

2002 - 2003



**Symphony**  
symphony comfort systems ltd.

ANNUAL REPORT

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### **BOARD OF DIRECTORS**

**Mr. ACHAL BAKERI**  
*Chairman & Managing Director*

**Mr. ANUPAM YAJNIK**  
*Director*

**Mr. NRUPESH SHAH**  
*Director*

**Mr. KALPESH DESAI**  
*Company Secretary*

### **REGISTERED OFFICE**

'Sanskrit', Old High Court Road, Navrangpura, Ahmedabad 380009.  
Tel # 6586214-15. Fax # 079-6586216.

### **CORPORATE OFFICE**

'Saumya', Nr. Bakeri Circle, Navrangpura, Ahmedabad 380014.  
Tel # 6424430-35. Fax # 079-6425930.

### **FACTORY**

703/704, Sanand Kadi Highway, Village Thol, Tal.Kadi, Dist.Mehsana, PIN - 382728.  
Tel # (921) 274342-45. Fax # 02764-274347.  
Email: corporate@symphonycomfort.com  
Website: www.symphonycomfort.com

### **AUDITORS**

**SHAH & DALAL**

*Chartered Accountants*

### **REGISTRAR & SHARE TRANSFER AGENT**

M/s. PINNACLE SHARES REGISTRY PVT. LTD.  
Near Asoka Mills, Naroda Road, Ahmedabad-380025.

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

**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Symphony Comfort Systems Ltd. will be held at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015, on Wednesday, the 31<sup>st</sup> December, 2003 at 10.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt Accounts for the year ended 30<sup>th</sup> June, 2003 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Anupam Jainik 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."

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

"**RESOLVED THAT** Mr. Nrupesh Shah be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"**RESOLVED THAT** pursuant to provisions of Sections 198, 269, 309, 310, Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Nrupesh Shah be appointed as Executive Director of the Company for a period of 5 years w.e.f. 19<sup>th</sup> October, 2002 on the remuneration and terms & conditions passed by the Board of Directors in its meeting held on 19<sup>th</sup> October, 2002 and also as set out in the explanatory statement attached to this notice."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to sub-section (1) of Section 163 of the Companies Act, 1956:

- (a) the Company hereby approves that the Register of Members, the Index of Members, Register

and copies of all Annual Returns prepared under Section 159 and 160 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 160 and 161 of the Act shall be kept at the office of the Registrar & Share Transfer Agent of the Company viz. Pinnacle Shares Registry Pvt. Ltd., Near Asoka Mills, Nārōda Road, Ahmedabad-380025 with effect from 1<sup>st</sup> April, 2003 instead of being kept at the Registered Office of the Company;

- (b) the Registers, Indexes, Returns, Books, Certificates and Documents of the Company to required to be maintained and kept open for inspection under the provisions of the Companies Act, 1956, be kept open for such inspection, at the place where they are kept, by the persons entitled thereto, to the extent and in the manner and on payment of the fees, if any, specified in the Act between 11.00 a.m. and 1.00 p.m. on any working day of the Company except when the Registers and Books are closed under the provisions of the Companies Act, 1956 or the Articles of Association of the Company, provided however, that the Register required to be maintained under Section 307 of the said Act, shall be open for inspection of the Members of the Company, if any, as aforesaid, between the hours above mentioned during the period prescribed under sub-section (5)(a) of Section 307 of the Act."

**Registered Office:**

"Sanskrit"  
Old High Court Road  
Ahmedabad-380009.  
Date : 30/09/2003

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

**NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.

THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

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

- (c) The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business mentioned in the above Notice is annexed hereto.
- (d) The Register of Members and Share Transfer Books of the Company will remain closed from 24/12/2003 to 31/12/2003 (both days inclusive) for the purpose of this Annual General Meeting of the Company.
- (e) Under the provisions of the Companies Act, 1956 as amended by Companies (Amendment) Act, 1999 w.e.f. 31<sup>st</sup> October, 1998, members holding shares in physical form may file Nomination Forms in respect of their shareholdings. Such members willing to avail of this facility may submit to the Company at the Registered Office or Share Transfer Agent in the prescribed Form 2B or write to or contact the Company Secretary for assistance.
- (f) Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred unclaimed dividend declared for the financial year upto 1993-94 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend by an application in Form II of the aforesaid Rules to the Registrar of Companies, Gujarat at ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad-380013.
- (g) Members who hold share in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
- (h) Members are requested to intimate the change in their registered address, if any, to the Company. In case of mailing address mentioned on this Annual Report is without PINCODE, members are requested to kindly inform their PINCODE immediately.
- (i) The documents and/ or letters referred to in the Resolutions and in the Explanatory Statement annexed hereto are open for inspection for the members at the Registered Office of the Company on all working days between 2.00 p.m. and 4.00 p.m., upto the date of Annual General Meeting.
- (j) Members are requested to bring their copies of Annual Report to the meeting, as the same will not be circulated at the meeting.

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

#### **ANNEXURE TO NOTICE:**

#### **Item No. 4 & 5**

Mr. Nrupesh Shah has been appointed as an additional Director of the Company w.e.f. 19/10/2002. He is a Chartered Accountant and Company Secretary having experience of 17 years. He is with Symphony Comfort Systems Ltd. since 1994 as Vice President (Corporate Affairs).

The Company has received notice from a member U/s. 257 of the Companies Act, 1956 proposing the candidature of Mr. Nrupesh Shah as Director of the Company. The Board of Directors considered that in view of the background and experience of Mr. Nrupesh Shah, it would be in the interest of the Company to appoint him as Director of the Company. Mr. Nrupesh Shah is concerned or interested in the proposed resolution. None of the other Directors are concerned or interested in the proposed resolution.

The Board of Directors has felt that it would be in the interest of the Company to appoint Mr. Nrupesh Shah as Executive Director designated as Vice President (Corporate Affairs) of the Company for a period of 5 years w.e.f. 19/10/2002 on the remuneration and perquisites as stated hereunder:

#### **(A) REMUNERATION**

The total remuneration payable shall not exceed 5% or 10% of the net profit of the Company during the year as the case may be as laid in section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profit as laid down in Section 198 of the Companies Act, 1956.

However, pursuant to Section 205A of the Act as amended by the Companies (Amendment) Act, 1999 (1<sup>st</sup> Amendment), which came into effect from 31/10/1998, the dividend for the year 1994-95 which remain unclaimed for a period of 7 years from the date of transfer to Unpaid Dividend Account transferred to the Investor Education and Protection Fund established by the Government under Section 205C(1) of the Act.

In accordance with the said provision, the dividend for the year 1995-96 remains unpaid is to transfer to the Investor Education and Protection fund due for transfer on 9/02/2004.

Members who have not encashed their dividend warrants for the financial year 1995-96 are requested to approach the Company for revalidation or duplicate dividend warrants. According to the provisions of the Act as amended, no claims shall lie against the said Fund or the Company for the amount of dividend so transferred nor shall any payment be made in respect of such claims.



Remuneration consist of any/ or all of the following:

- (a) Monthly Salary of Rs.40,000/- to 1,00,000/-
- (b) Special Allowance 10% of Basic
- (c) Ex-Gratia 5% of Basic

**(B) PERQUISITES**

In addition to the above, Mr. Nrupesh Shah will also be eligible to the following perquisites which shall not be included in the computation of the ceiling on the remuneration specified above:

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

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

Wherein any financial year the Company has no profit or its profit are inadequate, the Company shall pay Mr. Nrupesh Shah in respect of such financial year, remuneration by way of salary, allowance, perquisites and other benefit as the board of directors may 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.

**Item No. 6**

Under the provisions of the Companies Act, 1956, certain documents such as the Registers and Index of Members, if any, and Annual Returns have to be kept at the Registered Office of the Company. However, these documents can be kept at any other place within the city, town or village in which the Registered Office is situated with the approval of the Shareholders. These records are kept at the Registered Office of the Company.

Members are aware that presently, the Company has having dual arrangement in regard to transfer of shares as follows:-

1. The Company's Share Department is handling the physical transfers, transmissions, transpositions, change of address, etc. at the Registered Office of the Company.
2. Entrusted the work of dematerialisation / rematerialisation of shares to an outside Registrar, viz. Pinnacle Shares Registry Pvt. Ltd., Ahmedabad.

However, in terms of SEBI's Circular No. D&CC/FITTC/ CIR-15/2002 dated 27<sup>th</sup> December, 2002 and Stock Exchange letter dated 3<sup>rd</sup> January, 2003, all listed Companies having dual arrangement, as stated above, are required to make necessary arrangement to have either complete in-house share registry both for physical transfer of securities as well as dematerialisation / rematerialisation of securities or assign the entire function to SEBI registered R & T Agent, with effect from 1<sup>st</sup> April, 2003, so that the process of transfer, dematerialisation and reconciliation of shareholding is smooth and efficient without any delay and inconvenience to the shareholders / investors.

In compliance with SEBI Circular referred to the above, the Company has assigned all the work related to share registry in terms of both physical and electronic to Pinnacle Shares Registry Pvt. Ltd., Near Asoka Mills, Naroda Road, Ahmedabad-380025 with effect from 1<sup>st</sup> April, 2003 by entering into an Agreement with the said R & T Agent on 27<sup>th</sup> February, 2003 to that effect. As such, the statutory records as mentioned above would have to be kept at the address of the Pinnacle Shares Registry Pvt. Ltd. As this change can be made only with the approval of the Shareholders under Section 163 of the Companies Act, 1956, the same is sought by way of a Special Resolution.

The advance copy of Special Resolution sets out in the accompanying notice which is proposed to be passed at the Annual General Meeting is being delivered to the office of the Registrar of Companies, Gujarat, Ahmedabad as required under Section 163 of the Companies Act, 1956.

The time for inspection of documents by the shareholders or such persons as are entitled to inspection will be between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

**Registered Office:**

"Sanskrit"  
Old High Court Road  
Ahmedabad-380009.  
Date : 30/09/2003

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

**DIRECTORS' REPORT**

To,  
The Members,  
SYMPHONY COMFORT SYSTEMS LIMITED

Your Directors present herewith the 16<sup>th</sup> Annual Report together with the Audited Balance Sheet as at 30/06/2003 and Profit & Loss Account for the year ended 30/06/2003.

**1] FINANCIAL RESULTS:**

Particulars	[Rs. in Lacs]	
	<b>Current Accounting Year ended on 30.6.03</b>	<b>Previous Accounting Year ended on 30.6.02</b>
Sales, Other Income and Extra Ordinary Income	<b>2292.32</b>	3025.37
Profit/(Loss) before Bad Debts		
Write off, Interest, Deferred Revenue Expenditure, Depreciation and Tax	<b>276.91</b>	234.29
Less: Bad Debts Written off	<b>Nil</b>	2579.90
Less: Interest	<b>33.20</b>	366.12
Less: Deferred Revenue Expenditure	<b>144.28</b>	165.72
Depreciation	<b>215.77</b>	218.81
(Loss) before Tax	<b>(116.34)</b>	(3096.26)
Net (Loss) after Tax	<b>(116.34)</b>	(3096.26)
Balance as per last year Balance Sheet	<b>(1843.97)</b>	736.08
Transfer from General Reserve	<b>Nil</b>	516.21
Balance carried to Balance Sheet	<b>(1960.31)</b>	(1843.97)

**2] DIVIDEND :**

Considering the loss incurred during the year, your directors have not recommended dividend.

**3] REVIEW OF OPERATION :**

Year under review has recorded turnover of Rs.2169.46 Lacs against turnover of Rs.2993.16 Lacs during the previous year. This implies reduction in turnover by about 28% and also the lowest turnover in the last 5 years. This has happened on account of acute liquidity crunch and non-availability of any working capital funds. Your company operated under severe financial constraints. This was further aggravated due to fixed deposits repayment amounting to Rs.362 Lacs, repayment to ICICI amounting to Rs.150 Lacs over and above other payments, during the year. This hampered operations adversely as the company could not timely produce various models of air coolers & geysers and maintain adequate and timely stock despite a very severe summer and very high demand. The directors feel

that had working capital been available, the sales and performance of the company would have been much better. However, the company has maintained even this level of performance due to the tremendous support it enjoys from its vendors and distributors due to long term association and goodwill enjoyed by the company with them.

Company has carried out many improvements in the existing air cooler models like Chhota Sumo, Sumo-II, and Kaizen on the basis of market feedback to meet needs of the end user and to remain competitive. The Company has also launched new air cooler called "JUMBO HOUSE COOLER" & extended "SHAKTIMAAN" cooler to trade channel across the country and the same has been received well.

As informed earlier, your Company is making all efforts to increase the export performance, as there is a good potential. The Company is continuously making all efforts to increase its base in overseas market.

The Company has exported its air coolers to various countries. The overseas buyers of various countries visited our factory premises and they were very happy to observe quality control norms and other systems adopted by us.

**4] REFERENCE TO BOARD FOR INDUSTRIAL & FINANCIAL RECONSTRUCTION (BIFR):**

The Company has made reference to Board for Industrial & Financial Reconstruction (BIFR) as the Company's network was wiped out and it is a statutory requirement to refer to the BIFR and accordingly, Company has filed its reference to BIFR U/s. 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985. However, the same is pending for hearing.

**5] CAPITAL EXPENDITURE:**

The gross block stood at Rs. 2364.09 lacs & net block stood at Rs. 1057.07 lacs as at 30/06/2003. There has been additional investment of Rs.64.16 Lacs during the year under review for launching of new models and upgradation of existing models of air coolers which the board feels, will be helpful in maintaining and strengthening the market position and to remain competitive.

**6] SETTLEMENT WITH ICICI BANK LTD. IN RESPECT OF TERM LOAN:**

The company has entered into a settlement proposal (OTS) with ICICI Bank Ltd. during the year under review and accordingly, the company has paid installments due up to 30/06/2003. The company has passed necessary accounting entries with respect to the same in the accounts of the year under review.

**7] OUTSTANDING IN RESPECT OF CASH CREDIT & WORKING CAPITAL FACILITIES FROM STATE BANK OF INDIA:**

Due to tight financial conditions & losses incurred, the company has not been in a position to make payment to the State Bank of India against the amount due for cash credit & working capital facilities. The company has submitted a proposal to State Bank of India for debt restructuring and settlement against outstanding of said cash credit & working capital facilities and deposited a sum of Rs.25 Lacs on account in No Lien A/c with State Bank of India. The company is interacting with the State Bank of India for finalising the repayment schedule & debt restructuring. In view of the settlement proposal, no provision for interest on the outstanding with the State Bank of India has been made for the year under review.

**8] MEASURES FOR RECOVERY OF DUES FROM REGIONAL DISTRIBUTORS:**

The company has written off Rs. 2579.90 lacs dues from regional distributors during the F.Y. 2001-02. But, considering their established marketing network & their assistance in establishing the product in the market, the business with the said regional distributors was continued. However, the company was consistently pursuing the regional distributors for recovering the dues & having failed to recover dues from them, the company has decided to discontinue the selling & marketing arrangement with them. The company has also decided to explore initiating legal options against old regional distributors for recovery of dues. The company has started dealing with new regional distributors w.e.f. 01/07/2003.

**9] SALES TAX DEMAND RAISED BY SALES TAX DEPARTMENT, GUJARAT:**

The Gujarat Sales Tax Department has carried out sales tax assessments for the year 1993-94 to 1998-99 & raised demand of Rs.589.73 Lacs in respect of local sales tax and 1861.84 Lacs in respect of central sales tax mainly for want of "C" forms, "F" forms, declarations etc. for the financial year from 1993-94 to 1998-99. The company has preferred appeal before the appellate authority. The same has been addressed in notes on accounts.

**10] CORPORATE GOVERNANCE:**

Company has in place a system of corporate governance. A separate report on corporate governance form part of Annual Report of the Company.

A certificate from the Auditors of the Company regarding compliance of condition of corporate governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report on the Corporate Governance.

**11] DIRECTORS:**

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Anupam Jainik Director of the Company retire by rotation at the ensuing Annual General Meeting, and being eligible, offer 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. Members are requested to consider the re-appointment of Shri Anupam Jainik, Executive Director of the Company, for which necessary resolution has been incorporated in the notice of the meeting.

Mr. Nrupesh Shah was appointed as an additional Director of the Company w.e.f. 19/10/2002 and he shall hold office upto the ensuing Annual General Meeting. Your Company has received notice from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Nrupesh Shah for the office of Executive Director.

**12] STATUTORY RECORDS:**

Securities & Exchange Board of India vide its circular no. D&CC/FITTC/CIR-15/2002 dt.27/12/2002, it has made it mandatory that demat of shares and physical share transfer shall be kept at one place and as Company has executed agreement with M/s. Pinnacle Shares Registry Pvt. Ltd., Near Asoka Mills, Naroda Road, Ahmedabad-380025 in the year 2001 and hence due to this recent circular, Company has decided to transfer physical share transfer work also to the said Registrar & Share Transfer Agent w.e.f. 01/04/2003.

**13] DEPOSITORY SYSTEM:**

Your company has established electronic connectivity with both the depositories, NSDL & CDSL. In view of the numerous advantages offered by the depository system, members are requested to avail the facility of dematerialisation of the company's shares on NSDL & CDSL as aforesaid.

The International Security Identification Number (ISIN) allotted to the company is INE225D01019.

**14] LISTING AGREEMENT WITH STOCK EXCHANGES:**

Pursuant to the provisions of the Listing Agreement with the Stock Exchanges, the Company declares that the equity shares of the Company are listed on the Stock Exchanges at Ahmedabad (Regional) and Mumbai.

The company confirms that it has paid annual listing fees due to the above Stock Exchanges upto the financial year 2003-04.

**15] FIXED DEPOSIT:**

The Company has stopped accepting fresh deposits from 15/06/2002 and the company has total deposit liability as on 30/06/2003 of Rs. 16.46 lacs as against Rs. 378.80 lacs as on 30/06/2002. Your Company has also made timely repayment to fixed deposit-holders. Company has complied all the regulations/provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended.

**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 state and confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) such accounting policies have been selected and applied them consistently and such judgements and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 30<sup>th</sup> June 2003 and of the loss of the Company for that period;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

**17] INSURANCE:**

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

**18] ADDITIONAL DISCLOSURE:**

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

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

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of

Particulars in Report of Board of Directors) Rules, 1988, details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure "A" attached hereto and forming part of the Directors' Report.

**20] PARTICULARS OF EMPLOYEES:**

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, for the year ended 30<sup>th</sup> June, 2003 is not applicable since employees employed throughout the financial year under review were not in receipt of remuneration in aggregate Rs.24,00,000 or more per annum or Rs 2,00,000 per month or more.

**21] AUDITORS:**

M/s. Shah & Dalal, Chartered Accountants, Ahmedabad, hold office as Auditors of the Company until the conclusion of the ensuing 16<sup>th</sup> Annual General Meeting and the Board recommends their re-appointment till the conclusion of the next Annual General Meeting.

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

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

**22] ACKNOWLEDGEMENTS:**

Directors place on record the appreciation and gratitude for the co-operation and assistance extended by the various departments of the Union Government, State Government, Bankers and Financial Institutions.

The Directors also place on record their appreciation of dedicated and sincere services of the employees of the Company at all levels.

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

For and on behalf of the Board

Place : Ahmedabad  
Date : 30/09/2003.

**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 change the electrical distribution system viz. L T Parhels, 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 :**

The information on foreign exchange earning & outgo is contained in Schedule Q Item number 22 & 23 in the notes to the accounts to the Balance Sheet.

**FORM B**

Form for disclosure of particulars with respect to technology absorption.

**1] Research & Development (R & D) :**

- Constant R & D efforts directed towards product improvement, new product development, 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.
- In house development of aesthetically designed full plastic body Air Coolers/storage water heaters.
- 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 & prototype library.
- Regular specialized training to our key managerial personnel at reputed institution.
- 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 & reliability.
- Cost Reduction.
- Improvement in productivity.
- Reduction in Wastage/Rework
- New product Development as well as enhancement of features in existing products resulting in higher sales & market shares.

**3] Future Plans of Action :**

- Continuous improvement in quality, reliability, productivity & optimisation of yield of whole range of products.
- Upgradation & enhancement of features in existing products.

**4] Expenditure on R & D :**

Particulars	[Rupees in lacs]	
	2002-03	2001-02
1. Revenue	4.09	0.28
2. Capital	---	---
3. Total	4.09	0.28
4. Total R & D expenditure as percentage of turnover	0.20%	0.01%

**Technology Absorption, Adoption & Innovation :****i] Efforts Made :**

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

**ii] Benefits Derived :**

Several benefits derived as mentioned in Para 2 above.

**iii] Imported Technology :**

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