What's the next big idea?

Big transformation. Small everyday improvements. Get the connect?

Annual report 2011–12
Symphony Limited

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

'Saumya', Bakeri Circle,
Navrangpura, Ahmedabad 380014,
Gujarat, India.

Phone: +91-79-26424430
Fax: +91-79-26425930

Factory

703/704, Sanand Kadi Highway,
Village Thol,
Taluka Kadi, District Mehsana, Gujarat.
PIN – 382728.

SEZ Unit

Plot no. 177, 178, 201 & 202
Surat Special Economic Zone
Sachin, District Surat, Gujarat.
PIN 394230.

Connect us

Email: corporate@symphonylimited.com
Website: www.symphonylimited.com
www.symphony-usa.com
www.symphonylimited.com.mx
Connect with us on:
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

Another terrible year.
Customers admired products but held onto their wallets.
Customers selected products only to squint when they saw the price tag.
Customers scrutinised products and asked, 'So what's different?'

Just the kind of year when most appliance companies were likely to introspect and ask: 'What's the *next* big idea?'

And then there was Symphony.

Marketing a product at a fourth of the cost of an alternative but earning twice the margins. Running a capital-intensive business with a five-fold increase in free cash. Increasing average realisations in a year when everyone was reducing sticker prices. Growing Indian market share by 500 bps to 50%.

Just the kind of year when shareholders and analysts came back to ask: 'Great, now what's the *next* big idea?'

Statement

from the Chairman and Managing Director

'What's the *next* big idea?'

Dear shareholders,

It was another amazing year for the Company.

Seldom have we witnessed a year as climatically volatile as it has been economically unpredictable.

At the start of our financial year (July, 2011) the entire summer-based industry (ice creams, beer, soft drinks and airconditioners) experienced the hangover of a mild summer, marked by a slowdown in sales, margins and profits. We were not spared as well; we had reported a topline growth of 23% and a bottomline growth of 22% in 2010-11.

As the impact of this mild summer lingered, our performance for the major part of 2011-12 continued to be relatively lukewarm. Our consolidated revenue growth in 2011-12 was only 7% over the previous year whereas our bottomline increased a mere 4%.

Turnaround

Just when we were reconciled to a relatively flat year, something unexpected transpired. Temperatures rose, the summer in India proved to be among the ten warmest years on record in the last 160 years, customers made a beeline for cooling products and Symphony reported a 14% increase in revenues in the last quarter over the immediately previous quarter and 52% higher than in the corresponding quarter of the previous year. The vigorous rebound of this single quarter enabled the Company to significantly reverse the slowdown of the previous quarters. The result was that Symphony reported a 9% growth in topline and 12% increase in its bottomline during the year under review.

Portfolio churn

It would be simplistic to assume that the Company reported an increase in its revenues and profits only as a pass-through of an increase in temperatures. The reality went deeper. Symphony capitalised most effectively on a rise in temperatures because it had proactively churned its portfolio:

Between 2009-10 and 2011-12, additional spending by rural India was Rs.3,750 billion, significantly higher than Rs.2,994 billion by urbanites, the first time since economic reforms began two decades ago *(Source: CRISIL, August 2012).*

it had introduced new cooler models like Storm 70E and Storm 100E in December 2011, addressing 700 sq ft and 1000 sq ft residential spaces respectively. These models were priced close to air-conditioners and positioned around a comparable value proposition with a negligible maintenance cost. The result was that within a mere six months of launch, these value-added models accounted for 5% of our revenues in 2011-12, lifting the overall average. So even as we sold just about the same number of cooler units in 2011-12 as we did in the previous year, weighted average per unit realisation was higher by 10% . In my mind, even as we encountered one of the most challenging years in recent memory, our response was unprecedented.

Outperformance

There were other pertinent reasons behind our significant outperformance of the cooler sector.

We upgraded our existing models in line with the needs and conveniences of an evolving marketplace. We upgraded a number of our conventional manual models to be remotely controlled and by the end of the financial year under review, nearly half our models were remote-operated. We invested our models with energy-efficient motors to reduce power consumption. We strengthened the number of customer service points across India. We increased the number of pan-India distributors from 550 to 750 and retail points of sale from 10,200 to 14,000.

More importantly, we extended the nature of our solution – from 'a box' to 'a system'. For years, we had marketed 'a box'; during the year under review, we extended to offer customers a ducted cooling solution for the entire residence covering up to 2,000 sq ft.

Besides, we had earlier marketed a major part of our production through conventional sales channels. During the year under review, we generated a growing throughput from large format stores. The result was a 177% increase in throughput from this channel; revenues from this route increased from 4% of sales in 2010-11 to 9% in 2011-12.

Staying single

Symphony is a remarkable instance of a company that has virtually redefined the cooler industry in India. The Company accounts for nearly one out of every two coolers sold in India's organised sector and has the highest sectoral margin. Despite this, Symphony is still a single product company (with residential and industrial manifestations). So a number of analysts have ventured to ask: 'What is the next big idea?'

At Symphony, it would be tempting to use the cash at our disposal to extend along the x-axis and become multi-product in no time. In our opinion, this would be premature for the following reasons:

- Even as it appears that the cooler sector has acquired a critical mass and hence, can be considered mature, we are far from this reality.

- India is passing through unprecedented income growth – per capita income grew from ₹ 54,835 in 2010-11 to ₹ 60,972 in 2011-12. Besides, earnings in rural Indian households increased by 45% in two years, catalysed by better farm earnings and the trickle-down of the MGNREGA programme *(Source: Livemint May 2010).*

- It isn't just a question of selling within India any longer. Symphony exports the product to 60 countries, a large number of them having income or

THE FUTURE BELONGS TO THE FEW OF US STILL WISHING TO GET OUR HANDS DIRTY

– Reiner Tiangco

social demographics akin to India and where it would be reasonable to assume that a combination of rising temperatures and relatively modest earnings growth will make the cooler the first-choice product in the quest to create liveable residences.

■ Besides, it isn't just the question of a residential cooler any more. Over the last few years, we have successfully evolved and extended the product to cover industrial coolers and residential ducting systems. Both the concepts are completely unknown; there are thousands of factories in the country with workers toiling away in sub-human working conditions even in peak summers. Our industrial cooler solution presents a high-ticket solution in a virgin environment.

■ Over time, as air conditioners move to environment-friendly (and expensive) refrigerant gases, the price differential between these products and coolers will only widen, strengthening the case for the latter.

Road ahead

As things stand, there is still a considerable scope waiting to be exploited within the air cooler sector. At Symphony, there are two ways to address this potential.

Firstly, through the extension of our products, which extends us from one product to multiple products with a corresponding decline in margins and management attention to each. Secondly, a continuing focus on one, spinning innovations out of the core product and continuing to reinvent applications across a wider customer spread.

At Symphony, we would rather sacrifice quantity-led topline growth for quality-led revenue cum bottomline increment. We are convinced that it is only our singular focus on managing one core product that has translated into industry-beating margins, high return on capital employed and the ability to dominate the segment.

Does it then mean that Symphony will remain a one-product wonder?

Not at all. At Symphony, we are engaged in scouting for product opportunities based on the following criteria:

■ We will address unsatisfied (emerging or long-felt) needs with products that are years away from consumption maturity.

■ We will enter spaces where there is a prospect of segment leadership (first, second or third).

■ We will enter spaces where there is a prospect of adjacent product extension so that we may explore emerging consumer preferences.

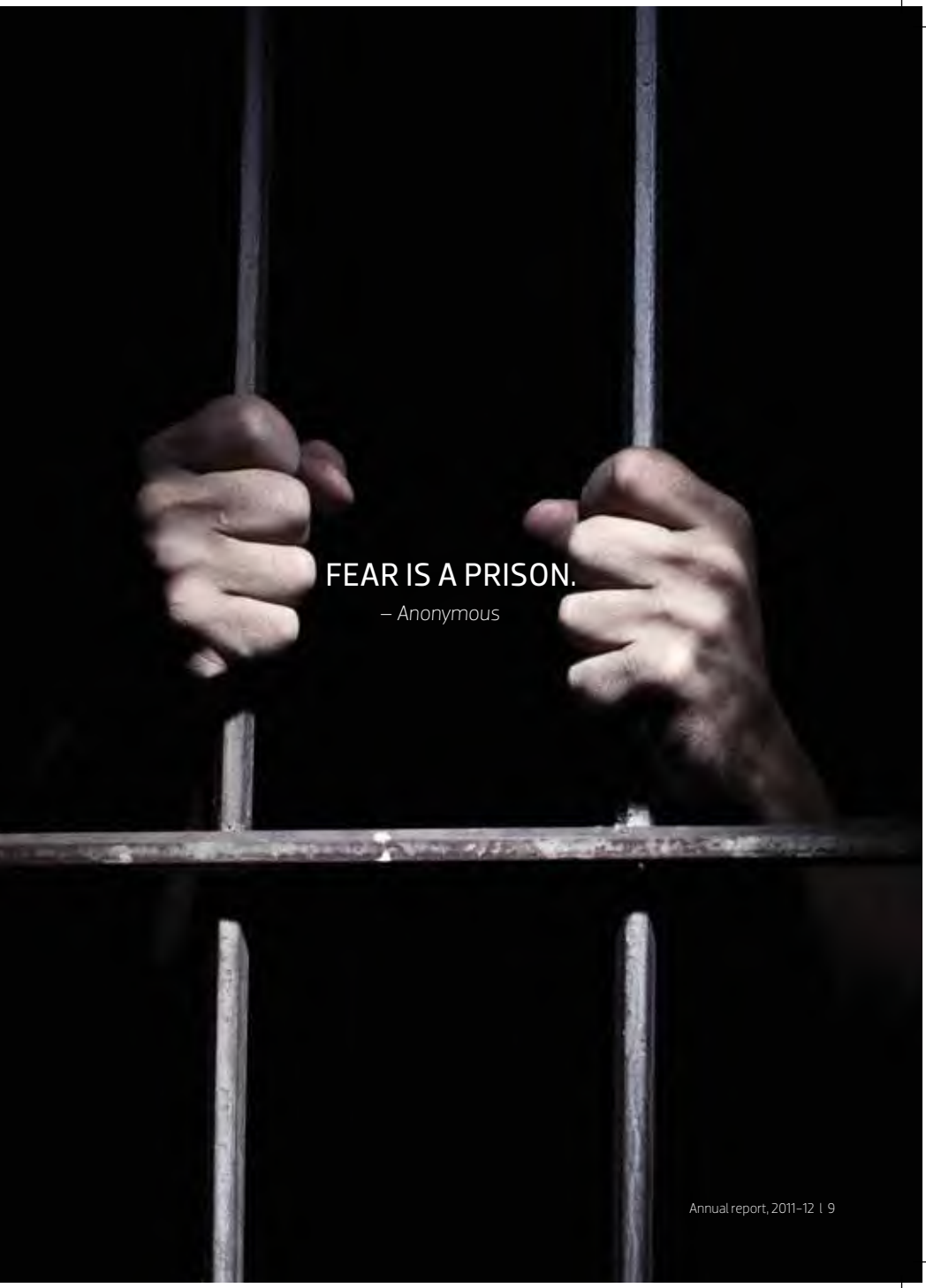
■ We will enter products that are tied up with latent need for environment friendliness.

■ We will enter product spaces where we can remain knowledge-heavy but asset-light, making it possible for us to strengthen our balance sheet and enhance shareholder value.

■ We will enter product spaces that are tied up with superior lifestyle aspiration, which means that higher the people earn, greater the prospects of products offtake.

Until then, we will continue to enhance value for our shareholders in the way we know is secure and sustainable.

Achal Bakeri,
Chairman and Managing Director



FEAR IS A PRISON.

– Anonymous

Board of directors

Achal Bakeri

Chairman and Managing Director, and the founder

Age 52, Architect, MBA (University of Southern California)

He is an architect with about 24 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.

Nrupesh Shah

Executive Director

Age 47, 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 24 years of rich experience in his areas of expertise. He has been with the company since 1993.

Dipak Palkar

Independent Director

Age 59, B.Com., DTP and DBM

He has about 32 years of rich experience in marketing, business promotion and international sales.

Himanshu Shah

Independent Director

Age 50, B.Com. and MBA (Marketing)

He has about 24 years of rich experience in sales, marketing and business promotion.

Management teams – India

Vinayak Sukthankar

Chief Executive Officer

Age 51, IIT – Kanpur, IIM – Ahmedabad. He has over 28 years of experience with leading corporates and was responsible for diverse functions such as SBU head, production, corporate planning, sales and marketing, training, etc. Currently he oversees all the functions of the organisation.

Vijay R. Joshi

Vice President–Operations

Age 49, BE (Mech), Diploma in Business Management

He has over 25 years of experience and holds overall responsibility for operations including development of new products, materials management and production.

Pallab Bhattacharya

Vice President–Quality & Business Excellence and Customer Care

Age 52, BE (Elect.), PG Diploma in Statistical Quality Control & Operations Research and Diploma in Materials Management

He has over 30 years of experience in the field of quality assurance. His responsibilities include setting up and maintenance of quality systems and global certifications.

Bhadresh Mehta

Vice President–Finance & Accounts

Age 52, B.Com., ACA, ACS, AICWA and DISA

He is a finance and audit professional with 29 years of experience. He is responsible for finance, audit, accounts, costing and infotech functions.

Chandrakant Gandhi

Company Secretary and Head – Legal

Age 56, M.Com., LLB, FCS

He has more than 30 years of experience and looks after secretarial and legal functions.

Ramendra Sahai

Vice President – Industrial & Commercial Air Cooling

Age 45, BE (Mechanical), MBA (Marketing). He has over 21 years of experience in the field of sales and marketing. He is currently responsible for Industrial & Commercial Air Coolers Sales division of the organisation.

Jayesh Gupta

Sr. General Manager–Sales

Age 50, B.Com.

He has over 29 years of experience in the field of sales. He is responsible for all India domestic sales, logistics and commercial functions.

Rajesh Mishra

Sr. General Manager–Marketing–Domestic & International Markets

Age 41, BE (Mechanical)

He has over 17 years of experience in the field of sales and marketing. He is responsible for all marketing functions in the Company's domestic and international business.

Madhu Mohan

Sr.General Manager–International Markets

Age 44, BE (Mech.), MBA (International Business)

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

Dilip Thakker

Sr. General Manager – International Business

Age 45, BBA, MBA (Marketing). He has over 23 years of experience in the field of export and domestic sales and marketing. He is currently responsible for developing international business.

Management team – Mexico (IMPCO S. de. R. L de C.V)

Juan Bendeck

General Director (CEO)

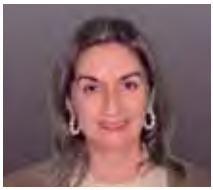
Age 46, BS Industrial Engineering, MBA

He has over 25 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 58, CPA and DBMS Degree



Nelda O. Jauregui

Human Resource Manager

BA, MBA

Javier Reza

Sales and Marketing Director

Age 41, Associate Degree in Business

Jose Carmen Contreras

Supply Procurement Director

Age 55, BS Industrial Engineering

Alvaro Trevino

Engineering Manager

Age 33, BS in Mechanical and Administrative Engineering, Master in Material Sciences

Alejandro de la Cerda

Operations Manager

Age 30, BS in Mechanical and Administrative Engineering, MBA

Management team – USA (Symphony USA Inc.)

Sam Montini
Director of Sales

John Koponen
Director of Sales

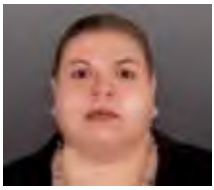
Global team – sales

Vladislav Silferskiy
Country Manager
Russia

Farooq Khan
Country Manager
Saudi Arabia

Khaled Nabil
Country Manager
Egypt

Partha Kumar Das
Sales Manager
Bangladesh



Celia Guerrero
Sales Manager
Central America

Hector Connor
Sales Manager
South America

Antonio Carlos Vasconcelos
Sales Manager
Brazil

Symphony.

Represents the power of an innovative idea. From marketing air cooling products in one region to 60 countries. From products addressing residential needs to servicing industrial requirements. From the manufacture of standalone products towards comprehensive cooling solutions. Driven by a relentless approach, concised in a simple line. 'What's *next* ?'

Corporate pillars

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.

Background

Symphony (incepted in 1988) is a leading global air cooling solutions company committed to develop innovative designs leading to manufacture of eco-friendly products for domestic and industrial customers in 60 countries.

Presence

Symphony (headquartered in Ahmedabad, India) leverages an asset-light business model for the vendor-based manufacture of residential coolers in India and direct lean manufacture of industrial coolers in Mexico. The Company's sales team is present in 15 countries across Europe, America, Asia and Africa. The Company's products are marketed by retail giants like Walmart, Lowes, Carrefour, Singer, Sears, Costco and Home Depot, among others. Symphony's shares are listed on National Stock Exchange and Bombay Stock Exchange.

Products

Symphony has a unique distinction of possessing the largest number of trademarks and registered designs in the international air cooler industry (108 trademarks, 49 registered designs, 7 copyrights and 8 patents). The Company offers 15 air cooler models as well as diverse water heaters.

Awards and recognitions

Year	Award
2012	■ The Company's R&D centre was accorded certificate of recognition from the Ministry of Science and Technology, Government of India. ■ Recognised as Star Export House by the Government of India. ■ Won Award for Excellence in Financial Reporting by The Institute of Chartered Accountants of India for its Annual Report FY 2009-2010.
2000	■ Recognised by the Guinness Book of World Records for creating the world's largest functioning air cooler.
1995	■ Achal Bakeri, Chairman and Managing Director, felicitated by Sir John Major, the then Prime Minister of UK.
1994	■ Achal Bakeri, Chairman and Managing Director, awarded the Young Achiever Award by Worldcom.

Certifications

- Authorisation for the ISO 9001:2008 Intertek mark on its products.
- Certified with international conformity by the Saudi Arabian Standards Organisation (SASO).
- Holder of CE certification and Certificate of Conformity for Russia.
- Five sizes of water heaters accredited with a pioneering five-star BEE rating for energy efficiency.
- Holds certification of Underwriters Laboratories Inc., Electrical Testing Laboratories, Norma Official Mexicana and German Safety of Equipment.
- Only company across industries from India to have the GS Certification.

Milestones

1988
Symphony Comfort Systems Ltd. commences operations in India.

1990
Widens national distribution. Launches its first TV ad.

1992
Symphony's coolers enjoy household visibility.

1993
Launched Kaizen; promoted as the air cooler that 'looked and felt like an AC'.

1994
Listed on the Stock Exchanges of Bombay, Ahmedabad and Delhi with 10000+ individual investors. Launched the 'Columbia' range of plastic water heaters.

2000
Launched 'Sumo' desert air cooler, established as a household brand.

2001
Launched mid-segment coolers.

2004
Symphony HiCool launched for coastal markets.

2006
Launched Symphony's range of air conditioners. Entered 33 countries.

2008
Acquired Impco Air Coolers (Mexico) founded by the inventor of evaporative air coolers with a rich track record going back to 1939.

2009
Launched the 'DiET Range' of air coolers, the world's first tower coolers. Embarked on creating a new corporate office (expected by 2013).

2010
Launched industrial air cooling solutions in India. Introduced the first summer campaign.

2011
Strengthened network and TV campaigns to promote the 'first summer' concept. Launched a TV campaign for South America / Mexico, a first by any evaporative cooler company in those regions.

2012
Introduced 'Storm', the world's largest tower cooler with advanced electronic features.

Challenging year 2011-12 for most part.
Encouraging year for Symphony.

Sales and marketing

- Widened the distribution network.
- Introduced the world's first tower air cooler range in super premium segment through two models (Storm 100E and Storm 70E).
- DiET Range of air cooler introduced with advanced electronic features and equipped with remote control.
- Promoted the brand on social media (Facebook, Linked.in and Twitter).
- Revamped corporate website with richer product knowledge.
- Introduced a pan-India customer care number.

Certifications

- Recognised for the R&D centre at Thol by the Government of India.
- Received the necessary GS certification for Germany, the first Indian company to have this certification.
- Received ISO 9001:2008 for IMPCO, Mexico.
- Received ISO 9001:2008 for its Marketing, Sales and Logistics divisions (domestic and international).

Industrial business

Appointed Mr. Ramendra Sahai as Vice President, Industrial and Commercial Air Cooling Business.

Other aspects

- Initiated an in-house monthly newsletter called 'Symphony Notes'.
- Received the 'ICAI Award for Excellence in Financial Reporting' for its Annual Report 2009-10 from 'The Institute of Chartered Accounts of India'.

(A) Consolidated

Encouraging growth

Gross revenue		EBIDTA		Profit after tax	
7%		3%		4%	
2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
₹ 29,814 lacs	₹ 31,974 lacs	₹ 7,679 lacs	₹ 7,886 lacs	₹ 5,119 lacs	₹ 5,310 lacs

Ploughback into business		Dividend per share	
25%		175%	
2010-11	2011-12	2010-11	2011-12
₹ 14,550 lacs	₹ 18,215 lacs	₹ 10.00 per share on face value of ₹ 10 each	₹ 5.50 per share on face value of ₹ 2 each

Strong profitability

EBIDTA margin	Net profit margin
25%	17%
2011-12	2011-12

Return on net worth	Return on capital employed
28%	27%
2011-12	2011-12

(B) Stand alone

Robust growth

Gross revenue		EBIDTA		Profit after tax	
9%		6%		12%	
2010-11 ₹ 23,747 lacs	2011-12 ₹ 25,849 lacs	2010-11 ₹ 6,778 lacs	2011-12 ₹ 7,214 lacs	2010-11 ₹ 4,493 lacs	2011-12 ₹ 5,034 lacs

Ploughback into business		Dividend per share	
24%		175%	
2010-11 ₹ 11,601 lacs	2011-12 ₹ 14,399 lacs	2010-11 ₹ 10.00 per share on face value of ₹ 10 each	2011-12 ₹ 5.50 per share on face value of ₹ 2 each

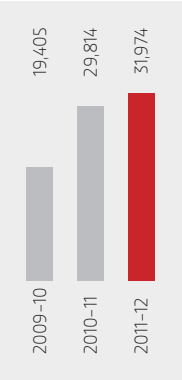
Strong profitability

EBIDTA margin	Net profit margin
28%	19%
2011-12	2011-12

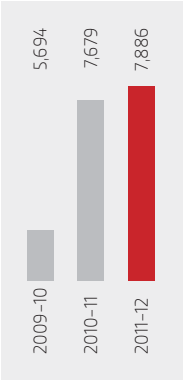
Return on networth	Return on capital employed
33%	32%
2011-12	2011-12

Consolidated

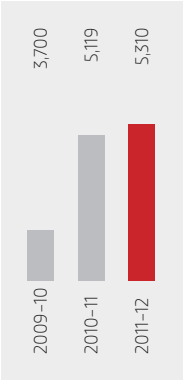
Gross revenue (₹ lacs)



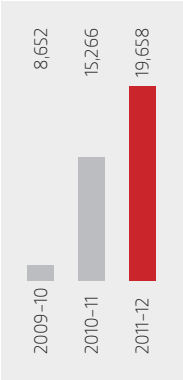
EBIDTA (₹ lacs)



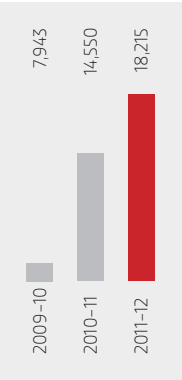
Post-tax profit (₹ lacs)



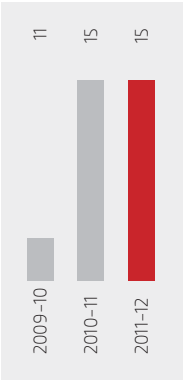
Capital employed (₹ lacs)



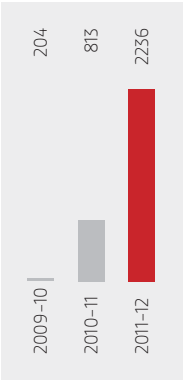
Reserves and surplus (₹ lacs)



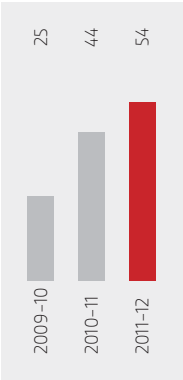
Earning per share
(On face value of ₹ 2 each)



Dividend payout (₹ lacs
including dividend distribution tax)

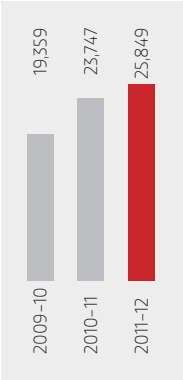


Book value per share (₹)
(on face value of ₹ 2 each)



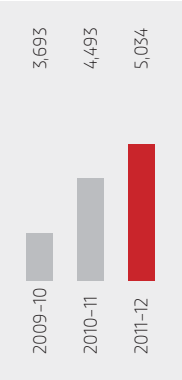
Stand alone

Gross revenue (₹ lacs)

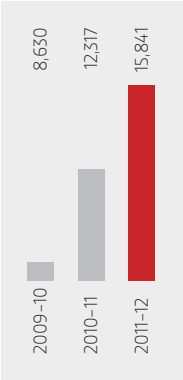


EBIDTA (₹ lacs)

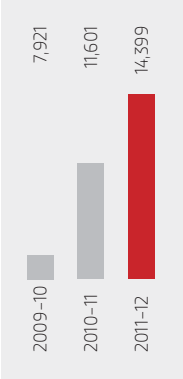
Post-tax profit (₹ lacs)



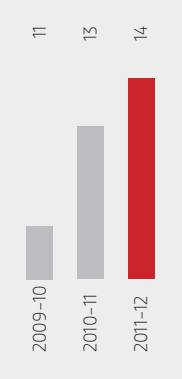
Capital employed (₹ lacs)



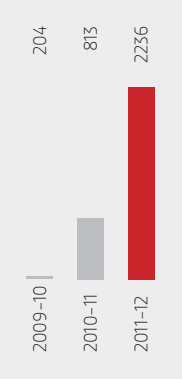
Reserves and surplus (₹ lacs)



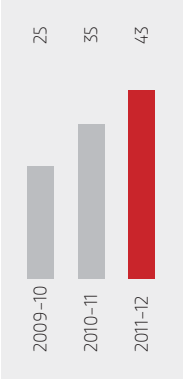
Earning per share
(On face value of ₹ 2 each)



Dividend payout (₹ lacs
including dividend distribution tax)



Book value per share (₹)
(on face value of ₹ 2 each)



What's the big idea at Symphony?

To continuously redefine our products so that when one says 'cooler', the other person hears 'Symphony'. ■ To widen our industry space and capture a growing slice of it. ■ To grow our revenues without compromising margins. ■ To be synonymous with product excitement, innovation, extension, adaptation and interpretation. ■ To position the products beyond what is evident so that they stand for more than what appears at first glance. ■ To generate hefty year-on-year surplus, outperforming our own and adjacent sectors.

The big idea at Symphony is really a collection of small ideas.

(A number of lateral everyday kind-of-ideas helped us transform a difficult year into a profitable one. Please turn the pages).

"ONE MAN WITH cour

age MAKES A MAJORITY."

– Andrew Jackson


You miss
100%
of the shots
you never take.
– Wayne Gretzky

"People are content with fans."

In any business, the usual idea is to go to places where it is the easiest to market.

At Symphony, the big idea was to market coolers in places where they had never been.

Where people had been fairly happy with fans for decades.

Like Sudan. Russia. Sri Lanka. Bangladesh.

At Symphony, enthusiasm prevailed over convention. The Company entered these virgin markets because it was convinced that consumers had not graduated beyond fans because of an absence of alternatives.

So Symphony enhanced product awareness. Emphasised that air coolers consumed only about 5-10% electricity compared to air conditioners. Unlike air conditioners, which circulate stale air, air coolers draw, filter and deliver fresh air. Unlike air conditioners, air coolers are environment-friendly.

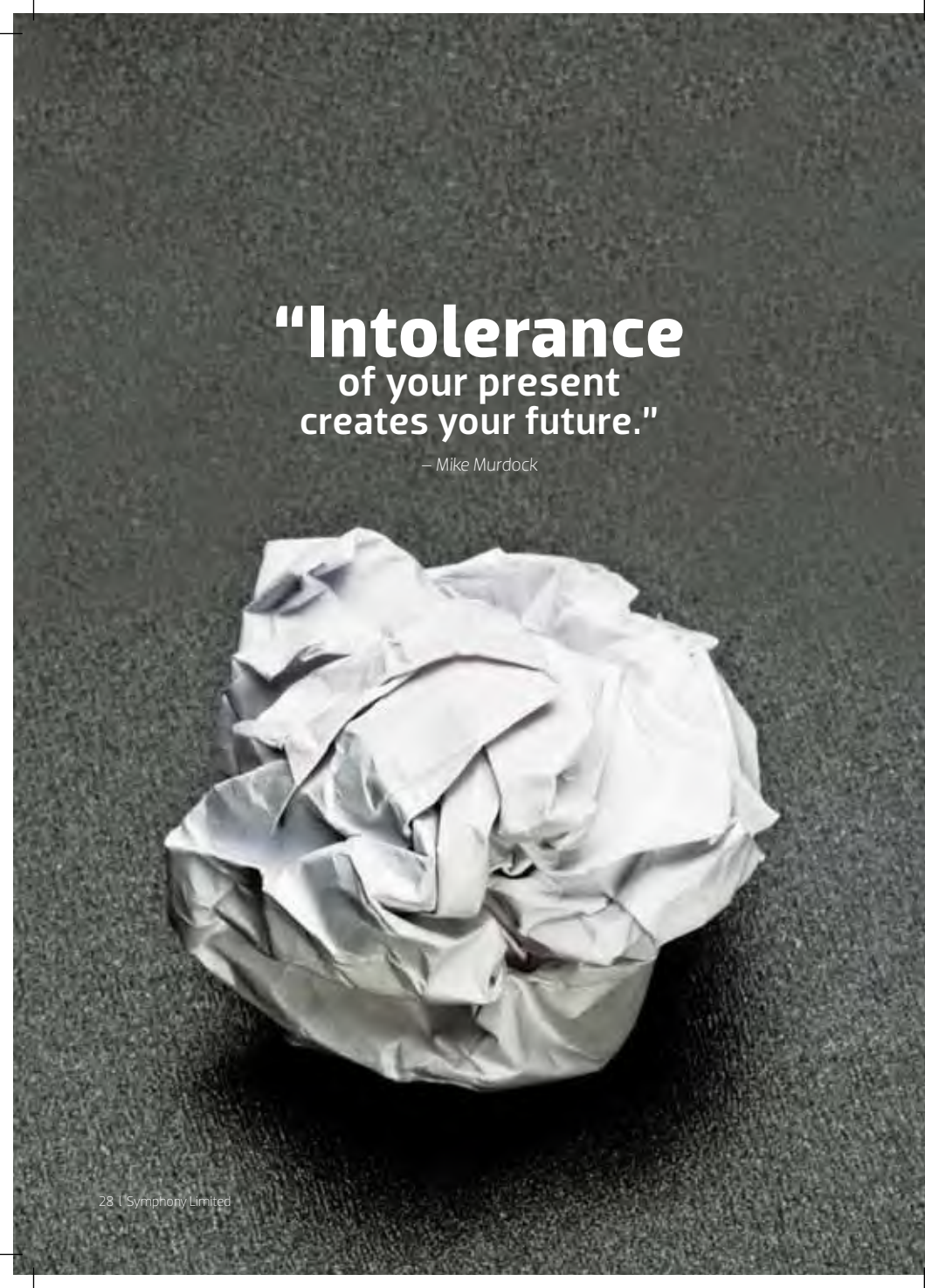
Emphasised that the Company's products represented a superior alternative to the conventional air cooler through aerodynamical cross-section-derived from innovative power-saving technology, uniform air-inlet discharge, high-grade conducting materials and optimised body and components design.

Emphasised that consumers benefited from lower costs (both initial and operating), superior performance and enhanced brand pride.

This is the result: 16% of Symphony's revenues in 2011-12 were derived from international markets; 7% of export revenues were derived from countries where the Company was not even present as recent as five years ago.

Including a number of countries where people would have screwed up their face wondering who, in those regions, would ever buy coolers?

Big ideas conceive; small ideas work.


"Intolerance
of your present
creates your future."
– Mike Murdock

"Let them eat cake instead."

There is a story about Marie Antoinette, ruler of France, who when she was told that her subjects were dying because they could not get enough bread, is reported to have said, "Let them eat cake instead"!

When Symphony was presented with a temporary dilemma of whether to market the same products to consumers, if only to a wider geographic cross section, or to widen its existing repertoire, it responded innovatively. The small idea suggested something typically radical "sell them value-added products instead".

Interestingly, this approach is standing conventional marketing strategy on its head for some good reasons:

- The Storm series (70 and 100E), addressing apartments in excess of 700 square feet, was launched in 2011-12 at sticker prices that competed with the lower end of air conditioners. Even as the naysayers shook their heads; the Company generated 5% of its 2011-12 revenues from this product. Even though the products were not in circulation for more than six months; they experienced a stock out towards the close of 2011-12.

- The Company strengthened its overall product mix through the introduction of advanced electronic features (like remote-control) in its DiET Range of air coolers.

The result was that average revenue per unit sold by the Company strengthened by 12% even as consumers for most products in the country backed off on account of the economic slowdown.

Big ideas energise; small ideas enrich.

THE CREATION OF A THOUSAND FORESTS IS IN ONE ACORN.

– Proverb

"If the consumer does not want a product, let us sell a system."

In any business, one backs off when a buyer does not want to buy a basic offering.

At Symphony, the small idea expressed a contrary opinion: "Sell them a system, instead."

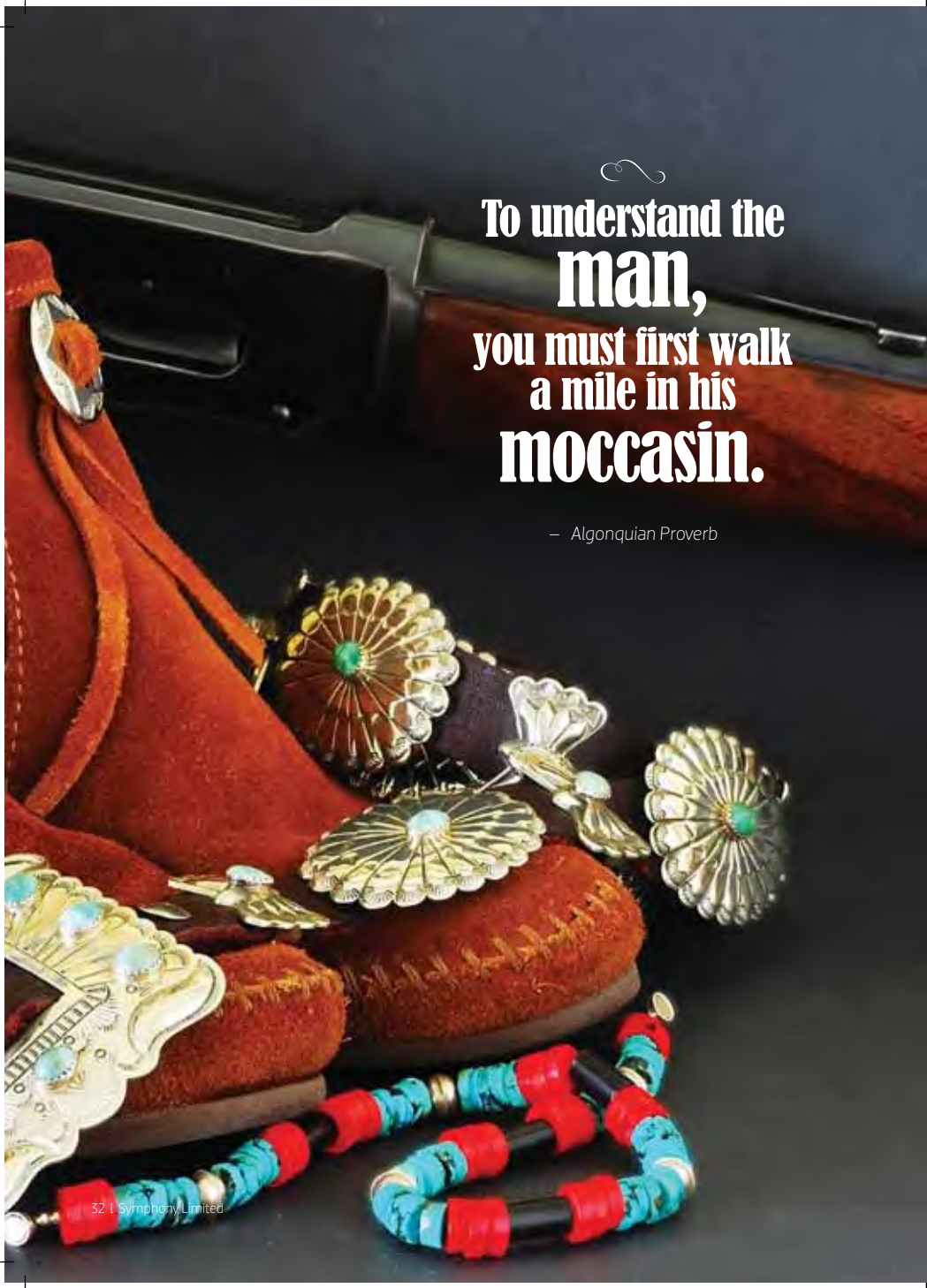
So this is what transpired: we marketed to such customers the benefits of central air cooling using ducted air coolers.

This was the right product at the right time. For years, we had been hearing consumers express the desire to air-condition their entire residences and offices but baulked on hearing the cost. The whole-house-ducted coolers suited their requirement: considerably lower- cost and acceptable impact.

And that is how Symphony extended from delivering cooling boxes to finally presenting a cooling system. At a cost (initial and ongoing) considerably lower than the prevailing air-conditioned alternative.

The remarkable thing is that we did a soft launch of this product in 2011-12 and received an overwhelming response from the customers.

Big ideas dare; small ideas implement.



To understand the man, you must first walk a mile in his moccasin.

– *Algonquian Proverb*

"Take the shop to the consumer."

If you can't take the horse to the water, goes a saying, then it might be worth doing the reverse.

Even in our business, the analogy was not quite misplaced. Because we realised that the moment we could draw the consumer into one of thousands of retail outlets where coolers would be sold, the mere feel-and-touch experience would translate into sale.

The problem was getting the consumer into our store. We lived with this challenge for years, until the small idea casually suggested 'Why not take the store to the consumer instead?'

We need to report to our dear readers that what initially sounded as a laughably absurd idea is now being recognised as a kind of marketing eureka. Because we have marketed our products through leading e-commerce websites (namely Flipkart, Infibeam) and TV shopping channels (like Star CJ and Homeshop18).

At the end of the day, the power of the idea must be validated in the numbers. And here we are: the Company marketed 13,112 units through virtual sales in 2011-12, eliminating intermediaries and enhancing the value proposition for the buyer and the Company.

Big ideas excite; small ideas liberate.

A CONCEPT IS A BRICK. IT CAN BE USED TO BUILD A COURT HOUSE OF REASON OR IT CAN BE THROWN THROUGH THE WINDOW.

— Gilles Deleuze

"Let's work with no cash for a change."

In a conventional operation, the usual idea is to put capital into the business, generate a profit and justify your continued presence in that space.

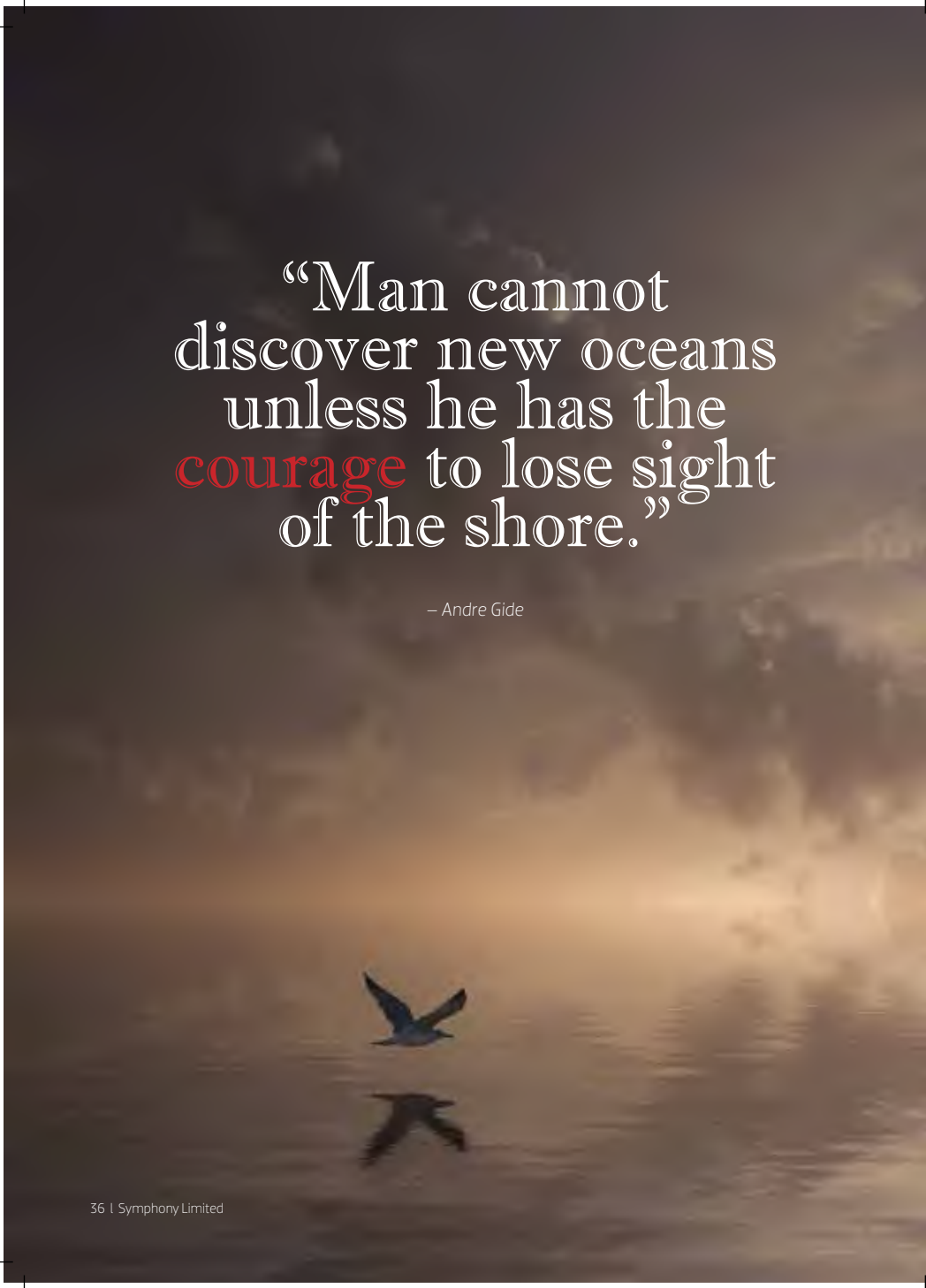
At Symphony, we had seen the shortcomings of such an approach a decade ago on account of unexpected shifts in product demand on the one hand and a debt overhang on the other.

So while we were engaged in videating how to restructure the Company, one of the many responses was a small idea, which suggested 'Better to generate a lower return with a lower capital outlay and no debt than a higher return with a larger capital outlay but a liberal quantum of debt.'

Once we were convinced that this indeed was the best way to do business, everything fell into place. We outsourced production (through Value Addition by Vendor Support model). We began to insist on a quicker receivables cycle. We began to focus on product design, development, value engineering, innovation, marketing, branding and distribution instead.

The result was that even as Symphony revenues grew by 104% in the three years leading to 2011-12, the Company continued to have no debt on its books. Besides, return on capital employed was around 32% in 2011-12, three times India's prime lending rate.

Big ideas pathbreak; small ideas cruise.



"Man cannot discover new oceans unless he has the courage to lose sight of the shore."

– Andre Gide

IF EVERYONE IS THINKING ALIKE, THEN SOMEBODY ISN'T THINKING.

– *George S. Patton*

"Let us not only sell products to the world. Let us buy a company in return."

In most businesses where the product is not necessarily hi-tech or can be described as affluent, the usual strategy is to make hay while the sun shines.

At Symphony (established 1988), we were faced with the prospect of sustaining international sales and running the Company in auto-pilot. Until someone presented the small idea: "Let us not only sell products to the world. Let us buy a company in return."

The result is that Symphony acquired Impco, a Mexican company that pioneered the manufacture of efficient, low-cost environment-friendly air coolers. These industrial air coolers are ideal in applications where extreme heat is encountered or in large facilities where refrigerated air is considered expensive.

Symphony acquired this company at a fraction of its high enterprise value. Over the months what appeared to be a bad deal was progressively transformed into an attractive one through debt restructuring, order inflow, higher plant utilisation and exchange of synergies with Symphony's Indian operations.

The result is that in 2011-12, the second year of 100% acquisition, the Company completed 63 projects. Symphony plans to progressively leverage the enduring relationship established with Impco to enter large format stores like Wal-Mart, Sears, Home Depot, Lowes, Famsa and Costco, among others. On the other hand, Impco commenced the import of Symphony's residential plastic air coolers for the North, Central and Latin American markets. This range of plastic air coolers will help Impco expand its reach in the B2C segment in American markets.

Big ideas plant dreams; small ideas revolutionise.

IT'S NOT HOW GOOD YOU ARE, IT'S HOW GOOD YOU WANT TO BE.

– *Paul Arden*

"Since we are running a profitable business, better to keep it under wraps."

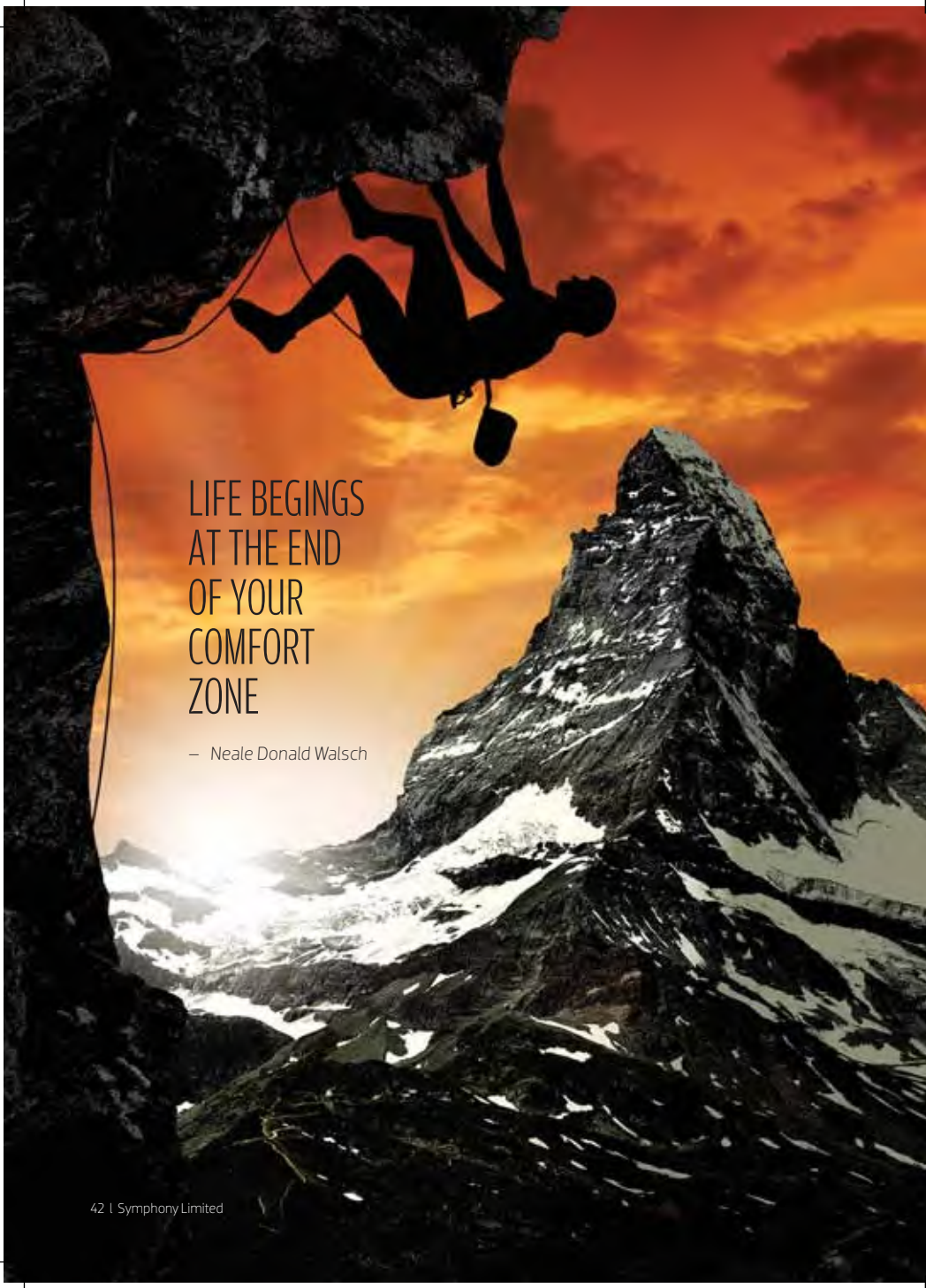
In most businesses which are run differently, there is an unspoken rule: tell the world little about it.

At Symphony, there was a temptation to keep it that way until a small idea presented us with a refreshingly different perspective: "Share complete information with all those who own the business anyway."

The result was that over the last couple of years, Symphony has produced information-exhaustive annual reports. Sharing policies and performance. Sharing detail and direction.

The result was that the Company's annual report was recognised for the award for Excellence in Financial Reporting by Institute of Chartered Accountants of India (ICAI) in 2011.

Big ideas extend; small ideas educate.



LIFE BEGINGS AT THE END OF YOUR COMFORT ZONE

– *Neale Donald Walsch*

"The most confident Indian is one who is global."

Until a few years ago, it was considered suicidal for Indian companies to engage in the manufacture of consumer durables. And even more so for such companies to entertain fanciful ideas of going international.

So predictably, Symphony remained an Indian air cooler company until 2008, complacent with the idea of being the country's largest.

Until a small idea materialised, which said as firmly as it said politely: "The most confident Indian is one who is global."

And so Symphony started with sales to one country. Then another. Then a third. The trend accelerated.

The result is that Symphony is now a multinational brand available in more than 60 countries with a Star Export House status from the Government of India and the first across any sector to possess the coveted GS Mark from Germany.

Big ideas prompt; small ideas deliver.

Trying to predict the **future** is like trying to drive down a country road at night with no lights while looking out the back window.

— *Peter F. Drucker*

“Create markets, market share will follow.”

When we entered the business of air coolers, there was a perception that the market that needed to be there for the taking had already been created; all that was left was a capture of incremental market share.

The small idea was typically contrarian. "Continue to create markets, market share will follow," it said.

The air cooler was positioned as an environment-friendly cooling product, a niche that was vacant. As a result, the product carved out a niche in the minds of all responsible consumers.

The air cooler was positioned as an all-weather cooling product – even effective for the 'mini-summer' of October - November – as opposed to the air-conditioner that needed to be switched off during the winter.

The air cooler was positioned as an all-region product, highly effective in the hot dry regions and comfortably effective in humid coastal India as well.

Big ideas defy; small ideas demonstrate.

Management discussion and analysis

Global economy

From a positive beginning in 2011, the global environment turned adverse in the second half owing to the turmoil in the eurozone and monetary imbalance in emerging economies. Notwithstanding the relatively strong activity in the US and Japan, global economic trade and growth slowed. Global GDP grew 3.9% in 2011, lower than 5.3% in 2010. Despite volatility in the global economy, global trade volume (merchandise and services) expanded 6.4% in 2011, which was 100 bps higher than the ten-year average. Capital flows to developing nations declined by half in 2011.

As per the *World Economic Outlook*, global economic growth is expected to slow to 3.3% in 2012, largely because the eurozone economy is expected to trip into a mild recession in 2012. Growth in emerging and developing economies is expected to average 5.4% – a drop from the 6.2% growth in 2011. Despite this downward revision, developing countries of Asia are projected to grow at 7.5% in 2012. Inflation in the advanced economies is likely to ease to 1.9% in 2012 (2.7% in 2011) and 6.2% in 2012 in emerging economies (7.1% in 2011), reflecting a tempering of commodity prices following subdued economic growth.

Indian economy

Though India's economic growth declined to 6.5% in 2011-12, its lowest in nine years, the country continued to remain one of the fastest-growing economies. Global factors such as the eurozone crisis, geopolitical disturbances and climatic extremities contributed to the domestic economic slowdown. Domestic factors like monetary tightening and an increase in the repo rate slowed industrial investment and growth.

The rupee lost more than 20% of its value during the year under review, making it one of the worst performing currencies in Asia, widening India's trade deficit and impacting its current account deficit.

According to Planning Commission estimates, India is expected to grow at about 8% across the Twelfth Five Year Plan, even as inflation continues to be a significant challenge.

Economic snapshot

(%)

Sector	2010-11	2011-12
Agriculture and allied activities	7.0	2.8
Mining and quarrying	5.0	(0.9)
Manufacturing	7.6	2.5
Electricity, gas and water supply	3.0	7.9
Construction	8.0	5.3
Trade, hotels, transport, storage and communication	11.1	9.9
Financing, insurance, realty and business services	10.4	9.6
Community, social and personal services	4.5	5.8
GDP at factor cost	**8.4**	**6.5**

(Source: MOSPI)

Air coolers

An air cooler cools air through evaporation of water. An evaporative cooler produces effective cooling by combining a natural process – water evaporation – with a simple, reliable air-moving system. In this process, fresh external air is pulled through moist pads where it is cooled by evaporation and circulated through a house or building by a large blower. As this happens, the temperature of the outside air is lowered by as much as 30^{0}C

These are some of the product characteristics of air coolers:

- They are energy-efficient as they consume nearly one-tenth of energy which an air-conditioner consumes.
- Their estimated cost of installation is about half that of a central air conditioner.
- The two mechanical parts in most basic evaporative coolers are the fan motor and water pump, both of which can be repaired at a minimal cost and often by an average 'mechanically-inclined' homeowner.
- They require low maintenance as one rarely needs to summon a mechanic for maintenance or troubleshooting as in the case of ACs.
- The refrigerant is water; no special refrigerants (ammonia, sulphur dioxide or CFCs) are used that could be toxic, expensive, ozone depleting, subject to stringent licensing or environmental-regulations.
- They use fresh, clean air making it possible to keep windows open for light and better air circulation.

Air coolers market

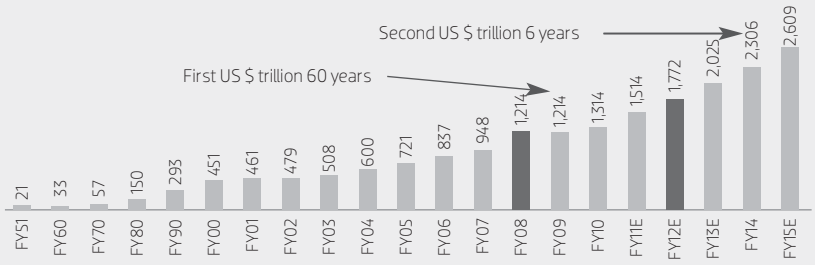
Air coolers are environment-friendly. Unlike air conditioners, which release CFC compounds, air coolers do not emit hazardous greenhouse gases responsible for global warming. Besides, air coolers consume only about 5-10% electricity compared to air conditioners. Unlike air conditioners which circulate and recycle stale air, air coolers draw, filter and deliver fresh air.

The ₹1,000 crore Indian air cooler industry is fragmented across a number of unorganised players with organised brands comprising Kenstar, Usha, Bajaj, Orient Fans, Khaitan and Maharaja. India's air-cooler penetration is a mere 3% corresponding to 2 million units per annum while the size of the expensive air-conditioner market is estimated at 3.2 million units.

Over the years, the markets for air coolers and air-conditioners have grown as consumers have graduated to both: from fans to air-coolers and from air-coolers to air conditioners. The prospects for the country's air-cooler market is reflected in a huge Indian rural and semi-urban under-penetration, now marked by rising temperatures, increasing income levels and superior lifestyle aspirations.

Rising income and demographic dividend key positives

India's per capita GDP will grow from US $ 1,314 in 2010 to US $ 2,609 in 2015



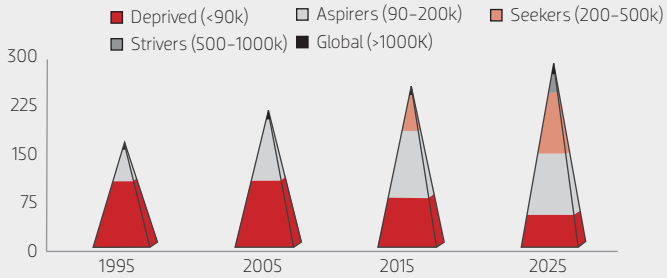
(Source: MOSL).

Residential cooler demand drivers

Rising per capita income: India's per capita income increased from ₹ 35,430 in 2007-08 to ₹ 46,492 in 2009-10 to ₹ 54,527 in 2010-11 and is estimated at ₹ 60,972 in 2011-12 (Source: Deccan Herald). Private final consumption expenditure (PFCE) is expected to rise from US $ 790 billion in 2010 to US $ 3.6 trillion by 2020 (Source: ENAM).

Growing middle-class: India's middle-class comprises more than 50 million Indians with disposable incomes ranging from ₹ 200,000 to ₹ 1,000,000 per year, which is estimated to be tenfold by 2025. As per NCAER, India's middle-class is expected to grow from 26% in 2003 to 54% by 2015. Major consulting firms project that more than 400 million people, a full 40% of India's projected population, will enter middle-class in 15 to 20 years. India's middle-class is projected to grow from 83 million in 2010 to 114 million by 2025, making it the largest middle-class pool in the world. A decline in dependency ratio in Indian families from 58% in 2005 to 55% in 2010 and projected at 52% in 2015 and 49% in 2020 (Source: ENAM) is expected to drive the offtake.

Proportion of consuming class will spurt in coming years



(Source: Company/MOSL).

Urbanisation: Though urban India accounts for 37% of the country's population, it accounts for 70% of the total income. India is the world's fastest urbanising country with the UN estimating that 40% of India's population will live in urban areas by 2030.

Rural opportunities: According to 2011 census, the country's 247 million households, two-thirds of them being rural, reported a rise in literacy rate from 65% in 2001 to 74% in 2011. For the first time since economic reforms began two decades ago, consumption in rural India grew faster than in cities. Between 2009-10 and 2011-12, additional spending by rural India at ₹3.75 lac crores, was significantly higher than ₹ 2.9 lac crores spending by urbanites (Source: CRISIL) catalysed by programs such as Mahatma Gandhi National Rural Employment Guarantee Scheme and increasing minimum support prices for farm produce. Moreover, proposal of an incremental budgetary allocation from ₹ 10,000 crores (US $ 1.8 billion) to ₹ 58,000 crores (US $ 10.4 billion) is expected to provide an impetus to rural awakening and growth (*Source: IBEF*).

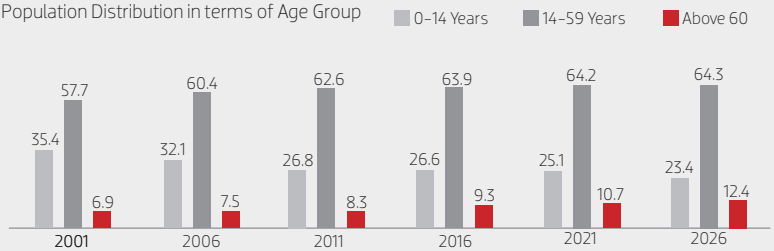
Result is that India's rural markets are poised to be ten-fold to US $ 100 billion by 2025. (*Source: Hindustan Unilever*) with small town and rural customers accounting for 36% of all households by 2020 (*Source: Boston Consulting Group and CII*).

Global warming: The average combined global land and ocean surface temperature for July 2012 was 0.62°C (1.12°F) above the 20th century average of 15.8°C (60.4°F). July 2012 was the fourth warmest July since 1880. The combined global land and ocean average surface temperature for January–July 2012 was the tenth warmest such period on record, at 0.53°C (0.95°F) above the 20th century average. The annual mean temperature in India is expected to rise by 3.5-4.3 °C by 2098.

Working population: India's young population (63% people below 59 years; average age 24 years) is responsible for higher disposable incomes. Among the BRIC nations, India is expected to remain the youngest with a working-age population estimated to rise to 70% of the total population by 2030, the largest such productive population component anywhere.

~ 63% of population in earning age group (%)

Population Distribution in terms of Age Group



(*Source: MOSL*).

Industrial coolers

Commercial and ITeS: As per industry estimates, India's IT and BPO sector (excluding hardware) revenues were US $ 87.6 billion in 2011-2012 (a growth of 14.8%). As a proportion of national GDP, IT and ITeS sector revenues have grown from 1.2% in 1997-98 to around 7.5% in 2011-12. India is going to have an estimated 2 million new graduates from various Indian universities during this year, creating demand for 100 million square feet of office and industrial space, which will, in turn, need air-coolers.

Retail: India is at the threshold of a retail revolution and a preferred destination for global retailers.India emerged as the fifth most favourable destination for international retailers, outpacing UAE, Russia, Indonesia and Saudi Arabia, according to A T Kearney's Global Retail Development Index (GRDI) 2012. With increasing disposable incomes, expansion of stores and supporting economic factors, India's retail sector is expected to grow to about US $ 900 billion by 2014 (Source: PwC).

Healthcare: Indian healthcare industry, estimated at US $ 40 billion in 2010, is expected to reach US $ 280 billion by 2020. At present, the country has around 0.7 hospital beds per thousand people. According to WHO report, India needs to add 80,000 hospital beds every year for the next five years to meet the demands of its growing population. It is expected that high demand, rising healthcare expenditure and huge growth potential will attract investments in this area.

Hospitality: Hospitality is one of the largest service industry in India contributing 6.23% to the Gross Domestic Product (GDP) in 2011-12. India is expected to add 61,000 rooms in the next three years.

Research and development (R&D)

During the year under review, the Company received certification as an in-house R&D centre for its factory located at Village Thol, Taluka Kadi, Dist. Mehsana, Gujarat from the Government of India, Ministry of Science & Technology, New Delhi vide its letter dated March 16, 2012. The Company's Design and Development (D&D) department is working at a frenetic pace. The Company identified products with a scope of major technical upgradation and improvement of features related to appearance, technology and power saving, among other parameters. By virtue of its eye-catching designs and innovative features, the Company captured a major domestic market share of the air cooler market and penetrated into more countries.

Analysis of financial statements

Statement of Profit and Loss

Financial snapshot

(₹ in lacs)

	2011-12	2010-11	% growth (annualised)
Gross revenue	31,974.05	29,813.81	7.25
EBIDTA	7,886.34	7,678.98	2.70
PBT	7,324.47	7,562.55	(3.15)
PAT	5,309.97	5,119.21	3.73
Cash profit (Excluding Exeptional Items)	5,853.69	5,529.58	5.86

Highlights, 2011-12

- Gross revenue of the Company increased 7.25% from ₹ 29,813.81 lacs in 2010-11 to ₹ 31,974.05 lacs in 2011-12.
- EBIDTA grew 2.70% from ₹ 7,678.98 lacs in 2010-11 to ₹ 7,886.34 lacs in 2011-12.
- PAT grew 3.73% from ₹ 5,119.21 lacs in 2010-11 to ₹ 5,309.97 lacs in 2011-12.

Income analysis

Income from operating activities: The operating income of the Company (comprising net sales) increased 7.88% from ₹ 29,056.04 lacs in 2010-11 to ₹ 31,346. 56 lacs in 2011-12.

Income from non-operating activities: Non-operating income of the Company (other income) decreased 17.19% from ₹ 757.77 lacs in 2010-11 to ₹ 627.49 lacs in 2011-12, owing to a decline in export incentives and other non- operating income and occurrence of foreign exchange loss as against foreign exchange gain last year.

The Company's EBIDTA and PAT margins declined 110 and 56 basis points respectively despite an increase in revenues on account of an increase in salaries and a foreign exchange loss as against foreign exchange gain in the previous year.

Cost analysis

Total expenditure increased 8.53% from ₹ 22,712.58 lacs in 2010-11 to ₹ 24,649.58 lacs in 2011-12, which was mainly in line with increase in sales.

Cost components

(₹ in lacs)

Costs	2011-12	% of total cost	2010-11	% of total cost
Operating expenses	24,087.71	97.72	22,134.83	97.46
Financial expenses	75.63	0.31	44.14	0.19
Non-cash expenses	486.24	1.97	533.61	2.35
Total	**24,649.58**	**100.00**	**22,712.58**	**100.00**

Margin

(In percentage)

	2011-12	2010-11
EBIDTA margin	25.76	24.66
Net profit margin	17.17	16.61

Operating expenses

Total operating expenses increased 8.82% from ₹ 22134.83 lacs in 2010-11 to ₹ 24,087.71 lacs in 2011-12. Primary items in the operating expenses comprised:

Cost of Goods Sold : Cost of goods sold increased by 5.31% from ₹ 12,558.40 lacs in 2010-11 to ₹ 13,435.74 lacs in 2011-12. This, as a percentage of gross sales, decreased from 43.22% in 2010-11 to 42.86% in 2011-12.

Employee Benefits Cost : Employee benefits cost increased 12.17% from ₹ 2,523.28 lacs in 2010-11 to ₹ 2,830.38 lacs in 2011-12.

Other Expenses : Other expenses increased from ₹ 7,053.15 lacs in 2010-11 to ₹ 7,821.59 lacs in 2011-12, an increase of 10.90%.

Financial expenses

Total financial expenses (interest and finance charges) increased from ₹ 44.14 lacs in 2010-11 to ₹ 75.63 lacs in 2011-12, owing to a foreign bill discounting facility against lien of fixed deposits of equivalent or more value.

Non-cash expenses

Non-cash expenses, comprising depreciation, decreased 8.88% from ₹ 533.61 lacs in 2010-11 to ₹ 486.24 lacs in 2011-12.

Taxation

The Company's provision for taxation declined 18.12% from ₹ 2,460.25 lacs in 2010-11 to ₹ 2,014.50 lacs in 2011-12 . Average tax rate was 27.50%.

Analysis of the Balance Sheet

Sources of funds

(₹ in lacs)

Sources	2011-12		2010-11	
	Amount	% of total	Amount	% of total
Share capital	699.57	3.46	699.57	4.45
Reserves and surplus	18,215.30	90.15	14,549.72	92.58
Networth	18,914.87	93.61	15,249.29	97.03
Loan funds	742.76	3.68	17.18	0.11
Deferred tax liability	548.75	2.72	449.25	2.86
Total	**20,206.38**	**100.00**	**15,715.72**	**100.00**

Capital employed

Total capital employed by the Company increased 29% from ₹ 15,266 lacs as on June 30, 2011 to ₹ 19,658 lacs as on June 30, 2012. Average return on capital employed by the Company decreased from 34% as on June 30, 2011 to 27% as on June 30, 2012.

Net worth

The Company's net worth as a proportion of total capital employed decreased from 97.03% as on June 30, 2011 to 93.61% as on June 30, 2012, despite an increase of 24.04% from ₹ 15,249.29 lacs as on June 30, 2011 to ₹ 18,914.87 lacs as on June 30,2012. The average return on net worth declined from 33.57% in 2010-11 to 28.07% in 2011-12.

Share capital: The Company's equity share capital remained unchanged at ₹ 699.57 lacs comprising 34,978,500 equity shares of ₹ 2 each.

Reserves and surplus: Reserves and surplus increased 25.19% from ₹ 14,549.72 lacs as on June 30, 2011 to ₹ 18,215.30 lacs as on June 30, 2012.

Loan funds

The Company enjoyed a zero-debt status as on June 30, 2011; as against secured loan of ₹ 742.76 lacs as on June 30 ,2012. Standing in the books was a foreign bill discounting facility (against lien of bank fixed deposits of the concerned bank). The Company did not avail of working capital limits and managed its daily operations through its own resources.

Application of funds

Gross block

The gross block increased slightly from ₹ 15,527.54 lacs as on June 30, 2011 to ₹ 16,507.93 lacs as on June 30, 2012.

Working capital

The Company's working capital requirement increased 42.98% from ₹ 9,042.53 lacs as on June 30, 2011 to ₹ 12,929.21 lacs as on June 30, 2012. The Company's current ratio stood at 2.72 in 2011-12 compared with 2.87 in 2010-11. The Company's working capital, as a proportion of total capital employed, increased from 57.54% in 2010-11 to 63.99% in 2011-12.

Inventory: Inventory decreased 38.46% to ₹ 4,292.10 lacs as on June 30, 2012 from ₹ 6,974.94 lacs. The inventory cycle declined from 85 days in 2010-11 to 49 days in 2011-12.

Debtors: Debtors increased 9.33% from ₹ 3,859.22 lacs as on June 30, 2011 to ₹ 4,219.17 lacs as on June 30, 2012. Correspondingly, the debtors' collection period increased from 47.25 days in 2010-11 to 48.16 days in 2011-12.

Loans and advances: Short Term Loans and advances declined 5.45% from ₹ 1,381.39 lacs as on June 30, 2011 to ₹ 1,306.10 lacs as on June 30, 2012.

Liquid assets : Liquid assets of the Company increased from ₹ 1,643.88 lacs as on June 30, 2011 to ₹ 10,543.76 lacs as on June 30, 2012, indicating a healthy growth of 541.40%.

Current liabilities and provisions: Current liabilities and provisions increased 55.77% from ₹ 4,823.59 lacs as on June 30, 2011 to ₹ 7513.91 lacs as on June 30, 2012, owing to an increase in Dividend including dividend tax by ₹ 1,422.8 lacs and increase in foreign bill discounting facility by ₹ 742.76 lacs.

Internal control systems and adequacy

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

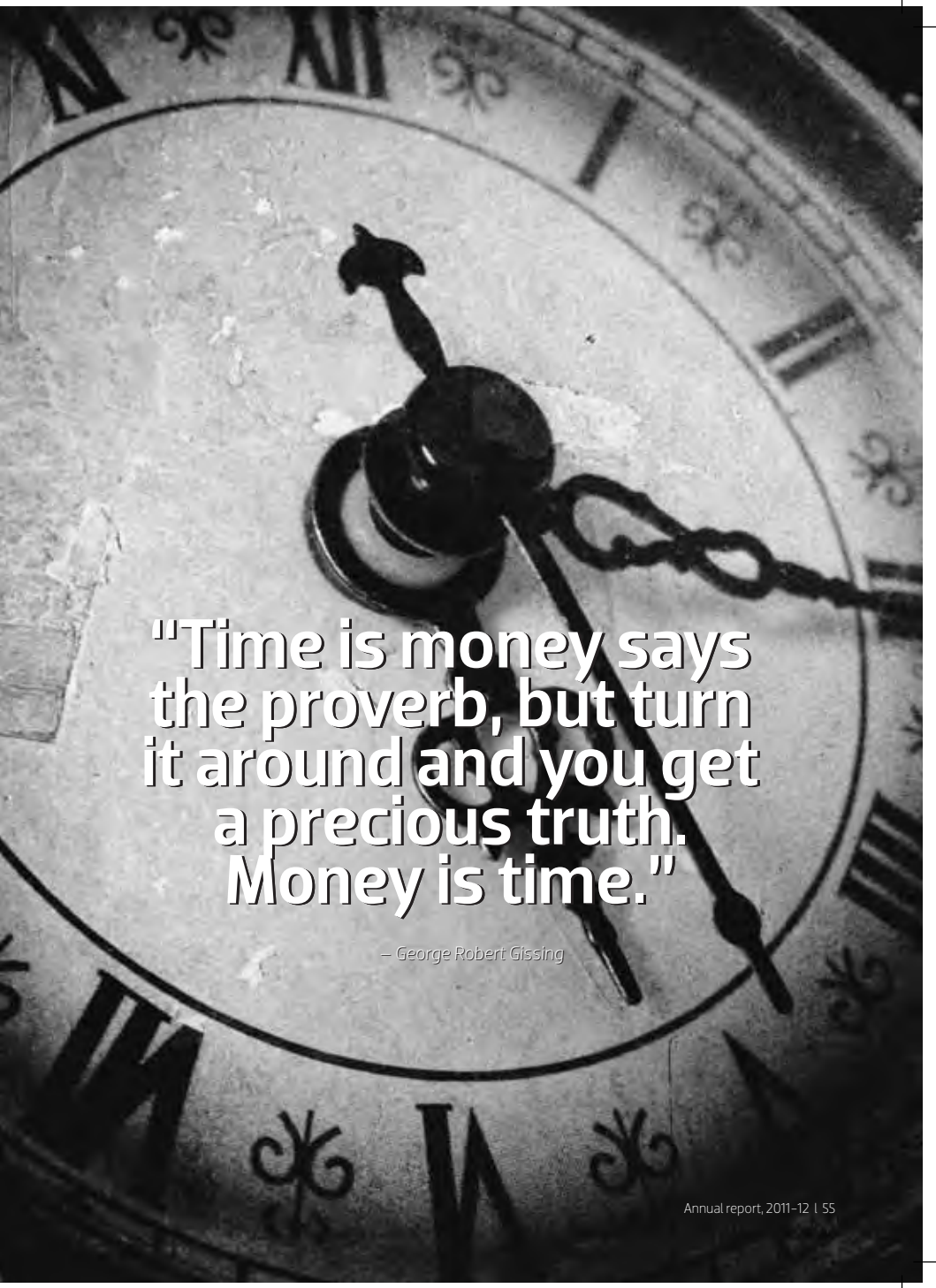
The functional heads are responsible for performing regular internal assurance reviews to ensure adequacy of the internal controls systems and adherence to management policies and statutory requirements. The functional heads deploy an annual internal assurance plan based on assessment of major risks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

Information systems

Your Company continues to leverage information technology as a resource for gaining competitive advantage. An enterprise–wide ERP platform with a considerable capability was shaped over the last few years. This assisted the management to strengthen internal control systems and management informational systems to take speedier business decisions. These are periodically reviewed and tested to assess their efficacy and adequacy.

Human resources

Your Company recognises that employees are one of the pillars on which the organisation stands. A major exercise in training and development of employees was undertaken at all levels. The Company took various initiatives to enhance the employee morale. These activities helped motivate and retain employees. Graduate engineers and trainees were recruited to build a pipeline for production and R& D activities. During 2011–12, your Company had 356 employees as compared to 315 employees the year before, registering an increase of 13%. The Company enjoyed cordial relations with employees and with their support, the Company can look forward to a brighter future.



"Time is money says the proverb, but turn it around and you get a precious truth. Money is time."

– George Robert Gissing

Risk management at Symphony

Risks are uncertainties and possible outcomes which can impact a company's performance and prospects. The Company assessed risks associated with its business and correspondingly embarked on initiatives to minimise them.

Industry risk

Any downturn in the industry could dent growth	Risk mitigation ■ Low capital / operational costs and high operational flexibility provides an unmatched value proposition to the Company. ■ With India's aspirations and earnings increasing faster on the one hand, and mercury levels rising on the other (global warming), demand for coolers is expected to increase.

Operation risk

Inability to capitalise on opportunities could affect growth	Risk mitigation ■ With ten manufacturing locations across the country, the Company's products cater to pan-India demand with a corresponding flexibility in managing logistic costs. ■ The Company possesses an outsourced access to a production capacity of over one million air coolers per annum with inbuilt ramp-up capability.

Product risk

Low product differentiation and inability to create a wide product range could impact appeal	Risk mitigation ■ Symphony's products are classified into four categories – 'Tower' (five models), 'Desert' (three models), 'Room' (four models) and 'Personal' (three models) – that address different consumer needs. ■ Offer multiple options within each segment. ■ Launched two new products in 2011-12.

Quality risk

Any deviation from quality standards in an increasingly aware consumer class could adversely impact the Company's growth	Risk mitigation ■ Symphony's stringent quality control and multiple audits strengthen quality commitment. ■ Holds quality certifications from CE, SONCAP, SASO and ASHRAE. ■ Accredited with ISO 9001:2008 for quality management system for its design and development and manufacture of air coolers and water heaters.

Marketing risk

Inability to cater to customers may dilute market share	Risk mitigation ■ Symphony's robust Indian network comprises 750+ distributors and 14,000+ dealers, supported by 36 branch heads and marketing offices. ■ Strengthened relationships with a number of large format stores.

Geographic risk

Inability to widen the geographical spread could cap revenues	Risk mitigation ■ Symphony enjoys a strong presence in 60 countries. ■ Entered 10 countries in three years leading to 2011-12. ■ Export volumes increased 15% CAGR over three years leading to 2011-12.

Competition risk

Inability to stay competitive could affect growth	Risk mitigation ■ Symphony engaged in initiatives that enhanced value engineering, superior product performance, innovation, brand popularity, better marketing and service outreach. ■ Product development team reduced use of components, optimising costs. ■ The product development team developed new products to enhance market share. ■ The pan-India reach allowed it to cater to remote demand pockets.


Internet, telecom shares lead fall in index
week low ahead of G-7 meeting
FIONAL CURRENCIES

DIRECTORS' REPORT

Dear shareholders,

Your Directors have pleasure in presenting herewith their report for standalone as well as consolidated financials as at June 30, 2012.

1] A) Financial results

₹ in Lacs

	Standalone		Consolidated	
Particulars	**2011-2012**	**2010-2011**	**2011-2012**	**2010-2011**
Revenue from operations and other Income	25849	23747	31974	29814
Profit before financial charges, Depreciation and taxation	7214	6778	7886	7679
Less: Financial charges	67	37	76	44
Less: Depreciation and amortization expences.	169	169	486	534
Profit before exceptional and prior period items and tax	6978	6572	7324	7101
Less: Exceptional items	0	0	0	(415)
Profit before prior period items and tax	6978	6572	7324	7516
Less: Prior period items	0	(46)	0	(46)
Profit before tax	6978	6618	7324	7562
Less: Income tax	1957	2150	1957	2151
Less: Deferred tax liability	(13)	(8)	57	309
Less: Provision for tax of earlier years	0	(17)	0	(17)
profit after taxation	5034	4493	5310	5119
Balance as per last year balance sheet	8252	5322	8898	5342
Amount available for appropriation	13286	9815	14208	10461
Transfer to general reserve	750	750	750	750
Proposed dividend and dividend tax	2236	813	2236	813
Balance carried to balance sheet	10300	8252	11222	8898

B) Other key financials as on June 30, 2012

Consolidated financial results

Expansion of the Company's operations across the globe has deemed it necessary to provide a more accurate idea of performance of the Company. Thus, we present the consolidated results of Symphony and its global subsidiaries in addition to the Company's financial performance from Indian operations on a standalone basis. Your Company's consolidated revenue increased to ₹ 31974 lacs from ₹ 29814 lacs in the previous year. Consolidated profits after tax for the year under review increased to ₹ 5310 lacs as against ₹ 5119 lacs in previous year, registering a growth of around 4%. Growth in your Company's consolidated net worth was a robust 24%.

Key financials

	Standalone (₹)	Consolidated (₹)
Equity share capital	700 lacs	700 lacs
Net worth	15098 lacs	18915 lacs
Book Value per equity share	43	54
Earning per share (EPS)	14	15
Investments and Cash and Cash Equivalents	10265 lacs	10544 lacs
Contribution to exchequer	5075 lacs	5346 lacs

In what has been a landmark year, your Company outdid its past performances in terms of revenue growth and once again proved itself as a major air cooler company of the country. During the year under review, your Company on a standalone basis as well as through its subsidiaries has been able to add more capacities, register encouraging performance, expand into newer geographies, strengthen its market network and is now on the path of greater accomplishments in the years to come. Your Company itself and also through its subsidiaries cater to all categories of customers for their need of air coolers, manufactured domestically or otherwise. Your Company expects that the new initiatives undertaken will start yielding results, reflected through rise in sales and better profitability.

2] Dividend

Year 2011-12, being the 25th year in existence for your Company, your Directors have the pleasure to recommend a total dividend of ₹ 5.50 (275%) per equity share having face value of ₹ 2/- for the financial year ended June 30, 2012 [last year ₹ 10/- (100%) per equity share having face value of ₹ 10/-]. The dividend of ₹ 5.50 per equity share for the year 2011-12 is comprised of ₹ 3/- per equity share as normal dividend and ₹ 2.50 as 'Silver Jubilee Year Special Dividend'.

The dividend payout for the year 2011-12 has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long-term growth objectives of your Company which are to be met by internal cash accruals and aspirations of the shareholders.Total pay out on account of dividend is ₹ 2236 lacs, the highest pay out by the Company since its inception. This translates into a dividend payout ratio of 44.41% (including dividend distribution tax on standalone profit).

3] General Overview

The year 2011-12 was a very special year as your

Company has entered in the 25th year since inception and over these years; your Company has gained the trust and loyalty of the consumers and all its stakeholders. Symphony endured some good times and some bad times during this journey and has managed to come up trumps by virtue of working on a foundation of ethics and values and today 'Symphony' is well recognised in air cooler industry.

Your Company continues to achieve improved business results year-after-year regardless of the challenging market environment. This has been possible due to initiatives which focused on consumers and development of our market network, a stronger focus on innovation, greater effectiveness and efficiency, while strengthening organisational leadership.

Besides being market leader in the air cooler industry, there are strong competitors in India and abroad having similar products as your Company. Your Company has managed to stay in this competition; thanks to the superior quality, excellent features, technical competence, effective distribution channel, efficient logistic facilities, after sales services and customer relationship it has provided over the years.

Your Company has consciously developed its intellectual property rights in the form of trademarks and designs among others, for different models of air coolers as well as through the logo and corporate brand 'Symphony'. Your Company has registrations of large numbers in India as well as in several countries world over. The Company believes that its trademarks and designs play a key role in its brand-building and marketing efforts. The 'Symphony' brand name today is one which elicits trust in the industry in the country as well as in the world.

The Company's growth is catalysed by product innovation it brings to the market and also by ensuring that there is innovation in terms of overall quality and new features. The strategy offers consumers a choice from a range of air coolers. Your Company will continue to retain its focus on driving innovation in future.

Your Company, as a matter of long-term strategy, continues to support research and development in areas of clean technology and energy efficiency to mitigate the impact of adverse climate changes. With the aforementioned initiatives your Company is confident to uphold growth by exploiting opportunities in the years to come.

4] Review of Operations

The performance of your Company remained satisfactory in 2011-12, despite the difficult economic scenario worsened by stiff competition and towering inflationary market conditions resulting in higher input costs. Depreciation of rupee also imposed rigorous challenges during the year. Despite such an exigent environment, your Company achieved considerable growth during the year under review.

Your Company's operating performance during the year 2011-12, on standalone basis represented new elevations in terms of sales, profits, and net worth. During the year under review, your Company recorded sales turnover of ₹ 25013 lacs, representing a growth of 7.46% over the previous year's sales of ₹ 23276 lacs. The Company has registered profit before tax of ₹ 6978 lacs, as compared to the previous year's figure of ₹ 6618 lacs. The Company also witnessed improvement in profit after tax of Rs.5034 lacs, as compared to ₹ 4493 lacs, registering a growth of 12% over the previous year 2011-12.

Cash generation continued to be comfortable during the year due to growth in performance, efficiencies and savings across the organisation and continued efficiency in the collection system. Your Company managed its investment portfolio sensibly by deploying extra funds after ensuring that such investments met with the Company's criteria of safety and security.

Your Company continued to expand its nation-wide market network and currently has 766 distributors and 14975 dealers present 4336 towns with adequate warehousing facilities strategically located across the

country. Your Company is in the process of further strengthening the operating structure of its marketing initiatives to penetrate into the vast dormant markets of the country. On the after- sales service front, your Company expanded its network of service franchisees with the 'Nation-wide Customer Care Number' to reach all important locations pan-India, for timely and efficient after-sales service.

Over the years, your Company has taken various innovative steps in order to offer a wide variety of air coolers in terms of different models and features. Today, your Company manufactures 15 different models of air coolers to suit different requirements of customers. Your Company launched a couple of new models of air coolers, namely Strom 100E and Strom 70E, the world's largest tower coolers, feature-packed with an LCD panel and a full-function remote control. The product was positioned as the 'Bade Ghar Ka Cooler' for cooling large spaces. Your Company also introduced new Diet 8E, Diet 22E and Diet 50E with advanced electronics features. All these new models were promoted by special television campaign and channels like Star CJ and Home Shop 18. Your Company has also introduced upgraded model of Hicool. Buoyed by these superior models, the Company is confident to tap the mammoth scope of prospective rural and urban markets.

To tap this potential market, your Company has recruited a competent team of professionals in several countries all over the world. In order to fully leverage all these improvements and strategies, your Company has expanded its team coupled with aggressive advertisement and promotional campaigns in print and electronic media.

Air coolers - Domestic operations

Symphony is now the world leader in air coolers and had launched the 'First Summer Concept', in the year 2011-12, a novel drive undertaken for early sales during non-peak periods, yielding quite encouraging results. Television campaigns like 'Garmi Lagti Hai to Garmi Hai' has been quite instrumental in communicating the message that even in non-season months of October / November, i.e First Summer, if the 'Garmi' (heat) is felt, the air cooler provides comfort.

On the rural side, there has been visible evolution in consumption patterns, with increasing demand for quality and branded goods, though pricing and affordability continued to remain an essential parameter. The very attractiveness of Indian consumer market is leading to aggressive competition among key players which have been dealt with by your Company through tactical advertising and promotional drives and offering superior value for every rupee spent.

Various models of industrial air coolers manufactured by the step-down subsidiary company, Impco S. DE. R.L. DE. C.V., Mexico, (Impco). Your Company also foresees enormous potential for the industrial air coolers manufactured by Impco, Mexico.

The modern trade

The modern trade channel has proved to be a growth engine in the Company's business as it drives growth through a better shopping experience. Your Company has developed its market network and penetrated into the modern trade segment with greater agility and now enjoys more than 50% of the organised retail chain for air coolers in India. Virtual retail sales through LFS and e-commerce among others are factors contributing to the growth of your Company. This is also an interface for the Company to engage in direct consumer interaction. Modern trade is growing fast and is expected to increase the Company's share of revenues, as it expands.

Industrial air coolers

Symphony has recently ventured into industrial air cooler category offering cooling solutions for large spaces at a low capital and a negligible operating cost. These cooling solutions are ideal where air conditioning is either not feasible or extremely expensive. The state-of-the-art product provides high efficiency cooling with modular units and is set to change the established

tenets of the air cooling market in India. Symphony is currently the only brand in this segment with successful installations in sectors like auto, pharma, textile, etc. and educational institutes, convention halls, showrooms, restaurants,among others. With rising temperatures, costs and energy constraints, industrial air cooling category is set to expand in the years to come.

Air coolers – overseas operations

On overseas business front in the year 2011-12, the revenues of the Company grew by 6 % from ₹ 3860 lacs in 2010-11 to ₹ 4096 lacs in 2011-12. Presently, your Company exports to about 60 countries, with a huge potential yet to be tapped.

The year under review witnessed external challenging conditions due to political turmoil and instability in key countries of the Middle East and the North African region, leading to demand contraction coupled with inflationary setbacks. Despite this, your Company's business continued to sustain and the operating margins of exports improved fairly during the year reflecting the strength of the products and the brand in the overseas markets. External conditions are expected to return to normalcy and your Company can foresee to grow further in the years to come.

Impco S.de. R.L.de. C.V, Mexico

Symphony today is not just a well-known brand in India. The Symphony brand name now has a growing presence in consumers' minds, in markets within India as well as abroad. Impco S.DE. R.L.DE. C.V. (Impco), Mexico, a step-down subsidiary of the Company in Mexico manufactures and markets a variety of industrial and small coolers. Impco has huge manufacturing facility in Monterrey, North Mexico. It caters to markets in Mexico and the US. Impco enjoys excellent relationships with several leading retail chains and has tie-ups with large format stores like Walmart, Sears, Home Depot, Lowes, Famsa and Costco. Thus Impco has given the Company access to an array of products and technologies for extending its reach and presence in the global arena.

A new global website integrating India, the US and Mexico sites has become operational. The presence of your Company on social media like Facebook, Twitter and LinkedIn has garnered an extensive following. Symphony has truly become global, with a difference.

SEZ Unit at Sachin, near Surat in Gujarat

The first full year of operations after commissioning of SEZ Unit of the Company at Sachin, near Surat in Gujarat resulted in an encouraging performance during the year under review. The SEZ unit entails various benefits for the Company, inter alia of 100% income tax exemption on export profits from SEZ unit. The tax advantage of SEZ unit is evident from the net tax outgo @ 28 % to PBT in the year 2011-12 as compared to 32 % to PBT for the previous year.

5] Awards & recognitions

Your Company's products and performance havebeen recognised and appreciated across the country and the globe as well. Following are the awards and recognitions received by your Company in the year 2011-12.

a. ICAI Award for Excellence in Financial Reporting:
The annual report and accounts of your Company for the year ended 30th June 2010 have been adjudged as the winner of an award under the category VII-Manufacturing Sector (Turnover less than ₹ 500 crores) of the 'ICAI Awards for Excellence in Financial Reporting'.

b. Star Export House:
Your Company has been upgraded as 'Star Export House' in place of earlier status of 'Export House' w.e.f. December 12, 2011.

c. Recognition by the Government of India as an R& D centre:

Your Company for its R&D unit at Village Thol, Tal. Kadi, Dist. Mehsana, Gujarat has been recognised

by the Government of India (Ministry of Science & Technology) as a research and development centre and is now eligible to avail customs duty exemption vide Government Notification No. 24/2007 – Customs- dated 01/03/2007, central excise duty exemption vide Government Notification No. 16/2007- Central Excise dated 01/03/2007 and also income tax exemption @ 200% of eligible R&D expenses.

d. Certificate of Recognition by Commercial Tax Department, Rajasthan:
The Commercial Tax Department, Rajasthan has awarded a Certificate of Recognition to your Company for its excellence in statutory compliances.

e. GS Certificate from Germany:
Your Company was awarded the 'GS Certificate' from Germany in recognition of compliance to stringent quality requirements for sale of its products in Germany.

6] Sub division of equity share capital

During the year under review your Company subdivided its authorised equity share capital of ₹ 15,00,00,000 divided into 1,50,00,000 equity shares each having face value of ₹ 10 into 7,50,00,000 equity shares each having face value of ₹ 2 in terms of a resolution passed at the last Annual General Meeting of the Company held on November 30, 2011.
Consequently, the issued, subscribed and paid-up equity share capital of ₹ 6,99,57,000/- of your Company as on June 30, 2012 is now divided into 3,49,78,500 equity shares each having face value of ₹ 2 (fully-paid).

7] Corporate Governance

Your Company has inculcated a strong culture of values, ethics and integrity. . The Company strives to be a sustainable and trusted organisation as sustained governance is the cornerstone for building and maintaining relationships with its stakeholders. The Company's relationship with its investors is an important component of Corporate Governance. An ongoing interaction with investors and communicating information about the Company in a consistent and credible manner helps establishing a strong relationship. It rigorously pursues a policy of 100% compliance with all statutory requirements and has a robust system to review them.

Your Directors believe in upholding the highest standards of accountability and actively participate in overseeing risk and strategic management. The Board fully supports and endorses Corporate Governance practices in accordance with provisions of Clause 49 of the Listing Agreement. The 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 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.

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.

8] Human resources:

Your Company believes in the ability of each of its employees and hence provides ample opportunities to tap this potential and invest in the growth and development of all its employees. Human relations management at the Company involves motivating and promoting leadership development. Employees with high potential at all levels are encouraged to add more

value through their ability and thereby making them a part of strategic planning of the Company. Aiming to provide a platform to the employees for taking responsibilities and shaping their careers, the Company launched several in-house training programmes and also imparted training relevant to their jobs by deputing them to attend outside training programmes.

9] ISO 9001:2008 Company

Your Company is certified under ISO 9001:2008 for quality management system for its design & development, manufacture and after sales service of air coolers and water heaters.

10] Directors

The Board of Directors had, at its meeting held on October 16, 2012 reappointed Mr. Achal Bakeri as Managing Director of the Company for a period of five years from December 1, 2012 and had also concluded the terms of his reappointment. Attention of members is invited to the relevant item of notice of the annual general meeting and explanatory statement thereto. Your Directors recommend his reappointment.

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

11] Fixed Deposits

During the year under review, the Company has not accepted any fixed deposits from the public and as on June 30, 2012 the Company does not hold any unclaimed deposits or interest due thereon to any depositor. Outstanding deposit is nil.

12] 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 notes to the accounts.

13] 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 Symphony USA Inc., which markets a variety of coolers.

There have been no material changes in the nature of business of the subsidiaries.

Pursuant to provisions of Section 212 (8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching balance sheet, profit and loss account and other documents of subsidiary companies with the Balance sheet of the Company. The Company will make available annual accounts of the subsidiary companies and 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. Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

14] Consolidated Financial Statements

In accordance with 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 Stock Exchanges, audited Consolidated Financial Statements are provided in Annual Report 2011-12 for its subsidiary Companies i.e

Symphony Air Coolers Inc. and Sylvan Holdings Pte. Ltd., Singapore.

15] 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.

16] Directors' Responsibility Statement

Pursuant to Sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby states and confirms 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 ended on June 30, 2012 and of the profit of the Company for that period;

iii. Proper and sufficient care has been taken for 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. Annual accounts have been prepared on a 'going concern' basis.

17] Secretarial audit report

As a measure of good corporate governance practice, Board of Directors of your Company appointed Mr. Ashwin Shah, practicing Company Secretary, to conduct the secretarial audit. The secretarial audit report for the accounting year ended June 30, 2012 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.

18] Insurance

The insurable interests of the Company including factory building, plant and machinery, stocks, vehicles, and other insurable interests are adequately insured.

19] Disclosure

In line with requirements of Listing Agreement with the Stock Exchanges and 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 transactions, 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 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 has been 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

Your Company is committed to play its role as an enlightened corporate citizen and endeavours to reach out to the underprivileged in and around the areas of its operations.

23] Auditors

M/S. Shah & Dalal, Chartered Accountants, Ahmedabad, hold office as auditors of the Company until the conclusion of the ensuing 25th Annual General Meeting and the Board recommends their reappointment till the conclusion of next Annual General Meeting.

The Company has received a certificate from the 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 reappointment as Auditors of the Company for the current year at a remuneration to be decided by the Board of Directors.

24] Acknowledgements

Your Directors wish to place on record their appreciation of the devoted services of the employees at all levels who have largely contributed to the efficient management of your Company. The 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 cooperation 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 16, 2012

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, 2012.

FORM A

1]Conservation of energy

a] Energy conservation measures taken:

- Designed and installed complete system for recycling pre-heated water for testing of storage water heaters.
- Constant endeavour made to replace metallic components by speciality plastics.
- Completely changed the electrical distribution system viz. L T Panels, cable routing among others.
- 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 product and packaging dimensions to allow optimum quantity of transportation per truck or container. This leads to lower fuel consumption per piece.

2] Technology absorption:

Efforts made in technology absorption.
Form B is Annexed.

3] Foreign exchange earning & outgo:

This information is contained in item numbers 47 and 48 in notes forming part of Financial Statement for the year ended on June 30, 2012.

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, OEMs, development, environment-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 on entire range of products.
- Upgradation and enhancement of features and energy efficiency in existing products.

4] Expenditure on R & D:

[₹ in lacs]

Particulars	2012-11	2010-11
1.Revenue	102	50
2.Capital	-	-
3.Total	102	50
4.Total R & D expenditure (as % of turnover)	0.41%	0.22%

Technology absorption, adoption & innovation:

Efforts made:

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

Benefits derived:

Several benefits derived as mentioned in Para 2 above.

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.


American
Capital Guaranteed Bond
Distribution
Guaranteed
Equitable

REPORT ON

CORPORATE GOVERNANCE

1. Company's philosophy on Code of Governance:

Corporate Governance refers to a set of systems and practices that enables and organises to perform business operations efficiently with the highest degree of accountability and transparency in all its transactions. The essential motive of Corporate Governance is to ethically create wealth and generate long term shareholders' value in the long run. Sound Corporate Governance practices emphasise fiscal viability of an organisation and enrich shareholders value.

At Symphony Limited, Corporate Governance is an ongoing process. Systems, policies and frame works are periodically reviewed and upgraded to effectively meet the challenges of rapid growth in a dynamic external business enviornment. Governance practices not only have to deal with a growing volume of business but also an increase in complexities of the business structure that supports such growth.

Corporate Governance standards for listed companies in India, are governed by the securities and exchange board of India (SEBI) through Clause 49 of the Listing Agreement with the Stock Exchanges. Symphony Limited believes in implementing Corporate Governance practices that go beyond just meeting the letter of the law and has adopted all practices mandated in Clause 49 and also has incorporated some of the relevant non mandatory recommendations.

The Company has complied with the requirements of the Corporate Governance code in terms of clause 49 of the Listing Agreements with the 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 provisions of the Listing Agreements of Corporate Governance. The Board of Directors of your

Sr. No	Names of the Directors	Category	No. of Directorship in other companies	No. of chairmanship/ membership in Board Committees	No. ofshares held as on June 30, 2012	% to total shares
1.	Mr. Achal Bakeri	Chairman & Managing Director	_	_	26233870*	75.00
2.	Mr. Nrupesh Shah	Executive Director	_	2	911505*	2.61
3.	Mr. Dipak Palkar	Independent & Non-Executive Director	_	1	-	0.00
4	Mr. Himanshu Shah	Independent & Non-Executive Director	_	2	500	0.00

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

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, 2012 is given below:

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.

Compliance report of all laws applicable to the Company as prepared and compiled by the Compliance Officer is circulated to all the Directors along with the agenda and placed/reviewed in Board Meetings.

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

Certificate of Code of Conduct for the year 2011-12:

The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations and with the 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 2011-12.

Ahmedabad
June 30, 2012

Achal Bakeri
Managing Director

A brief resume and profiles of Managing 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 the reappointment of Mr. Achal Bakeri as a Managing Director and Mr. Dipak Palkar as a Director retiring at the ensuing Annual General Meeting and are eligible for reappointment. Mr. Achal Bakeri and Mr. Dipak Palkar are not related to any of the Directors of the Company.

3. Board Procedure:

During the financial year 2011-12, total 8 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. The Board Meetings are held at the Registered & 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 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 the Board Meeting held during the year 2011-12 are as follows:

Sr.No.	Date of Board Meeting	Chairman
1	July 25, 2011	Mr. Achal Bakeri
2	July 29, 2011	Mr. Achal Bakeri
3	October 10, 2011	Mr. Achal Bakeri
4	October 18, 2011	Mr. Achal Bakeri
5	November 29, 2011	Mr. Achal Bakeri
6	January 19, 2012	Mr. Achal Bakeri
7	February 18, 2012	Mr. Achal Bakeri
8	April 24, 2012	Mr. Achal Bakeri

Details of Attendance of the Directors at the Board Meetings held during the year 2011-12 and at the last Annual General Meeting are given below:

Names of Directors	No. of Board Meetings held while holding office	No. of Board Meetings attended while holding office	Attendance at last AGM
Mr. Achal Bakeri	8	8	Yes
Mr. Nrupesh Shah	8	8	Yes
Mr. Dipak Palkar	8	8	Yes
Mr. Himanshu Shah	8	8	Yes

There is no Nominee Director on the Board as on June 30, 2012.

Role of various constituents for 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 the effectiveness and enrichment of stakeholder value. The Board reviews, considers and approves management's strategic business plan & business objectives and monitors the Company's strategic direction.

(b) Chairman & Managing Director (CMD)

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 meetings of the Board and the Shareholders.

(c) Executive Director (ED)

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)

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

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, after duly constituted comprises 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 5 times during the year under review. The committee also met prior to finalisation of accounts for the period ended on June 30, 2012. The Chairman of the Audit Committee was also present at the last Annual General Meeting.

Meetings of Audit Committee and attendance:

Sr. No.	Date of Meetings	No. of Meetings	Attendance
1.	July 25, 2011	5	5
2.	July 29, 2011	5	5
3	October 18, 2011	5	5
4	January 19, 2012	5	5
5	April 24, 2012	5	5

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

Audit Committee's terms of reference:

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

b) Recommending the appointment and/or removal of external auditors, fixation of audit fee and also approval of 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) the going concern assumption

vii) compliance with accounting standards

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

ix) any related party transactions i.e. transactions of the Company 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 the 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 ensuing compliance therewith.

f) Reviewing the adequacy of internal audit functions, 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 finding 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 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 payments to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

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 meetings of the Board or a committee thereof. The Company is, therefore, not required to constitute a 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	Names of Directors	Salary	Perquisites	Total
1	Mr. Achal Bakeri	174	1	175
2	Mr. Nrupesh Shah	32	-	32
	Total	206	1	207

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

6. Share Transfer and Investors Grievances Committee:

The Company has instituted an Investors Grievances Committee.

Functions and powers of the committee to monitor and redress grievances of investors / shareholders include 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.

Members of the Company's Investors Grievances Committee as on June 30, 2012 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	1	1	Nil
Stock Exchanges	Nil	Nil	Nil
SEBI	Nil	Nil	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, 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
June 30, 2011	November 30, 2011	*AMA Hall	10.00 A.M.	1) Reappointment of Executive Director 2) Alteration of Articles of Association (insertion of new Articles) 3) Alteration of Memorandum of Association (subdivision of equity share capital) 4) Alteration of Articles of Association (substitution of Artcle 5 (a))	1)Ordinary 2)Special 3)Ordinary 4)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, which are of material nature, with its directors, or relatives or the management that may have potential conflict with the interests of the Company at large. Details are provided in Note no 34 of Notes forming part of the Financial Statement for the year ended on 30th June 2012 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 preparation of financial statements, the Company has followed Accounting Standards issued by ICAI. The significant accounting policies applied in preparation and presentation of financial statements have been set out in Note No. 1 of Notes forming part of the Financial Statement for the year ended on 30th June 2012.

d. The Company has laid down a procedure to inform Board Members about 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, 2012 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 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 personal 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 the shares of the Company. The policy also provides for periodical disclosures from designated employees as well as pre-clearance of transactions by such persons.

j. Whistle Blower Policy
Your Company has introduced a Whistle Blower

Policy. In terms of this policy, all employees are encouraged to report any instance/s of unethical behavior, fraud, violation of the Company's Code of Conduct or any behaviour which may otherwise be inappropriate or harmful to the Company. The policy provides a mechanism for employees to raise concerns that relate to violation of 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

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 every shareholder.

b. Annual Report

Annual report containing, inter alia, audited annual accounts, consolidated Financial Statement, Directors Report, Auditors Report and other important information is circulated to members and others entitled thereto. The management discussion and analysis report forms part of the annual report and is displayed on the companies website www.symphonylimited.com

c. Publication of Results

Quarterly results are regularly published in press as per requirements of Listing Agreements with the Stock exchanges.

d. News Releases, Presentation etc.

Official news releases and official media releases are sent to the Stock Exchanges.

e. Presentations to Analysts / Investors

Detailed presentations on un-audited Quarterly Financial Results as well as Annual Audited Financial Results of the company are made to Financial Analysts. These presentations are uploaded on the company's website of Symphony.

f. NEAPS

Besides the company also submits electronically various compliance reports, public statements etc. periodically in accordance with provisions of the Listing Agreement on NSE's Electronic Applications Processing System (NEAPS).

g. SEBI Complaints Redress System (SCORES)

Investors complaints are processed on the centralised web based complaints redressal system.The salient features of the systems are; Centralised Database of all Complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by Investors of action taken on the complaints and their current status.

10. Dividend History – Recent Past

Financial Year	Dividend Declared on	Percentage of Dividend	Dividend per share ₹
2008–09	December 31, 2009	10%	1.00
2009–10	December 21, 2010	25%	2.50
2010–11	November 30, 2011	100%	10.00
2011–12	Next AGM Date	* 275%	5.50*

* Shares having face value of ₹ 2/– per share.

Note: Dividend of ₹ 5.50 per share having face value of ₹ 2/– recommended by the Directors at their meeting held on July 31, 2012 is subject to declaration by the shareholders at the ensuing Annual General Meeting and is comprised of ₹ 3/– per share as normal dividend and ₹ 2.50 per share as Silver Jubilee Year Special Dividend.

2. General Shareholders Information

(a) Annual General Meeting

Date	Time	Venue
November 30, 2012	10.00 am	Ahmedabad Management Association Hall, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad. 380015

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

Financial Calendar (2012–13):
Financial results shall be declared as per the following schedule.

Quarterly Results	Tentative Schedule
Quarter ending on September 30, 2012	By October 31, 2012
Quarter ending on December 31, 2012	By January 31, 2013
Quarter ending on March 31, 2013	By April 30, 2013
Annual Result year ending on June 30, 2013	By August 31, 2013

(c) Book Closure Date: November 21, 2012 to November 30, 2012.

(d) Date of Payment of Dividend: If declared at Annual General Meeting will be paid on or before December 07, 2012.

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

Listing fees have been paid for the year 2012-13 as per the Listing Agreements 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.

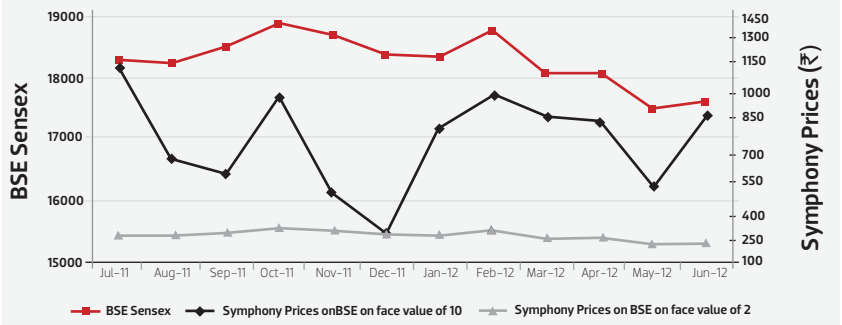
Market Price Data:

High, Low during each Month in last financial year:

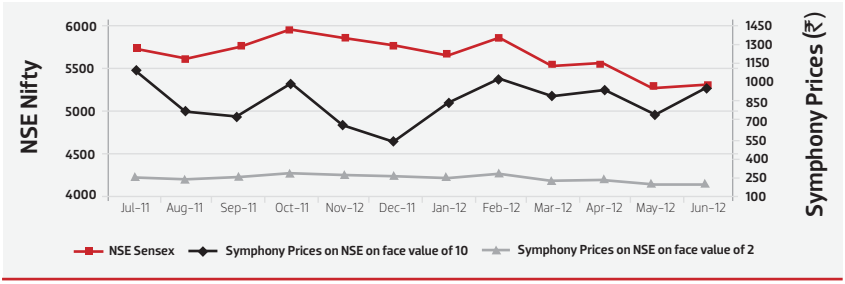
Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
July, 2011	1399.00	1075.00	1550.00	1116.80
August,2011	1353.15	950.00	1372.30	1030.05
September, 2011	1444.70	1157.00	1449.00	1130.00
October, 2011	1450.00	1198.00	1451.20	1180.00
November, 2011	1525.00	1220.10	1528.00	1220.00
December, 2011	1389.90	1062.30	1384.95	1052.00
January, 2012	1324.00	1183.05	1332.00	1155.00
February, 2012*	1370.00	*251.00	1368.75	*250.00
March, 2012	275.00	215.15	285.00	216.20
April, 2012	300.90	220.20	300.50	225.50
May, 2012	256.50	181.50	256.45	186.00
June,2012	219.00	173.00	220.00	173.55

*equity shares having face value of ₹ 10/- each were subdivided into 5 equity shares having face value of ₹ 2/- each w.e.f. February 18, 2012.

Symphony Share Performance Compared to – BSE Index (Month end Closing)



Symphony Share Performance Compared to – NSE Index (Month end Closing)



(f) Stock Code:

BSE	517385
NSE	Symphony EQ.
ASE	51760

(g) Demat ISIN Number for NSDL & CDSL : INE225D01027

Registrar and Transfer Agents		M/s Sharepro Services (India) Private Limited 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ashram Road, Ellishbridge, Ahmedabad – 380 006
Contact Person	:	Mr. Paresh Dave
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 shareholders, shares transfer 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 lapse in the system.

Pursuant to Clause 47 (c) of the Listing Agreement with Stock Exchanges, the company obtains a certificate from a practising company secretary on half yearly basis for due compliances of share transfer formalities. Pursuant to SEBI (Depositories and Participants) Regulation 1966, certificates have also been obtained from a practising company secretary for timely dematerliasation of shares of the company and for conducting secretarial audit on a quarterly basis for Reconciliation of share capital of the company. The company files copies of these certificates with stock exchanges as required.

(i) Distribution of Shareholding:

- Distribution of shareholding as on June 30, 2012 is given below:

No. of Equity Shares held	Number of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
1 – 500	5950	86.75	1750380	5.00
501 – 1000	442	6.44	397049	1.14
1001 – 2000	166	2.42	269599	0.77
2001 – 3000	113	1.65	300881	0.86
3001 – 4000	37	0.54	134560	0.39
4001 – 5000	42	0.61	202971	0.58
5001 – 10000	52	0.76	388004	1.10
10000 & above	57	0.83	31535056	90.16
GRAND TOTAL	**6859**	**100.00**	**34978500**	**100.00**
Physical Mode	2352	34.30	1545675	4.42
Electronic Mode	4507	65.70	33432825	95.58

- Distribution of shareholding as on June 30, 2012 is given below:

Category	No. of Shares Held	Percentage Held (%)
Promoter Holding		
a. Indian Promoters		
Individuals / HUFs	26233870	75.00
Bodies Corporate	-	-
b. Foreign Promoters	-	-
Resident Individuals & Corporates		
NRI's / OCB		
Financial Institutions/Banks/Mutual Funds	161744	0.46
Resident Individuals & Corporates	8353370	23.88
NRI's / OCB	229516	0.66
Grand Total	**34978500**	**100**

(j) Dematerialisation of Shares and Liquidity:

33432825 equity shares of the Company equivalent to 95.58% of total shares are held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) as on June 30, 2012.

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 the 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 Share holders :

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 transactions 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 correct and updated particulars of their bank account are available with the depository participant (DP) in case of shares held in demat form. This will facilitate in receiving direct credits of dividends etc. from the company 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' Right
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, 2012, 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, penalty or stricture on any matter, 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 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. Sanyas 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.

(p) Non-Mandatory Requirements

The status/extent of compliance of non mandatory requirements is as follows:

1) a) Maintenance of Non-Executive Chairman's Office:

Presently, the Company is not maintaining office of the Non-Executive Chairman.

b) Independent Directors may have tenure, not exceeding, in the aggregate, a period of nine years, on the Board of the Company.

As on date, there is no Independent Director having a term of office exceeding nine years.

2) Remuneration Committee:

The company has not formed Remuneration Committee.

3) Half-yearly financial performance and summary of significant events to be sent to each household of shareholders:

The Company's Financial Results, Shareholding Pattern and official news releases are displayed on the Company's website www.symphonylimited.com

4) Audit Qualifications:
Presently not applicable to the Company.

5) Training of the Board Members:
Presently the Company does not have such training programme.

6) Mechanism for evaluating Non-Executive Board Members:

Presently, the Company does not have mechanism as contemplated for evaluating the performance of Non-Executive Board Members.

7) Whistle Blower Policy:
The Whistle Blower Policy has been framed and is displayed on Company's website www.symphonylimited.com

The above report has been placed before the Board at its meeting held on October 16, 2012 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, 2012 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, 2012, 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 31, 2012

Malay J. Dalal
Partner

SECRETARIAL AUDIT REPORT

To
The Board of Directors
Symphony Limited

I have examined the registers, records and documents of Symphony Limited ("the Company") for the financial year ended on June 30, 2012 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, 2011;
  - 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.

Compliance with the applicable Laws, Rules and Regulations is the sole responsibility of the Company.

1. Based on my examination and verification of the records for the year ended on 30th June 2012 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 November 30, 2011.

(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 dematerialized 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, 2011 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
Company Secretary
C. P. No. 1640

Ahmedabad
July 31, 2012

CEO/CFO CERTIFICATION

To
The Board of Directors
Symphony Ltd.
Ahmedabad

Re: Financial Statement for the period ended on June 30, 2012 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, 2012 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, 2012, 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 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

   c) There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems.

Achal A. Bakeri Chairman & Managing Director	*Nrupesh C. Shah* Executive Director	*Bhadresh V. Mehta* Vice President (A/c & Finance)

Ahmedabad

Date: July 31, 2012

Auditors' Report

To

The Members

SYMPHONY LIMITED

1) We have audited the attached Balance sheet of SYMPHONY LIMITED ("the Company") as at 30th June, 2012, the Statement of Profit & Loss 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 the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) As required by the Companies (Auditors' Report) Order, 2003 as amended 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance sheet, Statement of 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,2012 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2012 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, 2012.

      ii) In the case of the Statement of Profit & Loss , 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 : July 31, 2012

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, 2012)

(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 has 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, 2012 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
Income Tax Act, 1961	Income tax and penalty	78.15	F Y 2008-09	Joint Comm. Of IT Circle -8, Ahmedabad
Central Excise Act, 1944	Penalty u/s 26 of Central Excise Rules	356.50	F Y 2007-08 to 2009-10	Central Excise & Service Tax Appellate Tribunal

x) The Company does not have accumulated losses as at 30th june, 2012. 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 institution.

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 : July 31 , 2012

BALANCE SHEET as at 30th June, 2012

(₹ in Lacs)

Particulars	Note	As at 30/06/2012	As at 30/06/2011
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	699.57	699.57
(b) Reserves and Surplus	3	14,398.75	11,600.70
		15,098.32	12,300.27
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	4	48.49	61.31
(b) Other Long Term Liabilities	5	44.82	38.11
(c) Long-Term Provisions	6	188.96	188.94
		282.27	288.36
(3) Current Liabilities			
(a) Short-Term Borrowings	7	742.76	17.18
(b) Trade Payables	8	1,075.84	676.59
(c) Other Current Liabilities	9	1,262.63	693.25
(d) Short-Term Provisions	10	2,272.03	820.75
		5,353.26	2,207.77
Total		20,733.85	14,796.40
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	3,053.26	3,171.31
(ii) Intangible Assets	11	7.44	5.60
(iii) Capital Work-In-Progress	11	8.54	–
		3,069.24	3,176.91
(b) Non-Current Investments	12	296.96	296.96
(c) Long-Term Loans and Advances	13	1,643.56	996.73
(d) Other Non-Current Assets	14	29.28	19.11
		5,039.04	4,489.71
(2) Current Assets			
(a) Current Investments	15	6,202.15	1,172.84
(b) Inventories	16	1,153.76	4,166.49
(c) Trade Receivables	17	1,428.90	1,532.94
(d) Cash and Bank Balances	18	4,062.44	309.41
(e) Short-Term Loans and Advances	19	2,767.86	3,120.41
(f) Other Current Assets	20	79.70	4.60
		15,694.81	10,306.69
Total		20,733.85	14,796.40
Significant Accounting Policies	1		
The accompanying notes are an integral part of the Financial Statements			

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 : July 31, 2012

Chandrakant Gandhi
Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 30th June, 2012

(₹ in Lacs)

	Particulars	Note	Year ended 30/06/2012	Year ended 30/06/2011
I	Revenue from Operations	21	25,012.60	23,275.62
II	Other Income	22	835.94	471.12
III	**Total Revenue (I + II)**		**25,848.54**	**23,746.74**
IV	**Expenses:**			
	Cost of Materials Consumed	23	8,161.35	14,013.20
	Changes in Inventories of Finished Goods, Work- in-Progress and Stock-in-Trade	24	3,121.35	(3,438.31)
	Employee Benefit Expenses	25	1,497.37	1,056.04
	Finance Costs	26	67.00	36.64
	Depreciation and Amortisation Expenses	11	169.14	168.59
	Other Expenses	27	5,854.19	5,338.60
	Total Expenses		**18,870.40**	**17,174.76**
V	**Profit before Prior Period Items and Tax (III – IV)**		**6,978.14**	**6,571.98**
VI	Prior Period Items	28	-	(45.90)
VII	**Profit before Tax (V – VI)**		**6,978.14**	**6,617.88**
VIII	Tax Expense:			
	(1) Current Tax		1,957.00	2,150.00
	(2) Deferred Tax		(12.82)	(8.44)
	(3) Provision for tax of earlier years		-	(16.91)
IX	**Profit for the period (VII - VIII)**		**5,033.96**	**4,493.23**
X	Earnings per equity share of face value of ₹ 2/- each :			
	(1) Basic	29	14.39	12.85
	(2) Diluted	29	14.39	12.85
	Significant Accounting Policies	1		
	The accompanying notes are an integral part of the Financial Statements			

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 : July 31, 2012

Chandrakant Gandhi
Company Secretary

CASH FLOW STATEMENT for the year ended 30th June, 2012

(₹in Lacs)

Particulars	Year ended 30/06/2012		Year ended 30/06/2011	
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax	6,978.14		6,617.88	
Adjustments For				
Depreciation	169.14		168.59	
Financial Charges	67.00		36.64	
Interest Received	(537.09)		(243.92)	
Dividend Received	(165.11)		(102.68)	
(Profit) / Loss on Sale of Fixed Assets	17.00		(0.48)	
Operating Profit Before Working Capital Changes	6,529.08		6,476.03	
Adjustments For				
Trade and Other Receivables	104.04		(325.41)	
Inventories	3,012.73		(3,518.91)	
Long Term Loans & Advances	105.35		68.41	
Other Non Current Assets	(19.25)		(4.93)	
Short Term Loans & Advances	(94.20)		264.40	
Other Current Assets	2.79		14.99	
Long Term Liabilities	6.71		17.28	
Long Term Provisions	0.01		(6.10)	
Trade Payables	399.25		(175.73)	
Other Current Liabilities	569.66		73.27	
Short Term Provisions	(0.99)		5.47	
Provision for Employee Benefit	0.02		31.86	
Cash Generated From Operations	10,615.20		2,920.63	
Taxes Paid [Income Tax]	(1,872.23)		(2,567.47)	
Net Cash Flow From Operating Activities		8,742.97		353.16
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(382.99)		(2,050.68)	
Interest Received	468.29		232.40	
Dividend Received	165.11		102.68	
Purchase of Investment in Mutual Fund	(31,104.47)		(21,929.67)	
Sales of Investment in Mutual Fund	26,075.15		25,807.48	
Investment in Equity Shares	-		1.79	
Advances and Loans to Subsidiaries	(360.78)		(2,258.93)	
Sale/Deduction of Fixed Assets	304.23		5.27	
Net Cash Used in Investing Activities		(4,835.46)		(89.66)

CASH FLOW STATEMENT (Contd.) for the year ended 30th June, 2012

(₹ in Lacs)

Particulars		Year ended 30/06/2012		Year ended 30/06/2011
C CASH FLOW FROM FINANCING ACTIVITIES				
Financial Charges Paid	(67.00)		(36.64)	
Dividend Paid	(699.57)		(174.89)	
Dividend Distribution Tax Paid	(113.49)		(29.05)	
Repayment of Long Term Borrowings	(17.18)		7.57	
Long Term Borrowings Received	742.76		–	
Net Cash from Financing Activities		(154.48)		(233.01)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		3,753.03		30.49
Cash & Cash Equivalents at the beginning of the year		309.41		278.92
Cash & Cash Equivalents at the end of the year		4,062.44		309.41
Cash on Hand		8.49		9.88
Balances with Scheduled Bank in Current Account		99.95		106.40
Deposits with Scheduled Banks		3,954.00		193.13
Cash & Bank Balance as per Balance Sheet		4,062.44		309.41

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 : July 31, 2012

Chandrakant Gandhi
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June, 2012

(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 notified under the Companies (Accounting Standards) Rules, 2006 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.

All assets and liabilities have been classified as Current or Non-Current as per the criteria set out in the Revised Schedule VI to the Companies Act, 1956.

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.

a) Sales

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

Revenue is recognised on transfer of significant risks and rewards to the customer which normally occurs:

In case of Domestic Sales - On dispatch of products to customers;

In case of Export Sales - 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) Intangible Fixed Assets

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

vi) Depreciation / Amortisation

Depreciation on all tangible fixed assets is provided on Straight Line Method at the rates prescribed in

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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Schedule- XIV of the Companies Act, 1956, on pro-rata basis from the date the asset is ready for use.

Assets costing up to ₹ 5000/- are fully depreciated in the year in which they are ready for 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 rates prescribed for Computers under schedule XIV of the Companies Act,1956 on straight line method.

vii) 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.

viii) Inventories

Raw materials are valued at lower of cost or net realisable value. The costs of these items of inventory comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition. However, raw materials are written down below cost only when the finished product to which they belong are written down below cost and the replacement cost of that raw material is lower than cost.

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 where the excise duty is payable.

ix) 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 a 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.

x) Foreign currency transactions

Initial Recognition and Measurement:

Foreign currency transaction is recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Measurement:

Foreign currency receivables, payables are subsequently measured as stated below:

a) At each balance sheet date

Foreign currency monetary items are reported using the closing rate.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction

Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

b) Treatment of exchange differences arising on settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period:

Exchange differences arising on a monetary item that is receivable from, or payable to, a non-integral foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future are accumulated in Foreign Currency Translation Reserve (FCTR). The exchange differences so accumulated in FCTR are reclassified to the Statement of Profit and Loss as and when settlement occurs.

Exchange differences arising on reporting of long-term foreign currency monetary items, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset.

All other exchange differences are recognised as income or as expenses in the period in which they arise in the Statement of Profit and Loss.

The premium or discount arising at the inception of a forward contract entered into to hedge the foreign currency risk of existing assets and liabilities is amortised as expense or income over the life of the contract. Exchange differences on such a contract is recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

xi) Derivatives

Derivative transactions are entered into only for the hedging and not with speculative motive. 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 Statement of Profit and Loss 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 Statement of Profit and Loss.

xii) Employees Benefits

a) Short term Employees Benefits

Short-term employees benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss 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 employees render services.

c) Defined Benefit Plan

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

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

xiii) Leases

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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Rent Expense and Rent Income represent operating leases which are recognised as expense and Income respectively in the Statement of Profit and Loss on a Straight Line basis over the lease terms.

xiv) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and loss.

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 Statement of Profit and Loss is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

Provision for Wealth Tax is calculated at the rate specified under the Wealth Tax Act, 1957.

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 asset's recoverable amount is estimated. An impairment loss is recognised in the Statement of Profit and Loss whenever the carrying amount of asset 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 asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

The value of 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.

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 outgo or loss 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 Notes to the Financial Statements.

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

(2) SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Authorised : *		
75,000,000 (Previous year 15,000,000) Equity Shares of ₹ 2/- (Previous year ₹ 10/-) each	1,500.00	1,500.00
Issued, Subscribed & Paid up : *		
34,978,500 (Previous year 6,995,700) Equity Shares of ₹ 2/- (Previous year ₹ 10/-) each fully paid up	699.57	699.57
	699.57	699.57

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2/-. Every holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended June 30, 2012, the amount of dividend per share recognised as distribution to equity shareholders was ₹ 5.50. The total dividend appropriation proposed for the year ended June 30, 2012 amounted to ₹ 2,235.91 lacs including dividend distribution tax of ₹ 312.09 lacs.

Details of shareholders holding more than 5% shares as at June 30, 2012 is set out below :

Names of the shareholder	As at 30/06/2012		As at 30/06/2011	
	No. of shares	% held	No. of shares*	% held
Mr. Achal A. Bakeri	14,631,800	41.83%	14,631,800	41.83%
Oras Investments Pvt. Ltd.	3,221,800	9.21%	3,221,800	9.21%
Paratam Investments Pvt. Ltd.	3,019,800	8.63%	3,019,800	8.63%

The reconciliation of the number of shares outstanding as at June 30, 2012 is set out below:

Particulars	As at 30/06/2012	As at 30/06/2011*
Number of shares at the beginning	34,978,500	34,978,500
Add: Shares issued during the year	-	-
Number of shares at the end	34,978,500	34,978,500

*As approved in the last annual general meeting held on November 30, 2011, the company has subdivided (split) the equity shares each of ₹ 10/-(₹ Ten only), fully paid up into 5 equity shares each of ₹ 2/- (₹ Two only) fully paid up, with effect from February,18,2012. Hence, the number of shares disclosed above are computed for the current year and recomputed for the previous year based on the revised face value of ₹ 2/- each.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June, 2012

(3) RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
General Reserve		
Balance at the beginning of the year	1,750.00	1,000.00
Add: Transferred from Surplus	750.00	750.00
Balance at the end of the year	2,500.00	1,750.00
Surplus		
Balance at the beginning of the year	8,251.80	5,321.63
Add: Net profit after tax transferred from Statement of Profit and Loss	5,033.96	4,493.23
Amount available for appropriation	13,285.76	9,814.86
Less: Appropriations		
Transfer to General Reserve	750.00	750.00
Proposed Dividend on Equity Shares	1,923.82	699.57
[Dividend per share ₹ 5.50/- on face value of ₹ 2/- (Previous year ₹ 10/- on face value of ₹ 10/-]		
Tax on Proposed Dividend	312.09	113.49
Balance at the end of the year	10,299.85	8,251.80
Securities Premium Account		
Balance at the beginning of the year	694.47	694.47
Balance at the end of the year	694.47	694.47
Capital Reserve		
Balance at the beginning of the year	904.43	904.43
Balance at the end of the year	904.43	904.43
	14,398.75	**11,600.70**

(4) DEFERRED TAX LIABILITY (NET)

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
(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	264.30	307.28
Total (A)	**264.30**	**307.28**
(B) Deferred Tax Asset arising on account of timing difference on account of section 43B of Income Tax Act, 1961	114.86	122.70
Total (B)	**114.86**	**122.70**
Net (A - B)	**149.44**	**184.58**
(C) Deferred Tax Liability @ 32.445 % (Previous year @ 33.2175%)	48.49	61.31

(5) OTHER LONG TERM LIABILITIES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Others		
Trade Deposits	44.82	38.11
	44.82	**38.11**

(6) LONG-TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Others		
Gratuity (Refer to Note no. 37)	100.65	100.63
Provision for disputed Sales Tax for earlier years	88.31	88.31
	188.96	**188.94**

(7) SHORT-TERM BORROWINGS

(₹in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Secured		
Foreign Bill Discounting (Against lien of Bank Fixed Deposits of concerned bank of equivalent or more value)	742.76	–
Unsecured		
Sales Tax Deferment Loan (Unsecured)	–	17.18
	742.76	**17.18**

(8) TRADE PAYABLES

(₹in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Trade Payables	1,075.84	676.59
	1,075.84	**676.59**

(9) OTHER CURRENT LIABILITIES

(₹in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Accrued Salaries and Benefits		
Salaries Payable	231.61	203.88
Bonus and Ex gratia Payable	34.14	25.39
Incentives Payable	27.76	7.27
For other liabilities		
Provision for expenses	65.08	12.14
Unclaimed Dividends	27.35	8.10
Creditors for Capital Goods	0.25	0.53
Advance from customers	541.27	307.43
Credit Balance in Current Accounts with Banks	2.92	18.78
Other Payables	332.25	109.73
	1,262.63	**693.25**

(10) SHORT-TERM PROVISIONS

(₹in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Others		
Proposed Dividend	1,923.82	699.57
Provision for		
Gratuity (Refer to Note no. 37)	5.65	0.54
Tax on Dividend	312.09	113.49
Income Taxes (Net of Advance Tax)	29.07	–
Wealth Tax	1.40	1.05
Provision for disputed Sales Tax for earlier years	–	6.10
	2,272.03	**820.75**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June, 2012

(11) FIXED ASSETS

(₹ in Lacs)

	Gross Block					Depreciation				Net Block	
Description	As at 01/07/2011	Additions	Adjustments / Sold	Transfer	As at 30/06/2012	Upto 01/07/2011	Additions	Adjustments	Upto 30/06/2012	As at 30/06/2012	As at 30/06/2011
Tangible											
Freehold Land	1,961.75	–	–	–	1,961.75	–	–	–	–	1,961.75	1,961.75
Lease Hold Land (SEZ)	260.49	–	–	–	260.49	3.33	17.37	–	20.70	239.79	257.16
Buildings	385.51	94.20	0.09	–	479.62	179.57	13.92	0.10	193.39	286.23	205.94
Plant & Machinery	948.44	219.23	505.77	–	661.90	382.71	103.92	184.53	302.11	359.79	565.72
Furniture & Fixtures	16.83	8.22	11.09	–	13.96	14.11	1.24	11.09	4.26	9.70	2.72
Vehicles	197.67	30.41	–	–	228.08	52.27	20.38	–	72.65	155.43	145.40
Office Equipments	37.03	5.59	1.48	–	41.14	22.02	2.13	1.47	22.69	18.45	15.00
Computers	45.86	12.57	6.01	–	52.42	28.24	8.07	6.01	30.30	22.12	17.62
	3,853.58	**370.22**	**524.44**	**–**	**3,699.36**	**682.26**	**167.03**	**203.20**	**646.10**	**3,053.26**	**3,171.31**
Intangible											
Softwares	11.56	3.95	–	–	15.51	5.96	2.11	–	8.07	7.44	5.60
Total (A)	**3,865.14**	**374.17**	**524.44**	**–**	**3,714.87**	**688.22**	**169.14**	**203.20**	**654.17**	**3,060.70**	**3,176.91**
Capital WIP	–	8.54	–	–	8.54	–	–	–	–	8.54	–
Total (B)	**–**	**8.54**	**–**	**–**	**8.54**	**–**	**–**	**–**	**–**	**8.54**	**–**
Total (A+B)	**3,865.14**	**382.71**	**524.44**	**–**	**3,723.41**	**688.23**	**169.14**	**203.20**	**654.17**	**3,069.24**	**3,176.91**
Previous Year	1,958.30	2,379.58	144.28	328.46	3,865.14	659.13	168.59	139.49	688.23	3,176.91	1,299.17

Leasehold land in Surat SEZ (SUR SEZ) is for the period upto July, 2085 and the lease is to be renewed on expiry of every 15 years starting from 2011. The cost of leasehold land will be amortised over a period of 15 years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June, 2012

(12) NON-CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 30/06/2012			As at 30/06/2011		
	No. of Shares	Face value per Share (₹/$)	Amount	No. of Shares	Face value per Share (₹/$)	Amount
Non-current Investments (At Cost)						
Long term investments - Non Trade (Unquoted)						
Investment in equity shares of subsidiaries						
Symphony Air Coolers Inc, USA	1,000	1 $	0.46	1,000	1 $	0.46
Sylvan Holdings PTE. Ltd	650,000	1 $	296.24	650,000	1 $	296.24
Investment in equity shares of Associates						
Symphony Designer & Properties Pvt. Ltd.	248	10 ₹	0.02	248	10 ₹	0.02
Investment in equity shares of Others						
Saline Area Vitalisation Enterprises Ltd	2,000	10 ₹	0.24	2,000	10 ₹	0.24
			296.96			296.96
Aggregate value of unquoted investments			296.96			296.96

(13) LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Unsecured, considered good		
Capital advances	16.94	121.17
Loans and advances to subsidiaries (refer to note 34)	1,886.85	802.19
Less: Foreign Currency Translation Reserve	(277.13)	-
Other loans and advances		
Balance with Sales Tax and VAT Department	12.74	13.95
Electricity and other Deposits	4.16	4.07
Advance income taxes (Net of Provisions)	-	55.35
	1,643.56	996.73

(14) OTHER NON-CURRENT ASSETS

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Interest accrued but not due	1.94	11.01
Unclaimed Dividend Account	27.34	8.10
	29.28	19.11

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30th June, 2012

(15) CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 30/06/2012			As at 30/06/2011		
	No. of Shares / Units	Face value/ NAV per Share / Unit (₹)	Amount	No. of Shares / Units	Face value/ NAV per Share/Unit (₹)	Amount
Current Investments (At Cost)						
Investment in Mutual Funds (Quoted)						
Sundaram Ultra St Fund	10,016,993	10.04	1,005.40			–
Birla Sun Life Cash Plus Collection A/c	1,007,322	100.20	1,009.29			–
Religare MF Collection A/c	100,856	1,000.78	1,009.35			–
Taurus Liquid Fund	130,252	1,000.09	1,302.64			–
Morgan Stanley Liquid Fund	1,100	1,000.50	11.00			–
UTI Treasury Advantage Fund	100,503	1,000.21	1,005.24			–
Baroda Pioneer Liquid Fund		–		12,470	1,000.63	124.78
DSP BR Liquidity Fund		–		25,718	1,000.80	257.39
HDFC Liquid Fund		–		3,229,320	12.26	395.91
Reliance Liquid Fund		–		3,945,558	10.01	394.76
Investment in Bonds (Quoted)						
Tax Free Bond of NHAI	37,086	1,000.00	370.86			–
Air India Bonds @ 10.05% dt-27/09/2031	18	1,000,000.00	193.46			–
PFC Bonds @ 8.50% dt-15/12/2024	30	1,000,000.00	294.91			–
			6,202.15			1,172.84
Aggregate amount of quoted investments			6,202.15			1,172.84
Aggregate market value of quoted investments			6,214.08			1,172.84

(16) INVENTORIES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
(As taken, Valued & Certified by the Management)		
Raw materials	235.37	126.76
Work-in-Progress	18.11	–
Finished Goods	883.44	4,039.73
Goods in Transit	16.84	–
	1,153.76	4,166.49

(17) TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Debtors outstanding for more than six months		
Unsecured Considered good *	23.01	54.05
Unsecured Considered Doubtful	0.68	0.68
Less : Provision for Doubtful Debts	(0.68)	(0.68)
Other Debts		
Unsecured Considered good *	1,405.89	1,478.89
	1,428.90	**1,532.94**

* Includes dues from subsidiaries of subsidiaries for more than six months ₹ Nil (Previous year ₹ 1.27 lacs) & less than six months ₹ 743.14 lacs (Previous year ₹ 1365.79 lacs)

(18) CASH & BANK BALANCES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
CASH AND CASH EQUIVALENTS		
Cash on Hand		
Cash on Hand	1.00	1.00
Balance with Employees Imprest Account	7.49	8.88
Balances with Banks		
In Current Accounts	99.95	106.40
In Deposit Accounts	3,954.00	193.13
	4,062.44	**309.41**
Deposits account more than 12 months maturity	2,100.78	1.34
Balances with banks held as margin money deposits against guarantees and Foreign Bill Discounting	966.84	186.02

Cash and Bank balances as of June 30, 2012 include restricted cash and bank balances of ₹ 966.84 lacs (Previous year ₹ 186.02 lacs). The restrictions are primarily on account of cash and bank balances held as margin money deposits against guarantees.

The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

(19) SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
(Unsecured Considered Good)		
Advances		
Prepaid Expenses	20.54	23.76
For supply of goods and rendering of services	560.54	389.37
Others	32.44	3.48
Loans and advances to subsidiaries (refer to note 34)	1,898.61	2,345.36
Loans and Advances to employees	2.92	9.00
Balance with Central Excise Authority	210.30	247.12
Balance with Sales Tax and VAT Department	6.03	3.29
Export Incentive Receivable	36.48	99.03
	2,767.86	**3,120.41**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June, 2012

(20) OTHER CURRENT ASSETS

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Interest accrued but not due	79.70	1.82
Premium on Forex Option	–	2.78
	79.70	4.60

(21) REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Sales (Refer Note no. 43)	25,005.44	23,265.87
Other Operating Revenue	7.16	9.75
	25,012.60	23,275.62

(22) OTHER INCOME

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Interest Income	537.09	243.92
Dividend Income	165.12	102.68
Export Incentives	34.21	82.54
Foreign Exchange Fluctuation	76.35	–
Profit on Sale of Fixed Assets	–	0.48
Other Non Operating Income	23.17	41.50
	835.94	471.12

(23) COST OF MATERIALS CONSUMED

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Opening Stock of Raw Materials	126.76	46.16
Add: Purchases	8,269.96	14,093.80
Less: Closing Stock of Raw Materials	235.37	126.76
	8,161.35	14,013.20

(24) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Opening Stock of Work-in-Progress	–	–
Opening Stock of Finished Goods	4,039.73	601.42
Opening Stock of Goods in Transit	–	–
Less:		
Closing Stock of Work-in-Progress	18.11	–
Closing Stock of Finished Goods	883.44	4,039.73
Closing Stock of Goods in Transit	16.83	–
	3,121.35	(3,438.31)

(25) EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Salaries, Wages and Bonus	1,389.08	987.24
Contribution to Provident Fund and Other Funds	89.67	58.21
Staff Welfare Expenses	18.62	10.59
	1,497.37	1,056.04

(26) FINANCE COSTS

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Bank Charges	15.57	31.60
Other Interest	51.43	5.04
	67.00	36.64

(27) OTHER EXPENSES

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Stores, Spare parts and Packing Materials consumed	1.89	3.21
Assembly and Labour Charges	47.58	5.17
Power and Fuel	8.91	5.13
Repairs & Maintenance		
Building	15.13	9.65
Machinery	13.43	18.10
Rent	18.87	15.56
Rates & Taxes	6.55	3.48
Travelling	310.74	233.45
Conveyance	93.72	68.58
Communication Expenses	86.41	52.91
Insurance	11.63	9.20
Research and Development Expenses	102.24	50.23
Printing and stationery charges	28.05	26.37
Legal & Professional Charges	95.04	74.30
Payment to Auditors (Refer Note no. 35)	4.00	3.00
Directors Remuneration	207.84	208.50
Vehicle Expenses	16.57	14.50
General Expenses	58.65	56.73
Other Repairs	12.71	11.06
Foreign Exchange Fluctuations	–	67.03
Loss on Sale of Fixed Assets	17.00	–
Advertisement and Sales Promotion	940.15	919.29
Freight & Forwarding Charges	807.81	674.76
Product Service and Inspection Charges	160.02	131.45
Sales Commission	167.51	144.22
Warehousing Charges	212.62	167.13
Conference and Other Expenses	59.53	49.62
VAT and Sales Tax	2,349.59	2,315.97
	5,854.19	5,338.60

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June, 2012

(28) PRIOR PERIOD ITEMS

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Excess Provision of Expenses	–	(20.95)
Refund of Excise Duty on Export	-	(24.95)
	–	(45.90)

(29) EARNINGS PER SHARE

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Face value of Equity Shares (₹)	2	2
Net Profit available for Equity Shareholders (₹ in Lacs)	5,033.96	4,493.23
No. of Equity Shares	34,978,500	34,978,500
Basic and Diluted EPS (₹)	14.39	12.85

As approved in the last annual general meeting held on November 30, 2011, the company has subdivided (split) the equity shares each of ₹ 10/-(₹ Ten only), fully paid up into 5 equity shares each of ₹ 2/-(₹ Two only), fully paid up, with effect from February, 18, 2012. Hence, the basic and diluted EPS and number of shares disclosed above are computed for the current year and recomputed for the previous year, based on the revised face value of ₹ 2/- each.

(30) The revised Schedule VI as notified under the Companies Act, 1956, has become applicable to the Company for presentation of its financial statements for the year ended June 30, 2012. Requirements of the revised Schedule VI has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year figures have been reclassified in accordance with requirements of the current year.

(31) Contingent Liabilities

(₹ in Lacs)

		2011-12	2010-11
a)	Claims against the company not acknowledged as debt.	11.05	11.05
b)	Demand on account of sales tax assessment raised against the company for various years but the same is not acknowledged as debt hence, not provided for. Appeals are pending.	2,252.90	2,254.10
c)	Income Tax matters not acknowledged as debts.	78.15	–
d)	Demand under disputed central excise matter, Appeals are being filed.	356.50	242.50
e)	Estimated amount of contracts remaining to be executed on capital account and not provided for.	4.54	-

Sales Tax

The Contingent Liability towards sales tax is ₹ 2,252.90 lacs (previous year ₹ 2,254.10 lacs). The amount of ₹ 2,246.57 lacs (out of ₹ 2,252.90 lacs) is demand by 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 rains 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 dated 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 2007-08. There is no other demand pending for any year in Gujarat state except above.

Income Tax

Income- Tax assessments of the Company have been completed up to Assessment Year 2009-10. The Company has filed appeal against the demand of ₹ 78.15 lacs raised for Assessment Year 2009-10. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly, no provision has been made.

(32) Segment Reporting

(a) Primary Segment : Business

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

(b) Secondary Segment : Geographical Segment

(₹ in Lacs)

		2011-12	2010-11
(1)	Segment Revenue		
	Domestic	20,909.03	19,405.79
	Export	4,096.41	3,860.08
	Total	25,005.44	23,265.87
(2)	Segment Expenditure		
	Domestic	16,989.35	15,798.50
	Export	2,982.13	2,974.14
	Total	19,971.48	18,772.64
(3)	Segment Profit		
	Domestic	3,919.68	3,607.29
	Export	1,114.28	885.94
	Total	5,033.96	4,493.23
(4)	Segment Assets		
	Domestic	19,657.68	13,312.65
	Export (Only Receivables *)	1,076.17	1,483.75
	Total	20,733.85	14,796.40
(5)	Segment Liabilities		
	Domestic	5,393.67	2,350.78
	Export (Advance from customers only *)	241.86	145.35
	Total	5,635.53	2,496.13
(6)	Capital Employed (*)	15,098.32	12,300.27

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June, 2012

(33) Subsidiaries

Following are 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) Symphony USA Inc., USA (known as Impco Aircooler Inc, Prior to 12-04-2012) (Subsidiary of Subsidiary)

(34) Related Party Disclosures

(₹ in Lacs)

Sr. No.	Names of Related Parties	Nature of relationship with company	Nature of transactions	2011-12		2010-11	
				Volume of transactions	Balance at the end of the year	Volume of transactions	Balance at the end of the year
1	Shri Achal Bakeri	Chairman & Managing Director	Remuneration and Perquisites	175.28	106.85	175.28	106.50
2	Shri Nrupesh Shah	Director	Remuneration and Perquisites	32.57	22.37	33.22	23.03
3	Sylvan Holdings Pte Ltd., Singapore	Wholly owned Subsidiary	Investment in Capital	–	296.24	293.89	296.24
4	Sylvan Holdings Pte Ltd., Singapore	Wholly owned Subsidiary	Advances/ Loan Given and Interest	1,041.58	1,780.28	21.56	738.71
5	IMPCO S DE RL DE C V., Mexico	Subsidiary of Sylvan Holdings Pte Ltd., Singapore	Sale of Goods	1,638.66	743.13	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	31.87	33.79	198.15	-
7	Symphony USA Inc., USA	Subsidiary of IMPCO S DE RL DE C V., Mexico	Sale of Goods	144.09	–	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 Given and Interest	(403.67)	2,005.18	1,520.23	2,408.85
10	Oras Investments Pvt. Ltd.	Enterprise in which Directors have significant influence	Rent Expense	6.35	-	4.50	-
11	Paratam Investments . Pvt. Ltd	Enterprise in which Directors have significant influence	Rent Expense	6.35	-	4.50	-

(35) Auditors' Remuneration (Refer Note no. 27)

(₹ in Lacs)

		2011-12	2010-11
a)	As Auditor	4.00	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
		5.00	3.00

(36) Leases

The company has operating lease for various premises which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating lease are charged to Statement of Profit and Loss for the year ₹ 230.31 Lacs (Previous year ₹ 182.68 Lacs).

(₹ in Lacs)

	2011-12	2010-11
Due within one year	57.33	182.68

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.

(37) 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	2011-12	2010-11
Current service cost	27.27	21.06
Interest on obligation	8.49	5.86
Net actuarial losses (gains) recognised in the year	9.01	5.47
Total	44.77	32.39

Actual return on plan assets

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

(₹ in Lacs)

Particulars	2011-12	2010-11
Opening defined benefit obligation	101.16	69.94
Service cost	27.27	21.06
Interest cost	8.49	5.86
Actuarial losses (gains)	9.15	5.47
Benefits paid	(0.54)	(1.17)
Closing defined benefit obligation	145.53	101.16

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

(₹ in Lacs)

Particulars	2011-12	2010-11
Actuarial gains and (losses)	0.14	-
Contributions by employer	50.54	-
Benefits paid	(0.54)	-
Closing balance of fair value of plan assets	50.14	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June, 2012

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

(₹ in Lacs)

Particulars	2011-12	2010-11
Present value of funded obligations	145.53	-
Fair value of plan assets	(50.14)	-
Present value of unfunded obligations	-	101.16
Net liability	**95.39**	**101.16**
Amounts in the balance sheet:		
Liabilities	95.39	101.16
Net liability	**95.39**	**101.16**

V. Investment Details

(₹ in Lacs)

Particulars	2011-12	2010-11
Insurance Company	50.14	-

VI. Actuarial Assumptions

Particulars	2011-12	2010-11
Discount rate	8.50%	8.39%
Expected return on plan assets	8.60%	-
Annual increase in Salary costs	7.00%	6.00%

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	2011-12	2010-11
Defined benefit obligation	(145.53)	(101.16)
Plan assets	50.14	-
Surplus/(deficit)	(95.39)	(101.16)
Experience adjustments on plan liabilities	(2.68)	-
Experience adjustments on plan assets	0.14	-

Movement in net liability recognised in Balance Sheet	2011-12	2010-11
Net opening liability	101.16	69.94
P&L Charge	44.90	32.39
Contribution paid / Benefits paid	(50.67)	(1.17)
Closing net liability	**95.39**	**101.16**

(38) Leave encashment

As per policy followed by the Company, all the leaves are enjoyable in the financial year itself. Therefore, there is no liability of leave encashment existing at the end of the year. Accordingly, no provision is made for leave encashment.

(a) Derivative Instruments and Hedged Foreign Currency Exposure

			Current Year		Previous Year		
Type of Transaction	Particulars of	Currency Derivatives	Amount Lacs	Year End US$ in (₹)	Amount Rate Lacs	Year End US$ in (₹)	Purpose Rate
Forward	SELL	USD	33.38	55.66	16.68	44.60	Hedge of Forex
Range Forward	SELL	USD	–	55.66	11.50	44.60	USD Receivable/
Option	SELL	USD	-	55.66	4.50	44.60	Loan

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

Particulars	2011-12	2010-11
Import Creditors	38.55	–
Export Debtors	1,027.16	1,474.13
Loans Receivable	1,976.51	1,690.02

(40) 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, 2012. 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.

(41) 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.

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

Particulars	2011-12	2010-11
Revenue Expenditure	102.24	50.23
Total	**102.24**	**50.23**

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

(44) Company gives one year's warranty on certain components of its products. The expenses on the warranty as and when incurred are charged to the Statement of Profit and Loss.

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

(46) (i) Value and % of Imported & Indigenous Raw Materials Consumed

Particulars	Year ended 30/06/2012		Year ended 30/06/2011	
	Value in (₹ in Lacs)	% of total Consumption	Value in (₹ in Lacs)	% of total Consumption
Imported	272.38	3.34	365.00	2.60
Indigenous	7,888.97	96.66	13,648.20	97.40
	8,161.35	**100.00**	**14,013.20**	**100.00**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30th June, 2012

(46) (ii) C.I.F. Value of Imports

(₹ in Lacs)

	2011-12	2010-11
Raw Materials & Trading Goods	260.63	315.09
Capital Items	196.20	290.19
	456.83	605.28

(47) Expenditure in Foreign Currency (₹)

(₹ in Lacs)

	2011-12	2010-11
Advertisement, Sales Promotion, Freight Paid, Travelling & Others	836.16	119.12

(48) Earning in Foreign Currency (₹)

(₹ in Lacs)

	2011-12	2010-11
F.O.B. of Exports	4,044.80	3,535.33
Other Income	335.42	299.39

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 : July 31, 2012

Chandrakant Gandhi

Company Secretary

Section 212

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 Sbusidiary	Symphony Air Coolers Inc., USA		Sylvan Holdings Pte. Ltd., Singapore		IMPCO S DE RL DE CV, Mexico		Symphony USA Inc, USA	
	Currency of Presentation	US Dollar		US Dollar		Mexican Peso		US Dollar	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Share Capital								
	In Foreign Currency	0.01	0.01	6.50	6.50	10.00	10.00	0.05	0.05
	In Indian Rupees	0.56	0.45	361.79	289.90	41.48	37.97	2.57	2.35
2	Reserves								
	In Foreign Currency	0.74	0.57	(0.06)	0.30	884.04	879.75	(1.69)	(2.06)
	In Indian Rupees	41.21	25.37	(3.48)	13.41	3,666.59	3,340.44	(94.11)	(91.89)
3	Total Assets								
	In Foreign Currency	36.78	52.59	38.43	23.40	2,763.46	2,912.81	13.07	14.24
	In Indian Rupees	2,046.95	2,345.44	2,138.88	1,043.55	11,461.56	11,060.05	727.35	635.24
4	Total Liabilities								
	In Foreign Currency	36.03	52.01	31.99	16.60	1,869.42	2,023.06	14.71	16.25
	In Indian Rupees	2,005.18	2,319.63	1,780.57	740.24	7,753.49	7,681.64	818.89	724.78
5	Investments								
	In Foreign Currency	-	-	-	-	-	-	-	-
	In Indian Rupees	-	-	-	-	-	-	-	-
6	Turnover								
	In Foreign Currency	3.68	3.01	1.53	0.73	2,067.98	2,087.89	15.51	17.75
	In Indian Rupees	183.04	136.01	76.15	32.93	7,876.15	7,703.66	771.55	803.25
7	Profit Before Tax								
	In Foreign Currency	0.17	0.11	(0.36)	(0.29)	23.14	277.11	0.12	(2.11)
	In Indian Rupees	8.56	5.01	(18.07)	(12.91)	88.15	1,022.45	5.87	(95.42)
8	Provision for Tax								
	In Foreign Currency	0.00	0.03	-	-	18.46	86.06	-	-
	In Indian Rupees	0.02	1.16	-	-	70.31	317.53	-	-
9	Profit After Tax								
	In Foreign Currency	0.17	0.09	(0.36)	(0.29)	4.68	191.05	0.12	(2.11)
	In Indian Rupees	8.54	3.85	(18.07)	(12.91)	17.84	704.92	5.87	(95.42)
10	Proposed Dividend								
	In Foreign Currency	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	In Indian Rupees	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(All figures in Lacs)

Conversion rate	US Dollar		US Dollar		Mexican Peso		US Dollar	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Point No. 1 to 5 Foreign Currency into INR	55.66	44.60	55.66	44.60	4.15	3.80	55.66	44.60
Point No. 6 to 10 Foreign Currency into INR	49.73	45.24	49.73	45.24	3.81	3.69	49.73	45.24

Consolidated 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 2012 and the Consolidated Statement of Profit & Loss 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 reflect total assets of ₹ 11628.89 lacs as at 30th June, 2012 and total revenue of ₹ 8286.41 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 2012;

   b) in the case of the Consolidated Statement of Profit and Loss, 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 Dalal
Partner
Membership Number – 36776

Place : Ahmedabad
Date : July 31, 2012

CONSOLIDATED BALANCE SHEET as at 30th June, 2012

(₹ in Lacs)

Particulars	Note	As at 30/06/2012	As at 30/06/2011
EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	699.57	699.57
(b) Reserves and Surplus	3	18,215.30	14,549.72
		18,914.87	15,249.29
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	4	548.75	449.25
(b) Other Long Term Liabilities	5	44.82	38.11
(c) Long-Term Provisions	6	749.65	759.10
		1,343.22	1,246.46
(3) Current Liabilities			
(a) Short-Term Borrowings	7	742.76	17.18
(b) Trade Payables	8	1,346.08	1,867.78
(c) Other Current Liabilities	9	3,153.04	2,117.88
(d) Short-Term Provisions	10	2,272.03	820.75
		7,513.91	4,823.59
Total		27,772.00	21,319.34
ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	6,997.22	7,027.28
(ii) Intangible Assets	11	14.24	12.40
(iii) Capital Work-In-Progress	11	8.54	–
		7,020.00	7,039.68
(b) Non-Current Investments	12	0.26	0.26
(c) Long-Term Loans and Advances	13	279.34	394.17
(d) Other Non-Current Assets	14	29.28	19.11
		7,328.88	7,453.22
(2) Current Assets			
(a) Current Investments	15	6,202.15	1,172.84
(b) Inventories	16	4,292.10	6,974.94
(c) Trade Receivables	17	4,219.17	3,859.22
(d) Cash and Cash Equivalents	18	4,341.61	471.04
(e) Short-Term Loans and Advances	19	1,306.10	1,381.39
(f) Other Current Assets	20	81.99	6.69
		20,443.12	13,866.12
Total		27,772.00	21,319.34
Significant Accounting Policies	1		
The accompanying notes are an integral part of the Financial Statements			

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 : July 31, 2012

Chandrakant Gandhi
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 30th June, 2012

(₹ in Lacs)

	Particulars	Note	Year ended 30/06/2012	Year ended 30/06/2011
I	Revenue from Operations	21	31,346.56	29,056.04
II	Other Income	22	627.49	757.77
III	**Total Revenue**		**31,974.05**	**29,813.81**
IV	**Expenses:**			
	Cost of Materials Consumed	23	10,663.21	16,445.04
	Changes in Inventories of Finished Goods, Work- in-Progress and Stock-in-Trade	24	2,772.53	(3,886.64)
	Employee Benefit Expenses	25	2,830.38	2,523.28
	Finance Costs	26	75.63	44.14
	Depreciation and Amortization Expenses	11	486.24	533.61
	Other Expenses	27	7,821.59	7,053.15
	Total Expenses		**24,649.58**	**22,712.58**
V	**Profit before Exceptional and Prior Period Items and Tax (III – IV)**		**7,324.47**	**7,101.23**
VI	Exceptional Items		-	(415.42)
VII	**Profit before Prior Period Items and Tax (V – VI)**		**7,324.47**	**7,516.65**
VIII	Prior Period Items	28	-	(45.90)
IX	**Profit before Tax (VII – VIII)**		**7,324.47**	**7,562.55**
X	**Tax Expense:**			
	(1) Current Tax		1,957.02	2,151.16
	(2) Deferred Tax		57.48	309.09
	(3) Provision for tax of earlier years		-	(16.91)
XI	**Profit for the period (IX - X)**		**5,309.97**	**5,119.21**
XII	Earnings per equity share of face value of ₹ 2/- each :			
	(1) Basic	29	15.18	14.64
	(2) Diluted	29	15.18	14.64
Significant Accounting Policies		1		
The accompanying notes are an integral part of the Financial Statements				

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 : July 31, 2012

Chandrakant Gandhi
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30th June, 2012

(₹ in Lacs)

Particulars	Year ended 30/06/2012		Year ended 30/06/2011	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax	7,324.47		7,562.55	
Adjustment For				
Depreciation	486.24		533.61	
Financial Charges	75.63		44.14	
Interest Received	(275.49)		(77.55)	
Dividend Received	(165.12)		(102.68)	
(Profit) / Loss on Sale of Fixed Assets	14.61		(49.75)	
Operating Profit before Working Capital Changes :	7,460.34		7,910.32	
Adjustment For				
Inventories	2,682.85		(6,327.37)	
Trade and Other Receivables	(359.95)		(2,650.74)	
Long Term Loans & Advances	59.49		776.56	
Other Non Current Assets	(19.25)		(4.94)	
Short Term Loans & Advances	75.29		(341.94)	
Other Current Assets	2.59		12.89	
Other Long Term Liabilities	6.71		17.28	
Trade Payables	(521.71)		1,015.33	
Other Current Liabilities	1,035.44		1,497.89	
Short Term Provisions	(6.10)		–	
Provision for Employee Benefit	(4.34)		601.39	
Cash Generated from Operations	10,411.36		2,506.67	
Taxes Paid	(1,872.25)		(2,568.63)	
Net Cash Flow from Operating Activities		8,539.11		(61.96)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(467.75)		(2,444.81)	
Sale/Deduction of Fixed Assets	(13.71)		214.66	
Interest Received	206.69		66.03	
Dividend Received	165.12		102.68	
Investment in Equity Shares	–		2.35	
Purchase of Investment In Mutual Fund	(31,104.47)		(21,929.67)	
Sales of Investment in Mutual Fund	26,075.15		25,807.48	
Net Cash used in Investing Activities		(5,138.97)		1,818.72

CONSOLIDATED CASH FLOW STATEMENT (Contd.) for the year ended 30th June, 2012

(₹ in Lacs)

Particulars		Year ended 30/06/2012		Year ended 30/06/2011
C CASH FLOW FROM FINANCING ACTIVITIES				
Translation and Consolidation Reserve	633.54		(1,327.05)	
Dividend Paid	(699.57)		(174.89)	
Dividend Distribution Tax Paid	(113.49)		(29.05)	
Repayment of Long Term Borrowings	(17.18)		7.57	
Long Term Borrowings Received	742.76		–	
Financial Charges Paid	(75.63)		(44.14)	
Net Cash From Financing Activities		470.43		(1,567.56)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		3,870.57		189.20
Cash & Cash Equivalents at the beginning of the year		471.04		281.84
Cash & Cash Equivalents at the end of the year		4,341.61		471.04
Cash on Hand		11.72		12.47
Balances with Scheduled Bank in Current Account		375.89		265.44
Deposits With Scheduled Banks		3,954.00		193.13
Cash & Bank Balance As Per Balance Sheet		4,341.61		471.04

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 : July 31, 2012

Chandrakant Gandhi
Company Secretary

(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 notified under the Companies (Accounting Standards) Rules, 2006 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.

All assets and liabilities have been classified as Current or Non-Current as per the criteria set out in the Revised Schedule VI to the Companies Act, 1956.

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 the separate audited financial statements of Parent Company, Symphony Limited and following Subsidiary Companies

Sr. No.	Name of Subsidiary Company	Country of Incorporation	Extent of Holding/ Voting Power (%) as on June 30, 2012
1	Sylvan Holdings PTE. Ltd	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	Symphony USA Inc., (through IMPCO S DE RL DE C V., Mexico)	USA	100.00
4	Symphony Air Coolers Inc,	USA	100.00

B) The operations of 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 in the same manner as that of the Parent Company, i.e. year ended June 30, 2012, in the same manner as the Company's separate Financial Statements.

D) Financial statements of the Subsidiary Companies used in consolidation are drawn for the same period as that of the Parent Company i.e year ended June 30, 2012.

ii) Use of Estimates

Preparation of financial statements to be 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. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2012

iii) Revenue Recognition

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

a) Sales

Sales are 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 excise duty payable by the company is negligible, it is not shown separately.

Revenue is recognised on transfer of significant risks and rewards to the customer which normally occurs.

In case of Domestic Sales - On dispatch of products to customers.

In case of Export Sales - 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 right to receive the payment is established.

iv) Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition / construction less accumulated depreciation, amortization 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) Intangible Fixed Assets

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

vi) Depreciation / Amortization

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 from the date the asset is ready for use.

Assets costing up to ₹ 5000/- are fully depreciated in the year in which they are ready for 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 for Computers under schedule XIV of the Companies Act, 1956 on straight line method.

vii) 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 value of long term investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

viii) Inventories

Raw materials are valued at lower of cost or net realizable 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. However, raw materials are written down below cost only when the finished product to which they belong are written down below cost and replacement cost of that raw material is lower than cost.

Finished goods are valued at lower of cost or net realizable 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 are included in valuation of inventory where the excise duty is payable.

ix) 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.

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.

x) Foreign currency transactions

Initial Recognition and Measurement:

Foreign currency transaction is recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Subsequent Measurement:

Foreign currency receivables, payables are subsequently measured as stated below:

a) At each balance sheet date

Foreign currency monetary items are reported using the closing rate.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

b) Treatment of exchange differences arising on settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period:

Exchange differences arising on a monetary item that is receivable from, or payable to, a non-integral foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future is accumulated in Foreign Currency Translation Reserve (FCTR). The exchange differences so accumulated in FCTR are reclassified to the Statement of Profit and Loss as and when settlement occurs.

Exchange differences arising on reporting of long-term foreign currency monetary items, in so far as they relate to acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset.

All other exchange differences are recognised as income or as expenses in the period in which they arise in the Statement of Profit and Loss.

The premium or discount arising at the inception of a forward contract entered into to hedge the foreign currency risk of existing assets and liabilities is amortised as expense or income over the life of the contract. Exchange differences on such a contract is recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

xi) Derivatives

Derivative transactions are entered into only for hedging and not with a speculative motive. 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 Statement of Profit and Loss 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 Statement of Profit and Loss.

xii) Employees Benefits

a) Short term Employees Benefits

Short-term employees benefits are recognised as expense at the undiscounted amount in the Statement of Profit and Loss 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 Contributions 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 expense in the Statement of Profit and Loss for the period in which the employees have 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, at the discounting rate,

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

xiii) Leases

All leases are classified into Operating and Financial Leases on inception. Leases that transfer substantially all risks and reward from lessor to lessee are classified as Finance Leases, others being classified as Operation Leases.

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

xiv) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and loss.

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 Statement of Profit and Loss is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

Provision for Wealth Tax is calculated at the rate specified under the Wealth Tax Act, 1957.

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 exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the Statement of Profit and Loss 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 asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

Value of 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 Statements.

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 estimate of their financial effect are disclosed in the Notes to Financial Statements.

Contingent assets are neither recognised nor disclosed in the Financial Statements.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2012

(2) SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Authorised : *		
75,000,000 (Previous year 15,000,000) Equity Shares of ₹ 2/- (Previous year ₹ 10/-) each	1,500.00	1,500.00
Issued, Subscribed & Paid up : *		
34,978,500 (Previous year 6,995,700) Equity Shares of ₹ 2/- (Previous year ₹ 10/-) each fully paid up	699.57	699.57
	699.57	699.57

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2/-. Every holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended June 30, 2012, the amount of dividend per share recognised as distribution to equity shareholders was ₹ 5.50. The total dividend appropriation proposed for the year ended June 30, 2012 amounted to ₹ 2,235.91 lacs including dividend distribution tax of ₹ 312.09 lacs.

Details of shareholders holding more than 5% shares as at June 30, 2012 is set out below :

	As at 30/06/2012		As at 30/06/2011	
Names of shareholder	No. of shares	% held	No. of shares*	% held
Mr. Achal A. Bakeri	14,631,800	41.83%	14,631,800	41.83%
Oras Investments Pvt. Ltd.	3,221,800	9.21%	3,221,800	9.21%
Paratam Investments Pvt. Ltd.	3,019,800	8.63%	3,019,800	8.63%

The reconciliation of the number of shares outstanding as at June 30, 2012 is set out below:

Particulars	As at 30/06/2012	As at 30/06/2011*
Number of shares at the beginning	34,978,500	34,978,500
Add: Shares issued during the year	-	-
Number of shares at the end	34,978,500	34,978,500

*As approved in the last annual general meeting held on November 30, 2011, the company has subdivided (split) the equity shares each of ₹ 10/- (₹ Ten only), fully paid up into 5 equity shares each of ₹ 2/- (₹ Two only) fully paid up, with effect from February, 18, 2012. Hence, the number of shares disclosed above are computed for the current year and recomputed for the previous year based on the revised face value of ₹ 2/- each.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30th June, 2012

(3) RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
General Reserve		
Balance at the beginning of the year	1,750.00	1,000.00
Add: Transferred from Surplus	750.00	750.00
Balance at the end of the year	2,500.00	1,750.00
Surplus		
Balance at the beginning of the year	8,897.84	5,341.69
Add: Net profit after tax transferred from Statement of Profit and Loss	5,309.97	5,119.21
Amount available for appropriation	14,207.81	10,460.90
Less: Appropriations		
Transfer to General Reserve	750.00	750.00
Proposed Dividend on Equity Shares	1,923.82	699.57
[Dividend per share ₹ 5.50/- on face value of ₹ 2/- (Previous year ₹ 10/- on face value of ₹ 10/-]		
Tax on Proposed Dividend	312.09	113.49
Balance at the end of the year	11,221.90	8,897.84
Securities Premium Account		
Balance at the beginning of the year	694.47	694.47
Balance at the end of the year	694.47	694.47
Capital Reserve		
Balance at the beginning of the year	904.43	904.43
Balance at the end of the year	904.43	904.43
Revaluation Reserve		
Balance at the beginning of the year	2,215.15	-
Add: Transfer	-	2,215.15
Balance at the end of the year	2,215.15	2,215.15
Translation Reserve		
Balance at the beginning of the year	16.47	1.16
Add: Effect during the year	380.93	15.31
Balance at the end of the year	397.40	16.47
Consolidation Reserve		
Balance at the beginning of the year	71.36	-
Add: Transfer	210.59	71.36
Balance at the end of the year	281.95	71.36
	18,215.30	**14,549.72**

(4) DEFERRED TAX LIABILITY (NET)

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Deferred Tax Liability	548.75	449.25
	548.75	**449.25**

(5) OTHER LONG TERM LIABILITIES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Others		
Trade Deposits	44.82	38.11
	44.82	**38.11**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2012

(6) LONG-TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Others		
Gratuity (Refer to Note no. 37)	661.34	670.79
Provision for disputed Sales Tax for earlier years	88.31	88.31
	749.65	759.10

(7) SHORT-TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Secured		
Foreign Bill Discounting (Against lien of Bank Fixed Deposits of concerned bank of equivalent or more value)	742.76	-
Unsecured		
Sales Tax Deferment Loan (Unsecured)	-	17.18
	742.76	17.18

(8) TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Trade Payables, Others	1,346.08	1,867.78
	1,346.08	1,867.78

(9) OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Accrued Salaries and Benefits		
Salaries Payable	294.77	247.97
Bonus and Ex gratia Payable	34.14	25.39
Incentives Payable	27.76	7.27
For other liabilities		
Provision for expenses	348.07	432.93
Unpaid Dividends	27.35	8.10
Creditors for Capital Goods	0.26	0.53
Advances from Customers	679.32	492.46
Credit Balance in Current Accounts with Banks	2.92	18.78
Other Payables	1,738.45	884.45
	3,153.04	2,117.88

(10) SHORT-TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Others		
Proposed Dividend	1,923.82	699.57
Provision for		
Gratuity (Refer to Note no. 37)	5.65	0.54
Tax on Dividend	312.09	113.49
Income Taxes (Net of Advance Tax)	29.07	–
Wealth Tax	1.40	1.05
Provision for disputed Sales Tax for earlier years	–	6.10
	2,272.03	820.75

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2012

(11) FIXED ASSETS

(₹ in Lacs)

	Gross Block					Depreciation				Net Block		
Description	As at 01/07/2011	Additions	Sold	Ajustment Transfer	As at 30/06/2012	Upto 01/07/2011	Additions	Deductions	Adjustments	Upto 30/06/2012	As at 30/06/2012	As at 30/06/2011
Tangible												
Freehold Land	4,682.40	–	-	215.16	4,933.56	–	–	-	–	–	4,933.56	4,682.40
Lease Hold Land (SEZ)	260.49	–	–	–	260.49	3.33	17.37	-	–	20.70	239.79	257.16
Buildings	1,320.49	94.20	0.09	86.33	1,500.93	791.42	74.34	0.10	61.90	927.56	573.37	529.07
Plant & Machinery	8,355.93	280.65	530.15	683.76	8,790.19	7,018.98	346.45	201.45	634.15	7,798.13	992.06	1,336.95
Furniture & Fixtures	431.39	11.90	11.09	38.27	470.47	390.89	9.12	11.09	35.42	424.34	46.13	40.50
Vehicles	375.59	50.07	14.20	16.42	427.88	227.00	26.65	14.24	16.72	256.13	171.75	148.59
Office Equipments	37.03	5.59	1.48	–	41.14	22.03	2.13	1.47	-	22.69	18.45	15.00
Computers	45.86	12.57	6.01	–	52.42	28.25	8.07	6.01	-	30.31	22.11	17.61
	15,509.18	**454.98**	**563.02**	**1,075.94**	**16,477.08**	**8,481.90**	**484.13**	**234.36**	**748.19**	**9,479.86**	**6,997.22**	**7,027.28**
Intangible												
Softwares	11.56	3.95	–	–	15.51	5.96	2.11	-	–	8.07	7.44	5.60
Goodwill	6.80	–	–	–	6.80	–	–	-	–	–	6.80	6.80
Total (A)	**15,527.54**	**458.93**	**563.02**	**1,075.94**	**16,499.39**	**8,487.86**	**486.24**	**234.36**	**748.19**	**9,487.93**	**7,011.46**	**7,039.68**
Capital WIP	–	8.54	–	–	8.54	–	–	-	–	–	8.54	–
Total (B)	**–**	**8.54**	**–**	**–**	**8.54**	**–**	**–**		**–**	**–**	**8.54**	**–**
Total (A+B)	**15,527.54**	**467.47**	**563.02**	**1,075.94**	**16,507.93**	**8,487.86**	**486.24**	**234.36**	**748.19**	**9,487.93**	**7,020.00**	**7,039.68**
Previous Year	11,202.23	4,988.86	335.09	(328.46)	15,527.54	8,124.44	533.61	222.05	51.86	8,487.86	7,039.68	3,077.79

Note :

1) Leasehold land in Surat SEZ (SUR SEZ) is for the period upto July, 2085 and the lease is to be renewed on expiry of every 15 years starting from 2011. The cost of leasehold land will be amortised over a period of 15 years.

2) Gross Block of Freehold Land includes the Land of IMPCO S DE RL DE CV, Mexico which contains additions on account of Revaluation by ₹ 2215.15 lacs

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2012

(12) NON-CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 30/06/2012			As at 30/06/2011		
	No. of Shares	Face value per Share (₹)	Amount	No. of Shares	Face value per Share (₹)	Amount
Non-current Investments (At Cost)						
Long term investments - Non Trade (Unquoted)						
Investment in equity shares of Associates						
Symphony Designer & Properties Pvt. Ltd.	248	10 ₹	0.02	248	10 ₹	0.02
Investment in equity shares of Others						
Saline Area Vitalisation Enterprises Ltd	2,000	10 ₹	0.24	2,000	10 ₹	0.24
			0.26			0.26
Aggregate value of unquoted investments			0.26			0.26

(13) LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Unsecured, considered good		
Capital advances	16.94	121.17
Balance with Sales Tax and VAT Department	12.74	13.95
Electricity and other Deposits	30.91	28.42
Advance income taxes (Net of Provisions)	-	55.35
Others	218.75	175.28
	279.34	394.17

(14) OTHER NON-CURRENT ASSETS

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Interest accrued but not due	1.94	11.01
Unclaimed Dividend Account	27.34	8.10
	29.28	19.11

(15) CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 30/06/2012			As at 30/06/2011		
	No. of Shares / Units	Face value/ NAV per Share / Unit (₹)	Amount	No. of Shares / Units	Face value/ NAV per Share/Unit (₹)	Amount
Current Investments (At Cost)						
Investment in Mutual Funds (Quoted)						
Sundaram Ultra St Fund	10,016,993	10.04	1,005.40	–		
Birla Sun Life Cash Plus Collection A/c	1,007,322	100.20	1,009.29			–
Religare MF Collection A/c	100,856	1,000.78	1,009.35			–
Taurus Liquid Fund	130,252	1,000.09	1,302.64			–
Morgan Stanley Liquid Fund	1,100	1,000.50	11.00			–
UTI Treasury Advantage Fund	100,503	1,000.21	1,005.24			–
Baroda Pioneer Liquid Fund			–	12,470	1,000.63	124.78
DSP BR Liquidity Fund			–	25,718	1,000.80	257.39
HDFC Liquid Fund			–	3,229,320	12.26	395.91
Reliance Liquid Fund			–	3,945,558	10.01	394.76
Investment in Bonds (Quoted)						
Tax Free Bond of NHAI	37,086	1,000.00	370.86			–
Air India Bonds @ 10.05% dt-27/09/2031	18	1,000,000.00	193.46			–
PFC Bonds @ 8.50% dt-15/12/2024	30	1,000,000.00	294.91			–
			6,202.15			1,172.84
Aggregate amount of quoted investments			6,202.15			1,172.84
Aggregate market value of quoted investments			6,214.08			1,172.84

(16) INVENTORIES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
(As taken, Valued & Certified by the Management)		
Raw materials	1,075.30	985.61
Work-in-Progress	18.11	–
Finished Goods	3,058.61	5,779.53
Goods in Transit	140.08	209.80
	4,292.10	6,974.94

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2012

(17) TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
Debtors outstanding for more than six months		
Unsecured Considered good	80.88	93.96
Unsecured Considered Doubtful	0.68	0.68
Less : Provision for Doubtful Debts	(0.68)	(0.68)
Other Debts		
Unsecured Considered good	4,138.29	3,765.26
	4,219.17	3,859.22

(18) CASH & BANK BALANCES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
CASH AND CASH EQUIVALENTS		
Cash on Hand		
Cash on Hand	4.23	3.59
Balance with Employees Imprest Account	7.49	8.88
Balances with Banks		
In Current Accounts	375.89	265.44
In Deposit Accounts	3,954.00	193.13
	4,341.61	471.04
Deposits account more than 12 months maturity	2100.78	1.34
Balances with banks held as margin money deposits against guarantees and Foreign Bill Discounting	966.84	186.02

Cash and Bank balances as of June 30, 2012 include restricted cash and bank balances of ₹ 966.84 lacs (Previous year ₹ 186.02 lacs). The restrictions are primarily on account of cash and bank balances held as margin money deposits against guarantees.

The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

(19) SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 30/06/2012	As at 30/06/2011
(Unsecured Considered Good)		
Advances		
Prepaid Expenses	20.54	23.76
For supply of goods and rendering of services	623.12	545.13
Others	146.58	181.47
Loans and Advances to employees	2.92	9.00
Balance with Central Excise Authority	210.29	247.12
Balance with Sales Tax and VAT Department	266.17	275.88
Export Incentive Receivable	36.48	99.03
	1,306.10	1,381.39

(20) OTHER CURRENT ASSETS

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Interest accrued but not due on deposits	79.70	1.82
Premium on Forex Option	–	2.78
Misc. Expenditure to the extent not written off or adjusted		
Preliminary Expenses	2.29	2.09
	81.99	6.69

(21) REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Sales (Refer Note no. 43)	31,339.40	29,046.29
Other Operating Revenue	7.16	9.75
	31,346.56	29,056.04

(22) OTHER INCOME

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Interest Income	275.49	77.55
Dividend Income	165.12	102.68
Export Incentives	34.21	82.54
Foreign Exchange Fluctuation	–	177.59
Profit on sale of Fixed Assets	–	49.75
Other Non Operating Income	152.67	267.66
	627.49	757.77

(23) COST OF MATERIALS CONSUMED

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Opening Stock of Raw Materials	985.61	747.13
Add: Purchases	10,752.90	16,683.52
Less: Closing Stock of Raw Materials	1,075.30	985.61
	10,663.21	16,445.04

(24) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Opening Stock of Work-in-Progress	–	–
Opening Stock of Finished Goods	5,779.53	2,102.69
Opening Stock of Goods in Transit	209.80	–
Less:		
Closing Stock of Work-in-Progress	18.11	–
Closing Stock of Finished Goods	3,058.61	5,779.53
Closing Stock of Goods in Transit	140.08	209.80
	2,772.53	(3,886.64)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2012

(25) EMPLOYEES BENEFIT EXPENSES

(₹in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Salaries, Wages and Bonus	2,179.57	1,892.80
Contribution to Provident Fund and Other Funds	632.19	619.89
Staff Welfare Expenses	18.62	10.59
	2,830.38	2,523.28

(26) FINANCE COSTS

(₹in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Bank Charges & Commission	24.20	39.09
Interest Expense	51.43	5.05
	75.63	44.14

(27) OTHER EXPENSES

(₹in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Stores, Spare parts and Packing Materials consumed	74.23	71.25
Assembly and Labour Charges	499.55	402.00
Power and Fuel	113.36	104.60
Repairs & Maintenance		
Building	19.91	15.66
Machinery	42.84	47.83
Rent	132.37	130.02
Rates & Taxes	7.63	4.52
Travelling	407.89	336.28
Conveyance	93.72	68.58
Communication Expenses	120.95	98.90
Insurance	35.46	29.64
Research and Development Expenses	111.45	54.03
Printing and stationery charges	36.35	35.70
Legal & Professional Charges	135.32	154.38
Payment to Auditors (Refer Note no. 35)	14.91	13.15
Directors Remuneration	207.84	208.50
Vehicle Expenses	26.76	22.33
General Expenses	345.30	78.95
Other Repairs	28.87	34.60
Foreign Exchange Fluctuations	70.82	–
Loss on Sale of Fixed Assets	14.61	–
Preliminary Expenses	0.29	0.27
Advertisement and Sales Promotion	1,147.87	1,230.47
Freight & Forwarding Charges	1,108.53	1,017.46
Product Service and Inspection Charges	210.18	185.54
Sales Commission	192.84	175.77
Warehousing Charges	212.62	167.13
Conference and Other Expenses	59.53	49.62
VAT and Sales Tax	2,349.59	2,315.97
	7,821.59	7,053.15

(28) PRIOR PERIOD ITEMS

(₹ in Lacs)

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Excess Provision of Expenses	–	(20.95)
Refund of Excise Duty on Exports	–	(24.95)
	–	(45.90)

(29) EARNINGS PER SHARE

Particulars	Year ended 30/06/2012	Year ended 30/06/2011
Face value of Equity Shares (₹)	2	2
Net Profit available for Equity Shareholders (₹ in Lacs)	5,309.97	5,119.21
No. of Equity Shares	34,978,500	34,978,500
Basic EPS (₹)	15.18	14.64
Weighted No. of Equity Shares	34,978,500	34,978,500
Diluted EPS (₹)	15.18	14.64

As approved in the last annual general meeting held on November 30, 2011, the company has subdivided (split) the equity shares each of ₹ 10/- (₹ Ten only), fully paid up into 5 equity shares each of ₹ 2/- (₹ Two only) fully paid up, with effect from February,18,2012. Hence, the basic and diluted EPS and number of shares disclosed above are computed for the current year and recomputed for the previous year based on the revised face value of ₹ 2/- each.

(30) The revised Schedule VI as notified under the Companies Act, 1956, has become applicable to the Company for presentation of its financial statements for the year ended June 30, 2012. Requirements of the revised Schedule VI has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year figures have been reclassified in accordance with requirements of the current year.

(31) Contingent Liabilities

(₹ in Lacs)

		2011-12	2010-11
a)	Claims against the company not acknowledged as debt.	11.05	11.05
b)	Demand on account of sales tax assessment raised against the company for various years but the same is not acknowledged as debt hence, not provided for. Appeals are pending.	2,252.90	2,254.10
c)	Income Tax matters not acknowledged as debts	78.15	-
d)	Demand under disputed central excise matter, Appeals are being filed.	356.50	242.50
e)	Estimated amount of contracts remaining to be executed on capital account and not provided for	4.54	-

Sales Tax

The Contingent Liability towards sales tax is ₹ 2,252.90 lacs (previous year ₹ 2,254.10 lacs). The amount of ₹ 2,246.57 lacs (out of ₹ 2,252.90 lacs) is demand by 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 rains 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 dated 18.10.2005 to the Commissioner of Sales Tax to grant relief for records destroyed in this

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30th June, 2012

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 2007-08. There is no other demand pending for any year in Gujarat State except the above.

Income Tax

Income-Tax assessments of the Company have been completed up to Assessment Year 2009-10. The Company has filed appeal against the demand of ₹ 78.15 lacs raised for Assessment Year 2009-10. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly, no provision has been made.

(32) Segment Reporting

(a) Primary Segment : Business

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

(b) Secondary Segment : Geographical Segment

(₹ in Lacs)

		2011-12	2010-11
(1)	Segment Revenue		
	Domestic	28,790.46	26,863.02
	Export	2,548.94	2,183.27
	Total	31,339.40	29,046.29
(2)	Segment Expenditure		
	Domestic	24,154.98	22,289.23
	Export	1,874.45	1,637.85
	Total	26,029.43	23,927.08
(3)	Segment Profit		
	Domestic	4,635.48	4,573.79
	Export	674.49	545.42
	Total	5,309.97	5,119.21
(4)	Segment Assets		
	Domestic	27,427.72	21,202.66
	Export (Only Receivables *)	344.28	116.68
	Total	27,772.00	21,319.34
(5)	Segment Liabilities		
	Domestic	8,615.27	5,924.70
	Export (Advance from customers only *)	241.86	145.35
	Total	8,857.13	6,070.05
(6)	Capital Employed (*)	18,914.87	15,249.29

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

(33) Subsidiaries

Following are 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) Symphony USA Inc., USA (known as Impco Aircoolers Inc, Prior to 12-04-2012) (Subsidiary of Subsidiary)

(34) Related Party Disclosures

(₹ in Lacs)

Sr. No.	Names of the Related Parties	Nature of relationship with company	Nature of transactions	2011-12		2010-11	
				Volume of transactions	Balance at the end of the year	Volume of transactions	Balance at the end of the year
1	Shri Achal Bakeri	Chairman & Managing Director	Remuneration and Perquisites	175.28	106.85	175.28	106.50
2	Shri Nrupesh Shah	Director	Remuneration and Perquisites	32.57	22.37	33.22	23.03
3	Oras Investments Pvt. Ltd.	Enterprise in which Directors have significant influence	Rent Expense	6.35	-	4.50	-
4	Paratam Investments Pvt. Ltd.	Enterprise in which Directors have significant influence	Rent Expense	6.35	-	4.50	-

(35) Auditors' Remuneration (Refer Note no. 27)

(₹ in Lacs)

	2011-12	2010-11
a) As Auditor	13.91	12.15
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
	14.91	13.15

(36) 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 ₹ 344.99 lacs (Previous year ₹ 297.13 lacs).

(₹ in Lacs)

	2011-12	2010-11
Due within one year	170.83	297.13

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30th June, 2012

(37) Employees 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	2011-12	2010-11
Current service cost	27.27	21.06
Interest on obligation	8.49	5.86
Net actuarial losses (gains) recognised in the year	9.01	5.47
Total	**44.77**	**32.39**
Actual return on plan assets		

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

(₹ in Lacs)

Particulars	2011-12	2010-11
Opening defined benefit obligation	101.16	69.94
Service cost	27.27	21.06
Interest cost	8.49	5.86
Actuarial losses (gains)	9.15	5.47
Benefits paid	(0.54)	(1.17)
Closing defined benefit obligation	**145.53**	**101.16**

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

(₹ in Lacs)

Particulars	2011-12	2010-11
Actuarial gains and (losses)	0.14	-
Contributions by employer	50.54	-
Benefits paid	(0.54)	-
Closing balance of fair value of plan assets	**50.14**	**-**

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

(₹ in Lacs)

Particulars	2011-12	2010-11
Present value of funded obligations	145.53	-
Fair value of planned assets	(50.14)	-
Present value of unfunded obligations	-	101.16
Net liability	**95.39**	**101.16**
Amounts in the balance sheet:		
Liabilities	95.39	101.16
Net liability	**95.39**	**101.16**

V. Investment Details

(₹ in Lacs)

Particulars	2011-12	2010-11
Insurance Company	50.14	-

VI. Actuarial Assumptions

Particulars	2011-12	2010-11
Discount rate	8.50%	8.39%
Expected return on plan assets	8.60%	-
Annual increase in Salary costs	7.00%	6.00%

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	2011-12	2010-11
Defined benefit obligation	(145.53)	(101.16)
Plan assets	50.14	-
Surplus/(deficit)	(95.39)	(101.16)
Experience adjustments on plan liabilities	(2.68)	-
Experience adjustments on plan assets	0.14	-

Movement in net liability recognised in Balance Sheet	2011-12	2010-11
Net opening liability	101.16	69.94
P&L Charge	44.90	32.39
Contribution paid / Benefits paid	(50.67)	(1.17)
closing net liability	95.39	101.16

(38) Leave encashment

As per policy followed by the Company, all the leaves are enjoyable in the financial year itself. Therefore, there is no liability of leave encashment existing at the end of the year. Accordingly, no provision is made for leave encashment.

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

			Current Year		Previous Year		
Type of Transaction	Particulars of Derivatives	Currency	Amount US$ in Lacs	Year end Rate (₹)	Amount US$ in Lacs	Year end Rate (₹)	Purpose
Forward	SELL	USD	0.88	55.66	-	44.60	Hedge of Forex
Range Forward	SELL	USD	–	55.66	-	44.60	USD Receivable/
Option	SELL	USD	-	55.66	-	44.60	Loan

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

Particulars	2011-12	2010-11
Import Creditors	4.76	–
Export Debtors	284.03	107.07
Loans Receivable	-	-

(40) 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, 2012. 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.

(41) 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.

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

Particulars	2011-12	2010-11
Revenue Expenditure	111.45	54.03
Total	111.45	54.03

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2012

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

(44) Company gives one year's warranty on certain components of its products. The expenses on the warranty as and when incurred are charged to the Statement of Profit and Loss.

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

(46) (i) Value and % of Imported & Indigenous Raw Materials Consumed

Particulars	Year ended 30/06/2012		Year ended 30/06/2011	
	Value in (₹ in Lacs)	% of total Consumption	Value in (₹ in Lacs)	% of total Consumption
Imported	816.62	7.66	821.70	5.00
Indigenous	9,846.60	92.34	15,623.34	95.00
	10,663.21	100.00	16,445.04	100.00

(46) (ii) C.I.F. Value of Imports

(₹ in Lacs)

Particulars	2011-12	2010-11
Raw Materials & Trading Goods	857.99	771.79
Capital Items	247.05	290.19
	1,105.04	1,061.98

(47) Expenditure in Foreign Currency (₹)

(₹ in Lacs)

	2011-12	2010-11
Advertisement, Sales Promotion, Freight Paid, Travelling & Others	836.16	140.16

(48) Earning in Foreign Currency (₹)

(₹ in Lacs)

	2011-12	2010-11
F.O.B. of Exports	2,379.06	2,085.71
Other Income	335.42	137.50

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 : July 31, 2012

Chandrakant Gandhi
Company Secretary

NOTICE

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Fifth 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 Friday, November 30, 2012 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 2012 and the Report of the Directors and Auditors thereon.

2. To declare dividend.

3. To appoint a Director in place of Mr. Dipak Palkar, who retires by rotation, and being eligible, offers himself for re-appointment.

4. To appoint auditors and to fix their remuneration and for that purpose to pass with or without modification(s) the following resolution as an Ordinary Resolution.

   "RESOLVED THAT M/s. Shah & Dalal, Chartered Accountants,(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:

Re-appointment of Managing Director

"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. Achal A. Bakeri as a Managing Director of the Company for a period of Five Years w.e.f. December 01, 2012 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 16, 2012 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. Achal A. Bakeri, 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 authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

Registered Office:
"Saumya"
Nr. Bakeri Circle, Navrangpura,
Ahmedabad-380014.
Date: October 16, 2012

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

(Chandrakant Gandhi)
COMPANY SECRETARY

Notes:

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

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

(b) Members desirous of obtaining any information as regards to accounts and operations of the Company are requested to write to the Company at least 7 days before the meeting to enable the Company to keep the required information ready at the forthcoming meeting.

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

(d) The Register of Members and Share Transfer Books of the Company will remain closed from November 21, 2012 to November 30, 2012 (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 share 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 the change in their registered address, if any, to the Company. In case of mailing address mentioned on this Annual Report is without PIN Code, members are requested to kindly inform their PIN Code immediately.

(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 authorized representatives to attend the meeting are requested to send certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.

(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) Final dividend for the financial year ended on 30th June, 2012, as recommended by the Board, if approved at the meeting will be paid on or before December 07, 2012 to those members whose names appear in the company's register of members as on the date of book closure.

(m) The Ministry of Corporate Affairs has taken a "Green Initiative" in Corporate Governance" by allowing paperless compliances by the Company and has issued circulars allowing service of notices / documents including Annual Report by email to its members. To support this Green Initiative of the government in full measure, members who have not registered their email addresses so far, are requested to register the same, in respect of electronics holdings with the depository through their depository participants. Members who are holding shares in physical form are requested to get their email addressess registered with the Registrar and Transfer Agent.

Registered Office:
"Saumya"
Nr. Bakeri Circle, Navrangpura,
Ahmedabad-380014.
Date: October 16, 2012

By Order of the Board
For SYMPHONY LTD.

(Chandrakant Gandhi)
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)

Name of Director	Mr. Achal A. Bakeri*	Mr. Dipak Palkar*
Age	52 years	59 years
Qualification	Architect, MBA (University of Southern California)	B.com., Diploma in Taxation Laws & Practices, Diploma in Business Management.
Date of Appointment	December 01, 1992	December 31, 2005
Brief Resume & Functional Expertise	Rich & varied experience of about 25 years in various fields including constructions, exports, technical,manufacturing, designing etc.	Expertise in Marketing, Business Promotion and International Sales .
Appointment / Reappointment	December 01, 2007	December 21, 2010
No.of Shares held in the Company	26233870**	Nil
List of Companies in which Directorship is held	1.Symphony Designer Properties Pvt.Ltd.	Nil
	2. Oras Investments Pvt. Ltd.	
	3. Paratam Investments Pvt. Ltd.	
	4. Harmony Holdings Pvt. Ltd.	
	5.Bakeri Engineering & Infrastructure Pvt. Ltd.	
	6.Bakeri Urban Development Pvt. Ltd.	
	7.Bakeri Land Developers Pvt. Ltd.	
	8. Sanskrut Finance Pvt. Ltd.	
Chairman /Member of the Mandatory Commitee on which he/she is a Director.		1

* The above directors are not related to any directors of the company.

** This includes shareholding by director, relatives, companies in which he is a director or having 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 December 20, 2007 approved the reappointment and payment of remuneration to Mr. Achal Bakeri, Managing Director for a period of 5 years effective December 01, 2007. The terms of remuneration of Mr. Achal Bakeri was modified w.e.f. April 1, 2008 as per resolution no. 5 passed at the Annual General Meeting held on December 26, 2008 for his remainder term. The present term of Mr. Achal Bakeri, Managing Director expires on November 30, 2012. The brief resume of the appointee is attached to the Notice.

The Board of Directors, at its Meeting held on October 16, 2012, approved the reappointment and revised terms of re-appointment of Mr Achal Bakeri as the Managing Director of the Company, with effect from December 01, 2012 on, inter alia, the following terms:

Nature of duties:

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

Remuneration consists of any/ or all of the following:

(a) Monthly Basic Salary of ₹ 2,00,000/- to ₹ 10,00,000/-.

(b) Reimbursement of expenses up to 50% of Basic Salary.

(c) Ex-Gratia 5% of Basic Salary.

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

(B) Perquisites

In addition to the above, Mr. Achal Bakeri will also be provided with a car for use on Company's 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 Managing Director.

Following perquisites will not be included in the computation of ceiling on 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 down 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. Achal Bakeri in respect of such financial year, remuneration by way of salary, allowance, perquisites and other benefits as the Board of Directors may deem fit, subject to and within the limit prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 as existing or modified or re-enacted from time to time.

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

Mr. Achal Bakeri is concerned or interested in the proposed resolution. None of the other Directors is concerned or interested in the said resolution. The Directors 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. Achal Bakeri, pursuant to Section 302 of the Act.

Registered Office: By Order of the Board

"Saumya" For **SYMPHONY**
Nr. Bakeri Circle, Navrangpura, **LTD.**

Ahmedabad-380014. **(Chandrakant Gandhi)**
Date: October 16, 2012 COMPANY SECRETARY

Symphony Limited

Regd. Office: "Saumya", Bakeri Circle, Navrangpura, Ahmedabad-380014

PROXY FORM

I/We _____

of _____ _____

being a member(s) of 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 Fifth Annual General Meeting of the Company to be held on Friday, November 30, 2012 at 10.00 A.M. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 and at any adjournment thereof.

Regd. Folio No. : _____

DP ID NO:_____ Client ID No:_____

No. of Shares held: _____

Signed this ___ day of _____2012

Affix Rupee One Revenue Stamp

Signature of the Shareholder/s

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-380014

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Venue:

Full name of the attending members (in block letters)	Folio No.	
	DP ID	
	Client Id	
Name of Proxy (in block letters) (To be filled if the Proxy Form has been duly deposited with the Company)	No. of Shares Held	

I/We hereby record my/our presence at the Twenty Fifth Annual General Meeting of the Company on the Friday November 30, 2012 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)

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	:

Date :

Signature :

Important Notes :

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

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

Symphony®