

GROWTH IS NATURAL

Symphony Limited | Annual Report 2010-11



natural cooling

Symphony

Cautionary statement

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

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

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CORPORATE information

Board of Directors

Achal Bakeri
Chairman & Managing Director

Nrupesh Shah
Executive Director

Dipak Palkar
Director

Himanshu Shah
Director

Factory

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Village Thol,
Tal. Kadi, Dist. Mehsana, Gujarat.
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Email: corporate@symphonylimited.com
Website: www.symphonylimited.com

SEZ Unit

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

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

Connect us

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Website: www.symphonylimited.com
www.impco.com.mx
www.impcoaircoolers.com
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

STATEMENT

from the Chairman and Managing Director



Friends

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

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

Why have we done this?

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

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

As a forward-looking organisation, Symphony invested proactively in environment-friendly products and processes. Our evaporative cooling – the heart of air cooler technology – represents an environment-friendly approach over renewable cooling technologies. Symphony pioneered an industrywide initiative to make environment-

friendly products through superior styling, design and performance. The result is that there are millions of Symphony air cooler owners that reconcile personal convenience with aesthetic attractiveness with environmental responsibility. The result: a bigger green bang for the buck.

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

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

Achal Bakeri
Chairman

BOARD of Directors



1 Achal Bakeri

**Chairman and Managing Director,
and the founder**

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

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

2 Nrupesh Shah

Executive Director

Age 46, B.Com, FCA and CS

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

3 Dipak Palkar

Independent Director

Age 59, B.Com, DTP and DBM

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

4 Himanshu Shah

Independent Director

Age 49, B.Com and MBA (Marketing)

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



1 R. B. Garg
President-Sales & Marketing

Age 58, BE Hons, MBA (IIM Ahmedabad)

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

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

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

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



2 Vijay R. Joshi
Vice President-Operations

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

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

4 Bhadresh Mehta
Vice President-Finance & Accounts

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

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



5 Chandrakant Gandhi
Company Secretary and Head - Legal

Age 55, M.Com, LLB, FCS

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

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

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

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



6 Jayesh Gupta
Sr. General Manager-Sales

Age 49, B.Com

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

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

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

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



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

Age 40, BE (Mechanical)

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



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

Age 60, DME, B.Com

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

MANAGEMENT

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



Juan Bendeck

General Director (CEO)

Age 45, BS Industrial Engineering, MBA

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



Jaime Enriquez

Finance and Administration Director

Age 57, CPA and DBMS Degree



Javier Reza

Sales and Marketing Director

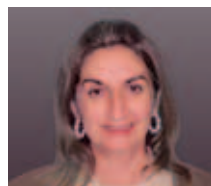
Age 40, Associate Degree in Business



Alvaro Trevino

Engineering Manager

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



Nelda O. Jauregui

Human Resource Manager

BA, MBA



Jose Carmen Contreras

Supply Procurement Director

Age 54, BS Industrial Engineering



Alejandro de la Cerda

Operations Manager

Age 29, BS in Mechanical and Administrative Engineering, MBA

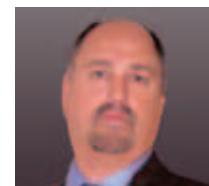
MANAGEMENT

team - USA (Impco Air Coolers Inc. USA)



Sam Montini

Director of Sales



John Koponen

Director of Sales



Dianna Ramirez

Customer Service Manager



Melissa Amico

Financial In charge



Robert Ortega

Technical In charge

GLOBAL team - sales



Jan Hoof

Country Manager
Europe



Farooq Khan

Country Manager
Saudi Arabia



Amir Naghshineh

Sales Manager
Iran



Jonathan Khoo

Sales Manager
Malaysia



Celia Guerrero

Sales manager
Latin America



Le Duc Phu

Country Manager
Vietnam



Erwin Mitchell

Country Manager
Philippines



Our corporate snapshot

SYMPHONY.

Cooling the world. Responsibly!

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

- The Company enjoys a 45% share of the organised Indian market and an international presence across 54 countries (received Export House status from the Government of India in 2009).
 - Symphony provides residential, commercial and industrial coolers across a number of models. For instance, its residential product basket comprises of 13 air coolers; its water heaters are delivered in five sizes accredited with a pioneering BEE rating for energy efficiency.
 - Symphony's air coolers do not merely address a consumer need; they have redefined the air cooler segment and established market leadership through innovative styling and superior performance. As a result, the company's intellectual property comprises of 8 patents, 49 designs, 108 trademarks and 7 copyrights (as on June 30, 2011).
 - Besides, Symphony's unique manufacturing approach has reconciled quality, reliability and cost-effectiveness. Headquartered in Ahmedabad, the Company has outsourced its manufacturing to trusted OEMs across western and northern India. Symphony's manufacturing unit in Surat SEZ caters to exports; whereas the Mexico subsidiary caters to the industrial and heavy duty air cooler segments.
 - Symphony's shares are actively traded on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE)
- ### Awards and certifications
- Received an advertisement award for the new Kaizen air cooler television commercial at 'Creativity 31' a Cincinnati, U.S.-based award programme
 - Authorisation for the ISO 9001:2008 Intertek mark on its products
 - Certification of international conformity by the Saudi Arabian Standards Organisation (SASO)
 - Holder of CE certification
 - Mr. Achal Bakeri, Chairman and Managing Director, was awarded the India Young Business Achiever Award by Worldcom Group Inc.
- ### Mission
- Design, quality and service - Always the foremost
 - Innovation and improvement - Always the endeavour
 - Customer comfort - Always the inspiration
- ### Corporate philosophy
- Constant innovation is the core mantra at Symphony

STRENGTHS

Symphony leverages a successful business model leading to sustainable growth.



More than a product

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

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

Symphony built on these product advantages: The Company's products represent a superior

alternative to the conventional air cooler through aerodynamic cross-section-derived innovative power-saving technology, uniform air inlet discharge, high grade non-conducting materials and optimised body and component design.

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

Unique business model

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

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

The VAVS (Value Addition through Vendor Support) business model has translated into a number of business advantages: It has permitted rapid low-cost scalability at a short notice, enabling the Company to respond to sudden changes in market requirements. It has also enabled the Company to anticipate changes and maintain its leadership

position. Above all, the VAVS model increases production capacity rapidly with minimal capital expenditure and maximum flexibility.

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

Growth strategy

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

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

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



Symphony Industrial Air Cooler installation at Baba Ramdev's Patanjali Yog Pith, Haridwar, India,

- India's largest eco-friendly air cooling project

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

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

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

Growing rural market

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

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

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

Product range

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

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

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

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

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

Industrial air coolers: Symphony's heavy duty industrial air coolers, manufactured in a state-of-

the-art plant in North America, are available in India. Symphony's industrial air coolers provide cost-efficient environment-friendly cooling solutions for industrial and commercial applications.

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

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

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

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

Strategic international acquisition

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

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

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

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