

21st

ANNUAL REPORT 2012-2013



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



ISO 9001 : 2008 COMPANY



PATELS AIRTEMP (INDIA) LIMITED

PATELS AIRTEMP (INDIA) LIMITED
21ST ANNUAL REPORT 2012-2013

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 : 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 21st Annual General Meeting of the Members of **PATELS AIRTEMP (INDIA) LIMITED** will be held on Saturday, the 28th September, 2013 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, 2013 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 Narayanbhai G. Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri Devidas C. Narumalani, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a director in place of Shri Hareshkumar I. Shah, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. Parikh & Majmudar, Chartered Accountants, Ahmedabad having Registration No. 107525W as Statutory Auditors of the Company and to fix their Remuneration.

SPECIAL BUSINESS

7. **To consider and if, thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the

Company be and is hereby accorded to the re-appointment of Shri Prakashbhai N. Patel as Whole Time Director of the Company for a period of three years from 2nd June, 2013 to 1st June, 2016 at a remuneration of ₹ 1,80,000/- p.m. and such other terms and conditions including remuneration as set out in the explanatory statement hereto annexed."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorized to alter or vary or modify the terms and conditions of the said appointment including remuneration subject to the approval of the members in the General Meeting, so long as it does not exceed the limits specified above under part-II of Schedule XIII of the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Shri Prakashbhai N. Patel and also to do all such acts, deeds, matters and things as may be considered necessary, desirable, or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the company during the tenure of Shri Prakashbhai N. Patel as Whole Time Director of the company, the remuneration payable to him shall be in accordance with the limits prescribed as to the remuneration payable and which may be considered as minimum remuneration payable to the appointee."

"RESOLVED FURTHER THAT Shri Narayanbhai G. Patel, Managing Director of the Company be and is hereby authorised to file the necessary forms in this regard with the Registrar of Companies, Gujarat, and to do all such acts, things, deeds which may be necessary in this regard."

8. **To consider and if, thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable

provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri Narendrabhai G. Patel as Whole Time Director of the Company for a period of three years from 2nd August, 2013 to 1st August, 2016 at a remuneration of ₹ 1,80,000/- p.m. and such other terms and conditions including remuneration as set out in the explanatory statement hereto annexed."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorized to alter or vary or modify the terms and conditions of the said appointment including remuneration subject to the approval of the members in the General Meeting, so long as it does not exceed the limits specified above under part-II of Schedule XIII of the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Narendrabhai G. Patel and also to do all such acts, deeds, matters and things as may be considered necessary, desirable, or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the company during the tenure of Shri Narendrabhai G. Patel as Whole Time Director of the company, the remuneration payable to him shall be in accordance with the limits prescribed as to the remuneration payable and which may be considered as minimum remuneration payable to the appointee."

"RESOLVED FURTHER THAT Shri Narayanbhai G. Patel, Managing Director of the Company be and is hereby authorised to file the necessary forms in this regard with the Registrar of Companies, Gujarat, and to do all such acts, things, deeds which may be necessary in this regard."

By Order of the Board of Directors

Place : Rakanpur
Date : 29th May, 2013

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 **Friday, the 20th September, 2013 to Saturday, the 28th September, 2013** (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.
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 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 (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.
7. The Securities and Exchange of 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.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No.: 7

At the 18th Annual General Meeting of the Company held on 28th August, 2010 where Shri Prakashbhai N. Patel, has been re-appointed as Whole Time Director for a period of three years from 2nd June, 2010. The present term of office of Shri Prakashbhai N. Patel expires on 1st June, 2013.

Shri Prakashbhai N. Patel, aged 46 years having Bachelor Degree in Mechanical. He has vast experience in engineering field and associated with the group since last 9 years and he is a Director of the Company since 2004. He looks after marketing of the Project & A.C. Division of the Company as well as day to day administration of the Project & A.C. Division of the Company.

It is in the interest of the Company to continue to avail his services for the growth and conduction of affairs and business of the Company and take advantage of his wide and rich experience, by re-appointing him as a Whole Time Director of the Company for a further period of three years from 2nd June, 2013 to 1st June, 2016 and at remuneration of ₹ 1,80,000/- p.m. and on such terms and

conditions of the remuneration as determined and approved by the Remuneration Committee of the Board of Directors.

Considering the same, the consent of the board be and is hereby accorded subject to the approval of the members in the General Meeting to the re-appointment of Shri Prakashbhai N. Patel as Whole Time Director of the Company. The Board recommended the terms and conditions as given below:

I. PERIOD: From 2.06.2013 to 1.06.2016.

II. REMUNERATION :

- A. Salary: ₹ 1,80,000/- per month including Dearness and other allowances.
- B. Perquisites: Perquisites are allowed in addition to salary. It shall be restricted to an amount equal to the annual salary subject to ceiling prescribed in Part II of Schedule XIII to the Companies Act, 1956.
- (i) Housing - Rent free furnished residential accommodation or House Rent Allowance as may be decided by the Board or Committee.
- (ii) Reimbursement of expenses on gas, electricity, water and furnishings.
- (iii) Reimbursement of medical expenses incurred for self and members of his family as per the rules of the company.
- (iv) Leave travel concession for self and members if his family as per rules of the company.
- (v) Fees of clubs subject to maximum of two clubs.
- (vi) Personal Accident Insurance premium as per the rules of the Company.
- (vii) Provision of car and telephone at residence. The expenditure on use of car for private purpose and long distance calls on telephone shall billed by the Company.
- (viii) Company's contribution to Provident Fund, Superannuation fund or annuity fund, gratuity and encashment of leave, as per the rules of Company.
- (ix) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company.
- C. The Board shall have the authority to alter or vary the terms of re-appointment and remuneration including perquisites and benefits payable to the aforesaid Managerial Personal within the overall limits under Section 198, 309 and Schedule XIII of the Companies Act, 1956.
- D. In the absence or inadequacy of profits in any financial year, the salary mentioned in paragraph (A) & perquisite (B) above shall be minimum remuneration payable to the appointee subject to the provisions of Part-II, Section -II of Schedule-XIII of the Companies Act, 1956. A statement is hereby appended as required under clause (B) (iv) of Part II, Section II of Schedule XIII of the Companies Act, 1956.
- E. The appointee shall not so long as function as such, become interested or otherwise connected directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
- F. The appointee shall subject to supervision, direction and control of the Board of Directors of the Company be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him.
- G. The appointment may be terminated by either party giving to the other party three months remuneration in lieu thereof.

Your directors therefore, recommended the resolution for the approval of the Members.

The above may be treated as an abstract as required under Section 302 of the Companies Act, 1956.

Resolutions of the Board Meeting and Remuneration Committee Meeting stating the terms and conditions of appointment and remuneration of the above appointee shall be available 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 the meeting.

The Boards recommends the resolution for the approval of the Share holders. Except Shri Prakashbhai N. Patel himself, Shri Narayanbhai G. Patel & Shri Sanjivkumar N. Patel, relatives of him, none of the others directors are interested or concerned in this resolution.

Item No.: 8

At the 18th Annual General Meeting of the Company held on 28th August, 2010 where Shri Narendrabhai G. Patel, has been re-appointed as Whole Time Director for a period of three years from 2nd August, 2010. The present term of office of Shri Narendrabhai G. Patel expires on 1st August, 2013.

Shri Narendrabhai G. Patel, aged 56 years having Bachelor Degree in Mechanical. He has been associated with the group for last 18 years and is a Director of the Company since 1994. He looks after marketing of the various products of the Company.

It is in the interest of the Company to continue to avail his services for the growth and conduction of affairs and business of the Company and take advantage of his wide and rich experience, by re-appointing him as a Whole Time Director of the Company for a further period of three years from 2nd August, 2013 to 1st August, 2016 and at remuneration of ₹ 1,80,000/- p.m. and on such terms and conditions of the remuneration as determined and approved by the Remuneration Committee of the Board of Directors.

Considering the same, the consent of the board be and is hereby accorded subject to the approval of the members in the General Meeting to the re-appointment of Shri Narendrabhai G. Patel as Whole Time Director of the Company. The Board recommended the terms and conditions as given below:

I. PERIOD: From 2.08.2013 to 1.08.2016.

II. REMUNERATION :

- A. Salary: ₹ 1,80,000/- per month including Dearness and other allowances.
- B. Perquisites: Perquisites are allowed in addition to salary. It shall be restricted to an amount equal to the annual salary subject to ceiling prescribed in Part II of Schedule XIII to the Companies Act, 1956.
- (i) Housing - Rent free furnished residential accommodation or House Rent Allowance as may be decided by the Board or Committee.
- (ii) Reimbursement of expenses on gas, electricity, water and furnishings.
- (iii) Reimbursement of medical expenses incurred for self and members of his family as per the rules of the company.
- (iv) Leave travel concession for self and members if his family as per rules of the company.
- (v) Fees of clubs subject to maximum of two clubs.
- (vi) Personal Accident Insurance premium as per the rules of the Company.
- (vii) Provision of car and telephone at residence. The expenditure on use of car for private purpose and long distance calls on telephone shall billed by the Company.
- (viii) Company's contribution to Provident Fund, Superannuation fund or annuity fund, gratuity and encashment of leave, as per the rules of Company.
- (ix) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company.

- C. The Board shall have the authority to alter or vary the terms of re-appointment and remuneration including perquisites and benefits payable to the aforesaid Managerial Personal within the overall limits under Section 198, 309 and Schedule XIII of the Companies Act, 1956.
- D. In the absence or inadequacy of profits in any financial year, the salary mentioned in paragraph (A) & perquisite (B) above shall be minimum remuneration payable to the appointee subject to the provisions of Part-II, Section -II of Schedule-XIII of the Companies Act, 1956. A statement is hereby appended as required under clause (B) (iv) of Part II, Section II of Schedule XIII of the Companies Act, 1956.
- E. The appointee shall not so long as function as such, become interested or otherwise connected directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
- F. The appointee shall subject to supervision, direction and control of the Board of Directors of the Company be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him.
- G. The appointment may be terminated by either party giving to the other party three months remuneration in lieu thereof.

Your directors therefore, recommended the resolution for the approval of the Members.

The above may be treated as an abstract as required under Section 302 of the Companies Act, 1956.

Resolutions of the Board Meeting and Remuneration Committee Meeting stating the terms and conditions of appointment and remuneration of the above appointee shall be available 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 the meeting.

Shri Narendrabhai G. Patel is not related to any of the Directors of the Company.

None of the Directors except Shri Narendrabhai G. Patel, himself may be considered as interested in the passing of this resolution.

By Order of the Board of Directors

Place: Rakanpur
Date: 29th May, 2013

NARAYANBHAI G. PATEL
CHAIRMAN & MANAGING 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 Narayanbhai G Patel	21-04-1940	10-06-1992	Engineering Industry	B.E. (Mech) M.E.(Air & Refg.)	Nil	Nil
Shri Devidas C. Narumalani	01.06.1949	10.06.1992	Engineering Industry	B.Tech (IIT- Bombay)	Nil	Nil
Shri Hareshkumar I Shah	18-10-1946	29-10-2005	Businessman	B.E. (Mech)	Nil	Nil
Shri Prakashbhai N. Patel	23.07.1966	27.05.2004	Engineering Industry	B.E.(Mechanical)	Nil	Nil
Shri Narendrabhai G. Patel	13.02.1958	21.06.1994	Engineering Industry	B.E.(Mechanical) DBM	Nil	Nil

DIRECTORS' REPORT

Dear Members,
Patels Airtemp (India) Ltd.

Your Directors have pleasure in presenting this 21st Annual Report together with the Audited Statements of Accounts for the year ended on 31st March, 2013. Your Directors always try to maximize the value to the share holders. We have maintained our tradition of coming forth with high quality content and services. Our tradition in no way inhibits our capacity for innovations.

As trustees of the Company, we share our vision of growth with you. Our guiding principles are a blend of realism and optimism which has been and will be the guiding force of all our future endeavours. The summary of operating results for the year and appropriation of divisible profits is given below:

FINANCIAL RESULTS:

(₹ in Lacs)

Particulars	2012-13	2011-12
Sales and Other Income (Including Excise Duties)	9919.23	8023.64
Profit before Interest and Finance Charges	1160.67	1234.07
Depreciation and Taxes & prior period Adjustment		
Less : Interest & Finance Charges	271.97	305.03
Depreciation	152.71	132.62
Profit before Taxation	735.99	796.42
Provision for Taxation - Current	230.00	235.91
- Deferred	11.93	18.48
- Wealth Tax	0.80	0.90
- Short / (Excess) Provision of earlier year W/O	0.58	1.26
- Short / (Excess) Provision of Wealth Tax	(0.20)	(0.10)
Profit after Tax	492.88	539.97
Less Prior Period Adjustment	(1.76)	3.87
Net Profit	494.64	536.10
Balance brought forward from previous year	3221.64	2893.40
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	3508.43	3221.64
Earning Per Share	9.76	10.57

DIVIDEND

Your Directors are pleased to recommend payment of dividend for the year ended March 31, 2013, ₹ 2/- per Equity Share of the face value of ₹ 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 ₹. 16.45 lacs.

PERFORMANCE

During the year under consideration, your company achieved net sales including export sales of ₹ 9057.95 lacs as against ₹ 7133.58 lacs for the previous year. Profit Before Tax is 735.99 lacs against ₹ 796.42 lacs during the previous year. The net Profit after tax at ₹ 494.64 lacs as compared to the previous year of ₹ 536.10 lacs.

FUTURE PROSPECTS

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 2012-13 your company has entered into a 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.40 Crores on hand as on 29th May,2013. Thus, inspite of the economic slow down, your directors are confident of repeating similar growth in line with the past trend for fiscal year 2013-14. However, 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 Narayanbhai G. Patel, Shri Devidas C. Narumalani and Shri Hareshkumar I Shah, retire by rotation and being eligible offer themselves for the reappointment. Your directors has approved in its board meeting held on 29/05/13, re-appointment of Shri Prakashbhai N. Patel & Shri Narendrabhai G. Patel as Whole Time Directors of the Company for further period of three years from 02/06/13 to 01/06/16 & 02/08/13 to 01/08/16 respectively on terms and conditions as mentioned in Notice of the forthcoming Annual General Meeting.

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 per Clause 49 of the Listing Agreement is annexed herewith.

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 2013-14 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:

- (i) that in preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that 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) that 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) that the Directors have prepared the Annual Accounts for the financial year ended 31st March, 2013 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 224(1-B) of the companies Act, 1956. The said auditors will be appointed as auditors of the Company at the ensuing Annual General Meeting. The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

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

COST AUDITORS

Pursuant to Section 233-B of the Companies Act, 1956 and Circular No. F No. 52/26/cab-2010 dated 24.01.2012 issued by the Ministry of Corporate affairs, Cost Audit Branch ordering the Cost Audit of the Listed Companies for its "Engineering machinery (including electrical & electronic product)" every year. Hence to comply the said Circular, the Company has re-appointed M/s. Rajendra Patel and Associates, Ahmedabad as a Cost Accountant for the year 2013-14. The Company has received a letter to the effect that their appointment would be within the prescribed limits under Section 224(1-B) of the companies Act, 1956. The Report will be submitted to the Central Government on or before the due date.

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.

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.

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: 29th May, 2013

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. 50 Lacs 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: 29th May, 2013

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

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency & fairness in all transactions in the widest sense and meet its stakeholder's aspirations. Good Governance practices stem from the culture and mindset of the organization and at Patels Airtemp we are committed to meet the aspirations of all our stakeholders.

Our governance practices are product of self-desire, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process.

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.

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, 2013 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 2012-13 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	6	6	Present	-	-	-
2.	Shri Devidas C. Narumalani #	6	6	Present	-	-	-
Executive Directors							
3.	Shri Narendrabhai G. Patel #	6	6	Present	-	-	-
4.	Shri Prakashbhai N. Patel #	6	6	Present	-	-	-
5.	Shri Sanjivkumar N. Patel #	6	5	Present	-	-	-
Non Executive / Independent Directors							
6.	Shri Girishbhai N. Desai	6	4	Absent	-	-	-
7.	Shri Hareshkumar I. Shah	6	6	Absent	-	-	-
8.	Shri Naimeshbhai B. Patel	6	3	Absent	-	-	-
9.	Shri Vinodkumar C. Desai	6	2	Absent	-	-	-
10.	Shri Ramanbhai R. Patel	6	5	Absent	-	-	-

WTD – Whole Time Director, MD – Managing Director

During the financial year 2012-13, Six (6) Board Meetings were held Viz. on 11th May, 2012, 26th May, 2012, 17th July, 2012, 14th August, 2012, 10th November, 2012, and 9th February, 2013.

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 and Shri Karansingh I. Karki as secretary w.e.f 1st November, 2012. 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 2012-13 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 C. Desai and one Executive Director, Shri Committee. Due to resignation of Shri Hardik J. Modi, Shri Karansingh I. Karki appointed as Company Secretary cum compliance officer w.e.f 1st November, 2012 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: 14 Complaints

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 2012-13 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
2009-10 18 th AGM	28 th August, 2010 at 10.00 A.M.	5 th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009.	No
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

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

7. DISCLOSURES

- 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.
- 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 mandate form has been given on the Page No.- 45 of this Annual Report 2012-13.

10. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting:

Date : Saturday, 28th September, 2013

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): Friday, the 20th September, 2013 to Saturday, the 28th September, 2013 (both days inclusive). Entitlement for payment of dividend for the year 2012-13 would be on the close of the day of 20th September 2013, 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) 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 2012-13 is furnished below :

Months	High Price (₹.)	Low Price (₹.)
Apr-12	49.70	43.15
May-12	47.90	38.00
Jun-12	55.95	39.50
Jul-12	52.95	42.10
Aug-12	45.75	39.75
Sep-12	46.90	39.75
Oct-12	49.75	43.05
Nov-12	48.85	41.10
Dec-12	48.95	41.00
Jan-13	47.80	40.20
Feb-13	47.00	40.35
Mar-13	47.90	38.30

- g) 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

- h) **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 25 days from the date of receipt.

- (i) **Distribution of Shareholding as on 31st March, 2013.**

Shareholding of Nominal Share	Number of Shareholders	% of Total	Share	% of Total
1 to 500	6,462	88.76	808,767	15.9513
501 to 1000	406	5.58	331,767	6.5434
1001 to 2000	189	2.60	282,350	5.5688
2001 to 3000	64	0.88	161,987	3.1949
3001 to 4000	46	0.63	168,904	3.3313
4001 to 5000	28	0.38	128,807	2.5405
5001 to 10000	43	0.59	297,807	5.8736
10001 to 9999999999	42	0.58	2,889,851	56.9963
TOTAL	7,280	100.00	5,070,240	100.0000

- (ii) **Category of Equity Shareholders as on 31st March, 2013.**

Sr. No.	Category	No. of Shares	% to Share Capital
A.	PROMOTERS SHAREHOLDING		
1.	Promoters, Promoters Group, Directors & Their Relatives	2,028,275	40.00
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	158,362	3.12
6.	NRIs	123,430	2.43
7.	Clearing Members	10,777	0.21
8.	Trust	1,000	0.02
9.	Indian Public	2,748,396	54.21
	TOTAL	5,070,240	100.00

i) **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 96.80% of the total Equity capital of the Company is held in demat form as on 31st March, 2013.

j) **Plant Location(s):** The Company's plants are located at:

Plant :

805, 806,807, 810 Rakanpur - 382721 Via: Sola-Bhadaj Village, Ta: Kalol, Dist. Gandhinagar, Gujarat.

Project Division:

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

k) **Address for Correspondence:** For both physical & Electronic form:

M/S. Bigshare Services Private Limited (R&T)

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

l) 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

m) 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) Limited

In accordance with Clause 49 of the Listing Agreement entered into by Patels Airtemp (I) Limited 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 31.03.2013.

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: 29th May, 2013

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-throat 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 Authorization. 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 260 employees working with them as on 31st March, 2013 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) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of PATELS AIRTEMP (INDIA) LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2013, 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, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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. 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, 2013;
- (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 referred to in subsection (3C) of section 211 of the Companies Act, 1956 and
- (e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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: 29th May, 2013

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) LIMITED ("The Company") for the year ended on 31stMarch, 2013, 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.
 - 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) 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. 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 one party covered under register maintained u/s 301 of the Companies Act, 1956 during the year. [closing balance Rs. 530.68 lacs] [Maximum balance during the year Rs. 530.68 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 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 our opinion & according to the informations & explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered in the register required to be maintain u/s 301 of the Companies Act, 1956.
- vi) The Company has not accepted any deposit from the public during the year.

- 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 in respect of products where pursuance to the rules made by the Central Government of India, the maintenance of Cost records has been prescribed u/s 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 2013 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 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.
- xiv) According to the information & explanations given to us, the company is not dealing or trading in shares, securities, debentures & other investments.
- 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 term loans have been broadly applied for the purpose for which they have been raised.
- 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: 29th May, 2013

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

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	50,702,400	50,702,400
(b) Reserves and surplus	2	406,843,148	369,164,168
		457,545,548	419,866,568
2 Non-current liabilities			
(a) Long-term borrowings	3	53,067,815	48,493,318
(b) Deferred tax liabilities (net)	4	23,467,458	22,274,264
(c) Other long-term liabilities	5	4,040,026	2,701,928
(d) Long-term provisions	6	1,586,143	1,464,449
		82,161,442	74,933,959
3 Current liabilities			
(a) Short-term borrowings	7	86,732,880	111,548,727
(b) Trade payables	8	100,994,128	186,141,506
(c) Other current liabilities	9	20,381,505	43,227,146
(d) Short-term provisions	10	15,680,716	13,006,208
		223,789,229	353,923,587
TOTAL		763,496,219	848,724,114
B ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		193,091,476	193,942,072
(ii) Intangible assets		2,875,668	3,861,527
(iii) Capital work-in-progress		-	-
		195,967,144	197,803,599
(b) Non-current investments	12	280,000	280,000
(c) Long-term loans and advances	13	7,137,171	10,608,023
(d) Other non-current assets	14	36,455,416	33,235,635
		43,872,587	44,123,658
2 Current assets			
(a) Current investments		-	-
(b) Inventories	15	202,102,391	291,955,950
(c) Trade receivables	16	189,182,678	233,780,683
(d) Cash and cash equivalents	17	122,581,475	67,468,655
(e) Short-term loans and advances	18	9,789,944	13,591,569
(f) Other current assets		-	-
		523,656,488	606,796,857
TOTAL		763,496,219	848,724,114
Significant Accounting Policies	A		
Notes on Financial Statements	1 to 40		

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 : 29-05-2013

**For and on behalf of the Board of Directors of
 PATELS AIRTEMP (INDIA) LIMITED**

NARAYANBHAI G. PATEL
 CHAIRMAN & MANAGING DIRECTOR

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

Place : Rakanpur
Date : 29-05-2013

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2013

Particulars	Note No.	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
A CONTINUING OPERATIONS			
1 Revenue from Operations (Gross)	19	989,123,437	800,656,171
Less: Excise duty		83,328,552	87,297,913
Revenue from Operations (Net)		905,794,885	713,358,258
2 Other income	20	2,799,698	1,707,965
3 Total revenue (1+2)		908,594,583	715,066,223
4 Expenses			
(a) Cost of Materials Consumed	21	458,389,058	498,295,390
(b) Purchases of Stock-in-Trade	22	21,176,092	3,095,783
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	65,225,502	(139,498,330)
(d) Employee benefits Expenses	24	51,137,305	48,201,624
(e) Other Manufacturing Expenses	25	119,051,839	116,773,576
(f) Depreciation and Amortisation Expense	11	15,270,719	13,262,113
(g) Finance Cost	26	27,196,871	30,503,585
(h) Other Expenses	27	77,564,187	64,614,447
(i) Prior Period Adjustment		(176,079)	386,588
Total expenses		834,835,494	635,634,776
5 Profit before exceptional and extraordinary items and tax (3 - 4)		73,759,089	79,431,447
6 Exceptional items		-	-
7 Profit before extraordinary items and tax (5 ± 6)		73,759,089	79,431,447
8 Extraordinary items			
a) Profit / (Loss) on sale of Fixed Assets		16,182	(175,149)
9 Profit / (Loss) before tax (7 ± 8)		73,775,271	79,256,298
10 Tax expense:			
(a) Current tax expense for current year (incl Wealth Tax Provision)		23,080,000	23,681,342
(b) Current tax expense relating to prior years		37,578	116,564
(c) Net current tax expense		23,117,578	23,797,906
(d) Deferred tax		1,193,194	1,848,486
Total Tax Expenses		24,310,772	25,646,392
11 Profit from continuing operations (9 ± 10)		49,464,499	53,609,906
12 Profit for the year (11)		49,464,499	53,609,906
13 Earnings per share (of ₹ 10/- each) :			
Basic & Diluted		9.76	10.57
Significant Accounting Policies	A		
Notes on Financial Statements	1 to 40		

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 : 29-05-2013

**For and on behalf of the Board of Directors of
 PATELS AIRTEMP (INDIA) LIMITED**

NARAYANBHAI G. PATEL
 CHAIRMAN & MANAGING DIRECTOR

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

Place : Rakanpur
 Date : 29-05-2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	2012-2013		2011-2012	
	₹	₹	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extra Ordinary Items		73,583,010		79,818,035
Adjustments for:				
Depreciation	15,270,719		13,262,113	
Interest expenses	27,196,871		30,503,585	
Interest Income	(2,799,698)		(1,696,753)	
		39,667,892		42,068,945
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		113,250,902		121,886,980
Adjustment for:				
Trade and other receivables	48,650,701		96,218,250	
Inventories	89,853,559		(153,606,096)	
Trade Payable	(107,084,230)	-	53,052,834	
		31,420,030		(4,335,012)
CASH GENERATED FROM OPERATIONS		144,670,932		117,551,968
Direct Taxes paid /Payable	(23,117,578)		(23,797,906)	
		(23,117,578)		(23,797,906)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		121,553,354		93,754,062
Extraordinary items:				
Prior period adjustments	176,079	176,079	(386,588)	(386,588)
NET CASH FROM OPERATING ACTIVITIES		121,729,433		93,367,474
B CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Net of Modvat benefit)	(13,588,074)		(36,665,702)	
Sale of Fixed Asset	170,000		271,582	
Interest Received	2,799,698		1,696,753	
		(10,618,376)		(34,697,367)
NET CASH USED IN INVESTING ACTIVITIES		(10,618,376)		(34,697,367)

C CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds/(Repayment) from secured Borrowings	-	-
Proceeds/(Repayment) from Unsecured Borrowings	6,967,659	700,156
Proceeds from Bank borrowings for Working Capital Facilities	(24,815,847)	3,118,419
Deferred payment credits against vehicles (Net of repayment)	832,342	2,564,447
Corporate Dividend Paid & Dividend Tax	(11,785,519)	(11,785,519)
Interest Paid	(27,196,871)	(30,503,585)
	<u>(55,998,236)</u>	<u>(35,906,082)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(55,998,236)</u>	<u>(35,906,082)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH AND CASH EQUIVELANTS AS AT THE BEGINING OF THE YEAR	55,112,821	22,764,025
CASH AND CASH EQUIVELANTS AS AT THE CLOSING OF THE YEAR	67,468,655	44,704,630
	122,581,475	67,468,655

Note: Cash and Cash Equivalents Includes:

a) Cash on hand	1,130,106	804,374
b) Balance with Banks in Current account	68,638,076	- 40,402,683
c) Balance with Banks in Margin Money account	51,435,557	- 25,029,558
d) Balance in Dividend Account	1,377,736	1,232,040
	<u>122,581,475</u>	<u>67,468,655</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 : 29-05-2013

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

NARAYANBHAI G. PATEL
 CHAIRMAN & MANAGING DIRECTOR

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

Place : Rakanpur
Date : 29-05-2013

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.

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 . (Inclusive of Excise Duty).
- (d) Goods in transit are valued at cost.

viii) METHOD OF DEPRECIATION

- (a) Depreciation on fixed assets (other than land & goodwill 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.
- (b) 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.
- (c) No depreciation has been provided on the assets where the accumulated depreciation has exceeded 95% of its original cost.
- (d) No depreciation has been provided in respect of Capital Work In Progress.
- (e) 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, 2013		As at 31 March, 2012	
	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 5070240 (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.)

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes (give details)	Closing Balance
Equity shares with voting rights Year ended 31 March, 2013								
- Number of shares	5,070,240	-	-	-	-	-	-	5,070,240
- Amount (₹)	50,702,400	-	-	-	-	-	-	50,702,400
Year ended 31 March, 2012								
- Number of shares	5,070,240	-	-	-	-	-	-	5,070,240
- Amount (₹)	50,702,400	-	-	-	-	-	-	50,702,400

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, 2013		As at 31 March, 2012		As at 31 March, 2011
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	% holding in that class of shares
Equity shares with voting rights					
Therm Flow Engineers Pvt. Ltd.	815,154	16.08	713,750	14.08	14.00
Devidas Chelaram Narumalani	290,145	5.72	290,145	5.72	5.72
Prakashbhai Narayanbhai Patel	280,000	5.52	280,000	5.52	5.52
Narendrabhai Gopalbhai Patel	268,500	5.30	268,500	5.30	5.30

PARTICULARS	As at 31-3-2013 ₹	As at 31-3-2012 ₹
Note 2 Reserves and surplus		
(a) General reserve		
Opening balance	45,500,000	36,500,000
Add: Transferred from surplus in Statement of Profit and Loss	9,000,000	9,000,000
Less: Utilised / transferred during the year for:		
Closing balance	<u>54,500,000</u>	<u>45,500,000</u>
(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	<u>1,500,000</u>	<u>1,500,000</u>
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	322,164,168	289,339,782
Add: Profit / (Loss) for the year	49,464,499	53,609,906
Less: Final dividend		
Dividends proposed to be distributed to equity shareholders [(Rs. 2/- per share)(31 st March 2012, 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	<u>350,843,148</u>	<u>322,164,168</u>
Total	<u>406,843,148</u>	<u>369,164,168</u>

Note 3 Long-term borrowings

(a) Term loans		
Vehicle Loan From Bank (Refer Note 1 below)	-	2,393,162
	-	<u>2,393,162</u>
(b) Loans and advances from related parties		
Inter Corporate Deposits: Unsecured	53,067,815	46,100,156
[Includes dues to Company in which directors are interested]	53,067,815	46,100,156
Total	<u>53,067,815</u>	<u>48,493,318</u>

Note : 1 (Vehicles acquired under hire purchase scheme are secured against vehicles purchased under the agreement)

Note No. 4 - Notes forming part of the financial statements

Deferred tax (liability) / asset (Refer note 34)

Deferred tax liability

On Depreciation Difference	24,388,202	23,105,842
Deferred tax asset		
Disallowances under Section 43B of the Income Tax Act, 1961	920,744	831,578
Net deferred tax (liability) / asset	<u>23,467,458</u>	<u>22,274,264</u>

Note 5 Other long-term liabilities

(a) Trade Payables: *		
(i) Creditors	2,887,032	1,548,934
(b) Others:		
(i) Others : Long term payables	1152994	1,152,994
Total	<u>4,040,026</u>	<u>2,701,928</u>

PARTICULARS	As at 31-3-2013 ₹	As at 31-3-2012 ₹
Note 6 Long-term provisions		
(a) Provision for employee benefits:		
(i) Provision for Leave encashment	1,586,143	1,464,449
	<u>1,586,143</u>	<u>1,464,449</u>
Total	<u>1,586,143</u>	<u>1,464,449</u>
Note 7 Short-term borrowings		
(a) Loans repayable on demand		
From Bank of Baroda (Refer Note 1 below)		
Secured	86,732,880	111,548,727
Total	<u>86,732,880</u>	<u>111,548,727</u>
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 setuated 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:		
Other than Acceptances {Refer Note No. 35}	100,994,128	186,141,506
Total	<u>100,994,128</u>	<u>186,141,506</u>
Note 9 Other current liabilities		
(a) Current maturities of long-term debt	3,717,380	491,876
(b) Unpaid dividends	1,377,736	1,232,040
(c) Statutory Liabilities	2,557,968	2,203,632
(d) Payables on purchase of fixed assets	348,204	1,844,031
(e) Advances from customers	12,380,217	37,455,567
Total	<u>20,381,505</u>	<u>43,227,146</u>
Note 10 Short-term provisions		
(a) Provision for employee benefits:		
(i) For bonus	1,251,718	1,130,689
	<u>1,251,718</u>	<u>1,130,689</u>
(b) Provision - Others:		
(i) Provision for tax (net of Advance Tax and TDS)	2,563,479	-
(ii) Provision for proposed equity dividend	10,140,480	10,140,480
(iii) Provision for tax on proposed dividends	1,645,039	1,645,039
(iv) Provision - others (Wealth tax)	80,000	90,000
	<u>14,428,998</u>	<u>11,875,519</u>
Total	<u>15,680,716</u>	<u>13,006,208</u>

Note 11 Fixed assets

(in ₹)

A. Tangible assets	Gross block			
	Balance as at 1 April, 2012	Additions	Disposals	Balance as at 31 March, 2013
(a) Land	2,642,034	-	-	2,642,034
(b) Buildings	57,215,333	3,235,394	-	60,450,727
(c) Plant and Equipment	193,464,447	5,148,358	-	198,612,805
(d) Furniture and Fixtures	14,259,675	1,048,782	-	15,308,457
(e) Vehicles	19,645,491	4,155,540	798,507	23,002,524
Total	287,226,980	13,588,074	798,507	300,016,547
Previous year	256,536,962	33,746,322	3,056,304	287,226,980

A. Tangible assets	Accumulated depreciation and impairment			Net Block	
	Balance as at 1 April, 2012	Depreciation/amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2013
(a) Land	-	-	-	-	2,642,034
(b) Buildings	16,726,812	1,688,633	-	18,415,445	42,035,282
(c) Plant and Equipment	65,242,075	9,281,607	-	74,523,682	124,089,123
(d) Furniture and Fixtures	6,326,936	1,190,092	-	7,517,028	7,791,429
(e) Vehicles	4,989,077	2,124,527	644,689	6,468,915	16,533,609
Total	93,284,900	14,284,860	644,689	106,925,071	193,091,476
Previous year	83,144,058	12,750,422	2,609,573	93,284,900	193,942,072

Note 11 Fixed assets (contd.)

B Intangible assets	Gross block		
	Balance as at 1 April, 2012	Additions	Balance as at 31 March, 2013
(a) Goodwill	37,040	-	37,040
(b) Computer software	4,929,295	-	4,929,295
Total	4,966,335	-	4,966,335
Previous year	2,044,758	2,921,577	4,966,335

B Intangible assets	Accumulated depreciation and impairment			Net Block	
	Balance as at 1 April, 2012	Depreciation/amortisation expense for the year	Balance as at 31 March, 2013	Balance as at 31 March, 2013	
(a) Goodwill	-	-	-	37,040	
(b) Computer software	1,104,808	985,859	2,090,667	2,838,628	
Total	1,104,808	985,859	2,090,667	2,875,668	
Previous year	593,117	511,691	1,104,808	3,861,527	

Note 12 Non-current investments

	Quoted	Unquoted	Total	Quoted	Unquoted	Total
B. Other investments						
(b) Investment in equity instruments						
(iv) of controlled special purpose entities						
(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
Total - Other investments (B)	280,000	-	280,000	280,000	-	280,000
Total	280,000	-	280,000	280,000	-	280,000
Less: Provision for diminution in value of investments			280,000			280,000
Total						
Aggregate amount of quoted investments			280,000			280,000
Market Value			Not Available			36,680

PARTICULARS	As at 31-3-2013 ₹	As at 31-3-2012 ₹
Note 13 Long-term loans and advances		
(a) Deposits	2,538,665	2,743,523
(b) Advance income tax	234,006	3,500,000
(c) Other loans and advances		
Advance for Technical Knowhow	4,364,500	4,364,500
Total	<u>7,137,171</u>	<u>10,608,023</u>
Note 14 Other non-current assets		
(a) Long-term trade receivables	32,009,845	31,461,777
(b) Accruals		
(i) Interest accrued on deposits	4,445,571	1,773,858
Total	<u>36,455,416</u>	<u>33,235,635</u>
Note 15 Inventories		
(As taken, Valued and Certified by a Director)		
(a) Raw materials (Including Goods in Transit of Rs. 329394 (P. Y. Rs. 4581161)	60,386,710	85,014,767
(b) Work-in-progress	140,267,015	205,526,506
(c) Finished goods	504,423	504,423
(d) Stock-in-trade (acquired for trading)	944,243	910,254
Total	<u>202,102,391</u>	<u>291,955,950</u>
Note 16 Trade receivables (Unsecured Considered Good)		
(i) Trade receivables outstanding for a period exceeding six months	39,356,703	27,260,954
	<u>39,356,703</u>	<u>27,260,954</u>
(ii) Other Trade receivables	149,825,975	206,519,729
	<u>149,825,975</u>	<u>206,519,729</u>
Total	<u>189,182,678</u>	<u>233,780,683</u>
Note 17 Cash and cash equivalents		
(a) Cash on hand	1,130,106	804,374
(b) Balances with banks		
(i) In current accounts	68,638,076	40,402,683
(ii) In deposit accounts / Margin Money A/c (Includes Rs 200000[P.Y Rs 10146825] maturing after 12 Months from Reporting date)	51,435,557	25,029,558
(iii) In earmarked accounts		
- Unpaid dividend accounts	1,377,736	1,232,040
Total	<u>122,581,475</u>	<u>67,468,655</u>
Note 18 Short-term loans and advances		
(a) Prepaid expenses	1,514,421	1,897,082
(b) Balances with government authorities	7,070,981	6,636,949
(c) Advance to Suppliers	1,204,542	5,006,825
(d) Others Advances	-	50,713
Total	<u>9,789,944</u>	<u>13,591,569</u>

PARTICULARS	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Note 19 Revenue from operations		
(a) Sale of products (Refer Note (i) below)		
- Domestic	840,242,278	760,616,568
- Export	122,513,796	24,311,105
	962,756,074	784,927,673
(b) Sale of services (Refer Note (ii) below)	5,017,414	4,260,701
(c) Other operating revenues (Refer Note (iii) below)	21,349,949	11,467,797
	989,123,437	800,656,171
<u>Less:</u>		
(d) Excise duty	83,328,552	87,297,913
Total	905,794,885	713,358,258
(i) Sale of products comprises (Net)		
<u>Manufactured goods</u>		
1. Heat Exchanger & Accessories	555,024,489	512,132,869
2. Steam Coil / Heaters	25,136,305	29,102,307
3. Air Conditioning & Refrigeration	57,814,923	5,517,116
4. Air Cooled Heat Exchanger & Accessories	54,487,872	19,828,780
5. Pressure Vessels & Accessories	138,380,063	54,912,582
6. Finned Tubes / Fine Tube Bundles / Elements	8,404,894	29,634,344
7. Industrial Fan & Accessories	1,082,844	-
8. Other Plants Equipments & Accessories	3,965,040	3,078,227
9. Humidification Ventilation and Air Cooling Plant Equipment	12,802,011	37,931,267
<u>Trading Goods</u>		
1 Window & Split AC	22,329,081	5,492,268
Total - Sale of manufactured goods	879,427,522	697,629,760
(ii) Sale of services comprises:		
Processing Charges (TDS RS 274356)	5,017,414	4,260,701
Total - Sale of services	5,017,414	4,260,701
(iii) Other operating revenues comprise:		
Insurance Charges Received	-	118,507
Transportation Charges	16,601,775	5,765,767
Inspection Charges Received	605,372	713,071
Octroi Charges Received	-	126,967
Packing Charges Received	605,837	283,447
Service Tax Set Off	3,350,705	4,460,038
Custom Rebate	186,260	-
Total - Other operating revenues	21,349,949	11,467,797
Total Revenue From Operations	905,794,885	713,358,258
Note 20 Other income		
(a) Interest income (TDS of Rs.272522(P. Y. 149445/-)	2,799,698	1,696,753
(b) Other non-operating income (net of expenses directly attributable to such income)	-	11,212
Total	2,799,698	1,707,965

Note Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
(i) Interest income comprises:		
Interest from banks on:		
deposits	2,733,247	1,639,742
Interest on Deposit with GEB	66,451	57,011
Total - Interest income	<u>2,799,698</u>	<u>1,696,753</u>
Note 21 Cost of materials consumed		
Opening stock	85,014,767	70,907,001
Add: Purchases	433,761,001	512,403,156
	<u>518,775,768</u>	<u>583,310,157</u>
Less: Closing stock	60,386,710	85,014,767
Cost of material consumed	<u>458,389,058</u>	<u>498,295,390</u>
Material consumed comprises:		
Iron & Steel Flanges	138,848,498	194,519,419
Non Ferrous (Copper / Brass Tubes)	41,824,899	60,380,857
Non Ferrous (Copper / Allu / Brass Plates)	43,732,780	36,932,455
Pipes & Tubes	166,242,450	109,618,158
Air Washer Equipments	8,721,500	22,891,650
Other Material	122,480,540	136,736,689
Less	521,850,667	561,079,228
Cenvat & VAT Setoff	63,461,609	62,783,838
Total	<u>458,389,058</u>	<u>498,295,390</u>
Note 22 Purchase of traded goods		
Traded goods	21,176,092	3,095,783
Total	<u>21,176,092</u>	<u>3,095,783</u>
Trading Goods comprises:		
Window & Split AC	21,176,092	3,095,783
Total	<u>21,176,092</u>	<u>3,095,783</u>
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	504,423	504,423
Work-in-progress	140,267,015	205,526,506
Stock-in-trade	944,243	910,254
	<u>141,715,681</u>	<u>206,941,183</u>
<u>Inventories at the beginning of the year:</u>		
Finished goods	504,423	1,136,460
Work-in-progress	205,526,506	65,115,067
Stock-in-trade	910,254	1,191,326
	<u>206,941,183</u>	<u>67,442,853</u>
Net (increase) / decrease	<u>-65,225,502</u>	<u>139,498,330</u>
23.a Details of Finished Goods		
Oil Cooler	504,423	504,423
	<u>504,423</u>	<u>504,423</u>

PARTICULARS	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Note 24 Employee benefits expense		
Salaries and wages	45,301,136	42,334,522
Contributions to provident and other funds	3,869,063	4,011,947
Staff welfare expenses	1,967,106	1,855,155
Total	51,137,305	48,201,624
Note 25 Other Manufacturing Expense		
Labour Charges	56,836,703	61,592,991
Factory Expenses	10,147,414	9,741,166
Consumption of stores and welding Accessories	18,602,645	18,801,502
Consumption of loose tools	20,725,686	15,313,618
Consumption of packing materials	4,664,459	3,324,199
Power and fuel	8,074,932	8,000,100
Total	119,051,839	116,773,576
Note 26 Finance costs		
(a) Interest expense on:		
(i) Borrowings	18,767,235	20,810,912
(ii) Trade payables	2,545,744	1,235,090
(iii) Others		
- Interest on delayed / deferred payment of income tax	794	9,507
- Others	3,161	49,152
(b) Other financial charges	5,029,485	7,304,205
(c) Foreign Exchange Fluctuation	850,452	1,094,719
Total	27,196,871	30,503,585
Note 27 Other expenses		
Increase / (decrease) of excise duty on inventory	-	-50,637
Late Delivery Charges	19,379,648	6,424,534
Sitting Fees	21,000	14,000
Repairs and maintenance - Buildings	522,636	550,170
Repairs and maintenance - Machinery	12,483,608	6,757,965
Repairs and maintenance - Others	1,400,546	2,114,978
Insurance	116,753	186,996
Rates and taxes	89,762	235,803
Communication and Telephone Expenses	2,435,586	1,911,990
Travelling and conveyance	7,471,445	6,142,262
Printing and stationery	1,914,158	1,757,749
Freight and forwarding	19,527,351	15,809,556
Sales Tax Expenses	398,271	713,973
Service Tax Expenses	107,733	2,917,911
Sales commission	16,850	622,739
Business promotion	794,155	624,336
Donations and contributions	107,501	-
Legal and professional	5,135,762	10,076,403
Payments to auditors	89,888	67,416
Bad trade and other receivables, written off	181,820	2,427,245
Miscellaneous expenses	5,369,714	5,309,058
Total	77,564,187	64,614,447
(i) Payments to the auditors comprises		
As auditors - statutory audit	79,388	56,916
- Tax Audit	10,500	10,500
Total	89,888	67,416

28. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES NOT PROVIDED FOR :

Contingent Liabilities

(₹ in lacs)

	As at 31/03/2013	As at 31/03/2012
Outstanding Bank Guarantees	2,245.25	2,088.76
Outstanding Foreign Bank Guarantees	US\$ 362,721.91	NIL
Outstanding Inland Letter of Credit	47.70	262.73
Outstanding Income Tax Demand (Gross)	Nil	45.69

29. RELATED PARTY INFORMATION

The company has transactions with following related parties

a) Associates	Themflow Engineers 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

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	2,529,701 (2,575,044)	Nil
Narendrabhai G. Patel	Director	— do —	2,448,788 (2,452,650)	Nil
Devidas C. Narumalani	Director	— do —	2,487,650 (2,482,810)	Nil
Prakashbhai N. Patel	Director	— do —	2,674,554 (2,519,445)	Nil
Sanjivkumar N. Patel	Director	— do —	2,419,200 (2,419,200)	Nil
Themflow Engineers Pvt. Ltd.	Associate Concern	Interest Accrued	5,697,400 (4,567,983)	
		Loan taken	11,900,000 (3,540,000)	53,067,815 (46,100,156)
		Loan Repaid	10,060,000 (2,900,000)	

30. As per the informations given by the management the Company has only one reportable business segment. And hence segment wise information is not given.

31. EARNING PER SHARE

	31-03-2013	31-03-2012
- Net Profit for the year	49,464,499	53,609,906
- Number of Equity Shares	5,070,240	5,070,240
Basic & Diluted Earning per Share (Price per share Rs. 10)	9.76	10.57

32. 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.

33. Balances of Unsecured Loan, Trade Receivable and Payables & loans and advances are subject to confirmation from respective parties.

34. 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 :

(₹)

	2012-13	2011-12
Employer's Contribution to Provident Fund	2,362,958	2,212,978

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.

35. 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	2012-13	2011-12
The Principal Amount	15,758,122	18,977,630
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

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

[1] MANUFACTURING ACTIVITY

(₹ in Lacs)

Raw Materials	2012-13		2011-12	
	Value (₹)	(%)	Value (₹)	(%)
a) Imported	4,567,483	1.00	45,323,642	9.10
b) Indigenous	453,821,575	99.00	452,971,748	90.90
TOTAL :-	458,389,058	100	498,295,390	100.00

[2] STORES & TOOL CONSUMED

(₹ in Lacs)

Particulars	2012-13		2011-12	
	Value (₹)	(%)	Value (₹)	(%)
a) Imported	589,603	1.50	294,206	0.86
b) Indigenous	38,738,728	98.50	33,820,914	99.14
TOTAL :-	39,328,331	100.00	34,115,120	100.00

[3] TRADING GOODS

(₹ in Lacs)

Particulars	2012-13		2011-12	
	Value (₹)	(%)	Value (₹)	(%)
a) Imported	–	–	–	–
b) Indigenous	21,176,092	100.00	3,095,783	100.00
TOTAL :-	21,176,092	100.00	3,095,783	100.00

37. C.I.F. VALUE OF IMPORTS

	Year ended 31.03.2013 (₹)	Year ended 31.03.2012 (₹)
i) Capital Goods	NIL	NIL
ii) Raw Materials	7,474,988	51,028,613
iii) Consumable Tools	589,603	294,206

38. EXPENDITURE IN FOREIGN CURRENCY

i) Subscription and Registration Fees	1,894,550	2,266,122
ii) Repairs to Plant & M/c.	4,758,935	1,077,567
iii) Foreign Travelling Expenditure	1,811,560	589,932
iv) Software	NIL	58,089
v) Books & Periodicals	NIL	18,795
vi) Trainee Fees	NIL	188,289
vii) Inspection Fee	28,551	NIL

39. EARNING IN FOREIGN EXCHANGE

Earning in foreign Exchange (FOB Value of Exports)	122,513,796	24,311,105
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40. Previous year's figures have been re-grouped/rearranged wherever necessary so as to confirm to current year's grouping.

Significant Accounting Policies : A

-: Notes on Financial Statement- 1 to 40 :-

PLACE : AHMEDABAD
DATE : 29-05-2013

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

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

PLACE : RAKANPUR
DATE : 29-05-2013

FOR PATELS AIRTEMP (INDIA) LIMITED

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 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

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) Limited

**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) Limited**
 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) LIMITED

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 First 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 28th September, 2013.**

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) LIMITED

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

Client ID : _____

Folio No. : _____

DP ID : _____

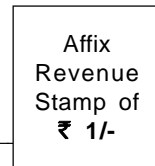
Nos. of Shares held : _____

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 Twentieth Annual General Meeting of the Company to be
held on **Saturday, the 28th September, 2013** at 10.00 A.M. at the Registered Office of the Company and
at any adjournment thereof.

Signed this _____ day of _____ 2013

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.

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



ISO 9001 : 2008 COMPANY



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- **Air Conditioning & Refrigeration Equipments :-**
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- **Pressurization, Ventilation, Humidification & Air Conditioning Systems**
- **Window, Split & Packaged Air Conditioners, Ductable & VRF Air Conditioning**

PATELS AIRTEMP (INDIA) LIMITED

Regd. Office :
5th Floor, Kalpana Complex,
Navrangpura, Ahmedabad - 380 009.
Ph. : +91 79 27913694 / 95 / 96
E-mail : project@patelsairtemp.co.in

Mumbai Office :
310, Oberoi Chambers-II,
Andheri (W), Mumbai - 400 053.
Ph. : +91 22 26734162 / 63
E-mail : patbom@bom2.vsnl.net.in

Works:
805, 806, 807, 810, Rakanpur 382 721,
Tal : Kalol, Dist. : Gandhinagar, Gujarat.
Ph. : +91 2764 286634 / 35, 286480 / 81
E-mail : works@patelsairtemp.com

Website : www.patelsairtemp.com

BOOK-POST
(Printed Matter)

To,



If undelivered please return to :

PATELS AIRTEMP (INDIA) LIMITED

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