

Cautionary statement

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

Since these statements reflect our beliefs and assumptions that are based on ground realities, we expect the outcomes to be close to the projections.

However, it is impossible for any person or organisation to guarantee that forward-looking statements such as these will be realised. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, projected or even guesstimated. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

Corporate Information	01
Chairman Statement	02
Board of Directors	06
Management Team	08
Corporate Snapshot	12
2013-14 in retrospect	14
Management Discussion and Analysis	52
Analysis of consolidated financial statements	58
Managing business uncertainties	63
Directors' Report	65
Report on Corporate Governance	76
Secretarial Audit Report	90
CEO/ CFO Certification	92

Independent Auditor's Report	93
Balance Sheet	98
Statement of Profit and Loss	99
Cash Flow Statement	100
Notes on Financial Statements	102
Statement pursuant to section 212 of the Companies Act	126
Independent Auditor's Report (Consolidated)	128
Consolidated Balance Sheet	130
Consolidated Statement of Profit and Loss	131
Consolidated Cash Flow Statement	132
Notes on Consolidated Financial Statements	134
Notice	159

CORPORATE INFORMATION

Board of Directors

Achal Bakeri
Chairman & Managing Director

Nrupesh Shah
Executive Director

Dipak Palkar
Independent Director

Himanshu Shah
Independent Director

Satyen Kothari
Independent Director

Jonaki Bakeri
Non-Executive Director

Chief Financial Officer

Bhadresh Mehta

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.linkedin.com/company/symphony-limited-ahmedabad-india
www.twitter.com/symphonylimited

Registrar & Share Transfer Agent

Sharepro Services (India) Pvt. Ltd.
416-420, 4th floor, Devendra Mall,
Nr. Sanyash Ashram,
Nr. M. J. Library, Ellisbridge,
Ahmedabad - 380006.



Overview

**SYMPHONICS IS... THE ART OF
LOOKING AT AN IMPOSSIBILITY EYEBALL-
TO-EYEBALL AND SAYING 'POOH!'**

Chairman Achal Bakeri explains the
DNA of his maverick company

Dear Shareholders

WHEN I LOOK AT THE WAY THE STOCK MARKETS HAVE VALUED OUR COMPANY, I CANNOT BUT RECOLLECT THE DAYS WHEN WE WERE A LOSS-MAKING COMPANY, JUST EIGHT YEARS AGO.

There was no cash on the books, our products were considered me-too, our dealers had virtually given up on the brand and amusingly (now that I can afford to use the word) the only constant at the Company was revenue invisibility.

We didn't know where our sales and profits were coming from.

At such a juncture, the kind of advices that we encountered were varied. Some suggested that it might be a better idea to once and for all shut this business of manufacturing lifestyle appliances and move to the more predictable (if conventional) family business of real estate development.

Which brings me to the first Rule of Symphonomics. Trust your vision.

At a time when most people had given up on the Company, just a

small handful of individuals kept the faith. '*Achalbhai, productma kai problem nathi*,' they would say, 'It is just that we are working on the right thing in the wrong way.' So at a time when we were passing through our lowest ebb and it appeared most convenient to cut losses and exit, intellect prevailed over emotion. The result is that we just stuck right on.

We continued to believe that one of the first things that people aspired to own in life was a residential cooling product, ideal for a tropical country where harsh summer temperatures generally climbed in excess of 45°C in most parts of the country. So even as people were writing the air cooler off as down-market, we were convinced that there was a really large consuming population that were yet to buy their first cooling product and when they possessed the resources to do so, they wouldn't leap towards

IT WAS A TRICKY WAITING GAME: WOULD OUR PATIENCE RUN OUT FASTER THAN INCOMES ROSE? WE DIDN'T KNOW; WE JUST HUNG IN THERE – AND GOT LUCKY.

the air-conditioner but would take the tentative first step towards the air cooler instead. It was a tricky waiting game: would our patience run out faster than incomes rose? We didn't know; we just hung in there – and got lucky.

Which brings me to the second Rule of Symphonics. *Transform your handicaps into opportunities.*

A decade ago, we had no cash, there was red on our books but we could see that a trickle-down in incomes was beginning to result in a traction for air-coolers. We had some production capacity available so we addressed the increase in demand by producing air coolers within. The first big challenge transpired when we consumed this capacity and were now required to commission additional capacity. The normal thing would have been to utilise whatever scant accruals we had generated, mobilise a loan and get some extra capacity going. It was at this point that we took another

fundamental call: that we were not really a manufacturing company that also marketed air-coolers; we were principally an evangelistic air-cooler company whose principal focus was to market air-coolers. The nuance helped clarify who we were within our own minds; the result was that the next time we were required to commission an expansion, we took a fundamentally different stance. We refused. Instead, we outsourced. What was initially dismissed as a dangerous decision – '*Achalbhai*, our vendors will hold us hostage and we will have no control over product quality' – proved to be an inflection point. We began to emerge as a fiercely market-driven company instead; the conventional obsession with 'What is the maximum that we can produce?' began to be replaced with 'How much more can we sell?' What was conventionally a focus on the day's run rate ('How much did we roll off the second shift yesterday?') now evolved to 'What does the customer truly want?'

Which brings me to the third Rule of Symphonics. *The only rule is to break all rules.*

Once we had seen through the worst, the quiet optimism at Symphony was that we could achieve virtually anything. No cockiness, no arrogance, no complacency. Just a simple recognition that if we could have returned from the brink, then there was nothing that could faze us any longer. They say that when someone has had a near-death experience, the person can be transformed for life. This happened to us. We became more daring. We trusted our instinct. We scoffed at pessimism. We distrusted the conventional. The result is that a new code was written into our DNA. We would push the envelope, we would explore the lateral. So over the years, we introduced a wider range of air-coolers, we created large AC-like air-coolers, we launched premium air-coolers, we put air-coolers on castors and then extended from the tried and tested residential air cooling space to central air cooling solutions through an acquisition in Mexico. Just about everything the purists had warned us against we implemented – and succeeded.

The result is that our convention-disregarding company consistently reports annual revenue growth that is higher than the sectoral average. We did this in 2013-14 and, in doing so,

reported a profit after tax that was ₹106 crore on a consolidated basis and ₹99 crore on a standalone basis, the highest in our existence. What gives me the biggest satisfaction is that we achieved this without any external borrowing or banking funds, an indication of our terms of trade and a validation of our precious Symphony brand.

Someone looking at our market capitalisation of ₹3,492 crore will scarcely believe that we were just a ₹3 crore company a decade ago. The kind of value that the market has been willing to place on our capacity to sustain our growth has been far higher 33 times our 2013-14 consolidated profit after tax – than the kind of value that we have created on our Balance Sheet.

Vindicating the argument that in the eventual run of things, our capacity to think different, lateral and contrarian in a consistent way will prove to be the biggest value-driver in a world where people find comfort in the safe, tried and tested.

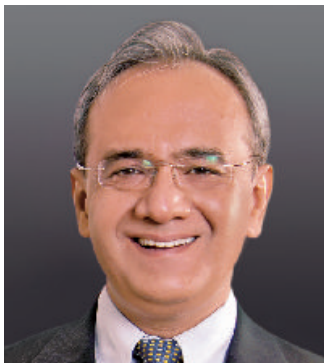
There is just one word to sum it all up.

Symphonics.

Sincerely,

Achal Bakeri
Chairman and Managing Director

BOARD OF DIRECTORS



Achal Bakeri

Chairman and Managing Director and founder

Architect, MBA (University of Southern California)

He has 28 years of experience in varied functions of the Company. He contributes to policy formation, strategy and provides overall direction to the Board and the management team in achieving aggressive corporate objectives.



Nrupesh Shah

Executive Director

B.Com., FCA and CS

He looks after overall corporate affairs, strategy, finance, M.I.S., treasury etc. He has around 26 years of experience in varied corporate functions. He has been with the Company since 1993.



Dipak Palkar

Independent Director

B.Com., DTP and DBM

He has about 34 years of experience in HR, marketing, business promotion and international sales.



Himanshu Shah

Independent Director

B.Com. and MBA (Marketing)

He has about 26 years of experience in sales, marketing and business promotion.



Satyen Kothari

Independent Director

Masters in Engineering

He has a working experience of 18 years in the field of strategy and user experience with several leading global companies like Apple, First Data Corp., Frog Design in the Silicon Valley.



Jonaki Bakeri

Non-Executive Director

B.A.

She has an experience spanning 9 years in various business functions namely marketing, service, accounts, finance, legal and product development.

MANAGEMENT TEAM - INDIA



Falgun Shah

Chief Innovation Officer

BE (Mech), M. Tech, and MBA (Finance)

He has a varied work experience of over 28 years across diverse functions. He is responsible for technical and product development initiatives for coolers.



Vijay R. Joshi

Sr. Vice President-Operations

BE (Mech), Diploma in Business Management

He has over 27 years of experience and holds overall responsibility for operations including development of new products, materials management and production.



Pallab Bhattacharya

Sr. Vice President-Research & Development

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

He has over 32 years of experience in the field of quality assurance. His responsibilities include setting up and maintenance of quality systems and global certifications.



Bhadresh Mehta

Sr. Vice President-Finance & Accounts

B.Com., ACA, ACS, AICWA, IFRS and DISA

He is a finance and audit professional with 31 years of experience. He is responsible for finance, audit, accounts, costing, taxation and infotech functions.



Chandrakant Gandhi

Company Secretary and Head - Legal

M.Com., LLB, FCS

He has more than 32 years of experience and looks after secretarial and legal functions.



Ramendra Sahai

Vice President – Central Air Cooling Solutions

BE (Mechanical), MBA (Marketing)

He has over 23 years of experience in the field of sales and marketing. He is responsible for Industrial & Commercial Air Coolers Sales division of the organisation.



Jayesh Gupta

Associate Vice President – Sales

B.Com.

He has over 31 years of experience in the field of sales. He is responsible for all India domestic sales, logistics and commercial functions.



Rajesh Mishra

Associate Vice President – Marketing – Domestic & International Markets

BE (Mechanical)

He has over 19 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

Associate Vice President – International Markets

BE (Mech.), MBA (International Business)

He has over 21 years of experience in international business.