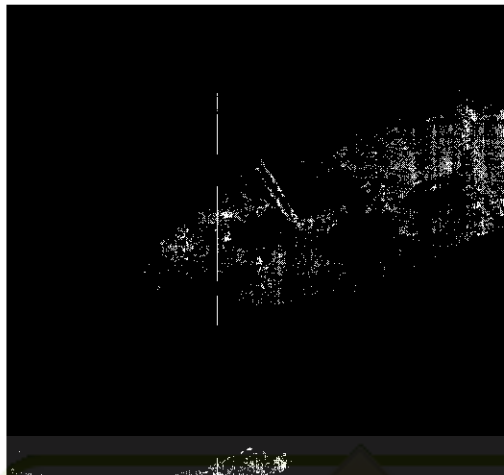


1998-99



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Symphony
symphony comfort systems ltd.

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BOARD OF DIRECTORS

Mr. ACHAL A. BAKERI
Chairman & Managing Director

Mr. LALIT P. BAKERI
Director

Prof. ASHOKE K. CHATTERJEE
Director

Mr. MUKESH M. PATEL
Director

KALPESH DESAI
Company Secretary

AUDITORS

SHAH & DALAL

Chartered Accountants

401, Maurya Complex, B/H C.U. Shah College, Nr. Sakar III, Ahmedabad - 380 014.

FACTORY

THOL : 703/704, Sanand Kadi Highway, Village Thol, Ta. Kadi, Dist. Mehsana, Gujarat 382 728.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Symphony Comfort Systems Ltd. will be held at Ahmedabad Management Association. AT RA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015, on Thursday, the 23rd December, 1999 at 10 A.M. a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Accounts for the year ended 30th June, 1999 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Prof. Ashoke Chatterjee who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration and for that purpose to pass with or without modification the following resolution as an **ORDINARY RESOLUTION**.

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

Registered Office :

"Sanskrit"

Highcourt Road
Ahmedabad-380009.

Date : 30th October, 1999.

By Order of the Board

For **SYMPHONY COMFORT SYSTEMS LTD.**

(**KALPESH DESAI**)

COMPANY SECRETARY

NOTES:

1. A MEMBER ENTITLED TO ATTEND THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLLS INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to write to the Company atleast 7 days before the meeting to enable the company to keep the required information ready at the forthcoming meeting.
3. With the commencement of the Companies (Amendment) Act, 1999, effective from 31st October, 1998, the shareholders are advised that the Companies are now not required to transfer its unpaid/unclaimed dividend after the expiry of 3 years to The General Revenue Account of the Central Government, but the same will be transferred to the special fund called "Investors Education and Protection Fund" after the expiry of the 7 years from the date from which they become due for payment. No claims will lie for the amounts so transferred. The shareholders may please note that the dividends declared for the financial year upto 1993-94 has been transferred to the General Revenue Account of the Central Government and the dividends declared from the financial year 1994-95 onwards will be transferred after the expiry of 7 years to the fund as mentioned above. Members are therefore requested to take the note of the above.
4. The Register of members and share transfer books of the Company will remain closed from Thursday, 16th December, 1999 to Thursday, the 23rd December, 1999 [both days inclusive].
5. Members are requested to notify the Company, the change if any, in the address in full with the postal area pincode quoting their folio nos. and to quote folio nos. in all future correspondence.
6. Members holding shares in the same name under different folios are requested to apply for consolidating of such folios and send relevant share certificates.

Registered Office :

"Sanskrit"

Highcourt Road

Ahmedabad-380009.

Date : 30th October, 1999.

By Order of the Board

For SYMPHONY COMFORT SYSTEMS LTD.

(KALPESH DESAI)

COMPANY SECRETARY

DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting the 12th Annual Report on your Company together with the Audited Balance Sheet as at 30.6.1999 and Profit and Loss Account for the year ended 30.6.1999

1] FINANCIAL RESULTS :

Particulars	[Rs. in lacs]	
	Current Accounting Year ended on 30.6.1999	Previous Accounting year ended on 30.6.1998
Sales and Other Income	2927.91	4005.28
Profit before Interest, Depreciation and Tax	436.11	516.03
Less : Interest	268.31	296.73
Depreciation	88.87	144.78
Profit Before Tax	78.93	74.52
Less: Provision for taxation	-	-
Net Profit After Tax	78.93	74.52
Balance for the year	78.93	74.52
Add: Balance as per last Balance Sheet	494.28	419.76
Appropriation		
Proposed Dividend	-	-
General Reserve	-	-
Balance carried to Balance Sheet	573.21	494.28

2] DIVIDEND:

It is advisable not to recommend any dividend to conserve the resources.

3] REVIEW OF OPERATION:

During the year under review company was able to achieve sales turnovers of Rs. 2921.85 lacs against sales of Rs. 4000.83 lacs during previous year. The net profit stands at Rs. 78.93 lacs against net profit of Rs. 74.52 lacs of previous year. Thus there has been drop in sales volume and value. However, profitability has been maintained. This is on account of per unit higher contribution compared to previous year.

As informed to you earlier, the Company has been successful in aggressive and innovative marketing schemes so as to have volume penetration. This has also resulted into large scale credit to regional distributors.

The Company has decided to launch couple of new models in all the categories viz. Window, Desert and personal cooler.

Your company is planning to launch couple of new models and existing models are being upgraded substantially. This will offer unparalleled product features, performance and aesthetics. Further your company is focusing on exports and institutional sales. We expect to increase our market share with this modernisation and expansion plan coupled with prudent marketing strategies.

It will be our endeavour to minimise current assets block i.e. inventories and receivables. We have already tightened our control on the same. The results of which will be seen in the financial year 1999-2000.

4] FIXED DEPOSITS:

The total fixed deposits as at 30.6.99 were to the tune of Rs.275 lacs (previous year Rs. 351.63 lacs). The Company repaid during the year Fixed Deposits worth Rs.351.82 lacs (previous year Rs. 324.08 lacs). The matured deposits which remained unclaimed or unpaid was Rs. 4,86,000 as at the end of the year. The amount of Fixed Deposits accepted during the year 1998-99 was Rs.275.19 lacs (Previous year Rs. 377.28 lacs).

5] CREDIT RATING :

The Credit Rating Information Services of India Ltd. [CRISIL] has assigned the rating of "FA-" for Fixed Deposit programme. This rating indicates "adequate safety" for timely payment of interest and repayment of principal, thus reflecting your Company's sound financial health.

6] DIRECTORS:

In accordance with the Provisions of the Companies Act, 1956 and Articles of Association of the Company, Prof. Ashoke K. Chatterjee retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommend re-appointment to enable us to obtain his continued valuable direction, guidance and assistance in the conduct of your Company's affairs.

7] AUDITORS :

The Board recommends for your consideration, re-appointment of the retiring Auditors, M/s Shah & Dalal, Chartered Accountants who hold office until the conclusion of ensuing Annual General Meeting. A certificate under section 224 (1B) of the Companies Act, 1956 has been received from the said auditors signifying their eligibility and consent to act as Auditor. The Board may also be authorised, as usual, to fix their remuneration.

8] AUDITORS REMARK:

The observations made by the Auditors, with reference to notes on the account for the year under report are self-explanatory and need no further comments from the Directors.

9] SUBSIDIARY COMPANY :

The Company has no subsidiary Company and hence a statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 is not applicable.

10] STATUTORY INFORMATION:

The details as required under the Companies [Disclosure of particulars in the report of Board of Directors] Rules, 1988 are annexed.

11] INSURANCE :

All the properties and insurable interest of the Company including Factory Building, Plant & Machinery, Stocks etc. are adequately insured.

12] QUALITY:

Your Company has made considerable strides in achieving high quality standards in all areas of its operation by imparting proper training to various supervisory managerial staff throughout the year.

13] PARTICULARS OF EMPLOYEES :

Particulars of employees pursuant to the Provisions of Section 217 [2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules, 1975 for the year ended 30th June 1999 is not applicable since Employees employed throughout the financial year under review were not in receipt of remuneration in aggregate Rs. 5,00,000 or more.

14] STATUS ON Y2K COMPLIANCE :

The Company has taken appropriate and effective steps to be Y2K compliant by December, 1999. The expenditure to ensure Y2K Compliance is not expected to have any material financial impact.

15] HUMAN RESOURCES & INDUSTRIAL RELATIONS :

During the year under review, the industrial relations remained harmonious and cordial. Human resources constitute the most productive asset and conscious efforts continued to be made to ensure high degree of motivation and productivity. With their support we can look forward to a bright future for the Company.

16] CUSTOMER SATISFACTION :

The Company has always tried to understand the needs of its customers and upgrade the quality of its product for increased customer satisfaction. The Company ensures that the customer gets the best products available in the market. It always anticipates the needs of the customers and tries its best to meet them. Best result of the customer satisfaction is through repeat sales to existing customers and minimising the number of lost customers. On both these benchmarks, the Company has achieved more than satisfactory performance.

17] ACKNOWLEDGEMENTS:

Your Directors wish to acknowledge their gratitude to the Business Associates, Customers, Bankers, Financial Institutions and Depositors for their continued support, assistance and guidance.

Last but not the least, your Directors express their sincere thanks to you, the shareholders, for the confidence and faith reposed in the Management. They assure you of their full devotion to manage the affairs of your Company in the best possible way to serve your interest as well as of others, who matter for the business of the Company. The Directors also record their appreciation for the dedication, valuable services and contribution made by the employees at all levels.

Place : Ahmedabad

Date : 30th October, 1999.

For and on behalf of the Board

ACHAL A. BAKERI
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT**ANNEXURE - I**

Information as required under section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

1. Conservation of Energy**a) Energy Conservation measures taken :**

- Designed and installed complete system for recycling pre-heated water for testing of storage water heaters.
- Constant endeavour made to replace metallic components by globally speciality plastics.
- Completely changed the electrical distribution system viz. L T Panels, cable routing etc.
- Replacement of ballasts [chokes] by more efficient one
- Reduction of inwards and on-line inspection by bringing the manufacturing procedures under statistical quality control [SQC]
- Avoidance of night shift due to increased productivity during day shift.

2] Technology Absorption:**Efforts made in technology absorption :**

Form B is Annexed

3] Foreign Exchange earning & outgo

	[Rs. in lacs]	
	1998-99	1997-98
i] Earning	-	0.48
ii] Outgo	36.49	1.32

FORM B

Form for disclosure of particulars with respect to technology absorption.

1] Research & Development (R&D) :

- Constant R & D efforts directed towards product improvement, new product development, enhancement of features of existing products, cost reduction, automation, vendor development, environmental friendly products, import substitution and energy efficient products.
- Development of special polymeric material and processing thereof in collaboration with World's Leading Plastic Manufacturers.
- Inhouse development of aesthetically designed full plastic body storage water heaters and washing machines.
- Training of entire design staff in advanced Computer Aided Design [CAD] applications.
- Procurement of latest CAD hardware & software.
- Development and installation of comprehensive computerised Management Information Systems [MIS] on Unix based oracle software.
- Computerisation of entire factory operation from Purchase Orders onwards right upto despatch.
- Establishment of intensive technical and prototype library.
- Regular specialised training to our key managerial personnel at reputed institutions.
- Regular inhouse training by faculty drawn from reputed Research Institutions and specialised suppliers.

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

Enhanced customer satisfaction.