unconnected instances represent an exciting picture of transition. An India stepping out of decades of austerity.

To some extent, this austerity was self-enforced as a conservative India reconciled to live within its means. To some extent, it was the only alternative as Indians were restricted by their income.

Times, they are a changing, as Bob Dylan may have crooned. Because two important transitions have occurred in the last decade. One, an increasing number of Indians are recognising that one need not be embarrassed about spending to enhance life quality. Two, Indians are earning more than before and can actually spend more without dipping into their reserves.

The numbers

The increase is evident in the numbers. In India, the proportion of discretionary expenditure in disposable incomes has risen from 34.6% in 2001-02 to 43.5% in 2008-09. "This is a significant movement," feels Mr. Nrupesh Shah, Executive Director. "Usually such a transition in disposable incomes transpires across decades. The fact that this happened in the space of only a decade indicates that a significant consumption undercurrent is in progress within India. This trend indicates that the Indian consumer is shrugging off decades of self-enforced restraint in a hurry. This has already translated into a sharp rise in consumption and was most visibly manifested when India bucked the broad global downtrend faster than nearly all countries and continued to grow in excess of 8% GDP."

India's population of more than 121 crore, is more than 11 most developed countries of the world combined (U.S.A, Canada, France, Germany, the U.K, Russia, Spain, Brazil, South Africa, Mexico and Argentina). This offers a huge domestic potential for air coolers.

The trickle-down impact

When discretionary spending percentages increase by more than 1,000 bps within the space of a mere decade, the implications are sweeping.

One, certain items on the consumption list that were accepted as inevitable are now figuring lower in the order. Others considered unreachable in the not-too-distant past have suddenly found a place on the to-buy lists of million of families across India. "There is a growing feeling across India's vast middle-class that once one invested in a home vehicle, the next big tangible things to buy were home convenience products that enhanced the quality of residential living," says Mr. Rajesh Mishra, Sr. GM-Marketing. "For instance, some consumers may buy a washing machine, others may buy a refrigerator or even a microwave oven. It is within this family of purchases that one finds the air cooler."

Over the decade, the air cooler quietly climbed the hierarchy of purchases for some interesting reasons. One, the branded air cooler is eminently affordable with its sticker price ranging from ₹4,300 to ₹9,000. Two, its cost is a fraction of its formidable home cooling counter part – the air conditioner. Three, the air cooler is being perceived as a product with an all-family benefit. Four, the air cooler is seen by many as an insurance against the general dustiness of the Indian environment.

Optimism

What has been good is likely to get better.

Some 70 million Indians will enter the country's large workforce in five years, creating a larger generation of young workers. As an extension of this trend, India's working age population is not only likely to remain the youngest among BRIC countries, but working-age population itself is estimated to rise to 70% of the total population by 2030 – the largest such population cluster in the world.

This demographic transition will translate into hard numbers: Credible estimates suggest that private final expenditure in India is expected to rise from about US$ 790 billion to US$ 3.6 trillion by 2020 as median household income rises from US$ 3,400 per annum to about US$ 8,000 during this period and the number of middle-class and upper middle-class households (income group of US$ 3,000 to US$21,000) increases from 58 million to 110 million.

More people with larger incomes mean more coolers, right?

In India, the proportion of discretionary expenditure in disposable incomes has risen from 34.6% in 2001-02 to

43.5%

in 2008-09

Chapter 2

B.O.P.

Ever since the management guru C. K. Prahlad turned India's attention from its vast middle-class to the bottom of its pyramid (BOP), the country's marketing strategy changed forever. Companies are no longer pricing products at specific levels in response to markets that exist; they are willing to price lower to create new markets instead.

India is one of the world's most exciting consumer markets. Not merely on the basis of customers that exist, but on the basis of customers that are yet to be.

The potential is reflected in the numbers. Indian rural households (121 million) are nearly twice that of urban households (65 million).

Besides, the size of India's rural consumption market at ₹190 billion is not inconsequential by any yardstick; it is greater than the GDP of Singapore and Hungary; better still, it is expected to treble by 2020.

Global implications

When you have two remarkable realities come together – size and shift – the result will possibly have global implications. "This has already started happening," says Mr. R. B Garg, President Sales and Marketing. "For decades, the global tea industry was perceived to be cyclical. Something unprecedented started happening about five years ago when more income in the hands of the rural Indian started turning him from a price-sensitive tea drinker to a quality tea drinker. The result was that average global tea prices increased and the general industry perspective is that, minor aberrations notwithstanding, the global tea industry is poised for a sustained uptrend well into the long-term. This is just one instance of how India's rural transition is creating a global opportunity."

The change is already perceptible. There is a 30% difference between rural consumption and urban consumption expenditure (the former being higher at US$ 200 billion). Since 2005, rural monthly per capita expenditure growth outstripped urban monthly per capita expenditure – for the first time in more than two decades. India's percentage growth in annual rural consumption was estimated at 11% and can increase by an additional estimated 175 bps following NREGA impact. The size of India's rural middle-class catapulted to about 35% in the last decade and the pace is expected to grow in the coming years. Savings are on an upward trajectory, with about 78% of household savings in 2010 against 42% in 2005.

Income drivers

So what realities are putting more money in the hands of rural India? A number of them. One, there is a shift in rural incomes from farm (50% in 2005) to non-farm sources (estimated 35% in 2020), which is driving up average rural household incomes to ₹76,000, growing at an 8% CAGR. Two, the government is driving rural schemes (NREGA and Bharat Nirman) which are putting more sustainable incomes in the hands of those generally dismissed as underprivileged for decades. NREGA generated more than 2 billion person-days of employment in 2008-09 across 615 districts, which was 2.4x compared to the person-days generated in 2006-07 (across 200 districts). Three, those surviving on farm incomes benefited from rising minimum support prices over the last decade. Four, credible estimates suggest that ₹1 spent in urban locations cascades into a ₹0.40 earning for rural India.

There is every possibility that this trend will not only sustain but actually strengthen. The share of households in the lower middle income group increased from 27% in FY02 to 48% in FY10 and is expected to expand to 62% by FY15 *(source: CRISIL)*.

As this growth becomes evident, there will be a larger population of aspiration-driven consumers who buy products that enhance a sense of family well-being customised around their milieu.

Symphony's preparedness

The cooler will be one of the first group of products to benefit from this transition. The company increased production capacity from 500,000 units in 2009-10 to 800,000 units in 2010-11; the Company invested in a 200,000 unit facility in an SEZ in Gujarat, which commenced operations in April 2011.

The Company's robust distribution network extensively covers Tier-II and III cities and rural India, extending the reach of products across India.

As a result, Symphony, the world's largest air cooler company, is only likely to get larger.

The size of India's rural middle-class catapulted to about

35%

in the last decade and the pace is expected to grow in the coming years.

Chapter 3

AFFORDABLE

Shafeeq Ahmed of Ballia recollects the days when he would dread to enter the cool environment of large stores because he considered them too expensive for his pocket. He feels proud in bringing a little of that environment home through the air cooler - without blowing a hole in his pocket.

Symphony coolers are

15-40%

lower in electricity consumption over competing coolers

Even as recent as a decade ago, an artificially cooled environment – air travel, air-conditioned train travel, exclusive boutiques and fancy restaurants – were considered the preserve of the rich and famous. The common folk could resign themselves to tropical misery.

"This perspective was partly a result of some evident realities," says Mr. Rajesh Mishra, Sr. GM-Marketing. "One, artificial cooling entailed a fairly high one-time capital expenditure followed by ongoing high power consumption (hence high periodic bills). The result was that anyone who bought into an air-conditioned environment was perceived to have arrived into a fair amount of money."

The artificial cooling industry has gone through a significant transformation in the last few years. For the first time in decades, the cost of cooling interiors has significantly declined. Symphony has made it happen.

"Symphony made a signal contribution to the cooling industry," says Mr. R. B. Garg, President Sales and Marketing. "The company created a product that worked like an air conditioner but was priced like an air cooler. This was not just unique; it opened up an entirely unexplored market of people who wanted the benefit of one product with the price advantage of the other."

Compelling cooling solutions

Symphony addressed this niche opportunity in an effective way – it created a wide portfolio of plastic coolers covering an extended price range – from ₹4,300 per unit to ₹9,000 (residential coolers).

Besides, Symphony's coolers consumed 0.09 to 0.18 units per hour, similar to the cost of operating a light bulb. Even better, a cooler could be supported by a common inverter. Symphony coolers are therefore not merely 15-40% lower in electricity consumption over competing coolers; their cooling cost is easily the lowest among competitors. Also the penetration of air conditioners which was 0.50% in 1995, has reached 3% today, compared to 51% in China - thus leaving a lot of room for growth of coolers.

So why are coolers not selling considerably more than they actually are? It appears that the resistance is still psychological. Explains Mr. Nrupesh Shah, Executive Director, "People still cannot imagine that a cooler that cools the environment effectively does not have to cost the earth. To that extent, the cooler is still at a nascent stage of the industry's evolution where it is still battling the common man's mindset. When more consumers recognise that coolers can cool effectively on the one hand and can cost lower than competing alternatives in absolute and relative terms, then the sky is the limit."

The big question: Is this likely to happen? The answer is an emphatic yes and there are good reasons to believe that this will happen faster than most people imagine. One, the Indian consumer is smartening fast on account of growing media exposure. Two, cooler industry leaders are doing better than before, resulting in higher reinvestment in promotions aimed at highlighting affordability. Three, a favourable word-of-mouth factor is expected to drive offtake.

"There is a huge room to explore the affordability angle in a country that has been known to be price-sensitive," says Mr. Rajesh Mishra, Sr GM-Marketing. "The value chain of India's artificial cooling industry indicates a fan industry size of 30 million units at one end and an air conditioner market of 3-4 million units at the other. By any reasonable estimate the size of the Indian air cooler market should be around 10-12 million units a year (more than air conditioner market and less than fan market), whereas in reality, the number is estimated to be not higher than 3 million units. In fact, the irony is that even though air coolers are priced lower than air conditioners with many other benefits apart from environment-friendliness, they sell less than air conditioners. This is crazy and Symphony will correct this fact."

The cost of cooling

	Air cooler (Symphony Jumbo)	Air-conditioner (1.5 Ton)
Price of equipment	**7,000**	**15,000 – 25,000**
Operating cost		
Area covered (ft)	500-750	150
Watts	185	1,500
Run time (hours)	8	8
Total KWh consumed (around)	1.5	14.0
Per month (KWh)	46.5	434.0
Price per KWh (₹)	4.5	4.5
Running cost per month (₹)	**209**	**1,953**
Environment-friendly	Yes	No
		High carbon footprint
		Use of harmful gases
Portable	Yes	No
Utility	Indoor cooling	Indoor cooling
	Outdoor cooling	
Weather conditions	Less effective in humid climate	Works in humid climate
Noise	Yes	No
Water consumption	Yes	No

Source: CRISIL

Chapter 4

BRAND

The Faizabad retailer of coolers recalls that what used to be a casual *'Babu, ek cooler dikhaayye'* is now a more focused *'Babu, Symphony ka maal rakhte hai kya?'* Generic is out, brand is in.

In the good old days – actually only a decade ago – the general response when it came to buying an air cooler was 'What difference will a brand make? Each product will be as good as the other. After all, who needs anything more than mere cooling?'

There has been a sea change since. "The principal reason why an increasing number of people prefer to buy branded products," explains Mr. R. B. Garg, President Sales and Marketing, "is because they come with an assurance of performance. The Indian consumer has realised that what is perceived as cheap can eventually prove to be expensive – and vice versa. Besides, it has been conclusively proved that branded products incorporate the latest trends, styles, finish and technologies, so inevitably one ends up buying a product that one can show with pride to visitors. In the ultimate scheme of things, a branded product represents a considerably superior price-value for the intelligent consumer."

There has been a significant transition over the last decade. Earlier, consumers bought the cheapest product on the shelf (generally a non-brand). This was particularly evident in the air cooler segment even as recent as five years ago, when the unorganised sector (local and regional players) accounted for 90% of the market. But as the cooler boxes became more aesthetic, incorporating superior technologies, the churn began. The organised sector accounts for 40-50% of the air cooler market in India today.

The transformation

Most of the credit for re-branding the air cooler goes to Symphony.

Symphony graduated the air-cooler from a functional necessity into a lifestyle showpiece. "When we began working on the reinvention of the air cooler, the idea was not merely to improve the design in an incremental way but to benchmark it aesthetically against the air conditioner. We resolved to create something that prospective buyers would see and comment 'But this doesn't look like an air cooler at all!" says Mr. Achal Bakeri, Chairman and Managing Director.

Ongoing transformation

Symphony is constantly evolving its products to enhance features and freshness. The company created the largest basket of 13 air coolers for residential segment. Further, the Company created niches that were progressively plugged with relevant products (residential coolers and personal coolers); its Ice-Cube model doubles up as a fan and cooler, especially ideal for small spaces where an air conditioner or a fan cannot be fitted; its slim Diet range is ideal for upmarket locations.

Symphony sustained this with periodic frequency: The company launched more than one new model annually for five years (three in 2009-10) and created a platform to design and commercialise the world's first Diet Cooler around space saving and power saver technology with sleek and stylish design.

Symphony invested in cutting-edge technologies (laser cutting and automated testing panel, among others) as well as international certifications from the likes of Underwriters Laboratories, CE, SASO, NOM, ASHRAE and SONCAP.

Symphony made it easy for consumers to buy its products by establishing a robust distribution network comprising 550 distributors and 10,200 dealers in 3,100 cities and towns across India.

Symphony's air coolers occupy shelf space in India's leading retail chains including Croma, Vijay Sales, Big Bazaar, TESCO (Star Bazaar), Impact and Hyper City. This has generated significant product visibility, leading to increased offtake.

Symphony consistently invested in brand building through advertising campaigns, strengthening brand recall. Symphony launched a new TV commercial in 2010-11 for its new Hi Cool Smart model (an air cooler with fully functional remote control) to enhance customer interest for increased sales.

Result: Symphony is not just India's largest air cooler company with more than 45% domestic market share among branded air coolers and presence across 54 countries. It has emerged as a generic name for air coolers as well.

Strengthening the brand recall

- Launched the Diet range of air coolers, the slimmest globally
- Launched the Ice Cube model in the personal cooler category (fan and air cooler combination) for the first time in the world

Chapter 5

U-TURN

In a company that grew consolidated revenues 55% in 2010-11, it would be reasonable to believe that the CFO is a busy man. Quite the opposite actually at Symphony, for some good reasons.

In the good old days, a CFO had little time to spare at Symphony. Chasing debtors for timely payment, managing cash flow, paying OEMs on time and stashing a part of the receivables to meet the annual debt and interest obligations. Plus document appraisals, number crunching, credit rating, coupon rate negotiations, disbursements and statements reconciliation. Like all good CFOs, he worked 12-hour days.

The Symphony CFO is a relieved man these days. No, he still works with Symphony and he continues to be CFO alright. "Everything remains the same, except that Symphony has completely altered its business model," says Mr. Nrupesh Shah, Executive Director. "The company has evolved from debt to no debt, from credit to cash-and-carry and from direct manufacture to a progressively bought out model coupled with effective quality control."

A new model

This is how the transformation has panned out at Symphony. For years, the company assembled air coolers, chased raw material suppliers, pursued delivery deadlines and drove itself to despair balancing all variables. "We figured that there just had to be a better way of doing things," says Mr. Achal Bakeri, Chairman and Managing Director. "So we began to identify all those who could probably assemble air coolers better – faster, cheaper with higher precision – than most people in the industry. We entered into a sourcing relationship with these OEMs through our VAVS model (value addition through vendor support) allowing us to concentrate on product development, innovation and marketing. This turned out to be win-win, resulting in a far more efficient business model."

This is how the innovative VAVS takes Symphony's business ahead: It rationalises the company's investments in gross block, it frees cash to grow the business, it facilitates rapid low-cost scalability to meet unexpected demand spikes and makes it possible for the company to derive additional material from diverse units based on their logistical proximity.

The magic is there in the numbers: Air cooler capacity increased eight-fold in five years – from about 100,000 units in 2005-06 to 800,000 units in 2010-11. During the past three years, profit after tax grew (consolidated) 51% CAGR with minimum capex.

"It is our understanding that a majority of the debt that one sees on balance sheets is actually a result of the gross block that companies like to create," says Mr. B. V. Mehta, Vice President Finance and Accounts. "But the moment one decides to conduct business without plant and equipment on one's books, debt and interest are replaced with cash flow and liquidity."

What about the argument that gross block has its own advantages: A depreciation shield that serves as a tax hedge on the one hand and higher margins arising out of business integration on the other? The argument cuts both ways but Symphony insiders feel that there are a number of advantages of a capital-light argument. "One doesn't just save resources that would have been invested in gross block though that is easily the most visible saving," says Mr. Achal Bakeri, Chairman and Managing Director. "We save precious real estate, we save labour to manage assets and we save precious management time that would have been invested in wage negotiations and annual increments. Suddenly, an entire overhead layer is taken off one's books."

Cash and carry

Symphony didn't just stop at the capital-light proposition, though that by itself would have been significant. The company embarked on step two: A cash-and-carry model whereby all those buying its coolers would need to put cash down. Suddenly, there was no need for an entire army of people to chase receivables.

As Symphony utilised its business surpluses to reduce its reliance on external debt and manage day-to-day operations, it achieved the coveted zero debt status in June 2007 – not just long-term debt but also working capital debt from banks. "We are among the few companies in India's consumer durables sector to be directly independent of an increase in interest rate hikes," says Mr. Nrupesh Shah, Executive Director.

The combination of nominal gross block and zero debt works its own magic. The company's EBIDTA margin was among the highest in the consumer durables sector; more than 92% of the EBIDTA (consolidated) cascaded to the pre-tax bottomline; Symphony's profit per cooler was higher than the profit per air conditioner for the air conditioner manufacturers.

The robustness of this business model was not lost on the analyst community: The Symphony stock appreciated 151% between November 2010 (₹666) and a peak of ₹1,672 a few months later, as against the BSE Sensitive Index which declined 3% during the period.

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800,000

units in 2010-11

Chapter 6

SERVICE

Kumar Chatterjee would pursue the mechanic with *'Dada, cooler cholche na! Kichhu korun taratari!'* This experience has transformed into a pleasant 'Symphony Authorised Service Provider, how may I help you?

Less than a decade ago, the first reaction after one heard 'cooler' was a slight turn of the nose that was generally interpreted as 'Which world are you living in?'

The general complaints: A cooler doesn't cool; a cooler becomes an excuse to chase the mechanic; the machine leaks and service engineers don't care.

There has been a sea change since. Mr. Pallab Bhattacharya, VP-Quality and Business Excellence, says, "Over the years, the change has been significant … for the better. Companies have improved the product, provided service engineers, service engineers have minimised downtime and suddenly, the cooler is no longer a product …it is an experience."

Gradually, the air cooler has climbed into the consumer durables family. The product has begun to be showcased across the pan-India shelves of distributors, dealers and at large format stores. Symphony made it happen. "Symphony is often associated with product innovation, which is tangible. However, what is not visible is our national service backbone, which convinces buyers that we will support the product should it need to be supported. As a result, a cooler customer generally thinks twice before purchasing an alternative cooling solution," says Mr. Vijay Joshi, VP-Operations.

The service differentiator

Symphony reinvented the rules of the service game within its sector through pioneering initiatives:

- Symphony protected consumer interests through a one-year product warranty.
- The company created a robust service network comprising executives, area service supervisors and authorised service providers (300+) to address consumer calls within 24 hours of registration anywhere in India.
- It reinforced service providers with spare parts to address issues in the shortest time.
- It institutionalised a training schedule for all technicians under authorised service providers; its training effectiveness check ensures that all training is comprehended.
- It introduced a help line number for customers starting with Gujarat, to expedite responses, a first in the country's air cooler segment.
- Symphony's web-based ERP systems facilitates its marketing team, distribution network and after-sales force to delight customers with innovative products and impeccable service.
- It created a matrix for service performance analysis and incentivised performance through innovative schemes.

The result

The responsiveness of Symphony's service personnel was not lost on the consumers. "Initially I thought that there must have been a mistake," says Mr. Ashish Pingle, Behror, "when the Symphony service executive turned up to address my complaint. I thought he must have dropped in by coincidence. But a few minutes later when I checked the complaint docket number I realised that he responded with promptness that was driven by the system. So it was an interesting instance where one should have complained about the product but ended up being impressed by the company's service. The irony was that there was nothing wrong with the product but there was an issue with a fuse in the residential connection, as a result of which the gadget did not work. The Symphony service engineer rectified the fault – outside his ambit – and got the machine up and running in no time. We asked him to have tea out of a sense of embarrassed gratitude but he politely excused himself as he had another service call to make – and was off in a flash. When I told the rest of the family that Symphony ka *aadmi aakar machine ko theek kar diya*, they thought I was pulling their leg."

Not surprisingly, Symphony's sales (consolidated) have grew at a 63% CAGR over the five years leading to 2010-11.

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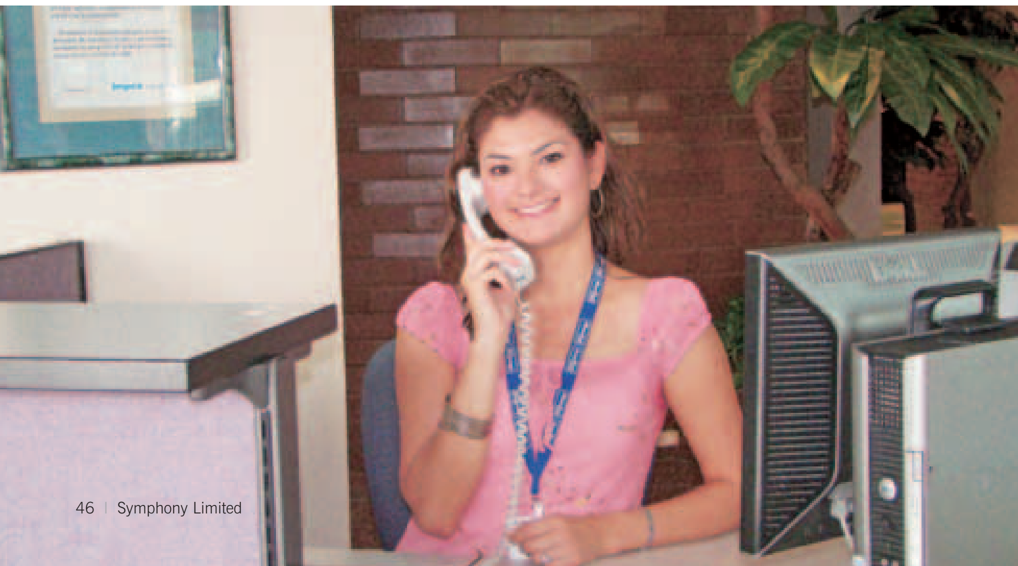


Chapter 7

ALL SEASONS

When Symphony first embarked on its analyst road show in Mumbai, one of the first questions that analysts from prominent brokerage houses asked was “Is there a fundamental global reality that will make the air cooler more relevant across the years?”

The answer to this question is a resounding yes. There is a significant relevance of the air cooler in today's world – and this relevance is only expected to increase for an important reason: Global warming. According to the World Meteorological Organisation, 2010 was the warmest year on record; global average temperature in 2010 was 0.53 degrees Celsius above the 1961-1990 average.

Even as the world gets warmer, the air cooler industry is marked by a distinctive skew - coolers are largely bought only when the mercury begins to rise. The result is a bell curve in consumption – offtake peaking during the summer, then tapering across the remainder of the year. "This is an industry reality that cannot be escaped," explains Mr. Madhu Mohan, Sr. GM-International Business. "However, one of the things that we have achieved is a moderation of this skew to the extent possible to escape the trap of being a company with sales largely centered across a couple of quarters."

One way in which Symphony has attempted to escape this seasonality trap is through a widening of its global footprint. When it is winter in India, it is summer in a number of other countries, marked by a potentially robust demand for air cooling solutions. For instance, in the US, summer extends from May to August; in the UK, from April to October; in the Middle East, from April to October; in Southern Hemisphere i.e. in South Africa, from October to February; in Australia, from December to February. By focusing on sales across the world, Symphony has successfully transformed what would have been a business disadvantage into a potential opportunity. The seasonality factor had pushed the company to focus on markets outside India, and converted it into a global company with sales dispersed across 54 countries. As a result, export volumes have increased from 4,667 coolers in 2003-04 to 1,27,159 coolers in 2010-11.

First summer

Symphony has taken advantage of global warming, which resulted in warmer Indian conditions in the post monsoon, pre-winter months of September, October and November, effectively converting them into a mini-summer. In the domestic market, Symphony incentivised its trade partners to buy early and also launched as the First Summer marketing campaign in October 2010 to incentivise customers to buy during the festive period.

A global strategy

At Symphony, a methodical approach has gone into its global strategy.

To start with, rather than relying solely on external agencies for marketing, Symphony has established its own marketing setup/networks in a number of countries manned by local people.

Additionally, Symphony is no longer restricted to a marketing presence in international markets, but has selectively acquired ownership interests in companies that offer potential for synergic collaboration and partnership. As an offshoot of this strategy, Symphony has acquired Impco, a Mexican company with a specialised focus and decades of experience in the manufacture of industrial and commercial coolers catering to the Mexican and US markets. Symphony plans to progressively leverage the enduring relationship established with Impco to enter into large format stores like Wal-Mart, Sears, Home Depot, Lowes, Famsa and Costco, among others. This will help the Company widen its presence in North, South and Central America.

Impco has created a new product opportunity through heavy duty air coolers for outdoor applications and industrial coolers, which is a project-oriented, non-seasonal business segment.

The result is that in 2010-11, the first year of 100% acquisition, the Company completed six large projects in India.

"The business message at Symphony is that as our internationalisation accelerates, seasonal skew in our sales may decline on the one hand and our capacity to deliver international industrial cooling projects may increase on the other," says Mr. Achal Bakeri, Chairman and Managing Director.

CUSTOMERS speak

In India

"The Symphony air cooler's design is no less than international. I did not have to change the padding which is a salient feature in all desert coolers. Its water drainage design is user-friendly."
– Mr. Jyotirmoy Chatterje, Kolkata, West Bengal

"Main Symphony company ko barso se jaanta hoon. Jab cooler lene ka socha, to sirf Symphony ka naam yaad aaya. Isme hawa bahut meetha hai, aur isme badi chain ki neend aati hai."
– Mr. Anil Bajpai, owner of Jumbo cooler, Kanpur, U.P

"I bought Symphony Hicool Smart air cooler during summer. It works well even in humid Mumbai. The Hicool is having humidity control function and I found it useful to combat humidity."
– Mrs. Renu Dalal, owner of Hicool Smart air cooler, Mumbai, Maharashtra

"I saw that there was a saving of ₹10,000 if I bought a cooler compared to an air-conditioner. For the best price-value, I trusted one brand – Symphony!"
– Mr. Ramkrishna Reddy, owner of Winter cooler, Hyderabad, A.P

"We live in Patna where summers are very dry and hot. Fans just don't work, ACs are expensive. The Symphony cooler creates a cooler home,and provides the much needed moisture."
– Mr. Biswajit Kumar, owner of Sumo air cooler, Patna, Bihar

Across the globe

So cool

"The order arrived when they said it would. I did not even have to assemble it. I just had to put the wheels on, fill it up and plug it in. This thing works great! The five gallon tank is awesome. We placed it in front of an open door which helped a lot. The open window did not seem to cool as well. I put ice water in while filling the tank for instant cooling. Great product. We are thinking about buying the smaller model for the other side of the house!"

- Danial Khalfiev, Moscow, Russia, owner of Symphony DiET 22 T Portable Evaporative Cooler

Love the money saving

"I rarely use my expensive central air conditioner. In fact, I have to turn it off at night, because it becomes really cold. This product works wonders! It does make some noise, but I have learned to put it behind my TV, and I can hear just fine, I just know, that my electric bill will love this product too. This baby, when used with good ventilation, gets downright cold. It cools the biggest portion of my home. I am happy to have found this product. I especially love the money I save from not having to use my Central air."

- B. Reynolds, Prescott Valley, AZ, USA owner of Symphony Winter-XL Portable Evaporative Cooler

Great cooler and customer service

"We were going to use the cooler for our garage. I decided to keep it in my computer room. Every day between 12 and 2 the sun beats down my computer room, but not any more. It is so wonderful to run it just a few hours a day. It is pretty easy to use and not all that loud. Great price and great quality. I really appreciate the customer service as it helped an old lady out."

- Nasir Tuma Al-Bander, Dubai, UAE, owner of Symphony Sumo Portable Evaporative Cooler

Long hours of relief

"This unit performs very well in Egypt's dry environment. It will only cool one large room at a time, so don't expect more. The large tank allows cooling over a long period without having to refill. A more detailed instruction booklet would be helpful regarding how near to a window it should be. I am very pleased with the cooling it provided."

- Reda Mohamed, Cairo, Egypt, owner of Symphony New Hi COOL Smart Portable Evaporative Cooler

The best bet

"I have bought quite a few portable evaporative coolers through the years, to help reduce my electric bill during the peak season. This product – DiET 22 T is the best I have ever come across. I would settle for nothing other than this evaporative cooler. It really gives off a blast of cold air, and works through my entire home. I just love this product."

- Jonathan Snow, Johannesburg, South Africa, owner of Symphony DiET 22 T Portable Evaporative Cooler

Management discussion and
ANALYSIS

Economic overview

1. The global economy

The global economy grew at a robust 5.1% in 2010 against (0.5%) in 2009. Advanced and emerging economies contributed to this recovery.

Advanced economies sustained their moderate growth, owing to stronger-than-expected consumption in the US and Japan. Private consumption, which fell sharply during the crisis, revived in the advanced economies. Growth in emerging and developing economies was buoyed by private demand, accommodative policy stances and resurgent capital inflows.

However, pockets of vulnerability persisted; real estate markets and household incomes remained weak in some advanced economies. Financial turbulence re-emerged in Europe in the last quarter of 2010. Concerns about banking sector losses and fiscal sustainability – triggered by the situation in Ireland – led to an unprecedented widening of spreads in these countries. Funding pressures reappeared (to a lesser extent), the key difference being that their spillover to other countries was limited.

Natural disasters – floods, earthquakes and droughts, among others – took a massive toll on human life, resulting in wealth erosion.

The International Monetary Fund (IMF) suggests that Asia's economic growth will outpace other regions on the back of strong export performance, buoyant private domestic demand and rapid credit growth. It indicates that while the global financial condition has improved, it remains fragile.

An Asian Development Bank (ADB) report suggested a slowdown in the US, Euro zone and Japan in 2011, which could lead to a lower growth in global merchandise trade.

According to the World Bank report 'Global Development Horizons 2011-Multi polarity: The New Global Economy', Brazil, China, India, Indonesia, South Korea and Russia will drive growth in lower-income countries through cross-border commercial and financial transactions. As a group, emerging economies are expected to grow at an average 4.7% a year between 2011 and 2025; advanced economies, in contrast, are slated to grow by 2.3% over the same period, but will retain their global dominance. The combined real output of six major emerging economies is expected to overtake that of the Euro area by 2025. They will (in real terms) account for 45% of global output in 2025, compared with about 37% in 2011 and 30% in 2004

2. The Indian economy

India's GDP grew at a healthy 8.5% in 2010-11 (8.0% during 2009-10), primarily driven by a significant rise in agricultural sector contributions.

This resulted in record FII inflows and a revival in domestic investor confidence. Net capital inflows increased US$ 13.7 bn to reach US$ 36.7 bn as on March 31, 2010; foreign exchange reserves grew from US$ 20 bn to US$ 305.49 bn.

The index for six core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) with a weight of 26.68% in the Index of Industrial Production (IIP) grew 5.6% during April-January 2010-11, as compared with a growth rate of 5.5% achieved during the corresponding period in 2009-10.

Even as the macroeconomic numbers displayed a strong performance, they were marked by significant volatility, evident not only in numbers but also in sentiment, primarily driven by global clues and policy responses, catering to inflation.

Headline inflation witnessed a relentless rise during the first half of 2010 and remained in double digits for almost five months of 2010. The uneven monsoon during 2009, domestic supply side constraints, coupled with rising international food grain prices, pushed prices of primary food articles, which eventually drove inflation in manufacturing goods and service sectors.

Economic growth estimates for 2011-12

Given the Indian economy's strong underlying growth momentum, outlook became encouraging towards a sustained increase in services sector growth, normalising agricultural output and strengthening private consumption demand. Further, substantial government thrust on infrastructure projects and infrastructure development is expected to witness sustained growth, thereby propelling industrial sector growth.

The two perceived road blocks to economic growth are:

- **Inflation:** The tough stance taken by RBI on inflation control measures and the rising interest rate can have an impact on economic growth.
- **Global oil prices:** Rising global prices could partially negate the government's efforts to tame inflation and dampen economic progress.

Air coolers in India

Symphony Industrial Air Cooler installation at Baba Ramdev's Patanjali Yog Pith, Haridwar, India, - India's largest eco-friendly air cooling project

An air cooler is a low-cost, low-energy and an environment-friendly alternative to an air conditioner. Air coolers are simple to use, cooling the air through an evaporation process, reducing room temperature, while 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 through water evaporation. When water evaporates, its molecules mix with the air. The energy required for evaporation is drawn from air molecules, reducing the actual air temperature. Hence, breeze from the air coolers help reduce ambient temperature.

Unlike conventional air conditioners, evaporative coolers require fresh air and work best with open windows and doors. They are best suited for residences, showrooms, shops, work places, especially where doors are opened and closed frequently – a major advantage over conventional air conditioners. Besides, they consume significantly less electricity and produce no emissions.

Symphony offers a wider range of air coolers, which find applications also where it is difficult or impossible to install and use an air conditioner. Symphony's air coolers are easy to install, relatively inexpensive, and can be easily maintained by any average person.

The air cooler market

The air cooler segment is largely underdeveloped with about 40-50% of sales from unorganised players. The branded air cooler industry is highly concentrated with the top four players accounting for more than 95% of the branded air cooler market. Symphony is the leading player in the space followed closely by Kenstar (Videocon group). Other players include Bajaj Electricals, Khaitan, Maharaja and Usha. Symphony enjoys a market share of about 45% of the organised sector.

Growth drivers

A. Personal and residential coolers

Global warming

The Greenhouse Effect resulted in global warming, raising temperatures and producing erratic climatic patterns reflected in increased hurricanes and droughts, longer spells of dry heat and intense rain, colder weather in Northern Europe as well as water scarcity in South Asia. Last two years (2009 and 2010) witnessed maximum number of natural calamities across nations, significantly impacting global economic growth.

The most visible impact is in increasing global temperatures. The combined global land and ocean average surface temperature for May 2011 at 15.3°C was 0.50°C (0.90°F) above the 20th Century average of 14.8°C (58.6°F). This is the tenth-warmest since global agencies started maintaining such records in 1880.

India witnessed higher than normal average temperatures for the past decade. As per the meteorological department, 2009 was the warmest year since 1901 and the annual mean temperature for India was 0.91 degree Celsius above average. This bodes well for all cooling equipment manufacturers.

Growing middle-class

India's middle-class is expected to account for 85% of urban households and 70% of consumption by 2015; 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.

Accelerating urbanisation

India is still in early stages of urbanisation, which accounts for around 35% of its total population.

This urbanisation will accelerate as about 91 million households turn middle-class (22 million today) by 2030. 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 four million people and six mega cities with a population of ten million or above.

Increasing working class

Of the BRIC countries, India is projected to stay the youngest with its working age population estimated to rise to 70% of the total population by 2030 - the largest in the world. By then, the country is expected to have an additional 200 million people entering the job market.

Increasing affordability and aspiration

Improved corporate performance and favourable government policies catalysed per capita income growth, which rose from ₹29,382 in 2006-07 to ₹54,835 in 2010-11, influencing consumerist spending. Discretionary spending in lifestyle and premium products is expected to increase to around 70% of annual household expenses by 2025. India's aggregate consumption is expected to quadruple during this period, rising from ₹17 trillion in 2005 to ₹70 trillion in 2025. India Inc. witnessed among the highest salary increases in Asia.

Growing household income will shift the demand from unorganised or metal body coolers to branded plastic body coolers. As per industry sources, the unorganised market accounts for around 40-50% of the total air cooler market but is seeing a shift in consumer preferences towards the branded segment.

Migration up the social chain

Increase in the share of lower middle income group households (income of ₹90,000 to 500,000 per annum) will drive the Indian demand for branded air coolers. As per NCAER data, the share of households in the lower middle-income group have increased from 27% in FY02 to 48% in FY10. It is expected that this segment will expand to 62% by FY15 *(Source: CRISIL)*. The migration from lower income group households to the lower middle-income group is expected to benefit the branded air cooler market more than the air-conditioner market.

Rural opportunity

The Indian rural market presents a huge consumer durables opportunity for the following reasons:

- Size of the rural middle-class has catapulted about 35% over the last decade.
- Shift from farm to non-farm income, driving up the average annual household income – currently at ₹76,000 -- growing at about 8% CAGR, facilitated by government projects such as MGNREGA and Bharat Nirman.
- Savings are on an upward trajectory – nearly 78% of households now save compared to 42% in 2005, creating a pool for investment in consumer durables.
- Rural consumption at ₹190 billion is expected to treble by 2020.

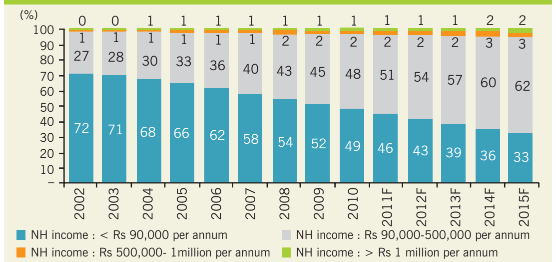
	2009	2010	2011
Average salary increase (%)	6.3	11.7	12.9

Brands in demand

India is ranked third in the list of brand conscious countries

(Source: AC Nielsen)

Rising share of the lower middle income group



Source: NCAER, CRISIL Research

B. Commercial and Industrial coolers

Hospitality
India is one of the fastest-growing travel and tourism markets in the world. Strong influx of business travellers and the emergence of medical tourism led to the re-emergence of India as a preferred tourist destination. The Indian demand for hotel rooms increased at a CAGR of 11.8 percent between 2005 and 2010 and is expected to reach US$ 431.7 billion by 2020 *(source: Emkay research)*.

Healthcare
India has 0.7 beds per 1,000 people against the global average of about four beds per 1000 people, indicating a shortage in India's healthcare infrastructure. India requires 632,000 additional beds over the next 10 years, 60% higher than the current base of 1.05m beds (CRISIL estimates). Most organised healthcare companies are adding to their network of hospitals across India.

Retail
The market share of organised retail is expected to grow from 5% to 15% by 2016 (*Source: Cushman* & *Wakefield report*), covering 323 mn sq. ft. by 2012 across 400 new malls *(Source: Fortune research)*.

Commercial and ITeS
The Indian commercial space is expected to grow 20-22% over five years *(Source: Cushman* & *Wakefield report)*. Sectors including IT/ITeS, BPO, banking and financial services, pharmaceutical and telecom are expected to drive this demand, especially in large Indian cities. The IT/ITeS sector alone is expected to require in excess of 250 mn sq. ft. of commercial space by 2012-13 *(Source: Emkay research report)*.

Internal control systems and adequacy
Your Company has adequate internal control procedures commensurate with the size and nature of business. The Company 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 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 Audit Committee periodically reviews the audit plans, observations of both internal and external audit teams, risk assessment and adequacy of internal controls.

Information systems
In order to strengthen the internal control systems and improve the management information systems, the Company installed SQL server-based ERP. The application was successfully implemented and the system stabilised well.

Human resources
The Company recognises that its personnel constitute one of the most important pillars. A major exercise in training and development of employees has been undertaken at all levels. The Company gave a lot of importance to the human resource activities. These activities helped retain and motivate the Company's employees.

ANALYSIS
of the financial statements
(On the basis of consolidated financial statements)

The Company registered robust growth in 2010-11, where business growth at 50%+ was matched by growth in profitability, vindicating the strategy and business model.

The snapshot

[₹ in Lacs]

	2010-11	2009-10	% growth	Implication for the reader
Gross revenue	30,054	19,405	55	Existing products are gaining acceptance; new products generated positive feedback and consolidation of IMPCO.
EBIDTA	8,095	5,694	42	Establishes the ability to optimise operational costs
PBT	7,564	5,506	37	Highlights profitability
PAT	5,119	3,700	38	Ability of the management to grow shareholder value
Cash profit	5,945	3,771	58	Enables the management to capitalise on opportunities

Medium term growth

Growth in gross revenue	Growth in EBIDTA	Growth in profit before tax	Growth in profit after tax	Growth in cash profit
59%	66%	65%	51%	55%
Three years leading to 2010-11	Three years leading to 2010-11	Three years leading to 2010-11	Three years leading to 2010-11	Three years leading to 2010-11

Analysis of the profit and loss account

Income analysis: Total income (operating and non-operating) increased 55% from ₹19,405 lacs in 2009-10 to ₹30,054 lacs in 2010-11 on a consolidated basis.

Operating income: It increased 53% from ₹19,023 lacs in 2009-10 to consolidated ₹29,046 lacs in 2010-11. This was largely due to two factors – a stronger distribution network which enabled the Company to cater to a larger market opportunity, introduction of niche products and acquisition of IMPCO. The international business grew more than three-fold – from ₹3,102 lacs in 2009-10 to ₹9,637 lacs in 2010-11 – primarily due to the Company's expanding global presence and the IMPCO acquisition.

Cost analysis: Total operating expenditure increased 60% from ₹13,712 lacs in 2009-10 to ₹21,958 lacs in 2010-11, largely driven by increased scale and material costs (largely plastics), dovetailed with the movement in crude prices, necessitating the deployment of additional resources to manage day-to-day operations.

Material cost: It constituted about consolidated 57% of the operating cost. In 2010-11, the 45% increase in material cost was largely due to a growth in volumes (from domestic market and exports) and material costs (owing to a shift in crude prices). The Company minimised the increase in material costs through value engineering, optimising components usage.

Employee cost: An increase in scale necessitated an increase in team size – the Company added 74 members (net) in 2010-11, adding to its salary outgo. Besides, the team's annual salary increase and addition of the global team (post the acquisition of 100% stake in the Mexican operations) contributed to an increase in employee expenses from ₹760 lacs in 2009-10 to ₹2,523 lacs in 2010-11.

Sales expenses: It included advertisement and sales promotion, freight and forwarding, sales commission and warehousing charges. Expenses under this head increased 90% from ₹1,364 lacs in 2009-10 to ₹2,591 lacs in 2010-11, in line with the Company's focus on strengthening its global market reach and domestic distribution effectiveness. The benefit of this incremental expense is reflected in the following:

- A 17% increase in sales volumes in the domestic market -- from 3,06,979 coolers in 2009-10 to 3,58,911 coolers in 2010-11.
- A 27% increase in exports -- from 1,00,085 coolers in 2009-10 to 1,27,159 coolers in 2010-11.

Margins: EBIDTA increased 42% from ₹5,694 in 2009-10 to ₹8,095 in 2010-11 due to a combination of volume growth (Indian and Mexican operations) and value addition. But the substantial increase in material costs (dovetailed to rising global crude prices) reduced EBIDTA margin marginally from 29% in 2009-10 to 27% in 2010-11.

Net profit grew 38% from ₹3,700 lacs in 2009-10 to ₹5,119 lacs. Net profit margin dropped marginally from 19% in 2009-10 to 17% in 2010-11.

Taxation: The Company's tax provision increased 34% from ₹1,841 lacs in 2009-10 to ₹2,461 lacs in 2010-11, primarily owing to an increase in taxable profitability. The average tax rate stood at 33%.

Appropriation: The Company prudently apportioned its earnings between rewarding shareholders and reinvesting resources. Dividend (including tax) increased from ₹204 lacs in 2009-10 to ₹813 lacs in 2010-11, resulting in an increased payout from 6% to 18% (stand-alone) over the same period. The Company ploughed more than 80% of net profit earned to its reserves and surplus account.

Analysis of the Balance Sheet

Capital employed: It increased significantly owing to an increase in earnings added to reserves and surplus and a 100% acquisition of the Mexican operations. The capital employed grew from ₹8,652 lacs as on June 30, 2010, to ₹15,266 lacs as on June 30, 2011.

Sources of funds

Shareholders' funds: The Company's net worth increased 76% to ₹15,249 lacs as on June 30, 2011, from ₹8,643 lacs as on June 30, 2010, owing to increased reserves. Consequently, book value per share increased from ₹124 as on June 30, 2010, to a consolidated ₹218 as on June 30, 2011. Return on net worth stood at 34% in 2010-11 against 43% in 2009-10.

Equity capital: Equity share capital comprised 69,95,700 equity shares with a face value of ₹10 each as on June 30, 2011. It remained unchanged during 2010-11. The promoters' holding in the Company stood at 75% as on June 30, 2011.

Sources of funds

Segment	2010-11 Amount	2010-11 % of total	2009-10 Amount	2009-10 % of total	y-o-y growth (%)
Equity capital	700	4	700	8	-
Reserves and surplus	14,550	93	7,943	91	83
Loan funds	17	0	10	0	70
Deferred tax liability	449	3	70	1	541
Total	**15,716**		**8,722**		

Reserves and surplus: Reserves and surplus increased 83% from ₹7,943 lacs as on June 30, 2010 to ₹14,550 lacs as on June 30, 2011 owing to:

- consolidation of domestic and international financial statements and
- ploughing back of profits earned

Free reserves stood at ₹11,342 lacs as on June 30, 2011, providing a solid foundation for undertaking growth initiatives.

External fund: The Company had a zero debt status as on June 30, 2011; the unsecured loan of ₹17 lacs standing in the books was a sales tax deferment loan. The Company did not avail of working capital limits and managed its daily operations through its own resources.

Fixed assets: The Company's gross block increased 693% from ₹1,958 lacs as on June 30, 2010, to ₹15,528 lacs as on June 30, 2011. This increase was due to the following:

- Inclusion of gross assets of a wholly-owned subsidiary company whose accounts were consolidated for the first time
- Purchased freehold land in Ahmedabad (Gujarat)
- Purchased leasehold land and building for an SEZ unit in Surat (Gujarat)
- Net addition of ₹250 lacs in plant and machinery in a holding company

The Company added high-quality moulds, facilitating the launch of new air cooler models and increasing manufacturing capacity. As there was no debt on the Company's books, all assets were free from encumbrances – a unique advantage.

The Company provided depreciation consistently on the Straight Line Method. Increase in the gross block (due to addition and consolidation) cascaded into a significant increase in the provision for depreciation –increasing from ₹131 lacs in 2009-10 to ₹534 lacs in 2010-11 – resulting in an increase in cash profit.

Investments: The investment portfolio declined significantly from ₹5,349 lacs as on June 30, 2010 to ₹1,173 lacs as on June 30, 2011, primarily due to the liquidation of investments in mutual funds.

Net current assets: Net current assets increased 262% from ₹2,074 lacs as on June 30, 2010 to ₹7,501 lacs as on June 30, 2011, signifying increased financial commitment to support growing operational scale. This increase was largely due to consolidation and an increase in domestic inventories and debtors. While current ratio increased from 1.92 as on June 30, 2010 to 2.34 as on June 30, 2011, quick ratio declined from 1.63 to 1.09 over the same period.

Managing risks, maximising RETURNS

Business is about managing risks. Risks are uncertainties and possible outcomes that could have material impact on a company's performance and prospects.

Symphony, as a responsible company, identifies, assesses and takes proactive measures to minimise the potential loss arising from exposure to particular risks and to maximise returns.

It adopts a comprehensive risk management model which encourages out-of-the-box thinking to convert potential risks into potent business opportunities and ensures that de-risking initiatives are implemented across the organisation in a disciplined manner. As a result, business decisions maximise returns and minimise associated risks.

01 The Company may not be able to capitalise on opportunities in India and the world with speed.

Mitigation: The Company's products are manufactured at ten locations, catering to the pan-India demand and optimising logistics cost. With such arrangements, the Company's total production capacity is about 1 million air coolers per annum with the flexibility to increase production capacity to cater to demand spikes. Besides, its asset-light operation model widens its manufacturing presence and rapidly scale up production volumes at a minimal capital cost and time to meet market demand.

02 Inability to maintain quality standards could impact the Company's growth.

Mitigation: The Company institutionalised a stringent quality control system, supported by multiple audits to strengthen its quality commitment to customers. Additionally, the Company made significant investments in quality and testing facilities in the last three years. These initiatives resulted in important quality certifications from CE, SONCAP, SASO and ASHRAE. In 2010-11, the Company also received the ISO 9001:2008 for quality management system for its design and development and manufacture of air coolers and water heaters.

03 Inability to create a comprehensive product range could impact the Company's ability to cater to diverse requirements.

Mitigation: The Company's products are classified into four different categories – Diet (three models), Desert (three models), Room (four models) and Personal (three models). The Company's carefully planned product segmentation allows it to cater to different consumer needs. Additionally, the Company offers multiple options within each segment by providing a variety of products to cater to customer needs from various social strata. Further, the Company has a number of products under development, which will further widen opportunities.

04 The Company's market share could remain limited without a comprehensive distribution channel

Mitigation: The Company has a robust network comprising 550 distributors and 10,200 dealers in the domestic market, supported by 37 branch in-charge/heads and marketing offices. The Company added 3,700 new outlets in one year to strengthen its domestic reach. It has strong relationships with a number of large format stores and increased its retail presence significantly. This strengthened its domestic market share.

05 Dependence on any particular region could limit revenues

Mitigation: The Company is already present in 54 countries across five continents. In the last two years, the Company established its footprint in new geographical locations. As a result, exports increased 61% CAGR over three years leading to 2010-11.

06 Increasing competition could affect the Company's business growth

Mitigation: The Company marginalised the impact of the unorganised sector on its business through value engineering, product performance, innovation, enhancing brand proposition, strong sales, marketing and service outreach.

The product development team works to reduce components used in a particular cooler model – optimising production costs. Additionally, the team develops new products which increase the market size – the Diet cooler created an entirely new opportunity segment for the cooler industry. Further, the Company's pan-India reach allows it to cater to remote demand pockets; its expansive global presence only accelerates growth. As a result, the Company strengthened its market leadership in the market.

07 The air cooler business may cease to remain attractive after a period of time

Mitigation: Air coolers provide an unmatched value proposition to its customers – low capital and operational costs and complete flexibility in use. With India's aspirations and earnings increasing faster than ever before, and with mercury levels rising by the day (a fallout of global warming), the demand for coolers is expected to increase.

DIRECTORS' Report

Your Directors have pleasure in presenting herewith their Report for standalone as well as consolidated financials as at June 30, 2011.

1] A) Financial Results

[₹ in Lacs]

Particulars	Standalone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Sales and Other Income	23,749	19,359	30,054	19,405
Profit before Financial Charges, Depreciation & Taxation	6,778	5,686	8,095	5,693
Less: Financial Charges	37	57	44	57
Less: Depreciation	168	131	534	131
Profit before Taxation & prior period income	6,573	5,498	7,517	5,505
Prior period income	63	35	63	35
Profit before Taxation	6,636	5,533	7,580	5,540
Income Tax	2,151	1,865	2,152	1,865
Deferred Tax Liability	-8	-25	309	-25
Profit after Taxation	4,493	3,693	5,119	3,700
Balance as per last year's Balance Sheet	5,322	2,333	5,342	2,346
Amount available for Appropriation	9,815	6,026	10,461	6,046
Transfer to General Reserve	750	500	750	500
Proposed Dividend & Dividend Tax	813	204	813	204
Balance carried to Balance Sheet	8,252	5,322	8,898	5,342

B) Other Key Financials as on June 30, 2011

Consolidated Financial Results:-

Symphony is now a global Company that has a number of subsidiaries outside India. In order to help you gain a more accurate picture of the results of the Company, we take pleasure in presenting the consolidated results of Symphony and its global subsidiaries in addition to the Company's financial performance from Indian operations alone. Your Company's consolidated revenue increased to ₹30,054 lacs from ₹19,405 lacs in the previous year. The profits after tax for the year under review increased to ₹5,119 lacs as against ₹3,700 lacs in the previous year registering a growth of 38%. The growth in your Company's consolidated net worth was a robust 76%.

Key Financials:-

	Standalone		Consolidated	
Equity Share Capital	₹	700 lacs	₹	700 lacs
Net worth	₹	12,300 lacs	₹	15,249 lacs
Book Value per Equity Share	₹	176	₹	218
Earning Per Share (EPS)	₹	64	₹	73
Investments	₹	1,470 lacs	₹	1,173 lacs
Contribution to exchequer	₹	5,820 lacs	₹	5,966 lacs

In terms of operating performance, the year 2010-11 represents yet another milestone for your Company, which has scaled new heights in terms of sales, profits, and net worth. During the year under review, your Company registered sales turnover of ₹23,266 lacs representing a growth of 23% over the previous year's sales of ₹18,977 lacs. The Company has recorded an impressive Profit Before Tax of ₹6,619 lacs, representing an increase of 20%, over the previous year's figure of ₹5,499 lacs. The Company has also significantly improved its Profit after Tax, which for the year under review was ₹4,493 lacs, compared to ₹3,693 lacs in the previous year.

Your Company is debt free, and has a greater potential to raise additional funds in future, if needed, to obtain better leverage in its balance sheet and to achieve sustainable growth.

2] Dividend

Your Directors are pleased to recommend a dividend of ₹10 (100%) per Equity Share [last year ₹2.50 (25%) per Equity Share] for the financial year ended June 30, 2011. This translates into a dividend payout ratio of 18% (including dividend distribution tax on standalone profit). Your company would like to increase the dividend payout ratio to around 25% over the coming years.

3] General Overview

Your directors have pleasure in reporting that, during the year under review, your Company effectively translated its strategies into the desired results and achieved healthy growth in sales turnover and profitability. The Company continues to focus on key operating parameters through an organic growth strategy. During the year under review, the Company continued to focus on opportunities to further promote and expand the Symphony brand with a view to leverage growth opportunities in both Indian and global markets. To this end, your Company has initiated several steps that include setting up an SEZ unit, strategic acquisition, widening its marketing network, launching new / upgraded models of air coolers, both in the domestic and overseas markets.

Your Company has always recognised its Human Resources as one of its most important assets, which can contribute to sustainable growth in future. Accordingly, the Company has taken particular care to nurture this asset and to seamlessly integrate it with every aspect of the organisation's operations. The directors and management team of the Company strongly believe that the position of leadership in the air cooler industry has been due to the valuable contribution of its human resources and continue to build on their strengths as a strategic input in meeting the challenges posed by a competitive and constantly changing environment.

As a world leader in the evaporative cooler industry, your Company is conscious of its responsibility. Using a specialised technology, your Company continues to support research and development in the area of clean technology and energy efficiency to mitigate the impact of adverse climate change. While contributing to these laudable objectives, your Company is sure that it can also maintain a robust growth on a long-term basis by exploiting a range of growth opportunities, and providing a strong platform to leverage these opportunities, to create value for its stakeholders.

4] Review of Operations

Your Company has expanded its nationwide market network and presently has 550 distributors and 10,200 dealers with warehousing facilities in all important towns in different parts of the country. In an effort to tap the vast potential of Indian rural markets, we have made changes in operating structure of the Company's marketing function, in order to foray into these markets. Your Company has also expanded its network of service franchisees to cover important locations all over the country, with a view to rendering timely services. Your Company has initiated, for the first time in the air cooler industry, a novel promotional approach that includes "Early start up of business" for sales in non peak period and sales in peak period. Various models of industrial and heavy duty air coolers manufactured by the step down subsidiary Company, Impco S. DE. R.L. DE. C.V., Mexico, have been successfully launched in select Indian markets.

To cope with expanding business, your Company is continuously expanding its manpower base, both in terms of numbers and quality, by bringing together a qualified and experienced team of professionals and supporting staff, to ensure the highest levels of effectiveness in all areas of its domestic and overseas operations.

In order to fully leverage all these improvements and strategies, aggressive advertisement and promotional campaigns over print and electronic media have also been initiated.

During the year under review, most seasonal industries, which normally witness peak performance in summer, have underperformed due to rains in several parts of the country during April to June, 2011. We are happy to be able to report that in spite of such adverse conditions during April to June, 2011, your Company could buck the trend with a remarkable performance during the year as a whole on account of robust performance in first nine months and international business.

Air coolers

Symphony is now the world's largest air cooler company. Symphony is a pioneer in introducing air coolers in plastic body. It has the largest range of models, offering a wide choice to customers in terms of products and features. Every Symphony product stands as a beacon of innovation, offering superior performance and design. At present, the Company has 13 models of air coolers in various sizes and colours to suit the needs of a wide variety of customers. During the year under review, your Company has introduced upgraded models of Winter, Sumo, Sumo Jr. and Hi cool to Hi cool Smart. With these improved products, the thrust for the Company's business will lie in tapping the enormous potential of rural markets of the country.

Water Heaters

The Company is also manufacturing storage water heaters in various sizes and colours. The popular models of Water Heaters "Sauna" and "Spa" are available in different capacities, and are technically, feature-wise and aesthetically superior water heating devices that are well accepted in the market.

Sauna water heaters with double insulation technology launched in the markets last year have yielded good response and are widely accepted. This model has the distinction of being the first water heater to get a 5-Star rating from the Bureau of Energy Efficiency – Government of India. Sauna water heaters 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 foresees potential for these models of water heaters in the overseas market in the years to come, in view of attractive features that these models incorporate.

Focus on Exports

During the year under review, revenues from exports of the Company grew by 24% from ₹3,102 lacs in 2009-10 to ₹3,860 lacs in 2010-11. The Company foresees a promising future with huge untapped potential for the export sector in the years to come.

The export team has been effectively geared with a region-wise focus to concentrate on specific opportunities presented by different regions. This will allow the Company to foray into new countries and to mitigate the seasonality of the business. Presently, your Company exports to about 54 countries. In every one of these 54 countries, there is huge potential waiting to be tapped. There are many more countries in which there is ample scope for promoting the sale of coolers, and these new markets will be tapped in the years to come.

5] Strategic Acquisition

During the year 2010-11, your Company has raised its holding in Sylvan Holdings Pte. Ltd., Singapore, from 49% to 100% making it a Wholly Owned Subsidiary of your Company. Sylvan has made a strategic investment (holding 99.99%) in a Mexico based company i.e. Impco S.DE. R.L.DE. C.V. (Impco), which manufactures and markets a variety of industrial and small coolers. It caters to markets in Mexico and the USA. Impco enjoys excellent relationships with several leading retail chains and has tie-ups with large format stores like Wallmart, Sears, Home Depot, Lowes, Famsa, and Costco.

IMPCO is a 56 year old company operating in the air cooler industry. It has a large manufacturing facility in Monterrey, North Mexico with tremendous potential for growth. This investment would provide a substantial strategic benefit to your Company, enabling it to cater to markets abroad in a flexible manner by increasing its product range. IMPCO has a subsidiary company in USA - Impco Aircoolers Inc.

6] Setting up of Unit in SEZ at Sachin, near Surat in Gujarat

The Company has set up a unit at Surat SEZ at Sachin, near Surat in Gujarat. The Company got approval for setting up SEZ Unit on February 12, 2011 and commenced commercial production from SEZ w.e.f. April 22, 2011 in record time of less than 3 months. Setting up of the SEZ Unit by the Company will enable it to avail various benefits of SEZ, including 100% income tax exemption on export profits from SEZ at Sachin, Surat.

7] Corporate Governance

Symphony reaffirms its commitment 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 the highest standards of corporate governance. The Company has taken steps to strengthen the framework of its Corporate Governance and Internal Audit system during the year. The Board of Directors and the Audit Committee have been actively involved in discussing reports of internal auditors and advising and monitoring implementation of their recommendations. It rigorously pursues a policy of 100% compliance with all statutory requirements, and has a robust system to review them.

The Board has implemented a Code of Business Conduct and an "Ethics Code" aimed at members and 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 CMD, Executive Director 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.

8] ISO 9001:2008 Company

During the year under review, your Company has received certification under ISO 9001:2008 for quality management system for its design & development, manufacture and after sales service of air coolers and water heaters.

9] Directors

The Board of Directors had, at its meeting held on October 10, 2011 reappointed Mr. Nrupesh Shah as Executive Director (Corporate Affairs) of the Company for a period of five years from November 1, 2011 and had also concluded the terms of his reappointment. Attention of members is invited to the relevant item of the notice of the annual general meeting and the explanatory statement thereto. Your Directors recommend his reappointment.

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

10] Fixed Deposit

During the year under review, the Company has not accepted any fixed deposit from the public and as on June 30, 2011 the Company does not hold any unclaimed deposits or interest thereon due to any depositor, Outstanding deposit is Nil.

11] 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.

12] Subsidiaries

Your Company has two subsidiary companies (and two step down subsidiary companies) i.e Sylvan Holdings Pte. Ltd., Singapore, (Sylvan) and Symphony Air Coolers Inc. USA. Sylvan has a subsidiary company in Mexico i.e. Impco S.DE. R.L.DE. C.V. (Impco), which manufactures and markets a variety of industrial and small coolers. Impco, in turn, has a subsidiary company in the USA, namely Impco Aircoolers Inc., which markets a variety of coolers.

There has been no material change in the nature of the business of the subsidiaries.

Pursuant to the provision of Section 212 (8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted a general exemption from attaching the Balance Sheet, Profit & Loss Account and other documents of the subsidiary Companies with the Balance sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company, who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

13] Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures and Clause 32 of the Listing Agreement with the Stock Exchanges, the audited Consolidated Financial Statements are provided in the Annual Report 2010-11 for its subsidiary Company i.e Symphony Air Coolers Inc. and Sylvan Holdings Pte. Ltd., Singapore.

14] Complying with 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 has opted for substantial compliance with all mandatory accounting standards, wherever applicable, except as stated by Auditors in their report, if any.

15] 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 preparation of the Annual Accounts, applicable accounting standards issued by The Institute of Chartered Accountants of India and requirements of the Companies Act, 1956, have been followed;

ii. Such accounting policies have been selected and applied consistently, and such judgments and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ending on June 30, 2011 and of the profit of the Company for that period;

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The annual accounts have been prepared on a going concern basis.

16] Secretarial Audit Report

As a measure of good corporate governance practice, the Board of Directors of your Company appointed Mr. Ashwin Shah, practicing Company Secretary, to conduct Secretarial Audit. The Secretarial Audit Report for the accounting year ended June 30, 2011 is provided in the Annual Report.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of SEBI as applicable to the Company, including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

17] Listing of Shares on NSE

Equity shares of your Company are now also listed on the National Stock Exchange w.e.f. June 15, 2011 in addition to the existing listings on the Bombay Stock Exchange, Mumbai and the Ahmedabad Stock Exchange, Ahmedabad.

18] Insurance

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

19] Disclosure

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

20] 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 Annexure "I" attached hereto and forming part of the Directors' Report.

21] Particulars of Employees

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, names and other particulars of employees are set out in annexure to the Directors' Report. Having regard to the provisions of Section 219(1) (b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered office of the Company.

22] Corporate Social Commitments

As a responsible corporate citizen, your Company endeavours to reach out to the underprivileged in and around areas wherever it operates.

23] Auditors

M/s. Shah & Dalal, Chartered Accountants, Ahmedabad, hold office as Auditors of the Company until the conclusion of the ensuing 24th Annual General Meeting and the Board recommends their reappointment till the conclusion of next Annual General Meeting.

The Company has received a certificate from Auditors under Section 224(1) of the Companies Act, 1956 to the effect that their reappointment, 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.

24] Acknowledgments

Your Directors gratefully acknowledge contributions made by the employees towards the success of the Company. Your Directors are also thankful to the OEMs, distributors, dealers, service franchisees, suppliers, C&FAs, bankers and all other stakeholders of 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

Achal Bakeri
Chairman & Managing Director

Place: Ahmedabad.
Date : October 10, 2011

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 June 30, 2011.

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 endeavor made to replace metallic components by globally specialty plastics
- Completely changed the electrical distribution system viz. L T Panels, cable routing, etc
- Replacement of ballasts (chokes) by more efficient ones
- Reduction of inwards and online inspection by bringing 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 productivity 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:

This information is contained in Schedule P, item numbers 23 and 24 in notes to accounts at the Balance Sheet.

FORM B

Form for disclosure of particulars with respect to technology absorption.

1] Research & Development (R & D):

- Constant R & D efforts directed towards product improvement, new product development, enhancement of features of existing products, cost reduction, automation, OEM 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 & 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 despatch
- 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 field service

3] Future Plans of Action:

- Continuous improvement in quality, reliability, productivity and optimisation of yield of entire range of products
- Upgradation and enhancement of features and energy efficiency in existing products

4] Expenditure on R & D:

[Rupees in lacs]

Particulars	2010-11	2009-10
1. Revenue	50	52
2. Capital	–	–
3. Total	50	52
4. Total R & D expenditure (as % of turnover)	0.22%	0.27%

Technology Absorption, Adoption & Innovation:

i] Efforts Made:

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

ii] Benefits Derived:

Several benefits derived as mentioned in Para 2 above.

iii] Imported Technology:

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

Report on
CORPORATE Governance

1. Company's philosophy on Code of Governance:

The Company is committed to highest standard of Corporate Governance. The Company relies on well-built Corporate Governance Systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance framework enables the Board and Management to accomplish the goals and objectives effectively for the benefits of the organisation, its shareholders and all other stakeholders. The Code of Corporate Governance emphasises on transparency of systems to enrich the benefits to the shareholders, customers and employees of the Company. In addition to compliance with regulatory requirements, the Company undertakes to ensure that the highest standard of ethical conduct is maintained throughout the set up of the entire organisation.

The Company has complied with the requirements of the Corporate Governance code in terms of clause 49 of the listing agreement with stock exchanges as disclosed herein below.

2. Board of Directors:

The Board represents an optimum combination of executive and non executive directors and is in conformity with the provisions of Listing Agreements of Corporate Governance. The Board of Directors of your Company comprises four Directors as composition of the Board and the category of the Directors as well as details of their directorship/membership in other companies/committees as on June 30, 2011 is given below:

Sr. No.	Names of Directors	Category	No. of Directorship in other companies	No. of chairmanship/ membership in Board Committees	No. of shares held as on June 30, 2011*	% to total shares
1.	Mr. Achal Bakeri	Chairman & Managing Director	1	–	52,46,774	75.00
2.	Mr. Nrupesh Shah	Executive Director	Nil	2	1,82,301	2.61
3.	Mr. Dipak Palkar	Independent & Non-Executive Director	Nil	1	0	0
4.	Mr. Himanshu Shah	Independent & Non-Executive Director	Nil	2	100	0

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

Number of other Directorships held by the Directors, as mentioned above, do not include alternate directorships and directorships held in foreign companies, Section 25 companies and Indian private limited companies and are based on the latest declarations received from the Directors.

The Company has a system to circulate and provide adequate information to the Board including as required under Annexure IA of Clause 49 of the Listing Agreements to enable the Board to take informed decisions.

The compliance report of all laws applicable to the Company as prepared and compiled by the Compliance Officer is circulated to all the Directors alongwith the agenda and placed/reviewed in each Board Meeting.

The Board laid down a Code of Conduct for all Board Members and senior management personnel of the Company and the same have been posted on the website of the Company.

Certificate of Code of Conduct for the year 2010-11

The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Conduct" which is applicable to all Directors, officers and employees.

I hereby certify that all the Board Members and senior management have affirmed the compliance with the Code of Conduct under a certificate of Code of Conduct for the year 2010-11.

Ahmedabad
June 30, 2011

Achal Bakeri
Managing Director

A brief resume and the profile of Executive Director proposed for reappointment and a director retiring by rotation being eligible for reappointment at the ensuing Annual General Meeting of the Company are given in the notice of Annual General Meeting, annexed to this Annual Report.

Resolutions have been proposed for reappointment of Mr. Nrupesh Shah as an Executive Director and Mr. Himanshu Shah as Director retiring, at the ensuing Annual General Meeting and being eligible for reappointment. Mr. Nrupesh Shah and Mr. Himanshu Shah are not related to any of the Directors of the Company.

3. Board Procedure:

During the financial year 2010-11, total 9 meetings of Board of Directors were held. Information to be made available to the Board as per Annexure IA forming part of Clause 49 has been complied with. Board Meetings are held at the Registered and Corporate Office of the Company in Ahmedabad. Calendar of the Board Meeting is normally fixed in advance for each year. The Board meets at least once a quarter with the gap between two meetings not exceeding four months. The Directors also have access to all the information about the Company and are free to recommend inclusion of any matter in the agenda for discussion.

Details of Board Meetings held during the year 2010-11 are as follows:

Sr. No.	Date of Board Meeting	Chairman
1	July 19, 2010	Mr. Achal Bakeri
2	August 27, 2010	Mr. Achal Bakeri
3	October 29, 2010	Mr. Achal Bakeri
4	November 15, 2010	Mr. Achal Bakeri
5	December 21, 2010	Mr. Achal Bakeri
6	February 01, 2011	Mr. Achal Bakeri
7	February 23, 2011	Mr. Achal Bakeri
8	April 11, 2011	Mr. Achal Bakeri
9	June 8, 2011	Mr. Achal Bakeri

Details of attendance of the Directors at the Board Meetings held during the year 2010-11 and at the last Annual General Meeting are given below:

Names of Directors	No. of Board Meetings held while holding the office	No. of Board Meetings attended while holding the office	Attendance at last AGM
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, 2011.

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 & 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 a 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 the Board with valuable inputs.

4. Audit Committee:

Audit Committee has been entrusted to overview the accounting systems, financial reporting and internal controls of the Company. Powers and role of audit committee are as set out in the Listing Agreements.

As on date, the Audit Committee of the Board, duly reconstituted, consists of the two independent Non Executive Directors and one Executive Director, as specified below:-

Sr. No.	Name	Designation
1.	Mr. Dipak Palkar	Chairman
2.	Mr. Nrupesh Shah	Member
3.	Mr. Himanshu Shah	Member

All the members of committee are financially literate and have expert knowledge of finance and accounting.

Quorum of committee is two members, including both the independent directors. Calendar of the meeting is normally fixed in advance for each year. The committee met five times during the year under review. The committee also met prior to finalisation of accounts for the period ended on June 30, 2011.

Meetings of Audit Committee and attendance

Sr. No.	Date of Meetings	No. of Members	Attendance
1.	July 19, 2010	5	5
2.	August 27, 2010	5	5
3.	October 29, 2010	5	5
4.	February 01, 2011	5	5
5.	April 11, 2011	5	5

Internal Auditors, Head of Finance & Accounts and representative of Statutory Auditors are permanent invitees at the meetings.

Audit Committee's terms of reference:

a) Overseeing of the Company's financial reporting process and also the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

b) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.

c) Reviewing with management the half yearly and annual financial statements before submission to the board, focusing primarily on

   i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause(2AA) of section 217 of the Companies Act, 1956

   ii) any changes in accounting policies and practices

   iii) major accounting entries based on exercise of judgment by management

   iv) qualification in draft audit report

   v) significant adjustments arising out of audit

   vi) going concern assumption

   vii) compliance with accounting standards

   viii) compliance with stock exchange and legal requirements concerning financial statements

   ix) any related party transactions i.e. the company's transactions of material nature with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.

d) Reviewing with the management, quarterly financial statements before submission to the board for approval.

e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and ensuring compliance therewith.

f) 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.

g) Discussing with internal auditors any significant findings and follow up thereon.

h) 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 systems of a material nature, if any, and reporting the matter to the Board.

i) Discussing with external auditors before the audit commences, the nature and scope of audit as well as post-audit discussions, to ascertain any area of concern.

j) Reviewing the Company's financial and risk management policies.

k) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any.

l) Any other function(s)/responsibilities as may be delegated by the Board from time to time.

m) To review the following mandatory information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee) submitted by management;
3. Management letters / letters of internal control weaknesses issued by statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

5. Remuneration Committee:

At present the Company does not have a policy of payment of remuneration to non executive directors except by way of sitting fees for attending the meeting of the Board or a committee thereof. The Company is therefore not required to constitute the remuneration committee.

Details of Remuneration paid to the Executive Directors

The aggregate salary, value of perquisites and contribution of PF paid to the Executive Directors are as under:

(₹ in lacs)

Sr. No	Name of Directors	Salary	Perquisites	Total
1	Mr. Achal Bakeri	174	1	175
2	Mr. Nrupesh Shah	33	–	33
	Total	**207**	**1**	**208**

There were no pecuniary relationships or transactions of the Non Executive Directors vis-à-vis the Company.

6. Share Transfer and Investor Grievance Committee:

The Company has instituted an Investor Grievances 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 as on June 30, 2011 are:

Mr. Himanshu Shah, Chairman

Mr. Nrupesh Shah, Member

- Name and designation of Compliance officer:

Chandrakant Gandhi, Company Secretary

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

Nature of Complaints	Received	Solved	Pending
Non-receipt of share certificates/ Refund / Demat / Dividends	4	4	Nil
Stock Exchanges	Nil	Nil	Nil
SEBI	3	3	Nil

In general, all correspondence / queries are replied to the satisfaction of shareholders.

7. General Body Meeting:

Last 3 Annual General Meetings of the Company were held as under:

Year ending on	Date	Venue*	Time	Special approval	Resolution
June 30, 2008	December 26, 2008	AMA Hall	10.00 A.M.	NIL	NA
June 30, 2009	December 31, 2009	AMA Hall	10.00 A.M.	Change in the name of the company and investments etc. u/s 372A of the Companies Act, 1956	Special
June 30, 2010	December 21, 2010	AMA Hall	10.00 A.M.	Issue of ESOP	Special

** Ahmedabad Management Association Hall*

No Extra Ordinary General Meeting of the Company was held during last 3 years and no resolution has been passed through Postal Ballot. No special resolution is proposed to be conducted through postal ballot at the ensuing annual general meeting.

8. Disclosures

a. There have been no materially significant related party transactions and pecuniary transactions that may have potential conflict with the interests of the Company at large. Audit Committee reviews periodically significant related party transactions i.e. transactions of the Company, of material nature, with its directors, or relatives or the management that may have potential conflict with the interest of the Company at large. Details are provided in Note no. 6 of Schedule P to the Notes forming part of the Accounts in accordance with the provisions of Accounting Standard 18.

b. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority.

c. In the preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies applied in preparation and presentation of financial statements has been set out in Note no. 1 of Schedule P forming part of financial statements.

d. The Company has laid down procedure to inform the Board Members about the risk assessment and minimisation procedure covering the entire gamut of business operations of the Company and the same have been reviewed by the Board during the year.

e. The CEO (Managing Director), Executive Director and the CFO have furnished a Certificate to the Board for the year ended on June 30, 2011 in compliance with Clause 49 V of the Listing Agreements.

f. The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

g. Compliance Certificate: Compliance Certificate for corporate governance from auditors of the Company is annexed hereto and forms part of this report.

h. Code of Conduct: the Company has posted the Code of Conduct for directors and senior management on its website. The code of conduct is applicable to all directors and senior management personnel of the Company. All the members of the board and senior management of the Company have affirmed compliance with their respective code of conduct. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this report.

i. **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 has adopted a policy for prohibition of insider trading for Directors and specified employees of the Company, relating to dealing in shares of the Company. The policy also provides for periodical disclosures from designated employees as well as pre-clearance of transactions by such persons.

j. **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.

k. Details of Compliance with mandatory requirements and adoption of non mandatory requirements: The Company has complied with mandatory requirements of Clause 49 and is in the process of implementation of non mandatory requirements.

l. The Company is in the process of displaying its official news on its website www.symphonylimited.com

m. Disclosure of persons constituting group in terms of definition of "group" under the Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of Regulation 3 (1) (e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation 1997, include:

1. Mr. Achal Bakeri
2. Mrs. Rupa Bakeri
3. Ms. Jonaki Bakeri
4. Ms. Hirva Bakeri
5. Mr. Anilbhai Bakeri
6. Ms. Hansaben Bakeri
7. Mr. Pavan Bakeri
8. Achal Anil Bakeri (HUF)
9. Oras Investments Pvt. Ltd.
10. Paratam Investments Pvt. Ltd.
11. Harmony Holdings Pvt. Ltd.
12. Bakeri Urban Development Pvt. Ltd.
13. Bakeri Land Developers Pvt. Ltd.
14. Bakeri Engineering & Infrastructure Ltd.
15. Symphony-Designer Properties Pvt. Ltd.

9. Means of Communications:

a. **Quarterly Results:**
Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges as per requirement of the Listing Agreements. At present, the Company's half-yearly report is not sent to each shareholder.

b. **Website where displayed:** The quarterly and annual results are regularly posted on Company's website www.symphonylimited.com

c. **Publication of Results:** Quarterly results are regularly published in press as per requirements of the Listing Agreements with Stock exchanges.

10. General Shareholders Information:

(a) **Annual General Meeting**

Date	Time	Venue
November 30, 2011	10.00 AM	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad

(b) **Financial Year:**
Financial year of the Company is for a period of 12 months commencing from July 1 to June 30.

Financial Calendar (2011-12):
Financial results shall be declared as per following schedule.

Quarterly Results	Tentative Schedule
Quarter ending on September 30, 2011	By October 31, 2011
Quarter ending on December 31, 2011	By January 31, 2012
Quarter ending on March 31, 2012	By April 30, 2012
Annual Result year ending on June 30, 2012	By August 31, 2012

(c) **Book Closure Date:** November 19, 2011 to November 30, 2011.

(d) Date of Payment of Dividend, if declared at Annual General Meeting will be paid on or before December 07, 2011.

(e) **Listing on Stock Exchanges:** Bombay Stock Exchange
National Stock Exchange
Ahmedabad Stock Exchange

Listing fees have been paid for the year 2011-12 as per the Listing Agreement with the respective Stock Exchanges.

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.

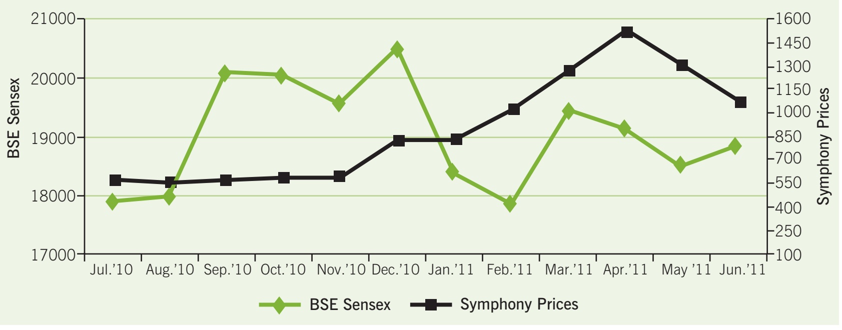
Market Price Data:

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

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)*	
	High	Low	High	Low
July, 2010	609	478	–	–
August, 2010	683	545	–	–
September, 2010	618	491	–	–
October, 2010	639	548	–	–
November, 2010	666	520	–	–
December, 2010	833	546	–	–
January, 2011	1,029	790	–	–
February, 2011	1,208	785	–	–
March, 2011	1,480	1,025	–	–
April, 2011	1,672	1,184	–	–
May, 2011	1,545	957	–	–
June, 2011	1,348	1,010	1,250	1,000

** Company's shares listed on NSE w.e.f. June 15, 2011.*

Symphony Share Performance compared to – BSE Index (Month end closing)



(f) **Stock Code:** BSE 517385

NSE Symphony EQ.

ASE 51760

(g) **Demat ISIN Number for NSDL & CDSL :** INE225D01019

Registrar and Transfer Agents : M/s Sharepro Services (India) Private Limited
416-420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram,
Ashram Road, Ellisbridge, Ahmedabad – 380 006

Contact Person : Mr. Nitin Joshi

Contact Nos : (079) 26582381 to 84

Fax No : (079) 26582385

(h) **Share Transfer System:**

M/s Sharepro Services (India) Private Limited has been acting as the Depository Registrar for establishing connectivity with NSDL and CDSL for Demat Segment and for physical segment as well. M/s Sharepro Services (India) Private Limited uses Computerised share transfer system for processing transfer of shares. On the basis of periodic report on various requests received from the shareholders, share transfers and other requests are placed for approval of Shareholders' Grievances Committee.

The Company's representatives visit the office of the Registrar and Share Transfer Agents from time to time to monitor, supervise and ensure that there are no delays or lapses in the system.

(i) **Distribution of Shareholding:**

- Distribution of shareholding as on June 30, 2011 is given below:

No. of Equity Shares held	Number of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
1 – 500	4,940	95.35	490,403	7.01
501 – 1000	143	2.76	109,365	1.56
1001 – 2000	45	0.87	69,145	0.99
2001 – 3000	12	0.23	30,379	0.43
3001 – 4000	9	0.17	32,684	0.47
4001 – 5000	4	0.08	17,545	0.25
5001 – 10000	8	0.15	63,418	0.91
10000 & above	20	0.39	61,82,761	88.38
GRAND TOTAL	5,181	100%	69,95,700	100%
Physical Mode	2,814	54.32%	403,935	5.77%
Electronic Mode	2,367	45.68%	65,91,765	94.23%

■ Category of shareholders as on June 30, 2011:

Category	No. of Shares Held	Percentage Held
Promoter Holding		
a Indian Promoters	52,46,774	75.00
Individuals / HUFs		
Bodies Corporate		
b Foreign Promoters	–	–
Financial Institutions/ Banks/ Mutual Funds	3,500	0.05
Resident Individuals & Corporates	17,01,771	24.33
NRI's / OCB	43,655	0.62
Grand Total	**69,95,700**	**100.00**

(j) **Dematerialisation of Shares and Liquidity:** 65,91,765 equity shares of the Company equivalent to 94.23% of total shares are held in a dematerialised form with National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) as on June 30, 2011.

The Secretarial Audit Report from Mr. Ashwin Shah, Company Secretary in practice confirming that the total issued capital of the Company is in aggregate with the total number of equity shares in physical form and the total number of dematerialised equity shares held with NSDL and CDSL is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the stock exchanges where equity shares of the Company are listed.

(k) **Outstanding GDRs/ ADRs/ Warrants and Convertible instruments, conversion date and likely impact on equity :** Not Applicable.

(l) **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) **Dematerialise (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, etc. 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 etc. from companies and avoiding postal delays and loss in transit.

iii) Encash your Dividends in 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.

iv) To support the 'Green Initiative, members holding shares in demat form are requested to provide their email id to the depository through their concerned depository participant and members holding shares in physical form are requested to provide email id to the Company on its email ID legal@symphonylimited.com and also update the email address as and when there is any change.

Additional Information to Shareholders:

a) Shareholders' Rights

The quarterly results are published in the newspapers and also displayed on the website of the Stock Exchanges. 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 November 30, 2011, requiring approval of the shareholders through postal ballot.

c) Other Matters

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

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

(m) **Plant Location :**

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

b) SEZ Unit:
Plot No 177, 178, 201 and 202,
Surat Special Economic Zone,
Sachin, 394230 Dist. Surat. Gujarat

c) Contact Details:
Tel.: 079 - 26424430
Fax: 079 - 26425930
Email ID: corporate@symphonylimited.com

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

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

(o) **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 10, 2011 and the same was approved.

CERTIFICATE

To
The Members,
Symphony Ltd.
Ahmedabad.

We have examined the compliance with Conditions of Corporate Governance by SYMPHONY LIMITED, for the year ended on June 30, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance with 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 to ensure 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 above mentioned listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we hereby state that the Company has maintained records to show Investors' Grievances against the Company and we certify that as on June 30, 2011, 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 : July 29, 2011

Malay J. Dalal
Partner

SECRETARIAL AUDIT REPORT

To
The Board of Directors
Symphony Ltd.

I have examined the registers, records and documents of Symphony Limited ("the Company") for the financial year ended on June 30, 2011 maintained under the provisions of:-

- The Companies Act, 1956 and the Rules made under the Act;
- The Depositories Act, 1996 and the Regulations and the Bye laws framed under the Act;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act")
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 1997;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and Rules made under the Act; and
- The Equity Listing Agreement with Stock Exchanges.

1. Based on my examination and verification of the records for the year ended on 30th June 2011 produced before me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the companies Act, 1956 (the Act) and the rules made under the Act and Memorandum and Articles of Association of the Company, with regard to:
   (a) Maintenance of various statutory registers and documents and making necessary entries therein.
   (b) Closure of Register of Members.
   (c) Forms, returns, documents and resolutions required to be filed with the Registrar of companies.
   (d) Service of documents by the Company on its Members.
   (e) Notice of Board Meetings and Committee meetings of Directors.
   (f) The meetings of Directors and Committees of Directors.
   (g) The annual general meeting held on December 21, 2010.
   (h) Minutes of proceedings of General meeting and of Board and other meetings.
   (i) Approvals of shareholders, the Board of Directors, the committee of Directors and competent authorities, wherever required.
   (j) Constitution of the Board of Directors and appointment, retirement and re-appointment of directors.
   (k) Remuneration paid to the Directors other than Managing and Wholetime Directors.
   (l) Appointment and remuneration of Auditors.
   (m) Declaration and payment of dividends.
   (n) Investment of Company's fund including inter corporate loans and investments and loans to Directors and others.
   (o) Generally, all other applicable provisions of the Act and the rules made under that Act.
2. I further report that:
   (a) The Company's Directors have complied with the requirements as to Disclosure of interest and concern in contracts and arrangements, shareholding / debenture holdings and directorships in other companies and interests in other entities.
   (b) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Conduct for Directors and Management Personnel.
   (c) There was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company under the Act against the Company, its Directors and Officers.
   (d) The Company has obtained all necessary approvals of the Central Government and/ or other authorities under the Act.
3. I further report that the Company has complied with the provision of the Depositories Act, 1996 and Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
4. I further report that;
   (a) The Company has complied with the requirement under the listing Agreements entered into with Bombay stock Exchange Limited, National Stock Exchange Limited and Ahmedabad Stock Exchange Ltd.
   (b) The Company has complied with the provision of the Securities and Exchange Board of India (Substantial Acquisition of shares and takeover) Regulation, 1997 with regard to the disclosures and maintenance of records required under the Regulations.
   (c) The Company has complied with the provision of the Securities and Exchange Board of India (Insider Trading) Regulation 1992 with regard to the disclosure and maintenance of records required under the Regulations.

CS Ashwin Shah
Ahmedabad — *Company Secretary*
July 29, 2011 — C. P. No. 1640

CEO/CFO CERTIFICATION

The Board of Directors
Symphony Ltd.
Ahmedabad.

Re: Financial Statement for the period ended on June 30, 2011 Certification by CEO & CFO.

We, Achal A Bakeri, Chairman & Managing Director, Nrupesh C Shah, Executive Director and Bhadresh V. 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 June 30, 2011 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 compliance with existing accounting standards, 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 June 30, 2011, 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 or 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 controls 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 fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control systems.

	Achal Bakeri	Nrupesh Shah	Bhadresh Mehta
Ahmedabad	*Chairman &*	*Executive Director*	*Vice President*
Date: July 29, 2011	*Managing Director*		*(A/c & Finance)*

AUDITORS' Report

To
The Members
SYMPHONY LIMITED

1) We have audited the attached Balance sheet of SYMPHONY LIMITED("the Company") as at 30th June, 2011, 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.

2) 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.

3) As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor`s Report) (Amendment) Order,2004, issued by the Central Government of India in terms of 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.

4) Further to our comments in the Annexure referred to in paragraph (3) 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 as on 30th June,2011 and taken on records by the Board of Directors, we report that none of the directors is disqualified 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, 2011.

      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
Number - 36776

Place : Ahmedabad
Date : 29th July, 2011

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, 2011)

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 as such disposal, in our opinion, has 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 Companies(Auditor`s Report) Order,2003(as amended) 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 Companies (Auditor`s Report) Order,2003(as amended) 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, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act,1956 that need to be entered into the register maintained under section 301 have been so entered and that the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

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, 2011 for a period of more than six months from the date they became payable.

c) According to the records of the Company, 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)	Period To Which The Amount Relates	Forum Where Pending
VAT Act, Gujarat	Penalty	1.00	F Y 06-07	DC, Commercial Tax, Gandhinagar
Central Sales Tax Act, 1956	Central Sales Tax	2,246.57	F Y 93-94 to 95-96, 97-98, 99-00	Guj. VAT Tribunal, Ahmedabad
Central Excise Act, 1944	Penalty u/s 26 of Central Excise Rules	242.50	F Y 11-12	CESTAT, Ahmedabad

x) The Company does not have accumulated losses as at 30th june,2011. 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 taken any loans from banks or financial institutions.

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. Therefore ,the provisions of clause 4(xiii) of the Companies (auditor's Report) Order,2003 (as amended) are not applicable.

xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiii)of the Companies(auditor`s Report) Order,2003 (as amended) are not applicable.

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) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management..

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

Malay J. Dalal
Partner
Membership Number - 36776

Place : Ahmedabad
Date : 29th July, 2011

BALANCE SHEET as at 30th June, 2011

(₹ in Lacs)

Particulars	Schedule No.	As at 30/06/2011		As at 30/06/2010	
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Capital	A	699.57		699.57	
(b) Reserves & Surplus	B	11,600.71	12,300.28	7,920.53	8,620.10
(2) Loan Funds					
(a) Secured Loans		–		–	
(b) Unsecured Loans	C	17.18	17.18	9.61	9.61
(3) Deferred Tax Liability (Net)	D		61.31		69.75
Total			12,378.77		8,699.46
II. APPLICATION OF FUNDS					
(1) Fixed Assets	E				
(a) Gross Block		3,865.14		1,958.30	
(b) Less : Depreciation		688.24		659.13	
(c) Net Block			3,176.90		1,299.17
(2) Investments	F		1,469.80		5,349.40
(3) Current Assets, Loans & Advances	G				
(a) Inventories		4,166.49		647.57	
(b) Sundry Debtors		1,533.61		1,207.53	
(c) Cash & Bank Balances		315.28		280.06	
(d) Other Current Assets		12.83		1.31	
(e) Loans & Advances		4,121.48		2,166.07	
		10,149.69		4,302.54	
Less :					
(4) Current Liabilities & Provisions	H				
(a) Current Liabilities		1,407.94		1,492.68	
(b) Provisions		1,009.68		758.97	
		2,417.62		2,251.65	
Net Current Assets			7,732.07		2,050.89
Total			12,378.77		8,699.46
Significant Accounting Policies and Notes on Accounts	P				

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 : 29TH JULY, 2011

CHANDRAKANT GANDHI
COMPANY SECRETARY

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

(₹ in Lacs)

Particulars	Schedule No.	Year ended 30/06/2011	Year ended 30/06/2010
I. INCOME			
Sales	I	23,265.88	18,977.35
Other Income	J	482.88	381.49
		23,748.76	19,358.84
II. EXPENDITURE			
Cost of Goods Sold	K	10,574.88	8,636.40
Personnel Expenses	L	1,056.04	759.55
Operating And Other Expenses	M	5,289.34	4,225.00
Research And Development Expenses		50.23	51.88
Financial Charges	N	36.64	56.69
Depreciation		168.59	130.58
		17,175.72	13,860.10
Profit Before Prior year Items and Tax		6,573.04	5,498.74
Add: Prior Period Items (See note no. 16)		45.90	–
Profit Before Tax		6,618.94	5,498.74
Less: Provision for Taxation			
Current Tax		2,150.00	1,865.00
Deferred Tax		(8.44)	(24.52)
Wealth Tax		1.05	–
Provision for Tax of earlier years		(16.91)	(35.01)
Profit After Tax		4,493.24	3,693.27
ADD: Balance brought forward from previous year		5,321.63	2,332.30
Amount Available for Appropriations		9,814.87	6,025.57
Appropriations :			
Transfer to General Reserve		750.00	500.00
Proposed Dividend		699.57	174.89
Tax on Proposed Dividend		113.49	29.05
Balance Carried to Balance Sheet		8,251.81	5,321.63
Earnings Per Share on the face value of ₹ 10 each			
Basic and Diluted	O	64.23	52.79
Significant Accounting Policies and Notes on Accounts	P		

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 : 29TH JULY, 2011

CHANDRAKANT GANDHI
COMPANY SECRETARY

CASH FLOW STATEMENT for the year ended 30th June, 2011

(₹ in Lacs)

Particulars	Year ended 30/06/2011		Year ended 30/06/2010	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax	6,618.94		5,498.74	
Adjustments For				
Depreciation	168.59		130.58	
Financial Charges	36.64		56.69	
Foreign Exchange Fluctuation	67.03		45.94	
Interest Received	(243.92)		(187.71)	
Dividend Received	(102.68)		(129.11)	
Profit On Sale of Fixed Assets	(2.49)		(1.72)	
Loss On Sale of Fixed Assets	2.01		1.13	
Operating Profit Before Working Capital Changes	6,544.12		5,414.54	
Adjustments for				
Trade and Other Receivables	(326.08)		(22.83)	
Inventories	(3,518.92)		(365.56)	
Other Current Assets, Loans & Advances	348.27		(442.78)	
Trade Payables	(74.62)		356.51	
Provision for Employee Benefit	31.22		19.66	
CASH GENERATED FROM OPERATIONS	3,003.99		4,959.54	
Taxes paid [Income Tax + FBT]	(2,568.52)		(2,774.33)	
NET CASH FLOW FROM OPERATING ACTIVITIES		435.47		2,185.21
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(2,050.92)		(779.72)	
Interest Received	232.41		186.40	
Dividend Received	102.68		129.11	
Purchase of Investment In Mutual Fund	(21,929.67)		(15,489.11)	
Sales of Investment in Mutual Fund	25,807.48		13,575.77	
Investment in Equity Shares	1.79		(2.59)	
Investment in Preference Shares	–		(295.68)	
Fixed Deposits with Banks	55.49		(220.88)	
Advances and Loans to Subsidiaries	(2,258.93)		888.93	
Sale/Deduction of Fixed Assets	5.28		8.09	
NET CASH USED IN INVESTING ACTIVITIES	(34.39)	(34.39)	(1,999.68)	(1,999.68)

CASH FLOW STATEMENT (Contd.) for the year ended 30th June, 2011

(₹ in Lacs)

Particulars	Year ended 30/06/2011		Year ended 30/06/2010	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Financial Charges Paid	(36.64)		(56.69)	
Dividend & Dividend Distribution Tax Paid	(203.94)		(81.85)	
Repayment of Long Term & Other Borrowings	7.57		(20.76)	
NET CASH FROM FINANCING ACTIVITIES		(233.01)		(159.30)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		168.07		26.23
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4.55		24.25
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		172.62		50.48
CASH ON HAND		9.88		9.86
BALANCES WITH SCHEDULE BANK IN CURRENT ACCOUNT		114.49		23.81
DEPOSITS WITH SCHEDULE BANKS		190.90		246.39
CASH & BANK BALANCE AS PER BALANCE SHEET		315.27		280.06
CREDIT BALANCE OF BANK ACCOUNTS		(18.78)		(29.12)
ADD- EFFECT OF UNREALISED FOREIGN EXCHANGE		67.03		45.94
LESS: FIXED DEPOSITS NOT CONSIDERED AS CASH EQUIVALENTS		(190.90)		(246.39)
CASH & CASH EQUIVALENT AT THE END OF THE YEAR		172.62		50.48

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 : 29TH JULY, 2011

CHANDRAKANT GANDHI
COMPANY SECRETARY

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET

as at 30th June, 2011

(₹ in Lacs)

Particulars		As at 30/06/2011		As at 30/06/2010
Schedule A Share Capital				
Authorised :				
1,50,00,000 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

Particulars		As at 30/06/2011		As at 30/06/2010
Schedule B Reserves & Surplus				
(1) General Reserve				
Balance as per last Balance Sheet	1,000.00		500.00	
Add: Transfer From Profit & Loss Account	750.00	1,750.00	500.00	1,000.00
(2) Profit & Loss Account		8,251.81		5,321.63
(3) Share Premium				
Balance as per last Balance Sheet		694.47		694.47
(4) Capital Reserves				
Balance as per last Balance Sheet		904.43		904.43
Total (1+2+3+4)		11,600.71		7,920.53

Particulars		As at 30/06/2011		As at 30/06/2010
Schedule C Unsecured Loans				
Sales Tax Deferment Loan		17.18		9.61
Total		17.18		9.61

Particulars		As at 30/06/2011		As at 30/06/2010
Schedule D 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		307.28		290.19
Total (A)		307.28		290.19
(B) Deferred Tax Asset arising on account of timing difference on account of section 43B and 40A of Income Tax Act, 1961		122.70		84.98
Total (B)		122.70		84.98
Net (A - B)		184.58		205.21
(C) Deferred Tax Liability @ 33.2175 %		61.31		69.75

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011

Schedule E Fixed Assets

(₹ in Lacs)

Description	Gross Block					Depreciation				Net Block	
	As at 01/07/2010	Additions	Adjustments / Sold	Transfer	As at 30/06/2011	Upto 01/07/2010	Additions	Adjustments	Upto 30/06/2011	As at 30/06/2011	As at 30/06/2010
Tangible											
Freehold Land	589.82	1,371.93	-	-	1,961.75	-	-	-	-	1,961.75	589.82
Leasehold Land (SEZ)	-	260.49	-	-	260.49	-	3.33	-	3.33	257.16	-
Buildings	332.87	52.88	0.24	-	385.51	168.39	11.42	0.24	179.57	205.94	164.48
Plant & Machinery	698.26	333.27	83.09	-	948.44	342.30	123.51	83.09	382.72	565.73	355.96
Furniture & Fixtures	32.98	1.20	17.35	-	16.83	29.78	1.68	17.35	14.11	2.72	3.20
Office Equipments	35.79	2.44	1.21	-	37.03	21.36	1.88	1.21	22.03	15.00	14.43
Computers	60.10	11.78	26.01	-	45.86	42.67	6.80	21.22	28.25	17.61	17.43
Vehicles	196.92	17.13	16.38	-	197.67	50.54	18.11	16.38	52.27	145.40	146.38
Intangible											
Softwares	11.56	-	-	-	11.56	4.09	1.87	-	5.97	5.59	7.47
Total (A)	1,958.30	2,051.12	144.28	-	3,865.14	659.13	168.59	139.49	688.24	3,176.90	1,299.17
Capital WIP	-	328.46	-	328.46	-	-	-	-	-	-	-
Total (B)	-	328.46	-	328.46	-	-	-	-	-	-	-
Total (A+B)	1,958.30	2,379.58	144.28	328.46	3,865.14	659.13	168.59	139.49	688.24	3,176.90	1,299.17
Previous Year	1,285.55	779.71	106.96	-	1,958.30	628.01	130.58	99.46	659.13	1,299.17	657.54

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET
as at 30th June, 2011

(₹ in Lacs)

Particulars	As at 30/06/2011			As at 30/06/2010		
Schedule F Investments (At Cost)						
Long Term Investments - Non Trade	No of Shares/ Units	Face value/ NAV per Share/ Units ₹/$		No of Shares/ Units	Face value/ NAV per Share/ Units ₹/$	
(A) Equity Shares (Unquoted)						
(1) Symphony Designer & Properties Ltd.	248	₹10	0.02	248	₹10	0.02
(2) Symphony Air Coolers Inc,USA	1,000	$1	0.46	1,000	$1	0.46
(3) Sylvan Holdings PTE. Ltd	650,000	$1	296.24	4,900	$1	2.35
(4) Saline Area Vitalisation Enterprises Ltd	2,000	₹10	0.24	2,000	₹10	0.24
Total (A)			296.96			3.07
(B) Preference Shares (Unquoted)						
Redeemable Preference Shares of Sylvan Holdings PTE. Ltd			–	6,400	$100	295.68
Total (B)			–			295.68
Current Investments						
(C) Mutual Funds (Quoted)						
(1) Baroda Pioneer Liquid Fund	12,470	1000.63	124.78			–
(2) DSP BR Liquidity Fund	25,718	1000.80	257.39			–
(3) HDFC Liquid Fund	3,229,320	12.2598	395.91	37,786,398	10.6257	4,015.07
(4) Reliance Floating Rate Fund			–	4,712,890	10.0700	474.59
(5) Reliance Liquid Fund	3,945,558	10.0051	394.76	3,669,638	15.2874	560.99
Total (C)			1,172.84			5,050.65
Total (A + B + C)			1,469.80			5,349.40
Aggregate amount of quoted investments			1,172.84			5,050.65
Aggregate market value of quoted investments			1,172.84			5,050.65
Aggregate value of unquoted investments			296.96			298.75

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET
as at 30th June, 2011

(₹ in Lacs)

Particulars	As at 30/06/2011		As at 30/06/2010	
Schedule G Current Assets, Loans & Advances				
(A) Inventories				
(As taken, Valued & Certified by the Management)				
(1) Raw Materials	126.76		46.16	
(2) Finished Goods	4,039.73		601.41	
Total (A)=(1+2)		4,166.49		647.57
(B) Sundry Debtors (Unsecured)				
(1) Debtors outstanding for more than six months				
Considered good	54.73		5.45	
Considered Doubtful	0.68		0.68	
Less : Provision for Doubtful Debts	(0.68)		(0.68)	
(2) Other debts				
Considered good	1,478.88		1,202.08	
Total (B)=(1+2)		1,533.61		1,207.53
(C) Cash & Bank Balances				
Cash on hand				
(1) Cash on hand	1.00		1.00	
(2) Balance with employees Imprest account	8.88		8.86	
	9.88		9.86	
Balance with Scheduled Banks in				
(1) Current Accounts	35.63		22.88	
(2) EEFC Accounts	78.87		0.93	
(3) Fixed Deposit Accounts	190.90		246.39	
	305.40		270.20	
Total (C)		315.28		280.06
(D) Other Current Assets				
Interest accrued but not due on deposits	12.83		1.31	
Total (D)		12.83		1.31
(E) Loans and Advances				
(Unsecured Considered Good)				
(1) Advances and Loans to Subsidiaries	3,147.55		888.62	
(2) Advance Recoverable in cash or in kind or for value to be received	564.79		1,135.58	
(3) Balance with Central Excise Authority	247.12		58.94	
(4) Balance with Sales Tax and VAT Department	18.24		19.40	
(5) Export Incentive Receivable	99.03		63.53	
(6) Advance Tax (Net of provisions)	44.75		–	
Total (E)		4,121.48		2,166.07
Total (A + B + C + D + E)		10,149.69		4,302.54

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET

as at 30th June, 2011

(₹ in Lacs)

Particulars	As at 30/06/2011		As at 30/06/2010	
Schedule H Current Liabilities & Provisions				
(A) Current Liabilities				
(1) Creditors for Goods	195.54		445.70	
(2) Creditors for Expenses	562.87		473.01	
(3) Creditors for Capital Goods	0.30		0.10	
(4) Advance from Customers	307.44		213.03	
(5) Credit Balance in Current Account with Banks	18.78		29.12	
(6) Other Current Liabilities	284.90		310.89	
(7) Trade Deposits	38.11		20.83	
Total - (A)		1,407.94		1,492.68
(B) Provisions for				
(1) Tax Provisions (Net of Advance Tax)	–		390.68	
(2) Employee Benefit	101.16		69.94	
(3) Provision for Wealth Tax	1.05		–	
(4) Proposed Dividend	699.57		174.89	
(5) Tax on Proposed Dividend	113.49		29.05	
(6) Provision for disputed Sales Tax for earlier years	94.41		94.41	
Total - (B)		1,009.68		758.97
Total (A + B)		2,417.62		2,251.65

SCHEDULES ATTACHED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

for the year ended 30th June, 2011

(₹ in Lacs)

Particulars	Year ended 30/06/2011		Year ended 30/06/2010	
Schedule I Sales				
Sales		23,265.88		18,977.35
Total		23,265.88		18,977.35
Schedule J Other Income				
Interest Income (TDS ₹ 7.65 Lacs Previous Year ₹ 5.72 Lacs)		243.92		187.71
Dividend Income		102.68		129.11
Export Incentives		82.54		53.09
Profit on Sale of Fixed Assets		2.49		1.72
Misc Income		51.25		9.86
Total		482.88		381.49
Schedule K Cost of Goods Sold				
Materials Consumed				
Opening Stock of Raw Materials and Finished Goods	647.57		282.02	
Add: Purchases	14,093.80		9,001.95	
Less: Closing Stock of Raw Materials and Finished Goods	4,166.49	10,574.88	647.57	8,636.40
Total		10,574.88		8,636.40
Schedule L Personnel Expenses				
Salaries, Wages and Bonus		987.24		713.54
Contribution to Provident Fund and Other Funds		58.21		32.51
Staff Welfare Expenses		10.59		13.50
Total		1,056.04		759.55

SCHEDULES ATTACHED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

for the year ended 30th June, 2011

(₹ in Lacs)

Particulars		Year ended 30/06/2011		Year ended 30/06/2010
Schedule M Operating and Other Expenses				
Stores, Spare parts and Packing Material consumed		3.21		0.77
Power and Fuel		5.12		5.48
Repairs & Maintenance				
Building		9.63		5.18
Machinery		18.12		15.50
Rent, Rates & Taxes		18.00		14.88
Travelling		233.45		163.60
Conveyance		68.58		49.65
Communication Expenses		52.91		40.00
Insurance		9.19		13.24
Printing and stationery charges		26.37		17.48
Legal & Professional Charges		74.31		46.55
Payment to Auditors		3.00		3.00
Directors Remuneration		208.50		179.76
Vehicle Expenses		14.50		12.91
General Expenses		61.91		115.38
Repairs Others		11.06		8.55
Foreign Exchange Fluctuation		67.03		45.94
Loss on Sale of Fixed Assets		2.01		1.13
Advertisement and Sales Promotion		919.28		601.44
Freight & Forwarding Charges		674.76		628.28
Product Service and Inspection Charges		131.45		204.82
Sales Commission		144.23		69.41
Warehousing Charges		167.13		63.72
Conference and Other Expenses		49.62		31.97
VAT and Sales Tax		2,315.97		1,886.36
Total		5,289.34		4,225.00

Particulars		Year ended 30/06/2011		Year ended 30/06/2010
Schedule N Financial Charges				
Bank Charges		31.60		15.22
Other interest		5.04		41.44
Hire Purchase Charges		–		0.03
Total		36.64		56.69

Particulars		Year ended 30/06/2011		Year ended 30/06/2010
Schedule O Earning per Share				
Net Profit available for Equity Shareholders		4,493.24		3,693.27
No. of Equity Shares		6,995,700		6,995,700
Basic and Diluted EPS (₹)		64.23		52.79

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

(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 VAT and Central Sales Tax, wherever applicable and after making adjustments towards price variations, discounts, etc.

As the company's business model is such that the excise duty payable by the company is negligible, it is not shown separately.

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.

The fixed assets retired from active use are stated at the lower of cost or net realisable value.

(v) **Expenditure on New Projects and Substantial Expansion**

All direct capital expenditure on expansion and new projects is capitalised. As regards indirect expenditure on expansion and on new projects only that portion is capitalised which represents the

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

increase in such expenditure as a result of capital expansion. The same is treated as pre- operative expenditure pending allocation to fixed assets in progress and is shown as " Capital Work - in Progress". The same is transferred to fixed assets on progressive basis and is capitalised along with fixed assets on commencement of commercial activities.

(vi) Intangible Fixed Assets

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

(vii) 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.

(viii) Investments

Current Investments are carried at the lower of cost and fair value computed individually. 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.

(ix) 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.

(x) Research and Development

Research and Development costs incurred for development of products including manpower cost are charged to revenue as incurred, except for development costs relating to the design and testing of new or improved materials, products or processes which are recognised as intangible assets to the extent that it is expected that such assets will generate future economic benefits. 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 otherwise when events and change in circumstances indicate that the carrying value may not be recoverable.

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

(xi) 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 when 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 which is adjusted in the cost of Fixed Assets.

(c) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. Non monetary foreign currency items are carried at cost.

(xii) 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.

(xiii) 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.

(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.

(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.

Rent Expense and Rent Income represent operating leases which are recognised as an expense in the statement of Profit and Loss Account on a Straight Line basis over the lease terms.

(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.

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

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 nonoccurrence 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.

(2) During the year the company has set up a unit in Special Economic Zone (SEZ) at Surat. All the expenditure pertaining to this unit till the date it commenced commercial activities have been capitalised to fixed assets and depreciation on fixed assets has been calculated accordingly.

(3) Contingent Liabilities

(₹ in Lacs)

		2010-11	2009-10
(a)	Claims against the Company not acknowledged as debt	11.05	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	2,254.10	5.33
(c)	Demand under disputed central excise matter, Appeals are being filed	242.50	–

The contingent liability towards sales tax is ₹ 2,254.10 lacs (previous year ₹ 5.33 lacs). The amount of ₹ 2,246.57 lacs (out of ₹ 2,254.10 lacs) is demand raised during the year by the Sales Tax department, Gujarat for the years, 1993-94, 1994-95, 1995-96, 1997-98 and 1999-2000. This is on account of Sales Tax department, Gujarat, treating branch transfer and sales outside Gujarat as local sales, for lack of F and C forms. These forms have been completely destroyed alongwith other records as they were kept in basement storage, which was flooded during the heavy rain of 20” on July 13, 2000 in Ahmedabad. This demand is despite the company having paid sales tax in respective states on such branch transfers and sales out of Gujarat. The Government of Gujarat has issued a letter dt. 18.10.2005 to the Commissioner of Sales Tax to grant relief for records destroyed in this instance. Hon'ble

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

Commissioner of Sales Tax has granted administrative relief in the past in cases of such calamities. The matter is now pending before the appellate authority. As advised by legal counsel, considering the merits of the case, no provision is required to be made in the books of accounts.

The company's VAT/Sales tax assessments in the state of Gujarat are completed up to the year 2006-07. There is no other pending demand for any year in Gujarat state except above.

(4) 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)

		2010-11	2009-10
(1)	Segment Revenue		
	Domestic	19,405.80	15,875.48
	Export	3,860.08	3,101.87
	Total	23,265.88	18,977.35
(2)	Segment Expenditure		
	Domestic	15,798.51	12,906.51
	Export	2,974.14	2,377.57
	Total	18,772.65	15,284.08
(3)	Segment Profit		
	Domestic	3,607.30	2,968.97
	Export	885.94	724.30
	Total	4,493.24	3,693.27
(4)	Segment Assets		
	Domestic	13,312.64	9,817.25
	Export (Only Receivables *)	1,483.75	1,133.86
	Total	14,796.39	10,951.11
(5)	Segment Liabilities		
	Domestic	2,350.76	2,285.96
	Export (Advance from customers only *)	145.35	45.05
	Total	2,496.11	2,331.01
(6)	Capital Employed (*)	12,300.28	8,620.10

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

(5) Subsidiaries

Following are the subsidiaries and step down subsidiaries of the Company:

i) Symphony Aircoolers Inc, USA (Subsidiary)
ii) Sylvan Holdings Pte. Ltd., Singapore (Subsidiary)
iii) IMPCO S DE RL DE CV, Mexico (Subsidiary of Subsidiary)
iv) IMPCO Air Coolers INC, USA (Subsidiary of Subsidiary)

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

(6) Related Party Disclosures

(₹ in Lacs)

Sr. No.	Name of the Related Parties	Nature of relationship with company	Nature of transactions	2010-11 Volume of transactions	2010-11 Balance at the end of the year	2009-10 Volume of transactions	2009-10 Balance at the end of the year
1.	Shri Achal Bakeri	Chairman & Managing Director	Remuneration and Perquisites	175.28	106.50	158.35	89.25
2.	Shri Nrupesh Shah	Director	Remuneration and Perquisites	33.22	23.03	21.41	13.65
3.	Sylvan Holdings Pte Ltd., Singapore	Wholly owned Subsidiary	Investment in Capital	293.89	296.24	–	–
4.	Sylvan Holdings Pte Ltd., Singapore	Wholly owned Subsidiary	Advances/ Loan and Interest	21.56	738.71	–	–
5.	IMPCO S DE RL DE C V., Mexico	Subsidiary of Sylvan Holdings Pte Ltd., Singapore	Sale of Goods	1,566.50	1,256.45	–	–
6.	IMPCO S DE RL DE C V., Mexico	Subsidiary of Sylvan Holdings Pte Ltd., Singapore	Purchase of Goods	198.15	–	–	–
7.	IMPCO Aircoolers Inc., USA	Subsidiary of IMPCO S DE RL DE C V., Mexico	Sale of Goods	108.25	110.61	–	–
8.	Symphony Aircoolers Inc, USA	Wholly owned Subsidiary	Investment in Capital	–	0.46	–	0.46
9.	Symphony Aircoolers Inc, USA	Wholly owned Subsidiary	Advances/ Loan and Interest	1,520.23	2,408.84	888.93	888.62
10.	Oras Investments Pvt. Ltd.	Enterprise in which Director have significant influence	Rent	4.50	–	–	–
11.	Paratam Investments Pvt. Ltd.	Enterprise in which Director have significant influence	Rent	4.50	–	–	–

(7) Auditors' Remuneration

(₹ in Lacs)

		2010-11	2009-10
(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

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

(8) Directors' Remuneration

(₹ in Lacs)

Particulars	2010-11	2009-10
Salary	206.96	169.13
Perquisites & Others	1.54	10.62
	208.50	179.76

(9) Managerial Remuneration

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

(₹ in Lacs)

Particulars	2010-11	2009-10
Profit Before Tax as per Profit & Loss Account	6,618.94	5,498.74
Add: Managerial Remuneration	208.50	179.76
Loss on sale of assets	2.01	1.13
Depreciation as per books	168.59	130.58
Total	6,998.04	5,810.21
Less: Depreciation as per Section 350 of Companies' Act, 1956	168.59	130.58
Profit on sale of assets / rights	2.49	1.72
Total	171.08	132.30
Net Profit as per Sections 198 and 309(5)	6,826.96	5,677.91

(10) 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 charged to Profit and Loss Account for the year are ₹ 182.68 Lacs (Previous year ₹ 76.84 Lacs).

(₹ in Lacs)

Particulars	2010-11	2009-10
Due within one year	182.68	76.84

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.

(11) 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	2010-11	2009-10
Current service cost	21.06	15.58
Interest on obligation	5.86	4.09
Expected return on plan assets	–	–
Net actuarial losses (gains) recognised in year	5.47	1.97
Past service cost		
Losses (gains) on curtailments and settlement	–	–
Total	32.39	21.64

Actual return on plan assets

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

II. Reconciliation of opening and closing balances of defined benefit obligation

(₹ in Lacs)

Particulars	2010-11	2009-10
Opening defined benefit obligation	69.94	50.28
Service cost	21.06	15.58
Interest cost	5.86	4.09
Actuarial losses (gains)	5.47	1.97
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	(1.17)	(1.98)
Closing defined benefit obligation	101.16	69.94

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

(₹ in Lacs)

Particulars	2010-11	2009-10
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	2010-11	2009-10
Present value of funded obligations	–	–
Fair value of plan assets	–	–
Present value of unfunded obligations	101.16	69.94
Unrecognised past service cost	–	–
Net liability	101.16	69.94
Amounts in the balance sheet:		
Liabilities	101.16	69.94
Assets		
Net liability	101.16	69.94

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

V. Investment Details

(₹ in Lacs)

Particulars	2010-11	2009-10
Government of India Securities	–	–
High quality corporate bonds	–	–
Equity shares of listed companies	–	–
Property	–	–
Insurance Company	–	–

VI. Actuarial Assumptions

Particulars	2010-11	2009-10
Discount rate	8.39%	8.14%
Expected return on plan assets	–	–
Proportion of employees opting for early retirement	–	–
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 scenario.		

VII. Gratuity Benefit

(₹ in Lacs)

Particulars	2010-11	2009-10
Defined benefit obligation	101.16	69.94
Plan assets	–	–
Surplus/(deficit)	(101.16)	(69.94)
Experience adjustments on plan Liabilities	–	–
Experience adjustments on plan assets	–	–
Movement in net liability recognised in Balance Sheet		
Net opening liability	69.94	50.28
P&L Charge	32.39	21.64
Contribution paid / Benefits paid	(1.17)	(1.98)
Closing net liability	101.16	69.94

(12) Leave encashment

As per 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.

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

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

Transaction Type	Particulars of Derivatives	Currency	Current Year Amount US$ in Lacs	Current Year Year End Rate (₹)	Previous Year Amount US$ in Lacs	Previous Year Year End Rate (₹)	Purpose
Forward	SELL	USD	16.68	44.60	27.18	46.39	Hedge of Forex
Range Forward	SELL	USD	11.50	44.60	11.50	46.39	USD Receivable
Option	SELL	USD	4.50	44.60	9.50	46.39	/Loan

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

(₹ in Lacs)

Particulars	2010-11	2009-10
Import Creditors	–	–
Export Debtors	1,474.13	414.82
Loan Receivable	1,690.02	89.75

(14) 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, 2011. 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.

(15) 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.

(16) Prior period items

(₹ in Lacs)

Particulars	2010-11	2009-10
Excess Provision of Expenses	(20.95)	–
Refund of Excise Duty on Export	(24.95)	–
Total	(45.90)	–

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

(₹ in Lacs)

Particulars	2010-11	2009-10
Revenue Expenditure	50.23	51.88
Total	50.23	51.88

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

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

(19) Installed Capacity & Production (As certified by the Management)

Particulars	2010-11	2009-10
Air Cooler, Geysers & Others		
Installed Capacity	N.A.	N.A.
Actual Production / Purchase	649,956	439,385

(20) Turnover

Class of Goods	Year ended 30/06/2011 Quantity (Nos)	Year ended 30/06/2011 Amount (₹ in Lacs)	Year ended 30/06/2010 Quantity (Nos)	Year ended 30/06/2010 Amount (₹ in Lacs)
Air Cooler, Geysers & Others	501,165	23,265.88	421,355	18,977.35
		23,265.88		18,977.35

(21)

Particulars	Year ended 30/06/2011 Quantity (Nos)	Year ended 30/06/2011 Amount (₹ in Lacs)	Year ended 30/06/2010 Quantity (Nos)	Year ended 30/06/2010 Amount (₹ in Lacs)
(i) Material Consumed				
Air Cooler, Geyser etc. Kits, Components & Others		10,574.88		8,636.40
		10,574.88		8,636.40

Particulars	Year ended 30/06/2011 Value in (₹ in Lacs)	Year ended 30/06/2011 % of total Consumption	Year ended 30/06/2010 Value in (₹ in Lacs)	Year ended 30/06/2010 % of total Consumption
(ii) Value of Imported & Indigenous Materials				
Imported	365.00	3.45	111.62	1.29
Indigenous	10,209.88	96.55	8,524.78	98.71
	10,574.88	100.00	8,636.40	100.00
(iii) C.I.F. Value of Imports				
Raw Materials & Trading Goods		315.09		85.92
Capital Items		290.19		62.34
		605.28		148.26

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule **P**

(22)

Particulars	Year ended 30/06/2011 Quantity (Nos)	Year ended 30/06/2011 Amount (₹ in Lacs)	Year ended 30/06/2010 Quantity (Nos)	Year ended 30/06/2010 Amount (₹ in Lacs)
(a) Opening Stock of Finished Goods				
Air Cooler, Geysers & Others	29,060	601.41	11,030	241.53
		601.41		**241.53**
(b) Closing Stock of Finished Goods				
Air Cooler, Geysers & Others	177,851	4,039.73	29,060	601.41
		4,039.73		**601.41**
(23) Expenditure in Foreign Currency (₹)				
Advertisement, Sales Promotion, Freight Paid, Travelling & Others		119.12		73.76
(24) Earning in Foreign Currency (₹)				
F.O.B. of Exports		3,739.74		2,918.88
Other Income		306.01		313.55

Signature to Schedule "A" to "P"

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 : 29TH JULY, 2011

CHANDRAKANT GANDHI
COMPANY SECRETARY

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. L32201GJ1988PLC010331

State Code 04

Balance Sheet 30 06 2011

II. Capital Raised During the year

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position Of Mobilisation and Deployment of Funds *(Amount ₹ in Thousands)*

Total Liabilities	1237877	Total Assets	1237877
Sources Of Funds			
Paid-Up Capital	69957	Reserves & Surplus	1160071
Secured Loans	NIL	Unsecured Loans	1718
Deferred Tax Liability	6131		
Application Of Funds			
Net Fixed Assets	317690	Investments	146980
Net Current Assets	773207	Misc. Expenditure	NIL
Accumulated Losses	NIL		

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

Turnover	2374876	Total Expenditure	1717572
Profit Before Tax	657304	Profit before taxes and after exceptional item	661894
Earning Per Share before exceptional/extraordinary item (in ₹)	64.23	Net Profit after taxes	449324
		Dividend	69957
Earning Per Share after exceptional/extraordinary item (in ₹)	64.23		

V. Generic Names Of Three Principal Products Of Company (As Per Monetary Terms)

1)	Product Description	Air Cooler	Item Code (ITC Code)	8479.60
2)	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 : 29TH JULY, 2011

CHANDRAKANT GANDHI
COMPANY SECRETARY

THE DETAILS OF SUBSIDIARIES IN TERMS OF GENERAL CIRCULAR NO. 2/2011 DATED 8TH FEBRUARY, 2011 ISSUED BY GOVERNMENT OF INDIA, MINISTRY OF CORPORATE AFFAIRS UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956, ARE AS UNDER:

(All figures in lacs)

Sr. No.	Name of the Subsidiary	Symphony Air Coolers Inc., USA	Sylvan Holdings Pte. Ltd., Singapore	IMPCO S DE RL DE CV, Mexico	IMPCO Air Coolers Inc, USA
	Currency of presentation	US Dollar	US Dollar	Mexican Peso	US Dollar
1.	Share Capital				
	In Foreign Currency	0.01	6.50	10.00	0.05
	In Indian Rupees	0.45	289.90	37.97	2.35
2.	Reserve				
	In Foreign Currency	0.57	0.30	879.75	(2.06)
	In Indian Rupees	25.37	13.41	3,340.44	(91.89)
3.	Total Assets				
	In Foreign Currency	52.59	23.36	1,748.28	1.95
	In Indian Rupees	2,345.45	1,042.02	6,638.28	87.21
4.	Total Liabilities				
	In Foreign Currency	52.01	16.56	858.53	3.96
	In Indian Rupees	2,319.63	738.71	3,259.87	176.75
5.	Investments				
	In Foreign Currency	–	–	–	–
	In Indian Rupees	–	–	–	–
6.	Turnover				
	In Foreign Currency	3.01	0.73	2,200.48	17.75
	In Indian Rupees	136.01	32.93	8,119.09	803.25
7.	Profit Before Tax				
	In Foreign Currency	0.11	(0.29)	277.11	(2.11)
	In Indian Rupees	5.01	(12.90)	1,022.45	(95.42)
8.	Provision for Tax				
	In Foreign Currency	0.03	–	86.06	–
	In Indian Rupees	1.16	–	317.53	–
9.	Profit After Tax				
	In Foreign Currency	0.08	(0.29)	191.05	(2.11)
	In Indian Rupees	3.85	(12.90)	704.92	(95.42)
10.	Proposed Dividend				
	In Foreign Currency	Nil	Nil	Nil	Nil
	In Indian Rupees	Nil	Nil	Nil	Nil
Conversion Rate		US Dollar	US Dollar	Mexican Peso	US Dollar
Point No. 1 to 5 Foreign Currency into INR as on 30.06.2011		44.60	44.60	3.80	44.60
Point No. 6 to 10 Foreign Currency into INR as on 30.06.2011		45.24	45.24	3.69	45.24

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

1. We have audited the attached consolidated Balance Sheet of SYMPHONY LIMITED ("the Company") and its Subsidiaries(including subsidiaries of subsidiaries), (collectively referred to as "the group") as at 30th June 2011 and the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 did not audit the financial statements of subsidiary company, Sylvan Holdings Pte. Ltd., and its subsidiaries whose financial statements reflects total assets of ₹ 6,729.20 lacs as at 30th June, 2011,total revenue of ₹ 8,587.08 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' and Accounting Standard (AS) 23"Accounting for investments in Associates in Consolidated Financial Statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Symphony Limited and its subsidiaries(including subsidiaries of subsidiaries) included in the Consolidated Financial Statements.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached 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 state of affairs of the Group as at 30th June 2011

   b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date.

   c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Malay J. Dalal
Partner
Membership Number - 36776

Place : Ahmedabad
Date : 29th July, 2011

CONSOLIDATED BALANCE SHEET as at 30th June, 2011

(₹ in Lacs)

Particulars	Schedule No.	As at 30/06/2011		As at 30/06/2010	
I. SOURCES OF FUNDS					
(1) Shareholders' Funds					
(a) Capital	A	699.57		699.57	
(b) Reserves & Surplus	B	14,549.70	15,249.27	7,942.96	8,642.53
(2) Loan Funds					
(a) Secured Loans		–		–	
(b) Unsecured Loans	C	17.18	17.18	9.61	9.61
(3) Deferred Tax Liability (Net)	D		449.26		69.75
Total			15,715.71		8,721.89
II. APPLICATION OF FUNDS					
(1) Fixed Assets	E				
(a) Gross Block		15,527.54		1,958.30	
(b) Less: Depreciation		8,487.88		659.13	
(c) Net Block			7,039.66		1,299.17
(2) Investments	F		1,173.10		5,348.94
(3) Current Assets, Loans & Advances	G				
(a) Inventories		6,974.94		647.57	
(b) Sundry Debtors		3,859.89		1,208.48	
(c) Cash & Bank Balances		476.91		282.98	
(d) Other Current Assets		12.83		1.31	
(e) Loans & Advances		1,779.90		2,185.23	
		13,104.47		4,325.57	
Less :					
(4) Current Liabilities & Provisions	H				
(a) Liabilities		4,023.76		1,492.82	
(b) Provisions		1,579.85		758.97	
		5,603.61		2,251.79	
Net Current Assets			7,500.86		2,073.78
(5) Misc Expenditure to the extent not written off or adjusted			2.09		–
Total			15,715.71		8,721.89
Significant Accounting Policies and Notes on Accounts	P				

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 : 29TH JULY, 2011

CHANDRAKANT GANDHI
COMPANY SECRETARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

(₹ in Lacs)

Particulars	Schedule No.	Year ended 30/06/2011	Year ended 30/06/2010
I. INCOME			
Sales	I	29,046.30	19,022.88
Other Income	J	1,007.36	382.39
		30,053.66	19,405.27
II. EXPENDITURE			
Cost of Goods Sold	K	12,558.40	8,662.67
Personnel Expenses	L	2,523.29	759.55
Operating And Other Expenses	M	6,822.25	4,237.58
Research And Development Expenses		54.03	51.88
Financial Charges	N	44.13	57.20
Depreciation		533.61	130.58
Preliminary Expenses written off		0.27	–
		22,535.98	13,899.46
Profit Before Prior year Items and Tax		7,517.68	5,505.81
Add: Prior Period Items (See note no. 16)		45.90	–
Profit Before Tax		7,563.58	5,505.81
Less: Provision for Taxation			
Current Tax		2,151.16	1,865.43
Deferred Tax		309.09	(24.52)
Wealth Tax		1.05	–
Provision for Tax of earlier years		(16.91)	(35.01)
Profit After Tax		5,119.19	3,699.91
ADD : Balance as per last Balance Sheet		5,341.69	2,345.72
Profit available for Appropriation		10,460.88	6,045.63
Appropriations :			
Transfer to General Reserve		750.00	500.00
Proposed Dividend		699.57	174.89
Tax on Proposed Dividend		113.49	29.05
Balance Carried to Balance Sheet		8,897.82	5,341.69
Earnings Per Share of the face value of ₹ 10 each			
Basic and Diluted	O	73.18	52.89
Significant Accounting Policies and Notes on Accounts	P		

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 : 29TH JULY, 2011

CHANDRAKANT GANDHI
COMPANY SECRETARY

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30th June, 2011

(₹ in Lacs)

Particulars	Year ended 30/06/2011		Year ended 30/06/2010	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax	7,563.58		5,505.81	
Adjustments for				
Depreciation	533.61		130.58	
Financial Charges	44.13		57.20	
Foreign Exchange Fluctuation	(177.59)		45.94	
Interest Received	(77.55)		(188.61)	
Dividend Received	(102.68)		(129.11)	
Profit on Sale of Fixed Assets	(2.49)		(1.72)	
Loss on Sale of Fixed Assets	2.01		1.13	
Operating Profit Before Working Capital Changes	7,783.02		5,421.22	
Adjustments for				
Trade and Other Receivables	(2,651.41)		(35.86)	
Inventories	(6,327.37)		(339.30)	
Other Current Assets, Loans & Advances	438.56		427.82	
Trade Payables	2,541.07		356.00	
Provision for Employee Benefit	601.39		19.66	
Other Provisions	–		–	
CASH GENERATED FROM OPERATIONS	2,385.26		5,849.54	
Taxes Paid (Income Tax)	(2,569.68)		(2,774.76)	
NET CASH FLOW FROM OPERATING ACTIVITIES		(184.42)		3,074.78
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(2,445.04)		(779.72)	
Sale/Deduction of Fixed Assets	165.39		8.09	
Interest Received	77.55		188.61	
Dividend Received	102.68		129.11	
Investment in Equity Shares	2.35		(2.59)	
Investment in Preference Shares	–		(295.68)	
Fixed Deposits with Banks	55.49		(220.88)	
Purchase of Investment In Mutual Fund	(21,929.67)		(15,489.11)	
Sales of Investment in Mutual Fund	25,807.48		13,575.77	
NET CASH USED IN INVESTING ACTIVITIES		1,836.23		(2,886.41)

CONSOLIDATED CASH FLOW STATEMENT (Contd.) for the year ended 30th June, 2011

(₹ in Lacs)

Particulars	Year ended 30/06/2011		Year ended 30/06/2010	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Translation and Consolidation Reserve	(1,329.14)		(0.43)	
Financial Charges Paid	(44.13)		(57.20)	
Dividend & Dividend Distribution Tax Paid	(203.94)		(81.85)	
Repayment of Long Term & Other Borrowings	7.57		(20.76)	
NET CASH FROM FINANCING ACTIVITIES		(1,569.64)		(160.24)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		82.17		28.13
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		7.47		25.27
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		89.64		53.40
CASH ON HAND		12.47		9.86
BALANCE WITH SCHEDULE				
BANK IN CURRENT ACCOUNT		273.54		26.73
DEPOSITS WITH SCHEDULE BANKS		190.90		246.39
CASH & BANK BALANCE AS PER BALANCE SHEET		476.91		282.98
CREDIT BALANCE OF BANK ACCOUNTS		(18.78)		(29.12)
ADD EFFECT OF UNREALISED FOREIGN EXCHANGE		(177.59)		45.94
LESS: FIXED DEPOSITS NOT CONSIDERED AS CASH EQUIVALENTS		(190.90)		(246.39)
CASH & CASH EQUIVALENT AT THE END OF THE YEAR		89.64		53.40

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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CHAIRMAN & MANAGING DIRECTOR

NRUPESH SHAH
EXECUTIVE DIRECTOR

PLACE : AHMEDABAD
DATE : 29TH JULY, 2011

CHANDRAKANT GANDHI
COMPANY SECRETARY

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET
as at 30th June, 2011

(₹ in Lacs)

Particulars		As at 30/06/2011		As at 30/06/2010
Schedule A Share Capital				
Authorised :				
1,50,00,000 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) General Reserve				
Balance as per last Balance Sheet	1,000.00		500.00	
Add: Transfer from Profit & Loss Account	750.00	1,750.00	500.00	1,000.00
(2) Profit & Loss Account		8,897.82		5,341.69
(3) Share Premium				
Balance as per last Balance Sheet		694.47		694.47
(4) Capital Reserves				
Balance as per last Balance Sheet		904.43		904.43
(5) Revaluation Reserve		2,215.15		–
(6) Translation Reserve		16.48		0.68
(7) Consolidation Reserve		71.35		1.69
Total		**14,549.70**		**7,942.96**

Schedule C Unsecured Loans				
Sales Tax Deferment Loan		17.18		9.61
Total		**17.18**		**9.61**

Schedule D Deferred Tax Liability (Net)				
Deferred Tax Liability		449.26		69.75

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011

Schedule E Fixed Assets

(₹ in Lacs)

Description	Gross Block					Depreciation				Net Block	
	As at 01/07/2010	Additions	Adjustments / Sold	Transfer	As at 30/06/2011	Upto 01/07/2010	Additions	Adjustments	Upto 30/06/2011	As at 30/06/2011	As at 30/06/2010
Tangible											
Freehold Land	1,187.78	3,587.08	92.46	–	4,682.40	–	–	–	–	4,682.40	1,187.78
Leasehold Land (SEZ)	–	260.49	–	–	260.49	–	3.33	–	3.33	257.16	–
Buildings	1,309.77	75.09	64.37	–	1,320.49	763.92	65.47	37.97	791.42	529.07	545.85
Plant & Machinery	7,784.29	688.30	116.66	–	8,355.93	6,669.91	423.44	74.36	7,018.99	1,337.59	1,114.38
Furniture & Fixtures	441.01	8.38	18.00	–	431.39	396.99	10.98	17.08	390.89	40.50	44.02
Office Equipments	35.80	2.44	1.21	–	37.03	21.36	1.88	1.21	22.03	15.00	14.44
Computers	60.10	11.77	26.01	–	45.86	42.67	6.80	21.22	28.25	17.61	17.43
Vehicles	371.92	20.05	16.38	–	375.59	225.51	19.84	18.34	227.01	148.59	146.41
Intangible											
Softwares	11.56	–	–	–	11.56	4.10	1.87	–	5.97	5.59	7.47
Goodwill	–	6.80	–	–	6.80	–	–	–	–	6.80	–
Total (A)	**11,202.23**	**4,660.40**	**335.09**	–	**15,527.54**	**8,124.44**	**533.61**	**170.18**	**8,487.88**	**7,039.66**	**3,077.78**
Capital WIP	–	328.46	–	328.46	–	–	–	–	–	–	–
Total (B)	–	**328.46**	–	**328.46**	–	–	–	–	–	–	–
Total (A+B)	**11,202.23**	**4,988.86**	**335.09**	**328.46**	**15,527.54**	**8,124.44**	**533.61**	**170.18**	**8,487.88**	**7,039.66**	**3,077.78**
Previous Year	1,285.55	779.71	106.96	–	1,958.30	628.01	130.58	99.46	659.13	1,299.17	657.54

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET

as at 30th June, 2011

(₹ in Lacs)

Particulars	As at 30/06/2011			As at 30/06/2010		
Schedule F Investments (At Cost)						
Long Term Investments - Non Trade	No of Shares/ Units	Face value/ NAV per Share/ Units ₹ /$		No of Shares/ Units	Face value/ NAV per Share/ Units ₹ /$	
(A) Equity Shares (Unquoted)						
(1) Symphony Designer & Properties Pvt. Ltd.	248	₹10	0.02	248	₹10	0.02
(2) Sylvan Holding PTE. Ltd	650,000	$1	–	4,900	$1	2.35
(3) Saline Area Vitalisation Enterprises Ltd	2,000	₹10	0.24	2,000	₹10	0.24
Total (A)			**0.26**			**2.61**
(B) Preference Shares (Unquoted)						
(1) Redeemable Preference Shares of Sylvan Holdings PTE. Ltd			–	6,400	$100	295.68
Total (B)			–			295.68
Current Investments						
(C) Mutual Funds (Quoted)						
(1) Baroda Pioneer Liquid Fund	12,470	1000.63	124.78			–
(2) DSP BR Liquidity Fund	25,718	1000.80	257.39			–
(3) HDFC Liquid Fund	3,229,320	12.2598	395.91	37,786,398	10.6257	4,015.07
(4) Reliance Floating Rate Fund			–	4,712,890	10.0700	474.59
(5) Reliance Liquid Fund	3,945,558	10.0051	394.76	3,669,638	15.2874	560.99
Total (C)			1,172.84			5,050.65
Total (A + B+ C)			1,173.10			5,348.94
Aggregate amount of quoted investments			1,172.84			5,050.65
Aggregate market value of quoted investments			1,172.84			5,050.65
Aggregate value of unquoted investments			0.26			298.29

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET

as at 30th June, 2011

(₹ in Lacs)

Particulars	As at 30/06/2011		As at 30/06/2010	
Schedule G Current Assets, Loans & Advances				
(A) Inventories				
(As taken, valued & certified by the Management)				
(1) Raw Materials	985.61		46.16	
(2) Finished Goods	5,779.53		601.41	
(3) Goods in Transit	209.80		–	
Total A=(1+2+3)		6,974.94		647.57
(B) Sundry Debtors (Unsecured)				
(1) Debtors outstanding for more than six months Considered good	53.46		5.45	
Considered doubtful	0.68		0.68	
Less : Provision for Doubtful Debts	(0.68)		(0.68)	
(2) Other debts				
Considered good	3,806.43		1,203.03	
Total B=(1+2)		3,859.89		1,208.48
(C) Cash & Bank Balances				
Cash on hand				
(1) Cash on hand	3.59		1.00	
(2) Balance with employees Imprest account	8.88		8.86	
		12.47		9.86
Balance with Scheduled Banks in				
(1) Current Accounts	35.63		22.88	
(2) EEFC Accounts	78.87		0.93	
(3) Fixed Deposit Accounts	190.90		246.39	
		305.40		270.20
Balance with Non-Scheduled Bank				
(1) J P Morgan Chase Bank (Maximum Balance during the year ₹ 537.69 Lacs previous year ₹ 156.06 Lacs)	127.06		2.92	
(2) HSBC Bank (Maximum Balance during the year ₹ 11.73 Lacs)	3.05		–	
(3) Bancomer Bank (Maximum Balance during the year ₹ 549.24 Lacs)	28.71		–	
(4) Santander Bank (Maximum Balance during the year ₹ 6.42 Lacs)	0.23		–	
		159.04		2.92
Total (C)		476.91		282.98
(D) Other Current Assets				
Interest accrued but not due on deposits	12.83		1.31	
Total (D)		12.83		1.31

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET

as at 30th June, 2011

(₹ in Lacs)

Particulars	As at 30/06/2011		As at 30/06/2010	
Schedule G Current Assets, Loans & Advances				
(E) Loans and Advances				
(Unsecured Considered Good)				
(1) Advance to IMPCO Mexico	–		907.78	
(2) Advance Recoverable in cash or in kind or for which value to be received	1,370.76		1,099.77	
(3) Balance with Central Excise Authority	247.12		94.75	
(4) Balance with Sales Tax and VAT Department	18.24		19.40	
(5) Export Incentive Receivable	99.03		63.53	
(6) Advance Tax (Net of provisions)	44.75		–	
Total (E)		1,779.90		2,185.23
Total (A + B + C + D + E)		13,104.47		4,325.57
Schedule H Current Liabilities & Provisions				
(A) Current Liabilities				
(1) Creditors for Goods	730.12		445.70	
(2) Creditors for Expenses	2,459.08		473.15	
(3) Creditors for Capital Goods	0.30		0.10	
(4) Advance from Customers	492.47		213.03	
(5) Credit Balance in Current Account with Bank	18.78		29.12	
(6) Other Current Liabilities	284.90		310.89	
(7) Trade Deposits	38.11		20.83	
Total-A		4,023.76		1,492.82
(B) Provisions for				
(1) Tax Provisions (Net of Advance Tax)	–		390.68	
(2) Employee Benefit	671.33		69.94	
(3) Provision for Wealth Tax	1.05		–	
(4) Proposed Dividend	699.57		174.89	
(5) Tax on Proposed Dividend	113.49		29.05	
(6) Provision for disputed Sales Tax for earlier years	94.41		94.41	
Total-B		1,579.85		758.97
Total (A+B)		5,603.61		2,251.79

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

(₹ in Lacs)

Particulars	Year ended 30/06/2011		Year ended 30/06/2010	
Schedule I Sales				
Sales		29,046.30		19,022.88
Total		29,046.30		19,022.88
Schedule J Other Income				
Interest Income (TDS ₹ 7.65 Lacs Previous Year ₹ 5.72 Lacs)		77.55		188.61
Dividend Income		102.68		129.11
Export Incentives		82.54		53.09
Profit on Sale of Fixed Assets		2.49		1.72
Misc Income		742.10		9.86
Total		1,007.36		382.39
Schedule K Cost of Goods Sold				
Materials Consumed				
Opening Stock of Raw Materials and Finished Goods	2,849.81		308.28	
Add: Purchases	16,683.53		9,001.96	
Less: Closing Stock of Raw Materials and Finished Goods	6,974.94	12,558.40	647.57	8,662.67
Total		12,558.40		8,662.67
Schedule L Personnel Expenses				
Salaries, Wages and Bonus		1,892.80		713.54
Contribution to Provident Fund and Other Funds		619.90		32.51
Staff Welfare Expenses		10.59		13.50
Total		2,523.29		759.55

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

(₹ in Lacs)

Particulars		Year ended 30/06/2011		Year ended 30/06/2010
Schedule M Operating and Other Expenses				
Stores, Spare parts and Packing Materials consumed		71.25		0.77
Assembly and Labour Charges		396.83		–
Power and Fuel		104.60		5.48
Repairs & Maintenance				
Building		15.64		5.18
Machinery		47.86		15.50
Rent, Rates & Taxes		132.45		14.88
Travelling		336.28		163.60
Conveyance		114.55		49.65
Communication Expenses		52.93		40.02
Insurance		29.64		15.26
Printing and stationery expenses		35.70		17.48
Legal & Professional Charges		163.66		47.06
Payment to Auditors		3.88		3.00
Directors' Remuneration		208.50		179.76
Vehicle Expenses		14.50		12.91
General Expenses		92.99		124.08
Repairs, Others		34.60		8.55
Foreign Exchange Fluctuations		(177.59)		45.94
Loss on Sale of Fixed Assets		2.01		1.13
Advertisement and Sales Promotion		1,230.47		601.44
Freight & Forwarding Charges		1,017.46		628.54
Product Service and Inspection Charges		185.54		204.82
Sales Commission		175.78		69.41
Warehousing Charges		167.13		64.79
Conference and Other Expenses		49.62		31.97
VAT and Sales Tax		2,315.97		1,886.36
Total		6,822.25		4,237.58

Schedule N Financial Charges				
Bank Charges		39.09		15.73
Other interest		5.04		41.44
Hire Purchase Charges		–		0.03
Total		44.13		57.20

Schedule O Earning per Share				
Net Profit available for Equity Shareholders		5,119.19		3,699.91
No. of Equity Shares		6,995,700		6,995,700
Basic and Diluted EPS (₹)		73.18		52.89

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011 AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

(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" notified under the Companies (Accounting Standards) Rules, 2006 on the basis of separate audited financial statements of Parent Company, Symphony Limited and the following Subsidiary Companies:

Sr. No.	Name of Subsidiary Company	Country of Incorporation	Extent of Holding/ Voting Power (%) as on June 30, 2011
1	Sylvan Holdings PTE. Ltd. *(Prior to 01-04-11 the holding was 49%)	Singapore	100.00*
2	IMPCO S DE RL DE C V., (through Sylvan Holdings PTE Ltd, Singapore 99.90% and through Symphony Air Coolers Inc, USA 0.10%)	Mexico	100.00
3	IMPCO Air Coolers Inc., (through IMPCO S DE RL DE C V., Mexico)	USA	100.00
4	Symphony Air Coolers Inc,	USA	100.00

(B) Operations of the subsidiaries are not considered as an integral part of the operations of the parent. Hence all revenue items are consolidated at the average rate prevailing during the year.

All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the "Translation Reserve"

(C) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements.

(D) The financial statements of the Subsidiary Companies used in the consolidation are drawn for the same period as that of the Parent Company i.e year ended June 30, 2011.

(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 operations 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.

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011
AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

(a) Sales

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

As the company's business model is such that the excise duty payable by the company is negligible, it is not shown separately.

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.

The fixed assets retired from active use are stated at the lower of cost or net realisable value.

(v) Expenditure On New Projects And Substantial Expansion

All direct capital expenditure on expansion and new projects is capitalised. As regards indirect expenditure on expansion on new projects, only that portion is capitalised which represents the increase in such expenditure as a result of capital expansion. The same is treated as pre- operative expenditure pending allocation to fixed assets in progress and is shown as "Capital Work - in Progress". The same is transferred to fixed assets on progressive basis and is capitalised alongwith fixed assets on commencement of commercial activities.

(vi) Intangible Fixed Assets

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

(vii) 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.

(viii) Investments

Current Investments are carried at the lower of cost and fair value computed individually. Long term

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011
AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

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.

(ix) 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.

(x) Research and Development

Research and Development costs incurred for development of products including manpower cost are charged to revenue as incurred, except for development costs relating to the design and testing of new or improved materials, products or processes which are recognised as intangible assets to the extent that it is expected that such assets will generate future economic benefits. 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 otherwise when events and change in circumstances indicate that the carrying value may not be recoverable.

(xi) 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 when 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.

(c) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. Non monetary foreign currency items are carried at cost.

(xii) 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.

(xiii) 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 CONSOLIDATED BALANCE SHEET as at 30th June, 2011
AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule **P**

(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.

(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.

Rent Expense and Rent Income represent operating leases which are recognised as an expense in the statement of Profit and Loss Account on a Straight Line basis over the lease terms.

(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.

(2) During the year the company has set up an unit in Special Economic Zone (SEZ) at Surat. All the expenditure pertaining to this unit till the date it commences commercial activities have been capitalised to fixed assets and depreciation on fixed assets has been calculated accordingly.

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011
AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule **P**

(3) Contingent Liabilities

(₹ in Lacs)

		2010-11	2009-10
(a)	Claims against the company not acknowledged as debt	11.05	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	2,254.10	5.33
(c)	Demand under disputed central excise matter. Appeals are being filed	242.50	–

The contingent liability towards sales tax is ₹ 2,254.10 lacs (previous year ₹ 5.33 lacs). The amount of ₹ 2,246.57 lacs (out of ₹ 2,254.10 lacs) is demand raised during the year by the Sales Tax department, Gujarat for the years, 1993-94, 1994-95, 1995-96, 1997-98 and 1999-2000. This is on account of Sales Tax department, Gujarat, treating branch transfer and sales outside Gujarat as local sales, for lack of F and C forms. These forms have been completely destroyed alongwith other records as they were kept in basement storage, which was flooded during the heavy rain of 20" on July 13, 2000 in Ahmedabad. This demand is despite the company having paid sales tax in respective states on such branch transfers and sales out of Gujarat. The Government of Gujarat has issued a letter dt. 18.10.2005 to the Commissioner of Sales Tax to grant relief for records destroyed in this instance. Hon'ble Commissioner of Sales Tax has granted administrative relief in the past in cases of such calamities. The matter is now pending before the appellate authority. As advised by legal counsel, considering the merits of the case, no provision is required to be made in the books of accounts.

The company's VAT/Sales tax assessments in the state of Gujarat are completed up to the year 2006-07. There is no other pending demand for any year in Gujarat state except above.

(4) 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)

			2010-11	2009-10
(1)	Segment Revenue			
	Domestic		26,863.03	15,921.01
	Export		2,183.27	3,101.87
		Total	29,046.30	19,022.88
(2)	Segment Expenditure			
	Domestic		22,289.26	12,945.40
	Export		1,637.85	2,377.57
		Total	23,927.11	15,322.97
(3)	Segment Profit			
	Domestic		4,573.77	2,975.61
	Export		545.42	724.30
		Total	5,119.19	3,699.91
(4)	Segment Assets			
	Domestic		21,202.64	9,839.81
	Export (Only Receivables *)		116.68	1,133.86
		Total	21,319.33	10,973.68

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011
AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

(₹ in Lacs)

		2010-11	2009-10
(5)	Segment Liabilities		
	Domestic	5,924.70	2,286.10
	Export (Advance from customers only *)	145.35	45.05
	Total	6,070.05	2,331.15
(6)	Capital Employed (*)	15,249.27	8,642.53

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

(5) Subsidiaries

Following are the subsidiaries of the Company:

(i) Symphony Aircoolers Inc, USA (Subsidiary)
(ii) Sylvan Holdings Pte. Ltd., Singapore (Subsidiary)
(iii) IMPCO S DE RL DE CV, Mexico (Subsidiary of Subsidiary)
(iv) IMPCO Air Coolers INC, USA (Subsidiary of Subsidiary)

(6) Related Party Disclosures

(₹ in Lacs)

Sr. No.	Name of the Related Parties	Nature of relationship with company	Nature of transactions	2010-11 Volume of transactions	2010-11 Balance at the end of the year	2009-10 Volume of transactions	2009-10 Balance at the end of the year
1.	Shri Achal Bakeri	Chairman & Managing Director	Remuneration and Perquisites	175.28	106.50	158.35	89.25
2.	Shri Nrupesh Shah	Director	Remuneration and Perquisites	33.22	23.03	21.41	13.65
3.	Oras Investments Pvt. Ltd.	Enterprise in which Director have significant influence	Rent	4.50	–	–	–
4.	Paratam Investments Pvt. Ltd.	Enterprise in which Director have significant influence	Rent	4.50	–	–	–

(7) Auditors' Remuneration

(₹ in Lacs)

Particulars		2010-11	2009-10
(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
	Total	3.00	3.00

(8) Directors' Remuneration

(₹ in Lacs)

Particulars	2010-11	2009-10
Salary	206.96	169.13
Perquisites & Others	1.54	10.62
Total	208.50	179.76

(9) Managerial Remuneration

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

(₹ in Lacs)

Particulars	2010-11	2009-10
Profit Before Tax as per Profit & Loss Account	7,563.58	5,505.81
Add: Managerial Remuneration	208.50	179.76
Loss on sale of assets	2.01	1.13
Depreciation as per books	533.61	130.58
Total	8,307.70	5,817.28
Less: Depreciation as per Section 350 of Companies' Act,1956	533.61	130.58
Profit on sale of assets / rights	2.49	1.72
Total	536.10	132.30
Net Profit as per Sections 198 and 309(5)	7,771.60	5,684.98

(10) 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 ₹ 297.13 Lacs (Previous year ₹ 76.84 Lacs).

(₹ in Lacs)

Particulars	2010-11	2009-10
Due within one year	297.13	76.84

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 subleases.

(11) 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	2010-11	2009-10
Current service cost	21.06	15.58
Interest on obligation	5.86	4.09
Expected return on plan assets	–	–
Net actuarial losses (gains) recognised in year	5.47	1.97
Past service cost		
Losses (gains) on curtailments and settlement	–	–
Total	32.39	21.64

Actual return on plan assets

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011
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Schedule P

II. Reconciliation of opening and closing balances of defined benefit obligation (₹ in Lacs)

Particulars	2010-11	2009-10
Opening defined benefit obligation	69.94	50.28
Service cost	21.06	15.58
Interest cost	5.86	4.09
Actuarial losses (gains)	5.47	1.97
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	(1.17)	(1.98)
Closing defined benefit obligation	101.16	69.94

III. Reconciliation of Opening and Closing balances of fair value of plan assets (₹ in Lacs)

Particulars	2010-11	2009-10
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	2010-11	2009-10
Present value of funded obligations	–	–
Fair value of plan assets	–	–
Present value of unfunded obligations	101.16	69.94
Unrecognised past service cost	–	–
Net liability	101.16	69.94
Amounts in the balance sheet:		
Liabilities	101.16	69.94
Assets		
Net liability	101.16	69.94

V. Investment Details (₹ in Lacs)

Particulars	2010-11	2009-10
Government of India Securities	–	–
High quality corporate bonds	–	–
Equity shares of listed companies	–	–
Property	–	–
Insurance Company	–	–

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011
AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

VI. Actuarial Assumptions

Particulars	2010-11	2009-10
Discount rate	8.39%	8.14%
Expected return on plan assets	–	–
Proportion of employees opting for early retirement	–	–
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	2010-11	2009-10
Defined benefit obligation	101.16	69.94
Plan assets	–	–
Surplus/(deficit)	(101.16)	(69.94)
Experience adjustments on plan Liabilities	–	–
Experience adjustments on plan assets	–	–
Movement in net liability recognised in Balance Sheet		
Net opening liability	69.94	50.28
P&L Charge	32.39	21.64
Contribution paid / Benefits paid	(1.17)	(1.98)
Closing net liability	101.16	69.94

(12) Leave encashment

As per 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.

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

			Current Year		Previous Year		
Type of Transactions	Particulars of Derivatives	Currency	Amount US$ in Lacs	Year End Rate (₹)	Amount US$ in Lacs	Year End Rate (₹)	Purpose
Forward	SELL	USD	16.68	44.60	27.18	46.39	Hedge of Forex
Range Forward	SELL	USD	11.50	44.60	11.50	46.39	USD Receivable
Option	SELL	USD	4.50	44.60	9.50	46.39	/Loan

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

Particulars	2010-11	2009-10
Import Creditors	–	–
Export Debtors	1474.13	414.82
Loans Receivable	1690.02	89.75

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011
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Schedule P

(14) 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, 2011. 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.

(15) 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.

(16) Prior period items

(₹ in Lacs)

Particulars	2010-11	2009-10
Excess Provision of Expenses	(20.95)	–
Refund of Excise Duty on Export	(24.95)	–
Total	(45.90)	–

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

(₹ in Lacs)

Particulars	2010-11	2009-10
Revenue Expenditure	50.23	51.88
Total	50.23	51.88

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

(19) Installed Capacity & Production (As certified by the Management)

Particulars	2010-11	2009-10
Air Coolers, Geysers & Others		
Installed Capacity	N.A.	N.A.
Actual Production / Purchase	687,924	439,385

(20) Turnover

Class of Goods	Year ended 30/06/2011		Year ended 30/06/2010	
	Quantity (Nos)	Amount (₹ in Lacs)	Quantity (Nos)	Amount (₹ in Lacs)
Air Coolers, Geysers & Others	514,817	29,046.30	422,331	19,022.88
		29,046.30		19,022.88

(21)

Particulars	Year ended 30/06/2011		Year ended 30/06/2010	
	Quantity (Nos)	Amount (₹ in Lacs)	Quantity (Nos)	Amount (₹ in Lacs)
(i) Consumption of Materials:				
Air Coolers, Geysers, etc., Kits, Components & Others		12,558.40		8,662.67
		12,558.40		8,662.67

SCHEDULES ATTACHED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June, 2011
AND PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2011

Schedule P

Particulars	Year ended 30/06/2011		Year ended 30/06/2010	
	Value in (₹ in Lacs)	% of total Consumption	Value in (₹ in Lacs)	% of total Consumption
(ii) Value of Imported & Indigenous Materials				
Imported	821.70	6.54	111.62	1.29
Indigenous	11,736.70	93.46	8,551.05	98.71
	12,558.40	100.00	8,662.67	100.00
(iii) C.I.F. Value of Imports				
Raw Materials & Trading Goods		771.79		85.92
Capital Items		290.19		62.34
		1,061.98		148.26

(22)

Particulars	Year ended 30/06/2011		Year ended 30/06/2010	
	Quantity (Nos)	Amount (₹ in Lacs)	Quantity (Nos)	Amount (₹ in Lacs)
(a) Opening Stock of Finished Goods				
Air Coolers, Geysers & Others	29,060	601.41	12,006	267.79
		601.41		267.79
(b) Closing Stock of Finished Goods				
Air Coolers, Geysers & Others	202,167	5,779.53	29,060	601.41
		5,779.53		601.41
(23) Expenditure in Foreign Currency (₹)				
Advertisement, Sales Promotion, Freight Paid, Travelling & Others		140.16		73.76
(24) Earning in Foreign Currency (₹)				
F.O.B. of Exports		2,085.71		2,918.88
Other Income		137.50		313.55

Signature to Schedule "A" to "P"

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 : 29TH JULY, 2011

CHANDRAKANT GANDHI
COMPANY SECRETARY

NOTICE

Notice To Shareholders

Notice is hereby given that the Twenty Fourth 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 Wednesday, November 30, 2011 at 10.00 A.M. to transact the following business:

Ordinary Business

1. To receive, consider and adopt Accounts for the year ended 30th June 2011 and the Report of the Directors and Auditors thereon.

2. To declare dividend.

3. To appoint a Director in place of Mr. Himanshu Shah, 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, (ICAI Reg. No. 109432W) Ahmedabad, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and are hereby authorised to fix their remuneration for the said period."

Special Business:

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

   "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of members, the Company hereby accords its approval to reappoint Mr. Nrupesh C Shah as an Executive Director (Corporate Affairs) of the Company for a period of Five Years w.e.f. November 01, 2011 upon the terms and conditions, including the remuneration to be paid in the event of inadequacy of profits in any financial year, passed by the Board of Directors in its meeting held on October 10, 2011 and as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Mr. Nrupesh C. Shah, subject to the limit specified in Schedule XIII of the Companies Act, 1956."

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

6. To consider and if thought fit, to pass the following resolution with or without modification as a Special Resolution:

   "RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, [including any statutory modification(s) or re-enactment thereof, for the time being in force], Articles of Associations of the company be and are hereby altered by inserting the following new clause to existing Article 2 and new Articles 181(a) to181(b) after the existing Articles 181 and new Articles 183(a)(i) to183(a)(iv) after the existing Articles 183".

   New Clause in Article 2 after the clause "Extraordinary General Meeting":

   "Electronic mode means video conference facility i.e. audio-visual electronic communication facility employed which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting".

   Article 181(a)
   The notice of the meeting shall inform the directors regarding availability of participation through video conference, and provide necessary information to enable the directors to access the available facility of video conferencing.

   Article 181(b)
   The notice of the meeting shall also seek confirmation from the directors as to whether he / she will attend the meeting physically or through electronic mode and shall also contain the contact number(s) / e-mail addresses of the Secretary / designated officer to whom the director shall confirm in this regard. In the absence of any confirmation from the Directors, it will be presumed that he / she will physically attend the Board meeting.

   Article 183(a)(i)
   Every director of the company must attend the meeting of Board / Committee of directors personally (apart from attendance by electronics mode) at least once in a financial year of the company.

   Article 183(a)(ii)
   Director participating in a meeting through use of video conference shall be counted for the purpose of quorum.

   Article 183(a)(iii)
   The place where the Chairman or Secretary is sitting during the Board meeting shall be taken as the place of meeting in terms of section 288 of the Act, and all recordings will be made at this place.

   Article 183(a)(iv)
   Video recording of the meeting will be preserved by the company for the prescribed time from the conclusion of the meeting.

   "RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board", which expression shall also include a Committee thereof) be and they are hereby authorised to do any acts and things as may be necessary to give effect to the aforesaid resolution."

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT:

   a) pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the provisions of the Memorandum and Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from the concerned authorities or bodies, 1 (one) equity share of the Company having a face value of ₹ 10 each fully paid up be sub-divided into 5 (Five) equity shares having a face value of ₹ 2 each fully paid up.

   b) upon the sub-division of the Equity Shares as aforesaid, the existing Share Certificate(s) in relation to the existing Equity Shares of the face value of ₹ 10 each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date to be determined by the Board of Directors (the **"Board"**, which expression shall also include a Committee thereof) and the Company may without requiring the surrender of the existing Share Certificate(s) directly issue and dispatch the new Share Certificate(s), of the Company, in lieu of such existing Share Certificate(s), subject to the provisions of Companies (Issue of Share Certificate Rules) 1960, and in the case of the Equity Shares held in the dematerialised form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Shares of the Company before sub-division.

c) the Board be and is hereby authorised to take all such steps as may be necessary for obtaining such approvals, as may be necessary in relation to the above and to execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of the powers herein vested in the Board to the Managing Director or Company Secretary, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT Pursuant to Section 16 and other applicable provisions of the Companies Act,1956 the existing clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following new clause.

"The Authorised share capital of the Company is 15,00,00,000 (Fifteen Crore only) divided into 7,50,00,000 equity shares of ₹ 2 each."

8. To consider and, if thought fit, to pass the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or reenactment thereof, for the time being in force) Article 5 (a) of the Articles of Association of the Company be altered by substituting the following clause:

"The Authorised Share Capital of the Company shall be as per Clause V of the Memorandum of Association of the Company with powers to increase or reduce the Share Capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred or such other rights, privileges or conditions as may be determined in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may be provided by regulations of the Company and consolidate or sub-divide the shares and issue shares of higher or lower denomination by way of ordinary resolution."

Registered Office:	By Order Of The Board
'Saumya'	For **Symphony Ltd.**
Bakeri Circle, Navrangpura,	
Ahmedabad-380014.	**Chandrakant Gandhi**
Date: October 18, 2011	*Company Secretary*

Notes

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

The instrument appointing Proxy should however be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.

(b) Members desirous of obtaining any information in regard to accounts and operations of the Company are requested to write to the Company at least seven days before the meeting to enable the Company to keep the required information ready at the forthcoming meeting.

(c) The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business mentioned in the above Notice is annexed hereto.

(d) The Register of Members and Share Transfer Books of the Company will remain closed from November 19, 2011 to November 30, 2011 (both days inclusive).

(e) Under the provisions of the Companies Act, 1956 as amended by Companies (Amendment) Act, 1999 w.e.f. 31st October 1998, members holding shares in physical form may file Nomination Forms in respect of their shareholdings. Such members willing to avail this facility may submit to the Company at the Registered Office in the prescribed Form 2B or write to or contact the Company Secretary for assistance.

(f) Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.

(g) Members are requested to intimate change in their registered address, if any, to the Company. In case mailing address mentioned on this Annual Report is without PIN CODE, members are requested to kindly inform their PIN CODE immediately.

(h) Documents and/or letters referred to in the Resolutions and in the Explanatory Statement annexed hereto are open for inspection for the members at the Registered Office of the Company on all working days between 2.00 p.m. and 4.00 p.m., up to the date of Annual General Meeting.

(i) Members are requested to bring their copies of Annual Report to the meeting, as the same will not be circulated at the meeting.

(j) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send certified copy of Board Resolution authorising their representatives to attend and vote on their behalf at the meeting.

(k) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

(l) The final dividend for the financial year ended on 30th June, 2011, as recommended by the Board, if approved at the meeting will be paid on or before December 07, 2011 to those members whose names appear in the company's register of members as on the date of book closure.

Registered Office:	By Order Of The Board
'Saumya'	For **Symphony Ltd.**
Bakeri Circle, Navrangpura,	
Ahmedabad-380014.	**Chandrakant Gandhi**
Date: October 18, 2011	*Company Secretary*

Brief Resume and Other Information of Directors seeking Appointment / Re-Appointment in the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Names of Directors	Mr. Nrupesh Shah*	Mr. Himanshu Shah*
Age	46 years	49 years
Qualifications	B.com, FCA, CS	B.com, MBA (Marketing)
Date of Appointment	19-10-2002	30.04.2009
Brief Resume & Functional Expertise	Corporate affairs, Strategies, Finance, Accounts and Taxation.	Expertise in Marketing, Business Promotion and International Trade.
Appointment / Reappointment	Reappointment	Reappointment
No.of Shares held in the Company	182,301**	100
List of Companies in which Directorship is held	1. Nrups Consultants (P) Ltd. 2. Symphony Designer Properties Pvt. Ltd. 3. Nabab Investments Pvt. Ltd. 4. Neelam Fiscal Pvt. Ltd.	Mercer Designer Fabrics Pvt. Ltd.
Chairman / Member of the Mandatory Committee on which he / she is a Director	2	2

* The above directors are not related to any directors of the company.
**It includes shareholding by director, relatives and companies in which he is having a substantial interest.

Annexure To Notice

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956.

Item No 5

The Members had, at the Annual General Meeting of the Company held on 21st December 2006 approved the reappointment and payment of remuneration to Mr. Nrupesh C. Shah, Executive Director (Corporate Affairs) for a period of five years effective 1st November 2006. Terms of remuneration of Mr. Nrupesh C Shah was modified w.e.f. 1st April 2008 as per resolution no. 6 passed at the Annual General Meeting held on 26th December, 2008 for his remainder term. The present term of Mr. Nrupesh C. Shah, Executive Director (Corporate Affairs) expires on 31.10.2011. A brief resume of the appointee is attached to the Notice.

The Board of Directors, at its Meeting held on October 10, 2011 approved the reappointment and revised terms of reappointment of Mr Nrupesh C. Shah as the Executive Director (Corporate Affairs) of the Company, w.e.f. 1st November, 2011 on, inter alia, the following terms:

Nature of duties:

Mr Nrupesh C. Shah, shall, subject to the supervision and control of the Board, be entrusted with substantial powers of Management and shall also perform such duties as, from time to time, be entrusted to him and the business of any one or more of its subsidiaries and/or associate companies.

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

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

(B) **Perquisites**

In addition to the above, Mr. Nrupesh Shah will also be provided with a car for use on Companies' business and telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director.

The following perquisites will not be included in the computation of the ceiling on the remuneration specified above:

1. Contribution to provident fund, super-annuation fund or annuity fund, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity not exceeding half month's salary for each completed year of service.

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

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

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

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

This may be treated as an abstract of the Draft Agreement between the Company and Mr. Nrupesh C. Shah pursuant to Section 302 of the Companies Act, 1956.

Item No 6

The Ministry of Corporate Affairs (MCA) has taken a 'Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies Act and the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through electronic mode.

In the light of the above provisions and circumstances, the MCA clarified by its General Circular No. 28/2011 dated May 22, 2011 that directors of a company may participate in the meeting of Board / Committee of directors meeting under the provision of Companies Act, 1956 through electronic mode. For this purpose, the company shall also comply with certain requirements and procedures, in addition to the normal procedures required under the Companies Act, 1956 for holding meetings of Board / Committee of directors. Hence, it is felt necessary to amend the Articles of Association so as to incorporate these new provisions into the Articles of Association of the Company.

With issuance of the said General Circular of MCA, certain provisions of Companies Act pertaining to the meetings of directors have implications with a view to facilitating the operation of the said provisions in the meetings of Board / Committee of directors. In view of this, consequent changes are required to be incorporated in the Articles of Association of the company.

The Board of Directors recommends the resolution for your approval.

A copy of the Memorandum and Articles of Association of the company together with the proposed alterations would be available for inspection by the members at the Registered Office of the company during the business hours on any working day.

None of the Directors of the company is, in any way concerned or interested in the Resolution.

Item No 7 and 8

The Equity Shares of the Company are listed on The National Stock Exchange of India Limited (NSE), The Bombay Stock Exchange Limited (BSE) and The Ahmedabad Stock Exchange (ASE). The Shares are actively traded on NSE and BSE. The market price of the Equity Shares of the Company has witnessed significant increase over a years' time. In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to the small investors, the Board of Directors of the Company ('the Board') at their meeting held on October 18, 2011, considered it desirable to recommend sub–division of one Equity Share of ₹ 10 each into five equity shares of ₹ 2 each subject to approval of the Members and such other authorities as may be necessary.

The sub-division as aforesaid would require consequential amendments to the existing Clause V in the Memorandum of Association and Article 5(a) of the Articles of Association of the Company as set out in the items of the Notice respectively.

The Resolution at Item No 7 of the Notice seeks the approval of the Shareholders for the proposed sub-division of the Equity Shares of the Company in the capital clause of the Memorandum of Association of the Company. The Resolution at Item No 8 seeks the approval of the Shareholders for the consequential amendment to the Articles of Association of the Company.

The existing Memorandum and Articles of Association are available for inspection at the Registered Office of the Company between 11am to 1 pm till November 30, 2011 on any working day of the Company.

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

Registered Office:	By Order Of The Board
'Saumya'	For **Symphony Ltd.**
Bakeri Circle, Navrangpura,	
Ahmedabad-380014.	**Chandrakant Gandhi**
Date: October 18, 2011	*Company Secretary*

Symphony Limited

Regd. Office : 'Saumya', 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 Fourth Annual General Meeting of the Company to be held on Wednesday, November 30, 2011 at 10.00 A.M. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 and at any adjournment thereof.

Regd. Folio No. : ______________

DP ID No.: __________ Client ID No. __________

No. of Shares held : ______________

Affix one rupee Revenue Stamp

Signed this __________ day of __________ 2011.

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. In case of joint Shareholders, all must sign the Proxy Form. The Proxy need not be a member of the Company.

Symphony Limited

Regd. Office : 'Saumya', 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. / D.P.ID & Client ID
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 Fourth Annual General Meeting of the Company on Wednesday, November 30, 2011 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)

Important communication

Green Initiative in Corporate Governance

The Ministry of Corporate Affairs ('MCA') has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode vide circular no. 18/2011 dated 29.04.2011, permitting the companies to send various notices / documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors' Report etc) to their shareholders through electronic mode, to the registered e-mail addresses of the shareholders.

To support the 'Green Initiative', members holding shares in demat form are requested to provide their email IDs to the depository through their concerned depository participants and the members holding shares in physical form are requested to provide email ID to the company on email ID legal@symphonylimited.com and also update the email address as and when there is any change. Registration Form for service of documents through electronics mode is given in this report. Kindly fill in the same and return to us at Symphony Limited, 'Saumya', Bakeri Circle, Navrangpura, Ahmedabad 380 014.

Registration Form for service of documents through electronic mode

To,
Symphony Limited
'Saumya', Bakeri Circle,
Navrangpura,
Ahmedabad – 380014

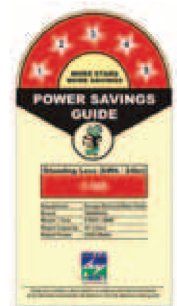
Sub.: Electronic Mode of Service of Documents
Re.: MCA Circular - Green Initiative

I/We agree to receive all communication from the Company in electronic mode. Please register my e-mail id in your records for sending communication through e-mail

Folio No.	:
DP ID	:
Client ID	:
Name of 1st Registered Holder	:
Name of Joint Holder(s)	:
Registered Address	:
Email ID (to be registered)	:
PAN	:
Important Notes	:

Shareholders are requested to keep Company informed as and when there is any change in the e-mail address.

Date :
Signature :



Our certifications

Underwriters Laboratories Inc

European Conformity

Electrical Testing Laboratories

Norma Oficial Mexicana

International Organization for Standardization

Saudi Arabian Standards Organization

Certificate of Conformity for Russia

Symphony Limited
'Saumya', Bakeri Circle, Navrangpura,
Ahmedabad 380014, Gujarat, India.
Phone: +91-79-26424430, Fax: +91-79-26425930
Email: corporate@symphonylimited.com
Website: www.symphonylimited.com

natural cooling