

22nd

Annual Report 2013-2014

Shell & Tube Heat Exchangers
Tube Sheets : 2378 MM Dia X 263 MM Thk
Nos of Tubes 5274



ASME "U" / "U2" / "S"
NATIONAL BOARD "NB" / "R"
Member of : HTRI - USA



ISO 9001 : 2008 COMPANY



Patels Airtemp (India) Ltd.

CIN : L29190GJ1992PLC017801

Patels Airtemp (India) Ltd.

22nd Annual Report 2013-2014

BOARD OF DIRECTORS : Shri Narayanbhai G. Patel : Chairman & Managing Director
Shri Devidas C. Narumalani : Whole Time Director
Shri Narendrabhai G. Patel : Whole Time Director
Shri Prakashbhai N. Patel : Whole Time Director
Shri Sanjivkumar N. Patel : Whole Time Director
Shri Hareshkumar I. Shah : Director
Shri Naimeshbhai B. Patel : Director
Shri Girishbhai N. Desai : Director
Shri Vinodkumar C. Desai : Director
Shri Ramanbhai R. Patel : Director

STATUTORY AUDITORS : Parikh & Majmudar
Chartered Accountants,
Ahmedabad.

COMPANY SECRETARY : Karansingh I. Karki

BANKERS : Bank of Baroda
Navrangpura Branch
Ahmedabad.

REGD. OFFICE: 5th Floor, Kalpana Complex,
Nr. Memnagar Fire Station,
Navrangpura,
Ahmedabad - 380 009.

BRANCH 310, Oberoi
Chambers-II
New Link Road,
Oshiwara, Andheri(w)
Mumbai - 400 053.

WORKS : Plot - 805, 806, 807, 810
Rakanpur-382 721,
Via: Sola-Bhadaj Village, Ta.: Kalol,
Dist.: Gandhinagar, Gujarat, India

LISTING : Bombay Stock Exchange

ISIN : INE082C01024

CIN : L29190GJ1992PLC017801

REGISTRARS & SHARE TRANSFER AGENTS M/S. Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E),
Mumbai-400 072
Tel: 022- 28470652, 40430200
Fax: 022- 28475207
Email: investor@bigshareonline.com
Website: www.bigshareonline.com

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of **PATELS AIRTEMP (INDIA) LTD.** will be held on Saturday, the 30th August, 2014 at 10.00 a.m. at the Registered Office of the Company at 5th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009 to transact the following business :

ORDINARY BUSINESS

1. To approve and adopt the Audited Balance Sheet as on 31st March, 2014 and Statement of Profit & Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a director in place of Shri Prakashbhai N. Patel (DIN No.00249210), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri Narendrabhai G. Patel (DIN No.00023205), who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Parikh & Majmudar, Chartered Accountants, Ahmedabad having Registration No. 107525W as Statutory Auditors of the Company and to fix their Remuneration.

To consider and if thought fit to pass with or without modification(s) the following resolutions as an Ordinary Resolution:

6. Appointment of Shri. Harishkumar I. Shah as an Independent Director of the Company

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri. Harishkumar I. Shah (DIN 00216585), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 30, 2014 up to August 29, 2019.”

7. Appointment of Shri. Vinodkumar C. Desai as an Independent Director of the Company

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri. Vinodkumar C. Desai (DIN 02813402), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 30, 2014 up to August 29, 2019.”

8. Appointment of Shri. Naimeshbhai B. Patel as an Independent Director of the Company

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri. Naimeshbhai B. Patel (DIN 002813295), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 30, 2014 up to August 29, 2019.”

9. Appointment of Shri. Girishbhai N. Desai as an Independent Director of the Company

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri. Girishbhai N. Desai (DIN 002824731), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 30, 2014 up to August 29, 2019.”

10. Appointment of Shri Ramanbhai R. Patel as an Independent Director of the Company

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri Ramanbhai R. Patel (DIN 05224867), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 30, 2014 up to August 29, 2019.”

By Order of the Board of Directors

Place : Rakanpur
Date : 27th May, 2014

NARAYANBHAI G. PATEL
CHAIRMAN & MANAGING DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business items set out in the notice is annexed hereto.
3. As required in terms of paragraph IV(G)(i) of Clause 49 of the Listing Agreement, the details of the directors seeking appointment/reappointment at the Meeting are given in detail, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, the 23rd August, 2014 to Saturday, the 30th August, 2014** (both days inclusive).
5. Members are requested to :
 - (i) notify promptly the change in their registered address, if any, to the Registrar and Share Transfer Agent M/s. Bigshare Services Pvt. Ltd. quoting folio number, if the shares are held in physical form and to their Depository Participant, if the shares are held in demat form.
 - (ii) notify promptly their E-mail address for speedier and faster means of communication with the company, by sending communication either to our Registrar and Share Transfer Agent M/s. Bigshare Services Pvt. Ltd. by quoting their Ledger Folio No., if the shares are held in physical mode and to their Depository Participants, if the shares are held in demat mode, quoting their DP ID and Client ID.
 - (iii) **Bring their copy of the Annual Report and the attendance slips duly filled in with them, for attending the meeting. Demat holders are requested to bring their Client ID and DP ID No. for easier identification of attendance at the meeting.**
 - (iv) Approach the Registrar & Share Transfer Agent for consolidation of folios, if physical shareholdings are under multiple folios.
 - (v) Address their questions/queries in writing to the Company, desirous of obtaining any information concerning the accounts and operation of the company, so as to reach at least seven days before the date of the meeting.
 - (vi) In view of the circular issued by SEBI, the Electronic Clearing Services (ECS/NECS) facility should mandatorily be used by the companies for the distribution of dividend to its members. In order to avail the facility of ECS/NECS, members holding shares in physical form are requested to provide bank account details to the Company or its Registrar and Share Transfer Agents.
6. Those shareholders who have not encashed their dividend warrants for the financial year 2006 -07 Interim and Final, Dividend for the year 2007-08, Dividend for the year 2008-09, dividend for the financial year 2009-10, Dividend for the Financial Year 2010-11, Dividend for the Financial

Year 2011-12 & Dividend for Financial Year 2012-13 are advised to submit their claim to the Registrar / Company immediately quoting their folio number. The Unpaid / Unclaimed Dividend for the year 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 & 2012-13 (including Interim Dividend) will become due for transfer to Investor Education & Protection Fund Account in October / November, 2014 & then after. Once the unclaimed dividend is transferred to the fund, no claim shall lie against the fund or the Company in respect of the individual amounts which were unclaimed or unpaid.

Please note that any dividend amount for 2006-07 remaining unclaimed / unpaid along with shares held in these folios as on 27/09/2014 shall be transferred to the Investor Education and Protection Fund account.

7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Company/ Registrars and Transfer Agents, M/s. Bigshare Services Pvt. Ltd.
8. All documents referred to in the accompanying notice and Explanatory Statements are open for inspection at the Registered Office of the Company on all working days except Saturday and Sunday between 11.00 a.m. to 3.00 p.m. up to the date of Annual General Meeting of the company.
9. The Company's Shares have been activated for dematerialization both with National Securities Depository Ltd. and Central Depository Services (India) Ltd. Those shareholders who wish to hold shares in electronic form may approach their Depository Participants. The existing ISIN No. of the Equity Shares of the company is INE082C01024.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 6

Shri. Hareshkumar I. Shah (DIN 0216585) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2005.

Shri. Hareshkumar I. Shah aged 68 years is a Mechanical Engineer by profession holding a degree of B.E. Mechanical. He is having vast experience in his core area and Shri Hareshkumar I Shah is serving since last 9 years in our Company as an Independent Director. He does not hold any directorships in other companies nor is member or chairman of committees in other public Company. He does not hold any shares in the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri. Hareshkumar I. Shah as an Independent Director.

Item No. 7

Shri. Vinodkumar C. Desai (DIN 02813402) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2009.

Shri. Vinodkumar C. Desai aged 55 years is a Production Engineer by profession holding a degree of B.E. Production. He is having vast experience in manufacturing & production line. Shri Vinodkumar C. Desai is serving since last 4 years in our Company as an Independent Director. He does not hold any directorships in other companies nor is member or chairman of committees in other public Company. He does not hold any shares in the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri. Vinodkumar C. Desai as an Independent Director.

Item No. 8

Shri. Naimeshbhai B. Patel (DIN 002813295) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2009.

Shri. Naimeshbhai B. Patel aged 57 years is a Mechanical Engineer by profession holding a degree of B.E. Mechanical. He is having vast experience in his core area. Shri. Naimeshbhai B. Patel is serving since last 4 years in our Company as an Independent Director. He does not hold any directorships in

other companies nor is member or chairman of committees in other public Company. He does not hold any shares in the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri. Naimeshbhai B. Patel as an Independent Director.

Item No. 9

Shri. Girishbhai N. Desai (DIN 002824731) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2009.

Shri. Girishbhai N. Desai aged 66 years is a Mechanical Engineer by profession holding a degree of B.E. Mechanical. He is having vast experience in his core area. Shri. Girishbhai N. Desai is serving since last 4 years in our Company as an Independent Director. He does not hold any directorships in other companies nor is member or chairman of committees in other public Company. He does not hold any shares in the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri. Girishbhai N. Desai as an Independent Director.

Item No. 10

Shri. Ramanbhai R. Patel (DIN 05224867) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February, 2012.

Shri. Ramanbhai R. Patel aged 71 years, holding a degree of M.S.C.(Chemistry). He worked as chemistry professor in various engineering colleges. Shri. Ramanbhai R. Patel is serving since last 2 years in our Company as an Independent Director. He does not hold any directorships in other companies nor is member or chairman of committees in other public Company. He does not hold any shares in the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri. Ramanbhai R. Patel as an Independent Director.

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Date of Birth	Date of Appointment	Experience in specific functional areas	Qualifications	Directorship held in other Public Limited Companies	Member / Chairman of Committees in other Public Limited Companies
Shri Prakashbhai N. Patel (DIN No.00249210)	23.07.1966	27.05.2004	Engineering Industry	B.E.(Mechanical)	Nil	Nil
Shri Narendrabhai G. Patel (DIN No.00023205)	13.02.1958	21.06.1994	Engineering Industry	B.E.(Mechanical) DBM	Nil	Nil
Shri Girishbhai N. Desai (DIN No.02824731)	15.01.1948	30.10.2009	Engineering Industry	B.E.(Mechanical)	Nil	Nil
Shri Hareshkumar I. Shah (DIN No.00216585)	18-10-1946	29-10-2005	Businessman	B.E.(Mechanical)	Nil	Nil
Shri Naimeshbhai B. Patel (DIN No.02813295)	22.02.1957	30.10.2009	Engineering Industry	B.E.(Mechanical)	Nil	Nil
Shri Vinodkumar C. Desai (DIN No.02813402)	16.02.1959	30.10.2009	Engineering Industry	B.E (Production)	Nil	Nil
Shri Ramanbhai R. Patel (Din No.05224867)	07.08.1943	11.02.2012	Education	M.S.C. (Chemistry)	Nil	Nil

DIRECTORS' REPORT

Dear Members,

Patels Airtemp (India) Ltd.

Your Directors have pleasure in presenting this 22nd Annual Report together with the Audited Statements of Accounts for the year ended on 31st March, 2014.

FINANCIAL RESULTS:

(₹ in Lacs)

Particulars	2013-14	2012-13
Sales and Other Income (Including Excise Duties)	7586.52	9919.23
Profit before Interest and Finance Charges	1014.53	1160.67
Depreciation and Taxes & prior period Adjustment		
Less : Interest & Finance Charges	119.22	271.97
Depreciation	171.69	152.71
Profit before Taxation	723.62	735.99
Provision for Taxation - Current	219.00	230.00
- Deferred	32.39	11.93
- Wealth Tax	1.01	0.80
- Short / (Excess) Provision of earlier year W/O	3.60	0.58
- Short / (Excess) Provision of Wealth Tax	(0.04)	(0.20)
Profit after Tax	467.66	492.88
Less Prior Period Adjustment	1.21	(1.76)
Net Profit	466.45	494.64
Balance brought forward from previous year	3508.43	3221.64
Less: Corporate Dividend Tax	16.45	16.45
Less: Proposed Dividend	101.41	101.41
Less: Transfer to General Reserve	90.00	90.00
Surplus carried forward to Balance Sheet	3767.02	3508.43
Earning Per Share	9.20	9.76

DIVIDEND

Your Directors are pleased to recommend payment of dividend for the year ended March 31, 2014, Rs.2/- per Equity Share of the face value of Rs.10/- (i.e. 20%) on 5070240 paid up Equity Shares, subject to approval of shareholders at the Annual General Meeting. The Corporate Dividend Tax works out to Rs.16.45 lacs.

PERFORMANCE

The slowing down in the economy has impacted the sales during the fiscal year 2013-14. During the year under consideration, your Company's Net sales including export sales of Rs.7075.22 against Rs.9057.95. Profit Before Tax is Rs.723.62 lacs as compared to the previous year of Rs.735.99 lacs. The net Profit after tax at Rs. 466.45 lacs as compared to the previous year of Rs.494.64 lacs.

FUTURE PROSPECTS

As per the present policy of the Government of India & current scenario, there is a thrust on development of various infrastructure sectors and accordingly Government is continuously spending and developing refineries, fertilizer projects & thermal power plant. There is wide scope for the Company to supply the Capital goods equipments to the Companies under this segment. As you are aware, your Company is focusing on the business of manufacturing a range of shell and tube Heat exchangers, Air cooled Heat Exchangers, Refrigeration and Air Conditioning equipments, pressure vessels, etc. which broadly fall under the category of capital goods. They have multifarious applications in several industries.

Your Company has started focusing not only on the domestic market but also on the international market and your directors are pleased to inform the members that in the current fiscal year FY 2013-14 your company has continued long term supply arrangements with a leading global manufacturer of heat exchangers whereby your company has started manufacturing and supplying heat exchangers to entered into after an exhaustive audit of your Company's facilities and capabilities and this augurs very well for your company and it is a testimony that your company's facilities and capabilities are capable to meet very strict international standards.

As you aware that the Company is in engineering industry and is engaged in manufacturing/fabricating tailor made machines and therefore, the order book position of such type of company can play pivotal role in the growth of the Company. Your directors are pleased to state that continuing the past trend; the Company is having confirmed orders of about Rs.136.37 Crore on hand as on 27th May,2014. Thus your directors are quite bullish on repeating similar performance in future. Your directors are cautious and making untiring efforts so as not to compromise on growth, quality, and profitability of the Company.

DEPOSITS

The Company has not invited / accepted any deposits from the public under the provisions of Section 58A of the Companies Act, 1956 and rules made there under.

DIRECTORS

Shri Prakashbhai N. Patel and Shri Narendrabhai G. Patel, retire by rotation and being eligible offer themselves for the reappointment.

Pursuant to Section 149 of the Companies Act, 2013, the Board at its meeting held on 27 May, 2014 recommended appointment of Shri. Harishkumar I. Shah (DIN 00216585), Shri. Vinodkumar C. Desai (DIN 02813402), Shri. Naimeshbhai B. Patel (DIN 002813295), Shri. Girishbhai N. Desai (DIN 002824731) and Shri. Ramanbhai R. Patel (DIN 05224867) as an Independent Directors of the Company, not liable to retire by rotation for a period of five years from the date of its 22nd Annual General Meeting subject to approval of the Members of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

The particulars of the directors retiring by rotation are given in the notice / explanatory statement portion of the accompanying notice.

CORPORATE GOVERNANCE

The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is attached to the Report on corporate governance.

LISTING OF SECURITIES:

Your company's Equity shares are listed on Bombay Stock Exchange Ltd. (BSE). The Company has paid Annual Listing Fees for the year 2014-15 to the Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and of the profit and loss account of the Company for the year under review ;

- (iii) the Directors have taken 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 preventing and detecting fraud and other irregularities ;
- (iv) the Directors have prepared the Annual Accounts for the financial year ended 31st March, 2014 on a 'going concern' basis.

STATUTORY AUDITORS

M/s. Parikh & Majmudar, Chartered Accountants (Reg. No. 107525W), Ahmedabad, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter to the effect that their appointment would be within the prescribed limits under Section 141(3)(g) of the companies Act, 2013. The Board hereby requests the members to reappoint M/s. Parikh & Majmudar, Chartered Accountants, Ahmedabad as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

Your Directors request you to appoint Auditors as proposed and as set out in the accompanying notice of the Annual General Meeting

COST AUDITORS

In terms of Circular No. 52/26/CAB-2010 dated 24th January 2012 received from the Cost Audit Branch of the Ministry of Corporate Affairs and pursuant to the provisions of section 224(1B) read with section 233B of the Companies Act, 1956, Rajendra Patel & Associates, Cost Accountant, Ahmedabad, were appointed as the cost auditors of the Company for the year ending 31st March, 2014.

Further, the Compliance Report in respect of the FY 2012-13 was filed by the Cost Auditor in the XBRL mode in Form-A within the due date to the Central Government.

PERSONNEL

There is no employee drawing remuneration for which information is required to be submitted under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, hence not given.

VIGIL MECHANISM

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a vigil mechanism for directors and employees to report genuine concerns has been established.

CONSERVATION OF ENERGY

The main source of energy is power. However, power is not a major input in the manufacturing process and therefore, no substantial conservation of energy is possible. Again the Company is not required to give the particulars in the prescribed Form A under Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The particulars as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to Research & Development and Technology Absorption are given in Annexure to this report.

CORPORATE SOCIAL RESPONSIBILITY

In pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors was formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors.

APPRECIATION

Your Directors wish to place on record their deep appreciation of the continued support and guidance provided by the Central and State Governments and all Regulatory bodies.

Your Directors also take opportunity to thanks the esteemed shareholders, customers, business associates, and Company's Banks for the faith reposed by them in your Company and its management.

Your Directors place on record their deep appreciation of the dedication and commitment of your Company's employees at all levels and look forward to their support in the future as well.

For and on behalf of the Board of Directors,

Place: Rakanpur

Date: 27th May, 2014

**NARAYANBHAI G. PATEL
CHAIRMAN & MANAGING DIRECTOR**

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of Particulars with respect to Technology Absorption and Research & Development as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Form – B

Technology Absorption

(1) Research & Development (R & D)

The Company has established a well equipped testing & NDE laboratory with the number of sophisticated instruments for testing and non destructive examination related to the product being manufactured. To upgrade the technology and technical qualifications, your Company has renewed ASME "U" and "NB"/"R" Stamp of National Board of USA and added ASME "U2"/"S" Stamp authorization for improving the system and quality. Your Company is ISO 9001-2008 certified. Various technical softwares like PVElite, Auto Desk Mechanical, Microprotol, Paulin Research Group etc were updated for design & development of various products.

(2) Technology Absorption, Adaptation & Innovation

The company has invested about Rs. 3.40 Crore for Plant & Machineries to upgrade HI-tech equipments. The Company has HTRI Membership agreement for Catagory - II and Licence agreement for EHT (for enhanced heat transfer) and Honeywell Uni Sim UHX (for feed water heater) for latest technology in Heat Transfer from U.S.A. For Air cooled Heat Exchangers, another finning machine is added for fast delivery period. In-house, systems and operations are being innovated for better quality and to perform up to customers' requirement.

For and on behalf of the Board of Directors,

Place: Rakanpur

Date: 27th May, 2014

**NARAYANBHAI G. PATEL
CHAIRMAN & MANAGING DIRECTOR**

CORPORATE GOVERNANCE REPORT
(Pursuant to Clause 49 of the Listing Agreement)

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on Corporate Governance envisages the attainment of high level transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, shareholders, creditors, consumers and institutional and other lenders and places due emphasis on regulatory compliance.

Traditional views of governance as a regulatory and compliance requirement have given a way for adoption of governance as an integral part of the Company. Several initiatives have been taken for maintaining the highest standards which include efficient shareholders' communications, observance of Secretarial Standards issued by the Institute of Company Secretaries of India, Best Governance Practices.

The Company in pursuance of Code of Corporate Governance, strongly believe that it must organize its affairs to the utmost satisfaction of all the concerned. The Company believes that the governance norms originating in the stock market institutions as an integral part of its Corporate Governance Philosophy should be respected both in letter and spirit. The Company endeavor to ensure transparency, control and accountability, in all areas of its operations.

The Company will continue its journey in raising the standards in Corporate Governance and will also review its systems and procedures constantly to keep pace with the changing economic environment.

2. BOARD OF DIRECTORS

The Board of Directors of the company comprises of the combination of Executive and Non-Executive Directors. Out of total strength of ten Directors, five Directors are Promoter/ Executive Directors and five Directors are Non-executive and Independent Directors. Committees like Audit Committee, Remuneration Committee and Investors' Grievance and Share Transfer Committee comprise majority of Independence Directors, being their Chairman and members.

The names and category of Directors on the Board as on 31st March, 2014 and as on the date of this report, the number of Directorship and Committee Membership held by them in other Public Companies, their attendance at the Board Meetings held during the financial year 2013-14 and also at the last AGM held is given below :

Name of Directors		Attendance Particulars			Nos. of Directorship and Committee Membership / Chairmanship held in other Public Companies		
					Other Directorship	Committee Membership	Committee Chairman
Sr. No.	Promoter Executive Directors	Board Meeting Held	Board Meeting Attended Meeting	Last Annual General			
1.	Shri Narayanbhai G. Patel-MD	4	4	Present	-	-	-
2.	Shri Devidas C. Narumalani #	4	4	Present	-	-	-
Executive Directors							
3.	Shri Narendrabhai G. Patel #	4	4	Present	-	-	-
4.	Shri Prakashbhai N. Patel #	4	4	Present	-	-	-
5.	Shri Sanjivkumar N. Patel #	4	4	Present	-	-	-
Non Executive / Independent Directors							
6.	Shri Girishbhai N. Desai	4	4	Absent	-	-	-
7.	Shri Hareshkumar I. Shah	4	4	Absent	-	-	-
8.	Shri Naimeshbhai B. Patel	4	1	Absent	-	-	-
9.	Shri Vinodkumar C. Desai	4	4	Absent	-	-	-
10.	Shri Ramanbhai R. Patel	4	4	Absent	-	-	-

WTD – Whole Time Director, MD – Managing Director

During the financial year 2013-14, Four (4) Board Meetings were held Viz. on 29th May, 2013, 10th August, 2013, 13th November, 2013, and 9th February, 2014.

As required by Clause 49 VI A of the Listing Agreement, the particulars of Directors seeking re-appointment are given in the accompanied notice portion.

3. AUDIT COMMITTEE

The audit committee was constituted on 30th March, 2003, which currently comprises three independent Non – executive Directors viz. Shri Hareshkumar I. Shah as Chairman, Shri Girishbhai N. Desai, Shri Ramanbhai R. Patel and one Executive Director Shri Narayanbhai G. Patel as members. The terms of reference of Audit Committee are to cover the matters specified under Clause 49 of the Listing Agreement and in Section 292A of the Companies Act, 1956 and the functions of the Committee that *inter alia* include the overview of the Company's financial reporting processes, review of the quarterly, half yearly and yearly financial statements, review of adequacy of internal control system, review of the financial and risk management policies and review of significant findings and adequacy of internal audit function cover.

4. REMUNERATION COMMITTEE

The Board of the Company has constituted Remuneration Committee as per Clause 49 of the Listing Agreement on 30th March, 2003 which currently comprises of three independent and non – executive Directors Viz. Shri Hareshkumar I. Shah as Chairman and Shri Ramanbhai R. Patel and Shri Vinodkumar C. Desai as member and one executive Director, Shri Narayanbhai G. Patel as a member of the Committee. The Remuneration Committee has been constituted to recommend / review the remuneration package of the Managing and Whole Time Directors based on performance and detailed criteria and also empowered to decide on Employees' Stock Option Scheme. No stock options have been granted to executive Directors and Non- executive Directors. The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees.

DETAILS OF REMUNERATION PAID TO MANAGING DIRECTORS / WHOLE TIME DIRECTORS DURING THE FINANCIAL YEAR 2013-14 IS GIVEN BELOW:

(in ₹)

NAME OF DIRECTOR	REMUNERATION	SITTING FEES	TOTAL
Shri Narayanbhai G. Patel	24,19,200/-	NIL	24,19,200/-
Shri Devidas C. Narumalani	24,19,200/-	NIL	24,19,200/-
Shri Narendrabhai G. Patel	24,19,200/-	NIL	24,19,200/-
Shri Prakashbhai N. Patel	24,19,200/-	NIL	24,19,200/-
Shri Sanjivkumar N. Patel	24,19,200/-	NIL	24,19,200/-

5. INVESTORS' GRIEVANCE COMMITTEE

In compliance with the Corporate Governance Code, the Company has constituted the Investors' Grievance Committee on 30th March, 2003 by constituting the Share Transfer Committee as the "**Share Transfer – cum – Investors' Grievance Committee**". The scope of the committee was extended to include overview of all matters connected with Investors Grievance and Redressal Mechanism of members such as, dematerialization, transfer / transmission of shares, non- receipt of Annual Report / dividends etc. beside the function of the share transfer approval etc. The minutes of the Committee Meetings were placed at the Board Meeting from time to time. The Committee oversee the performance of M/s. Bigshare Services Pvt. Ltd. –Registrar and Share Transfer Agent of the Company and recommends measure to improve the level of investor related services. Though the powers to approve share transfer / transmission have been delegated to the Registrar & Share Transfer Agent and also to Shri Narayanbhai G. Patel, Chairman & Managing Director of the Company for quick action.

The Committee comprises of three independent Directors; Shri Hareshkumar I. Shah as Chairman, Shri Ramanbhai R. Patel and Shri Vinodkumar Desai and one Executive Director, Shri Narayanbhai G. Patel as member of the Committee. Shri Karansingh I. Karki appointed as Company Secretary cum compliance officer for managing and resolving the Investors Grievances. The Committee meets regularly at reasonable interval to approve transfer and also to consider shareholders complaints.

Name and designation of Compliance Officer:

Mr. Karansingh I. Karki, Company Secretary

No. of shareholders' complaints received during the year: 1 Complaint(s)

No. of complaints not resolved to the satisfaction of shareholders: Nil

No. of pending share transfers: Nil

All valid transfer received during the financial year 2013-14 have been acted upon by the Company and there is no pending share transfers.

6. GENERAL BODY MEETINGS

Date, time and venue where Annual General Meetings / Extra Ordinary General Meetings were held in last three years.

Financial Year	Date and Time	Venue	No. of Special Resolution Passed
2010-11 19 th AGM	30 th September, 2011 at 10.00 A.M.	5 th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009.	1
2011-12 20 th AGM	28 th September, 2012 at 10.00 A.M.	5 th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009.	No
2012-13 21 st AGM	28 th September, 2013 at 10.00 A.M.	5 th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009.	No

No Extra Ordinary General Meeting was held during last three years. The Company has not passed any resolutions through Postal Ballot.

7. DISCLOSURES

(a) There are no material transactions with its promoters, directors or the management, their subsidiaries or relatives, except as given in Notes on Accounts, which may have potential, conflict with the interest of the Company at large.

(b) No penalties have been imposed on the Company by the Stock Exchange/s or SEBI or any statutory authority, on the matter related to capital market during the last three years.

8. MEANS OF COMMUNICATION

Our Company's quarterly, half yearly and yearly financial results were taken on record by the Board of Directors and submitted to the Stock Exchange in terms of the requirements of Clause 41 of the Listing Agreement. These were published in the newspaper as per the prescribed guidelines. The Management Discussion & Analysis Report forms a part of this Annual Report. In pursuance of Clause 54 of the Listing Agreement, the company is maintaining its website www.patelsairtemp.com containing basic information about the company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance. The company also agrees to ensure that the contents of the said website are updated at any given point of time.

8A. SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

9. USAGE OF ELECTRONIC PAYMENT MODES FOR MAKING PAYMENTS TO INVESTORS

In view of the **SEBI vide its circular No. CIR/MRD/DP/10/2013 dated 21st March, 2013**, the Electronic Clearing Services (ECS/NECS) facility should mandatorily be used by the companies for the distribution of dividend to its members. In order to avail the facility of ECS/NECS, members holding shares in physical form are requested to provide bank account details such as Bank & Branch Name MICR, IFSC codes etc. to the Company or its Registrar and Share Transfer Agents (R&T).

The Format of NECS Form have been given last page of this Annual Report 2013-14.

10. GREEN INITIATIVE IN CORPORATE GOVERNANCE: GO PAPERLESS

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling annual general meeting, Corporate Governance Report, Directors Report, audited Financial statements, auditors report, dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with **Bigshare Services Pvt. Ltd.** Registrar and transfer agent / **concerned depository** to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

10. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting:

Date : Saturday, 30th August, 2014

Time : 10.00 a. m.

Venue : Registered Office: 5th Floor, Kalpana Complex,
Nr. Memnagar Fire Station, Navrangpura, Ahmedabad: 380 009

b) Financial Calendar: The Company follows April to March as its financial year. The results for every quarter beginning from April is declared in the month following the quarter, however, the result for the fourth quarter are clubbed with the declaration of audited accounts within 60 days of the year, whenever possible.

c) Book Closure Date(s): Saturday, the 23rd August, 2014 to Saturday, the 30th August, 2014 (both days inclusive). Entitlement for payment of dividend for the year 2013-14 would be on the close of the day of 22nd August 2014, for both physical and demat shareholders.

d) Listing on Stock Exchange : The equity shares of the company are listed on the Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid the listing fees for the year 2013-14 to the Bombay Stock Exchange Ltd., Mumbai.

e) Stock Code / Name: BSE 517417 Script Name: PATELSAI,

The ISIN Number of the Company on both the depositories, NSDL and CDSL is INE082C01024.

f) Corporate Identity Number ('CIN')

Our Corporate Identity Number as allotted by Ministry of Corporate Affairs is L29190GJ1992PLC017801 and our Company is registered in the state of Gujarat.

g) Stock Market Price / Data : The details of monthly high / low price of the Company's Shares traded on the Mumbai Stock Exchange during the financial year 2013-14 is furnished below :

Months	High Price (₹.)	Low Price (₹.)
13-April	43.80	32.25
13-May	41.90	33.60
13-June	41.90	35.35
13-July	48.00	38.50
13-August	48.50	35.50
13-September	48.00	37.55
13-October	50.40	39.00
13-November	47.75	40.55
13-December	53.00	40.25
14-January	64.35	45.00
14-February	51.50	43.20
14-March	50.00	42.90

- h) **Registrar & Share Transfer Agents:** In terms of SEBI Circulars dated 27.12.2002 & dated 12.02.2003 on appointment of common agency for share registry works, the Company has appointed the below mentioned agency as Registrar & Share Transfer Agent, for both physical and demat segment of equity shares of the company, which provides all shareholders related services :

Bigshare Services Pvt. Ltd.,

Regd. Office : E-2/3, Ansa Industrial Estate,

Sakivihar, Saki Naka, Andheri(E),

Mumbai - 400 072 Tele. No. (022) 40430200/ 28470652, Fax No. (022) 28475207,

E-mail Address: www.bigshareonline.com

- i) **Share Transfer System:** The transfer of shares in physical form is processed and completed by M/s.Bigshare Services Pvt. Ltd. within a period of 30 days from the date of receipt thereof. In case of shares in electronic form, the transfer is processed by NSDL/CDSL through the respective Depository Participants. Demat requests are normally confirmed within an average period of 15 days from the date of receipt.

- (a) **Distribution of Shareholding as on 31st March, 2014.**

Shareholding of Nominal Share	Number of Shareholders	% of Total	Share	% of Total
1 to 500	6007	88.75	744737	14.69
501 to 1000	383	5.66	307774	6.07
1001 to 2000	173	2.56	259025	5.11
2001 to 3000	60	0.89	148750	2.93
3001 to 4000	40	0.59	145849	2.88
4001 to 5000	29	0.43	135757	2.68
5001 to 10000	41	0.60	290013	5.72
10001 to 9999999999	35	0.52	3038335	59.92
	6768	100.00	5070240	100.00

- (b) **Category of Equity Shareholders as on 31st March, 2014.**

Sr. No.	Category	No. of Shares	% to Share Capital
A.	PROMOTERS SHAREHOLDING		
1.	Promoters, Promoters Group, Directors & Their Relatives	2281746	45.00
B.	PUBLIC SHAREHOLDING		
2.	Mutual Funds / UTI	0	0.00
3.	Banks / Financial Institutions	0	0.00
4.	Foreign Institutional Investors	0	0.00
5.	Bodies Corporate	140854	2.78
6.	NRIs	96041	1.89
7.	Clearing Members	9708	0.19
8.	Trust	0	0.00
9.	Indian Public	2541891	50.13
	TOTAL	5070240	100.00

- j) Dematerialisation of Shares:** The Company's shares are under demat mode. The ISIN No. of the Company is INE082C01024. Members who are desirous of holding their shares in demat form are requested to apply to their Depository Participants in prescribed demat requisition form along with original share certificate. About 96.82% of the total Equity capital of the Company is held in demat form as on 31st March, 2014.
- k) Plant Location(s):** The Company's plants / offices are located at:
- Plant:**
Plot 805, 806,807, 810 Rakanpur, Via: Sola-Bhadaj Village,
Ta: Kalol, Dist. Gandhinagar, Gujarat.
- AC Division Office:**
5th Floor, Kalpana Complex, Nr. Memnagar Fire Station,
Navrangpura, Ahmedabad – 380 009
- Mumbai Office:**
310, Oberoi Chambers-II, New Link Road,
Oshiwara, Andheri (W), Mumbai 400 053
- l) Address for Correspondence:** For both physical & Electronic form:
M/S. Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400 072
Tel: 022-28470652 Fax No: 022-2875207
Email: investor@bigshareonline.com
Website: www.bigshareonline.com
- m) For any assistance regarding dematerialization of shares, share transfers, change of address, non-receipt of dividend or any other query, relating to shares:**
- Patels Airtemp (India) Ltd.**
Regd. Office : 5th Floor, Kalpana Complex,
Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009.
Ph. No. : (079) 27913694/5/6, Fax No. (079) 27913693
Website: www.patelsairtemp.com
- n) As required by Clause 49 of the Listing Agreement with the stock exchange the Auditors' Certificate on Corporate Governance is given as Annexure to this report.**

Corporate Governance Compliance Certificate

To,
The Members
Patels Airtemp (India) Ltd.

In accordance with Clause 49 of the Listing Agreement entered into by Patels Airtemp (I) Ltd. with the Bombay Stock Exchange Limited, Mumbai, We have examined all relevant records of the Company relating to its compliance of condition of Corporate Governance as stipulated in clause 49 for the financial year ended 31.03.2014.

It is the responsibility of the Company to prepare and maintain the relevant necessary records under the SEBI Guidelines, Listing agreement and other applicable laws. Our responsibility to carry out an examination on the basis of our professional judgment so as to award a responsible assurance of the correctness and completeness of the records for the purpose of this certificate.

We have obtained all the information and explanation which to the best of our knowledge and belief where necessary for the purpose of the certificates and have been provided with such records, documents, certificates etc. as had been required by us.

The company is yet to lay down a Risk Management Policy and Procedures thereof and therefore we are unable comment on the same.

We certified that from the records produced and explanation given to us by the company for the purposes of this certificate and to the best of our information the company has generally complied with the mandatory requirements of the said clause 49 of the Listing Agreement except stated as above.

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

Place: AHMEDABAD

Date: 27th May, 2014

C.A. Dr. HITEN PARIKH

PARTNER

M. No. 40230

FRM No.: 107525W

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is engaged in the manufacture and sale of extensive range of Heat Exchangers such as Shell & Tube type, Finned tube type and Air cooled Heat Exchangers, Pressure Vessels, Air-conditioning and Refrigeration equipments and Turnkey HVAC Projects in India & marketing of equipments even outside India. All these products are supplied to leading Industrial Sections like Power Projects, Refineries, Fertilizers, Cements, Petrochemicals, Pharmaceuticals, Textile and Chemical Industries.

With the highly innovative environment, the Company could sustain its sales even in highly cut-thought competition and the prevailing market conditions.

PRODUCT – WISE PERFORMANCE

The Company is operating in one segment i.e. engineering fabrication having different products, such as Heat Exchangers, Air Cooled Heat Exchangers, Pressure Vessels, Air-conditioning & Refrigeration Equipments, Turnkey HVAC projects and other Misc. products, the turnover of which are given in Notes on Accounts portion of the Annual Report. Your company has decided to stick to high value added engineering products. These products are regularly procured by the Industrial Process Plants / Units. These products has ASME “U”/ “U2”/ “S” Stamp authorization, it is expected to improve profitability of the company in the future. For updating Heat Transfer Technology, Company has become member of HTRI (Heat Transfer Research, Inc, U.S.A.).

FUTURE OUTLOOK

The long-term fundamentals of the Indian economy which is expected to remain strong. Key fundamentals generally include demographics, rising income and purchasing power of population and large investment in pipeline. The growth of the economy is being driven primarily by domestic investment and consumption, with limited dependence on exports or the demand situation in other economies. At the same time, there are some concerns, particularly with regard to inflation. Inflationary pressures emerging from commodity and food prices have shown signs of becoming more generalised, leading to the containing of inflation becoming the key priority of policy makers. In addition, the global economic environment continues to remain uncertain with slow recovery and fiscal concerns in developed markets. Keeping in mind the aforesaid factors, your company will make all efforts to encash the opportunities which come across.

OPPORTUNITIES

Export in the developed countries like USA, Canada & Europe and other countries like Italy, China, Japan, etc is to be developed and it is expected to provide large impetus to engineering exports to these countries after obtaining the ASME “U”/ “U2”/ “S” Stamp Authorisation. Your company is preparing itself to meet the increased demand in the years to come through efficient production management system which will enable to minimize the risk of raw materials price fluctuations.

RISK FACTORS

Risk is an integral part of every business and your company always tries to deliver superior shareholder value by achieving an appropriate trade-off between risk and returns. Our risk management strategy is based on a clear understanding of various risks i.e. operational risk, marketing risk involved, systematic risk assessment and taking steps to overcome risks and continuous monitoring.

The industry is facing stiff competition from big players who are producing on large scale production and have the advantage of economies in cost, facing challenges from cheaper imports and the industry is also facing risks from unorganized sector particularly from the marketing in the state and nearby states which have major thrust on Air-conditioning and Refrigerator parts. However, Your Company does not foresee any risk due to its concentration on quality commitment for better products and prompt after sales and service. The Government of India’s measures to curb cheaper imports imposing anti dumping duties and other restrictions will give much needed relief to the domestic industry.

QUALITY CONTROL

The Company features its achievements to adherence to strict quality standards. This has been achieved through our efforts to strike the balance between resources and technology to develop products at same level in excellence with international standards. The quality standard is taken care from the initial stage of production to ensure high end product quality.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control system in operation commensurate with the size and nature of its business for enduring efficiency of operation and protection of Company's assets. The Audit Committee formed by the company review on periodical basis the compliance with the Company's policies, procedures and prevailing laws.

INDUSTRIAL RELATION & HUMAN RESOURCES

To praise the sophisticated production process, we have a team of experienced workers who are skilled and trained to get best out of it. Regular orientation programs are being conducted by the company wherein workers are directly exposed to the experts, which keep them with the latest technology and development.

The Company's philosophy is to provide to its employees friendly working environment and a performance oriented work culture. The company believes that human resources are important asset for giving Company a competitive edge in a competitive environment.

The Company's relations with the employees at all levels are very cordial and peaceful. The company has about 248 employees working with them as on 31st March, 2014 on permanent as well as contractual basis.

CAUTIONARY STATEMENT

The statement given in this report, describing the Company's objectives, estimates and expectations and future plans may contribute towards forward looking statement within the meaning of applicable laws and / or regulations. Actual performance may differ materially from those either expressed or implied.

INDEPENDENT AUDITORAS' REPORT

To
The Members of
PATELS AIRTEMP (INDIA) LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of PATELS AIRTEMP (INDIA) LTD. ('the Company') which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Companies internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
- (ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date and
- (iii) In the case of the cash flow statement, of the cash flows for the Year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report), Order, 2003("the Order"), as amended, issued by the Central Government of India in terms of sub-section(4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 accounts 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 and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the companies Act, 2013.
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

Place: AHMEDABAD
Date: 27th May, 2014

C.A. Dr. HITEN PARIKH
PARTNER
M. No. 40230
FRM No.: 107525W

ANNEXURE TO AUDITORS' REPORT

The Annexure referred to in our report to the members of PATELS AIRTEMP (INDIA) LTD. ("The Company") for the year ended on 31st March, 2014, We report that;

- i)
 - a) The company has generally maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company & nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
 - c) According to the information and explanation given to us, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected
- ii)
 - a) As explained to us, inventories were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and nature of its Business.
 - b) In our opinion & according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable & adequate in relation to the size of the company & nature of its business.
 - c) In our opinion and according to the information and explanations 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) In respect of loans secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - a) According to the information and explanation given to us, the company has not granted any loan, secured or unsecured, to any company or firm or other party covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) The company has taken Unsecured Loan from two parties covered under register maintained u/s 301 of the Companies Act, 1956 during the year. [closing balance Rs. 565.00 lacs] [Maximum balance during the year Rs. 1118.63 lacs]
 - c) In our opinion and according to the information and explanation given to us, the rate of interest & other terms and conditions of the unsecured loan taken by the company from the parties covered under the register maintained under section 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the company.
 - d) The Loan taken by the Company is repayable on demand and therefore the question of any over due amount thereon does not arise.
- iv) In our opinion & according to the information & explanations given to us, there is adequate internal control system commensurate with the size of the company & nature of its business for the purchase of inventory, fixed assets & also for the sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in Internal control system.
- v) In respect of transactions covered under section 301 of the Companies Act, 1956.
 - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
 - b) In our opinion and according to the information and explanations given to us, there are no such transactions exceeding Rs 5 lakhs each which have been made at prices which are not reasonable having regard to the prevailing market prices for such services at the relevant time.

- vi) In our opinion & according to the information & explanations given to us , the company has not accepted any deposits within the provisions of section 58A & 58 AA and other relevant provisions of companies Act,1956, therefore , the provisions of clause 4(vi) of the Companies (Auditors Report) Order,2003, are not applicable to the company.
- vii) The Company has appointed a firm of Chartered Accountants for Internal Audit.In our opinion, the Internal audit is commensurate with its size & nature of its Business
- viii) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government, for maintenance of Cost records under section 209(1) clause (d) of the Companies Act 1956 and we are of the opinion that prima facie, the prescribed accounts & records have been maintained. We have however, not made a detailed examination of the records.
- ix) a) According to the records of the company, undisputed statutory dues including provident fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess & Other Statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information & explanation given to us, no un-disputed amounts were outstanding as at 31st March 2014 for a period of more than six months from the date of becoming payable.
- b) The Company has no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the financial year under review and in the immediately preceding financial year.
- xi) According to information & explanations given to us, the company has not defaulted in repayment of dues to Banks.
- xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debenture and other securities.
- xiii) According to the information & explanations given to us, the company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003, are not applicable to the company.
- xiv) According to the information & explanations given to us, the company is not dealing or trading in shares, Securities, debentures & other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003, are not applicable to the company.
- xv) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the Information & explanations given to us the company has not raised any new term loans during the year under review .
- xvii) On the basis of information and explanations given to us and on the basis of over all examination of the Balance Sheet and the Cash flow Statement of the Company, we report that no funds raised on short term basis have been used during the year for long term investments.
- xviii) The Company has not made any Preferential allotment of shares during the year under review.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issue during the year.
- xxi) According to the information & explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

Place: AHMEDABAD

Date: 27th May, 2014

C.A. Dr. HITEN PARIKH

PARTNER

M. No. 40230

FRM No.: 107525W

BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	50,702,400	50,702,400
(b) Reserves and surplus	2	441,702,516	406,843,148
		<u>492,404,916</u>	<u>457,545,548</u>
2 Non-current liabilities			
(a) Long-term borrowings	3	-	53,067,815
(b) Deferred tax liabilities (net)	4	26,706,425	23,467,458
(c) Other long-term liabilities	5	2,210,512	4,040,026
(d) Long-term provisions	6	1,807,502	1,586,143
		<u>30,724,439</u>	<u>82,161,442</u>
3 Current liabilities			
(a) Short-term borrowings	7	146,357,840	86,732,880
(b) Trade payables	8	140,091,285	100,994,128
(c) Other current liabilities	9	21,404,207	20,381,505
(d) Short-term provisions	10	14,726,321	15,680,716
		<u>322,579,653</u>	<u>223,789,229</u>
TOTAL		<u>845,709,008</u>	<u>763,496,219</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		218,468,567	193,091,476
(ii) Intangible assets		5,717,977	2,875,668
(iii) Capital work-in-progress		-	-
		<u>224,186,543</u>	<u>195,967,144</u>
(b) Non-current investments	12	20,300	280,000
(c) Long-term loans and advances	13	8,414,565	11,558,725
(d) Other non-current assets	14	54,591,921	36,455,416
		<u>63,026,786</u>	<u>48,294,141</u>
2 Current assets			
(a) Current investments			
(b) Inventories	15	235,528,066	202,102,391
(c) Trade receivables	16	129,980,080	189,182,678
(d) Cash and cash equivalents	17	165,738,666	122,581,475
(e) Short-term loans and advances	18	27,248,867	5,368,390
(f) Other current assets		-	-
		<u>558,495,679</u>	<u>519,234,934</u>
TOTAL		<u>845,709,008</u>	<u>763,496,219</u>
Significant Accounting Policies	A		
Notes on Financial Statements	1 to 41		

As per our report of even date
For, **PARIKH & MAJMUDAR**
CHARTERED ACCOUNTANTS

C.A. Dr. HITEN PARIKH
PARTNER

M NO. 040230
FRM No.: 107525W

Place : AHMEDABAD

Date : 27-05-2014

For and on behalf of the Board of Directors of
PATELS AIRTEMP (INDIA) LTD.

NARAYANBHAI G. PATEL
CHAIRMAN & MANAGING DIRECTOR

SANJIVKUMAR N. PATEL
DIRECTOR

KARANSINGH I. KARKI
COMPANY SECRETARY

Place : RAKANPUR

Date : 27-05-2014

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2014

Particulars	Note No.	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
CONTINUING OPERATIONS			
1 Revenue from Operations (Gross)	19	753,752,481	989,123,437
Less: Excise duty		46,229,998	83,328,552
Revenue from Operations (Net)		707,522,483	905,794,885
2 Other income 20		4,899,744	2,799,698
3 Total revenue (1+2)		712,422,227	908,594,583
4 Expenses			
(a) Cost of Materials Consumed	21	312,748,761	458,389,058
(b) Purchases of Stock-in-Trade	22	34,394,089	21,176,092
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	28,845,334	65,225,502
(d) Employee benefits Expenses	24	55,567,482	51,137,305
(e) Other Manufacturing Expenses	25	102,391,843	119,051,839
(f) Depreciation and Amortisation Expense	11	17,169,424	15,270,719
(g) Finance Cost	26	11,922,043	27,196,871
(h) Other Expenses	27	76,806,721	77,564,187
(i) Prior Period Adjustment		120,671	(176,079)
Total expenses		639,966,368	834,835,494
5 Profit before exceptional and extraordinary items and tax (3 - 4)		72,455,859	73,759,089
6 Exceptional items			-
7 Profit before extraordinary items and tax (5 ± 6)		72,455,859	73,759,089
8 Extraordinary items			
a) Profit / (Loss) on sale of Fixed Assets		(214,975)	16,182
9 Profit / (Loss) before tax (7 ± 8)		72,240,884	73,775,271
10 Tax expense:			
(a) Current tax expense for current year (incl Wealth Tax Provision)		22,001,000	23,080,000
(b) Current tax expense relating to prior years		359,758	37,578
(c) Wealth tax expense relating to prior years		(3,728)	-
(d) Net current tax expense		22,357,030	23,117,578
(e) Deferred tax		3,238,967	1,193,194
		25,595,997	24,310,772
11 Profit from continuing operations (9 ± 10)		46,644,887	49,464,499
12 Profit for the year (11)		46,644,887	49,464,499
13 Earnings per share (of ₹ 10/- each): Basic & Diluted		9.20	9.76

As per our report of even date
For, **PARIKH & MAJMUDAR**
CHARTERED ACCOUNTANTS

C.A. Dr. HITEN PARIKH
PARTNER
M NO. 040230
FRM No.: 107525W

Place : AHMEDABAD
Date : 27-05-2014

For and on behalf of the Board of Directors of
PATELS AIRTEMP (INDIA) LTD.

NARAYANBHAI G. PATEL
CHAIRMAN & MANAGING DIRECTOR

SANJIVKUMAR N. PATEL **KARANSINGH I. KARKI**
DIRECTOR COMPANY SECRETARY

Place : RAKANPUR
Date : 27-05-2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	2013-2014		2012-2013	
	₹	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extra Ordinary Items		72,576,530		73,583,010
Adjustments for:				
Depreciation	17,169,424		15,270,719	
Interest expenses	11,922,043		27,196,871	
Interest Income	(4,899,744)		(2,799,698)	
Diminution in Value of Investment	259700	24,451,423		39,667,892
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		97,027,953		113,250,902
Adjustment for:				
Trade and other receivables	22,329,776		48,650,701	
Inventories	(33,425,675)		89,853,559	
Trade Payable	37,557,309		(107,084,230)	
		26,461,410		31,420,030
CASH GENERATED FROM OPERATIONS		123,489,363		144,670,932
Direct Taxes paid /Payable	(22,357,030)		(23,117,578)	
		(22,357,030)		(23,117,578)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		101,132,333		121,553,354
Extraordinary items:				
Prior period adjustments	(120,671)	(120,671)	176,079	176,079
NET CASH FROM OPERATING ACTIVITIES		101,011,662		121,729,433
B CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Net of Modvat benefit)	-46,229,798		(13,588,074)	
Sale of Fixed Asset	626,000		170,000	
Interest Received	4,899,744		2,799,698	
		(40,704,054)		(10,618,376)
NET CASH USED IN INVESTING ACTIVITIES		(40,704,054)		(10,618,376)

	2013-2014		2012-2013	
	₹	₹	₹	₹
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds/(Repayment) from secured Borrowings	-		-	
Proceeds/(Repayment) from Unsecured Borrowings	3,432,572		6,967,659	
Proceeds from Bank borrowings for Working Capital Facilities	3,124,573		(24,815,847)	
Deferred payment credits against vehicles (Net of repayment)	-		832,342	
Corporate Dividend Paid & Dividend Tax	-11785519		(11,785,519)	
Interest Paid	(11,922,043)		(27,196,871)	
		(17,150,417)		(55,998,236)
NET CASH USED IN FINANCING ACTIVITIES		<u>(17,150,417)</u>		<u>(55,998,236)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH		43,157,191		55,112,820
CASH AND CASH EQUIVELANTS AS AT THE BEGINING OF THE YEAR		122,581,475		67,468,655
CASH AND CASH EQUIVELANTS AS AT THE CLOSING OF THE YEAR		165,738,666		122,581,475
Note: Cash and Cash Equivalents Includes:				
a) Cash on hand		736,587		1,130,106
b) Balance with Banks in Current account		82,294,762		68,638,076
c) Balance with Banks in Margin Money account		65,229,558		51,435,557
d) Balance in Dividend Account		1,569,163		1,377,736
e) In EEFC Account		15,908,596		-
		<u>165,738,666</u>		<u>122,581,475</u>

Note: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 on "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.

As per our report of even date
For, PARIKH & MAJMUDAR
 CHARTERED ACCOUNTANTS

C.A. Dr. HITEN PARIKH
 PARTNER
 M NO. 040230
 FRM No.: 107525W

Place : AHMEDABAD
Date : 27-05-2014

For and on behalf of the Board of Directors of
PATELS AIRTEMP (INDIA) LTD.

NARAYANBHAI G. PATEL
 CHAIRMAN & MANAGING DIRECTOR

SANJIVKUMAR N. PATEL
 DIRECTOR

KARANSINGH I. KARKI
 COMPANY SECRETARY

Place : RAKANPUR
Date : 27-05-2014

SIGNIFICANT ACCOUNTING POLICIES

A. SIGNIFICANT ACCOUNTING POLICIES

i) METHOD OF ACCOUNTING

The financial statements are prepared under the historical cost convention in accordance with generally accepted Accounting Principles in India & the Provisions of the Companies Act, 1956 and the applicable accounting standards notified under the Companies Accounting Standards Rule, 2006.

ii) Use of Estimates

The preparation of the financial statements in conformity with GAPP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

iii) RECOGNITION OF INCOME & EXPENDITURE

Revenues/Incomes and costs / expenditures are generally accounted on accrual, as they are earned or incurred. Sales are inclusive of excise duty but exclusive of Sales Tax / VAT collected. With regard to sale of product, Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Export Incentives are accounted on Accrual Basis.

iv) EXCISE DUTY

Excise duty is accounted on the bases of both, payment made in respect of goods cleared and also provision made for goods lying in bonded warehouses. Excise duties in respect of Finished Goods lying in stock are shown separately as an item of Other Expenses.

v) FIXED ASSETS

- (a) Fixed assets are stated at cost (net off of Cenvat & VAT), less accumulated depreciation (other than land and goodwill, where no depreciation is charged).
- (b) Capital Work in Progress is stated at cost.
- (c) Intangible assets are recorded at the consideration paid for acquisition.

vi) INVESTMENTS

Current investment if any are carried at the lower of cost or quoted/fair value. Long Term Investments are stated at cost of acquisition. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary.

vii) VALUATION OF INVENTORIES

- a) Raw materials are valued at lower of cost or net realizable value .
- b) Work in progress is valued at cost of materials and labour charges together with relevant factory overheads.
- c) Finished Goods are valued at lower of cost or net realizable value . .
- d) Goods in transit are valued at cost.

viii) METHOD OF DEPRECIATION

- (a) Depreciation on fixed assets (other than land & goodwill,

- (b) where no depreciation is provided) has been provided on straight line method in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956, at the rates specified in Schedule XIV to the Companies Act, 1956.
- (c) Depreciation in respect of fixed assets put to use during the year/period is charged on pro-rata basis with reference to the installation of the assets.
- (d) Intangible assets are Amortized using straight line method over estimated useful life of 5 years.
- (e) No depreciation has been provided on the assets where the accumulated depreciation has exceeded 95% of its original cost.
- (f) No depreciation has been provided in respect of Capital Work In Progress.
- (g) No depreciation has been provided on self generated intangible assets.

ix) FOREIGN CURRENCY TRANSACTIONS

Transactions in the foreign currency which are covered by forward contracts are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the Statement of profit & loss over the life of the contract. Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

x) IMPAIRMENT OF ASSETS

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset other than goodwill is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss recognized. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment losses been recognized for the asset in prior years.

xi) TAXATION

- Income-tax expense comprise of current tax, wealth tax and deferred tax charge or credit.
- Provision for current tax is made on the basis of the assessable income at the tax rate applicable for the relevant assessment year.
- The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each balance sheet date, the carrying amounts of deferred tax assets are reviewed to reassure realization.

xii) RETIREMENT BENEFITS**a) Short Term**

Short term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

b) Long Term

The company has both defined contribution and defined benefit plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

c) Defined Contribution Plans

These are the plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contribution to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period under which an employee perform the services that the payment covers.

d) Defined Benefit Plans

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increase, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining terms i.e. almost equivalent to the average balance working period of employees.

e) Leave Encashment

The company is providing for Leave Encashment on the basis of unavailed leave by the employees.

xiii) CONTINGENT LIABILITES/CONTINGENT ASSETS

a) Contingent liabilities are disclosed by way of note in the Balance Sheet.

b) Contingent Assets are neither recognized nor disclosed in the Financial Statements.

xiv) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows.. The Cash flows from operating, investing and financing activities of the Group are segregated.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

xv) Earning per Share :

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares in issue during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

xvi) PROPOSED DIVIDEND & CORPORATE DIVIDEND TAX

Dividend proposed by the Board of Directors along with corporate dividend tax if any, is provided in the books of accounts. Approval in the General Meeting is pending for the same.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 Share capital

PARTICULARS	As at 31 March, 2014		As at 31 March, 2013	
	Number of Shares	₹	Number of Shares	₹
(a) Authorised 7000000 (P. Y. 7000000) Equity shares of Rs. 10/- each	7,000,000	70,000,000	7,000,000	70,000,000
(b) Issued 5070240 (P. Y. 5070240) Equity shares of Rs. 10/- each	5,070,240	50,702,400	5,070,240	50,702,400
(c) Subscribed and fully paid up (P. Y. 5070240) Equity shares of Rs. 10/- each	5,070,240	50,702,400	5,070,240	50,702,400
Total	5,070,240	50,702,400	5,070,240	50,702,400

Note 1 Share capital (contd.)

Notes :

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

PARTICULARS	As at 31 March, 2014		As at 31 March, 2013	
	No. of Shares	Amt ₹	No. of Shares	Amt ₹
Equity shares with Equal voting rights				
Op Balance	5,070,240	50,702,400	5,070,240	50,702,400
Fresh Issue	-	-	-	-
Bonus Share	-	-	-	-
Cl Balance	5,070,240	50,702,400	5,070,240	50,702,400

Note : The Company has only one class of Shares having Par Value of Rs 10 per Share .Each Share holder is eligible for one vote per share

Note 1 Share capital (contd.)

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held shares	% holding in that class of	Number of shares held shares	% holding in that class of
Equity shares with voting rights				
Therm Flow Engineers Pvt. Ltd.	1,068,625	21.08	815,154	16.08
Devidas C. Narumalani	290,145	5.72	290,145	5.72
Prakashbhai N. Patel	280,000	5.52	280,000	5.52
Narendrabhai G. Patel	268,500	5.30	268,500	5.30

PARTICULARS	As at	As at
	31-3-2014	31-3-2013
	₹	₹
Note 2 Reserves and surplus		
(a) General reserve		
Opening balance	54,500,000	45,500,000
Add: Transferred from surplus in Statement of Profit and Loss	9,000,000	9,000,000
Less: Utilised / transferred during the year		
Closing balance	63,500,000	54,500,000
(b) Other reserves-CAPITAL INVESTMENT SUBSIDY		
Opening balance	1,500,000	1,500,000
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	-	-
Closing balance	1,500,000	1,500,000
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	350,843,148	322,164,168
Add: Profit / (Loss) for the year	46,644,887	49,464,499
Less: Final dividend		
Dividends proposed to be distributed to equity shareholders [(Rs. 2/- per share)(P.Y 31st March 2013, Rs. 2/- per Share)]	10,140,480	10,140,480
Tax on dividend	1,645,039	1,645,039
Transferred to:		
General reserve	9,000,000	9,000,000
Closing balance	376,702,516	350,843,148
Total	441,702,516	406,843,148
Note 3 Long-term borrowings		
(a) Loans and advances from related parties		
Inter Corporate Deposits: Unsecured	-	53,067,815
[Includes dues to Company in which directors are interested]		
Total	-	53,067,815
Note No. 4 - Notes forming part of the financial statements		
Deferred tax (liability) / asset (Refer note 34)		
Deferred tax liability		
On Depreciation Difference	27,733,140	24,388,202
Deferred tax asset		
Disallowances under Section 43B of the Income Tax Act, 1961	1,026,715	920,744
Net deferred tax (liability) / asset	26,706,425	23,467,458
Note 5 Other long-term liabilities		
(a) Trade Payables:		
(i) Creditors	1,057,518	2,887,032
(b) Others:		
(i) Others : Long term payables	1,152,994	1,152,994
Total	2,210,512	4,040,026

PARTICULARS	As at 31-3-2014 ₹	As at 31-3-2013 ₹
Note 6 Long-term provisions		
(a) Provision for employee benefits:		
(i) Provision for Leave encashment	1,807,502	1,586,143
Total	1,807,502	1,586,143
Note 7 Short-term borrowings		
(a) Loans repayable on demand		
From Bank of Baroda (Refer Note 1 below)		
Secured	89,857,453	86,732,880
Unsecured		
(b) Inter Corporate Deposit	56,500,387	-
(Includes dues to company in which directors are interested)		
Total	146,357,840	86,732,880
Notes : Working Capital facilities from Bank of Baroda is secured by way of hypothecation of raw-materials, stores and spares, work-in-progress of finished goods and book debts of the company both present and future and first charge on company's plant & machinery, other movable assets of the company as well as secured by mortgage of companies factory land and building situated at Plot no. 805, 806, 807, and 810 at Rakanpur, Tal. Kalol, Dist. Gandhinagar and also equitable mortgage on plot no 811 of the company situated at village Rakanpur Taluka Kalol Dist Gandhinagar as collateral security and is also personally guaranteed by the Promoters of the company.		
Note 8 Trade payables		
Trade payables:		
For Goods	124,141,610	78,400,449
For Expenses	15,949,675	22,593,679
{Refer Note No. 36}		
Total	140,091,285	100,994,128
Note 9 Other current liabilities		
(a) Current maturities of long-term debt	-	3,717,380
(b) Unpaid dividends	1,569,163	1,377,736
(c) Statutory Liabilities	519,595	2,557,968
(d) Payables on purchase of fixed assets	784,937	348,204
(e) Advance from customers	18,530,512	12,380,217
Total	21,404,207	20,381,505
Note 10 Short-term provisions		
(a) Provision for employee benefits:		
(i) For bonus	1,356,977	1,251,718
(b) Provision - Others:		
(i) Provision for tax (net of Advance Tax and TDS)	1,482,825	2,563,479
(ii) Provision for proposed equity dividend	10,140,480	10,140,480
(iii) Provision for tax on proposed dividend	1,645,039	1,645,039
(iv) Provision - others (Wealth tax)	101,000	80,000
Total	14,726,321	15,680,716

Note 11 Fixed assets

(in ₹)

A. Tangible assets	Gross block				
	Balance as at 1 April, 2013	Additions	Disposals	Balance as at 31 March, 2014	Balance as at 31 March, 2013
(a) Land					
- Freehold	2,642,034	-	-	2,642,034	-
(b) Buildings	60,450,727	983,665	-	61,434,392	18,415,446
(c) Plant and Equipment	198,612,805	36,167,814	-	234,780,619	74,523,682
(d) Furniture and Fixtures	15,308,457	1,042,142	-	16,350,599	7,517,028
(e) Vehicles	23,002,524	3,321,221	2,665,303	23,658,442	6,468,915
Total	300,016,547	41,514,842	2,665,303	338,866,086	106,925,071
Previous year	287,226,980	13,588,074	798,507	300,016,547	93,284,900

A. Tangible assets	Accumulated depreciation and impairment				Net Block
	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
(a) Land					
- Freehold	-	-	-	2,642,034	2,642,034
(b) Buildings	1,802,552	-	20,217,998	41,216,394	42,035,281
(c) Plant and Equipment	10,224,824	-	84,748,506	150,032,113	124,089,123
(d) Furniture and Fixtures	1,092,984	-	8,610,012	7,740,587	7,791,429
(e) Vehicles	2,176,417	1,824,328	6,821,004	16,837,438	16,533,609
Total	15,296,776	1,824,328	120,397,519	218,468,567	193,091,476
Previous year	14,284,860	644,689	106,925,071	193,091,476	193,942,080

Note 11 Fixed assets (contd.)

B. Intangible assets	Gross block				
	Balance as at 1 April, 2013	Additions	Disposals	Balance as at 31 March, 2014	Balance as at 31 March, 2013
(a) Goodwill	37040	-	-	37,040	-
(b) Technical Knowhow(*)	-	4,364,500	-	4,364,500	-
(c) Computer software	4929295	350,456	-	5,279,751	2,090,667
Total	4,966,335	4,714,956.00	-	9,681,291	2,090,667
Previous year	4,966,335	-	-	4,966,335	1,104,808

B. Intangible assets	Accumulated depreciation and impairment				Net Block
	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
(a) Goodwill	-	-	-	37,040	37,040
(b) Technical Knowhow(*)	872,900	-	872,900	3,491,600	-
(c) Computer software	999,747	-	3,090,414	2,189,337	2,838,628
Total	1,872,647	-	3,963,314	5,717,977	2,875,668
Previous year	985,859	-	2,090,667	2,875,668	3,861,527

Note 12 Non-current investments

	Quoted	Unquoted	Total	Quoted	Unquoted	Total
B. Other investments						
Investment in equity instruments						
(i) 14,000 Equity Shares of M/s. Gujarat State Financial Corporation of Rs.10/- each purchased @ 20/- per share	280,000	-	280,000	280,000	-	280,000
	280,000	-	280,000	280,000	-	280,000
Total - Other investments (B)	280,000	-	280,000	280,000	-	280,000
Total	280,000	-	280,000	280,000	-	280,000
Less :			280,000	280,000	-	280,000
Provision for diminution in value of investment			259,700			
Aggregate amount of quoted investments			20,300			280,000
Market Value			20,300			Not Available

PARTICULARS	As at 31-3-2014 ₹	As at 31-3-2013 ₹
Note 13 Long-term loans and advances		
(a) Deposits	2,210,418	2,538,665
(b) Advance income tax	4,215,695	4,215,695
(c) Balance with Govt authorities	439,865	439,865
(d) Advance for Capital Expenditure	1,548,587	-
(e) Advance for Technical Know-how	-	4,364,500
Total	8,414,565	11,558,725
Note 14 Other non-current assets		
(Secured, considered good)		
(a) Long-term trade receivables	47,718,498	32,009,845
(b) Accruals		
(i) Interest accrued on deposits	6,873,423	4,445,571
Total	54,591,921	36,455,416
Note 15 Inventories		
(As taken, valued and certified by a director)		
Raw Materials (Including goods in transit Rs. 25388099 (P.Y. Rs. 329394))		
	122,657,719	60,386,710
Work In Progress	106,571,806	140,267,015
Finished Goods	2,064,882	504,423
Stock in trade (acquired for trading)	4,233,659	944,243
Total	235,528,066	202,102,391
Note 16 Trade receivables		
(Unsecured Considered Good)		
(Secured, considered good)		
(i) Trade receivables outstanding for a period exceeding six months	14,972,688	39,356,703
(ii) Other Trade receivables	115,007,392	149,825,975
Total	129,980,080	189,182,678
Note 17 Cash and cash equivalents		
(a) Cash on hand	736,587	1,130,106
(b) Balances with banks		
(i) In current accounts	82,294,762	68,638,076
(ii) In deposit accounts / Margin Money A/c (Includes Rs. 25229557 [P.Y Rs. 10146825] maturing after 12 Months from Reporting date)	65,229,558	51,435,557
(iii) In earmarked accounts - Unpaid dividend accounts	1,569,163	1,377,736
(iv) In EEFC Account	15,908,596	-
Total	165,738,666	122,581,475
Note 18 Short-term loans and advances		
(a) Prepaid expenses	2,038,180	1,514,421
(b) Balances with government authorities	18,707,907	2,649,427
(c) Advance to Suppliers	6,502,780	1,204,542
Total	27,248,867	5,368,390

PARTICULARS	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Note 19 Revenue from operations		
(a) Sale of products (Refer Note (i) below)		
- Domestic	479,879,719	840,242,278
- Export	250,291,865	122,513,796
	730,171,584	962,756,074
(b) Sale of services (Refer Note (ii) below)	5,497,719	5,017,414
(c) Other operating revenues (Refer Note (iii) below)	18,083,178	21,349,949
	753,752,481	989,123,437
<u>Less:</u>		
(d) Excise duty	46,229,998	83,328,552
Total	707,522,483	905,794,885
(i) Sale of products comprises (Net)		
<u>Manufactured goods</u>		
1. Heat Exchanger & Accessories	276,133,732	555,024,489
2. Steam Coil / Heaters	20,596,221	25,136,305
3. Air Conditioning & Refrigeration	34,465,713	57,814,923
4. Air Cooled Heat Exchanger & Accessories	264,255,374	54,487,872
5. Pressure Vessels & Accessories	40,658,120	138,380,063
6. Finned Tubes / Fine Tube Bundles / Elements	4,597,025	8,404,894
7. Industrial Fan & Accessories	-	1,082,844
8. Other Plants Equipments & Accessories	8,123,003	3,965,040
9. Humidification Ventilation and Air Cooling Plant Equipment	-	12,802,011
<u>Trading Goods</u>		
1. Window & Split AC with Accessories	35,112,398	22,329,081
Total - Sale of manufactured goods	683,941,586	879,427,522
(ii) Sale of services comprises:		
Processing Charges (TDS Rs 105148 P.Y RS 274356)	5,497,719	5,017,414
Total - Sale of services	5,497,719	5,017,414
(iii) Other operating revenues comprise:		
Insurance Charges Receipt	94,273	-
Transportation Charges	7,435,113	16,601,775
Inspection Charges Receipt	311,529	605,372
Octroi Charges Receipt	106,485	-
Packing Charges Receipt	316,811	605,837
Professional Charges	40,450	-
Sales Commission	274,094	-
Service Tax Set Off	2,520,764	3,350,705
Foreign Exchange Fluctuation	927,963	-
Duty Draw Back	6,055,696	186,260
Total - Other operating revenues	18,083,178	21,349,949
Total Revenue From Operations	707,522,483	905,794,885
Note 20 Other income		
(a) Interest income (TDS of Rs. 465005 (P. Y. 272522/-)	4,899,744	2,799,698
Total	4,899,744	2,799,698

Note Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
(i) Interest income comprises:		
Interest from banks on:		
deposits	4,765,356	2,733,247
Interest on Deposit with GEB	134,388	66,451
Total - Interest income	4,899,744	2,799,698
Note 21 Cost of materials consumed		
Opening stock	60,386,710	85,014,767
Add: Purchases	375,019,770	433,761,001
	435,406,480	518,775,768
Less: Closing stock	122,657,719	60,386,710
Cost of material consumed	312,748,761	458,389,058
Material consumed comprises:		
Iron & Steel Flanges	172,408,569	185,341,626
Non Ferrous (Copper / Brass Tubes)	33,361,084	41,824,899
Non Ferrous (Copper / Allu / Brass Plates)	41,371,384	43,732,780
Pipes & Tubes	67,742,977	166,242,450
Air Washer Equipments	-	8,721,500
Other Material	47,517,253	75,987,412
Less	362,401,267	521,850,667
Cenvat & VAT Setoff	49,652,506	63,461,609
Total	312,748,761	458,389,058
Note 22 Purchase of traded goods		
Traded goods	34,394,089	21,176,092
Total	34,394,089	21,176,092
Trading Goods comprises:		
Window & Split AC with Accessoires	34,394,089	21,176,092
Total	34,394,089	21,176,092
Note 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
<u>Inventories at the end of the year:</u>		
Finished goods	2,064,882	504,423
Work-in-progress	106,571,806	140,267,015
Stock-in-trade	4,233,659	944,243
	112,870,347	141,715,681
<u>Inventories at the beginning of the year:</u>		
Finished goods	504,423	504,423
Work-in-progress	140,267,015	205,526,506
Stock-in-trade	944,243	910,254
	141,715,681	206,941,183
Net (increase) / decrease	-28,845,334	-65,225,502
23.a Details of Finished Goods		
Oil Cooler	-	504,423
Air Cooled Heat Exchanger	816,220	-
Steam Coil Air Preheater	1,167,922	-
Others	80,740	-
	2,064,882	504,423

PARTICULARS	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Note 24 Employee benefits expense		
Salaries and wages	48,723,634	45,301,136
Contributions to provident and other funds	4,454,146	3,869,063
Staff welfare expenses	2,389,702	1,967,106
Total	55,567,482	51,137,305
Note 25 Other Manufacturing Expense		
Labour Charges	47,061,403	56,836,703
Factory Expenses	8,864,699	10,147,414
Consumption of stores and welding Accessories	15,814,044	18,602,645
Consumption of loose tools	20,110,618	20,725,686
Consumption of packing materials	3,557,110	4,664,459
Power and fuel	6,983,969	8,074,932
Total	102,391,843	119,051,839
Note 26 Finance costs		
(a) Interest expense on:		
(i) Borrowings	7,365,214	18,767,235
(ii) Trade payables	-	2,545,744
(iii) Others		
- Interest on delayed / deferred payment of income tax	1,370	794
- Others	149,119	3,161
(b) Other financial charges	4,406,340	5,029,485
(c) Foreign Exchange Fluctuation	-	850,452
Total	11,922,043	27,196,871
Note 27 Other expenses		
Late Delivery Charges	17,630,488	19,379,648
Sitting Fees	25,500	21,000
Repairs and maintenance - Buildings	1,873,473	522,636
Repairs and maintenance - Machinery	9,626,228	12,483,608
Repairs and maintenance - Others	2,240,262	1,400,546
Insurance	215,539	116,753
Rates and taxes	353,326	89,762
Communication and Telephone Expenses	2,071,440	2,435,586
Travelling and conveyance	7,270,859	7,471,445
Printing and stationery	1,411,120	1,914,158
Freight and forwarding	17,859,115	19,527,351
Sales Tax Expenses	109,347	398,271
Service Tax Expenses	-	107,733
Sales commission	797,935	16,850
Business promotion expenses	503,041	794,155
Donations and contributions	1,000,000	107,501
Legal and professional	1,790,959	5,135,762
Payments to auditors	105,433	89,888
Balances Written off (net)	1,597,506	181,820
Provision for diminution in value of Investment	259,700	-
Miscellaneous expenses	10,065,450	5,369,714
Total	76,806,721	77,564,187
(i) Payments to the auditors comprises		
As auditors - Statutory audit	79,388	79,388
- Tax Audit	10,500	10,500
- Taxation Matters	-	-
- Management Services	-	-
- Company Law Matters	-	-
- Certification fees & Other Services	15,545	-
- Reimbursement of Expenses	-	-
Total	105,433	89,888

28. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES NOT PROVIDED FOR :

a) Contingent Liabilities

(₹ in lacs)

	As at 31/03/2014	As at 31/03/2013
Outstanding Bank Guarantees	1671.48	2245.25
Outstanding Foreign Bank Guarantees	US\$70143.69	US\$ 36,2721.91
Outstanding Inland Letter of Credit	75.98	47.70

b) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account [net of advances] and not provided for Rs 12.37 Lacs (P.Y Rs.NIL)

29. RELATED PARTY INFORMATION

The company has transactions with following related parties

a) Associates	Thermflow Engineers Pvt. Ltd. Shiv Fintrade Pvt. Ltd.
b) Key Management Personal	1. Narayanbhai G.Patel 2. Narendrabhai G. Patel 3. Devidas C. Narumalani 4. Prakashbhai N. Patel 5. Sanjivkumar N. Patel
c) Relative of Key Managerial Person	1. Sitaben N. Patel

Name of Party	Nature of relationship	Nature of Transaction	Transactions during the year (in ₹)	Balance at the end of the year
Narayanbhai G. Patel	Chairman & M.D	Remuneration & Contribution to funds	2,523,860 (2,529,701)	Nil
Narendrabhai G. Patel	Director	— do —	2,447,150 (2,448,788)	Nil
Devidas C. Narumalani	Director	— do —	2,477,480 (2,487,650)	Nil
Prakashbhai N. Patel	Director	— do —	2,593,137 (2,674,554)	Nil
Sanjivkumar N. Patel	Director	— do —	2,419,200 (2,419,200)	Nil
Sitaben N. Patel	Wife of Director	Sale of Airconditioner	103,512 (—)	Nil
Thermflow Engineers Pvt. Ltd.	Associate Concern	Interest	5,078,057 (5,697,400)	
		Loan taken	8,000,000 (11,900,000)	NIL (53,067,815)
		Loan Repaid	60,762,204 (10,060,000)	
Shiv Fintrade Pvt. Ltd.	Associate Concern	Interest	222,652 (—)	
		Loan taken	56,300,000 (—)	56,500,387 (—)
		Loan Repaid	Nil (—)	

30. As per the information given to us, the Company has provided Rs. 259700 as diminution in value of Investment treating the same in Permanent nature.

31. SEGMENT INFORMATION

Primary Segment - Business Segment

The Company's operation predominantly comprise of only one segment. In view of the same, separate segmental information is not required to be disclosed as per the requirement of Accounting Standard 17.

Secondary Segment - Geographical Segment

The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

Sales within India include sales to customers located within India.

Sales outside India include sales to customers located outside India.

Information pertaining to Secondary Segment

Gross revenue from operations as per Geographical Locations

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
Within India	479,879,719	840,242,278
Canada	224,345,137	113,602,803
Nigeria	8,370,638	3,458,215
Indonesia	11,340,306	999,067
Thailand	-	1,930,658
Italy	-	2,523,053
Zambia	6,235,784	-
Total	730,171,584	962,756,074

32. EARNING PER SHARE

Particulars	31-03-2014	31-03-2013
- Net Profit for the year	46,644,887	49,464,499
- Number of Equity Shares	5,070,240	5,070,240
Basic & Diluted Earning per Share (Price per share Rs. 10)	9.20	9.76

33. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business. The provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.
34. Balances of Unsecured Loan, Trade Receivable and Payables & loans and advances are subject to confirmation from respective parties.

35. EMPLOYEE BENEFIT OBLIGATION

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below :

Defined Contribution Plan :

Contribution to Defined Contribution Plan, recognized as expense for the year is as under :

(₹)

	2013-14	2012-13
Employer's Contribution to Provident Fund	2,585,529	2,362,958

The company has taken defined benefit plan i.e. Employee Group Gratuity Scheme from the Life Insurance Corporation (LIC) of India which provides Gratuity linked to the final salaries and is funded in a manner such that the contribution are set at a level that is expected to be sufficient to pay the benefits falling due in the same period. It is not practicable to determine the present value of the Company's obligation or the related current service cost as the LIC compute its obligation on its own basis that differ materially from the basis used in the Company's financial statements i.e. the company recognized / charged only the amount paid to the LIC as a contribution towards Gratuity Scheme. The expense recognized in the statement of Profit & Loss, which is equal to the contribution due / paid for the year.

36. MICRO, SMALL & MEDIUM ENTERPRISE

As per the Micro, Small & Medium Development Act, 2006 and to the extent of the information available, amounts unpaid as at the year end together with the interest paid / payable, is as follows:

Particulars	2013-14	2012-13
The Principal Amount	25,121,981	15,758,122
Interest Paid under MSMED Act, 2006	NIL	NIL
Interest due (Other than 23.3 (b))	NIL	NIL
Interest accrued and unpaid	NIL	NIL
Interest due and payable till actual payment	NIL	NIL

37. Value of Imported And Indigenous - Materials, Stores And Spare Parts Consumed And Percentage Thereof.

[1] MANUFACTURING ACTIVITY

(₹ in Lacs)

Raw Materials	2013-14		2012-13	
	Value (₹)	(%)	Value (₹)	(%)
a) Imported	9,488,213	3.03	4,567,483	1.00
b) Indigenous	303,260,548	96.97	453,821,575	99.00
TOTAL :-	312,748,761	100.00	458,389,058	100.00

[2] STORES & TOOL CONSUMED

(₹ in Lacs)

Particulars	2013-14		2012-13	
	Value (₹)	(%)	Value (₹)	(%)
a) Imported	245,541	0.68	589,603	1.50
b) Indigenous	35,679,121	99.32	38,738,728	98.50
TOTAL :-	35,924,662	100.00	39,328,331	100.00

[3] TRADING GOODS

(₹ in Lacs)

Particulars	2013-14		2012-13	
	Value (₹)	(%)	Value (₹)	(%)
a) Imported	–	–	–	–
b) Indigenous	34,394,089	100.00	21,176,092	100.00
TOTAL :-	34,394,089	100.00	21,176,092	100.00

38. C.I.F. VALUE OF IMPORTS

	Year ended 31.03.2014 (₹)	Year ended 31.03.2013 (₹)
i) Capital Goods	22,484,334	NIL
ii) Raw Materials	40,343,788	7,474,988
iii) Consumable Tools	245,541	589,603

39. EXPENDITURE IN FOREIGN CURRENCY

i) Subscription and Registration Fees	1,949,721	1,894,550
ii) Repairs to Plant & M/c.	2,452,387	4,758,935
iii) Foreign Travelling Expenditure	994,628	1,811,560
iv) Software	NIL	NIL
v) Books & Periodicals	NIL	NIL
vi) Trainee Fees	NIL	NIL
vii) Inspection Fee	NIL	28,551

40. EARNING IN FOREIGN EXCHANGE

Earning in foreign Exchange (FOB Value of Exports)	250,291,865	122,513,796
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41. Previous year's figures have been re-grouped/rearranged wherever necessary to make them comparable with current years figures.

Significant Accounting Policies : A

-: Notes on Financial Statement- 1 to 41 :-

PLACE : AHMEDABAD
DATE : 27-05-2014

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS
FRN No. 107525W

C.A. Dr. HITEN PARIKH
PARTNER
M. No. 40230

PLACE : RAKANPUR
DATE : 27-05-2014

FOR PATELS AIRTEMP (INDIA) LTD.

NARAYANBHAI G. PATEL
CHAIRMAN & MANAGING DIRECTOR

SANJIVKUMAR N. PATEL
DIRECTOR

KARANSINGH I. KARKI
COMPANY SECRETARY

GREEN INITIATIVE

Dear Shareholder,

Green Initiative in Corporate Governance : Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No.17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

In the spirit of the above circulars issued by MCA, Shareholders who have not registered their email address are requested to register their email addresses with their concerned Depository Participant (DP with whom you maintain your Demat Account) to receive communication through electronic mode. Shareholders can also register their email address with M/S. Bigshare Services Private Limited, R & T or by email us at share@patelsairtemp.com quoting your Folio No. /Client ID -DP ID/No of Shares held.

Alternatively, Shareholders may also write to our R & T at the following Address:

**M/S. Bigshare Services Private Limited
(Unit: Patels Airtemp India Ltd.)**

E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400 072

Tel: 022-28470652 Fax No: 022-2875207

Email: investor@bigshareonline.com

Website: www.bigshareonline.com

Please note that these documents will also be available on the Company's website: www.patelsairtemp.com. Any physical copies of the same will also be available at the Registered Office in Ahmedabad for inspection during office hours. Please also note that as a shareholder, you are entitled to receive all these documents free of cost upon receipt of a requisition from you in physical form.

We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and cooperate with the Company to make it a success.

Thanking You,

Yours Faithfully,

For, Patels Airtemp (India) Ltd.

**Narayanbhai G. Patel
Chairman and Managing Director**

NECS MADATE FORM

PLEASE FILL UP THIS FORM AND ARRANGE TO SEND IT TO :

The following address if shares are held in physical Form OR To your DP if shares are held in demat Form

To,
M/S. Bigshare Services Pvt. Ltd.
 Unit: **Patels Airtemp (India) Ltd.**
 E-2/3, Ansa Industrial Estate,
 Sakivihar Road, Saki Naka,
 Andheri (E),
 Mumbai-400 072

Dear Sir,

Sub: Payment of Dividend through NECS

I/we hereby give my/our mandate to credit my/our Dividend on the shares held by me/us under the Folio mentioned directly to my/our Bank Account through the Electronic Clearing System (ECS)/ to prepare my/our dividend warrant with details of my/our Bank Account No. and Name of the Bank & Branch.

The Details of the Bank Account are given below.

Name of First/Sole Shareholder (IN BLOCK LETTERS)											
Folio No./DP ID & Client ID No.											
Name of Bank in Full											
Branch Name											
Address & Telephone No. of the Bank											
9 MICR Code No. of the Bank & Branch as appearing on the Cheque issued by the Bank											
Type of Account with Code	Saving Bank-10			Current-11				Cash Credit.-13			
A/c No. as Appearing on Cheque Book											
PAN/GIR No.											
Address of the Shareholder											
*11-Digit IFSC Code											
Signature of the First Registered Shareholder (As per the specimen signature with the Company / DP)							Date : Place :				

*The Company, its Registrars and Bankers will make best endeavors to remit dividend through NECS. However, for non CBS branches of the banks, the IFSC Code will be utilized to remit the dividend either by National Electronic Funds Transfer (NEFT) or Real Time Gross Settlement (RTGS). The branch where you operate your bank account will assist you to provide the IFSC, a 11-digit code to enable the remittance through NEFT or RTGS.

**I/We enclose a blank cancelled cheque.



Patels Airtemp (India) Ltd.

Regd. Office : 5th Floor, Kalpana Complex, Nr. Memnagar Fire Station,
Navrangpura, Ahmedabad – 380 009.

Client ID : _____ Folio No. : _____
DP ID : _____ Nos. of Shares held : _____

ATTENDANCE SLIP

I hereby record my presence at the Twenty Second Annual General Meeting of the Company held at the Regd. Office : 5th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad-380 009 at 10.00 a.m. on **Saturday, the 30th August, 2014.**

FULL NAME OF MEMBER / PROXY (IN BLOCK LETTERS)	_____
MEMBER'S / PROXY SIGNATURE	_____

- NOTES: 1. You are requested to sign and hand over this attendance slip at the entrance.
2. If you intend to appoint a proxy to attend the meeting instead of yourself the proxy form must be deposited at the Registered Office of the Company at 5th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad - 380 009 not less than 48 hours before the time fixed for holding the meeting

Patels Airtemp (India) Ltd.

Regd. Office : 5th Floor, Kalpana Complex, Nr. Memnagar Fire Station,
Navrangpura, Ahmedabad – 380 009.

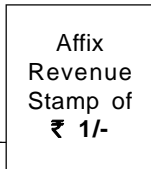
Client ID : _____ Folio No. : _____
DP ID : _____ Nos. of Shares held : _____

PROXY FORM

I/We _____ of _____
in the district of _____ being a member/members of the above
named Company hereby appoint _____
of _____ in the district of _____
or failing him / her _____ of _____
in the district of _____ as my /our Proxy to attend and
vote for me / us and on my / our behalf at the Twenty Second Annual General Meeting of the Company to
be held on **Saturday, the 30th August, 2014** at 10.00 A.M. at the Registered Office of the Company and
at any adjournment thereof.

Signed this _____ day of _____ 2014

Signature _____



NOTES:

1. The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.

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INFUSING EXPERTISE • ENSURING PERFECTION • FULFILLING COMMITMENTS



Compressor Inter Coolers



Deaerators



HP / LP Feed Water Heaters



Steam Coil Air Preheaters



Surface Condensers



Finned Tube Heat Exchangers



Shell & Finned Tube Heat Exchangers



Sulphur Condensers



CNG Air Exchangers



Shell & Tube Heat Exchangers



Prelimers



Air Cooled Heat Exchangers



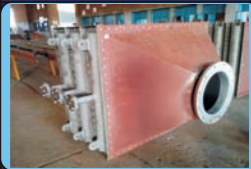
Pressure Vessels



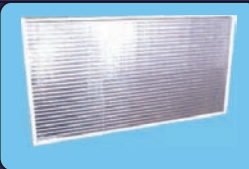
Air Handling Units



LP Steam Boilers



Spiral Air Heaters



Cooling Coils



Skid Mounted Water Console

Patels Airtemp (India) Ltd.



URL



Business Card

BOOK-POST
(Printed Matter)

To,



If undelivered please return to :

Patels Airtemp (India) Ltd.

Registered Office : 5th Floor, Kalpana Complex,

Nr. Memnagar Fire Station,

Navrangpura, Ahmedabad - 380 009.

Phone : 079-27913694, 5, 6 Fax : 079-27913693

Email : share@patelsairtemp.com

Website : www.patelsairtemp.com





FORM A

(Pursuant to Clause 31(a) of Listing Agreement)

1.	Name of the company	PATELS AIRTEMP (INDIA) LIMITED
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	N.A.
5.	To be signed by :	
	• CEO/Managing Director Narayanbhai G. Patel	
	• Finance Manager Kamleshbhai R. Shah	
	• Audit Committee Chairman Hareshkumar I. Shah	
	• Auditor of the company	FOR PARIKH & MAJMUDAR CHARTERED ACCOUNTANTS C.A. DR. HITEN PARIKH PARTNER M. No. 40230 FRM No.: 107525W Date: 27th May, 2014 Place: Ahmedabad

